

Fiscal Year Ended June 30

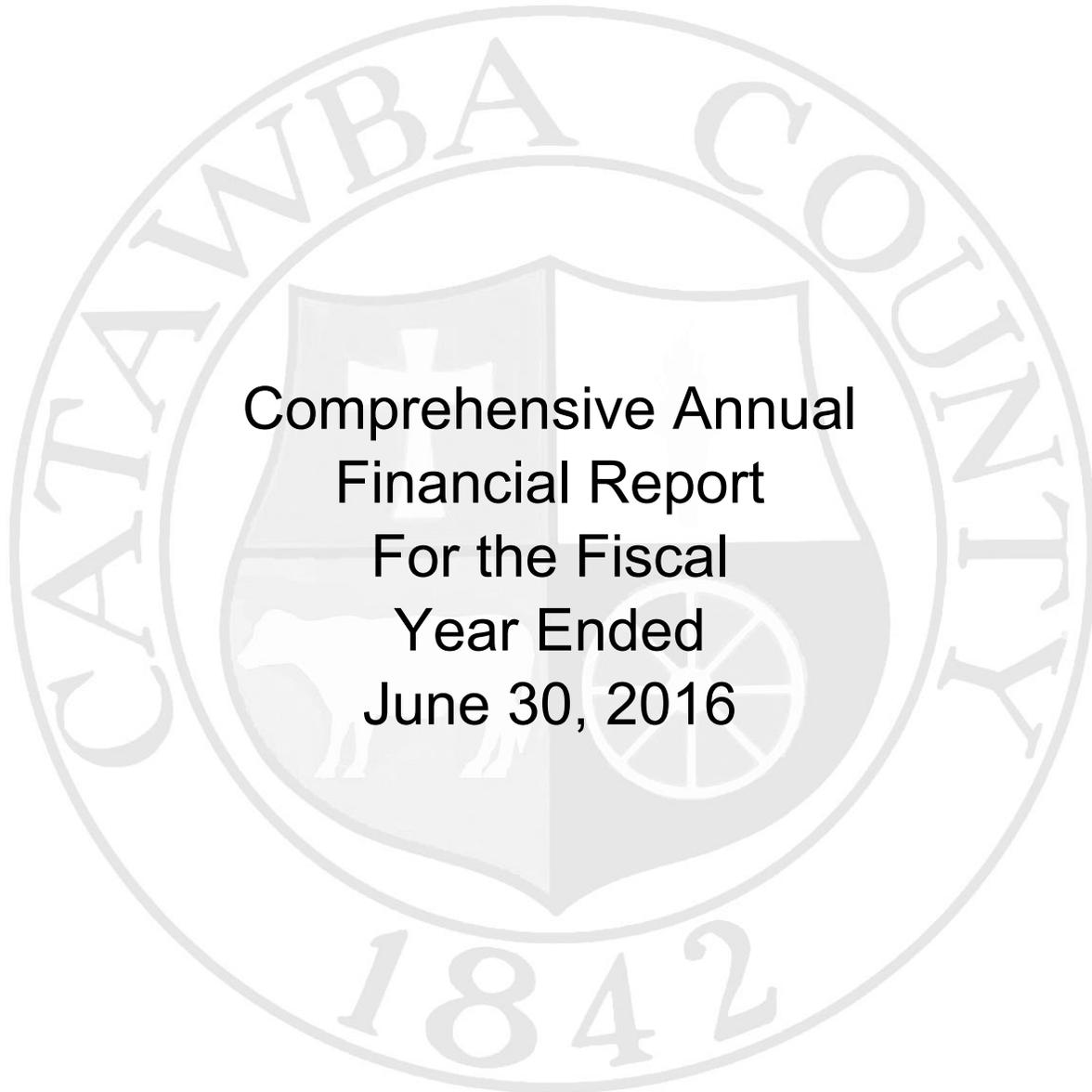
2016

COMPREHENSIVE ANNUAL FINANCIAL REPORT



CATAWBA COUNTY
N O R T H C A R O L I N A

Catawba County, North Carolina



Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2016

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Prepared by Catawba County Finance Department
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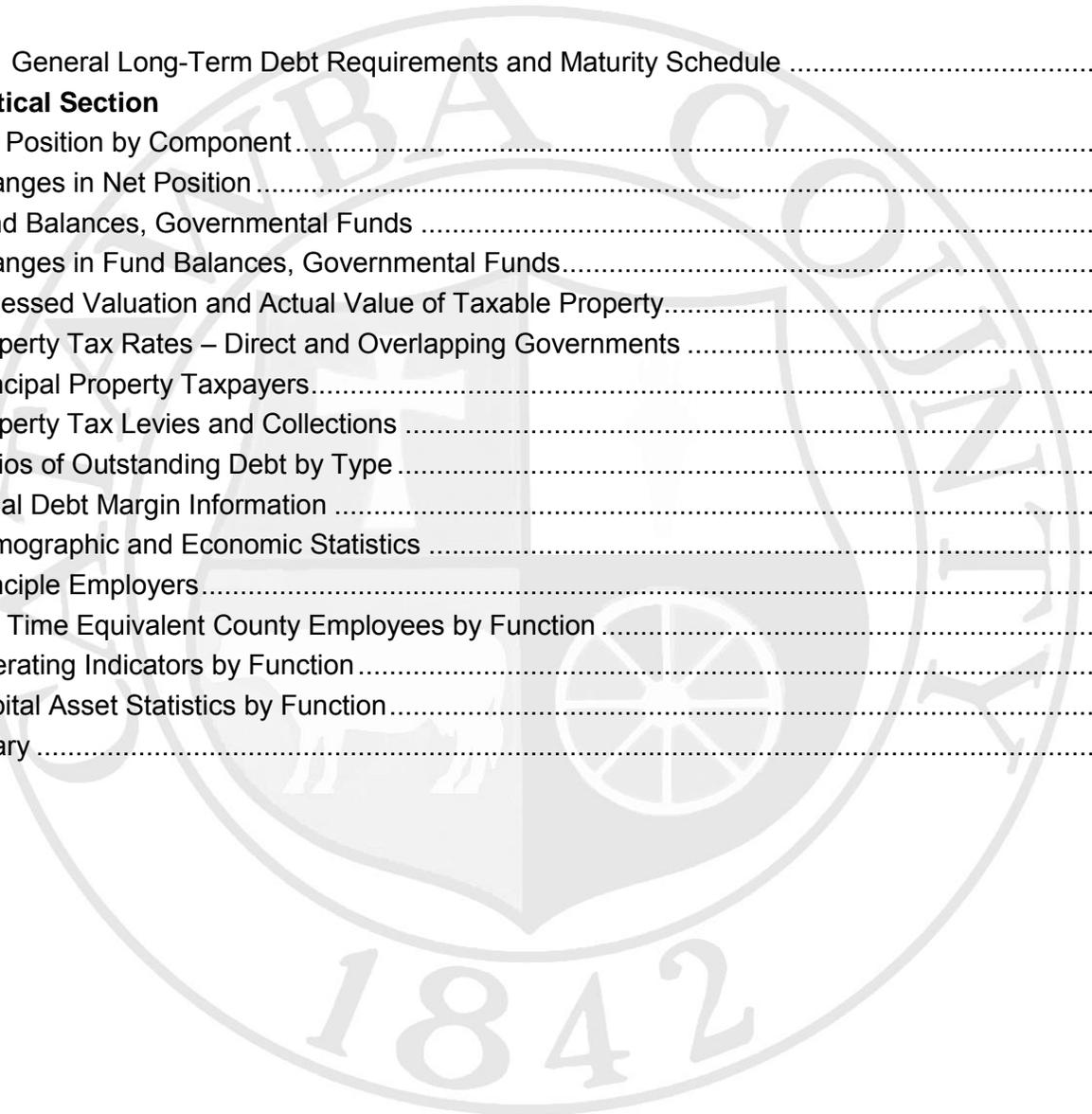
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BOARD OF COMMISSIONERS



Catawba County Board of Commissioners

*Dan A. Hunsucker, C. Randall Isenhower - Chair,
Sherry E. Butler, Katherine W. "Kitty" Barnes, Barbara G. Beatty - Vice Chair*



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

November 21, 2016

State law requires that all local governments have their financial records audited by a certified public accountant using generally accepted auditing standards as soon as possible after the close of each fiscal year. Local governments are also required to 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 ending June 30, 2016.

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 information presented herein. To provide a reasonable basis for making these representations, County management has established a comprehensive internal controls framework that is designed to both protect the organization's assets from loss, theft, or misuse and to compile sufficient reliable information for 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 internal controls framework 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, 2016.”

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 ending June 30, 2016 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 ending June 30, 2016 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 federally- 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 on not only 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 grant 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

Named for the Catawba Indians who resided in the area prior to European settlement in 1747, Catawba County (established in 1842) encompasses a 414-square mile area and is located in a peaceful valley just east of North Carolina's Blue Ridge Mountains. The center of the Greater Hickory metropolitan statistical area,



Catawba County is conveniently located within a 1-hour drive to Charlotte, Asheville, and Winston-Salem, and affords easy access to both Interstate 40 and Highway 321. 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.

The County has eight cities and towns within its boundaries, and is home to a population of 156,182 residents, which positions it as the 17th largest county in North Carolina and one of the 27 urban counties with population of 100,000 or more. Catawba County was one of the first of North Carolina's 100 counties to adopt the County-Manager Form of government. It is governed by five commissioners (Randy Isenhower-Chair, Barbara Beatty-Vice Chair, Kitty Barnes, Sherry Butler, and Dan Hunsucker)



who are elected by countywide vote in partisan elections and serve four-year staggered terms.

The County Manager is appointed to serve as Chief Executive Officer and is responsible for the 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.

Catawba County provides 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, Catawba County Economic Development Corporation, and Hickory Metro Convention and Visitors Bureau.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when considered in the context of the overarching economic environment in which the County operates.

LOCAL ECONOMY

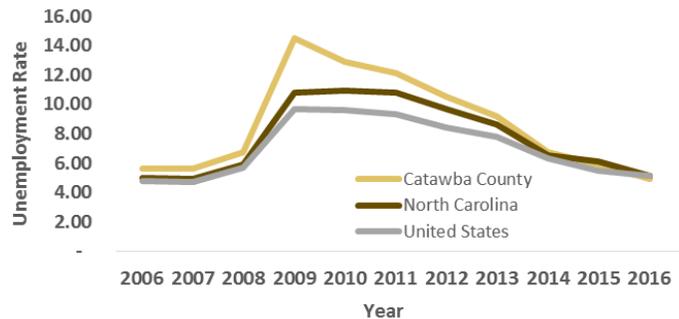
Catawba County is part of the Hickory Metropolitan Statistical Area (MSA), which includes Alexander, Burke, Caldwell, and Catawba counties. **Recent economic indicators show consistent improvement in Catawba County's economy, with positive gains in employment, unemployment, and retail sales.**

Employment Rebounds, with Unemployment among the Lowest in North Carolina

Employment figures in the Hickory MSA are on the rise, showing increases of 629 jobs (or .89%) from June 2015 to June 2016. Another bright spot for the economy is that job

openings continue to be available, with 5,498 job openings advertised online through NCWorks in July 2016, according to the NC Department of Commerce Labor Market Overview. Job availability is concentrated largely in the transportation, healthcare, retail sales, customer service, and manufacturing sectors.

Unemployment rate hits 11-year low



Catawba County's unemployment rate, 4.9% for the period of this audit in June 2016, has stayed below pre-recession levels. Recently released unemployment figures for August 2016 show this improvement staying steady in Catawba County, with the State of North Carolina and the US at 5.0%. This unemployment rate is among the lowest 1/3rd in North Carolina, now 0.1% below the State and national unemployment rates.

Strong Retail Sales & Tourism Performance Indicate Sustained Recovery

Catawba County remains a retail magnet for the region, capturing 60.3% of the \$3.5 billion in retail sales from the four-county MSA, while accounting for only 42.7% of the population. Taxable sales in the County increased by 8% in 2015/16, on top of a healthy 9% increase the year before. This is the seventh year in a row that revenues have increased. **Statewide, the County ranks 17th in population but 12th highest in taxable sales.** These figures cement Catawba County's position as a regional retail magnet, with furniture, automotive, restaurants, and shopping options that draw visitors from surrounding communities and generate taxable sales within the County.

The State's recent extension of sales tax to certain services including tickets for entertainment events has positively impacted the

County's taxable sales activity. **Catawba County ranks 16th in the State for tourism revenue**, with \$253 million generated in 2015 (a 4.5% increase over the previous year's activity). This increase was the second highest percent gain of the top 25 tourism counties in North Carolina. This economic sector is buttressed by the presence of a wide range of cultural amenities that appeal to all audiences:

- Catawba Science Center
- Green Room Community Theatre
- Hickory Choral Society
- Hickory Community Theatre
- Hickory Crawdads Baseball Team
- Hickory Metro Convention Center
- Hickory Motor Speedway
- Hickory Museum of Art
- Newton-Conover Auditorium
- Newton Foothills Folk Art Festival
- Oktoberfest in Downtown Hickory
- Western Piedmont Symphony

A Focus on Job Growth and Investment

Recently, Catawba County has taken a proactive, aggressive approach in charting its economic future through targeted expansion. In the past few years, job gains have been made as a result of significant expansion projects – funded both privately and in partnership with the public sector - occurring in a wide range of industries from traditional manufacturing to high-tech. **This mix of public-private partnership and private investment underscores the County's balanced economic health and resiliency.**

To further bolster these efforts, the County continues to actively recruit and attract targeted national and international companies with a focus on higher-wage industries like Information, Emerging & Alternative Energy, and Advanced Manufacturing, the latter which leverages the County's skilled workforce and high concentration of manufacturing support systems. In 2015, \$579.5 million in industry investments and 963 new jobs were announced in the County, according to the NC Department of Commerce. A sampling of the companies committing to deepening investments or adding

jobs in Catawba County include:



Apple, Inc. increased its investment in Catawba County by investing over \$423 million in its data center in Maiden and its new solar farm in Claremont. To date, Apple has added over \$1 billion in real and personal property and alternative energy systems to the County's tax base, making it the County's largest taxpayer.

Axjo America, manufacturer of fiber-optic reels for spooling equipment, consolidated two facilities into a new location in Conover investing \$11 million and creating 14 jobs.



Blue Bloodhound, developer of internet-based web and mobile software for independent truck drivers, located in the renovated Moretz Mills building in Hickory announcing 191 jobs and investing \$400,000.

Carolina Nonwovens, developer and producer of thermo bonded nonwovens, consolidated two facilities from outside Catawba county into a new facility in Maiden investing \$13 million and creating 62 jobs.



GKN Sinter Metals, manufacturer of sintered cam shaft caps and transmission ends for OEM manufacturers, announced that it will invest \$19.8 million at its facility in Conover creating 55 jobs and retaining 83 jobs. This expansion makes GKN Corporation Catawba County's 3rd largest tax payer.

Prysmian Cables and Systems reopened 10,000 s.f. of idled preform manufacturing space at their facility in Claremont investing \$2.5 million and creating 24 jobs.



Snyder Paper opened an additional 84,000 s.f. industrial facility to manufacture cushioning

for furniture. The new facility will create 30 new jobs.

substance Substance Incorporated, manufacturer of print media, overlaminates, and adhesives used by sign and decal manufacturers, announced plans to construct a new manufacturing facility in the Claremont International Business Park investing \$3.4 million and creating 9 jobs.

Taiji Group USA, maker of precision paper spiral-wound chemical fiber tubes opened an additional location in Hickory, investing \$2.5 million in equipment and adding 15 jobs.



TAIJI Group USA, Inc.

In addition to these jobs and infrastructure investments, the impact and influence of businesses with a Catawba County presence continues to bring positive attention to the community and reinforces the relevance and reliability of the area's economic base.



Atriax, headquartered in Hickory has been selected as one of the architecture/engineering design companies that will support the U.S. Department of Veterans Affairs' Midwest Medical Centers in Columbia, Mo.; Kansas City, Mo.; Poplar Bluff, Mo.; St. Louis, Mo. (two medical centers); Leavenworth, Kan.; Topeka, Kan.; Wichita, Kan.; and Marion, Ill.

CommScope, Inc. is **COMMSCOPE**® celebrating its 40th anniversary. The company currently employs more than 1,600 in Catawba County between its headquarters, production facilities and trucking operations. These jobs translate to a tremendous economic impact within our community – \$860 million annually in Catawba County alone. Additionally, an economic impact analysis indicates CommScope's 1,600 Catawba County-based jobs support an additional 1,700 jobs in the County either through local suppliers supporting CommScope's product line or employees spending wages at local restaurants, car



dealerships or purchasing other local services.

Deliberately Driving Workforce Development

While Catawba County's economy is built upon a large industrial base (with over 27% of its workforce in manufacturing), growth in five key sectors has resulted in a more balanced economic composition today than what existed a decade ago. Since 2005, the following sectors have experienced double-digit employment growth, collectively comprising 27.9% of the total economy and exceeding the manufacturing sector's employment by 636 jobs:

- Professional, Scientific, Technical Services;
- Administrative, Support, & Waste Mgmt and Remediation Services;
- Real Estate and Rental and Leasing;
- Wholesale Trade; and
- Healthcare and Social Assistance

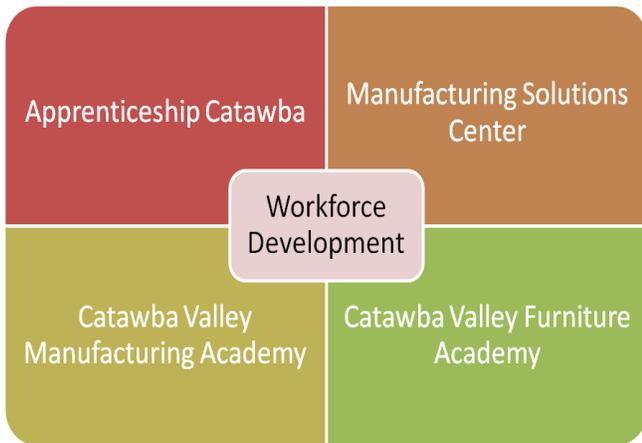
The growth in these sectors represents a 17.5% increase from 2005 employment levels.

Further, **the County has been a leader in the manufacture and development of fiber optics and telecommunications equipment for more than a decade**, producing approximately 50% of the world's supply of fiber optic cable and still providing significant employment opportunities for County residents.

In the context of Catawba County's efforts at economic diversification, manufacturing still represents a mainstay industry for the community, although to a lesser extent than in years past. **Steady growth in fiber optic and telecommunications investment and employment and continued reinvestment by newer industry sectors, combined with the**

effects of a “re-shoring” trend that has brought furniture manufacturing jobs back to Catawba County, has brought a more balanced and sustainable economy to the County.

Building upon the core strengths of the local economy, Catawba County has made significant strides in preparing its workforce with the skills to meet current and future labor needs of local employers. **With employment continuing to rise, cross-sector partnerships between local governments, the business community, public educational institutions, and industry-specific resources have institutionalized a full-spectrum approach to aligning local talent with available jobs.** Programs have been designed to target high-school students as well as college-aged students and adult learners to ensure the County’s workforce is poised to help local businesses thrive. Several key initiatives that have emerged from these partnerships are highlighted below:



Apprenticeship Catawba is a training pipeline for high school students. Based on the German apprenticeship model and accredited by the North Carolina Department of Commerce, this 4-year program ensures students are career-ready at graduation by providing 8,000 hours of paid on-the-job training that counts towards an Associates’ Degree in Mechatronics Engineering Technology or Computer Integrated Machining

Technology from Catawba Valley Community College (CVCC). Additionally, students earn Journeyman Certificates upon graduation qualifying them for skilled trades such as Mechanical Maintenance Technician, Electrical Maintenance Technician, Mechatronics Technician, Tool & Die Maker, Computer Numerically Controlled Machinist, and numerous others. Not only do students leave the program with degrees, but they do so without incurring any college debt and employed full-time by the sponsoring company, earning at least \$34,000 per year. In 2016, this program won the Governor’s NCWorks Award of Distinction for Innovative Partnerships. Last year 31 students from the County’s three public school systems participated, along with seven area companies: GKN, ZF, Continental, Sarstedt, Tenowo, Aptar, and Technibilt.

The **Catawba Valley Furniture Academy**, housed within CVCC, is an industry-driven training program designed in partnership with 5 major local furniture manufacturers to prepare students for high-demand skilled positions in the local area. The program varies from 9 to 18 months in length, depending on the area of specialization (Pattern Making, Manual Cutting, Inside Upholstery, Sewing, etc.). Since January 2014, 80 people have earned furniture manufacturing certificates and secured jobs at participating companies – Century Furniture, LEE Industries, Lexington Home Brands, Sherrill Furniture, and Vanguard Furniture – upon completing the program. In acknowledgement of this program’s success, the Furniture Academy earned a 2015 Governor’s Award for Excellence.

The Furniture Academy has been such a success that CVCC is moving the program to a larger location in November 2016 with the help of a \$200,000 commitment from local furniture companies and \$500,000 from the County. The



expanded location will serve up to 66 students per session, as opposed to the current 25. On average, there have been 100 people on the waiting list at any given time, demonstrating the strong employment demand generated by the furniture industry.



The Catawba Valley Manufacturing Academy,

modeled after the Furniture Academy, is an industry-driven training course designed with input and expertise from 29 local manufacturers to prepare students for high-demand manufacturing positions with the region's largest employers. Graduates will be fast-tracked for open positions with sponsoring companies, earning Career Readiness Certificates. The inaugural session began in October 2015.

The Manufacturing Solutions Center (MSC) is a branch of CVCC which focuses on helping manufacturers increase sales, improve product quality and production efficiency, and create and retain jobs. To assist manufacturers in increasing sales, MSC develops marketing materials, works to identify new or expanded export opportunities, and positions companies to market their products at trade shows. To improve product quality, the MSC has an accredited ISO/IEC 17025 testing laboratory that performs microbiological, thermal, and mechanical testing for textiles. To date, over 1,000 companies and over 7,000 students, teachers and principals have taken advantage of this service offering. The Center aides entrepreneurs in transforming concepts into finished marketable products by offering floor

space (up to 2,000 square feet per client), access to equipment and technology, and expert advice at its 10,000 square foot manufacturing incubator.

At America's Competitiveness Forum in 2014, the MSC was recognized as one of the top economic job creation programs by the US Department of Commerce. Since 2012, MSC's direct economic impact has totaled \$43.7 million, assisting in the creation of 346 jobs and the retention of 268 jobs. Over the last 2 years, the MSC has helped over 1,200 entrepreneurs and worked with companies in all 50 states and 32 countries to conduct product testing or prototyping, or to find domestically-produced production inputs.

NC Data Center Corridor

Building on Catawba County's existing asset base related to fiber optic cable production and emerging technology, the County – in partnership with neighboring local governments and the Economic Development Corporation – has had success in attracting data centers to the community. (This strategy leverages the presence of other major data centers in surrounding communities – both Facebook and Google have data centers in the Piedmont region.)

Most significantly, in 2009 the County enticed Apple, Inc. to commit to construct a data center facility on a 183-acre site within the County. This site, located in the town of Maiden, is Apple's



only east coast operations facility and its data center headquarters that houses its iCloud suite of services (storage, word processing, presentation software, *Find My iPhone*, etc.). With an investment of \$1 billion, 150 new jobs and 250 additional contract workers to operate the facility, this was the largest economic development project in the history of the County and the State. Apple is currently building another 114,300 sq. ft. data center in Maiden. **Apple, Inc., now the County's largest taxpayer, has expanded its presence into the solar industry with a 170-acre site adjacent to the data center, a 200-acre site nearby in Conover, and a 105-acre site in Claremont.** Solar energy from the first site is used to power the data center, making it the largest end-user solar farm in the country.

In 2012, Bed Bath & Beyond, Inc. built a \$36.8 million data center in the County, located in a 48,000 square foot facility in the Claremont Industrial Park. The company committed to creating a minimum of 7 jobs by the end of 2018, and they are half-way to that goal.

Catawba County, the Cities of Conover and Hickory, and the Towns of Maiden and Catawba partnered to build the NC Data Campus, a 70-acre multi-jurisdictional business park. The partnership secured a \$2.6 million Community Development Block Grant from the NC Department of Commerce to build up to three shovel-ready sites marketed primarily for data center recruitment. Catawba County's share of the project stands at 57%. These efforts will also further enhance the region's efforts to create a cluster of data centers known as the NC Data Center Corridor, leveraging the presence of existing nearby regional data centers to solidify the region's reputation as one that embraces innovation and high-tech industry.



**Innovate
Catawba**

In early 2013, in order to speed economic recovery and to enhance the community's capacity across all sectors, a group

of community leaders came together to develop a vision for the future of Catawba County and a plan of action for making it happen. In this way, Innovate Catawba came into existence, and the community vision of transforming the County into "a growing place with more jobs" was cast.

Catawba County was a founding member of this initiative, and has been at the table providing leadership ever since, supporting efforts across the initiative's six work groups to create quality jobs, improve workforce readiness by aligning educational resources, intentionally develop more and better leaders, and enhance the community's sense of place by improving aesthetics and amenities. As part of the Building for Jobs effort, the County partnered with the City of Claremont to build a speculative building marketed to potential businesses.



Park 1764

Park 1764 is a 170-acre Class A Business Park being developed in partnership between Catawba County and the City of Hickory. Development of the Park will occur

incrementally. The County, in 2015, committed \$700,000 (½ the cost) to provide water and sewer to the site. The Park will target the creation of job opportunities in advanced light manufacturing facilities, technical operations, and corporate headquarters. The rural character

and legacy of the site will be maintained and used as a marketing tool. The vision for the site integrates amenities such as walking / cycling trails, gardens, silos, and conservation easements to accentuate the rural character of the site, appealing to business prospects in a corporate, up-scale environment.

Strong Medical & Healthcare Presence

Well positioned to meet the future medical and health care needs of its citizens, the County is home to a prospering medical and healthcare community and two large medical centers.

Catawba Valley Medical Center (CVMC) is the largest not-for-profit community hospital in the region and the County’s second largest employer. While technically owned by Catawba County, CVMC is completely self-supporting. Based on the quality and consistency of medical care provided by the facility, CVMC has recently received multiple awards, including:

- Women’s Choice Award - Best 100 Hospitals for Patient Experience (each year from 2012 through 2016)
- Women’s Choice Award – one of America’s Best Hospitals for Orthopedics (each year from 2013 to 2016)
- Women’s Choice Award - one of America’s Best Hospitals in Obstetrics (2013 to 2016)



- Women’s Choice Award - one of America’s Best Hospitals for Bariatric Surgery (2016)
- Women’s Choice Award - one of American’s Best Hospitals in Cancer Care (2014 and 2016)
- First hospital in the State to receive four Magnet designations from American NursCredentialing Center (2014)
- A 2016 Premier QUEST award winner for high-value healthcare
- Comprehensive Center for Metabolic & Bariatric Surgery from the American College of Surgeons (2016)

Frye Regional Medical Center, the County’s third largest employer and seventh largest taxpayer, is a private hospital that has served the community for over 100 years. **The Heart Center at Frye is home to the most extensive array of cardiology services in the region**, and was the only regional facility offering 24/7 full-service cardiology and on-site heart surgery until 2014. In 2015, Frye Regional Medical Center was acquired by Duke LifePoint. Duke LifePoint combines Duke University Health System’s unparalleled expertise, quality and patient safety with LifePoint Health’s financial resource and operational experience.

Like CVMC, this hospital has also received numerous



awards for the quality of its services.

- Women's Choice Award for Excellence in Obstetrics (2014 and 2015)
- Women's Choice Award for Excellence in Heart Care (2015)
- Women's Choice Award for Excellence in Breast Centers (2015)
- American Heart Association/American Stroke Association's recipient of *Get With the Guidelines*-Stroke Gold Plus Quality Achievement Award (2015)
- Ranked #1 in North Carolina and in top 5% of US hospitals for cardiac surgery and patient safety by Health Grades, a leading independent healthcare ratings organization

LONG TERM FINANCIAL PLANNING

The County began preparing an eight-year Service and Capital Improvement Plan (CIP) in 2007 (updated annually) to anticipate and plan for future capital expenditures. Every four years, in conjunction with county-wide revaluation, the Board of Commissioners sets a tax rate to address service and capital pressures, planning to hold the rate constant until the next revaluation.

As of July 1, 2016, \$115 million in capital needs have been identified over the next eight years, which includes approximately \$56 million in school and community college construction and a \$17 million jail expansion. Additionally the County faces service expansion pressures important to maintaining the quality of life the community has grown accustomed to. Addressing these pressures is critical to ensuring the County does not fall behind in providing critical service areas like EMS, water and sewer infrastructure, parks, libraries and solid waste. The County has also planned for operating costs for the new Justice Public Safety Center and debt/operating costs for the jail expansion.

Jail Expansion Needed

It is the County's responsibility to house all



inmates as required by state law. The County experienced a surge in inmate population beginning in mid-2012 (an 18.4 percent increase in Fiscal Year 2012/13, with an additional 7.3 percent in Fiscal Year 2013/14 for Catawba). The Catawba County Detention Center was designed with this in mind, with the capacity to readily expand the existing design by 256 beds in anticipation of future expansion needs. Since the last jail expansion, Catawba County has rented a limited number of beds to the federal government, banking the proceeds to help fund the expansion and reduce total costs to taxpayers. Through June 30, 2016, \$4.1 million in bed rental revenue has been reserved for future jail expansion. The County's foresight in setting these funds aside will result in over \$3 million in savings to citizens through interest cost avoidance, based upon the fact that the County will have to borrow almost \$8.8 million less.

The recently adopted Fiscal Year 2016/17 budget dedicated an annual 1.5 cents on the tax rate plus the bed rental revenue toward the jail expansion, planned for Fiscal Year 2017/18.

Quarter Cent Sales Tax Helps Address Needs

As the county continues to grow, planning for infrastructure is essential to encouraging orderly economic development, preventing urban sprawl, and accommodating that growth in adequate facilities. In 2007, the county voters overwhelmingly approved adoption of a ¼ cent sales tax by referendum, which is currently providing approximately \$5 million a year in revenue to augment property tax revenues in keeping up with growth in demand for County

services. Most of these funds are being used to expand the County's Justice Center, a \$44.6 million construction project currently underway. The new center will house new courtrooms (a county responsibility), the Emergency Services department, a new 911 Communication Center, and the Emergency Operations Center. Construction is scheduled to be complete in summer 2017.

The remaining ¼ cent sales tax revenues are being used primarily for economic development, education, and water and sewer needs in the county. The Board of Commissioners continues to set aside funds (1 cent on the property tax rate, which amounts to \$1.6 million, and \$725,000 in sales tax revenues in Fiscal Year 2016/17) to be used for strategic water and sewer projects throughout the county. The combined funds will address approximately \$38 million in water and sewer needs identified over the next eight years.

Supporting Education

Catawba County is committed to education and recognizes the linkage between student attainment and a quality workforce. To pay for school and community college projects, the Catawba County Board of Commissioners adopts a four-year funding cycle in conjunction with countywide property revaluation. Fiscal Year 2015/16 marked the first year of the funding cycle adopted in June 2015. Through a combination of revenue including property tax, sales tax, and state lottery funds, the equivalent of 10.7 cents on the property tax rate (or \$16.87 million) is consistently dedicated to school and community college debt service. As existing debt

is paid off, the dedicated funding allows the County to finance \$56 million in new construction needs over the next four years for all three school systems and CVCC. Some major projects include a new Banoak Elementary School, technology and school renovations for Hickory Public Schools, roofing/renovations and bleacher replacement for Newton-Conover City Schools, and additional funding for the CVCC Workforce Solutions Complex.

In acknowledgement of the linkage between student attainment and workforce development, Catawba County commits almost 46 cents of every property and sales tax dollar towards education. This funding commitment has supported such initiatives as increasing local teacher supplements to attract and retain the best and brightest teachers and funding critical technology updates for all three school systems to foster a positive student learning environment. These efforts appear to be paying off, as evidenced by the latest year-end achievement results. All three public districts were above the State average in achieving measurable objectives. For the second consecutive year, Newton-Conover City Schools had the highest graduation rate in the State, currently at 93.5% compared to the statewide average of 85.8%. Catawba County Schools' rate was 89.7%, and Hickory Public Schools' was 84.7% - the highest in the history of the school system for the third year in a row.



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 to Catawba County for its comprehensive annual financial report (CAFR) for the fiscal year ending June 30, 2015, the 34th year in a row that the County has secured this recognition. The Certificate of Achievement is a prestigious national annual award that recognizes 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 must publish an easy to understand CAFR that is well-organized and conforms to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. This report continues to conform to the Certificate of Achievement program requirements and will be submitted to GFOA for consideration thereof.

In addition, the County has prepared and will be submitting a Popular Annual Financial Report (PAFR) to GFOA for Fiscal Year 2015-2016. The PAFR is designed to provide citizens with easily understandable information about a government's finances and economic conditions in a more condensed fashion. PAFRs are supplements to – not replacements for – CAFRs, and are reviewed by a GFOA-appointed task force. The County has received an award for its PAFR for the past eight years and hopes to continue with the Fiscal Year 2015-2016 entry.

Finally, the County has also received the GFOA's Award for Distinguished Budget Presentation for its Fiscal Year 2015-2016 Adopted Budget effective July 1, 2015. This is the 27th consecutive year the County has

received this award. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was determined to be proficient in several categories including policy documentation, financial planning, and organization.

ACKNOWLEDGEMENTS

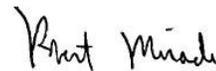
Each County department's strong commitment to the goals, vision, and mission of Catawba County is reflected in the services provided to the citizens of Catawba County. We appreciate the cooperation of all County departments in carrying out the financial activities encompassed in this report. The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire Finance Department staff and independent auditors, Martin Starnes and Associates, CPAs. Each has our sincere appreciation for the contributions made in preparation of this report.

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

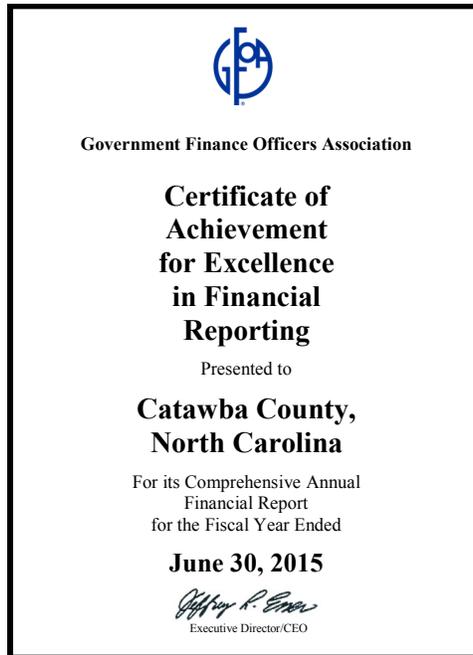
Respectfully submitted,



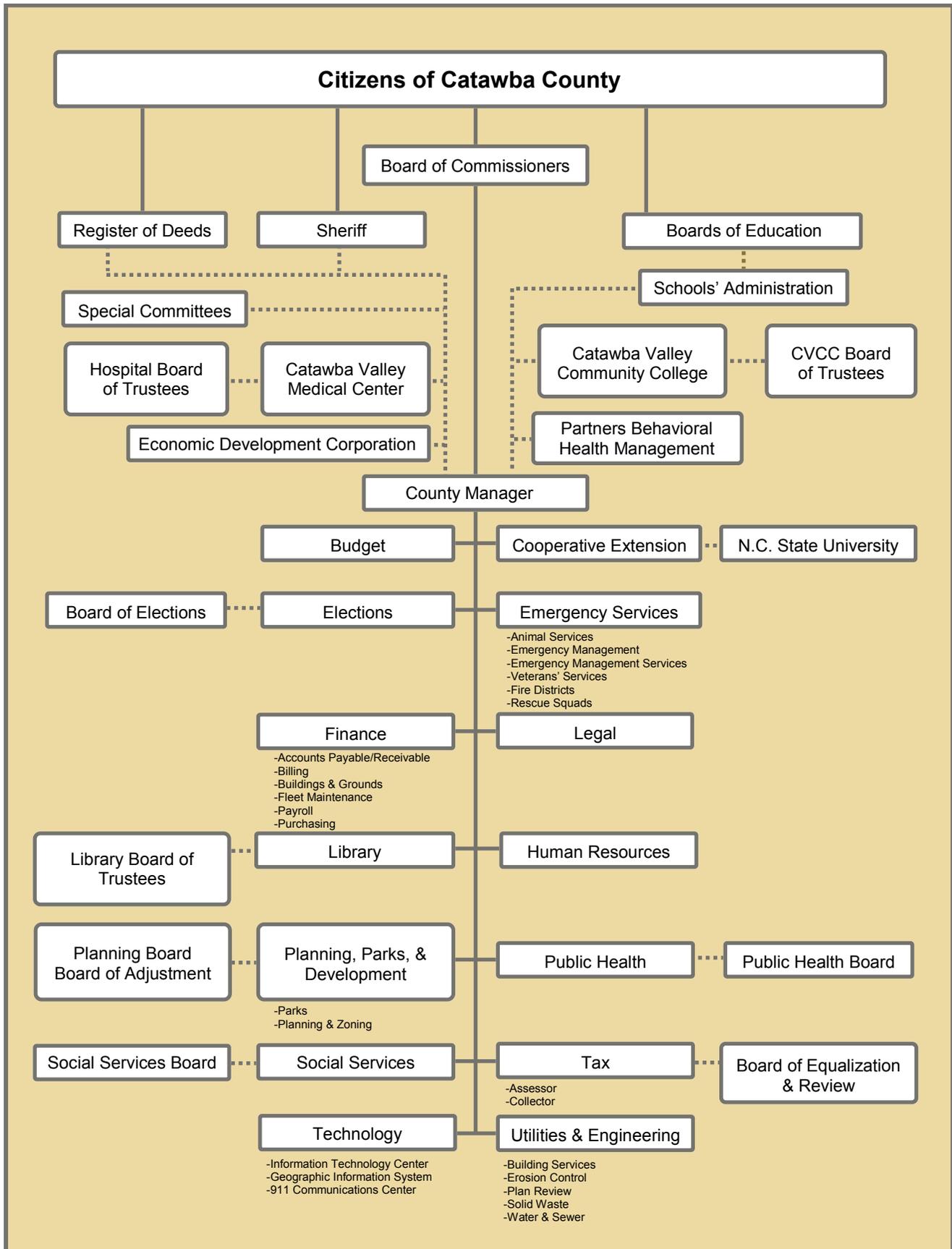
Mick Berry
County Manager



Robert Miracle
Chief Financial Officer



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, 2016, 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, which represents 98.2 percent, 97.9 percent, and 95.0 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. We did not audit the financial statements of the Catawba County ABC Board, which represents 1.8 percent, 2.1 percent, and 5.0 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us and, our opinion, insofar as it relates to the amounts included for the Catawba Valley Medical Center and Catawba County ABC Board, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 reports 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, 2016, 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 Schedules of Funding Progress, the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions, the Local Government Employee's Retirement System Proportionate Share of Net Pension Liability (Asset) and Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County 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.

Supplementary and 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, other 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, supplemental ad valorem tax schedules, and other 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 reports of the other auditors, the combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and other 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 21, 2016 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. The report on internal control over financial reporting and on compliance and other matters will be published at a later date in Catawba County's Single Audit Report.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 21, 2016



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, 2016. 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

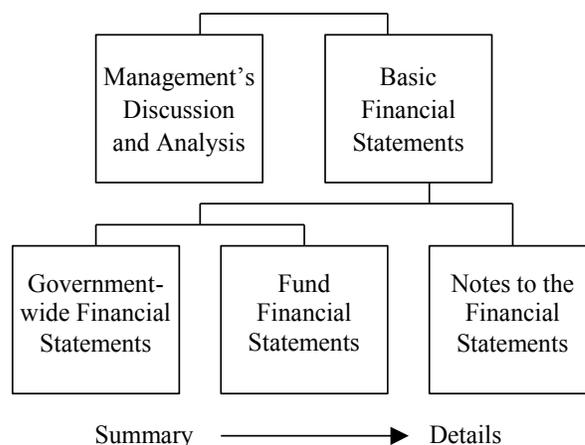
- ▶ The assets and deferred outflows of resources of Catawba County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$202,563,729 (*net position*). Of this figure, approximately \$136 million represents the County's investment in capital assets, which is not available for future spending.
- ▶ The government's total net position increased by \$23,913,263, resulting from an increase of \$20,566,879 in governmental activities and \$3,346,384 in business-type activities. This net increase is primarily due to management's focus on prudent spending while maximizing revenue collection.
- ▶ As of the close of the current fiscal year, Catawba County's governmental funds reported combined ending fund balances of \$132,721,876, a decrease of \$(2,268,596) in comparison with the prior year. Approximately 38 percent of this total amount, or \$49,581,741, 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 \$34,098,284, or 20 percent of total general fund expenditures for the fiscal year.
- ▶ Catawba County's total long-term debt decreased by \$(11,943,187) during the current fiscal year. Outstanding debt principal is \$148,322,970 and equates to \$953 per capita at the end of the fiscal year.
- ▶ For the twelfth 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 seventh 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 26-29 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 77 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 \$202,563,729 as of June 30, 2016. The County's net position increased by \$23,913,263 for the fiscal year ended June 30, 2016. Additional information can be found in the notes to the financial statements.

Government-Wide Financial Analysis
Catawba County's Net Position

	Governmental Activities		Business-type Activities		Total		Total	
	2016	2015	2016	2015	2016	2015	Dollar Change	Percent Change
Current and other assets	\$146,018,273	\$152,357,349	\$ 58,919,551	\$ 57,829,553	\$204,937,824	\$210,186,902	\$(5,249,078)	-2.50%
Capital assets	113,584,561	100,441,500	65,452,782	64,149,144	179,037,343	164,590,644	14,446,699	8.78%
Total assets	259,602,834	252,798,849	124,372,333	121,978,697	383,975,167	374,777,546	9,197,621	2.45%
Deferred outflow s of resources	5,873,675	6,221,402	132,195	132,012	6,005,870	6,353,414	(347,544)	-5.47%
Long-term liabilities	153,877,775	151,567,961	22,627,923	23,630,302	176,505,698	175,198,263	1,307,435	0.75%
Other liabilities	8,033,680	14,797,157	710,299	420,032	8,743,979	15,217,189	(6,473,210)	-42.54%
Total liabilities	161,911,455	166,365,118	23,338,222	24,050,334	185,249,677	190,415,452	(5,165,775)	-2.71%
Deferred inflow s of resources	2,114,283	11,771,241	53,348	293,801	2,167,631	12,065,042	(9,897,411)	-82.03%
Net position:								
Net investment in capital assets	82,024,110	75,032,918	53,727,147	51,643,356	135,751,257	126,676,274	9,074,983	7.16%
Restricted	37,336,072	55,052,023	-	-	37,336,072	55,052,023	(17,715,951)	-32.18%
Unrestricted	(17,909,411)	(49,201,049)	47,385,811	46,123,218	29,476,400	(3,077,831)	32,554,231	-1057.70%
Total net position	\$101,450,771	\$ 80,883,892	\$101,112,958	\$ 97,766,574	\$202,563,729	\$178,650,466	\$23,913,263	13.39%

The largest portion of net position, 67%, 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 \$14,446,699 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, 19%, represents resources that are subject to external restrictions on how they may be used.

The final component of net position is unrestricted, which is 14% of the total net position. Because the County funds school capital needs through long-term borrowing but does not carry the resulting assets on our financial statements, we report a deficit in

unrestricted net position for governmental activities.

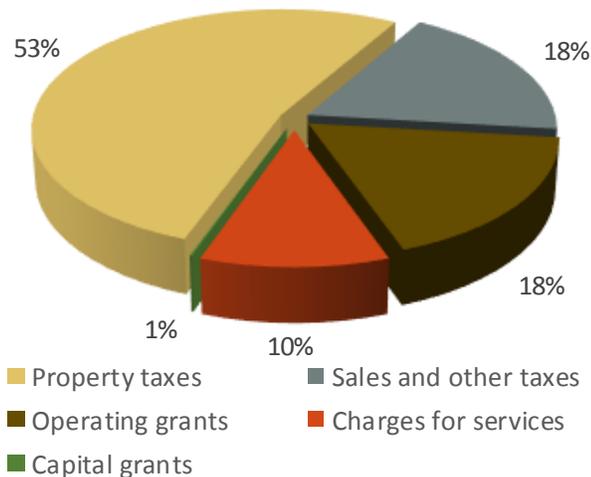
In order to provide a complete picture of the changes in net position of the County, information is provided separately for the net positions of governmental and business-type activities.

Governmental Activities - Governmental activities increased the County's net position by \$20,566,879. Several particular aspects of the County's financial operations positively influenced the unrestricted governmental net position.

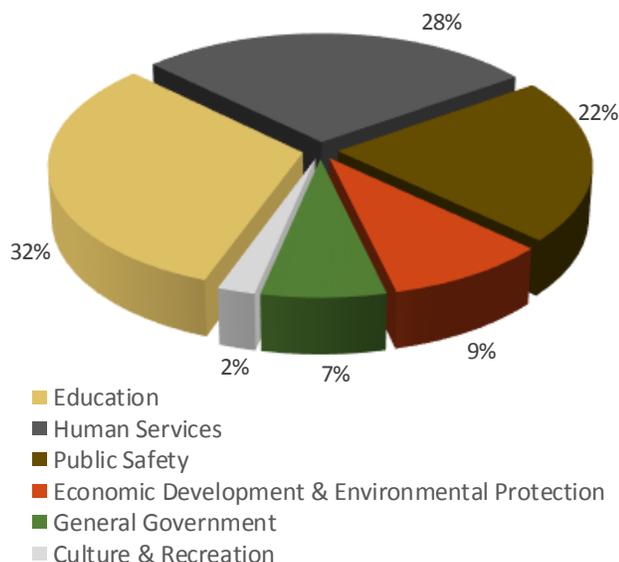
- ▶ The County sold its Home Health division to a private entity for \$3.5 million.
- ▶ Continued diligence in the collection of property taxes by maintaining a collection percentage of over 98%.
- ▶ Increased sales tax revenue of approximately \$2.9 million due to economic growth in the County.

The following graphs represent the major sources of revenues and the major functions of expenditures for governmental activities. Interest on long-term debt has been allocated to functional categories.

Revenues by Source - Governmental Activities



Expenditures by Function - Governmental Activities



Business-type Activities - Business-type activities increased Catawba County's net position by \$3,346,384. Key elements of this change are as follows:

- ▶ Article 46 sales tax revenues totaling

\$870,975 million for various water and sewer projects in the County.

- ▶ Transfer of property tax for water and sewer capital projects in the amount \$1,575,000.

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 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, 2016, the governmental funds of the County reported a combined fund balance of \$132,721,876, a 4.6 percent increase from the previous year. The primary reason for this increase is the increase in fund balance in the General Fund.

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 \$59,827,505 while total fund balance was \$78,363,829. The governing

Catawba County Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues:						
Charges for services	\$ 20,321,702	\$ 18,478,369	\$ 6,421,312	\$ 6,054,569	\$ 26,743,014	\$ 24,532,938
Operating grants and contributions	33,083,275	37,229,196	743,064	606,766	33,826,339	37,835,962
Capital grants and contributions	250,000	125,000	223,191	486,732	473,191	611,732
General revenues:						
Property taxes	98,691,384	94,200,605	-	-	98,691,384	94,200,605
Sales and other taxes	34,493,971	31,614,970	1,198,019	1,763,741	35,691,990	33,378,711
Investment earnings, unrestricted	1,470,473	975,564	715,609	477,221	2,186,082	1,452,785
Gain on capital assets	-	-	54,235	2,220	54,235	2,220
Total revenues	188,310,805	182,623,704	9,355,430	9,391,249	197,666,235	192,014,953
Expenses						
General government	11,860,452	9,933,029	-	-	11,860,452	9,933,029
Public safety	34,879,104	32,921,751	-	-	34,879,104	32,921,751
Environmental protection	585,457	546,444	-	-	585,457	546,444
Economic and physical development	14,883,762	13,950,985	-	-	14,883,762	13,950,985
Human services	46,621,822	47,218,856	-	-	46,621,822	47,218,856
Cultural and recreation	3,595,626	3,127,165	-	-	3,595,626	3,127,165
Education	50,223,611	49,298,062	-	-	50,223,611	49,298,062
Interest on long-term debt	3,477,042	3,815,195	-	-	3,477,042	3,815,195
Solid waste management	-	-	5,346,204	4,899,445	5,346,204	4,899,445
Water and sewer	-	-	2,279,892	2,291,702	2,279,892	2,291,702
Total expenses	166,126,876	160,811,487	7,626,096	7,191,147	173,752,972	168,002,634
Increase (decrease) in net position before transfers	22,183,929	21,812,217	1,729,334	2,200,102	23,913,263	24,012,319
Transfers	(1,617,050)	(800,000)	1,617,050	800,000	-	-
Increase (decrease) in net position after transfers	20,566,879	21,012,217	3,346,384	3,000,102	23,913,263	24,012,319
Net position - beginning of year, previously reported	80,883,892	64,437,056	97,766,574	94,934,029	178,650,466	159,371,085
Restatement	-	(4,565,381)	-	(167,557)	-	(4,732,938)
Net position- beginning, restated	80,883,892	59,871,675	97,766,574	94,766,472	178,650,466	154,638,147
Net position - end of year	\$ 101,450,771	\$ 80,883,892	\$ 101,112,958	\$ 97,766,574	\$ 202,563,729	\$ 178,650,466

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 35.36% of total general fund expenditures, while the total fund balance represents 46.32% of that same amount.

The overall fund balance increased by \$9,704,601 due, in part, to the increase in sales

taxes collected and the one time sale of the County's Home Health division to a private entity.

The County restated its beginning fund balance for prior period sinking fund payments that were incorrectly recorded as reductions of long-term debt liabilities.

Additional information is provided in the notes to the financial statements and 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 decreased by (\$11 million) to \$31.6 million. Expenditures were \$16.1 million as major construction continued on the Justice Center expansion project.

Non-Major Funds - Fund balances for non-major funds decreased by (\$976,083) to \$23.7 million overall. The primary decreases are from expenditures for school capital projects. Several school construction projects are in the final stages of completion.

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 \$101.1 million with \$47.4 million of this amount being unrestricted. The increase in net position in these funds was \$3.3 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 \$2,295,473 or 1.5%. This increase was due mainly to anticipation of additional federal and state grants available for

County services.

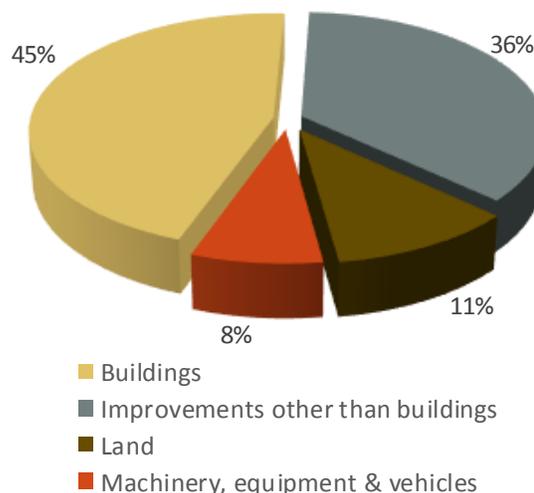
Actual revenues were greater than final budgeted amounts by \$6,477,183. This was due mainly to increases in collections of property and sales taxes and sale of Home Health division.

Net amendments to budgeted appropriations were \$1,103,594 or .62%. 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 \$15,580,235. These cost savings resulted mainly from unspent appropriations of a) \$6.6 million in non-personnel services and supplies in human services departments, b) \$3.9 million in salaries and benefits due to temporary vacancies in various departments..

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets - Catawba County's investment in capital assets for its governmental and business-type activities as of June 30, 2016, totals \$179,037,343 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities and vehicles. Major capital asset transactions during the year include the following:

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



Catawba County's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 5,696,392	\$ 6,077,887	\$ 7,717,284	\$ 7,513,455	\$ 13,413,676	\$ 13,591,342
Construction in progress	39,217,293	24,410,639	18,278,000	31,517,831	57,495,293	55,928,470
Buildings	51,225,361	53,065,521	3,623,145	3,703,254	54,848,506	56,768,775
Improvements other than buildings	9,690,252	9,583,689	34,149,244	20,281,949	43,839,496	29,865,638
Machinery, equipment and vehicles	7,755,263	7,303,764	1,685,109	1,132,655	9,440,372	8,436,419
Total	113,584,561	100,441,500	65,452,782	64,149,144	179,037,343	164,590,644

- ▶ Purchase of new public safety vehicles
- ▶ Computer infrastructure upgrades
- ▶ Addition of voting equipment
- ▶ Increase in construction in progress in governmental funds for the Justice Center expansion.
- ▶ Increase in the solid waste fund for the addition of landfill equipment

As mentioned in the financial highlights section of this document, Catawba County maintained for the 7th consecutive year, its Aa1 bond rating from Moody's Investors Service and for the 12th 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.

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

North Carolina general statutes limit the amount of debt that a unit of local government can issue. The County's total debt outstanding of \$148,322,970 is 12% of the legal debt margin of \$1,139,044,222.

Long-term Debt - As of June 30, 2016, Catawba County had outstanding debt of \$148,322,970. The overall change in long-term debt was a net decrease of (\$11,943,487). The County financed computer equipment for \$570,000. The County made debt service payments of approximately \$10.5 million.

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

FISCAL YEAR 2015-16 ECONOMIC FACTORS

The following factors reflect the economic

Catawba County's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Certificates of Participation	\$ 9,390,000	\$ 10,550,000	\$ -	\$ -	\$ 9,390,000	\$ 10,550,000
Installment Purchases	37,299,345	40,764,047	6,158,434	6,783,333	43,457,779	47,547,380
Qualified Zone Academy Bonds	300,000	350,000	-	-	300,000	350,000
Qualified School Const. Bonds	27,808,533	27,808,533	-	-	27,808,533	27,808,533
Build America Bonds	5,504,583	6,084,013	-	-	5,504,583	6,084,013
Limited Obligation Bonds	47,964,295	52,722,824	4,400,705	4,922,176	52,365,000	57,645,000
Federal Revolving Loan	-	-	1,050,000	1,125,000	1,050,000	1,125,000
Department of Commerce	2,600,000	2,600,000	-	-	2,600,000	2,600,000
Premium on long-term debt	5,685,748	6,380,773	161,327	175,458	5,847,075	6,556,231
Total	\$ 136,552,504	\$ 147,260,190	\$ 11,770,466	\$ 13,005,967	\$ 148,322,970	\$ 160,266,157

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 \$0.575/\$100 was below the State average of \$0.65.5/\$100 and the 26th lowest of all 100 counties in North Carolina.
- ▶ The County remains a retail magnet for the region, capturing 60.3% of the \$3.5 billion in retail sales from the four-county Metropolitan Statistical Area in 2015 despite having only 42.7% of the population. Taxable retail sales increased over 8% from the prior year.
- ▶ The County's unemployment has seen improvement as the rate declined from 6.0% in June 2015 to 4.9% In June 2016. The County announced that 963 new jobs were added to the current workforce.

BUDGET HIGHLIGHTS FOR THE FISCAL YEAR ENDING JUNE 30, 2017

Governmental Activities - The local economy continues to show improvement. The property tax rate remains at \$.575/100 in next year's budget. Revenue projections for the General Fund include a 2.2% percent increase in property tax revenue and a 7.6% percent increase in sales tax revenue. The County is also budgeting an increase of 2.5 percent in operating expenses due to service expansions for a total approved budget of \$252,801,734 for fiscal year 2016-2017.

Education continues to represent the largest portion of the local budget, with 45 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—26 cents of every property tax and sales tax dollar—is spent on public safety.

As a commitment to public safety, in fiscal year 2016-2017 the County budgets funds for expansion of paramedic crews in the Mountain View and Bandys areas in order to maintain an 8-minute County-wide response time. To improve case management and clearance rates of criminal cases, the budget provides for increases in investigative funds and the addition of two narcotics investigator positions. The budget increases revenue to be set aside for a future expansion of the County Detention Center.

To meet the needs of the growing economy and increase in building permit activity, the budget provides funding for the increase in inspectors. This allows more inspectors in the field and allows the number of daily inspections to more closely align with state-recommended limits.

The County continues to review staffing needs annually, rightsizing in some areas while investing in others. The fiscal year 2016-2017 budget eliminates or reduces hours for 26 positions (22 from the sales of the Home Health division) and adds or increases 14 positions in various departments. The budget includes a 2.25% performance based adjustment for employees who exhibit satisfactory performance as reflected in the annual evaluation. High performers are able to receive an additional \$500 for exceptional service. 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.

The County reviewed its employee benefits package and added funds for a new 401-K match up to 1% of salary for participating employees.

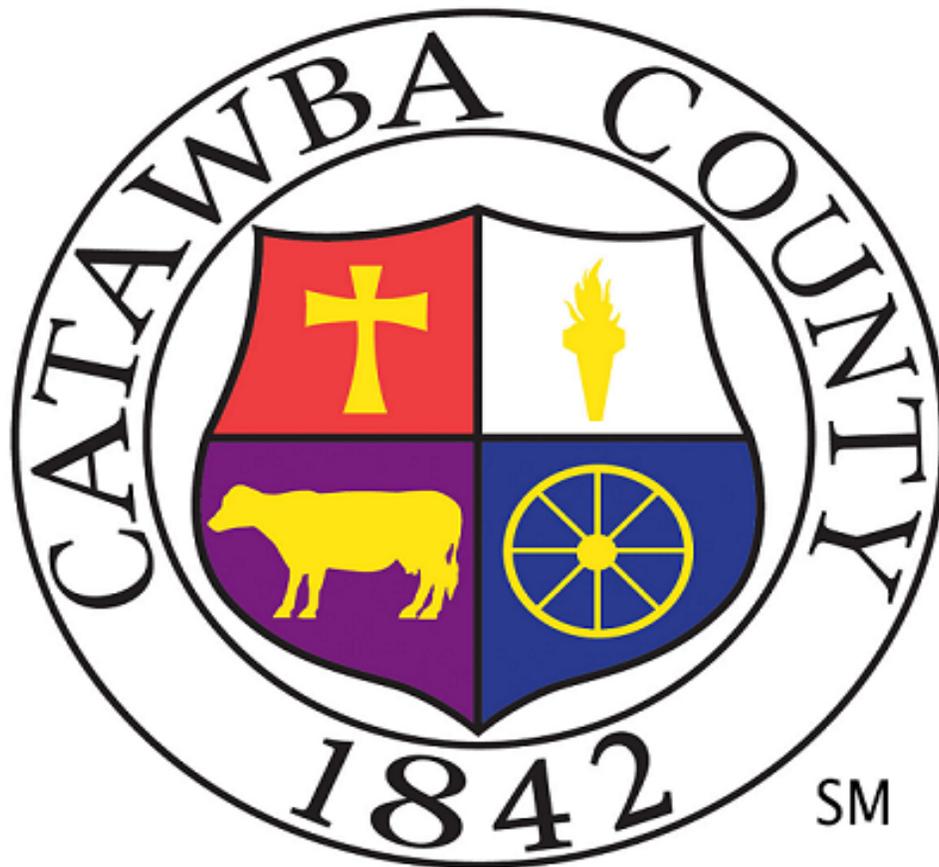
Business – type Activities - The \$12,629,681 budget includes \$7,780,209 for solid waste and \$3,034,472 for water and sewer operations. Also included in this amount is \$1,800,000 for solid waste and \$15,000 for water and sewer capital projects. Additional water and sewer capital projects are funded by

funds released from closed unneeded 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 cent (\$1.6 million) of the property tax and \$728,472 of the 1/4 cent sales tax to fund strategic water and sewer needs. The budget funds a future project with the City of Hickory to provide water and sewer to Park 1764, a region Class A Business Park.

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 Chief Financial Officer, Catawba County, PO Box 389, Newton, NC 28658. Online information may be found at the County's website at www.catawbacountync.gov.



Basic Financial Statements

Statement of Net Position
June 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 108,678,657	\$ 57,052,887	\$ 165,731,544
Taxes receivable - net	1,455,957	-	1,455,957
Due from other governments	16,008,649	702,247	16,710,896
Notes receivable	1,487,417	291,563	1,778,980
Other receivables	2,393,756	581,348	2,975,104
Interest receivable	193,324	95,608	288,932
Inventories	326,899	-	326,899
Prepaid items	791,762	195,898	987,660
Restricted cash and investments	13,189,022	-	13,189,022
Net pension asset	384,257	-	384,257
Other assets	-	-	-
Capital assets:			
Land and construction in progress	44,913,685	25,995,284	70,908,969
Other capital assets, net of depreciation	68,670,876	39,457,498	108,128,374
Total capital assets	<u>113,584,561</u>	<u>65,452,782</u>	<u>179,037,343</u>
Net investment in joint venture	<u>1,108,573</u>	<u>-</u>	<u>1,108,573</u>
Total assets	<u>259,602,834</u>	<u>124,372,333</u>	<u>383,975,167</u>
Deferred outflows of resources	<u>5,873,675</u>	<u>132,195</u>	<u>6,005,870</u>
Liabilities			
Accounts payable and accrued liabilities	8,033,680	710,299	8,743,979
Long-term liabilities:			
Net pension liability - LGERS	3,572,430	98,001	3,670,431
Net pension liability - LEOSSA	1,406,016	-	1,406,016
Due within one year	13,992,764	1,403,822	15,396,586
Due in more than one year	<u>134,906,565</u>	<u>21,126,100</u>	<u>156,032,665</u>
Total long-term liabilities	<u>153,877,775</u>	<u>22,627,923</u>	<u>176,505,698</u>
Total liabilities	<u>161,911,455</u>	<u>23,338,222</u>	<u>185,249,677</u>
Deferred inflows of resources	<u>2,114,283</u>	<u>53,348</u>	<u>2,167,631</u>
Net Position			
Net investment in capital assets	82,024,110	53,727,147	135,751,257
Restricted			
Stabilization by State statute	29,693,166	-	29,693,166
Register of Deeds	5,883	-	5,883
Public safety	494,667	-	494,667
Fire Protection	1,370,246	-	1,370,246
Debt service	271	-	271
Library Endowment	192,428	-	192,428
Social services scholarships	52,740	-	52,740
Parks preservation	1,099	-	1,099
Hospital capital projects	5,063,041	-	5,063,041
General capital reserve	462,531	-	462,531
Other	-	-	-
Unrestricted (deficit)	<u>(17,909,411)</u>	<u>47,385,811</u>	<u>29,476,400</u>
Total net position	<u>\$ 101,450,771</u>	<u>\$ 101,112,958</u>	<u>\$ 202,563,729</u>

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

Statement of Net Position
June 30, 2016

	Component Units	
	Catawba	
	Catawba Valley Medical Center	County ABC Board
Assets		
Cash and investments	\$ 92,765,491	\$ 1,503,429
Taxes receivable - net	-	-
Due from other governments	1,262,930	-
Notes receivable	-	-
Other receivables	40,626,187	-
Interest receivable	84,724	-
Inventories	5,534,478	1,938,208
Prepaid items	-	-
Restricted cash and investments	5,181,984	-
Net pension asset	-	-
Other assets	12,910,457	-
Capital assets:		
Land and construction in progress	4,950,336	741,643
Other capital assets, net of depreciation	114,655,694	986,704
Total capital assets	<u>119,606,030</u>	<u>1,728,347</u>
Net investment in joint venture	-	-
Total assets	<u>277,972,281</u>	<u>5,169,984</u>
Deferred outflows of resources	<u>9,503,639</u>	<u>135,327</u>
Liabilities		
Accounts payable and accrued liabilities	35,866,355	1,503,473
Long-term liabilities:		
Net pension liability - LGERS	-	-
Net pension liability - LEOSSA	-	-
Due within one year	9,376,391	-
Due in more than one year	71,254,035	152,611
Total long-term liabilities	<u>80,630,426</u>	<u>152,611</u>
Total liabilities	<u>116,496,781</u>	<u>1,656,084</u>
Deferred inflows of resources	<u>1,941,000</u>	<u>33,473</u>
Net Position		
Net investment in capital assets	70,849,775	1,728,347
Restricted		
Stabilization by State statute	-	-
Register of Deeds	-	-
Public safety	-	-
Fire Protection	-	-
Debt service	-	-
Library Endowment	-	-
Social services scholarships	-	-
Parks preservation	-	-
Hospital capital projects	5,087,473	-
General capital reserve	-	-
Other	94,511	538,450
Unrestricted (deficit)	<u>93,006,380</u>	<u>1,348,957</u>
Total net position	<u>\$ 169,038,139</u>	<u>\$ 3,615,754</u>

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

CATAWBA COUNTY, NORTH CAROLINA

Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Program Revenues			
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 11,860,452	\$ 1,664,523	\$ 2,636,884	
Public safety	34,879,104	8,617,461	353,590	\$ -
Environmental protection	585,457	35,269	86,809	-
Economic and physical development	14,883,762	2,552,503	439,417	-
Human services	46,621,822	7,390,409	29,112,504	250,000
Culture and recreation	3,595,626	61,537	333,246	-
Education	50,223,611	-	120,825	-
Interest on long-term debt	3,477,042	-	-	-
Total governmental activities	<u>166,126,876</u>	<u>20,321,702</u>	<u>33,083,275</u>	<u>250,000</u>
Business-type activities				
Solid waste management	5,346,204	6,288,937	17,325	-
Water and sewer	2,279,892	132,375	725,739	223,191
Total business-type activities	<u>7,626,096</u>	<u>6,421,312</u>	<u>743,064</u>	<u>223,191</u>
Total primary government	<u>\$ 173,752,972</u>	<u>\$ 26,743,014</u>	<u>\$ 33,826,339</u>	<u>\$ 473,191</u>
Component units				
Catawba Valley Medical Center	\$ 251,754,269	\$ 262,186,325	\$ 538,849	\$ 1,123,400
Catawba County ABC Board	13,791,827	14,000,047	-	-
Total Component Units	<u>\$ 265,546,096</u>	<u>\$ 276,186,372</u>	<u>\$ 538,849</u>	<u>\$ 1,123,400</u>

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

CATAWBA COUNTY, NORTH CAROLINA

**Exhibit 2
Page 2 of 2**

**Statement of Activities
For the Year Ended June 30, 2016**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Catawba Valley Medical Center	Catawba County ABC Board
Primary Government					
Governmental Activities					
General government	\$ (7,559,045)	\$ -	\$ (7,559,045)		
Public safety	(25,908,053)	-	(25,908,053)		
Environmental protection	(463,379)	-	(463,379)		
Economic and physical development	(11,891,842)	-	(11,891,842)		
Human services	(9,868,909)	-	(9,868,909)		
Culture and recreation	(3,200,843)	-	(3,200,843)		
Education	(50,102,786)	-	(50,102,786)		
Interest on long-term debt	(3,477,042)	-	(3,477,042)		
Total governmental activities	<u>(112,471,899)</u>	<u>-</u>	<u>(112,471,899)</u>		
Business-type activities					
Solid waste management	-	960,058	960,058		
Water and sewer	-	(1,198,587)	(1,198,587)		
Total business-type activities	<u>-</u>	<u>(238,529)</u>	<u>(238,529)</u>		
Total primary government	<u>(112,471,899)</u>	<u>(238,529)</u>	<u>(112,710,428)</u>		
Component units					
Catawba Valley Medical Center				\$ 12,094,305	\$ -
Catawba County ABC Board				-	208,220
Total Component Units				<u>\$ 12,094,305</u>	<u>\$ 208,220</u>
General Revenues:					
Taxes					
Property taxes, levied for general purposes	98,691,384	-	98,691,384	-	-
Local option sales taxes	32,903,055	870,975	33,774,030	-	-
Other taxes	1,590,916	327,044	1,917,960	-	-
Investment earnings, unrestricted	1,470,473	715,609	2,186,082	1,957,216	884
Gain on sale of capital assets	-	54,235	54,235	-	-
Total general revenues	<u>134,655,828</u>	<u>1,967,863</u>	<u>136,623,691</u>	<u>1,957,216</u>	<u>884</u>
Transfers	(1,617,050)	1,617,050	-	-	-
Total general revenues and transfers	<u>133,038,778</u>	<u>3,584,913</u>	<u>136,623,691</u>	<u>1,957,216</u>	<u>884</u>
Change in net position	20,566,879	3,346,384	23,913,263	14,051,521	209,104
Net position, beginning	<u>80,883,892</u>	<u>97,766,574</u>	<u>178,650,466</u>	<u>154,986,618</u>	<u>3,406,650</u>
Net position, ending	<u>\$ 101,450,771</u>	<u>\$ 101,112,958</u>	<u>\$ 202,563,729</u>	<u>\$ 169,038,139</u>	<u>\$ 3,615,754</u>

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

Balance Sheet
Governmental Funds
June 30, 2016

	Major Funds		Non Major Funds	Total Governmental Funds
	General Fund	General Capital Projects Fund	Other Governmental Funds	
Assets				
Cash and investments	\$ 56,660,274	\$ 29,932,223	\$ 22,086,160	\$ 108,678,657
Taxes receivable - net	1,359,662	-	96,295	1,455,957
Due from other funds	712	-	-	712
Due from other governments	14,211,241	409,174	1,388,234	16,008,649
Notes receivable	1,487,417	-	-	1,487,417
Other receivables	2,388,044	5,712	-	2,393,756
Interest receivable	109,165	44,686	39,473	193,324
Inventories	326,899	-	-	326,899
Prepaid items	791,762	-	-	791,762
Restricted cash and investments	10,957,457	2,231,565	-	13,189,022
Total assets	<u>88,292,633</u>	<u>32,623,360</u>	<u>23,610,162</u>	<u>144,526,155</u>
Liabilities				
Accounts payable and accrued liabilities	6,258,395	1,035,478	739,807	8,033,680
Due to other funds	-	-	712	712
Total liabilities	<u>6,258,395</u>	<u>1,035,478</u>	<u>740,519</u>	<u>8,034,392</u>
Deferred Inflows of Resources	<u>3,670,409</u>	<u>-</u>	<u>99,478</u>	<u>3,769,887</u>
Fund Balances				
Nonspendable				
Inventories	326,899	-	-	326,899
Prepaid	791,762	-	-	791,762
Notes receivable	1,487,417	-	-	1,487,417
Restricted				
Stabilization by State Statute	15,930,246	10,481,066	3,281,854	29,693,166
Register of Deeds	5,883	-	-	5,883
Public Safety	-	-	494,667	494,667
Fire Protection	-	-	1,370,246	1,370,246
Debt service	10,014,375	-	-	10,014,375
Library Endowment	-	-	192,428	192,428
Scholarship	-	-	52,740	52,740
Parks Preservation	-	-	1,099	1,099
General Capital	-	2,231,565	-	2,231,565
Hospital Capital	-	-	5,063,041	5,063,041
General Capital Reserve	462,531	-	-	462,531
Committed				
Tax Revaluation	172,990	-	-	172,990
General Capital	-	18,875,251	-	18,875,251
School Capital	-	-	5,499,929	5,499,929
School Construction	-	-	6,790,440	6,790,440
Hospital Construction	-	-	24,433	24,433
Assigned				
Public Health	376,026	-	-	376,026
Social Services	5,189,684	-	-	5,189,684
County Manager	165,824	-	-	165,824
Human Resources	498,613	-	-	498,613
Library	103,073	-	-	103,073
Subsequent year's expenditures	8,740,222	-	-	8,740,222
Unassigned	34,098,284	-	(712)	34,097,572
Total fund balances	<u>78,363,829</u>	<u>31,587,882</u>	<u>22,770,165</u>	<u>132,721,876</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 88,292,633</u>	<u>\$ 32,623,360</u>	<u>\$ 23,610,162</u>	<u>\$ 144,526,155</u>

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

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2016**

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)	\$ 132,721,876
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	113,584,561
The County has an equity interest in a joint venture for a regional jail agency. This investment is not a current financial resource and therefore not reported in the funds	1,108,573
Charges related to refunding bond issues	2,654,269
Net pension asset	384,257
Net pension liability	(3,572,430)
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	3,219,406
Pension related deferrals	(1,959,846)
Liabilities for earned revenues considered deferred inflows of resources in fund statements	3,615,450
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>(150,305,345)</u>
Net position of governmental activities (Exhibit 1)	<u>\$ 101,450,771</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Fiscal Year Ended June 30, 2016

	Major Funds		Non Major Funds	Total Governmental Funds
	General Fund	General Capital Projects Fund	Other Governmental Funds	
Revenues				
Ad valorem taxes	\$ 92,265,077	\$ -	\$ 6,599,215	\$ 98,864,292
Other taxes	28,527,728	265,452	4,720,749	33,513,929
Unrestricted intergovernmental revenues	1,914,853	-	-	1,914,853
Restricted intergovernmental revenues	36,061,985	-	640,111	36,702,096
Permits and fees	2,725,409	-	-	2,725,409
Sales and services	9,289,078	-	-	9,289,078
Investment earnings	783,494	365,663	302,625	1,451,782
Miscellaneous	6,772,841	728,647	1,000	7,502,488
Total revenues	<u>178,340,465</u>	<u>1,359,762</u>	<u>12,263,700</u>	<u>191,963,927</u>
Expenditures				
Current				
General government	12,646,281	-	-	12,646,281
Public safety	27,346,430	-	7,131,142	34,477,572
Environmental protection	573,409	-	-	573,409
Economic and physical development	14,910,384	-	100,246	15,010,630
Human services	46,314,633	-	1,250	46,315,883
Culture and recreation	3,513,584	-	-	3,513,584
Education	40,239,272	-	-	40,239,272
Capital outlay	-	16,097,153	9,984,339	26,081,492
Debt service				
Principal	10,582,661	-	-	10,582,661
Interest	3,744,689	-	-	3,744,689
Total expenditures	<u>159,871,343</u>	<u>16,097,153</u>	<u>17,216,977</u>	<u>193,185,473</u>
Excess of revenues over (under) expenditures	<u>18,469,122</u>	<u>(14,737,391)</u>	<u>(4,953,277)</u>	<u>(1,221,546)</u>
Other Financing Sources (Uses)				
Transfers from other funds	550,000	3,170,277	4,656,694	8,376,971
Transfers to other funds	(9,314,521)	-	(679,500)	(9,994,021)
Installment purchase issued	-	570,000	-	570,000
Total other financing sources (uses)	<u>(8,764,521)</u>	<u>3,740,277</u>	<u>3,977,194</u>	<u>(1,047,050)</u>
Net change in fund balance	9,704,601	(10,997,114)	(976,083)	(2,268,596)
Fund Balances - Beginning of Year	60,507,995	42,584,996	23,746,248	126,839,239
Restatement (Note 10)	<u>8,151,233</u>	<u>-</u>	<u>-</u>	<u>8,151,233</u>
Fund Balances - Beginning of Year Restated	<u>68,659,228</u>	<u>42,584,996</u>	<u>23,746,248</u>	<u>134,990,472</u>
Fund Balances - End of Year	<u>\$ 78,363,829</u>	<u>\$ 31,587,882</u>	<u>\$ 22,770,165</u>	<u>\$ 132,721,876</u>

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

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, 2016

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)	\$ (2,268,596)
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.	13,143,061
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.	(236,156)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	3,219,406
Revenues in the statement of activities that do not provide current financial resources are not recorded as revenues in the funds.	(228,684)
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 position. 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.	10,527,686
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>(3,589,838)</u>
Total changes in net position of governmental activities (Exhibit 2)	<u>\$ 20,566,879</u>

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

**General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over/Under</u>
Revenues				
Ad Valorem taxes	\$ 88,866,104	\$ 88,866,104	\$ 92,265,077	\$ 3,398,973
Other taxes	24,872,454	24,872,454	28,527,728	3,655,274
Unrestricted intergovernmental revenues	1,823,000	1,851,035	1,914,853	63,818
Restricted intergovernmental revenues	37,891,905	40,267,866	36,061,985	(4,205,881)
Permits and fees	2,121,340	2,127,340	2,725,409	598,069
Sales and services	10,613,854	10,627,654	9,289,078	(1,338,576)
Investment earnings	400,600	400,600	773,376	372,776
Miscellaneous	2,668,434	2,840,111	6,772,841	3,932,730
Total revenues	<u>169,257,691</u>	<u>171,853,164</u>	<u>178,330,347</u>	<u>6,477,183</u>
Expenditures				
Current				
General government	12,548,277	12,789,164	12,274,942	514,222
Public safety	28,785,558	29,959,189	27,346,430	2,612,759
Environmental protection	552,940	688,569	573,409	115,160
Economic and physical development	15,519,957	15,897,842	14,910,384	987,458
Human services	57,260,861	56,208,456	46,314,633	9,893,823
Culture and recreation	3,360,012	3,552,824	3,513,584	39,240
Education	40,239,272	40,239,272	40,239,272	-
Debt service				
Principal	10,555,235	10,582,685	10,582,661	24
Sinking fund escrow	1,853,905	1,853,905	1,853,902	3
Interest	5,154,530	5,162,235	3,744,689	1,417,546
Total expenditures	<u>175,830,547</u>	<u>176,934,141</u>	<u>161,353,906</u>	<u>15,580,235</u>
Excess of revenues over (under) expenditures	<u>(6,572,856)</u>	<u>(5,080,977)</u>	<u>16,976,441</u>	<u>22,057,418</u>
Other Financing Sources (Uses)				
Transfers from other funds	550,000	550,000	550,000	-
Transfers to other funds	(8,964,747)	(9,688,850)	(9,688,850)	-
Fund balance appropriated	14,987,603	14,219,827	-	(14,219,827)
Total other financing sources (uses)	<u>6,572,856</u>	<u>5,080,977</u>	<u>(9,138,850)</u>	<u>(14,219,827)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>7,837,591</u>	<u>\$ 7,837,591</u>
Fund Balances - Beginning of Year			59,880,766	
Restatement (Note 10)			<u>8,151,233</u>	
Fund Balances - Beginning of Year Restated			<u>68,031,999</u>	
Fund Balances - End of Year			<u>\$ 75,869,590</u>	

A legally budgeted Tax Appraisal Fund is consolidated into the General Fund for reporting purposes:

Investment earnings	4,377
Expenditures	(371,339)
Transfer from other funds	374,329
Fund Balance, Beginning	169,669

A legally budgeted General Capital Reserve Fund is consolidated into the General Fund for reporting purposes:

Investment earnings	5,741
Fund Balance, Beginning	457,560
Fund Balance, Ending (Exhibit 4)	<u>\$ 76,509,927</u>

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

**General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over/Under</u>
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual to the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds				
Net change in fund balances - budget and actual			\$ 7,850,699	
Payments to sinking funds for future debt service are shown in the budget and actual statements but do not reduce outstanding debt and are excluded from the governmental funds statement of revenues, expenditures, and changes in fund balance			<u>1,853,902</u>	
Net change in fund balances - general fund (Exhibit 4)			<u>\$ 9,704,601</u>	

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

Statement of Net Position
 Proprietary Funds
 June 30, 2016

Business-Type Activities - Enterprise Funds

	<u>Solid Waste Management Fund</u>	<u>Water and Sewer Fund</u>	<u>Total</u>
Assets			
Current assets			
Cash and investments	\$ 22,057,157	34,995,730	\$ 57,052,887
Due from other governments	244,899	457,348	702,247
Notes receivable	-	291,563	291,563
Accounts receivables (net of allowance)	563,744	17,604	581,348
Interest receivables	37,146	58,462	95,608
Prepaid fees	290	195,608	195,898
Total current assets	<u>22,903,236</u>	<u>36,016,315</u>	<u>58,919,551</u>
Noncurrent assets			
Capital assets			
Land and construction in progress	8,744,499	17,250,785	25,995,284
Other capital assets, net of depreciation	17,898,348	21,559,150	39,457,498
Total capital assets	<u>26,642,847</u>	<u>38,809,935</u>	<u>65,452,782</u>
Total noncurrent assets	<u>26,642,847</u>	<u>38,809,935</u>	<u>65,452,782</u>
Total assets	<u>49,546,083</u>	<u>74,826,250</u>	<u>124,372,333</u>
Deferred outflows of resources	81,474	50,721	132,195
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	446,995	263,304	710,299
Accrued landfill closure and postclosure care costs	100,000	-	100,000
Installment loan payable	-	1,228,229	1,228,229
Compensated absences payable	65,988	9,605	75,593
Total current liabilities	<u>612,983</u>	<u>1,501,138</u>	<u>2,114,121</u>
Noncurrent liabilities			
Accrued landfill closure and postclosure care costs	10,281,541	-	10,281,541
Net pension liability	91,394	6,607	98,001
Installment loan payable	-	10,380,910	10,380,910
Installment loan premium	-	161,327	161,327
Compensated absences payable	47,708	14,175	61,883
Other post employment benefits obligation	233,244	7,195	240,439
Total noncurrent liabilities	<u>10,653,887</u>	<u>10,570,214</u>	<u>21,224,101</u>
Total liabilities	<u>11,266,870</u>	<u>12,071,352</u>	<u>23,338,222</u>
Deferred inflows of resources	49,751	3,597	53,348
Net Position			
Net investment in capital assets	26,642,847	27,084,300	53,727,147
Unrestricted	11,668,089	35,717,722	47,385,811
Total net position	<u>\$ 38,310,936</u>	<u>\$ 62,802,022</u>	<u>\$ 101,112,958</u>

The accompanying notes are an integral part of the financial statements

Statement of Revenues, Expenses and Changes in Fund Net Position
 Proprietary Funds
 For the Fiscal Year Ended June 30, 2016

Business-Type Activities - Enterprise Funds

	Solid Waste Management Fund	Water and Sewer Fund	Total
Operating Revenues			
Charges for services	\$ 5,288,824	\$ -	\$ 5,288,824
Methane recovery	896,689	-	896,689
Other operating revenues	84,880	-	84,880
Total operating revenues	<u>6,270,393</u>	<u>-</u>	<u>6,270,393</u>
Operating Expenses			
Administration	542,577	115,067	657,644
Recycling	126,659	-	126,659
Solid waste management improvements	221,194	-	221,194
Solid waste code enforcement	92,669	-	92,669
Sanitary landfill	2,898,075	-	2,898,075
Landfill closure and postclosure costs	100,000	-	100,000
Convenience centers	1,378	-	1,378
Blackburn landfill methane recovery	600,265	-	600,265
Water and sewer	-	1,620,573	1,620,573
Depreciation	763,387	230,467	993,854
Total operating expenses	<u>5,346,204</u>	<u>1,966,107</u>	<u>7,312,311</u>
Operating income (loss)	<u>924,189</u>	<u>(1,966,107)</u>	<u>(1,041,918)</u>
Nonoperating Revenues (Expenses)			
Engineering fees	-	57,375	57,375
Sales Taxes - Article 46 - one quarter of one percent	-	870,975	870,975
Interest on long term debt	-	(313,785)	(313,785)
Investment earnings	274,889	440,720	715,609
Miscellaneous	3,461	75,000	78,461
Municipal revenue sharing	-	725,739	725,739
Scrap tire grant	14,325	-	14,325
Solid waste disposal taxes	327,044	-	327,044
Proceeds from sale of asset	54,235	-	54,235
Hickory community relations	3,000	-	3,000
Electronics management distribution	15,083	-	15,083
Total nonoperating revenues (expenses)	<u>692,037</u>	<u>1,856,024</u>	<u>2,548,061</u>
Income (loss) before contributions and transfers	<u>1,616,226</u>	<u>(110,083)</u>	<u>1,506,143</u>
Capital contributions	-	223,191	223,191
Transfer from General Fund	42,050	1,575,000	1,617,050
Change in net position	1,658,276	1,688,108	3,346,384
Net Position - Beginning of Year	<u>36,652,660</u>	<u>61,113,914</u>	<u>97,766,574</u>
Net Position - End of Year	<u>\$ 38,310,936</u>	<u>\$ 62,802,022</u>	<u>\$ 101,112,958</u>

The accompanying notes are an integral part of the financial statements

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

Business-Type Activities - Enterprise Funds

	Solid Waste Management Fund	Water and Sewer Fund	Total
Cash Flows from Operating Activities			
Cash received from customers	\$ 6,000,090	154,583	\$ 6,154,673
Cash paid for goods and services	(2,726,216)	(1,497,199)	(4,223,415)
Cash paid to employees	(1,584,672)	(112,110)	(1,696,782)
Other operating revenues	84,880	-	84,880
Net cash provided (used) by operating activities	<u>1,774,082</u>	<u>(1,454,726)</u>	<u>319,356</u>
Cash Flows from Noncapital Financing Activities			
Tire disposal tax	206,666	-	206,666
Solid waste disposal tax	67,368	-	67,368
White goods disposal tax	53,010	-	53,010
Scrap tire grant	14,325	-	14,325
Community relations and distribution charges	21,544	-	21,544
Other taxes	-	870,975	870,975
Domestic haulers	-	132,375	132,375
Municipal revenue sharing	-	725,739	725,739
Transfer from general fund	42,050	1,575,000	1,617,050
Total cash provided by noncapital financing activities	<u>404,963</u>	<u>3,304,089</u>	<u>3,709,052</u>
Cash Flows from Capital and Related Financing Activities			
Community development block grant	-	223,191	223,191
Principal paid on installment notes payable	-	(1,221,370)	(1,221,370)
Interest paid on installment notes payable	-	(323,988)	(323,988)
Acquisition and construction of capital assets	(1,708,911)	(588,582)	(2,297,493)
Gain on sale of assets	54,235	-	54,235
Net cash provided (used) by capital and related financing activities	<u>(1,654,676)</u>	<u>(1,910,749)</u>	<u>(3,565,425)</u>
Cash Flows from Investing Activities			
Investment earnings	<u>293,586</u>	<u>471,682</u>	<u>765,268</u>
Net increase (decrease) in cash and cash equivalents	817,955	410,296	1,228,251
Cash and cash equivalents - beginning of year	<u>21,239,202</u>	<u>34,585,434</u>	<u>55,824,636</u>
Cash and cash equivalents - end of year	<u>\$ 22,057,157</u>	<u>34,995,730</u>	<u>\$ 57,052,887</u>

The accompanying notes are an integral part of the financial statements

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds		
	Solid Waste Management Fund	Water and Sewer Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ 924,189	(1,966,107)	(1,041,918)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation and amortization	763,387	230,467	993,854
Pension expense			-
Increase (decrease) in landfill closure and postclosure care costs	100,000	-	100,000
Changes in assets and liabilities, and deferred outflows and inflows of resources:			
(Increase) decrease in refundable sales tax	(109,488)	157,333	47,845
(Increase) decrease in other receivables	(75,935)	(7,217)	(83,152)
(Increase) decrease in notes receivables	-	4,467	4,467
Increase (decrease) in accounts payable and other liabilities	161,434	123,374	284,808
Increase (decrease) in compensated absences	5,939	908	6,847
Increase (decrease) in OPEB obligation	27,227	1,047	28,274
Increase (decrease) in deferred outflows of resources for pensions	(30,226)	3,098	(27,128)
Increase (decrease) in accrued salaries and other benefits	7,555	(2,096)	5,459
Total adjustments	<u>849,893</u>	<u>511,381</u>	<u>1,361,274</u>
Net cash provided (used) by operating activities	<u>\$ 1,774,082</u>	<u>(1,454,726)</u>	<u>319,356</u>
Noncash investing, capital and financing activities:			
(Premium)/deferred charge from debt refunding	-	(10,204)	(10,204)
	<u>\$ -</u>	<u>\$ (10,204)</u>	<u>\$ (10,204)</u>

The accompanying notes are an integral part of the financial statements

CATAWBA COUNTY, NORTH CAROLINA

Exhibit 9

**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016**

	<u>Agency Funds</u>
Assets	
Cash and investments	\$ <u>89,008</u>
Liabilities	
Miscellaneous liabilities	\$ <u>89,008</u>

The accompanying notes are an integral part of the financial statements

Notes to Financial Statements - Contents
June 30, 2016

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CATAWBA COUNTY, NORTH CAROLINA

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016

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 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).

The Catawba County Public Facilities Corporation (the *Corporation*) exists to plan, finance, construct, acquire, lease, sell and convey real property, improve real property, facilities, equipment and other property for the use of Catawba County. The Corporation's transactions are reported within the General and Capital Project Funds. The Corporation does not issue separate financial statements.

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 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

CATAWBA COUNTY, NORTH CAROLINA

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016**

Catawba County Public Facilities Financing Corporation	Blended	The corporation is governed by a three to five-member board appointed by the Board of Commissioners. The Board can remove any member of the Corporation with or without cause.	None Issued
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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.

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.

CATAWBA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2016

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 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 Commissary Fund, which accounts for monies deposited with the Sheriff department for inmates; the Sheriff Civil Fund, which accounts for the civil settlements issued by the Courts; 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; and the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to the Catawba County Board of Education, Hickory City Board of Education and Newton-Conover City Board of Education.

Non-major Funds - The County maintains twenty-five legally budgeted funds. The Emergency Telephone 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 Construction Fund 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.

CATAWBA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2016

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.

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. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. 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.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America may 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.

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

CATAWBA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2016

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

1. 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.

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 NC Capital Management Trust Cash Portfolio, a SEC-registered 2a-7 external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. 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.

3. Restricted Assets

The debt service reserve in the General Fund are funds in sinking and other funds to accumulate resources for future debt maturities. 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 Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22. The unexpended installment purchase proceeds are classified as restricted assets within the General Capital Projects Fund because their use is completely restricted to the purpose for which the funds were borrowed.

Catawba County Restricted Cash

Governmental Activities		
General Fund	Debt service reserve	\$ 10,014,376
General Fund	Social services	250,133
General Fund	Tax revaluation	230,418
General Fund	Capital reserve funds	462,530
General Capital Projects Fund	Unexpended debt proceeds	<u>2,231,565</u>
Total Governmental Activities		<u>\$ 13,189,022</u>

4. 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, 2015.

5. 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.

CATAWBA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2016

6. 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.

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of the donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. 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

8. 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 several items that meet this criterion—a charge on refunding, pension related deferrals, and contributions made to the pension plan in the current fiscal year. In addition to liabilities, the statement 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, ambulance, business license taxes, human resource receivables and other pension related deferrals. Detailed information regarding deferred outflows/inflows of resources can be found under Note 3 in the notes to the financial statements.

9. 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.

CATAWBA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2016

10. 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, 2016, 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.

11. 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.

Notes Receivable - portion of fund balance that is not an available resource because it represents the long-term portion of notes receivable, 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.

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 imagine 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

CATAWBA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2016

expenditures.

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 sinking fund payments to date of \$10,014,104 and unspent debt proceeds of \$2,231,565.

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 projects.

School Construction - portion of fund balance that can only be used for specified school construction 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 administrative 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.

CATAWBA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2016

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 committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

12. Defined Benefit Pension Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

F. Reconciliation of Government-Wide and Fund Financial Statements

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 \$(31,271,105) consists of several elements as follows:

(continued on next page)

CATAWBA COUNTY, NORTH CAROLINA

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016**

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)	\$ 177,643,401
Less accumulated depreciation	<u>(64,058,840)</u>
Net capital assets	<u>113,584,561</u>
Equity in joint ventures for regional jail agency recorded on government-wide statement of net position but not on fund statements because it is not a current financial source of funds	1,108,573
Charges related to advance refunding issued - included on government-wide statement of net position but are not current financial resources	2,654,269
Net pension asset	384,257
Contributions to the pension plan in the current year	3,219,406
Deferred inflows of resources reported in the fund statements but not the government-wide	3,615,450
Pension related deferrals	(1,959,846)
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:	
Certificates of participation	(9,390,000)
Installment purchase	(37,299,345)
Qualified zone academy bonds	(300,000)
Qualified school construction bonds	(27,808,533)
Build America bonds	(5,504,583)
Limited obligation bonds	(47,964,295)
Department of Commerce	(2,600,000)
Premium on long-term debt	(5,865,748)
Compensated absences	(4,460,202)
Net pension liability LGERS	(3,572,430)
Net pension obligation LEO	(1,406,016)
Net other post employment benefits	<u>(7,706,623)</u>
	<u>(153,877,775)</u>
Total adjustment	<u>\$ (31,271,105)</u>

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 \$22,835,474 as follows:

CATAWBA COUNTY, NORTH CAROLINA

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016**

Governmental funds report capital outlays as expenditures. In the statement of activities the cost of those assets is allocated over their estimated useful lives	\$ 17,255,889
Disposal of asset that is not recorded in the fund statement but is recorded in the government-wide statements	(381,495)
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	(3,731,333)
Proceeds from issuance of long term debt is not recorded in statement of activities	(570,000)
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	
Certificates of participation	1,160,000
Installment purchases	4,034,702
Qualified zone academy bonds	50,000
Build America bonds	579,430
Limited obligation bonds	4,758,529
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	3,219,406
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	
Pension expense	(1,910,171)
Amortization of deferred interest	(247,378)
Net (increase) decrease in compensated absences	(124,330)
Net (increase) decrease in LEO pension obligation	(141,345)
Net (increase) decrease in other post employment benefits	(866,856)
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	(236,156)
Difference of interest revenue between fund statements and government-wide	18,694
Amortization of premium on debt issuance	515,025
Net (increase) decrease in receivables and deferred revenue	<u>(547,137)</u>
Total adjustment	<u>\$ 22,835,474</u>

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY
Significant Violations of Finance-Related Legal and Contractual Provisions
Excess of Expenditures over Appropriations**

The expenditures in the self-insurance department exceeded appropriations by \$757,233 as a result of excess health insurance claims. The County has modified its health insurance program to control these costs. The expenditures for the library function of the General Fund were \$2,946,897, which exceeded appropriation of \$2,937,824. This \$ 9,073 difference is the result of certain new programs implemented before the end of fiscal year. The appropriations for these new programs are included in next year's budget.

CATAWBA COUNTY, NORTH CAROLINA

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS

A. Assets

1. 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, 2016, the County’s deposits had a carrying amount of \$25,587,928 and a bank balance of \$25,134,710. Of the bank balance, \$1,075,900 was covered by federal depository insurance, \$1,140,389 was covered by collateral held under the dedicated method and \$90,251 in non-interest bearing deposits and \$22,828,170 in interest bearing deposits was covered by collateral under the Pooling Method.

At June 30, 2016, Catawba County had \$9,631 cash on hand.

2. Investments

As of June 30, 2016 the County had the following investments and maturities.

Investment Type	Valuation		Less than 6 months	6-12 months	1-5 years
	Measurement Method	Book Value			
U.S. Government-sponsored enterprises *	Fair Value-Level 2	\$ 97,884,176	\$ 3,552,973	\$ 9,636,496	\$ 84,694,707
Commercial Paper	Fair Value-Level 2	8,930,783	3,973,908	4,956,875	-
NC Capital Trust Management Trust					
Cash Portfolio-unrestricted	Amortized Cost	26,492,090	-	-	-
NC Capital Trust Management Trust					
Term Portfolio-restricted **	Fair Value-Level 1	20,104,443	20,104,443	-	-
Debt Escrow-restricted	Fair Value-Level 1	523	523	-	-
Total:		<u>\$ 153,412,015</u>	<u>\$ 27,631,847</u>	<u>\$ 14,593,371</u>	<u>\$ 84,694,707</u>

*\$62,021,655 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.

** Because the NC Capital Management Trust Term Portfolio has a weighted average maturity of less than 90 days, it was presented as an investment with a maturity of less than 6 months.

CATAWBA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2016

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level One debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level Two debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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 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, 2016, 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, 2016. The County's debt service funds for payment of principal and interest are invested in the NC Capital Management Trust. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the United States government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. 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 is rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. 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 64% of the County's investments are in United States government-sponsored enterprises and commercial paper. Investments in Federal Farm Credit are 16%, Federal Home Loan Bank are 7%, Federal Home Loan Mortgage Corporation are 16%, Federal National Mortgage Agency are 25% and commercial paper are 6% 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.

3. 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

CATAWBA COUNTY, NORTH CAROLINA

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016**

financial statements.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2013	1,293,335	365,367	1,658,702
2014	1,306,002	251,405	1,557,407
2015	1,357,200	139,113	1,496,313
2016	<u>1,383,796</u>	<u>-</u>	<u>1,383,796</u>
Total	<u>\$ 5,340,333</u>	<u>\$ 755,885</u>	<u>\$ 6,096,218</u>

4. Receivables

Receivables at the government-wide level at June 30, 2016 were as follows:

	<u>Governmental activities</u>			
	<u>General</u>	<u>General Capital</u>		<u>Total Governmental Activities</u>
		<u>Projects Fund</u>	<u>Non-major Funds</u>	
Receivables				
Accounts	\$ 2,685,790	\$ 5,712	\$ -	\$ 2,691,502
Taxes	6,952,978	-	387,244	7,340,222
Due from other governments	14,211,241	409,174	1,388,234	16,008,649
Notes	1,487,417	-	-	1,487,417
Other	70,037	-	-	70,037
Interest	<u>109,165</u>	<u>44,686</u>	<u>39,473</u>	<u>193,324</u>
Gross Receivables	25,516,628	459,572	1,814,951	27,791,151
Allowance for uncollectibles	<u>(5,961,099)</u>	<u>-</u>	<u>(290,949)</u>	<u>(6,252,048)</u>
Net total receivables	<u>\$ 19,555,529</u>	<u>\$ 459,572</u>	<u>\$ 1,524,002</u>	<u>\$ 21,539,103</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 1,250,224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,250,224</u>

	<u>Business-type activities</u>		
	<u>Solid Waste Management Fund</u>	<u>Water and Sewer Fund</u>	<u>Total Business-type Activities</u>
	Receivables		
Accounts	\$ 563,744	\$ 1,306,464	\$ 1,870,208
Notes	-	291,563	291,563
Due from other governments	244,899	457,348	702,247
Interest	<u>37,146</u>	<u>58,462</u>	<u>95,608</u>
Gross Receivables	845,789	2,113,837	2,959,626
Allowance for uncollectibles	<u>-</u>	<u>(1,288,860)</u>	<u>(1,288,860)</u>
Net total receivables	<u>\$ 845,789</u>	<u>\$ 824,977</u>	<u>\$ 1,670,766</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ -</u>	<u>\$ 243,930</u>	<u>\$ 243,930</u>

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

CATAWBA COUNTY, NORTH CAROLINA

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016**

	Governmental Activities	Business-type Activities
Local option sales tax	\$ 8,757,459	\$ 231,904
White goods disposal tax	-	12,757
Scrap tire tax	-	53,322
Solid waste disposal tax	-	16,685
Various federal and state grants	6,464,125	201,844
Refundable sales tax	787,065	185,735
	<u>\$ 16,008,649</u>	<u>\$ 702,247</u>

5. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 6,077,887	\$ -	\$ (381,495)	\$ 5,696,392
Construction in progress	24,410,639	15,254,337	(447,683)	39,217,293
Total capital assets, not being depreciated	<u>30,488,526</u>	<u>15,254,337</u>	<u>(829,178)</u>	<u>44,913,685</u>
Capital assets, being depreciated				
Buildings	95,688,321	48,679	-	95,737,000
Other improvements	14,291,159	395,487	(8,764)	14,677,882
Equipment and vehicles	21,399,422	2,005,069	(1,089,657)	22,314,834
Total capital assets, being depreciated	<u>131,378,902</u>	<u>2,449,235</u>	<u>(1,098,421)</u>	<u>132,729,716</u>
Less accumulated depreciation for				
Buildings	(42,622,800)	(1,888,839)	-	(44,511,639)
Other improvements	(4,707,470)	(288,924)	8,764	(4,987,630)
Equipment and vehicles	(14,095,658)	(1,553,570)	1,089,657	(14,559,571)
Total accumulated depreciation	<u>(61,425,928)</u>	<u>(3,731,333)</u>	<u>1,098,421</u>	<u>(64,058,840)</u>
Total capital assets, being depreciated, net	<u>69,952,974</u>	<u>(1,282,098)</u>	<u>-</u>	<u>68,670,876</u>
Governmental activities capital assets, net	<u>\$ 100,441,500</u>	<u>\$ 13,972,239</u>	<u>\$ (829,178)</u>	<u>\$ 113,584,561</u>

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

CATAWBA COUNTY, NORTH CAROLINA

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016**

Governmental activities	
General government	\$ 154,033
Public safety	1,941,623
Environmental protection	15,639
Economic & physical development	268,190
Human services	1,221,000
Culture and recreation	130,848
Total depreciation expense	<u>\$ 3,731,333</u>

Business-type activities	Beginning Balance	Increases	Decreases	Ending Balance
Solid Waste Management				
Capital assets, not being depreciated				
Land	\$ 6,618,072	\$ 203,830	\$ -	\$ 6,821,902
Construction in progress	1,461,894	705,830	(245,127)	1,922,597
Total capital assets, not being depreciated	<u>8,079,966</u>	<u>909,660</u>	<u>(245,127)</u>	<u>8,744,499</u>
Capital assets, being depreciated				
Buildings	3,996,631	-	-	3,996,631
Other improvements	24,672,548	111,372	-	24,783,920
Equipment and vehicles	9,255,527	933,006	(943,461)	9,245,072
Total capital assets, being depreciated	<u>37,924,706</u>	<u>1,044,378</u>	<u>(943,461)</u>	<u>38,025,623</u>
Less accumulated depreciation for				
Buildings	(293,377)	(80,109)	-	(373,486)
Other improvements	(11,891,100)	(302,726)	-	(12,193,826)
Equipment and vehicles	(8,122,872)	(380,552)	943,461	(7,559,963)
Total accumulated depreciation	<u>(20,307,349)</u>	<u>(763,387)</u>	<u>943,461</u>	<u>(20,127,275)</u>
Total capital assets, being depreciated, net	<u>17,617,357</u>	<u>280,991</u>	<u>-</u>	<u>17,898,348</u>
Solid Waste Management capital assets, net	<u>\$ 25,697,323</u>	<u>\$ 1,190,651</u>	<u>\$ (245,127)</u>	<u>\$ 26,642,847</u>

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CATAWBA COUNTY, NORTH CAROLINA

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016**

Business-type activities	Beginning Balance	Increases	Decreases	Ending Balance
Water & Sewer				
Capital assets, not being depreciated				
Land	\$ 895,382	\$ -	\$ -	\$ 895,382
Construction in progress	30,055,937	588,582	(14,289,116)	16,355,403
Total capital assets, not being depreciated	<u>30,951,319</u>	<u>588,582</u>	<u>(14,289,116)</u>	<u>17,250,785</u>
Capital assets, being depreciated				
Plant and distribution systems/water lines	9,894,448	14,289,116	-	24,183,564
Other improvements	58,885	-	-	58,885
Total capital assets, being depreciated	<u>9,953,333</u>	<u>14,289,116</u>	<u>-</u>	<u>24,242,449</u>
Less accumulated depreciation for				
Plant and distribution systems/water lines	(2,443,410)	(229,290)	-	(2,672,700)
Other improvements	(9,422)	(1,177)	-	(10,599)
Total accumulated depreciation	<u>(2,452,832)</u>	<u>(230,467)</u>	<u>-</u>	<u>(2,683,299)</u>
Total capital assets, being depreciated, net	<u>7,500,501</u>	<u>14,058,649</u>	<u>-</u>	<u>21,559,150</u>
Water & Sewer capital assets, net	<u>\$ 38,451,820</u>	<u>\$ 14,647,231</u>	<u>\$ (14,289,116)</u>	<u>\$ 38,809,935</u>

Construction Commitments

The County has active construction and other capital projects as of June 30, 2016. The government's commitments with contractors and vendors are composed of numerous projects within the following funds:

	Project Authorization	Expended to June 30, 2016	Committed	Required Future Financing
Governmental activities				
General Capital Projects	\$ 77,690,413	\$ 49,720,384	27,970,029	None
Schools Capital Projects	17,776,862	14,867,977	2,908,885	None
School Construction	<u>97,715,872</u>	<u>61,401,281</u>	<u>36,314,591</u>	None
Total governmental activities	<u>\$ 193,183,147</u>	<u>\$ 125,989,642</u>	<u>\$ 67,193,505</u>	
Business-type activities				
Solid Waste Management Fund	\$ 6,733,525	\$ 2,063,010	4,670,515	None
Water and Sewer Fund	45,505,298	32,411,930	13,093,368	None
Total business-type activities	<u>\$ 52,238,823</u>	<u>\$ 34,474,940</u>	<u>\$ 17,763,883</u>	

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CATAWBA COUNTY, NORTH CAROLINA

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016**

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2016 were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental activities				
General	\$ 2,163,934	\$ 2,486,334	\$ 1,608,127	\$ 6,258,395
General Capital Projects	1,035,478	-	-	1,035,478
Non-major Funds	719,664	20,143	-	739,807
Total governmental activities	<u>\$ 3,919,076</u>	<u>\$ 2,506,477</u>	<u>\$ 1,608,127</u>	<u>\$ 8,033,680</u>
Business-type Activities				
Solid Waste Management	\$ 186,186	\$ 260,737	72	446,995
Water and Sewer	226,378	14,920	22,006	263,304
Total business-type activities	<u>\$ 412,564</u>	<u>\$ 275,657</u>	<u>\$ 22,078</u>	<u>\$ 710,299</u>

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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 Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic postretirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are Law Enforcement Officers (LEO) are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service

CATAWBA COUNTY, NORTH CAROLINA

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016**

as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2016, was 7.15% of compensation for law enforcement officers and 6.74% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$3,272,052 for the year ended June 30, 2016.

Refunds of Contributions. County employees, who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the County reported a liability of \$3,670,431 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the County's proportion was .818%, which was a decrease of .006% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$1,962,478. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Governmental Activities</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 839,721
Net difference between projected and actual earnings on pension plan investments	-	1,017,056
Changes in proportion and differences between County contributions and proportionate share of contributions	-	87,932
County contributions subsequent to the measurement date	3,184,688	-
Total	<u>\$ 3,184,688</u>	<u>\$ 1,944,709</u>

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CATAWBA COUNTY, NORTH CAROLINA

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016**

<u>Business Type Activities</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 23,036
Net difference between projected and actual earnings on pension plan investments	-	27,900
Changes in proportion and differences between County contributions and proportionate share of contributions	-	2,412
County contributions subsequent to the measurement date	87,364	-
Total	<u>\$ 87,364</u>	<u>\$ 53,348</u>

\$3,272,052 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (1,247,208)
2018	(1,247,208)
2019	(1,245,611)
2020	1,741,970
2021	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

CATAWBA COUNTY, NORTH CAROLINA

**Notes to the Financial Statements
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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	<u>6.0%</u>	3.4%
Total	<u>100.0%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s proportionate share of the net pension liability to changes in the discount rate.

The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the County’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
County’s proportionate share of the net pension liability (asset)	\$ 25,594,330	\$ 3,670,431	\$ (14,799,994)

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

b. 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.

All full-time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2015, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	9
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>138</u>
	<u>147</u>

CATAWBA COUNTY, NORTH CAROLINA

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016**

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

The separation allowance has no assets accumulated in a trust funds that meets the following criteria which are outlined in GASB Statements 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers

Method Used to Value Investments

No funds are set aside to pay benefits and administrative 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 has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

The annual required contribution for the current year for the County was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions do not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2014 was 16 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	\$ 287,131
Interest on net pension obligation	63,234
Adjustment to annual required contribution	<u>(111,134)</u>
Annual pension cost (expense)	\$ 239,231
Benefit payments made	<u>(97,886)</u>
Increase (decrease) in net pension obligation	\$ 141,345
Net pension obligation beginning of year	<u>1,264,671</u>
Net pension obligation end of year	<u><u>\$ 1,406,016</u></u>

(continued on next page)

CATAWBA COUNTY, NORTH CAROLINA

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016

Funded Status and Funding Progress

3 Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2014	184,346	34.13	1,115,961
6/30/2015	213,305	30.28	1,264,671
6/30/2016	239,231	40.92	1,406,016

As of December 31, 2015, 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 \$3,245,785. The covered payroll (annual payroll of active employees covered by the plan) was \$6,548,828, and the ratio of the UAAL to the covered payroll was 49.56%.

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.

c. 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, 2016 were \$386,970 which consisted of \$318,295 from the County and \$68,675 from the law enforcement officers.

d. Register of Deeds' Supplemental Pension Fund

Plan Description. Catawba County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF 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. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers 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 Registers 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, by calling (919) 981-5454, or at www.osc.nc.gov.

CATAWBA COUNTY, NORTH CAROLINA

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016**

Benefits Provided. An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$13,779 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the County reported an asset of \$384,257 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2015, the County's proportion was 1.66%, which was an increase of .044% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$(13,026). At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Register of Deeds	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,881	\$ 6,361
Net difference between projected and actual earnings on pension plan investments	19,057	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	8,774
County contributions subsequent to the measurement date	<u>13,779</u>	<u>-</u>
Total	<u>\$ 34,717</u>	<u>\$ 15,135</u>

\$13,779 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2017. Other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$(1,405)
2018	(1,372)
2019	3,437
2020	5,143
2021	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

CATAWBA COUNTY, NORTH CAROLINA

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016**

Inflation	3.0 percent
Salary increases	4.25 to 7.75 percent, including inflation and productivity factor
Investment rate of return	5.75 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.2%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s proportionate share of the net pension asset to changes in the discount rate. The following presents the County’s proportionate share of the net pension asset calculated using the discount rate of 5.75 percent, as well as what the County’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	<u>1% Decrease</u> <u>(4.75%)</u>	<u>Discount</u> <u>Rate (5.75%)</u>	<u>1% Increase</u> <u>(6.75%)</u>
County's proportionate share of the net pension liability (asset)	\$ (346,684)	\$ (384,257)	\$ (416,591)

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

**e. 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

CATAWBA COUNTY, NORTH CAROLINA

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016**

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, 2014, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	47	3
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	<u>940</u>	<u>143</u>
Total	<u><u>987</u></u>	<u><u>146</u></u>

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 2.45% of annual covered payroll. For the current year, the County contributed \$288,671 or .61% 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.

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	\$ 1,172,860
Interest on net pension obligation	244,815
Adjustment to annual required contribution	<u>(233,874)</u>
Annual pension cost	\$ 1,183,801
Contributions made	<u>(288,671)</u>
Increase (decrease) in net pension obligation	\$ 895,130
Net pension obligation beginning of year	<u>7,051,932</u>
Net pension obligation end of year	<u><u>\$ 7,947,062</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 were as follows:

CATAWBA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2016

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2014	\$ 948,783	27.5%	\$ 6,120,376
6/30/2015	\$ 1,183,801	21.3%	\$ 7,051,932
6/30/2016	\$ 1,183,801	24.4%	\$ 7,947,062

Funded Status and Funding Progress. As of December 31, 2014, 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 \$11,184,877. The covered payroll (annual payroll of active employees covered by the plan) was \$47,684,437, and the ratio of the UAAL to the covered payroll was 23.5 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, 2014 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 expenses), 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 7.50 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, 2014, was 30 years.

f. 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 (Death Benefit Plan), 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. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. 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.

g. Catawba Valley Medical Center Pension Plan

Please see the separately issued financial report for Catawba Valley Medical Center for a complete description of the Medical Center's pension plan.

CATAWBA COUNTY, NORTH CAROLINA

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016

3. 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 \$10,381,541 reported as landfill closure and postclosure care liability as of June 30, 2016 represents a cumulative amount reported to date based on the use of 80.2% of the total estimated capacity of the municipal solid waste operating cell and 59.5% of the 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 \$9,886,558 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2016. The County expects to close the current municipal solid waste operating cell at the Blackburn Resource Recovery facility in 2020 and the construction and demolition operating cell in 2023. 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.

4. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Charge on refunding of debt	\$ 2,699,101	\$ -
Pensions - difference between expected and actual experience		
LGERS	-	862,757
Register of Deeds	1,881	6,361
Pensions - difference between projected and actual investment earnings	19,057	1,044,956
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	-	99,118
Contributions to pension plan in 2015/2016 fiscal year	3,285,831	-
Prepaid taxes not yet earned (General)	-	151,256
Prepaid taxes not yet earned (Special Revenue)	-	3,183
Taxes receivable, net (General)	-	1,359,662
Taxes receivable, net (Special Revenue)	-	96,295
Ambulance receivable, net (General)	-	1,422,785
Business license receivable, net (General)	-	6,485
Human resource receivable, net (General)	-	730,221
Total	<u>\$ 6,005,870</u>	<u>\$ 5,783,079</u>

5. 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

CATAWBA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2016

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 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 years are as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Unpaid claims, beginning	\$ 493,034	\$ 397,445	\$ 506,660
Incurred claims	8,385,061	5,829,434	5,272,718
Claim payments	<u>(7,879,159)</u>	<u>(5,733,845)</u>	<u>(5,381,933)</u>
Unpaid claims, ending	<u>\$ 998,936</u>	<u>\$ 493,034</u>	<u>\$ 397,445</u>

6. Contingent Liabilities

At June 30, 2016, 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.

7. Long-Term Obligations

Governmental Activities

a. Certificates of Participation

On December 12, 2012, the County issued \$10,965,000 Certificates of Participation, Series 2012 with U.S. Bank to advance refund \$9,750,000 of Certificates of Participation, Series 2005. The financing contract required principal payments beginning June 2013 with an interest rate of 2.08%.

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 balance of the defeased Series 2005 debt is \$0 as of June 30, 2016.

The future minimum payments as of June 30, 2016, including \$942,240 of interest are as follows:

CATAWBA COUNTY, NORTH CAROLINA

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016**

	Governmental Activities	
	Principal	Interest
2017	1,145,000	195,312
2018	1,130,000	171,496
2019	1,100,000	147,992
2020	1,075,000	125,112
2021	1,045,000	102,752
2022-2025	<u>3,895,000</u>	<u>199,576</u>
Total principal payments	<u>\$ 9,390,000</u>	
Total interest payments		<u>\$ 942,240</u>

b. 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 with Branch Banking & Trust (BB&T) 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 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, 2016, including \$201,557 of interest are:

	Governmental Activities	
	Principal	Interest
2017	613,333	69,629
2018	613,333	54,970
2019	613,333	40,311
2020	613,334	25,653
2021	<u>613,334</u>	<u>10,994</u>
Total principal payments	<u>\$ 3,066,667</u>	
Total interest payments		<u>\$ 201,557</u>

2. 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 with Bank of America 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, 2016, including \$1,412,360 of interest are:

CATAWBA COUNTY, NORTH CAROLINA

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016**

	Governmental Activities	
	Principal	Interest
2017	1,116,667	321,935
2018	1,116,667	280,395
2019	1,116,667	238,855
2020	1,116,667	197,315
2021	1,116,667	155,775
2022-2024	3,349,998	218,085
Total principal payments	<u>\$ 8,933,333</u>	
Total interest payments		<u>\$ 1,412,360</u>

3. As authorized by State law (G.S. 160A-20 and 153A-158.1), the County entered into an installment financing agreement in October, 2011 with Banc of America 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, 2016, including \$141 of interest are:

	Governmental Activities	
	Principal	Interest
2017	33,756	141
Total principal payments	<u>\$ 33,756</u>	
Total interest payments		<u>\$ 141</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 with SunTrust Institutional 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 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, 2016, including \$3,159,520 of interest are:

	Governmental Activities	
	Principal	Interest
2017	2,066,666	486,080
2018	2,066,666	445,573
2019	2,066,666	405,067
2020	2,066,666	364,560
2021	2,066,666	324,053
2022-2026	10,333,336	1,012,667
2027-2028	4,133,334	121,520
Total principal payments	<u>\$ 24,800,000</u>	
Total interest payments		<u>\$ 3,159,520</u>

CATAWBA COUNTY, NORTH CAROLINA

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016**

5. As authorized by State law (G.S. 160A-20 and 153A-158.1), the County entered into an installment financing agreement in August, 2015 with First Citizens Bank & Trust for the purpose of providing funds of \$570,000 for the upgrade of computer servers for the County.

The transaction requires sixteen quarterly payments by the County of \$36,717 including principal and interest at 1.43%. For Catawba County, the future minimum payments as of June 30, 2016, including \$11,735 of interest are:

	Governmental Activities	
	<u>Principal</u>	<u>Interest</u>
2017	140,965	5,904
2018	142,991	3,878
2019	145,047	1,822
2020	36,586	131
Total principal payments	<u>\$ 465,589</u>	
Total interest payments		<u>\$ 11,735</u>

c. 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 with New Mexico Bank through Heartland Financial USA 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 the Board of Education.

For Catawba County, the future minimum payments as of June 30, 2016 are:

	Governmental Activities	
	<u>Principal</u>	<u>Interest</u>
2017	50,000	-
2018	50,000	-
2019	50,000	-
2020	50,000	-
2021	50,000	-
2022	50,000	-
Total principal payments	<u>\$ 300,000</u>	
Total interest payments		<u>\$ -</u>

d. 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 with Branch Banking & Trust (BB&T) 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

CATAWBA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2016

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 27, 2025 when principal is due in full. Under the original QSCB agreement, the County's obligation is eligible up to a 100% credit against the interest paid. The federal interest subsidy was reduced during the year by 6.8%, or \$75,817.65, as part of the Budget Control Act of 2011. The sequestration reduction rate was applicable until the end of the federal fiscal year.

The future minimum interest payments at June 30, 2016 are \$10,216,563.

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 with BB&T 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 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 when principal is due in full. Under the original QSCB agreement, the County's obligation is eligible up to a 100% credit against the interest paid. The federal interest subsidy was reduced during the year by 6.8%, or \$24,517.08, as part of the Budget Control Act of 2011. The sequestration reduction rate was applicable until the end of the federal fiscal year.

The future minimum interest payments at June 30, 2016 are \$3,477,600.

e. 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 with BB&T 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 original BAB agreement, the County's obligation is eligible up to a 35% credit against the interest paid. The federal interest subsidy was reduced during the year by 6.8%, or \$7,187.10, as part of the Budget Control Act of 2011. The sequestration reduction rate was applicable until the end of the federal fiscal year.

The future minimum payments as of June 30, 2016, including \$1,348,623 of interest are:

CATAWBA COUNTY, NORTH CAROLINA

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016**

	Governmental Activities	
	Principal	Interest
2017	579,430	262,627
2018	579,430	234,235
2019	579,430	205,842
2020	579,430	177,450
2021	579,430	149,058
2022-2026	<u>2,607,433</u>	<u>319,411</u>
Total principal payments	<u>\$ 5,504,583</u>	
Total interest payments		<u>\$ 1,348,623</u>

f. Limited Obligation Bonds

1. 2011 Limited Obligation Bonds

On November 22, 2011, the County issued \$48,115,000 of current and advance refunding bonds with U.S. Bank to provide resources to refinance existing financial obligations of the County and pay related financing costs.

As a result, the refunded obligation is 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, 2016, including \$7,602,775 of interest at a rate that varies from 2% - 5% are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
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	2,950,105	836,110	429,895	121,840
2021	2,937,012	718,368	427,988	104,682
2022-2026	11,167,628	1,651,993	1,627,372	240,732
2027-2028	<u>2,526,791</u>	<u>107,618</u>	<u>368,209</u>	<u>15,682</u>
Total principal payments	<u>\$ 30,199,295</u>		<u>\$ 4,400,705</u>	
Total interest payments		<u>\$ 6,635,793</u>		<u>\$ 966,982</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 with U.S. Bank 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 was 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%.

CATAWBA COUNTY, NORTH CAROLINA

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016**

For Catawba County, the future minimum payments as of June 30, 2016, including \$6,683,981 of interest are:

	Governmental Activities	
	Principal	Interest
2017	1,185,000	790,344
2018	1,185,000	754,794
2019	1,185,000	713,244
2020	1,185,000	671,694
2021	1,185,000	620,294
2022-2026	5,925,000	2,266,368
2027-2031	<u>5,915,000</u>	<u>867,243</u>
Total principal payments	<u>\$ 17,765,000</u>	
Total interest payments		<u>\$ 6,683,981</u>

g. 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.

The future minimum payments as of June 30, 2016, including \$158,060 of interest are as follows:

	Governmental Activities	
	Principal	Interest
2017	499,612	52,000
2018	509,604	42,008
2019	519,796	31,816
2020	530,192	21,420
2021	<u>540,796</u>	<u>10,816</u>
Total principal payments	<u>\$ 2,600,000</u>	
Total interest payments		<u>\$ 158,060</u>

Business-Type Activities

h. 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 with U.S. Bank 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, 2016, including \$570,663 of interest are:

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CATAWBA COUNTY, NORTH CAROLINA

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016**

	Business-type Activities	
	Principal	Interest
2017	636,210	111,468
2018	647,725	99,952
2019	659,449	88,229
2020	671,385	76,292
2021	683,537	64,140
2022-2025	<u>2,860,128</u>	<u>130,582</u>
Total principal payments	<u>\$ 6,158,434</u>	
Total interest payments		<u>\$ 570,663</u>

i. Federal Revolving Loan

On November 10, 2010, the County entered into federal revolving loan agreement with the State of North Carolina, Department of Environment and Natural Resources 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, 2016, including interest are:

	Business-type Activities	
	Principal	Interest
2017	75,000	-
2018	75,000	-
2019	75,000	-
2020	75,000	-
2021	75,000	-
2022-2026	375,000	-
2027-2030	<u>300,000</u>	<u>-</u>
Total principal payments	<u>\$ 1,050,000</u>	
Total interest payments		<u>\$ -</u>

(continued on next page)

CATAWBA COUNTY, NORTH CAROLINA

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016

Bonds and Notes Outstanding at June 30, 2016 consist of the following:

	Purpose of Issue	Amount Issued	Amount Outstanding	Interest Rate
Governmental Activities				
Certificates of Participation				
2012 Certificates of Participation	Refunding debt for schools and community college, County facility	10,965,000	9,390,000	2.08%
Installment Purchases				
2006 installment purchase	Public school construction/renovation	9,200,000	3,066,667	2.39%
2009 installment purchase	Public school and community college construction/renovation	16,750,000	8,933,333	3.72%
2011 installment purchase	Computer servers	650,000	33,756	1.67%
2013 installment purchase	Public school and community college construction/renovation, County animal shelter	31,000,000	24,800,000	1.96%
2015 installment purchase	Computer servers	570,000	465,589	1.43%
Total installment purchases		<u>58,170,000</u>	<u>37,299,345</u>	
Qualified Zone Academy Bonds	Public school construction/renovation	<u>700,000</u>	<u>300,000</u>	0.00%
Qualified School Construction Bonds				
2010 QSCB	Public school and community college construction/renovation	21,508,553	21,508,553	5% with 100% IRS subsidy
2011 QSCB	Public school construction/renovation	<u>6,300,000</u>	<u>6,300,000</u>	5.52% with 100% IRS subsidy
Total qualified school construction bonds		<u>27,808,553</u>	<u>27,808,553</u>	
Build America Bonds				
2010 Build America Bonds	Public school and community college construction/renovation	<u>8,691,447</u>	<u>5,504,583</u>	4.9% with 35% IRS subsidy
Limited Obligation Bonds				
2011 LOB	Refunding debt for public schools, community college	41,995,366	30,199,295	2.00-5.00%
2014 LOB	Refunding debt for public schools, community college, new debt Justice Center	<u>21,935,000</u>	<u>17,765,000</u>	2.00-5.00%
Total limited obligation bonds		<u>63,930,366</u>	<u>47,964,295</u>	
Department of Commerce				
2013 Installment loan	Industrial site development	<u>2,600,000</u>	<u>2,600,000</u>	2.00%
Total Governmental Activities		<u><u>172,865,366</u></u>	<u><u>130,866,776</u></u>	

CATAWBA COUNTY, NORTH CAROLINA

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016**

Business-type activities

Installment Purchases

2013 installment purchase	Sewer line and pump station project	8,000,000	6,158,434	1.81%
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Limited Obligation Bonds

2011 LOB	Refunding debt for sanitary sewer	6,119,634	4,400,705	2.00-5.00%
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Federal Revolving Loan

2010 loan	Water improvements	3,000,000	1,050,000	0.00%
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Total Business-type activities

17,119,634	11,609,139
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j. Debt Related to Capital Activities

Of the total Government Activities debt listed, unexpended debt proceeds, premiums on debt, and deferred charges on refundings, only \$31,560,451 relates to assets the County holds title. Unexpended debt proceeds are \$2,231,565 for governmental activities and \$0 for business-type activities.

Net investment in capital assets for June 30, 2016 was calculated as follows:

	Governmental activities	Business-type activities
Capital assets	\$ 113,584,561	\$ 65,452,782
Long term debt outstanding	(130,866,776)	(11,609,139)
School debt for which County does not hold asset title	98,445,065	-
Premium on long term debt, net of school related debt	(2,085,147)	(161,327)
Deferred outflows, net of school related debt	714,842	44,831
Unexpended proceeds	2,231,565	-
Total related debt	(31,560,451)	(11,725,635)
Net investment in capital assets	\$ 82,024,110	\$ 53,727,147

k. Legal Debt Margin

At June 30, 2016, Catawba County had a legal debt margin of \$1,139,044,222.

I. 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 Men's 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

CATAWBA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2016

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, 2016 were \$900,000.

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 with U.S. Bank at an interest rate of 12% 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. 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 2016. 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. The Medical Center refinanced the bonds subsequent to year end. See Note 10.

Total 2009 Hospital Revenue Bonds outstanding at June 30, 2016 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, 2016 were \$18,490,000.

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 Branch Banking & Trust 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, 2016 were \$2,655,000.

m. 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, 2016, assets under capital leases had a cost of \$5,020,808 and accumulated amortization of \$1,827,448. During 2016, amortization expense related to the capital lease was approximately \$941,000.

CATAWBA COUNTY, NORTH CAROLINA

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016**

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, 2016 was \$2,764,894.

n. 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, 2016:

	Balance			Current	
	June 30, 2015	Increases	Decreases	Balance	Portion
				June 30, 2016	of Balance
Governmental activities					
Certificates of participation	\$ 10,550,000	\$ -	\$ (1,160,000)	\$ 9,390,000	\$ 1,145,000
Installment purchase	40,764,047	570,000	(4,034,702)	37,299,345	3,971,387
Qualified Zone Academy Bonds	350,000	-	(50,000)	300,000	50,000
Qualified School Const. Bond	27,808,533	-	-	27,808,533	-
Build America Bonds	6,084,013	-	(579,430)	5,504,583	579,430
Limited obligation bonds	52,722,824	-	(4,758,529)	47,964,295	4,732,981
Department of Commerce	2,600,000	-	-	2,600,000	499,612
Premium on long-term debt	6,380,773	-	(515,025)	5,865,748	-
Compensated absences	4,335,872	3,138,684	(3,014,354)	4,460,202	3,014,354
Net pension liability (LGERS)	-	3,572,430	-	3,572,430	-
Net pension obligation (LEO)	1,264,671	239,231	(97,886)	1,406,016	-
Net OPEB obligation	6,839,767	1,155,527	(288,671)	7,706,623	-
Total governmental activities	\$ 159,700,500	\$ 8,675,872	\$ (14,498,597)	\$ 153,877,775	\$ 13,992,764

(continued on next page)

CATAWBA COUNTY, NORTH CAROLINA

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016**

Business-type activities

Solid-Waste Management

Accrued landfill closure and

postclosure costs	\$ 10,281,541	\$ 100,000	\$ -	\$ 10,381,541	\$ 100,000
Compensated absences	107,757	71,927	(65,988)	113,696	65,988
Net pension liability (LGERS)	-	91,394	-	91,394	-
Net OPEB obligation	<u>206,017</u>	<u>27,227</u>	<u>-</u>	<u>233,244</u>	<u>-</u>
Total Solid Waste Management	<u>\$ 10,595,315</u>	<u>\$ 290,548</u>	<u>\$ (65,988)</u>	<u>\$ 10,819,875</u>	<u>\$ 165,988</u>

Water & Sewer

Installment purchase	\$ 6,783,333	\$ -	\$ (624,899)	\$ 6,158,434	\$ 636,210
Limited obligation bonds	4,922,176	-	(521,471)	4,400,705	517,019
Federal Revolving Loan	1,125,000	-	(75,000)	1,050,000	75,000
Premium on long-term debt	175,458	-	(14,131)	161,327	-
Compensated absences	22,872	10,513	(9,605)	23,780	9,605
Net pension liability (LGERS)	-	6,607	-	6,607	-
Net OPEB obligation	<u>6,148</u>	<u>1,047</u>	<u>-</u>	<u>7,195</u>	<u>-</u>
Total Water & Sewer	<u>\$ 13,034,987</u>	<u>\$ 18,167</u>	<u>\$ (1,245,106)</u>	<u>\$ 11,808,048</u>	<u>\$ 1,237,834</u>
Total business-type activities	<u>\$ 23,630,302</u>	<u>\$ 308,715</u>	<u>\$ (1,311,094)</u>	<u>\$ 22,627,923</u>	<u>\$ 1,403,822</u>

The beginning balance for Qualified School Construction Bonds was reclassified from *liability from restricted assets* to *long-term debt*.

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 \$3,014,354 for governmental activities and \$75,593 for business-type activities. Net pension and other post-employment benefits are typically liquidated in the general fund.

o. 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, 2016, according to information furnished by the Economic Development Commission, there were two series of industrial revenue bonds outstanding, with an aggregate principal amount payable of approximately \$2.8 million.

p. 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.

CATAWBA COUNTY, NORTH CAROLINA

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016**

C. Interfund Balances and Activity

The Interfund balance as of June 30, 2016 is as follows:

Due to General Fund from the Community Development Fund for the advance of funds for expenditures prior to the grant reimbursement	<u><u>\$712</u></u>
--	---------------------

Transfers to/from other funds at June 30, 2016, consist of the following:

General Fund

From the General fund to the Emergency Telephone System fund to supplement other funding sources	7,053
From the General fund to the General Capital Projects fund for new construction and various capital improvement projects	3,121,277
From the General fund to the School Construction fund for future debt service	3,094,153
From the General fund to the School Capital Projects fund for various school capital improvement projects	1,474,988
From the General fund to the Solid Waste Management fund to supplement other funding sources	42,050
From the General fund to Water & Sewer Construction fund for the construction of waterlines to supply adequate water to various County locations	<u>1,575,000</u>
Subtotal General Fund	<u><u>9,314,521</u></u>

Other Governmental Funds

From the Hospital Capital Reserve fund to the General Fund to support the school nurse initiative	500,000
From the Parks/Historic Preservation fund to the General Capital Projects Fund to supplement funds for a parks renovation project	49,000
From the School Capital Projects fund to the General Fund to supplement funds for debt service and community college operations	50,000
From the School Capital Projects fund to the School Construction fund to Construction fund to supplement funds for elementary school elevator project	20,500
From the School Construction fund to the School Capital Projects fund to supplement funds for various school renovations	<u>60,000</u>
Subtotal Other Governmental Funds	<u>679,500</u>
Total transfers to other funds	<u><u>\$9,994,021</u></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:

CATAWBA COUNTY, NORTH CAROLINA

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016**

Total fund balance - General Fund	\$78,363,829
Less:	
Inventories	326,899
Prepaid	791,762
Notes receivable	1,487,417
Stabilization by State Statute	<u>15,929,534</u>
Fund Balance Available	<u>59,828,217</u>

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	\$ 1,380,575	\$ 10,021,494	\$ 1,854,147	\$ 3,396,310

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 installment purchase obligations to provide financing for new and restructured facilities. Installment purchase obligations of \$6,724,148 are outstanding at June 30, 2016. The County made debt service payments of \$1,002,538 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 \$3,904,289 and \$2,088,398 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2016. 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, 2016. 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 \$27,000 to the Lake Norman Marine Commission for operating expenses during the fiscal year ended June 30, 2016. Complete financial statements for the Commission

CATAWBA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2016

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 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 \$1,108,573 at June 30, 2016. 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 \$42,044 to the Council during the fiscal year ended June 30, 2016.

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 – SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

In September 2016, Catawba County entered into a \$50,530,000 financing agreement with TD Bank for the purpose of financing various public school and community college projects and refunding of existing County debt. The term of this financing agreement is 15 years at an interest rate of 1.76%.

On August 1, 2016, Catawba Valley Medical Center ("Medical Center") issued North Carolina Hospital Refunding Bonds Series 2016A totaling \$25,000,000 to refund the Series 2009 bonds. Payments of principal begin November 1, 2017 and continue through October 1, 20139. The Series 2016A bonds bear interest at the bank-bought rate, the first day of each month commencing October 1, 2016 and bear a long-term rate, each April 1 and October 1, and each conversion date.

NOTE 10 – RESTATEMENT

During the fiscal year ended June 30, 2016, the County determined that certain sinking fund balances should not have been included as restricted liabilities. Beginning fund balances have been adjusted for that reporting error in the amount of \$8,151,233.

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.

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.

Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) - Local Governmental Employee's Retirement System

Schedule of the County's Contributions - Local Governmental Employee's Retirement System

Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) – Registers of Deeds' Supplemental Pension Fund

Schedule of the County's Contributions – Registers of Deeds' Supplemental Pension Fund

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.)

**Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
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%
12/31/2014	0	1,922,020	1,922,020	0.00%	6,096,759	31.53%
12/31/2015	0	3,245,785	3,245,785	0.00%	6,548,828	49.56%

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	12/31/2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar - Closed
Remaining Amortization Period	15 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return*	3.57%
Projected Salary Increases*	3.50-7.35%
*Includes Inflation at	3.00%
Cost-of-Living Adjustments	N/A

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
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%
12/31/2014	0	11,184,877	11,184,877	0.00%	47,684,437	23.50%

**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>
2011	962,206	24.10
2012	962,206	25.62
2013	940,323	26.49
2014	940,323	27.74
2015	1,172,860	21.51
2016	1,172,860	24.61

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	12/31/2014
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay - Open
Remaining Amortization Period	30 years
Amortization Factor	26.1695
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Investment Rate of Return*	4.00%
Medical Trend Assumptions	
Pre-Medicare Trend Rate	7.50 - 5.00%
Year of Ultimate Trend Rate	2020
*Includes Inflation at	3.00%

**Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)
Local Governmental Employee's Retirement System
Last Three Fiscal Years***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.81784%	0.82375%	0.84060%
County's proportionate share of the net pension liability (asset)	\$ 3,670,431	\$ (4,858,036)	\$ 10,132,458
County's covered-employee payroll	\$ 47,791,623	\$ 46,741,190	\$ 46,158,989
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(7.68%)	(10.39%)	21.95%
Plan fiduciary net position as a percentage of the total pension liability	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

CATAWBA COUNTY, NORTH CAROLINA

Schedule 14

**Schedule of County Contributions
Local Governmental Employee's Retirement System
Last Three Fiscal Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,272,052	\$ 3,386,383	\$ 3,317,023
Contributions in relation to the contractually required contribution	<u>3,272,052</u>	<u>3,386,383</u>	<u>3,317,023</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 48,079,853	\$ 47,791,623	\$ 46,741,190
Contributions as a percentage of covered-employee payroll	6.81%	7.09%	7.10%

**Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)
Registers of Deeds' Supplemental Pension Fund
Last Three Fiscal Years***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	1.65814%	1.61440%	1.59029%
County's proportionate share of the net pension liability (asset) \$	(384,257)	\$ (365,928)	\$ (339,686)
County's covered-employee payroll \$	86,722	\$ 83,768	\$ 75,798
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(443.09%)	(436.84%)	(448.15%)
Plan fiduciary net position as a percentage of the total pension liability	197.29%	193.88%	190.50%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

**Schedule of County Contributions
Registers of Deeds' Supplemental Pension Fund
Last Three Fiscal Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 13,779	\$ 13,268	\$ 13,181
Contributions in relation to the contractually required contribution	<u>13,779</u>	<u>13,268</u>	<u>13,181</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 88,954	\$ 86,722	\$ 83,768
Contributions as a percentage of covered-employee payroll	15.49%	15.30%	15.74%

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, 2016
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015**

	2016			Actual Prior Year
	Final Budget	Actuals	Over/Under	
REVENUES				
Ad Valorem Taxes				
Taxes	\$ 88,519,694	\$ 91,522,545		
Penalties and interest	286,000	612,540		
Tax leased vehicles and equipment	60,410	129,992		
Total ad valorem taxes	<u>88,866,104</u>	<u>92,265,077</u>	<u>3,398,973</u>	<u>88,554,961</u>
Other Taxes				
Local Option Sales Taxes				
Article 39 - one percent	11,927,361	13,494,915		
Article 40 - one half of one percent	6,341,554	7,214,872		
Article 42 - one half of one percent	2,759,833	3,147,167		
Article 44 - one half of one percent	-	3,975		
Article 46 - one quarter of one percent	3,273,706	4,055,924		
Subtotal local option sales taxes	<u>24,302,454</u>	<u>27,916,853</u>	<u>3,614,399</u>	<u>25,205,678</u>
Other Taxes and Licenses				
Real estate excise stamps	515,000	553,631		
ABC 5 cents per bottle	55,000	48,464		
Privilege licenses	-	8,780		
Subtotal other taxes and licenses	<u>570,000</u>	<u>610,875</u>	<u>40,875</u>	<u>614,661</u>
Total other taxes	<u>24,872,454</u>	<u>28,527,728</u>	<u>3,655,274</u>	<u>25,820,339</u>
Unrestricted Intergovernmental Revenues				
Beer & Wine Tax	350,000	370,978		
Video Programming fees	628,000	609,064		
Catawba County ABC profit distribution	873,035	934,811		
Total unrestricted intergovernmental revenues	<u>1,851,035</u>	<u>1,914,853</u>	<u>63,818</u>	<u>1,950,128</u>
Restricted Intergovernmental Revenues				
State grants	7,462,438	7,184,119		
Federal grants	14,113,194	12,969,647		
State and federal grants shared	12,094,092	10,634,922		
Local/Other	6,598,142	5,273,297		
Total restricted intergovernmental revenues	<u>40,267,866</u>	<u>36,061,985</u>	<u>(4,205,881)</u>	<u>36,619,839</u>
Permits and Fees				
Building permits	1,189,100	1,434,290		
Register of deeds	452,500	674,968		
Environmental health fees	265,000	262,541		
Other permits and fees	220,740	353,610		
Total permits and fees	<u>2,127,340</u>	<u>2,725,409</u>	<u>598,069</u>	<u>2,398,171</u>
Sales and Services				
Human resources services	4,194,389	2,636,273		
Services to municipalities	567,234	516,869		

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, 2016
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015**

	<u>2016</u>			<u>Actual Prior Year</u>
	<u>Final Budget</u>	<u>Actuals</u>	<u>Over/Under</u>	
Ambulance services	5,396,066	5,675,481		
Other sales and services	469,965	460,455		
Total sales and services	<u>10,627,654</u>	<u>9,289,078</u>	<u>(1,338,576)</u>	<u>10,275,072</u>
Investment Earnings	<u>400,600</u>	<u>773,376</u>	<u>372,776</u>	<u>457,840</u>
Miscellaneous				
Rental fees	133,179	116,506		
Donations and local grants	446,658	296,144		
Insurance premiums	1,615,000	1,779,051		
Other	645,274	4,581,140		
Total miscellaneous	<u>2,840,111</u>	<u>6,772,841</u>	<u>3,932,730</u>	<u>6,221,346</u>
Total revenues	<u>171,853,164</u>	<u>178,330,347</u>	<u>6,477,183</u>	<u>172,297,696</u>
EXPENDITURES				
General Government				
Board of Commissioners				
Salaries & employee benefits	92,654	92,654		
	<u>204,504</u>	<u>177,165</u>	<u>27,339</u>	<u>156,860</u>
Administration				
County Manager				
Other operating	80,133	68,339		
Non-operating	94,899	-		
	<u>1,127,341</u>	<u>979,919</u>	<u>147,422</u>	<u>962,878</u>
Legal Services				
Salaries & employee benefits	330,263	329,480		
Other operating	33,591	17,129		
	<u>363,854</u>	<u>346,609</u>	<u>17,245</u>	<u>342,701</u>
Budget				
Salaries & employee benefits	249,962	257,050		
Other operating	13,445	7,457		
	<u>263,407</u>	<u>264,507</u>	<u>(1,100)</u>	<u>248,337</u>
Total Administration	<u>1,754,602</u>	<u>1,591,035</u>	<u>163,567</u>	<u>1,553,916</u>
Tax Administration				
Tax Assessor				
Salaries & employee benefits	719,552	694,846		
Other operating	194,760	188,063		
Non-operating tax refunds	1,000	75		
	<u>915,312</u>	<u>882,984</u>	<u>32,328</u>	<u>941,032</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, 2016**

With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015

	<u>2016</u>			<u>Actual Prior Year</u>
	<u>Final Budget</u>	<u>Actuals</u>	<u>Over/Under</u>	
Tax Collector				
Salaries & employee benefits	462,770	450,908		
Other operating	413,584	365,315		
	<u>876,354</u>	<u>816,223</u>	<u>60,131</u>	<u>808,946</u>
 Total Tax Administration	 <u>1,791,666</u>	 <u>1,699,207</u>	 <u>92,459</u>	 <u>1,749,978</u>
 Board of Elections				
Salaries & employee benefits	468,535	396,474		
Other operating	256,660	191,736		
	<u>725,195</u>	<u>588,210</u>	<u>136,985</u>	<u>476,612</u>
 Human Resources				
Human Resources				
Salaries & employee benefits	588,657	583,199		
Other operating	200,800	176,708		
Non-operating	452,027	-		
	<u>1,241,484</u>	<u>759,907</u>	<u>481,577</u>	<u>723,456</u>
 Wellness				
Other operating	260,350	258,260		
	<u>260,350</u>	<u>258,260</u>	<u>2,090</u>	<u>260,802</u>
 Recruitment				
Salaries & employee benefits	69,036	69,047		
Other operating	12,800	10,476		
	<u>81,836</u>	<u>79,523</u>	<u>2,313</u>	<u>78,354</u>
 Risk Management				
Salaries & employee benefits	143,468	142,464		
Other operating	16,946	14,995		
	<u>160,414</u>	<u>157,459</u>	<u>2,955</u>	<u>150,773</u>
 Total Human Resources	 <u>1,744,084</u>	 <u>1,255,149</u>	 <u>488,935</u>	 <u>1,213,385</u>
 Register of Deeds				
Salaries & employee benefits	558,710	559,019		
Other operating	328,761	265,229		
	<u>887,471</u>	<u>824,248</u>	<u>63,223</u>	<u>773,563</u>
 Finance				
Administration				
Salaries & employee benefits	327,721	264,098		
Other operating	198,865	173,988		
	<u>526,586</u>	<u>438,086</u>	<u>88,500</u>	<u>543,536</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, 2016
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015**

	2016			Actual Prior Year
	Final Budget	Actuals	Over/Under	
Accounting				
Salaries & employee benefits	438,189	436,588		
Other operating	18,800	17,502		
	<u>456,989</u>	<u>454,090</u>	<u>2,899</u>	<u>469,243</u>
Purchasing				
Other operating	43,015	32,197		
Capital outlay	20,000	13,054		
	<u>310,063</u>	<u>285,515</u>	<u>24,548</u>	<u>267,510</u>
Total Finance	<u>1,293,638</u>	<u>1,177,691</u>	<u>115,947</u>	<u>1,280,289</u>
Government Agencies - Justice Center				
Other operating	18,000	12,524		
	<u>18,000</u>	<u>12,524</u>	<u>5,476</u>	<u>7,453</u>
Other Government Costs				
Salaries & employee benefits	181,116	27,347		
Other operating	254,738	230,983		
	<u>435,854</u>	<u>258,330</u>	<u>177,524</u>	<u>284,387</u>
Self Insurance				
Premiums	2,697,300	3,595,537		
Liability	822,850	735,339		
Workers Compensation	414,000	360,507		
Total Self Insurance	<u>3,934,150</u>	<u>4,691,383</u>	<u>(757,233)</u>	<u>2,992,862</u>
Total Other General Government Programs	<u>4,388,004</u>	<u>4,962,237</u>	<u>(574,233)</u>	<u>3,284,702</u>
Total General Government	<u>12,789,164</u>	<u>12,274,942</u>	<u>514,222</u>	<u>10,489,305</u>
Public Safety				
Sheriff and Law Enforcement				
Administration and Law Enforcement				
Salaries & employee benefits	4,338,793	4,289,205		
Other operating	1,084,017	1,006,027		
Capital outlay	627,343	627,343		
	<u>6,050,153</u>	<u>5,922,575</u>	<u>127,578</u>	<u>5,594,293</u>
Catawba Valley Community College - Resource Officers				
Salaries & employee benefits	171,973	170,946		
Other operating	3,000	3,000		
	<u>174,973</u>	<u>173,946</u>	<u>1,027</u>	<u>167,982</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, 2016
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015**

	2016			Actual Prior Year
	Final Budget	Actuals	Over/Under	
School Resource Officers				
Salaries & employee benefits	665,249	662,538		
Other operating	39,600	39,600		
	<u>704,849</u>	<u>702,138</u>	<u>2,711</u>	<u>681,300</u>
Records				
Salaries & employee benefits	281,337	280,360		
Other operating	24,690	24,495		
	<u>306,027</u>	<u>304,855</u>	<u>1,172</u>	<u>293,529</u>
Narcotics				
Salaries & employee benefits	512,767	507,957		
Other operating	76,064	74,249		
	<u>588,831</u>	<u>582,206</u>	<u>6,625</u>	<u>542,177</u>
Detectives				
Salaries & employee benefits	874,915	863,208		
Other operating	90,810	87,667		
Capital outlay	8,413	8,413		
	<u>974,138</u>	<u>959,288</u>	<u>14,850</u>	<u>934,580</u>
Lake Norman Water Patrol				
Salaries & employee benefits	381,467	363,061		
Other operating	27,896	27,442		
Capital outlay	22,812	5,695		
	<u>432,175</u>	<u>396,198</u>	<u>35,977</u>	<u>373,481</u>
Court Security				
Salaries & employee benefits	589,483	573,276		
Other operating	7,000	6,000		
	<u>596,483</u>	<u>579,276</u>	<u>17,207</u>	<u>546,348</u>
Newton Detention Center				
Salaries & employee benefits	3,555,840	3,517,761		
Other operating	949,331	940,698		
Capital outlay	39,421	39,421		
	<u>4,544,592</u>	<u>4,497,880</u>	<u>46,712</u>	<u>4,292,620</u>
Prisoner Food Services				
Other operating	<u>402,622</u>	<u>404,610</u>	<u>(1,988)</u>	<u>430,987</u>
District Confinement Facility				
Other operating	<u>1,198,410</u>	<u>1,198,410</u>	<u>-</u>	<u>1,192,486</u>
	<u>1,198,410</u>	<u>1,198,410</u>	<u>-</u>	<u>1,192,486</u>
Total Sheriff and Law Enforcement	<u>15,973,253</u>	<u>15,721,382</u>	<u>251,871</u>	<u>15,049,783</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, 2016
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015**

	<u>2016</u>			<u>Actual Prior Year</u>
	<u>Final Budget</u>	<u>Actuals</u>	<u>Over/Under</u>	
Emergency Services				
Emergency Services Administration				
Salaries & employee benefits	319,875	276,827		
Other operating	<u>1,148,128</u>	<u>105,135</u>		
	<u>1,468,003</u>	<u>381,962</u>	<u>1,086,041</u>	<u>406,122</u>
Veterans Services				
Salaries & employee benefits	85,272	85,108		
Other operating	<u>7,950</u>	<u>7,610</u>		
	<u>93,222</u>	<u>92,718</u>	<u>504</u>	<u>89,991</u>
Fire Marshal				
Salaries & employee benefits	246,959	242,492		
Other operating	32,821	23,921		
Capital outlay	425	-		
	<u>280,205</u>	<u>266,413</u>	<u>13,792</u>	<u>300,785</u>
Emergency Medical Services				
Salaries & employee benefits	6,995,494	6,842,855		
Other operating	1,559,205	1,320,967		
Capital outlay	<u>878,423</u>	<u>179,854</u>		
	<u>9,433,122</u>	<u>8,343,676</u>	<u>1,089,446</u>	<u>8,462,747</u>
Animal Control				
Salaries & employee benefits	179,455	169,992		
Other operating	31,472	23,409		
Capital outlay	<u>79,314</u>	<u>47,314</u>		
	<u>290,241</u>	<u>240,715</u>	<u>49,526</u>	<u>198,485</u>
Animal Shelter				
Salaries & employee benefits	211,155	207,351		
Other operating	<u>276,540</u>	<u>273,360</u>		
	<u>487,695</u>	<u>480,711</u>	<u>6,984</u>	<u>436,745</u>
Total Emergency Services	<u>12,052,488</u>	<u>9,806,195</u>	<u>2,246,293</u>	<u>9,894,875</u>
Citizens Alert System				
Salaries & employee benefits	<u>7,337</u>			
	<u>7,337</u>	-	<u>7,337</u>	-
Communication Center				
Salaries & employee benefits	1,504,674	1,419,554		
Other operating	<u>238,595</u>	<u>216,503</u>		
	<u>1,743,269</u>	<u>1,636,057</u>	<u>107,212</u>	<u>1,615,774</u>
Other Public Safety				
Other operating	<u>182,842</u>	<u>182,796</u>	<u>46</u>	<u>173,261</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, 2016
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015**

	2016			Actual Prior Year
	Final Budget	Actuals	Over/Under	
Total Public Safety	<u>29,959,189</u>	<u>27,346,430</u>	<u>2,612,759</u>	<u>26,733,693</u>
Environmental Protection				
Cooperative Extension				
Salaries & employee benefits	52,931	46,979		
Other operating	<u>294,160</u>	<u>272,295</u>		
	<u>347,091</u>	<u>319,274</u>	<u>27,817</u>	<u>332,518</u>
Soil & Water Conservation				
Salaries & employee benefits	132,006	131,966		
Other operating	<u>141,271</u>	<u>63,651</u>		
	<u>273,277</u>	<u>195,617</u>	<u>77,660</u>	<u>151,520</u>
Forest Ranger				
Other operating	<u>68,201</u>	<u>58,518</u>	<u>9,683</u>	<u>61,599</u>
Total Environmental Protection	<u>688,569</u>	<u>573,409</u>	<u>115,160</u>	<u>545,637</u>
Economic and Physical Development				
Technology				
Information Technology Center				
Salaries & employee benefits	1,804,417	1,781,962		
Other operating	<u>1,543,090</u>	<u>1,395,591</u>		
	<u>3,347,507</u>	<u>3,177,553</u>	<u>169,954</u>	<u>3,131,784</u>
Geospatial Information Services				
Salaries & employee benefits	315,979	314,088		
Other operating	<u>77,209</u>	<u>58,321</u>		
	<u>393,188</u>	<u>372,409</u>	<u>20,779</u>	<u>371,866</u>
Total Technology	<u>3,740,695</u>	<u>3,549,962</u>	<u>190,733</u>	<u>3,503,650</u>
Economic Development and Planning				
Planning & Zoning				
Salaries & employee benefits	396,219	393,560		
Other operating	<u>83,966</u>	<u>73,043</u>		
	<u>480,185</u>	<u>466,603</u>	<u>13,582</u>	<u>439,695</u>
County Parks				
Salaries & employee benefits	343,636	333,289		
Other operating	<u>86,291</u>	<u>67,533</u>		
	<u>429,927</u>	<u>400,822</u>	<u>29,105</u>	<u>295,900</u>
Other Economic and Physical Development				
Other operating	<u>5,671,715</u>	<u>5,510,693</u>	<u>161,022</u>	<u>4,915,564</u>
Total Economic Development and Planning	<u>6,581,827</u>	<u>6,378,118</u>	<u>203,709</u>	<u>5,651,159</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, 2016
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015**

	<u>2016</u>			<u>Actual Prior Year</u>
	<u>Final Budget</u>	<u>Actuals</u>	<u>Over/Under</u>	
Utilities & Engineering				
Utilities & Engineering Administration				
Salaries & employee benefits	146,865	145,351		
Other operating	<u>86,153</u>	<u>84,481</u>		
	<u>233,018</u>	<u>229,832</u>	<u>3,186</u>	<u>180,533</u>
Building Inspection				
Salaries & employee benefits	972,248	883,553		
Other operating	284,408	279,614		
Capital outlay	<u>140,122</u>	<u>139,881</u>		
	<u>1,396,778</u>	<u>1,303,048</u>	<u>93,730</u>	<u>1,077,941</u>
Permit Center				
Salaries & employee benefits	288,827	278,458		
Other operating	<u>28,646</u>	<u>27,779</u>		
	<u>317,473</u>	<u>306,237</u>	<u>11,236</u>	<u>270,644</u>
Plan Review				
Salaries & employee benefits	242,600	237,343		
Other operating	<u>17,593</u>	<u>12,653</u>		
	<u>260,193</u>	<u>249,996</u>	<u>10,197</u>	<u>300,911</u>
Storm water and Erosion Control				
Salaries & employee benefits	132,495	129,368		
Other operating	<u>19,553</u>	<u>15,544</u>		
	<u>152,048</u>	<u>144,912</u>	<u>7,136</u>	<u>141,492</u>
Total Utilities & Engineering	<u>2,359,510</u>	<u>2,234,025</u>	<u>125,485</u>	<u>1,971,521</u>
Facilities Division				
Construction Manager				
Salaries & employee benefits	93,378	93,305		
Other operating	<u>3,000</u>	<u>318</u>		
	<u>96,378</u>	<u>93,623</u>	<u>2,755</u>	<u>78,410</u>
Garage				
Salaries & employee benefits	228,116	231,513		
Other operating	318,743	279,200		
Capital outlay	<u>40,000</u>	<u>-</u>		
	<u>586,859</u>	<u>510,713</u>	<u>76,146</u>	<u>498,701</u>
General maintenance				
Salaries & employee benefits	579,887	581,898		
Other operating	150,375	116,654		
Capital outlay	<u>107,935</u>	<u>67,919</u>		
	<u>838,197</u>	<u>766,471</u>	<u>71,726</u>	<u>692,085</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, 2016**

With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015

	2016			Actual Prior Year
	Final Budget	Actuals	Over/Under	
General Buildings				
Other operating	598,451	443,609		
	<u>598,451</u>	<u>443,609</u>	154,842	<u>398,476</u>
Justice Buildings				
Other operating	762,690	629,996		
	<u>762,690</u>	<u>629,996</u>	132,694	<u>619,022</u>
Library Buildings				
Other operating	111,180	102,578		
	<u>111,180</u>	<u>102,578</u>	8,602	<u>80,771</u>
Leased Buildings				
Other operating	47,300	43,613		
	<u>47,300</u>	<u>43,613</u>	3,687	<u>39,506</u>
Social Services Buildings				
Other operating	73,375	71,219		
	<u>73,375</u>	<u>71,219</u>	2,156	<u>67,942</u>
Public Health Buildings				
Other operating	64,810	60,277		
	<u>64,810</u>	<u>60,277</u>	4,533	<u>24,680</u>
Family Services Center				
Other operating	19,070	9,609		
	<u>19,070</u>	<u>9,609</u>	9,461	<u>8,342</u>
Street Signs				
Other operating	17,500	16,571		
	<u>17,500</u>	<u>16,571</u>	929	<u>16,471</u>
Total Facilities Division	<u>3,215,810</u>	<u>2,748,279</u>	467,531	<u>2,524,406</u>
Total Economic & Physical Development	<u>15,897,842</u>	<u>14,910,384</u>	987,458	<u>13,650,736</u>
Human Services				
Medical Examiner				
Other operating	198,500	182,050		
	<u>198,500</u>	<u>182,050</u>	16,450	<u>106,150</u>
Mental Health Services				
General Administration				
Catawba Valley Behavioral Healthcare	474,500	474,500		
Partners Behavioral Health Management	162,535	148,656		
	<u>637,035</u>	<u>623,156</u>	13,879	<u>570,784</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, 2016
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015**

	<u>2016</u>			<u>Actual Prior Year</u>
	<u>Final Budget</u>	<u>Actuals</u>	<u>Over/Under</u>	
Social Services Department				
Administration				
Salaries & employee benefits	1,332,016	1,047,146		
Other operating	1,040,428	949,988		
Non-operating	3,846,734	-		
Capital outlay	15,000	-		
	<u>6,234,178</u>	<u>1,997,134</u>	<u>4,237,044</u>	<u>1,909,162</u>
 CQI Quality Team				
Salaries & employee benefits	377,885	310,332		
Other operating	-	829		
	<u>377,885</u>	<u>311,161</u>	<u>66,724</u>	<u>-</u>
 Children and Family Services				
Salaries & employee benefits	1,985,968	1,952,687		
Other operating	401,240	347,255		
Social Services assistance	1,000	960		
	<u>2,388,208</u>	<u>2,300,902</u>	<u>87,306</u>	<u>1,993,784</u>
 Department of Human Resources Teams				
Salaries & employee benefits	224,126	213,648		
Other operating	7,766	8,701		
Social Services assistance	1,400	961		
	<u>233,292</u>	<u>223,310</u>	<u>9,982</u>	<u>276,784</u>
 Children's Day Care				
Salaries & employee benefits	326,774	322,249		
Other operating	3,777	2,987		
	<u>330,551</u>	<u>325,236</u>	<u>5,315</u>	<u>316,912</u>
 Intensive Family Preservation				
Salaries & employee benefits	71,654	70,882		
Other operating	5,977	5,512		
Social Services assistance	500	-		
	<u>78,131</u>	<u>76,394</u>	<u>1,737</u>	<u>69,962</u>
 Early Childhood Development				
Salaries & employee benefits	63,799	62,694		
Other operating	13,981	11,522		
	<u>77,780</u>	<u>74,216</u>	<u>3,564</u>	<u>62,337</u>
 Prevention Management				
Salaries & employee benefits	121,335	117,869		
Other operating	2,000	321		
	<u>123,335</u>	<u>118,190</u>	<u>5,145</u>	<u>86,808</u>

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
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With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015

	2016			Actual Prior Year
	Final Budget	Actuals	Over/Under	
American Recovery and Reinvestment Act - Project Moves				
Salaries & employee benefits	33,765	33,421		
Other operating	800	603		
Social Services assistance	15,000	15,000		
	<u>49,565</u>	<u>49,024</u>	<u>541</u>	<u>47,912</u>
Family Children Teams / Family Preservation				
Salaries & employee benefits	3,535,054	3,201,005		
Other operating	45,655	45,556		
Social Services assistance	57,000	13,407		
	<u>3,637,709</u>	<u>3,259,968</u>	<u>377,741</u>	<u>3,638,098</u>
Duke Endowment Family Children Project				
Salaries & employee benefits	559,978	526,142		
Other operating	58,350	40,536		
Social Services assistance	11,000	6,570		
	<u>629,328</u>	<u>573,248</u>	<u>56,080</u>	<u>583,068</u>
Teen Up				
Salaries & employee benefits	170,992	171,938		
Other operating	9,016	7,857		
Social Services assistance	39,105	39,111		
	<u>219,113</u>	<u>218,906</u>	<u>207</u>	<u>207,353</u>
Community Services Block Grant				
Salaries & employee benefits	250,448	244,531		
Other operating	12,662	27,517		
Social Services assistance	25,819	19,460		
	<u>288,929</u>	<u>291,508</u>	<u>(2,579)</u>	<u>275,330</u>
Therapeutic Foster Care				
Salaries & employee benefits	268,603	266,387		
Other operating	17,777	8,106		
Social Services assistance	1,000	52		
	<u>287,380</u>	<u>274,545</u>	<u>12,835</u>	<u>266,371</u>
Adoptions				
Salaries & employee benefits	1,038,048	1,019,219		
Other operating	23,656	17,906		
Social Services assistance	3,500	5,051		
	<u>1,065,204</u>	<u>1,042,176</u>	<u>23,028</u>	<u>936,330</u>
Post Adoption State Region				
Salaries & employee benefits	257,278	193,009		
Other operating	5,104	9,522		
Social Services assistance	8,371	15,436		
	<u>270,753</u>	<u>217,967</u>	<u>52,786</u>	<u>190,180</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, 2016
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015**

	2016			Actual Prior Year
	Final Budget	Actuals	Over/Under	
Child Advocacy				
Salaries & employee benefits	328,310	317,276		
Other operating	60,631	25,987		
Social Services assistance	1,000	49		
	<u>389,941</u>	<u>343,312</u>	<u>46,629</u>	<u>351,127</u>
FamilyNet Administration				
Salaries & employee benefits	652,231	369,007		
Other operating	158,921	109,017		
Social Services assistance	5,000	342		
	<u>816,152</u>	<u>478,366</u>	<u>337,786</u>	<u>594,606</u>
FamilyNet Act				
Other operating				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,133</u>
FamilyNet In-home Services				
Salaries & employee benefits	475,031	247,849		
Other operating	8,777	3,343		
	<u>483,808</u>	<u>251,192</u>	<u>232,616</u>	<u>455,022</u>
FamilyNet Adolescent Services				
Salaries & employee benefits	529,794	423,347		
Other operating	5,500	7,898		
	<u>535,294</u>	<u>431,245</u>	<u>104,049</u>	<u>465,113</u>
FamilyNet Family Services				
Salaries & employee benefits	148,719	147,171		
Other operating	1,500	641		
	<u>150,219</u>	<u>147,812</u>	<u>2,407</u>	<u>143,892</u>
FamilyNet Children Services				
Salaries & employee benefits	263,196	244,011		
Other operating	7,194	5,583		
	<u>270,390</u>	<u>249,594</u>	<u>20,796</u>	<u>257,088</u>
FamilyNet ECST				
Salaries & employee benefits	356,784	354,187		
Other operating	29,640	39,323		
	<u>386,424</u>	<u>393,510</u>	<u>(7,086)</u>	<u>351,844</u>
FamilyNet Child Protective Services				
Salaries & employee benefits	68,625	67,605		
Other operating	12,358	12,081		
	<u>80,983</u>	<u>79,686</u>	<u>1,297</u>	<u>76,582</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, 2016
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015**

	2016			Actual Prior Year
	Final Budget	Actuals	Over/Under	
Work First				
Salaries & employee benefits	367,284	332,984		
Other operating	759,287	391,918		
Social Services assistance	685,749	547,654		
	<u>1,812,320</u>	<u>1,272,556</u>	<u>539,764</u>	<u>1,360,641</u>
Office Juvenile Justice Girls Program				
Other operating	31,170	19,193		
	<u>31,170</u>	<u>19,193</u>	<u>11,977</u>	<u>13,695</u>
Administration Group Homes				
Salaries & employee benefits	1,137,110	910,203		
Other operating	52,988	43,384		
	<u>1,190,098</u>	<u>953,587</u>	<u>236,511</u>	<u>770,522</u>
Girls Program				
Other operating	31,170	21,757		
Capital outlay	25,000	-		
	<u>56,170</u>	<u>21,757</u>	<u>34,413</u>	<u>19,565</u>
Boys Program				
Other operating	36,170	31,854		
	<u>36,170</u>	<u>31,854</u>	<u>4,316</u>	<u>22,590</u>
Office Juvenile Justice Boys Program				
Other operating	46,570	41,956		
	<u>46,570</u>	<u>41,956</u>	<u>4,614</u>	<u>42,459</u>
Adult Services				
Other operating	375,519	350,860		
Social Services assistance	323,270	271,536		
	<u>698,789</u>	<u>622,396</u>	<u>76,393</u>	<u>655,783</u>
Adult Social Work				
Salaries & employee benefits	1,550,817	1,497,380		
Other operating	63,622	63,030		
Social Services assistance	11,500	10,794		
	<u>1,625,939</u>	<u>1,571,204</u>	<u>54,735</u>	<u>1,548,744</u>
Medicaid Administration				
Salaries & employee benefits	1,084,974	1,075,168		
Other operating	6,554	6,644		
	<u>1,091,528</u>	<u>1,081,812</u>	<u>9,716</u>	<u>1,052,020</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, 2016
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015**

	2016			Actual Prior Year
	Final Budget	Actuals	Over/Under	
Transportation				
Salaries & employee benefits	514,455	474,054		
Other operating	42,686	53,981		
Capital outlay	49,000	48,208		
	<u>606,141</u>	<u>576,243</u>	<u>29,898</u>	<u>541,929</u>
Nutrition				
Salaries & employee benefits	173,770	172,214		
Other operating	339,963	341,009		
Social Services assistance	474,676	488,435		
	<u>988,409</u>	<u>1,001,658</u>	<u>(13,249)</u>	<u>960,756</u>
Public Assistance Administration				
Salaries & employee benefits	1,660,370	1,572,826		
Other operating	23,939	21,835		
	<u>1,684,309</u>	<u>1,594,661</u>	<u>89,648</u>	<u>1,732,639</u>
Food Stamps				
Salaries & employee benefits	1,813,821	1,782,440		
Other operating	118,984	102,125		
	<u>1,932,805</u>	<u>1,884,565</u>	<u>48,240</u>	<u>1,809,634</u>
Child Support				
Salaries & employee benefits	1,252,782	1,136,083		
Other operating	32,831	40,885		
	<u>1,285,613</u>	<u>1,176,968</u>	<u>108,645</u>	<u>1,199,868</u>
General Assistance				
Other operating	205,600	147,837		
Social Services assistance	155,000	128,226		
	<u>360,600</u>	<u>276,063</u>	<u>84,537</u>	<u>227,365</u>
Public Assistance Payments				
Social Services assistance	1,385,061	975,680		
	<u>1,385,061</u>	<u>975,680</u>	<u>409,381</u>	<u>1,026,839</u>
Children's Purchase Services				
Social Services assistance	10,425,591	9,590,787		
	<u>10,425,591</u>	<u>9,590,787</u>	<u>834,804</u>	<u>10,272,140</u>
Total Social Services	<u>44,661,835</u>	<u>36,421,542</u>	<u>8,240,293</u>	<u>36,818,987</u>
Public Health Department				
Health Administration				
Salaries & employee benefits	653,737	657,772		
Other operating	177,180	166,556		
	<u>830,917</u>	<u>824,328</u>	<u>6,589</u>	<u>797,251</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, 2016
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015**

	2016			Actual Prior Year
	Final Budget	Actuals	Over/Under	
Home Health				
Salaries & employee benefits	1,652,008	1,135,351		
Other operating	1,064,535	638,663		
	<u>2,716,543</u>	<u>1,774,014</u>	<u>942,529</u>	<u>2,746,232</u>
Environmental Health				
Salaries & employee benefits	774,814	771,639		
Other operating	110,456	111,378		
	<u>885,270</u>	<u>883,017</u>	<u>2,253</u>	<u>830,042</u>
Maternal Health				
Salaries & employee benefits	8,612	7,805		
Other operating	198,711	187,379		
	<u>207,323</u>	<u>195,184</u>	<u>12,139</u>	<u>155,352</u>
Pregnancy Care Management				
Salaries & employee benefits	323,420	322,530		
Other operating	15,450	9,117		
	<u>338,870</u>	<u>331,647</u>	<u>7,223</u>	<u>326,760</u>
Laboratory				
Salaries & employee benefits	76,035	75,324		
Other operating	40,881	29,541		
	<u>116,916</u>	<u>104,865</u>	<u>12,051</u>	<u>100,521</u>
Child Health - Human Resource Teams				
Salaries & employee benefits	468,599	462,859		
Other operating	55,706	36,204		
	<u>524,305</u>	<u>499,063</u>	<u>25,242</u>	<u>488,393</u>
Child Health - Smart Start				
Salaries & employee benefits	140,538	140,572		
Other operating	15,130	15,589		
	<u>155,668</u>	<u>156,161</u>	<u>(493)</u>	<u>149,650</u>
Care Coordination for Children				
Salaries & employee benefits	334,194	334,932		
Other operating	12,900	10,301		
	<u>347,094</u>	<u>345,233</u>	<u>1,861</u>	<u>358,657</u>
School Nurse Fund Initiative				
Salaries & employee benefits	1,008,641	976,169		
Other operating	55,315	51,032		
	<u>1,063,956</u>	<u>1,027,201</u>	<u>36,755</u>	<u>975,890</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, 2016
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015

	2016			Actual Prior Year
	Final Budget	Actuals	Over/Under	
Dental Health				
Salaries & employee benefits	316,389	60,037		
Other operating	97,169	58,847		
	<u>413,558</u>	<u>118,884</u>	<u>294,674</u>	<u>478,374</u>
Bioterrorism Grant				
Salaries & employee benefits	55,751	54,973		
Other operating	22,500	13,479		
	<u>78,251</u>	<u>68,452</u>	<u>9,799</u>	<u>64,012</u>
Healthy People/Carolinas				
Salaries & employee benefits	81,028	11,757		
Other operating	68,972	3,922		
	<u>150,000</u>	<u>15,679</u>	<u>134,321</u>	<u>-</u>
Clinical Services				
Salaries & employee benefits	1,553,155	1,511,835		
Other operating	437,057	352,988		
Capital outlay	5,787	5,786		
	<u>1,995,999</u>	<u>1,870,609</u>	<u>125,390</u>	<u>1,962,771</u>
Women Infants Children Program				
Salaries & employee benefits	810,786	802,355		
Other operating	75,630	71,193		
	<u>886,416</u>	<u>873,548</u>	<u>12,868</u>	<u>843,324</u>
Total Public Health	<u>10,711,086</u>	<u>9,087,885</u>	<u>1,623,201</u>	<u>10,277,229</u>
Total Human Services	<u>56,208,456</u>	<u>46,314,633</u>	<u>9,893,823</u>	<u>47,773,150</u>
Culture and Recreation				
County Library				
Library Administration - Main Library				
Salaries & employee benefits	1,027,670	979,453		
Other operating	673,866	768,640		
Non-operating	33,710	-		
	<u>1,735,246</u>	<u>1,748,093</u>	<u>(12,847)</u>	<u>1,427,137</u>
Sherrills Ford Branch				
Salaries & employee benefits	202,179	201,986		
Other operating	76,745	79,134		
	<u>278,924</u>	<u>281,120</u>	<u>(2,196)</u>	<u>237,492</u>
Maiden Branch				
Salaries & employee benefits	79,797	79,508		
Other operating	47,593	51,210		
	<u>127,390</u>	<u>130,718</u>	<u>(3,328)</u>	<u>105,235</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, 2016
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015**

	<u>2016</u>			<u>Actual Prior Year</u>
	<u>Final Budget</u>	<u>Actuals</u>	<u>Over/Under</u>	
St. Stephens Branch				
Salaries & employee benefits	233,744	232,271		
Other operating	99,010	102,381		
	<u>332,754</u>	<u>334,652</u>	<u>(1,898)</u>	<u>302,460</u>
Southwest Branch Library				
Salaries & employee benefits	152,373	150,132		
Other operating	113,562	102,442		
	<u>265,935</u>	<u>252,574</u>	<u>13,361</u>	<u>262,571</u>
Conover Branch Library				
Salaries & employee benefits	112,102	111,277		
Other operating	25,850	28,441		
	<u>137,952</u>	<u>139,718</u>	<u>(1,766)</u>	<u>128,619</u>
Claremont Branch Library				
Salaries & employee benefits	41,148	40,586		
Other operating	18,475	19,436		
	<u>59,623</u>	<u>60,022</u>	<u>(399)</u>	<u>58,805</u>
Total County Library	<u>2,937,824</u>	<u>2,946,897</u>	<u>(9,073)</u>	<u>2,522,319</u>
Arts-Administration				
Other operating	550,000	550,000	-	547,150
Other Cultural				
Other operating	65,000	16,687	48,313	39,600
Total Culture and Recreation	<u>3,552,824</u>	<u>3,513,584</u>	<u>39,240</u>	<u>3,109,069</u>
Education				
Current expense				
Catawba County Schools	24,914,400	24,914,400		
Hickory Public Schools	6,642,357	6,642,357		
Newton-Conover City Schools	4,778,226	4,778,226		
Catawba Valley Community College	3,904,289	3,904,289		
Total Education	<u>40,239,272</u>	<u>40,239,272</u>	<u>-</u>	<u>40,344,875</u>
Debt Service				
Principal retirement	10,582,685	10,582,661		
Sinking Fund Payments	1,853,905	1,853,902		
Interest and other charges	5,162,235	3,744,689		
Total Debt Service	<u>17,598,825</u>	<u>16,181,252</u>	<u>1,417,573</u>	<u>16,374,150</u>
Total expenditures	<u>176,934,141</u>	<u>161,353,906</u>	<u>15,580,235</u>	<u>159,020,615</u>
Revenues over (under) expenditures	<u>(5,080,977)</u>	<u>16,976,441</u>	<u>22,057,418</u>	<u>13,277,081</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, 2016
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015**

	<u>2016</u>			<u>Actual Prior Year</u>
	<u>Final Budget</u>	<u>Actuals</u>	<u>Over/Under</u>	
Other financing sources (uses)				
Transfers from				
Citizens Alert System Fund	-	-	-	12,571
Hospital Capital Reserve	500,000	500,000	-	-
School Capital Fund	50,000	50,000	-	530,000
Transfers to				
Emergency Telephone System	(7,053)	(7,053)	-	(1,350)
Reappraisal Fund	(374,329)	(374,329)	-	(369,763)
General Capital Projects Fund	(3,121,277)	(3,121,277)	-	(1,225,000)
School Capital Fund	(1,474,988)	(1,474,988)	-	-
School Construction Fund	(3,094,153)	(3,094,153)	-	(3,185,358)
Water and Sewer Construction Fund	-	-	-	(800,000)
Water and Sewer Fund	(1,575,000)	(1,575,000)	-	-
Solid Waste Management Fund	(42,050)	(42,050)	-	-
Fund Balance appropriated	<u>14,219,827</u>	<u>-</u>	<u>(14,219,827)</u>	<u>-</u>
 Total other financing sources (uses)	 <u>5,080,977</u>	 <u>(9,138,850)</u>	 <u>(14,219,827)</u>	 <u>(5,038,900)</u>
 Net change in fund balance	 <u>-</u>	 <u>7,837,591</u>	 <u>7,837,591</u>	 <u>8,238,181</u>
 Fund Balances - Beginning of Year as previously reported		 59,880,766		
Restatement (Note 10)		<u>8,151,233</u>		
 Fund Balances - Beginning of Year as restated		 <u>68,031,999</u>		
 Fund Balances - End of Year		 <u>\$ 75,869,590</u>		

CATAWBA COUNTY, NORTH CAROLINA

Schedule A-2

**Reappraisal Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2016
 With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015**

	<u>2016</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
Revenues				
Investment earnings	\$ -	\$ 4,377	\$ 4,377	\$ 3,653
Total revenues	<u>-</u>	<u>4,377</u>	<u>4,377</u>	<u>3,653</u>
Expenditures				
Current				
General government				
Salaries & employee benefits	350,909	349,275		
Other operating	<u>23,420</u>	<u>22,064</u>		
Total expenditures	<u>374,329</u>	<u>371,339</u>	<u>2,990</u>	<u>400,408</u>
Excess of revenues over (under) expenditures	<u>(374,329)</u>	<u>(366,962)</u>	<u>7,367</u>	<u>(396,755)</u>
Other Financing Sources (Uses)				
Transfers from				
General Fund	<u>374,329</u>	<u>374,329</u>	-	<u>369,763</u>
Total other financing sources (uses)	<u>374,329</u>	<u>374,329</u>	-	<u>369,763</u>
Net change in fund balance	<u>\$ -</u>	<u>7,367</u>	<u>\$ 7,367</u>	<u>(26,992)</u>
Fund Balances - Beginning of Year		<u>169,669</u>		<u>196,661</u>
Fund Balances - End of Year		<u>\$ 177,036</u>		<u>\$ 169,669</u>

General Capital Reserve Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2016
 With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015

	2016			Actual Prior Year
	Budget	Actual	Over/Under	
Revenues				
Investment earnings	\$ -	\$ 5,741	\$ 5,741	\$ 3,865
Total revenues	<u>-</u>	<u>5,741</u>	<u>5,741</u>	<u>3,865</u>
Expenditures				
Other operating	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>5,741</u>	<u>5,741</u>	<u>3,865</u>
Other Financing Sources (Uses)				
Transfers	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>5,741</u>	<u>\$ 5,741</u>	<u>3,865</u>
Fund Balances - Beginning of Year		<u>457,560</u>		<u>453,695</u>
Fund Balances - End of Year		<u>\$ 463,301</u>		<u>\$ 457,560</u>

Combining Statements for Nonmajor Funds

CATAWBA COUNTY, NORTH CAROLINA

Schedule B-1

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016**

	Special Revenue Funds (Schedule C-1)	Capital Project Funds (Schedule D-1)	Total Nonmajor Governmental Funds (Exhibit 3)
Assets			
Cash and investments	\$ 4,008,416	\$ 18,077,744	\$ 22,086,160
Taxes receivable - net	96,295	-	96,295
Due from other governments	102,941	1,285,293	1,388,234
Interest receivable	6,875	32,598	39,473
Total assets	<u>4,214,527</u>	<u>19,395,635</u>	<u>23,610,162</u>
Liabilities			
Accounts payable and accrued liabilities	39,906	699,901	739,807
Due to General Fund	712	-	712
Total liabilities	<u>40,618</u>	<u>699,901</u>	<u>740,519</u>
Deferred Inflows of Resources			
Taxes receivable	96,295	-	96,295
Prepaid taxes	3,183	-	3,183
Total deferred inflows of resources	<u>99,478</u>	<u>-</u>	<u>99,478</u>
Restricted			
Stabilization by State Statute	1,963,963	1,317,891	3,281,854
Public Safety	494,667	-	494,667
Fire Protection	1,370,246	-	1,370,246
Library Endowment	192,428	-	192,428
Scholarship	52,740	-	52,740
Parks Preservation	1,099	-	1,099
Hospital Capital	-	5,063,041	5,063,041
Committed			
School Capital	-	5,499,929	5,499,929
School Construction	-	6,790,440	6,790,440
Hospital Construction	-	24,433	24,433
Unassigned	(712)	-	(712)
Total fund balances	<u>4,074,431</u>	<u>18,695,734</u>	<u>22,770,165</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,214,527</u>	<u>\$ 19,395,635</u>	<u>\$ 23,610,162</u>

CATAWBA COUNTY, NORTH CAROLINA

Schedule B-2

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016**

	Special Revenue Funds (Schedule C-3)	Capital Project Funds (Schedule D-2)	Total Nonmajor Governmental Funds (Exhibit 4)
Revenues			
Ad valorem taxes	\$ 6,599,215	\$ -	\$ 6,599,215
Other taxes	-	4,720,749	4,720,749
Restricted intergovernmental revenues	519,286	120,825	640,111
Investment earnings	52,099	250,526	302,625
Miscellaneous	1,000	-	1,000
Total revenues	<u>7,171,600</u>	<u>5,092,100</u>	<u>12,263,700</u>
Expenditures			
Current			
Public safety	7,131,142	-	7,131,142
Economic and physical development	100,246	-	100,246
Human services	1,250	-	1,250
Capital outlay	-	9,984,339	9,984,339
Total expenditures	<u>7,232,638</u>	<u>9,984,339</u>	<u>17,216,977</u>
Excess of revenues over (under) expenditures	(61,038)	(4,892,239)	(4,953,277)
Other Financing Sources (Uses)			
Transfers from other funds	7,053	4,649,641	4,656,694
Transfers to other funds	(49,000)	(630,500)	(679,500)
Total other financing sources (uses)	<u>(41,947)</u>	<u>4,019,141</u>	<u>3,977,194</u>
Net change in fund balance	(102,985)	(873,098)	(976,083)
Fund Balances - Beginning of Year	<u>4,177,416</u>	<u>19,568,832</u>	<u>23,746,248</u>
Fund Balances - End of Year	<u>\$ 4,074,431</u>	<u>\$ 18,695,734</u>	<u>\$ 22,770,165</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.

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, 2016**

	Emergency Telephone System Fund	Narcotics Seized Funds And Property Fund	Rescue Squads Fund	Library Endowment Fund	Gretchen Peed Scholarship Fund
Assets					
Cash and investments	\$ 2,054,555	\$ 12,212	\$ 311,848	\$ 202,428	\$ 52,740
Taxes receivable - net	-	-	-	-	-
Due from other governments	49,834	-	-	-	-
Interest receivable	3,476	18	732	337	88
Total assets	<u>2,107,865</u>	<u>12,230</u>	<u>312,580</u>	<u>202,765</u>	<u>52,828</u>
Liabilities					
Accounts payable and accrued liabilities	39,801	-	-	-	-
Due to General Fund	-	-	-	-	-
Total liabilities	<u>39,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources					
Taxes receivable	-	-	-	-	-
Prepaid taxes	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Restricted					
Stabilization by State Statute	1,897,457	18	732	10,337	88
Public Safety	170,607	12,212	311,848	-	-
Fire Protection	-	-	-	-	-
Library Endowment	-	-	-	192,428	-
Scholarship	-	-	-	-	52,740
Parks Preservation	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>2,068,064</u>	<u>12,230</u>	<u>312,580</u>	<u>202,765</u>	<u>52,828</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,107,865</u>	<u>\$ 12,230</u>	<u>\$ 312,580</u>	<u>\$ 202,765</u>	<u>\$ 52,828</u>

Nonmajor Special Revenue Funds
 Combining Balance Sheet
 June 30, 2016

	Parks/ Historic Preservation Fund	Community Development Fund	Fire District Funds	Total Nonmajor Special Revenue Funds
Assets				
Cash and investments	\$ 1,099	\$ -	\$ 1,373,534	\$ 4,008,416
Taxes receivable - net	-	-	96,295	96,295
Due from other governments	-	701	52,406	102,941
Interest receivable	2	11	2,211	6,875
Total assets	<u>1,101</u>	<u>712</u>	<u>1,524,446</u>	<u>4,214,527</u>
Liabilities				
Accounts payable and accrued liabilities	-	-	105	39,906
Due to General Fund	-	712	-	712
Total liabilities	<u>-</u>	<u>712</u>	<u>105</u>	<u>40,618</u>
Deferred Inflows of Resources				
Taxes receivable	-	-	96,295	96,295
Prepaid taxes	-	-	3,183	3,183
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>99,478</u>	<u>99,478</u>
Fund Balances				
Restricted				
Stabilization by State Statute	2	712	54,617	1,963,963
Public Safety	-	-	-	494,667
Fire Protection	-	-	1,370,246	1,370,246
Library Endowment	-	-	-	192,428
Scholarship	-	-	-	52,740
Parks Preservation	1,099	-	-	1,099
Unassigned	-	(712)	-	(712)
Total fund balances	<u>1,101</u>	<u>-</u>	<u>1,424,863</u>	<u>4,074,431</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,101</u>	<u>\$ 712</u>	<u>\$ 1,524,446</u>	<u>\$ 4,214,527</u>

CATAWBA COUNTY, NORTH CAROLINA

**Fire District Funds
Subcombining Balance Sheet
June 30, 2016**

	Mountain View Fire District Fund	Propst Fire District Fund	St. Stephens Fire District Fund	Conover Rural Fire District Fund	Oxford Fire District Fund
Assets					
Cash and investments	\$ 35,856	\$ 47,283	\$ 55,492	\$ 359,632	\$ 31,223
Taxes receivable - net	5,673	3,627	12,477	1,170	5,380
Due from other governments	4,752	2,545	8,584	1,290	3,333
Interest receivable	58	79	77	596	48
Total assets	<u>46,339</u>	<u>53,534</u>	<u>76,630</u>	<u>362,688</u>	<u>39,984</u>
Liabilities					
Accounts payable and accrued liabilities	-	105	-	-	-
Total liabilities	<u>-</u>	<u>105</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources					
Taxes receivable	5,673	3,627	12,477	1,170	5,380
Prepaid taxes	35	250	39	-	68
Total deferred inflows of resources	<u>5,708</u>	<u>3,877</u>	<u>12,516</u>	<u>1,170</u>	<u>5,448</u>
Fund Balances					
Restricted					
Stabilization by State Statute	4,810	2,624	8,661	1,886	3,381
Fire Protection	35,821	46,928	55,453	359,632	31,155
Total fund balances	<u>40,631</u>	<u>49,552</u>	<u>64,114</u>	<u>361,518</u>	<u>34,536</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 46,339</u>	<u>\$ 53,534</u>	<u>\$ 76,630</u>	<u>\$ 362,688</u>	<u>\$ 39,984</u>

Fire District Funds
 Subcombining Balance Sheet
 June 30, 2016

	Sherrills Ford Fire District Fund	Bandys Fire District Fund	Maiden Fire District Fund	Claremont Fire District Fund	Catawba Fire District Fund
Assets					
Cash and investments	\$ 93,624	\$ 97,893	\$ 128,728	\$ 60,806	\$ 336,581
Taxes receivable - net	23,788	11,419	6,510	3,866	4,945
Due from other governments	8,848	6,102	2,745	2,913	1,452
Interest receivable	140	153	207	95	556
Total assets	<u>126,400</u>	<u>115,567</u>	<u>138,190</u>	<u>67,680</u>	<u>343,534</u>
Liabilities					
Accounts payable and accrued liabilities	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources					
Taxes receivable	23,788	11,419	6,510	3,866	4,945
Prepaid taxes	197	1,542	127	508	31
Total deferred inflows of resources	<u>23,985</u>	<u>12,961</u>	<u>6,637</u>	<u>4,374</u>	<u>4,976</u>
Fund Balances					
Restricted					
Stabilization by State Statute	8,988	6,255	2,952	3,008	2,008
Fire Protection	93,427	96,351	128,601	60,298	336,550
Total fund balances	<u>102,415</u>	<u>102,606</u>	<u>131,553</u>	<u>63,306</u>	<u>338,558</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 126,400</u>	<u>\$ 115,567</u>	<u>\$ 138,190</u>	<u>\$ 67,680</u>	<u>\$ 343,534</u>

Fire District Funds
 Subcombining Balance Sheet
 June 30, 2016

	<u>Long View Fire District Fund</u>	<u>Newton Rural Fire District Fund</u>	<u>Cooksville Fire District Fund</u>	<u>Hickory Rural Fire District Fund</u>	<u>Total Fire District Funds</u>
Assets					
Cash and investments	\$ 19,336	\$ 32,731	\$ 58,782	\$ 15,567	\$ 1,373,534
Taxes receivable - net	520	7,131	2,810	6,979	96,295
Due from other governments	205	5,228	1,054	3,355	52,406
Interest receivable	<u>32</u>	<u>50</u>	<u>95</u>	<u>25</u>	<u>2,211</u>
Total assets	<u>20,093</u>	<u>45,140</u>	<u>62,741</u>	<u>25,926</u>	<u>1,524,446</u>
Liabilities					
Accounts payable and accrued liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105</u>
Deferred Inflows of Resources					
Taxes receivable	520	7,131	2,810	6,979	96,295
Prepaid taxes	<u>2</u>	<u>47</u>	<u>305</u>	<u>32</u>	<u>3,183</u>
Total deferred inflows of resources	<u>522</u>	<u>7,178</u>	<u>3,115</u>	<u>7,011</u>	<u>99,478</u>
Fund Balances					
Restricted					
Stabilization by State Statute	237	5,278	1,149	3,380	54,617
Fire Protection	<u>19,334</u>	<u>32,684</u>	<u>58,477</u>	<u>15,535</u>	<u>1,370,246</u>
Total fund balances	<u>19,571</u>	<u>37,962</u>	<u>59,626</u>	<u>18,915</u>	<u>1,424,863</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,093</u>	<u>\$ 45,140</u>	<u>\$ 62,741</u>	<u>\$ 25,926</u>	<u>\$ 1,524,446</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, 2016**

	Emergency Telephone System Fund	Narcotics Seized Funds and Property Fund	Rescue Squads Fund	Library Endowment Fund	Gretchen Peed Scholarship Fund
Revenues					
Ad valorem taxes	\$ -	\$ -	\$ 1,050,525	\$ -	\$ -
Restricted intergovernmental revenues	415,803	6,721	-	8,925	-
Investment earnings	25,933	318	4,426	2,488	651
Miscellaneous	-	-	-	-	1,000
Total revenues	<u>441,736</u>	<u>7,039</u>	<u>1,054,951</u>	<u>11,413</u>	<u>1,651</u>
Expenditures					
Current					
Public safety	589,620	76,000	1,017,597	-	-
Economic and physical development	-	-	-	-	-
Human services	-	-	-	-	1,250
Culture and recreation	-	-	-	-	-
Total expenditures	<u>589,620</u>	<u>76,000</u>	<u>1,017,597</u>	<u>-</u>	<u>1,250</u>
Excess of revenue over (under) expenditures	<u>(147,884)</u>	<u>(68,961)</u>	<u>37,354</u>	<u>11,413</u>	<u>401</u>
Other Financing Sources (Uses)					
Transfers from other funds	7,053	-	-	-	-
Transfers to other funds	-	-	-	-	-
Total other financing sources (uses)	<u>7,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(140,831)	(68,961)	37,354	11,413	401
Fund Balances - Beginning of Year	<u>2,208,895</u>	<u>81,191</u>	<u>275,226</u>	<u>191,352</u>	<u>52,427</u>
Fund Balances - End of Year	<u>\$ 2,068,064</u>	<u>\$ 12,230</u>	<u>\$ 312,580</u>	<u>\$ 202,765</u>	<u>\$ 52,828</u>

**Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2016**

	Parks/ Historic Preservation Fund	Community Development Fund	Fire District Funds	Total Nonmajor Special Revenue Funds
Revenues				
Ad valorem taxes	\$ -	\$ -	\$ 5,548,690	\$ 6,599,215
Restricted intergovernmental revenues	-	87,837	-	519,286
Investment earnings	(31)	245	18,069	52,099
Miscellaneous	-	-	-	1,000
Total revenues	<u>(31)</u>	<u>88,082</u>	<u>5,566,759</u>	<u>7,171,600</u>
Expenditures				
Current				
Public safety	-	-	5,447,925	7,131,142
Economic and physical development	-	100,246	-	100,246
Human services	-	-	-	1,250
Culture and recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>100,246</u>	<u>5,447,925</u>	<u>7,232,638</u>
Excess of revenue over (under) expenditures	<u>(31)</u>	<u>(12,164)</u>	<u>118,834</u>	<u>(61,038)</u>
Other Financing Sources (Uses)				
Transfers from other funds	-	-	-	7,053
Transfers to other funds	(49,000)	-	-	(49,000)
Total other financing sources (uses)	<u>(49,000)</u>	<u>-</u>	<u>-</u>	<u>(41,947)</u>
Net change in fund balance	(49,031)	(12,164)	118,834	(102,985)
Fund Balances - Beginning of Year	<u>50,132</u>	<u>12,164</u>	<u>1,306,029</u>	<u>4,177,416</u>
Fund Balances - End of Year	<u>\$ 1,101</u>	<u>\$ -</u>	<u>\$ 1,424,863</u>	<u>\$ 4,074,431</u>

CATAWBA COUNTY, NORTH CAROLINA

Schedule C-4

**Emergency Telephone System Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2016
 With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015**

	<u>2016</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
Revenues				
Restricted intergovernmental revenues				
North Carolina 911 funds	353,078	352,838	(240)	436,843
North Carolina 911 funds - secondary PSAP	62,995	62,965	(30)	70,520
Investment earnings	-	25,933	25,933	18,473
Total revenues	<u>416,073</u>	<u>441,736</u>	<u>25,663</u>	<u>525,836</u>
Expenditures				
Current				
Public Safety				
Implemental functions	257,133	256,216	917	254,171
Telephone and furniture	183,512	168,263	15,249	57,509
Software maintenance	99,625	63,994	35,631	63,400
Hardware expenditures	32,500	32,354	146	22,386
Training	11,065	5,828	5,237	2,392
Capital outlay	1,844,140	-	1,844,140	163,452
Secondary PSAP	62,995	62,965	30	70,520
Total expenditures	<u>2,490,970</u>	<u>589,620</u>	<u>1,901,350</u>	<u>633,830</u>
Excess of revenues over (under) expenditures	<u>(2,074,897)</u>	<u>(147,884)</u>	<u>1,927,013</u>	<u>(107,994)</u>
Other Financing Sources (Uses)				
Transfers from				
General Fund	7,053	7,053	-	1,350
Transfers to				
General Capital Projects Fund	-	-	-	(197,904)
Fund balance appropriated	2,067,844	-	(2,067,844)	-
Total other financing sources (uses)	<u>2,074,897</u>	<u>7,053</u>	<u>(2,067,844)</u>	<u>(196,554)</u>
Net change in fund balance	<u>\$ -</u>	<u>(140,831)</u>	<u>\$ (140,831)</u>	<u>(304,548)</u>
Fund Balances - Beginning of Year		<u>2,208,895</u>		<u>2,513,443</u>
Fund Balances - End of Year		<u>\$ 2,068,064</u>		<u>\$ 2,208,895</u>

The County transferred \$7,053 from the General Fund to cover ineligible 911 expenses from the prior fiscal year.

CATAWBA COUNTY, NORTH CAROLINA

Schedule C-4A

**Emergency Telephone System Unspent Fund Balance
PSAP Reconciliation
June 30, 2016**

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	\$ (140,831)
Interest revenue adjustment from FY2015 on PSAP report	(1)
Secondary PSAP Pass Through Funding	
NC 911 Funds	62,965
Pass through to Secondary PSAPs	(62,965)
Ineligible 911 expenses reported in Emergency Telephone System Fund in prior year recovered in current year through transfer from General Fund	(7,053)
Ineligible 911 expenses reported in Emergency Telephone System Fund in current year	<u>968</u>
	<u>(146,917)</u>
Beginning Balance, PSAP Revenue-Expenditure Report	<u>2,215,949</u>
Ending Balance, PSAP Revenue- Expenditure Report	<u>\$ 2,069,032</u>

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, 2016
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015

	<u>2016</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
Revenues				
Restricted intergovernmental revenues				
U. S. Treasury				
Drug reimbursement	\$ -	\$ 6,721	\$ 6,721	\$ 4,526
Investment earnings	-	318	318	661
Total revenues	<u>-</u>	<u>7,039</u>	<u>7,039</u>	<u>5,187</u>
Expenditures				
Current				
Public Safety				
Salaries & employee benefits	-	-	-	-
Other operating	76,000	76,000	-	9,800
Capital outlay	-	-	-	9,000
Total expenditures	<u>76,000</u>	<u>76,000</u>	<u>-</u>	<u>18,800</u>
Excess of revenues over (under) expenditures	<u>(76,000)</u>	<u>(68,961)</u>	<u>7,039</u>	<u>(13,613)</u>
Other Financing Sources (Uses)				
Fund balance appropriated	76,000	-	(76,000)	-
Total other financing sources (uses)	<u>76,000</u>	<u>-</u>	<u>(76,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(68,961)</u>	<u>\$ (68,961)</u>	<u>(13,613)</u>
Fund Balances - Beginning of Year		<u>81,191</u>		<u>94,804</u>
Fund Balances - End of Year		<u>\$ 12,230</u>		<u>\$ 81,191</u>

CATAWBA COUNTY, NORTH CAROLINA

Schedule C-6

**Rescue Squads Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2016
 With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015**

	<u>2016</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
Revenues				
Ad valorem taxes	\$ 1,050,525	\$ 1,050,525	\$ -	\$ 1,067,200
Investment earnings	-	4,426	4,426	3,084
Total revenues	<u>1,050,525</u>	<u>1,054,951</u>	<u>4,426</u>	<u>1,070,284</u>
Expenditures	-			
Public Safety				
Other operating	1,050,525	1,017,597	32,928	979,866
Total expenditures	<u>1,050,525</u>	<u>1,017,597</u>	<u>32,928</u>	<u>979,866</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>37,354</u>	<u>37,354</u>	<u>90,418</u>
Other Financing Sources (Uses)				
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>37,354</u>	<u>\$ 37,354</u>	<u>90,418</u>
Fund Balances - Beginning of Year		<u>275,226</u>		<u>184,808</u>
Fund Balances - End of Year		<u>\$ 312,580</u>		<u>\$ 275,226</u>

Library Endowment Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2016
 With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015

	<u>2016</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
Revenues				
Community Foundation	\$ 10,000	\$ 8,925	\$ (1,075)	\$ -
Investment earnings	-	2,488	2,488	1,593
Total revenues	<u>10,000</u>	<u>11,413</u>	<u>1,413</u>	<u>1,593</u>
	-			
Expenditures				
Culture and recreation				
Other operating	15,000	-	15,000	50,000
Total expenditures	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>50,000</u>
Excess of revenues over (under) expenditures	<u>(5,000)</u>	<u>11,413</u>	<u>16,413</u>	<u>(48,407)</u>
Other Financing Sources (Uses)				
Fund balance appropriated	5,000	-	(5,000)	-
Total other financing sources (uses)	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	11,413	<u>\$ 11,413</u>	(48,407)
Fund Balances - Beginning of Year		<u>191,352</u>		<u>239,759</u>
Fund Balances - End of Year		<u>\$ 202,765</u>		<u>\$ 191,352</u>

Gretchen Peed Scholarship Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2016
 With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015

	2016			Actual Prior Year
	Budget	Actual	Over/Under	
Revenues				
Investment earnings	\$ -	\$ 651	\$ 651	\$ 430
Miscellaneous	-	-	-	-
Donations	1,500	1,000	(500)	5,845
Total revenues	<u>1,500</u>	<u>1,651</u>	<u>151</u>	<u>6,275</u>
Expenditures				
Human services				
Scholarship awards	1,500	1,250	250	-
Total expenditures	<u>1,500</u>	<u>1,250</u>	<u>250</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>401</u>	<u>401</u>	<u>6,275</u>
Other Financing Sources (Uses)				
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>401</u>	<u>\$ 401</u>	<u>6,275</u>
Fund Balances - Beginning of Year		<u>52,427</u>		<u>46,152</u>
Fund Balances - End of Year		<u>\$ 52,828</u>		<u>\$ 52,427</u>

Parks/Historic Preservation Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015

	<u>2016</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
Revenues				
Investment earnings	\$ -	\$ (31)	\$ (31)	\$ 423
Total revenues	<u>-</u>	<u>(31)</u>	<u>(31)</u>	<u>423</u>
Expenditures				
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>(31)</u>	<u>(31)</u>	<u>423</u>
Other Financing Sources (Uses)				
Fund balance appropriated	49,000	-	(49,000)	-
Transfers to				
General Capital Projects Fund	(49,000)	(49,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(49,000)</u>	<u>(49,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(49,031)</u>	<u>\$ (49,031)</u>	<u>423</u>
Fund Balances - Beginning of Year		<u>50,132</u>		<u>49,709</u>
Fund Balances - End of Year		<u>\$ 1,101</u>		<u>\$ 50,132</u>



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, 2016

NC Housing Trust Fund (NCHFA) 2015 Urgent Repair Program (URP1504)	Project Authorization	Actual			Over/Under
		Prior Years	Current Year	Total to Date	
Revenues					
Restricted intergovernmental revenues	\$ 50,000	\$ -	\$ 25,701	\$ 25,701	\$ (24,299)
Investment earnings	-	-	58	58	58
Total revenues	<u>50,000</u>	<u>-</u>	<u>25,759</u>	<u>25,759</u>	<u>(24,241)</u>
Expenditures					
Economic and physical development					
Administration	7,500	-	-	-	7,500
Rehabilitation	<u>42,500</u>	<u>-</u>	<u>25,759</u>	<u>25,759</u>	<u>16,741</u>
Total expenditures	<u>50,000</u>	<u>-</u>	<u>25,759</u>	<u>25,759</u>	<u>24,241</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>
Fund Balances - Beginning of Year			<u>-</u>		
Fund Balances - End of Year			<u>\$ -</u>		

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	
Revenues					
Restricted intergovernmental revenues	\$ 225,000	\$ 200,364	\$ 24,636	\$ 225,000	\$ -
Total revenues	<u>225,000</u>	<u>200,364</u>	<u>24,636</u>	<u>225,000</u>	<u>-</u>
Expenditures					
Economic and physical development					
Administration	22,500	20,370	2,130	22,500	-
Rehabilitation	<u>202,500</u>	<u>182,703</u>	<u>19,797</u>	<u>202,500</u>	<u>-</u>
Total expenditures	<u>225,000</u>	<u>203,073</u>	<u>21,927</u>	<u>225,000</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(2,709)</u>	<u>2,709</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (2,709)</u>	<u>2,709</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances - Beginning of Year			<u>(2,709)</u>		
Fund Balances - End of Year			<u>\$ -</u>		

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, 2016

NC Housing Trust Fund (NCHFA) 2014 Urgent Repair Program (URP1403)	Project Authorization	Actual			Over/Under
		Prior Years	Current Year	Total to Date	
Revenues					
Restricted intergovernmental revenues	\$ 75,000	\$ 37,500	\$ 37,500	\$ 75,000	\$ -
Investment earnings	-	259	187	446	446
Total revenues	<u>75,000</u>	<u>37,759</u>	<u>37,687</u>	<u>75,446</u>	<u>446</u>
Expenditures					
Economic and physical development					
Administration	12,800	-	8,177	8,177	4,623
Rehabilitation	<u>62,200</u>	<u>22,886</u>	<u>44,383</u>	<u>67,269</u>	<u>(5,069)</u>
Total expenditures	<u>75,000</u>	<u>22,886</u>	<u>52,560</u>	<u>75,446</u>	<u>(446)</u>
Excess of revenues over (under) expenditures	-	14,873	(14,873)	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 14,873</u>	<u>(14,873)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances - Beginning of Year			<u>14,873</u>		
Fund Balances - End of Year			<u>\$ -</u>		
Grand Total					
Fund Balances - Beginning of Year			<u>12,164</u>		
Fund Balances - End of Year			<u>\$ -</u>		

Fire District Funds
Subcombining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2016

	<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>
Revenues					
Ad valorem taxes	\$ 439,707	\$ 210,023	\$ 785,359	\$ 94,936	\$ 304,839
Investment earnings	579	659	790	4,305	404
Total revenues	<u>440,286</u>	<u>210,682</u>	<u>786,149</u>	<u>99,241</u>	<u>305,243</u>
Expenditures					
Current					
Public safety	<u>455,621</u>	<u>204,256</u>	<u>794,576</u>	-	<u>294,549</u>
Total expenditures	<u>455,621</u>	<u>204,256</u>	<u>794,576</u>	-	<u>294,549</u>
Excess of revenue over (under) expenditures	<u>(15,335)</u>	<u>6,426</u>	<u>(8,427)</u>	<u>99,241</u>	<u>10,694</u>
Other Financing Sources (Uses)					
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	(15,335)	6,426	(8,427)	99,241	10,694
Fund Balances - Beginning of Year	<u>55,966</u>	<u>43,126</u>	<u>72,541</u>	<u>262,277</u>	<u>23,842</u>
Fund Balances - End of Year	<u>\$ 40,631</u>	<u>\$ 49,552</u>	<u>\$ 64,114</u>	<u>\$ 361,518</u>	<u>\$ 34,536</u>

Fire District Funds
Subcombining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2016

	Sherrills Ford Fire District Fund	Bandys Fire District Fund	Maiden Fire District Fund	Claremont Fire District Fund	Catawba Fire District Fund
Revenues					
Ad valorem taxes	\$ 1,604,098	\$ 521,307	\$ 212,898	\$ 258,922	\$ 158,998
Investment earnings	1,595	1,305	1,609	791	4,201
Total revenues	<u>1,605,693</u>	<u>522,612</u>	<u>214,507</u>	<u>259,713</u>	<u>163,199</u>
Expenditures					
Current					
Public safety	<u>1,631,012</u>	<u>501,434</u>	<u>200,917</u>	<u>247,100</u>	<u>152,150</u>
Total expenditures	<u>1,631,012</u>	<u>501,434</u>	<u>200,917</u>	<u>247,100</u>	<u>152,150</u>
Excess of revenue over (under) expenditures	<u>(25,319)</u>	<u>21,178</u>	<u>13,590</u>	<u>12,613</u>	<u>11,049</u>
Other Financing Sources (Uses)					
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	(25,319)	21,178	13,590	12,613	11,049
Fund Balances - Beginning of Year	<u>127,734</u>	<u>81,428</u>	<u>117,963</u>	<u>50,693</u>	<u>327,509</u>
Fund Balances - End of Year	<u>\$ 102,415</u>	<u>\$ 102,606</u>	<u>\$ 131,553</u>	<u>\$ 63,306</u>	<u>\$ 338,558</u>

Fire District Funds
Subcombining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2016

	<u>Long View Fire District Fund</u>	<u>Newton Rural Fire District Fund</u>	<u>Cooksville Fire District Fund</u>	<u>Hickory Rural Fire District Fund</u>	<u>Total Fire District Funds</u>
Revenues					
Ad valorem taxes	\$ 26,820	\$ 452,693	\$ 95,672	\$ 382,418	\$ 5,548,690
Investment earnings	244	511	744	332	18,069
Total revenues	<u>27,064</u>	<u>453,204</u>	<u>96,416</u>	<u>382,750</u>	<u>5,566,759</u>
Expenditures					
Current					
Public safety	<u>26,001</u>	<u>460,520</u>	<u>90,612</u>	<u>389,177</u>	<u>5,447,925</u>
Total expenditures	<u>26,001</u>	<u>460,520</u>	<u>90,612</u>	<u>389,177</u>	<u>5,447,925</u>
Excess of revenue over (under) expenditures	<u>1,063</u>	<u>(7,316)</u>	<u>5,804</u>	<u>(6,427)</u>	<u>118,834</u>
Other Financing Sources (Uses)					
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	1,063	(7,316)	5,804	(6,427)	118,834
Fund Balances - Beginning of Year	<u>18,508</u>	<u>45,278</u>	<u>53,822</u>	<u>25,342</u>	<u>1,306,029</u>
Fund Balances - End of Year	<u>\$ 19,571</u>	<u>\$ 37,962</u>	<u>\$ 59,626</u>	<u>\$ 18,915</u>	<u>\$ 1,424,863</u>

Mountain View Fire District Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016
With Comparative Actual Amounts For Fiscal Year Ended June 30, 2015

	<u>2016</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
Revenues				
Ad valorem taxes	\$ 428,295	\$ 439,707	\$ 11,412	\$ 448,045
Investment earnings	-	579	579	502
Total revenues	<u>428,295</u>	<u>440,286</u>	<u>11,991</u>	<u>448,547</u>
Expenditures				
Public safety				
Transmitted to fire department	455,621	455,621	-	440,554
Total expenditures	<u>455,621</u>	<u>455,621</u>	<u>-</u>	<u>440,554</u>
Excess of revenues over (under) expenditures	(27,326)	(15,335)	11,991	7,993
Other Financing Sources (Uses)				
Fund balance appropriated	27,326	-	(27,326)	-
Total other financing sources (uses)	<u>27,326</u>	<u>-</u>	<u>(27,326)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	(15,335)	<u>\$ (15,335)</u>	7,993
Fund Balances - Beginning of Year		<u>55,966</u>		<u>47,973</u>
Fund Balances - End of Year		<u>\$ 40,631</u>		<u>\$ 55,966</u>

Propst Fire District Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2016
 With Comparative Actual Amounts For Fiscal Year Ended June 30, 2015

	2016			Actual Prior Year
	Budget	Actual	Over/Under	
Revenues				
Ad valorem taxes	\$ 204,256	\$ 210,023	\$ 5,767	\$ 217,495
Investment earnings	-	659	659	352
Total revenues	<u>204,256</u>	<u>210,682</u>	<u>6,426</u>	<u>217,847</u>
Expenditures				
Public safety				
Transmitted to fire department	204,256	204,256	-	205,101
Total expenditures	<u>204,256</u>	<u>204,256</u>	<u>-</u>	<u>205,101</u>
Excess of revenues over (under) expenditures	-	6,426	6,426	12,746
Other Financing Sources (Uses)				
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	6,426	<u>\$ 6,426</u>	12,746
Fund Balances - Beginning of Year		<u>43,126</u>		<u>30,380</u>
Fund Balances - End of Year		<u>\$ 49,552</u>		<u>\$ 43,126</u>

St. Stephens Fire District Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2016
 With Comparative Actual Amounts For Fiscal Year Ended June 30, 2015

	2016			Actual Prior Year
	Budget	Actual	Over/Under	
Revenues				
Ad valorem taxes	\$ 754,913	\$ 785,359	\$ 30,446	\$ 800,768
Investment earnings	-	790	790	766
Total revenues	<u>754,913</u>	<u>786,149</u>	<u>31,236</u>	<u>801,534</u>
Expenditures				
Public safety				
Transmitted to fire department	<u>794,576</u>	<u>794,576</u>	-	<u>818,232</u>
Total expenditures	<u>794,576</u>	<u>794,576</u>	-	<u>818,232</u>
Excess of revenues over (under) expenditures	(39,663)	(8,427)	31,236	(16,698)
Other Financing Sources (Uses)				
Fund balance appropriated	<u>39,663</u>	-	(39,663)	-
Total other financing sources (uses)	<u>39,663</u>	-	(39,663)	-
Net change in fund balance	<u>\$ -</u>	(8,427)	<u>\$ (8,427)</u>	(16,698)
Fund Balances - Beginning of Year		<u>72,541</u>		<u>89,239</u>
Fund Balances - End of Year		<u>\$ 64,114</u>		<u>\$ 72,541</u>

Conover Rural Fire District Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2016
 With Comparative Actual Amounts For Fiscal Year Ended June 30, 2015

	2016			Actual Prior Year
	Budget	Actual	Over/Under	
Revenues				
Ad valorem taxes	\$ 91,265	\$ 94,936	\$ 3,671	\$ 76,970
Investment earnings	-	4,305	4,305	2,160
Total revenues	<u>91,265</u>	<u>99,241</u>	<u>7,976</u>	<u>79,130</u>
Expenditures				
Public safety				
Transmitted to fire department	91,265	-	91,265	-
Total expenditures	<u>91,265</u>	<u>-</u>	<u>91,265</u>	<u>-</u>
Excess of revenues over (under) expenditures	-	99,241	99,241	79,130
Other Financing Sources (Uses)				
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	99,241	<u>\$ 99,241</u>	79,130
Fund Balances - Beginning of Year		<u>262,277</u>		<u>183,147</u>
Fund Balances - End of Year		<u>\$ 361,518</u>		<u>\$ 262,277</u>

Oxford Fire District Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2016
 With Comparative Actual Amounts For Fiscal Year Ended June 30, 2015

	2016			Actual Prior Year
	Budget	Actual	Over/Under	
Revenues				
Ad valorem taxes	\$ 294,549	\$ 304,839	\$ 10,290	\$ 276,545
Investment earnings	-	404	404	489
Total revenues	<u>294,549</u>	<u>305,243</u>	<u>10,694</u>	<u>277,034</u>
Expenditures				
Public safety				
Transmitted to fire department	294,549	294,549	-	300,250
Total expenditures	<u>294,549</u>	<u>294,549</u>	<u>-</u>	<u>300,250</u>
Excess of revenues over (under) expenditures	-	10,694	10,694	(23,216)
Other Financing Sources (Uses)				
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	10,694	<u>\$ 10,694</u>	(23,216)
Fund Balances - Beginning of Year		<u>23,842</u>		<u>47,058</u>
Fund Balances - End of Year		<u>\$ 34,536</u>		<u>\$ 23,842</u>

Sherrills Ford Fire District Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2016
 With Comparative Actual Amounts For Fiscal Year Ended June 30, 2015

	2016			Actual Prior Year
	Budget	Actual	Over/Under	
Revenues				
Ad valorem taxes	\$ 1,570,882	\$ 1,604,098	\$ 33,216	\$ 1,615,057
Investment earnings	-	1,595	1,595	1,345
Total revenues	<u>1,570,882</u>	<u>1,605,693</u>	<u>34,811</u>	<u>1,616,402</u>
Expenditures				
Public safety				
Transmitted to fire department	<u>1,631,012</u>	<u>1,631,012</u>	-	<u>1,591,616</u>
Total expenditures	<u>1,631,012</u>	<u>1,631,012</u>	-	<u>1,591,616</u>
Excess of revenues over (under) expenditures	(60,130)	(25,319)	34,811	24,786
Other Financing Sources (Uses)				
Fund balance appropriated	<u>60,130</u>	-	(60,130)	-
Total other financing sources (uses)	<u>60,130</u>	-	(60,130)	-
Net change in fund balance	<u>\$ -</u>	(25,319)	<u>\$ (25,319)</u>	24,786
Fund Balances - Beginning of Year		<u>127,734</u>		<u>102,948</u>
Fund Balances - End of Year		<u>\$ 102,415</u>		<u>\$ 127,734</u>

Bandys Fire District Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016
With Comparative Actual Amounts For Fiscal Year Ended June 30, 2015

	<u>2016</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
Revenues				
Ad valorem taxes	\$ 501,434	\$ 521,307	\$ 19,873	\$ 464,380
Investment earnings	-	1,305	1,305	736
Total revenues	<u>501,434</u>	<u>522,612</u>	<u>21,178</u>	<u>465,116</u>
Expenditures				
Public safety				
Transmitted to fire department	501,434	501,434	-	468,477
Total expenditures	<u>501,434</u>	<u>501,434</u>	<u>-</u>	<u>468,477</u>
Excess of revenues over (under) expenditures	-	21,178	21,178	(3,361)
Other Financing Sources (Uses)				
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	21,178	<u>\$ 21,178</u>	(3,361)
Fund Balances - Beginning of Year		<u>81,428</u>		<u>84,789</u>
Fund Balances - End of Year		<u>\$ 102,606</u>		<u>\$ 81,428</u>

Maiden Fire District Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016
With Comparative Actual Amounts For Fiscal Year Ended June 30, 2015

	2016			Actual Prior Year
	Budget	Actual	Over/Under	
Revenues				
Ad valorem taxes	\$ 200,917	\$ 212,898	\$ 11,981	\$ 203,102
Investment earnings	-	1,609	1,609	1,051
Total revenues	<u>200,917</u>	<u>214,507</u>	<u>13,590</u>	<u>204,153</u>
Expenditures				
Public safety				
Transmitted to fire department	200,917	200,917	-	197,016
Total expenditures	<u>200,917</u>	<u>200,917</u>	<u>-</u>	<u>197,016</u>
Excess of revenues over (under) expenditures	-	13,590	13,590	7,137
Other Financing Sources (Uses)				
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	13,590	<u>\$ 13,590</u>	7,137
Fund Balances - Beginning of Year		<u>117,963</u>		<u>110,826</u>
Fund Balances - End of Year		<u>\$ 131,553</u>		<u>\$ 117,963</u>

Claremont Fire District Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2016
 With Comparative Actual Amounts For Fiscal Year Ended June 30, 2015

	2016			Actual Prior Year
	Budget	Actual	Over/Under	
Revenues				
Ad valorem taxes	\$ 247,100	\$ 258,922	\$ 11,822	\$ 240,806
Investment earnings	-	791	791	478
Total revenues	<u>247,100</u>	<u>259,713</u>	<u>12,613</u>	<u>241,284</u>
Expenditures				
Public safety				
Transmitted to fire department	<u>247,100</u>	<u>247,100</u>	-	<u>231,251</u>
Total expenditures	<u>247,100</u>	<u>247,100</u>	-	<u>231,251</u>
Excess of revenues over (under) expenditures	-	12,613	12,613	10,033
Other Financing Sources (Uses)				
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>12,613</u>	<u>\$ 12,613</u>	<u>10,033</u>
Fund Balances - Beginning of Year		<u>50,693</u>		<u>40,660</u>
Fund Balances - End of Year		<u>\$ 63,306</u>		<u>\$ 50,693</u>

Catawba Fire District Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2016
 With Comparative Actual Amounts For Fiscal Year Ended June 30, 2015

	2016			Actual Prior Year
	Budget	Actual	Over/Under	
Revenues				
Ad valorem taxes	\$ 152,150	\$ 158,998	\$ 6,848	\$ 139,815
Investment earnings	-	4,201	4,201	2,773
Total revenues	<u>152,150</u>	<u>163,199</u>	<u>11,049</u>	<u>142,588</u>
Expenditures				
Public safety				
Transmitted to fire department	152,150	152,150	-	134,617
Total expenditures	<u>152,150</u>	<u>152,150</u>	<u>-</u>	<u>134,617</u>
Excess of revenues over (under) expenditures	-	11,049	11,049	7,971
Other Financing Sources (Uses)				
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	11,049	<u>\$ 11,049</u>	7,971
Fund Balances - Beginning of Year		<u>327,509</u>		<u>319,538</u>
Fund Balances - End of Year		<u>\$ 338,558</u>		<u>\$ 327,509</u>

Long View Fire District Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2016
 With Comparative Actual Amounts For Fiscal Year Ended June 30, 2015

	2016			Actual Prior Year
	Budget	Actual	Over/Under	
Revenues				
Ad valorem taxes	\$ 26,001	\$ 26,820	\$ 819	\$ 26,624
Investment earnings	-	244	244	170
Total revenues	<u>26,001</u>	<u>27,064</u>	<u>1,063</u>	<u>26,794</u>
Expenditures				
Public safety				
Transmitted to fire department	<u>26,001</u>	<u>26,001</u>	-	<u>26,211</u>
Total expenditures	<u>26,001</u>	<u>26,001</u>	-	<u>26,211</u>
Excess of revenues over (under) expenditures	-	1,063	1,063	583
Other Financing Sources (Uses)				
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>1,063</u>	<u>\$ 1,063</u>	<u>583</u>
Fund Balances - Beginning of Year		<u>18,508</u>		<u>17,925</u>
Fund Balances - End of Year		<u>\$ 19,571</u>		<u>\$ 18,508</u>

Newton Rural Fire District Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016
With Comparative Actual Amounts For Fiscal Year Ended June 30, 2015

	<u>2016</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
Revenues				
Ad valorem taxes	\$ 438,323	\$ 452,693	\$ 14,370	\$ 443,635
Investment earnings	-	511	511	429
Total revenues	<u>438,323</u>	<u>453,204</u>	<u>14,881</u>	<u>444,064</u>
Expenditures				
Public safety				
Transmitted to fire department	460,520	460,520	-	438,068
Total expenditures	<u>460,520</u>	<u>460,520</u>	<u>-</u>	<u>438,068</u>
Excess of revenues over (under) expenditures	(22,197)	(7,316)	14,881	5,996
Other Financing Sources (Uses)				
Fund balance appropriated	22,197	-	(22,197)	-
Total other financing sources (uses)	<u>22,197</u>	<u>-</u>	<u>(22,197)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(7,316)</u>	<u>\$ (7,316)</u>	5,996
Fund Balances - Beginning of Year		<u>45,278</u>		<u>39,282</u>
Fund Balances - End of Year		<u>\$ 37,962</u>		<u>\$ 45,278</u>

Cooksville Fire District Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016
With Comparative Actual Amounts For Fiscal Year Ended June 30, 2015

	<u>2016</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
Revenues				
Ad valorem taxes	\$ 90,612	\$ 95,672	\$ 5,060	\$ 96,943
Investment earnings	-	744	744	465
Total revenues	<u>90,612</u>	<u>96,416</u>	<u>5,804</u>	<u>97,408</u>
Expenditures				
Public safety				
Transmitted to fire department	90,612	90,612	-	91,772
Total expenditures	<u>90,612</u>	<u>90,612</u>	<u>-</u>	<u>91,772</u>
Excess of revenues over (under) expenditures	-	5,804	5,804	5,636
Other Financing Sources (Uses)				
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	5,804	<u>\$ 5,804</u>	5,636
Fund Balances - Beginning of Year		<u>53,822</u>		<u>48,186</u>
Fund Balances - End of Year		<u>\$ 59,626</u>		<u>\$ 53,822</u>

Hickory Rural Fire District Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2016
 With Comparative Actual Amounts For Fiscal Year Ended June 30, 2015

	2016			Actual Prior Year
	Budget	Actual	Over/Under	
Revenues				
Ad valorem taxes	\$ 375,355	\$ 382,418	\$ 7,063	\$ 309,791
Investment earnings	-	332	332	280
Total revenues	<u>375,355</u>	<u>382,750</u>	<u>7,395</u>	<u>310,071</u>
Expenditures				
Public safety				
Transmitted to fire department	389,177	389,177	-	309,051
Total expenditures	<u>389,177</u>	<u>389,177</u>	<u>-</u>	<u>309,051</u>
Excess of revenues over (under) expenditures	(13,822)	(6,427)	7,395	1,020
Other Financing Sources (Uses)				
Fund balance appropriated	13,822	-	(13,822)	-
Total other financing sources (uses)	<u>13,822</u>	<u>-</u>	<u>(13,822)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	(6,427)	<u>\$ (6,427)</u>	1,020
Fund Balances - Beginning of Year		<u>25,342</u>		<u>24,322</u>
Fund Balances - End of Year		<u>\$ 18,915</u>		<u>\$ 25,342</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 Construction Fund -

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

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.

CATAWBA COUNTY, NORTH CAROLINA

Schedule D-1

**Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2016**

	<u>School Capital Fund</u>	<u>School Construction Fund</u>	<u>Hospital Construction Fund</u>	<u>Total Nonmajor Capital Projects Fund</u>
Assets				
Cash and investments	\$ 5,814,463	\$ 7,175,807	\$ 5,087,474	\$ 18,077,744
Due from other governments	1,258,389	26,904	-	1,285,293
Other receivables	-	-	-	-
Interest receivables	10,376	13,749	8,473	32,598
Restricted cash and investments	-	-	-	-
Total assets	<u>7,083,228</u>	<u>7,216,460</u>	<u>5,095,947</u>	<u>19,395,635</u>
Liabilities				
Accounts payable and accrued liabilities	<u>314,534</u>	<u>385,367</u>	-	<u>699,901</u>
Total liabilities	<u>314,534</u>	<u>385,367</u>	-	<u>699,901</u>
Fund Balance				
Restricted				
Stabilization by State Statute	1,268,765	40,653	8,473	1,317,891
Hospital Capital	-	-	5,063,041	5,063,041
Committed				
School Capital	5,499,929	-	-	5,499,929
School Construction	-	6,790,440	-	6,790,440
Hospital Construction	-	-	24,433	24,433
Unassigned	-	-	-	-
Total fund balances	<u>6,768,694</u>	<u>6,831,093</u>	<u>5,095,947</u>	<u>18,695,734</u>
Total liabilities and fund balances	<u>\$ 7,083,228</u>	<u>\$ 7,216,460</u>	<u>\$ 5,095,947</u>	<u>\$ 19,395,635</u>

Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2016

	<u>School Capital Fund</u>	<u>School Construction Fund</u>	<u>Hospital Construction Fund</u>	<u>Total Nonmajor Capital Projects Fund</u>
Revenues				
Other taxes	\$ 4,720,749	\$ -	\$ -	\$ 4,720,749
Restricted intergovernmental revenues	120,825	-	-	120,825
Investment earnings	<u>75,491</u>	<u>112,351</u>	<u>62,684</u>	<u>250,526</u>
Total revenues	<u>4,917,065</u>	<u>112,351</u>	<u>62,684</u>	<u>5,092,100</u>
Expenditures				
Capital outlay	<u>6,691,240</u>	<u>3,293,099</u>	-	<u>9,984,339</u>
Total expenditures	<u>6,691,240</u>	<u>3,293,099</u>	-	<u>9,984,339</u>
Excess of revenues over (under) expenditures	<u>(1,774,175)</u>	<u>(3,180,748)</u>	<u>62,684</u>	<u>(4,892,239)</u>
Other Financing Sources (Uses)				
Transfers from other funds	1,534,988	3,114,653	-	4,649,641
Transfers to other funds	<u>(70,500)</u>	<u>(60,000)</u>	<u>(500,000)</u>	<u>(630,500)</u>
Total other financing sources (uses)	<u>1,464,488</u>	<u>3,054,653</u>	<u>(500,000)</u>	<u>4,019,141</u>
Net change in fund balance	(309,687)	(126,095)	(437,316)	(873,098)
Fund Balances - Beginning of Year	<u>7,078,381</u>	<u>6,957,188</u>	<u>5,533,263</u>	<u>19,568,832</u>
Fund Balances - End of Year	<u>\$ 6,768,694</u>	<u>\$ 6,831,093</u>	<u>\$ 5,095,947</u>	<u>\$ 18,695,734</u>

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, 2016

	Project Authorization	Actual			Over/Under
		Prior Years	Current Year	Total to Date	
Revenues					
Other taxes					
Sales Taxes-Article 40 and 42	\$ 12,860,708	\$ 12,102,219	\$ 4,720,749	\$ 16,822,968	\$ 3,962,260
Restricted intergovernmental revenues					
Public School Building Lottery Fund	120,825	-	120,825	120,825	-
Investment earnings	1,046,665	3,697,899	75,491	3,773,390	2,726,725
Total revenues	<u>14,028,198</u>	<u>15,800,118</u>	<u>4,917,065</u>	<u>20,717,183</u>	<u>6,688,985</u>
Expenditures					
Capital outlay					
Catawba County Schools					
Activity Buses	676,214	585,999	84,197	670,196	6,018
Arndt Middle School Roofing	5,125	-	5,125	5,125	-
Bandys High School Renovations	235,000	26,280	206,083	232,363	2,637
Bandys High School Roofing	5,855	-	5,855	5,855	-
Banoak Elementary Elevator	32,500	-	32,500	32,500	-
Bunker Hill High School Renovations	580,000	120,568	259,561	380,129	199,871
Camera Security/Electrical Doors	585,000	335,431	247,085	582,516	2,484
Capital Projects Manager	33,092	-	33,092	33,092	-
Challenger High School Renovation	75,000	-	26,573	26,573	48,427
Claremont Elementary Roofing	85,000	76,392	8,608	85,000	-
Fire Alarm Upgrades	244,000	199,249	43,605	242,854	1,146
Gymnasium Bleachers	141,000	-	109,295	109,295	31,705
Gymnasium Floors	120,000	103,163	-	103,163	16,837
HVAC Controls System Upgrade	1,560,990	598,470	339,141	937,611	623,379
Jacobs Fork Middle School Hydronic Piping	25,000	21,687	-	21,687	3,313
Maiden Elementary Security Fencing	40,000	5,977	18,906	24,883	15,117
Maiden Middle School Renovations	67,027	58,978	8,049	67,027	-
Maiden Middle School Tennis Courts	70,000	66,120	3,880	70,000	-
Oxford Elementary Gymnasium Floor	85,000	76,190	8,810	85,000	-
Parking Lot Paving	676,000	232,165	415,245	647,410	28,590
Per Capita Allocation	873,600	-	873,600	873,600	-
Plumbing Replacement Systemwide	334,000	-	161,973	161,973	172,027
Propst Crossroads School Land	500,000	-	-	-	500,000
Roof Guttering	120,000	70,217	37,252	107,469	12,531
Roofing Projects	912,000	452,264	290,850	743,114	168,886
Sewer Development	89,000	-	-	-	89,000
St. Stephens High School HVAC Piping	286,240	161,574	5,975	167,549	118,691
Webb Murray Elementary Computers	107,384	84,366	23,017	107,383	1
Total Catawba County Schools	<u>8,564,027</u>	<u>3,275,090</u>	<u>3,248,277</u>	<u>6,523,367</u>	<u>2,040,660</u>
Catawba Valley Community College					
American with Disabilities Act Renovations	295,000	205,741	-	205,741	89,259
Chiller	255,000	-	255,000	255,000	-
Furniture Academy	675,000	-	675,000	675,000	-
Gas Packs	225,000	-	225,000	225,000	-
General Renovations	2,354,706	2,304,706	50,000	2,354,706	-
Truck	40,000	20,000	20,000	40,000	-
Total Catawba Valley Community College	<u>3,844,706</u>	<u>2,530,447</u>	<u>1,225,000</u>	<u>3,755,447</u>	<u>89,259</u>

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, 2016

	Project Authorization	Actual			Over/Under
		Prior Years	Current Year	Total to Date	
Hickory Public Schools					
Hickory Career Magnet School Renovation	235,000	129,227	105,773	235,000	-
Hickory High School Renovation	65,000	-	58,088	58,088	6,912
HVAC Controls Upgrades	155,000	32,938	81,983	114,921	40,079
Longview Elementary Renovations	254,298	31,555	222,573	254,128	170
Paving/Sealing Parking Lots Systemwide	190,000	-	-	-	190,000
Per Capita Allocation	182,908	-	182,908	182,908	-
Rekeying Locks	141,000	133,373	-	133,373	7,627
Security Upgrades	275,000	233,980	25,765	259,745	15,255
Southwest Elementary HVAC	540,000	16,700	169,825	186,525	353,475
Southwest Elementary Mechanical Upgrades	215,000	196,264	-	196,264	18,736
Technology Upgrades	35,000	-	-	-	35,000
Total Hickory Public Schools	2,288,206	774,037	846,915	1,620,952	667,254
Newton-Conover City Schools					
Asbestos Removal	111,032	100,075	3,050	103,125	7,907
Capital Projects Manager	50,325	-	46,025	46,025	4,300
Fire Alarm Upgrades	60,000	37,648	5,305	42,953	17,047
HVAC Upgrades Systemwide	250,000	-	244,298	244,298	5,702
Per Capita Allocation	167,544	-	167,544	167,544	-
Roofing Projects	832,272	783,692	36,630	820,322	11,950
Security Upgrades Systemwide	240,000	99,293	102,665	201,958	38,042
Shuford Elementary Roofing	750,000	29,695	720,305	750,000	-
South Newton Elementary Furnishings	300,000	299,946	54	300,000	-
Summit System	18,750	-	18,750	18,750	-
Thornton Elementary Renovations	300,000	246,814	26,422	273,236	26,764
Total Newton-Conover City Schools	3,079,923	1,597,163	1,371,048	2,968,211	111,712
Total expenditures	17,776,862	8,176,737	6,691,240	14,867,977	2,908,885
Excess of revenues over (under) expenditures	(3,748,664)	7,623,381	(1,774,175)	5,849,206	9,597,870
Other Financing Sources (Uses)					
Transfers from					
General Fund	1,474,988	-	1,474,988	1,474,988	-
School Construction Fund	95,000	35,000	60,000	95,000	-
Transfers to					
General Fund	(630,000)	(580,000)	(50,000)	(630,000)	-
School Construction Fund	(20,500)	-	(20,500)	(20,500)	-
Fund Balance Appropriated	2,829,176	-	-	-	(2,829,176)
Total other financing sources (uses)	3,748,664	(545,000)	1,464,488	919,488	(2,829,176)
Net change in fund balance	\$ -	\$ 7,078,381	(309,687)	\$ 6,768,694	\$ 6,768,694
Fund Balances - Beginning of Year			7,078,381		
Fund Balances - End of Year			\$ 6,768,694		

School Construction Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances -- Budget and Actual
 From Inception and for the Year Ended June 30, 2016

	Project Authorization	Actual			Over/Under
		Prior Years	Current Year	Total to Date	
Revenues					
Investment earnings	-	1,902,247	112,351	2,014,598	2,014,598
Total revenues	-	1,902,247	112,351	2,014,598	2,014,598
Expenditures					
Catawba County Schools					
Arndt Middle School Addition	1,624	-	1,624	1,624	-
Banoak Elementary	500,000	-	-	-	500,000
Fred T Foard Fieldhouse	1,538,000	-	656,660	656,660	881,340
St. Stephens High School Cafeteria	4,637	-	4,637	4,637	-
Webb Murray Elementary Renovation	5,791,039	5,766,577	18,713	5,785,290	5,749
Total Catawba County Schools	7,835,300	5,766,577	681,634	6,448,211	1,387,089
Catawba Valley Community College					
East Campus Renovation	5,151,859	2,498,246	379,625	2,877,871	2,273,988
Vocational Building	25,100,000	961,492	483,773	1,445,265	23,654,735
Total Catawba Valley Community College	30,251,859	3,459,738	863,398	4,323,136	25,928,723
Hickory Public Schools					
Longview Elementary	11,909,669	11,627,271	189,217	11,816,488	93,181
Total Hickory Public Schools	11,909,669	11,627,271	189,217	11,816,488	93,181
Newton-Conover City Schools					
Newton-Conover High School Bleachers	2,394,400	-	1,488,670	1,488,670	905,730
Newton-Conover Middle School	19,915,000	19,896,325	18,675	19,915,000	-
Newton-Conover Middle School to Elementary	1,085,000	1,084,190	810	1,085,000	-
South Newton Elementary	11,590,580	11,457,586	50,695	11,508,281	82,299
Total Newton-Conover City Schools	34,984,980	32,438,101	1,558,850	33,996,951	988,029
Other					
Future Projects	850,000	-	-	-	850,000
Future Debt Service	11,884,064	-	-	-	11,884,064
Total Other	12,734,064	-	-	-	12,734,064
Total expenditures	97,715,872	53,291,687	3,293,099	56,584,786	41,131,086
Excess of revenues over (under) expenditures	(97,715,872)	(51,389,440)	(3,180,748)	(54,570,188)	43,145,684
Other Financing Sources (Uses)					
Transfers from					
General Fund	11,806,331	8,712,178	3,094,153	11,806,331	-
School Capital Fund	197,900	177,400	20,500	197,900	-
Transfers to					
School Capital Fund	(95,000)	(35,000)	(60,000)	(95,000)	-
Installment Purchase Obligations Issued 2016	13,722,400	-	-	-	(13,722,400)
Installment Purchase Obligations Issued 2015	2,000,000	-	-	-	(2,000,000)
Installment Purchase Obligations Issued 2014	15,700,000	-	-	-	(15,700,000)
Installment Purchase Obligations Issued 2013	24,615,250	21,615,250	-	21,615,250	(3,000,000)
Build America Bonds 2010	5,791,447	5,791,447	-	5,791,447	-

School Construction Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances -- Budget and Actual
 From Inception and for the Year Ended June 30, 2016

	Project Authorization	Actual			Over/Under
		Prior Years	Current Year	Total to Date	
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	-
Fund Balance Appropriated	1,892,191	-	-	-	(1,892,191)
Total other financing sources (uses)	<u>97,715,872</u>	<u>58,346,628</u>	<u>3,054,653</u>	<u>61,401,281</u>	<u>(36,314,591)</u>
Net change in fund balance	\$ -	\$ 6,957,188	(126,095)	\$ 6,831,093	\$ 6,831,093
Fund Balances - Beginning of Year			<u>6,957,188</u>		
Fund Balances - End of Year			<u>\$ 6,831,093</u>		

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, 2016

	Project Authorization	Actual			Over/Under
		Prior Years	Current Year	Total to Date	
Revenues					
Investment earnings	\$ -	\$ 24,433	\$ -	\$ 24,433	\$ 24,433
Expenditures					
Capital outlay	-	-	-	-	-
Excess of revenues over (under) expenditures	-	24,433	-	24,433	24,433
Net change in fund balance	\$ -	\$ 24,433	-	\$ 24,433	\$ 24,433
Fund Balances - Beginning of Year			24,433		
Fund Balances - End of Year			24,433		
Amounts reported for Revenue, Expenditures and Changes in Fund Balance are different from the Budget/Actual Statement due to consolidation o					
Capital Reserve Fund:					
Investment Earnings			62,684		
Transfers			(500,000)		
Fund Balance - Beginning (Hospital Capital Reserve Fund)			5,508,830		
Fund Balance - Ending (Consolidated Hospital Construction Fund)			\$ 5,095,947		

Hospital Capital Reserve Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2016
 With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015

	2016			Actual Prior Year
	Budget	Actual	Over/Under	
Revenues				
Investment earnings	\$ -	\$ 62,684	\$ 62,684	\$ 46,534
Total revenues	-	62,684	62,684	46,534
Expenditures				
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	-	62,684	62,684	46,534
Other Financing Sources (Uses)				
Transfer to General Fund	(500,000)	(500,000)	-	
Fund Balance Appropriated	500,000	-	(500,000)	-
Total other financing sources (uses)	-	(500,000)	(500,000)	-
Net change in fund balance	\$ -	(437,316)	\$ (437,316)	46,534
Fund Balances - Beginning of Year		5,508,830		5,462,296
Fund Balances - End of Year		\$ 5,071,514		\$ 5,508,830

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, 2016

	Project Authorization	Actual			Over/Under
		Prior Years	Current Year	Total to Date	
Revenues					
Other Taxes					
Sales Taxes - Article 46-one quarter of one percent	\$ 14,870,916	\$ 14,661,723	\$ 265,452	\$ 14,927,175	\$ 56,259
Restricted intergovernmental revenues					
Municipalities Grants	89,170	89,189	-	89,189	19
Water Management Trust - CWMTF 2008-006	2,060,272	2,060,272	-	2,060,272	-
Investment earnings	293,412	6,743,309	365,663	7,108,972	6,815,560
Miscellaneous					
Animal Shelter	-	7,766	-	7,766	7,766
Duke Energy	1,219,588	1,119,588	100,000	1,219,588	-
Library Donations	-	12,768	-	12,768	12,768
Miscellaneous	298,138	452,792	-	452,792	154,654
Park Donations	403,175	212,150	150,000	362,150	(41,025)
Rental - Jail Beds	3,317,153	3,622,068	478,647	4,100,715	783,562
Rental - Lifeskills	69,928	123,760	-	123,760	53,832
Total revenues	<u>22,621,752</u>	<u>29,105,385</u>	<u>1,359,762</u>	<u>30,465,147</u>	<u>7,843,395</u>
Expenditures					
Capital outlay					
Animal Shelter - New	4,200,000	4,158,068	1,975	4,160,043	39,957
Animal Shelter (former) Renovation	350,000	5,400	-	5,400	344,600
Bandys EMS Addition	321,520	-	-	-	321,520
Bunker Hill Covered Bridge	194,305	-	181,891	181,891	12,414
Carolina Thread Trail	87,000	11,000	48,610	59,610	27,390
Economic Development	1,054,395	103,189	17,267	120,456	933,939
Emergency Services Hazmat Truck	300,000	261,774	-	261,774	38,226
Employment Security Commission Building	168,800	58,871	-	58,871	109,929
Future EMS Base	236,000	-	-	-	236,000
Future Unspecified Projects	427,665	-	-	-	427,665
General Renovations	1,278,819	1,095,915	73,215	1,169,130	109,689
Jail Door Repair	50,000	30,038	19,962	50,000	-
Jail Expansion	5,144,245	-	411	411	5,143,834
Jail Expansion - Federal Beds	550,000	-	-	-	550,000
Jail Expansion - Female Beds	50,000	48,098	-	48,098	1,902
Justice Center Expansion/Public Safety	44,227,806	15,417,982	13,887,103	29,305,085	14,922,721
Lifeskills Building Maintenance	69,928	-	-	-	69,928
Mountain Creek Park	3,879,860	3,363,035	5,545	3,368,580	511,280
Multi-jurisdictional Data Park	2,600,000	197,846	170,590	368,436	2,231,564
Oblique Photography	245,000	196,793	47,997	244,790	210
Park 1764 - Hickory	366,435	-	32,646	32,646	333,789
Park Improvements	227,551	-	11,530	11,530	216,021
Permitting/Inspections System	820,000	758,225	8,392	766,617	53,383
Public Safety	266,000	62,081	125,915	187,996	78,004
Radio Transmit Base Station	150,000	-	-	-	150,000
Rescue Squad - Newton-Conover	120,000	-	-	-	120,000
Roofing Projects	526,727	453,909	(327)	453,582	73,145
Server & Desktop Applications	2,215,000	1,737,554	156,413	1,893,967	321,033
Sherrills Ford Library	3,165,800	3,018,684	21,116	3,039,800	126,000

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, 2016

	Project Authorization	Actual			Over/Under
		Prior Years	Current Year	Total to Date	
Technology Infrastructure Upgrades	3,290,100	2,243,405	977,272	3,220,677	69,423
Viper 800mhz System	496,146	401,364	-	401,364	94,782
Voting Equipment	611,311	-	309,630	309,630	301,681
Total expenditures	<u>77,690,413</u>	<u>33,623,231</u>	<u>16,097,153</u>	<u>49,720,384</u>	<u>27,970,029</u>
Excess of revenues over (under) expenditures	<u>(55,068,661)</u>	<u>(4,517,846)</u>	<u>(14,737,391)</u>	<u>(19,255,237)</u>	<u>35,813,424</u>
Other Financing Sources (Uses)					
Transfers from					
General Fund	17,073,860	13,952,583	3,121,277	17,073,860	-
General Capital Reserve Fund	225,156	225,156	-	225,156	-
Emergency Telephone Fund Transfer	3,060,919	3,060,919	-	3,060,919	-
Park Preservation Fund	177,130	128,130	49,000	177,130	-
Department of Commerce loan issued (Grant 12-L-2401)	2,600,000	2,600,000	-	2,600,000	-
Installment purchase issued	8,907,500	4,850,000	570,000	5,420,000	(3,487,500)
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
Fund balance appropriated	<u>2,899,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,899,096)</u>
Total other financing sources (uses)	<u>55,068,661</u>	<u>47,102,842</u>	<u>3,740,277</u>	<u>50,843,119</u>	<u>(4,225,542)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 42,584,996</u>	<u>(10,997,114)</u>	<u>\$ 31,587,882</u>	<u>\$ 31,587,882</u>
Fund Balances - Beginning of Year			<u>42,584,996</u>		
Fund Balances - End of Year			<u>\$ 31,587,882</u>		



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, 2016
 With Comparative Actual Amounts For Fiscal Year Ended June 30, 2015**

	<u>2016</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
Revenues				
Operating revenues				
Charges for services				
Solid waste charges	\$ 4,546,799	\$ 5,288,824		
Methane recovery	1,039,298	896,689		
Other operating	67,000	84,880		
Total operating revenues	<u>5,653,097</u>	<u>6,270,393</u>	<u>617,296</u>	<u>5,818,365</u>
Nonoperating revenues				
Investment earnings	-	213,048		
Tire disposal tax	180,000	206,666		
Solid waste disposal tax	62,000	67,368		
White goods disposal tax	42,000	53,010		
Scrap tire grant	34,000	14,325		
Electronics management distribution	9,000	15,083		
Hickory community relations	3,000	3,000		
Proceeds from sale of equipment	-	54,235		
Miscellaneous	-	3,461		
Total nonoperating revenues	<u>330,000</u>	<u>630,196</u>	<u>300,196</u>	<u>600,496</u>
Total revenues	<u>5,983,097</u>	<u>6,900,589</u>	<u>917,492</u>	<u>6,418,861</u>
Expenditures				
Solid Waste Management				
Administration				
Salaries & employee benefits	249,094	246,751		
Other operating	303,742	295,828		
	<u>552,836</u>	<u>542,579</u>	<u>10,257</u>	<u>521,972</u>
Recycling				
Salaries & employee benefits	66,699	64,838		
Other operating	81,550	61,821		
	<u>148,249</u>	<u>126,659</u>	<u>21,590</u>	<u>73,596</u>
Solid Waste Management Improvements				
Other operating	382,919	122,194		
	<u>382,919</u>	<u>122,194</u>	<u>260,725</u>	<u>93,299</u>
Solid Waste Code Enforcement				
Salaries & employee benefits	82,426	79,691		
Other operating	34,901	12,978		
	<u>117,327</u>	<u>92,669</u>	<u>24,658</u>	<u>89,871</u>
Biodiesel and Freon Recovery				
Other operating	-	-		
	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,420</u>

Solid Waste Management Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2016
With Comparative Actual Amounts For Fiscal Year Ended June 30, 2015

	<u>2016</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
Sanitary Landfill				
Salaries & employee benefits	1,128,877	1,066,606		
Other operating	<u>2,260,071</u>	<u>1,828,529</u>		
	<u>3,388,948</u>	<u>2,895,135</u>	<u>493,813</u>	<u>2,600,952</u>
Convenience Centers				
Other operating	<u>2,200</u>	<u>1,378</u>		
	<u>2,200</u>	<u>1,378</u>	<u>822</u>	<u>1,187</u>
Blackburn Landfill - Methane Recovery				
Salaries & employee benefits	129,009	134,341		
Other operating	<u>726,056</u>	<u>465,924</u>		
	<u>855,065</u>	<u>600,265</u>	<u>254,800</u>	<u>632,334</u>
Total operating expenditures	<u>5,447,544</u>	<u>4,380,879</u>	<u>1,066,665</u>	<u>4,021,631</u>
Capital outlay	<u>1,422,714</u>	<u>1,106,652</u>	<u>316,062</u>	<u>156,845</u>
Total expenditures	<u>6,870,258</u>	<u>5,487,531</u>	<u>1,382,727</u>	<u>4,178,476</u>
Excess of revenues over (under) expenditures	<u>(887,161)</u>	<u>1,413,058</u>	<u>2,300,219</u>	<u>2,240,385</u>
Other Financing Sources (Uses)				
Transfer from General fund	42,050	42,050	-	
Transfer to Solid Waste Capital Fund	(2,500,148)	(2,500,148)		
Fund balance appropriated	<u>3,345,259</u>	<u>-</u>	<u>(3,345,259)</u>	
Total other financing sources (uses)	<u>887,161</u>	<u>(2,458,098)</u>	<u>(3,345,259)</u>	<u>(750,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (1,045,040)</u>	<u>\$ (1,045,040)</u>	<u>\$ 1,490,385</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Revenues and other financing sources over (under) expenditures and other financing uses		<u>\$ (1,045,040)</u>		
Reconciling items				
Capital outlay		1,106,652		
Expenses not capitalized		(98,998)		
Depreciation		(763,387)		
Contributions made to the pension plan in the current fiscal year		79,092		
(Increase) decrease in accrued landfill closure and postclosure care		(100,000)		
(Increase) decrease in compensated absences		(5,939)		
(Increase) decrease in net OPEB obligation		(27,227)		
Pension expense		(48,866)		
Revenues from capital projects		61,841		
Transfers from capital projects		<u>2,500,148</u>		
Total reconciling items		<u>2,703,316</u>		
Change in net position (Exhibit 7) (full accrual)		<u>\$ 1,658,276</u>		

CATAWBA COUNTY, NORTH CAROLINA

Schedule E-2

**Solid Waste Management Capital Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2016**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues					
North Carolina Biofuels Grant	\$ 15,000	\$ -	\$ -	\$ -	\$ (15,000)
Landfill user fees	1,918,377	1,918,377	-	1,918,377	-
Investment earnings	-	56,610	61,841	118,451	118,451
Total revenues	<u>1,933,377</u>	<u>1,974,987</u>	<u>61,841</u>	<u>2,036,828</u>	<u>103,451</u>
Expenditures					
Capital outlay					
Bethany Church Road Landfill	350,000	-	-	-	350,000
Crop Processing Facility	980,790	979,331	-	979,331	1,459
EcoComplex Facility	500,000	324,031	-	324,031	175,969
Heat Exchange Facility	75,000	11,470	-	11,470	63,530
Methane Gas Skid & Flare	1,750,148	25,454	691,259	716,713	1,033,435
Subtitle D Cell Construction	2,977,587	-	-	-	2,977,587
Wood Gasification Facility	100,000	21,465	10,000	31,465	68,535
Total expenditures	<u>6,733,525</u>	<u>1,361,751</u>	<u>701,259</u>	<u>2,063,010</u>	<u>4,670,515</u>
Excess of revenues over (under) expenditures	<u>(4,800,148)</u>	<u>613,236</u>	<u>(639,418)</u>	<u>(26,182)</u>	<u>4,773,966</u>
Other Financing Sources (Uses)					
Transfer from Solid Waste Operating	<u>4,800,148</u>	<u>2,300,000</u>	<u>2,500,148</u>	<u>4,800,148</u>	<u>-</u>
Total other financing sources (uses)	<u>4,800,148</u>	<u>2,300,000</u>	<u>2,500,148</u>	<u>4,800,148</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 2,913,236</u>	<u>\$ 1,860,730</u>	<u>\$ 4,773,966</u>	<u>\$ 4,773,966</u>

CATAWBA COUNTY, NORTH CAROLINA

Schedule E-3

**Water and Sewer Fund
 Schedule of Revenues, Expenditures - Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2016
 With Comparative Actual Amounts For Fiscal Year Ended June 30, 2015**

	<u>2016</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
Revenues				
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	-	-		
Municipality revenue	533,000	725,739		
Domestic Haulers	69,000	75,000		
Capital fees	44,000	57,375		
Investment earnings	-	163,522		
Total nonoperating revenues	<u>646,000</u>	<u>1,021,636</u>	<u>375,636</u>	<u>831,685</u>
Total revenues	<u>646,000</u>	<u>1,021,636</u>	<u>375,636</u>	<u>831,685</u>
Expenditures				
Water and Sewer				
Water and Sewer Administration				
Salaries & employee benefits	110,262	110,014		
Other operating	1,565,546	723,288		
Principal	1,221,375	1,221,370		
Interest	323,960	313,785		
Total expenditures	<u>3,221,143</u>	<u>2,368,457</u>	<u>852,686</u>	<u>2,142,370</u>
Excess of revenues over (under) expenditures	<u>(2,575,143)</u>	<u>(1,346,821)</u>	<u>1,228,322</u>	<u>(1,310,685)</u>
Other Financing Sources (Uses)				
Transfer from General fund	1,575,000	1,575,000		
Fund balance appropriated	1,000,143	-		
Total other financing sources (uses)	<u>2,575,143</u>	<u>1,575,000</u>	<u>(1,000,143)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 228,179</u>	<u>\$ 228,179</u>	<u>\$ (1,310,685)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Revenues and other financing sources over (under) expenditures and other financing uses		<u>\$ 228,179</u>		
Reconciling items				
Depreciation		(230,467)		
Contributions made to the pension plan in the current fiscal year		435		
Loan principal		1,221,370		
Revenues from capital projects		1,371,364		
(Increase) decrease in compensated absences		(908)		
(Increase) decrease in net OPEB obligation		(1,047)		
Pension expense		(3,533)		
Project expenditures not capitalized		(897,285)		
Total reconciling items		<u>1,459,929</u>		
Change in net position (full accrual)		<u>\$ 1,688,108</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, 2016**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues					
Other Taxes					
Sales Taxes - Article 46 - one quarter of one percent	\$ 3,334,437	\$ 2,721,741	\$ 870,975	\$ 3,592,716	\$ 258,279
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	514,486	223,191	737,677	(12,323)
State Clean Water Grant (E-SRG-T-02-0139)	1,633,742	1,633,742	-	1,633,742	-
Investment earnings	-	1,943,542	277,198	2,220,740	2,220,740
Miscellaneous					
Southeastern County Water Project	12,141	-	-	-	(12,141)
Total revenues	7,230,320	8,313,511	1,371,364	9,684,875	2,454,555
Expenditures					
Capital outlay					
Balls Creek Water Phase I	645,886	-	-	-	645,886
Balls Creek Water Phase II	1,996,019	130,219	24,797	155,016	1,841,003
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	22,545	299,852	322,397	27,603
Community Development Block Grants (CDBG)					
Old Shelby Road (12-C-2512)	813,000	532,666	217,757	750,423	62,577
Community Road Water	300,000	-	-	-	300,000
County Complex Water and Sewer	116,000	56,657	-	56,657	59,343
State Clean Water Grants					
Bunker Hill Sewer (E-SRG-T-02-0139)	2,768,734	2,153,193	-	2,153,193	615,541
Davis Road Water	899,425	43,665	187,013	230,678	668,747
EcoComplex and Resource Recovery	1,669,367	980,424	-	980,424	688,943
EcoComplex Utilities	75,000	-	-	-	75,000
EPA Stormwater Phase II	250,000	64,569	-	64,569	185,431
Farmfield Acres Water	230,000	-	-	-	230,000
Heatherbrook Subdivision Water	289,000	206,020	-	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	7,848,218	63,525	7,911,743	88,257
Hwy 150 Sewer Service Phase I and II	935,329	250,491	92,789	343,280	592,049
Landsdown Sewer	657,000	-	-	-	657,000
Landsdown Water	293,000	-	-	-	293,000
Leeland Terrace Subdivision Water	213,226	87,726	-	87,726	125,500
McLin/Lyle Creek Sewer Outfall	2,576,393	-	-	-	2,576,393
Mountain View Elementary Water	30,000	28,800	-	28,800	1,200
Park 1764 - Hickory	700,000	-	-	-	700,000
Ramseur Road Water	97,500	89,243	-	89,243	8,257
Southeastern Catawba County Water Improvements	12,141	-	-	-	12,141
Sludge Composting Project	3,305,918	2,227,101	385,623	2,612,724	693,194
Southeastern Catawba County Wastewater	6,810,573	6,598,867	74,599	6,673,466	137,107
Southeastern Catawba County Water Supply Loop	6,706,236	6,503,371	139,912	6,643,283	62,953
Total expenditures	45,505,298	30,926,063	1,485,867	32,411,930	13,093,368

Water and Sewer Capital Fund
 Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
 From Inception and for the Year Ended June 30, 2016

	<u>Project Authorization</u>	<u>Actual</u>			<u>Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Excess of revenues over (under) expenditures	<u>(38,274,978)</u>	<u>(22,612,552)</u>	<u>(114,503)</u>	<u>(22,727,055)</u>	<u>15,547,923</u>
Other Financing Sources (Uses)					
Transfers from (to)					
General Fund	5,351,195	5,351,195	-	5,351,195	-
Water and Sewer Construction Fund - Governmental	17,277,039	30,304,449	-	30,304,449	13,027,410
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	-
Fund balance appropriated	<u>6,146,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,146,744)</u>
Total other financing sources (uses)	<u>38,274,978</u>	<u>45,155,644</u>	<u>-</u>	<u>45,155,644</u>	<u>6,880,666</u>
Revenues and other sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 22,543,092</u>	<u>\$ (114,503)</u>	<u>\$ 22,428,589</u>	<u>\$ 22,428,589</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.

Sheriff Civil Fund – accounts for monies deposited with the Sheriff department for inmates.

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.

Fines and Forfeitures Fund - accounts for various legal fines and forfeitures that the County is required to remit to the Catawba County Board of Education, Hickory City Board of Education and Newton-Conover City Board of Education.

All Agency Funds
 Combining Statement of Changes in Assets and Liabilities
 For Fiscal Year Ended June 30, 2016

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>
Social Services Fund				
Assets				
Cash and investments	\$ 44,085	\$ 449,024	\$ 447,963	\$ 45,146
Liabilities				
Miscellaneous liabilities	\$ 44,085	\$ 449,024	\$ 447,963	\$ 45,146
Sheriff Commissary Fund				
Assets				
Cash and investments	\$ 26,922	\$ 307,124	\$ 302,836	\$ 31,210
Liabilities				
Miscellaneous liabilities	\$ 26,922	\$ 307,124	\$ 302,836	\$ 31,210
Sheriff Civil Fund				
Assets				
Cash and investments	\$ -	\$ 452,866	\$ 449,966	\$ 2,900
Liabilities				
Miscellaneous liabilities	\$ -	\$ 452,866	\$ 449,966	\$ 2,900
Deed of Trust Fee Fund				
Assets				
Cash and investments	\$ 9,250	\$ 102,864	\$ 102,362	\$ 9,752
Liabilities				
Intergovernmental payable - State of North Carolina	\$ 9,250	\$ 102,864	\$ 102,362	\$ 9,752
Fines and Forfeitures				
Assets				
Cash and investments	\$ -	\$ 483,616	\$ 483,616	\$ -
Liabilities				
Intergovernmental payable - Local Boards of Education	\$ -	\$ 483,616	\$ 483,616	\$ -
Total - All Agency Funds				
Assets				
Cash and investments	\$ 80,257	\$ 1,795,494	\$ 1,786,743	\$ 89,008
Liabilities				
Miscellaneous liabilities	\$ 80,257	\$ 1,795,494	\$ 1,786,743	\$ 89,008

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

General Long-Term Debt Requirements and Maturity Schedule

CATAWBA COUNTY, NORTH CAROLINA

**Schedule of Cash and Investment Balances
June 30, 2016**

	Amounts Represented on Statements	Cost Value	Fair Value
Cash			
On hand	\$ 9,631	\$ 9,631	\$ 9,631
(interest bearing)	9,581,779	9,581,779	9,581,779
(noninterest bearing)	79,256	79,256	79,256
Certificates of deposit	250,133	250,133	250,133
Money Market, unrestricted	3,048,707	3,048,707	3,048,707
Money Market, restricted for capital	10,014,104	10,014,104	10,014,104
Finistar	2,613,949	2,613,949	2,613,949
Total cash	<u>\$ 25,597,559</u>	<u>\$ 25,597,559</u>	<u>\$ 25,597,559</u>
Other Investments			
North Carolina Capital Management Trust, Cash Portfolio	26,492,090	26,492,090	26,492,090
North Carolina Capital Management Trust, Term Portfolio	20,104,443	20,104,443	20,104,443
Debt Escrow, restricted for capital	523	523	523
Commercial Paper	8,930,783	8,930,783	8,930,783
Federal Farm Credit	24,033,810	23,974,050	24,033,810
Federal Home Loan Bank	10,587,976	10,748,779	10,587,976
Federal Home Loan Mortgage Corporation	25,160,066	25,265,991	25,160,066
Federal National Mortgage Association	38,102,324	37,800,592	38,102,324
Total other investments	<u>\$ 153,412,015</u>	<u>\$ 153,317,251</u>	<u>\$ 153,412,015</u>
Total cash and investments	<u>\$ 179,009,574</u>	<u>\$ 178,914,810</u>	<u>\$ 179,009,574</u>

CATAWBA COUNTY, NORTH CAROLINA

**Schedule of Cash and Investment Balances
June 30, 2016**

Distribution by funds

General Fund	\$	56,660,274	
Restricted cash		10,957,457	\$ 67,617,731
Special Revenue Funds			
Emergency Telephone System Fund	\$	2,054,555	
Narcotics Seized Funds and Property Fund		12,212	
Rescue Squads Fund		311,848	
Library Endowment Fund		202,428	
Gretchen Peed Scholarship Fund		52,740	
Parks Preservation Trust Fund		1,099	
Fire District Funds		<u>1,373,534</u>	4,008,416
Capital Projects Funds			
Schools Capital Projects Fund	\$	5,814,463	
Hospital Construction Fund		5,087,474	
School Construction Fund		7,175,807	
General Capital Projects Fund		29,932,223	
Restricted Cash		<u>2,231,565</u>	50,241,532
Enterprise Fund			
Water & Sewer Fund	\$	34,995,730	
Solid Waste Management Fund		22,057,157	57,052,887
Fiduciary Funds			
Social Services Fund	\$	45,146	
Sheriff Commissary Fund		31,210	
Sheriff Civil Fund		2,900	
Deed of Trust Fee Fund		9,752	
Fines and Forfeitures		<u>-</u>	<u>89,008</u>
Total			\$ <u>179,009,574</u>

Analysis of Current Tax Levy
For the Year Ended June 30, 2016

	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	\$ 16,057,563,096	0.575	\$ 92,330,988	\$ 84,859,599	\$ 7,471,389
Penalties	-		58,572	58,572	-
Total	16,057,563,096		92,389,560	84,918,171	7,471,389
Discoveries:					
Current year taxes	58,875,635	0.575	338,535	338,535	-
Penalties	-		46,294	46,294	-
Total	58,875,635		384,829	384,829	-
Abatements:	(22,098,574)		(231,933)	(231,909)	(23)
Total property valuation	<u>\$ 16,094,340,156</u>				
Net levy			92,542,456	85,071,090	7,471,366
Uncollected taxes at June 30, 2016			1,685,742	1,685,575	167
Current year's taxes collected			<u>\$ 90,856,714</u>	<u>\$ 83,385,515</u>	<u>\$ 7,471,199</u>
Current levy collection percentage			<u>98.18%</u>	<u>98.02%</u>	<u>100.00%</u>

Secondary Market Disclosures

Assessed Valuation:	
Assessment Ratio ⁽¹⁾	100%
Real Property	\$ 11,564,008,687
Personal Property	3,742,083,773
Public Service Companies ⁽²⁾	788,247,696
Total Assessed Valuation	\$ 16,094,340,156
Tax Rate per \$100	0.575
Levy (includes discoveries, releases and abatements) ⁽³⁾	<u>\$ 92,542,456</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	\$ 5,556,486
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⁽¹⁾ Percentage of appraised value has been established by statute.

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

⁽³⁾ The levy includes interest and penalties.

CATAWBA COUNTY, NORTH CAROLINA

Schedule I-1

**Schedule of Taxes Receivable
June 30, 2016**

<u>General Fund</u>	<u>Uncollected Balance June 30, 2015</u>	<u>Additions and Adjustments</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2016</u>
2015	\$ -	\$ 92,542,456	\$ 90,856,714	\$ 1,685,742
2014	1,764,670	-	844,383	920,287
2013	1,232,858	-	355,664	877,194
2012	1,025,917	-	217,132	808,785
2011	770,091	-	134,343	635,748
2010	613,536	-	81,422	532,114
2009	508,499	-	50,235	458,264
2008	466,145	-	34,422	431,723
2007	364,096	-	20,929	343,167
2006	270,912	-	10,958	259,954
Prior	244,469	-	244,469	-
	<u>\$ 7,261,193</u>	<u>\$ 92,542,456</u>	<u>\$ 92,850,671</u>	<u>\$ 6,952,978</u>
Less allowance for uncollectible taxes	<u>5,739,909</u>			<u>5,593,316</u>
Taxes receivable -- net	<u>\$ 1,521,284</u>			<u>\$ 1,359,662</u>

Reconciliation with revenues:

<u>Ad valorem taxes</u>	
General Fund	\$ 92,265,077
Rescue Squad Fund	<u>1,050,525</u>
Total ad valorem taxes	\$ 93,315,602
<u>Reconciling items:</u>	
Penalties and interest collected	(612,540)
Tax on leased vehicle collected	(129,992)
Prior year release/adjustments	33,132
Taxes written off	<u>244,469</u>
Total reconciling items	<u>(464,931)</u>
Total collections	<u>\$ 92,850,671</u>

CATAWBA COUNTY, NORTH CAROLINA
General Long-Term Debt Requirements and Maturity Schedule
June 30, 2016

Schedule J-1

Fiscal Year Ended June 30	Governmental Activities			Business Type Activities		
	Debt Principal	Interest	Total	Debt Principal	Interest	Total
2017	10,978,409	4,856,022	15,834,431	1,228,229	293,455	1,521,684
2018	10,932,944	4,517,654	15,450,598	1,238,473	261,283	1,499,756
2019	10,906,464	4,173,859	15,080,323	1,248,924	228,956	1,477,880
2020	10,202,980	3,842,632	14,045,612	1,176,281	198,132	1,374,413
2021	10,133,905	3,515,298	13,649,203	1,186,525	168,822	1,355,347
2022-2026	65,136,950	12,246,325	77,383,275	4,862,498	371,314	5,233,812
2027-2031	<u>12,575,124</u>	<u>1,096,381</u>	<u>13,671,505</u>	<u>668,209</u>	<u>15,682</u>	<u>683,891</u>
	<u>\$ 130,866,776</u>	<u>\$ 34,248,171</u>	<u>\$ 165,114,947</u>	<u>\$ 11,609,139</u>	<u>\$ 1,537,644</u>	<u>\$ 13,146,783</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.	176-185
<i>Revenue Capacity</i> These tables contain information to help the reader assess the County's most significant local revenue source, the property tax.	186-189
<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.	190-193
<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.	194-196
<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.	197-198

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.

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2016	2015	2014	2013	2012
Governmental activities:					
Net investment in capital assets	82,024,110	75,032,918	73,669,285	72,733,148	71,902,720
Restricted	37,336,072	55,052,023	61,304,988	50,910,338	32,831,276
Unrestricted	<u>(17,909,411)</u>	<u>(49,201,049)</u>	<u>(70,537,217)</u>	<u>(56,964,579)</u>	<u>(39,024,726)</u>
Total governmental activities net position	<u>101,450,771</u>	<u>80,883,892</u>	<u>64,437,056</u>	<u>66,678,907</u>	<u>65,709,270</u>
Business-type activities:					
Net investment in capital assets	53,727,147	51,643,356	49,571,504	51,632,394	47,665,657
Restricted	-	-	-	-	-
Unrestricted	<u>47,385,811</u>	<u>46,123,218</u>	<u>45,362,525</u>	<u>39,533,644</u>	<u>41,998,988</u>
Total business-type activities net position	<u>101,112,958</u>	<u>97,766,574</u>	<u>94,934,029</u>	<u>91,166,038</u>	<u>89,664,645</u>
Primary government:					
Net investment in capital assets	135,751,257	126,676,274	123,240,789	124,365,542	119,568,377
Restricted	37,336,072	55,052,023	61,304,988	50,910,338	32,831,276
Unrestricted	<u>29,476,400</u>	<u>(3,077,831)</u>	<u>(25,174,692)</u>	<u>(17,430,935)</u>	<u>2,974,262</u>
Total primary government net position	<u>\$ 202,563,729</u>	<u>\$ 178,650,466</u>	<u>\$ 159,371,085</u>	<u>\$ 157,844,945</u>	<u>\$ 155,373,915</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 ending June 30, 2013.

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2011	2010	2009	2008	2007
Governmental activities:					
Net investment in capital assets	71,693,769	\$ 68,272,595	\$ 67,484,313	\$ 81,948,941	\$ 78,197,249
Restricted	47,011,143	1,377,237	1,089,189	810,599	745,357
Unrestricted	<u>(53,622,693)</u>	<u>(1,870,336)</u>	<u>(5,481,946)</u>	<u>35,727,062</u>	<u>16,336,081</u>
Total governmental activities net position	<u>65,082,219</u>	<u>67,779,496</u>	<u>63,091,556</u>	<u>118,486,602</u>	<u>95,278,687</u>
Business-type activities:					
Net investment in capital assets	46,958,987	46,177,552	43,612,368	22,121,146	18,670,633
Restricted	-	-	-	-	-
Unrestricted	<u>40,391,776</u>	<u>35,808,986</u>	<u>33,954,727</u>	<u>8,696,235</u>	<u>12,411,036</u>
Total business-type activities net position	<u>87,350,763</u>	<u>81,986,538</u>	<u>77,567,095</u>	<u>30,817,381</u>	<u>31,081,669</u>
Primary government:					
Net investment in capital assets	118,652,756	114,450,147	111,096,681	104,070,087	96,867,882
Restricted	47,011,143	1,377,237	1,089,189	810,599	745,357
Unrestricted	<u>(13,230,917)</u>	<u>33,938,650</u>	<u>28,472,781</u>	<u>44,423,297</u>	<u>28,747,117</u>
Total primary government net position	<u>\$ 152,432,982</u>	<u>\$ 149,766,034</u>	<u>\$ 140,658,651</u>	<u>\$ 149,303,983</u>	<u>\$ 126,360,356</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 ending June 30, 2013.

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2016	2015	2014	2013	2012
Expenses					
Governmental activities:					
General government	\$ 11,860,452	\$ 9,933,029	\$ 10,807,772	\$ 9,760,225	\$ 9,737,258
Public safety	34,879,104	32,921,751	32,732,323	31,236,944	31,399,814
Environmental protection	585,457	546,444	492,269	508,073	459,609
Economic and physical development	14,883,762	13,950,985	13,538,407	12,780,487	11,657,411
Human services	46,621,822	47,218,856	47,935,422	48,863,130	50,113,468
Culture and recreation	3,595,626	3,127,165	2,847,558	2,776,547	2,724,942
Education	50,223,611	49,298,062	61,843,087	57,519,210	57,134,411
Interest on long-term debt	3,477,042	3,815,195	3,774,279	3,602,099	4,487,690
Total governmental activities expenses	<u>166,126,876</u>	<u>160,811,487</u>	<u>173,971,117</u>	<u>167,046,715</u>	<u>167,714,603</u>
Business-type activities:					
Solid waste management	5,346,204	4,899,445	5,166,963	5,927,016	5,797,602
Water and sewer	2,279,892	2,291,702	1,612,849	2,102,576	2,462,706
Total business-type activities expenses	<u>7,626,096</u>	<u>7,191,147</u>	<u>6,779,812</u>	<u>8,029,592</u>	<u>8,260,308</u>
Total primary government expenses	<u>173,752,972</u>	<u>168,002,634</u>	<u>180,750,929</u>	<u>175,076,307</u>	<u>175,974,911</u>
Program Revenues					
Governmental activities:					
Fees, fines, and charges for services:					
General government	1,664,523	1,870,508	1,752,070	1,869,484	2,018,381
Public safety	8,617,461	8,747,839	8,068,851	9,178,100	9,436,724
Environmental protection	35,269	24,651	5,100	4,675	5,100
Economic and physical development	2,552,503	2,489,106	2,204,984	2,329,590	2,287,770
Human services	7,390,409	5,279,686	6,762,666	7,247,968	6,368,320
Culture and recreation	61,537	66,579	57,436	62,192	61,080
Education	-	-	494,298	499,006	509,420
Operating grants and contributions	33,083,275	37,229,196	29,136,207	28,576,342	31,816,198
Capital grants and contributions	250,000	125,000	2,292,224	1,859,891	1,746,730
Total governmental activities program revenues	<u>53,654,977</u>	<u>55,832,565</u>	<u>50,773,836</u>	<u>51,627,248</u>	<u>54,249,723</u>
Business-type activities:					
Fees, fines, and charges for services					
Operating grants and contributions	743,064	606,766	868,759	650,178	447,717
Capital grants and contributions	223,191	486,732	126,942	731,970	1,366,637
Total business-type activities program revenues	<u>7,387,567</u>	<u>7,148,067</u>	<u>6,667,332</u>	<u>7,262,981</u>	<u>7,727,003</u>
Total primary government program revenues	<u>61,042,544</u>	<u>62,980,632</u>	<u>57,441,168</u>	<u>58,890,229</u>	<u>61,976,726</u>
Net (Expenses) Revenues					
Governmental activities	(112,471,899)	(104,978,922)	(123,197,281)	(115,419,467)	(113,464,880)
Business-type activities	(238,529)	(43,080)	(112,480)	(766,611)	(533,305)
Total primary government net expense	<u>(112,710,428)</u>	<u>(105,022,002)</u>	<u>(123,309,761)</u>	<u>(116,186,078)</u>	<u>(113,998,185)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	98,691,384	94,200,605	93,649,723	89,347,893	85,663,390
Local option sales taxes	32,903,055	29,962,757	28,027,368	26,644,767	26,394,707
Other taxes	1,590,916	1,652,213	1,494,645	1,548,870	1,517,464
Investment earnings, unrestricted	1,470,473	975,564	1,155,474	(183,818)	1,291,370
Gain (loss) on sales of capital assets	-	-	-	9,169	-
Transfers	(1,617,050)	(800,000)	(1,601,565)	(775,000)	(775,000)
Total governmental activities	<u>133,038,778</u>	<u>125,991,139</u>	<u>122,725,645</u>	<u>116,591,881</u>	<u>114,091,931</u>
Business-type activities:					
Taxes					
Local option sales taxes	870,975	1,451,312	1,359,558	1,293,304	-
Other taxes	327,044	312,429	297,543	294,409	1,585,139
Investment earnings	715,609	477,221	621,805	(94,709)	487,048
Gain on sales of capital assets	54,235	2,220	-	-	-
Transfers	1,617,050	800,000	1,601,565	775,000	775,000
Total business-type activities	<u>3,584,913</u>	<u>3,043,182</u>	<u>3,880,471</u>	<u>2,268,004</u>	<u>2,847,187</u>
Total primary government	<u>136,623,691</u>	<u>129,034,321</u>	<u>126,606,116</u>	<u>118,859,885</u>	<u>116,939,118</u>
Change in Net Position					
Governmental activities	20,566,879	21,012,217	(471,636)	1,172,414	627,051
Business-type activities	3,346,384	3,000,102	3,767,991	1,501,393	2,313,882
Total primary government	<u>\$ 23,913,263</u>	<u>\$ 24,012,319</u>	<u>\$ 3,296,355</u>	<u>\$ 2,673,807</u>	<u>\$ 2,940,933</u>

Data Source
Audited Financial Statements

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2011	2010	2009	2008	2007
Expenses					
Governmental activities:					
General government	\$ 9,795,648	\$ 10,533,518	\$ 10,172,611	\$ 11,203,800	\$ 9,001,933
Public safety	30,599,650	29,076,572	28,263,640	26,316,167	22,897,052
Environmental protection	508,248	495,248	539,138	546,680	504,416
Economic and physical development	9,713,902	10,627,991	10,743,831	10,827,271	12,054,976
Human services	51,350,294	51,688,459	56,066,282	74,150,353	66,083,707
Culture and recreation	2,733,249	2,830,504	2,830,192	2,760,614	2,771,008
Education	65,072,007	53,825,312	78,130,574	50,388,730	52,216,062
Interest on long-term debt	4,998,419	5,411,021	5,163,100	4,584,583	4,909,742
Total governmental activities expenses	<u>174,771,417</u>	<u>164,488,625</u>	<u>191,909,368</u>	<u>180,778,198</u>	<u>170,438,896</u>
Business-type activities:					
Solid waste management	5,869,812	5,800,628	5,570,927	8,172,432	5,260,776
Water and sewer	1,365,042	1,270,443	1,118,908	-	-
Total business-type activities expenses	<u>7,234,854</u>	<u>7,071,071</u>	<u>6,689,835</u>	<u>8,172,432</u>	<u>5,260,776</u>
Total primary government expenses	<u>182,006,271</u>	<u>171,559,696</u>	<u>198,599,203</u>	<u>188,950,630</u>	<u>175,699,672</u>
Program Revenues					
Governmental activities:					
Fees, fines, and charges for services:					
General government	2,915,961	2,631,983	2,683,400	4,340,110	4,380,295
Public safety	10,169,062	8,188,847	8,613,711	6,950,872	5,017,287
Environmental protection	5,525	4,675	5,125	4,825	4,575
Economic and physical development	1,788,439	2,858,217	2,013,945	4,618,557	3,247,499
Human services	7,286,797	7,876,144	7,962,471	9,819,859	9,779,244
Culture and recreation	61,607	74,256	77,989	62,332	63,723
Education	796,001	892,179	994,015	1,081,098	1,126,095
Operating grants and contributions	32,659,457	32,298,988	31,213,021	46,999,422	43,735,432
Capital grants and contributions	5,380,157	3,217,167	4,164,591	4,857,657	101,953
Total governmental activities program revenues	<u>61,063,006</u>	<u>58,042,456</u>	<u>57,728,268</u>	<u>78,734,732</u>	<u>67,456,103</u>
Business-type activities:					
Fees, fines, and charges for services	5,742,856	5,816,059	7,440,625	6,626,224	6,677,959
Operating grants and contributions	501,033	546,052	144,989	41,279	102,816
Capital grants and contributions	1,957,808	209,796	44,081	148,518	526,398
Total business-type activities program revenues	<u>8,201,697</u>	<u>6,571,907</u>	<u>7,629,695</u>	<u>6,816,021</u>	<u>7,307,173</u>
Total primary government program revenues	<u>69,264,703</u>	<u>64,614,363</u>	<u>65,357,963</u>	<u>85,550,753</u>	<u>74,763,276</u>
Net (Expenses) Revenues					
Governmental activities	(113,708,411)	(106,446,169)	(134,181,100)	(102,043,466)	(102,982,793)
Business-type activities	966,843	(499,164)	939,861	(1,356,411)	2,046,397
Total primary government net expense	<u>(112,741,568)</u>	<u>(106,945,333)</u>	<u>(133,241,239)</u>	<u>(103,399,877)</u>	<u>(100,936,396)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	85,440,972	84,763,108	84,738,225	82,048,071	68,378,012
Local option sales taxes	26,504,695	26,692,186	32,272,780	35,299,813	33,760,033
Other taxes	1,491,355	1,263,135	1,605,323	2,119,554	2,135,782
Investment earnings, unrestricted	1,136,085	2,115,680	4,023,446	5,786,693	6,069,443
Gain (loss) on sales of capital assets	-	-	-	-	-
Transfers	(3,561,973)	(3,700,000)	(43,853,720)	(2,750)	-
Total governmental activities	<u>111,011,134</u>	<u>111,134,109</u>	<u>78,786,054</u>	<u>125,251,381</u>	<u>110,343,270</u>
Business-type activities:					
Taxes					
Local option sales taxes	-	-	-	-	-
Other taxes	302,161	290,643	255,732	228,024	221,825
Investment earnings	533,248	927,964	1,700,401	861,349	869,235
Gain on sales of capital assets	-	-	-	-	-
Transfers	3,561,973	3,700,000	43,853,720	2,750	-
Total business-type activities	<u>4,397,382</u>	<u>4,918,607</u>	<u>45,809,853</u>	<u>1,092,123</u>	<u>1,091,060</u>
Total primary government	<u>115,408,516</u>	<u>116,052,716</u>	<u>124,595,907</u>	<u>126,343,504</u>	<u>111,434,330</u>
Change in Net Position					
Governmental activities	(2,697,277)	4,687,940	(55,395,046)	23,207,915	7,360,477
Business-type activities	5,364,225	4,419,443	46,749,714	(264,288)	3,137,457
Total primary government	<u>\$ 2,666,948</u>	<u>\$ 9,107,383</u>	<u>\$ (8,645,332)</u>	<u>\$ 22,943,627</u>	<u>\$ 10,497,934</u>

Data Source
Audited Financial Statements

CATAWBA COUNTY, NORTH CAROLINA

Table 3
Page 1 of 2

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2016	2015	2014	2013	2012
General Fund					
Nonspendable					
Inventories	\$ 326,899	\$ 319,059	\$ 327,147	\$ 305,186	\$ 338,109
Prepaid	791,762	115,502	164,242	26,922	54,469
Notes receivable	1,487,417	1,597,343	-	-	-
Restricted					
Stabilization by State Statute	15,930,246	15,465,797	14,650,010	12,972,979	12,221,688
Register of Deeds	5,883	78,807	1,410	66,229	50,346
Debt service	10,014,375	8,273,296	1,839,350	-	-
General Capital Reserve	462,531	456,389	452,670	448,015	448,620
Committed					
Tax Revaluation	172,990	165,832	192,437	166,678	153,881
Assigned					
Public Health	376,026	241,739	289,199	428,814	197,421
Social Services	5,189,684	5,101,867	4,304,485	4,505,344	4,640,932
County Manager	165,824	94,899	122,118	182,660	217,313
Human Resources	498,613	582,027	614,061	624,570	579,873
Library	103,073	224,601	400,697	334,917	298,313
Cooperative Extension	-	-	-	-	154,516
Subsequent year's expenditures	8,740,222	6,144,343	6,471,106	6,356,815	6,542,811
Unassigned	34,098,284	21,646,494	20,734,380	24,199,035	25,202,712
Total general fund	78,363,829	60,507,995	50,563,312	50,618,164	51,101,004
All other governmental funds					
Restricted					
Stabilization by State Statute	13,762,920	21,233,131	28,760,070	3,847,266	4,652,337
Public Safety	494,667	2,489,115	2,582,688	2,658,023	2,743,542
Fire Protection	1,370,246	1,258,983	1,145,873	893,577	859,873
Debt service	-	-	4,645,650	-	-
Library Endowment	192,428	187,371	239,217	236,757	237,077
Scholarship	52,740	52,294	46,048	44,288	44,099
Parks Preservation	1,099	50,004	49,596	75,197	161,597
Community Development	-	12,105	17,469	-	-
General Capital	2,231,565	10,604,245	17,957,394	-	-
School Capital and Construction	-	224,942	4,726,766	22,834,431	4,316,249
Hospital Capital	5,063,041	5,494,731	5,449,956	5,393,919	5,401,200
Committed					
General Capital	18,875,251	12,203,246	4,543,427	32,219,263	23,913,332
School Capital	5,499,929	5,900,499	6,465,739	6,172,623	9,594,076
School Construction	6,790,440	6,596,208	-	927,914	1,815,442
Hospital Construction	24,433	24,370	24,171	23,693	23,725
Assigned	-	-	-	-	-
Unassigned	(712)	-	(2,380,149)	-	(4,355)
Total fund balances	54,358,047	66,331,244	74,273,915	75,326,951	53,758,194
Total governmental funds	\$ 132,721,876	\$ 126,839,239	\$ 124,837,227	\$ 125,945,115	\$ 104,859,198

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 after the implementation of GASB 45.

The previous four years are presented on the following page.

CATAWBA COUNTY, NORTH CAROLINA

Table 3
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**Fund Balances, Governmental Funds
Last Ten Fiscal Years**
(modified accrual basis of accounting)

	<u>Fiscal Year</u>
General Fund	<u>2011</u>
Nonspendable	
Inventories	\$ 395,153
Prepaid	86,781
Notes receivable	-
Restricted	
Stabilization by State Statute	11,581,246
Register of Deeds	39,764
Debt service	-
General Capital Reserve	444,128
Committed	
Tax Revaluation	145,757
Assigned	
Public Health	169,805
Social Services	4,594,451
County Manager	158,767
Human Resources	559,216
Library	350,508
Cooperative Extension	136,811
Subsequent year's expenditures	5,244,348
Unassigned	<u>29,177,889</u>
Total general fund	<u>53,084,624</u>
All other governmental funds	
Restricted	
Stabilization by State Statute	4,854,187
Public Safety	2,743,445
Fire Protection	852,061
Debt service	-
Library Endowment	234,704
Scholarship	43,207
Parks Preservation	142,407
Community Development	-
General Capital	-
School Capital and Construction	19,278,537
Hospital Capital	5,347,139
Committed	
General Capital	21,417,686
School Capital	8,985,425
School Construction	213,091
Hospital Construction	23,486
Assigned	-
Unassigned	<u>(4,178)</u>
Total fund balances	<u>64,131,197</u>
Total governmental funds	<u>\$ 117,215,821</u>

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

	Fiscal Year			
	2010	2009	2008	2007
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	36,158,392	46,160,443	78,048,289	49,513,929
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.

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

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



CATAWBA COUNTY, NORTH CAROLINA

Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2016	2015	2014	2013	2012
Revenues					
Ad valorem taxes	\$ 98,864,292	\$ 94,982,137	\$ 94,593,965	\$ 89,246,050	\$ 86,401,682
Other taxes	33,513,929	30,577,418	28,514,821	27,201,571	26,867,917
Unrestricted intergovernmental revenues	1,914,853	1,950,128	1,902,192	1,887,066	1,839,255
Restricted intergovernmental revenues	36,702,096	37,914,903	36,065,434	36,172,540	37,487,597
Licenses and permits	2,725,409	2,398,171	2,130,735	2,346,916	2,012,367
Sales and services	9,289,078	10,275,072	11,363,376	11,518,226	12,117,015
Investment earnings	1,451,782	975,566	1,155,473	(183,818)	963,774
Miscellaneous	7,502,488	6,790,563	3,539,937	3,469,424	3,675,026
Total revenues	191,963,927	185,863,958	179,265,933	171,657,975	171,364,633
Expenditures					
Current:					
General government	12,646,281	10,889,713	11,329,249	10,339,386	10,134,171
Public safety	34,477,572	33,618,405	31,930,143	30,928,591	30,749,802
Environmental protection	573,409	545,637	461,359	477,163	451,864
Economic and physical development	15,010,630	13,813,474	13,573,781	12,850,717	11,307,365
Human services	46,315,883	47,773,150	47,114,736	48,069,751	49,245,926
Culture and recreation	3,513,584	3,109,069	2,769,125	2,694,713	2,677,465
Education	40,239,272	40,394,875	40,004,060	39,695,975	39,257,916
Capital Outlay	26,081,492	18,273,102	33,342,151	21,113,769	20,810,153
Debt service:					
Principal	10,582,661	12,331,427	13,932,346	13,586,635	41,605,430
Interest	3,744,689	4,042,723	3,794,348	3,600,703	5,023,779
Payment to refunded bond escrow agent	-	-	1,014,000	1,128,232	-
Bond issuance costs	-	-	23,583	135,592	448,255
Total expenditures	193,185,473	184,791,575	199,288,881	184,621,227	211,712,126
Other Financing Sources (uses)					
Transfers from other funds	8,376,971	5,187,183	2,942,065	2,247,667	1,450,431
Transfers to other funds	(9,994,021)	(5,987,183)	(4,543,630)	(3,022,667)	(2,225,431)
Installment purchase obligations issued	570,000	-	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	-	-	-	-	-
Build America bonds issued	-	-	-	-	-
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
Sales of capital assets	-	-	-	9,169	24,349
Total other financing sources (uses)	(1,047,050)	(800,000)	20,685,275	34,049,169	27,990,870
Net change in fund balances	\$ (2,268,596)	\$ 272,383	\$ 662,327	\$ 21,085,917	\$ (12,356,623)
Debt service as a percentage of noncapital expenditures	8.1%	9.4%	10.0%	10.2%	22.4%

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

CATAWBA COUNTY, NORTH CAROLINA

Table 4
Page 2 of 2

Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2011	2010	2009	2008	2007
Revenues					
Ad valorem taxes	\$ 85,290,748	\$ 84,697,609	\$ 84,125,547	\$ 81,625,223	\$ 68,270,907
Other taxes	26,934,772	27,121,865	32,794,322	36,391,110	35,415,288
Unrestricted intergovernmental revenues	1,906,277	1,878,455	2,127,081	1,970,909	1,235,023
Restricted intergovernmental revenues	41,544,195	41,218,717	41,946,212	56,482,993	46,532,532
Licenses and permits	1,795,495	2,547,643	2,271,147	4,101,574	3,773,033
Sales and services	13,631,424	13,041,964	12,936,583	15,071,656	12,849,786
Investment earnings	949,483	1,929,311	3,837,081	5,600,327	5,883,078
Miscellaneous	4,713,228	3,716,912	3,624,321	4,309,242	3,998,845
Total revenues	<u>176,765,622</u>	<u>176,152,476</u>	<u>183,662,294</u>	<u>205,553,034</u>	<u>177,958,492</u>
Expenditures					
Current:					
General government	10,115,078	11,601,149	11,556,920	9,944,571	9,613,213
Public safety	30,260,313	29,360,816	28,513,201	26,916,838	23,021,049
Environmental protection	503,130	469,014	512,882	520,587	475,667
Economic and physical development	9,926,951	10,619,754	10,727,052	10,682,552	10,889,872
Human services	50,540,941	50,879,470	55,118,250	73,690,327	65,236,455
Culture and recreation	2,661,530	2,758,668	2,758,206	2,719,466	2,695,423
Education	39,598,951	38,606,716	39,948,749	38,014,454	34,222,295
Capital Outlay	29,796,072	16,572,802	39,869,050	19,683,740	28,338,920
Debt service:					
Principal	13,177,827	13,421,793	12,067,834	10,724,874	10,338,333
Interest	4,902,829	5,315,420	5,067,500	4,488,983	4,814,143
Payment to refunded bond escrow agent	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>191,483,622</u>	<u>179,605,602</u>	<u>206,139,644</u>	<u>197,386,392</u>	<u>189,645,370</u>
Other Financing Sources (uses)					
Transfers from other funds	2,694,737	4,395,302	12,262,330	9,515,201	11,547,146
Transfers to other funds	(6,256,710)	(8,095,302)	(48,646,927)	(9,517,951)	(11,547,146)
Installment purchase obligations issued	-	-	21,656,000	28,607,000	1,450,000
Premium on installment obligations issued	-	-	-	-	-
Qualified Zone Academy Bonds issued	-	-	-	700,000	-
Qualified School Construction Bonds issued	27,808,553	-	-	-	-
Build America bonds issued	8,691,447	-	-	-	-
Refunding bonds issued	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Premium on refunding bonds	-	-	-	-	-
Sales of capital assets	-	-	-	-	249,219
Total other financing sources (uses)	<u>32,938,027</u>	<u>(3,700,000)</u>	<u>(14,728,597)</u>	<u>29,304,250</u>	<u>1,699,219</u>
Net change in fund balances	<u>\$ 18,220,027</u>	<u>\$ (7,153,126)</u>	<u>\$ (37,205,947)</u>	<u>\$ 37,470,892</u>	<u>\$ (9,987,659)</u>
Debt service as a percentage of noncapital expenditures	9.7%	10.6%	8.4%	8.1%	8.5%

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

CATAWBA COUNTY, NORTH CAROLINA

Table 5

**Assessed Valuation and Actual Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year	Real Property	Personal Property	Public Utility Property	Total Taxable Assessed Value	Total Direct Tax Rate ⁽¹⁾	Estimated Real Market Value
2007	10,174,785,855	2,614,088,394	570,452,150	13,359,326,399	0.490	14,124,895,749
2008 ⁽²⁾	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 ⁽²⁾	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	16,192,168,158
2015	12,267,687,100	3,622,784,098	746,952,594	16,637,423,792	0.530	16,249,070,995
2016 ⁽²⁾	11,564,008,687	3,742,083,773	788,247,696	16,094,340,156	0.575	N/A

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

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

Source: Catawba County Property Appraiser

CATAWBA COUNTY, NORTH CAROLINA

Table 6

**Property Tax Rates - Direct and Overlapping Governments ⁽¹⁾
Last Ten Fiscal Years**

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Catawba County										
Property Tax	0.5750	0.5300	0.5300	0.5300	0.5300	0.5350	0.5350	0.5350	0.5350	0.4900
Fire Districts:										
Bandys	0.0820	0.0700	0.0700	0.0700	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600
Catawba	0.0850	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700
Claremont	0.0800	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700
Conover Rural	0.0900	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700
Cooksville	0.0620	0.0617	0.0617	0.0617	0.0517	0.0517	0.0517	0.0517	0.0517	0.0550
Denver	-	-	-	-	-	-	-	-	0.0389	0.0500
Fairbrook	-	-	-	-	-	-	-	-	-	0.0325
Hickory Rural	0.0900	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0325	0.0325	-
Long View	0.0730	0.0650	0.0546	0.0546	0.0546	0.0546	0.0546	0.0546	0.0546	0.0568
Maiden	0.0750	0.0700	0.0600	0.0600	0.0600	0.0600	0.0500	0.0500	0.0500	0.0500
Mountain View	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0493	0.0493	0.0493	0.0525
Newton	0.0900	0.0850	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700
Oxford	0.0650	0.0558	0.0558	0.0558	0.0558	0.0558	0.0558	0.0558	0.0558	0.0600
Propst	0.0620	0.0615	0.0615	0.0615	0.0615	0.0615	0.0615	0.0615	0.0615	0.0650
Sherrills Ford	0.0810	0.0800	0.0700	0.0700	0.0700	0.0700	0.0700	0.0500	0.0500	0.0500
St. Stephens	0.0900	0.0900	0.0700	0.0700	0.0700	0.0700	0.0700	0.0500	0.0500	0.0500
Viewmont	-	-	-	-	-	-	-	-	-	0.0325
Municipalities:										
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	0.4900	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600
City of Conover	0.4700	0.4300	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000
City of Hickory	0.5665	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
Town of Long View	0.4200	0.4200	0.4200	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000
Town of Maiden	0.3800	0.3800	0.3800	0.3800	0.3900	0.4000	0.4000	0.4000	0.4000	0.4000
City of Newton	0.5400	0.5100	0.4800	0.4800	0.4800	0.4800	0.4800	0.4800	0.4600	0.4600
Total Maximum Rate - Fire District	0.6650	0.6200	0.6000	0.6000	0.6000	0.6050	0.6050	0.6050	0.6050	0.5600
Total Maximum Rate - Municipalities	1.1415	1.0500	1.0500	1.0500	1.0500	1.0550	1.0550	1.0550	1.0550	1.0100

⁽¹⁾ 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

Table 7

**Principal Property Taxpayers
December 31, 2015 and December 31, 2006**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>December 31, 2015</u>			<u>December 31, 2006</u>		
		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Apple, Inc.	Computer Server	\$ 1,065,891,653	1	6.62	\$ -	-	-
Duke Energy Corporation	Electric utility	602,186,605	2	3.74	409,596,011	1	3.07
GKN Driveline Newton, LLC	Gears	168,439,111	3	1.05	110,679,902	3	0.83
CommScope, Inc.	Cable mfg.	96,248,172	4	0.60	130,623,155	2	0.98
Target Corporation	Warehouse/Retail	85,329,962	5	0.53	-	-	-
Corning Cable Systems	Cable mfg.	71,296,078	6	0.44	102,046,872	4	0.76
Frye Regional/American Medical	Medical care	61,951,492	7	0.38	66,265,906	5	0.50
Draka Comteq Americas, Inc.	Cable mfg.	55,470,441	8	0.34	59,330,185	7	0.44
HSM Solutions - (formerly Hickory Springs Mfg. Co.)	Furniture supplies	51,155,238	9	0.32	65,974,735	6	0.49
Valley Hills Mall, LLC	Retail	38,724,561	10	0.24	48,187,465	9	0.36
Shuford Mills/Shurtape Technologies	Textiles & Tape	-	-	-	48,769,888	8	0.37
Central Telephone Company	Telephone	-	-	-	45,329,520	10	0.34
		<u>\$ 2,296,693,313</u>		<u>14.26</u>	<u>\$ 1,086,803,639</u>		<u>8.14</u>
Total Assessed Valuation		<u>\$ 16,094,340,156</u>			<u>\$ 13,359,326,399</u>		

Source: Catawba County Tax Collector

**Property Tax Levies and Collections
Last Ten Fiscal Years**
(modified accrual basis of accounting)

Fiscal Year	Tax Year	Total Tax Levy for Fiscal Year ⁽¹⁾	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2007	2006	65,195,396	63,106,163	96.80	1,829,279	64,935,442	99.60
2008	2007	78,217,306	75,692,582	96.77	2,181,557	77,874,139	99.56
2009	2008	80,966,452	77,974,463	96.30	2,560,266	80,534,729	99.47
2010	2009	80,666,180	77,707,260	96.33	2,500,656	80,207,916	99.43
2011	2010	80,907,294	77,904,536	96.29	2,470,644	80,375,180	99.34
2012	2011	82,231,844	78,892,929	95.94	2,703,167	81,596,096	99.23
2013	2012	84,947,787	81,441,422	95.87	2,697,580	84,139,002	99.05
2014	2013	88,513,192	85,800,420	96.94	1,835,578	87,635,998	99.01
2015	2014	88,178,346	86,413,676	98.00	844,383	87,258,059	98.96
2016	2015	92,542,456	90,856,714	98.18	-	90,856,714	98.18

⁽¹⁾ Includes discoveries, releases and abatements

Source: Catawba County Tax Collector

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities							
	General Obligation Bonds	Certificates of Participation	Installment Purchases	Qualified Zone Academy Bonds	Qualified School Construction Bonds	Build America Bonds	Limited Obligation Bonds	North Carolina Department of Commerce
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	27,808,553	8,401,732		
2012	7,715,000	18,090,000	19,475,148	500,000	27,808,553	7,822,302	39,787,135	
2013	3,325,000	16,465,000	48,618,040	450,000	27,808,553	7,242,872	37,770,939	2,600,000
2014	799,341	12,208,902	44,692,131	400,000	27,808,553	6,663,443	63,119,732	2,600,000
2015	-	11,885,455	40,764,047	350,000	27,808,553	6,084,013	57,768,142	2,600,000
2016	-	10,582,008	37,299,345	300,000	27,808,553	5,504,583	52,638,035	2,600,000

N/A = Not available

Sources:

¹ U.S. Department of Commerce Bureau of Economic Analysis

² Population based on estimates issued by the Bureau of the Census

CATAWBA COUNTY, NORTH CAROLINA

Table 9
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Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Year	Business Type			Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽²⁾
	Installment Purchases	Limited Obligation Bonds	Revolving Loan			
2007				102,721,667	2.22	668
2008				121,303,793	2.51	780
2009	6,771,353			130,663,312	2.61	832
2010	6,532,188			117,002,355	2.37	736
2011	6,282,897		1,350,000	142,142,195	2.75	893
2012	-	5,797,865	1,350,000	128,346,003	2.49	828
2013	8,000,000	5,504,061	1,275,000	159,059,465	2.95	1,023
2014	7,397,122	5,401,752	1,200,000	172,290,976	3.15	1,109
2015	6,783,333	5,097,634	1,125,000	160,266,177	2.80	1,028
2016	6,158,434	4,562,032	1,050,000	148,502,990	N/A	953

N/A = Not available

Sources:

¹ U.S. Department of Commerce Bureau of Economic Analysis

² Population based on estimates issued by the Bureau of the Census

Legal Debt Margin Information
Last Ten Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Assessed value (after exemption)	16,094,340,156	16,637,423,792	16,700,602,238	16,027,884,358	15,515,442,124
Debt limit rate	8%	8%	8%	8%	8
Debt limit	1,287,547,212	1,330,993,903	1,336,048,179	1,282,230,749	1,241,235,370
Less: Total net debt applicable to limit	148,502,990	152,703,618	158,887,591	154,634,710	125,775,150
Legal debt margin	<u>1,139,044,222</u>	<u>1,178,290,285</u>	<u>1,177,160,588</u>	<u>1,127,596,039</u>	<u>1,115,460,220</u>
Total net debt applicable to the limit as a percentage of debt limit	12%	11%	12%	12%	10%

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value (after exemptions)	\$ 16,094,340,156
Debt limit (8% of assessed value)	1,287,547,212
Debt applicable to limit:	
Authorized and unissued debt	-
Certificates of participation	10,582,008
Installment purchase	43,457,779
Qualified Zone Academy Bonds	300,000
Qualified School Construction Bonds	27,808,553
Build America Bonds	5,504,583
Limited Obligation Bonds	57,200,067
North Carolina Department of Commerce	2,600,000
Federal Revolving Loan	1,050,000
Less: Statutory deductions	
Unissued debt	-
Total net debt applicable to limit	<u>148,502,990</u>
Legal debt margin	<u>\$ 1,139,044,222</u>

**Legal Debt Margin Information
Last Ten Fiscal Years**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Assessed value (after exemption)	15,122,858,692	15,013,754,766	15,068,712,596	14,655,429,923	13,359,326,399
Debt limit rate	8%	8%	8%	8%	8%
Debt limit	1,209,828,695	1,201,100,381	1,205,497,008	1,172,434,394	1,068,746,112
Less: Total net debt applicable to limit	142,142,197	117,002,355	130,663,312	121,303,793	102,721,667
Legal debt margin	<u>1,067,686,498</u>	<u>1,084,098,026</u>	<u>1,074,833,696</u>	<u>1,051,130,601</u>	<u>966,024,445</u>
Total net debt applicable to the limit as a percentage of debt limit	12%	10%	11%	10%	10%

**Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population Estimate ⁽¹⁾	Personal Income	Per Capita Income ⁽²⁾	Median Age ⁽³⁾	School Enrollment ⁽⁴⁾	Unemployment Rate ⁽⁵⁾
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	5,478,237,750	35,250	40.5	24,204	7.10
2015	155,832	5,725,579,344	36,742	40.7	23,889	6.00
2016	156,182	N/A	N/A	40.8	23,679	4.90

N/A = Not available

Sources:

- ¹ Based upon estimates issued by the U.S. Census Bureau
- ² Bureau of Economic Analysis
- ³ Office of State Planning
- ⁴ North Carolina Department of Public Instruction
- ⁵ Department of Commerce - Employment Security Commission

CATAWBA COUNTY, NORTH CAROLINA

Table 12

**Principal Employers
Current Year and Nine Years Ago**

Employer	2016			2007		
	Employees ⁽¹⁾	Rank	Percentage of Total County Employment ⁽²⁾	Employees ⁽¹⁾	Rank	Percentage of Total County Employment ⁽²⁾
Catawba County School Systems	2,043	1	2.73%	2,100	1	2.85%
Catawba Valley Medical Center	1,986	2	2.65%	1,559	4	2.12%
CommScope, Inc.	1,609	3	2.15%	2,000	2	2.72%
Frye Regional Medical Center	1,600	4	2.14%	1,970	3	2.68%
Catawba County Government	1,120	5	1.50%	1,147	6	1.56%
Corning Cable Systems ⁽³⁾	1,000	6	1.33%	-	-	-
HSM Solutions (Hickory Springs)	925	7	1.23%	1,228	5	1.67%
Heritage Home Group LLC	861	8	1.15%	-	-	-
Pierre Foods	827	9	1.10%	815	9	1.11%
Sherrill Furniture Company	775	10	1.03%	1,012	8	1.38%
CV Industries, Inc.	-	-	-	1,067	7	1.45%
Thomasville Industries	-	-	-	785	10	1.07%
	<u>12,746</u>		<u>17.01%</u>	<u>13,683</u>		<u>18.61%</u>

Sources:

¹ Survey of Employers

² Labor estimates provided by the Employment Security Commission of North Carolina

³ Catawba County Chamber of Commerce

CATAWBA COUNTY, NORTH CAROLINA
Full Time Equivalent County Employees by Function
Last Ten Fiscal Years

Table 13

	Full-time Equivalent Employees as of June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Function										
Governmental activities:										
General government	81	83	84	85	86	90	92	92	89	90
Public safety	355	347	345	340	337	340	341	334	321	307
Environmental protection	4	4	5	4	3	9	11	11	11	11
Economic and physical development	78	76	76	75	75	90	98	100	93	91
Human services	541	548	551	577	573	572	561	578	614	583
Culture and recreation	35	35	35	32	32	33	37	37	37	37
Total governmental activities	1,093	1,093	1,096	1,113	1,106	1,135	1,140	1,151	1,164	1,119
Business-type activities:										
Water sewer	1	1	1	1	1	1	1	1	-	-
Solid waste management	26	26	27	27	28	28	28	28	28	28
Total business-type activities	27	27	28	28	29	29	29	29	28	28
Total primary government	1,120	1,120	1,124	1,141	1,136	1,164	1,169	1,180	1,193	1,147

Source: Catawba County Human Resources Department

CATAWBA COUNTY, NORTH CAROLINA

Table 14

**Operating Indicators by Function
Last Ten Fiscal Years**

Function	Fiscal Year									
	2016	2015	2014 ⁽¹⁾	2013	2012	2011	2010	2009	2008	2007
Governmental activities:										
General government										
Number of registered voters	101,330	98,344	101,442	100,431	99,286	99,844	101,558	101,142	99,117	95,855
Number of marriage licenses issued	1,074	1,017	1,009	1,023	1,076	991	926	1,062	1,181	1,073
Number of tax bills issued	104,396	103,835	99,196	232,881	232,817	263,073	297,925	272,581	272,255	266,786
Public safety										
Number of 911 dispatch/calls	93,089	89,426	84,974	85,938	87,108	82,876	83,000	83,367	115,000	108,658
Sheriff Department offenses reported	6,169	4,866	4,823	5,436	6,195	5,737	6,256	5,479	5,312	5,477
Environmental protection										
Cooperative extension agent contacts	41,348	22,733	28,860	64,719	75,102	46,960	45,945	71,001	66,324	67,385
Economic and physical development										
Number of commercial permits issued	631	603	598	730	750	496	504	534	721	622
Number of residential permits issued	1,182	1,098	993	892	876	991	1,057	1,056	T14	1,692
Human services										
Households that received assistance with energy bills	3,550	3,501	2,994	4,045	3,333	2,785	2,764	3,042	2,004	1,429
Medicaid clients receiving transportation assistance	27,590	23,810	26,279	23,669	23,177	19,893	19,136	17,689	15,551	17,200
Child support services cases currently open	6,682	6,849	6,847	6,848	6,873	6,498	7,600	7,500	7,337	7,360
Public health clients served	10,958	13,887	18,698	22,087	23,063	24,068	28,826	21,534	21,634	24,965
Restaurant inspections	1,347	1,344	1,333	1,351	1,357	1,429	1,419	1,226	1,443	1,463
Culture and recreation										
Total circulation for library system	555,132	572,569	588,517	604,829	738,923	740,462	775,544	744,652	681,796	666,069
Number of patrons visiting parks	170,295	104,330	109,550	114,721	112,257	101,280	134,463	121,370	75,797	67,029
Education										
Public school student enrollment K-12	23,679	23,889	24,204	24,241	24,250	24,245	24,338	24,688	25,305	24,766
Business-type activities:										
Solid waste management										
Tons buried - MSW	133,843	123,325	120,579	117,787	117,330	123,149	122,938	165,811	151,007	165,384
Tons buried - C&D	32,819	27,638	28,670	26,786	27,980	23,203	22,570	32,911	38,745	49,733
Tons recycled	19,737	21,135	24,228	27,601	28,765	31,347	28,125	29,416	28,932	29,836

⁽¹⁾ 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
Sources: Catawba County Departments, NC Department of Public Instruction

CATAWBA COUNTY, NORTH CAROLINA

Table 15

**Capital Asset Statistics by Function
Last Ten Fiscal Years**

Function	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities:										
General government										
Buildings	6	6	6	5	5	5	5	5	5	5
Vehicles	5	6	8	7	8	9	8	8	9	8
Public safety										
Buildings	11	10	10	10	10	10	9	8	8	8
Vehicles	221	218	216	211	207	182	168	156	166	153
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	48	43	42	50	49	50	57	57	60	47
Human services										
Buildings	38	38	38	38	38	39	39	39	39	40
Vehicles	41	41	38	37	35	35	32	27	47	46
Culture and recreation										
Buildings	5	6	5	5	5	5	5	5	5	5
Vehicles	1	1	1	1	1	1	2	2	2	2
Business-type activities:										
Solid waste management										
Buildings	10	10	10	6	6	6	6	6	7	7
Vehicles	23	24	25	25	27	27	26	26	25	26
Water and sewer										
Buildings	0	0	0	0	0	0	0	0	N/A	N/A
Vehicles	0	0	0	0	0	0	0	0	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.