

Cleveland County Board of Commissioners
June 5, 2018

The Cleveland County Board of Commissioners met in a regular session on this date, at the hour of 6:00 p.m. in the Commission Chamber of the Cleveland County Administrative Offices.

PRESENT: Eddie Holbrook, Chairman
Susan Allen, Vice-Chair
Johnny Hutchins, Commissioner
Ronnie Whetstine, Commissioner
Doug Bridges, Commissioner
Brian Epley, County Manager
Tim Moore, County Attorney
Phyllis Nowlen, Clerk to the Board
Kerri Melton, Assistant County Manager
Allison Mauney, Human Resources Director
Shane Fox, Chief Financial Officer
Chris Green, Tax Administrator
Perry Davis, Emergency Management Director/Fire Marshall
Dorothea Wyant,
Clifton Philbeck, Board of Elections Director
Betsy Harnage, Register of Deeds

CALL TO ORDER

Chairman Holbrook called the meeting to order and Commissioner Hutchins provided the invocation and led the audience in the Pledge of Allegiance.

AGENDA ADOPTION

ACTION: Commissioner Hutchins made the motion, seconded by Commissioner Allen and unanimously approved by the Board to, ***approve the agenda with the following amendment:***

- Postpone Item 9; Appointment to the Cleveland Community College Board of Trustees until a later date.

SPECIAL PRESENTATION

Liberty Mountain: Chairman Holbrook recognized Jim Champion from the Joy Performance Center in Kings Mountain. Mr. Champion introduced several members of their committee and Caleb Sigmon, team leader in production. Mr. Sigmon spoke about the upcoming play *Liberty Mountain, the Revolutionary Drama*. The performance conveys the story of the pioneers in the Carolina backcountry who battled for freedom. The productions features 360-degree action, live music and special effects. Mr. Champion thanked the Board for their continued support of the Joy Theater and the Liberty Mountain play.

Earl Scruggs Center (ESC): Chairman Holbrook called Emily Epley, ESC Director to the podium to present the Earl Scruggs Annual update. Mrs. Epley advised Meredith Nichter is the new curator at the ESC and brings a lot of experience and knowledge to the position. Mrs. Epley reviewed highlights from the past year's events at the Earl Scruggs Center. Several high points include new banners hung on the building, state grant funding, special exhibits and programs offered through the center. She concluded by announcing to the Board her tenure at the Earl Scruggs Center will come to an end Labor Day weekend. The Board thanked Mrs. Epley for her hard work, dedication and enthusiasm. And wished her the best in her future endeavors.



Emily Epley, Executive Director



Earl Scruggs Center Curator
MEREDITH NICHTER



Ongoing Process

- Apply best museum practices
 - Protection
 - Security
 - Use
 - Maximize resources
- Share with the public
 - Field inquiries
 - Use in exhibits
 - Programming
 - Online formats



A BANNER Year!



IN THE MEDIA!



State Grant Funding

- Strategic Planning Process
- Long term exhibit updates and maintenance
- Transition of majority of exhibit technology support from D.C. to local company
- Special exhibit furniture/cases
- Office management equipment and updates

Special Exhibits



Special Exhibits



- June 9th Pickin' on the Square
- July 14th Pickin' on the Square
- July 25th Lunch N Learn with Curators
- Aug 15th Host City Welcome special hours and admission for ALWS
- Aug 18th Pickin' on the Square

Books & Banjos Baseball

THIS SUMMER

Tuesday, June 19
Baseball Rocks

Tuesday, July 10
She's Up to Bat

Tuesday, July 24
True Stories

\$5 per child



JOIN US
OCTOBER 13, 2018
9TH ANNUAL RUN



Destination Cleveland County (DCC) is an award-winning, volunteer-driven, unique public-private partnership and 501(c)(3) organization with two catalyst projects: The Don Gibson Theatre, opened in 2006 and the Earl Scruggs Center Music & Stories from the American South, opened in 2014.



Don Gibson Theatre
www.dongibsontheatre.com
704-487-8114

Earl Scruggs Center
www.earlscruggscenter.org
704-487-6233

Destination Cleveland County, Inc. • PO Box 2063, Shelby, NC 28151 • 704.487.6233

QUESTIONS?



EARL SCRUGGS CENTER
MUSIC & STORIES FROM THE AMERICAN SOUTH

CONTACT US Emily Epley, Executive Director
emily@earlscruggscenter.org

704.487.6233
103 S Lafayette Street | Shelby, NC | 28150
www.EarlScruggsCenter.org

Litter Bug Poster Contest: Commissioner Allen stated the “Don’t Be A Litter Bug” contest was a partnership between the Retail Task Force in collaboration with Cleveland County Schools. The contest was a huge success with a total of 249 applicants from students who live in Cleveland County in grades K – 5. There were two judging categories, Kindergarten – 2nd and 3rd – 5th. The panel of judges included various County Staff and members of the Retail Task Force. The Grand Prize Winner from each category will have their design placed on a billboard in Cleveland County for 6 months to further educate the community about the importance of not littering.

Don't Be A Litter Bug Billboard Contest

June 5, 2018

Sponsored by:

CLEVELAND COUNTY
PUBLIC HEALTH CENTER



Kindergarten – 2nd Grade Category
Jaden Burns – 3rd Place



3rd – 5th Grade Category
Annie Byers – 3rd Place



Kindergarten – 2nd Grade Category
Minyan Ou – 2nd Place



3rd – 5th Grade Category
Sadie Oliver – 2nd Place

IS LITTERING
WORTH THE EARTH?



Kindergarten – 2nd Grade Category
Caleb Crotts – 1st Place



3rd – 5th Grade Category
Haylan Ellis – 1st Place



CITIZEN RECOGNITION

No one registered to speak.

CONSENT AGENDA

APPROVAL OF MINUTES

The Clerk to the Board included the Minutes of the *May 15, 2018 regular meeting*, in Board Members packets.

ACTION: Commissioner Hutchins made a motion, seconded by Commissioner Whetstine, and passed unanimously by the Board to, *approve the minutes as written.*

MONTHLY MANAGER'S REPORT

Manager's Report June 5, 2018

Cleveland County, North Carolina Monthly Financials & Manager's Report FY 2018-2019 Budget

EXECUTIVE SUMMARY

Financial:

- The County has earned approx. \$550,000 in Investment Income year to date through May 31, 2018. This is compared to \$450,000 received through May 31, 2017.
- The County's new audit firm Thompson, Price, Scott and Adams, Co. (TPSA), will be on-site the week of June 4th conducting internal control documentation and internal control transaction testing within the Finance and Tax Department. TPSA Auditors will also be on-site at DSS conducting compliance testing and documentation of major programs. This will officially mark the first change in auditors since 2004.
- The ERP-Keystone conversion and implementation process is well underway. The County Finance, HR and Payroll departments will conduct extensive training during the entire month of June. The County will officially go live July 1st, with the first check write set for the week of July 11th and the first Payroll Run set for July 31st. This is the first major County-wide software update since 1989.
- The County's Central Collections departments continues to perform extremely well. Collections year to date through May 31, 2018 total \$2.6M in EMS billings. Worth noting, EMS generated billings are now less than 30 days for the first time in County history.
- See attached for lateral and departmental line item transfers between 4/25/18 – 5/25/18|

LATERAL BUDGET TRANSFER LISTING

TO DEPT	DEPT NAME	FROM DEPT	EXPLANATION	BUDGET AMOUNT
10.427	Janitorial Services	10.998	To cover Salaries and Benefits	\$ 3,486
11.516	Smart Start	11.508	To cover Salaries and Benefits	\$ 2,531
10.998	Contingency	10.43	To cover allocation to Kings Mountain for the cost of the roof for Liberty Falls Amphitheater	\$ 50,000
481.232	Cap Proj-Econ Dev	44.802	To cover the cost of the removal of chemicals at Doran Mill Property	\$ 26,658

DEPARTMENTAL LINE ITEM TRANSFERS FOR DEPT

DBLIT #	DATE SUBMITTED BY DEPT	DEPT NAME	EXPLANATION	BUDGET AMOUNT
41903	5/8/2018	Register of Deeds	To cover license/permit/cert and dues/subscriptions thru June	\$ 35
45002	5/8/2018	Building Inspections	To cover maintenance contract overage for Keystone work for Apr-June	\$ 97
50603	5/8/2018	Social Services Admin	Interfund transfers budget to new account for intrafund transfers	\$ 105,844
21004	5/9/2018	Capital Projects-General	To cover windows virtual server and Talley&Smith CCHD Space Study	\$ 51,076
53009	5/7/2018	Health/General	To cover cost related to fitness-room and expense of uniforms	\$ 2,927
53401	5/7/2018	Health/School Health	To cover the purchase of new audiometer	\$ 955
44801	5/11/2018	Communications	To cover the purchase of fitness equipment	\$ 1,499
42303	5/11/2018	Human Resources	To cover the cost of higher education reimbursement	\$ 3,225
41302	5/14/2018	Finance	To cover the increase in maint contracts	\$ 87
41001	5/15/2018	General Revenues	Due to new reporting guidelines, set up new accounts for administrative service charges amongst depts	\$ 192,291
56001	5/15/2018	Mental Health (Pathways)	To cover increase in EAP Program and salaries/wages for mental health transports done by Sheriff's office	\$ 7,500
44903	5/17/2018	Electronic Maint	To cover purchase of two Motorola APX6000 portable radios	\$ 9,323
41702	5/17/2018	Court Facilities	To cover Westlaw monthly fees	\$ 1,800
53010	5/18/2018	Health/General	To cover the purchase of stance units	\$ 2,609
50801	5/16/2018	Social Services Income Maint	To cover controlled property	\$ 1,474
41804	5/22/2018	Board of Elections	To cover furniture purchase	\$ 642
44904	5/22/2018	Electronic Maint	To cover UPS backup power for EMS Repeater	\$ 1,016
54003	5/23/2018	Health/WIC	To cover the purchase of education materials	\$ 773
54504	5/23/2018	Health/NFP	To cover purchase of give aways, graduation celebration	\$ 500
54608	5/23/2018	Health/Carolina Access	To cover year-end expenses(mtg expense-food)	\$ 3,000
54705	5/23/2018	Health/CC4C-PCM	To cover purchase of educational materials	\$ 612
54807	5/23/2018	Health/CODAP	To cover Facebook PSA expense	\$ 264

TAX COLLECTION AGREEMENT – TOWN OF BELWOOD

By mutual agreement with each agency, Cleveland County, on a fee basis, bills and collects property tax on behalf of all taxing entities within the county. Beginning with tax year 2018, the Town of Belwood will, for the first time, levy a property tax. The Town requests the County to provide billing and collection of property tax charged by the Town. The terms of the proposed agreement, including a 2% collection fee, are consistent with those currently in place with other taxing entities.

NORTH CAROLINA

CLEVELAND COUNTY

THIS AGREEMENT, made and entered into this the 2nd day of January, 2018 by and between the County of Cleveland, North Carolina, party of the first part, herein referred to as County, and the Town of Belwood, North Carolina, party of the second part herein referred to as Town:

WITNESSETH

WHEREAS, the County and the Town have successfully cooperated with each other in the matter of tax listing and assessment; and

WHEREAS, all parties consider it mutually advantageous to expand this area of cooperation to include the creation of a single tax bill and collection of all taxes by the County on a fee basis;

NOW THEREFORE, in consideration of the mutual covenants of the parties hereto and the purpose aforesaid, it is hereby agreed between the County and the Town as follows:

1. The County will bill real and personal property taxes levied by the Town and collect said taxes for ten (10) years from the date of the taxes becoming due, for a fee of two percent (2%), of the collections.
2. The County will not be responsible for collection of taxes beyond ten years from the date the tax became due.
3. The County will retain interest earned on collected funds.
4. Where a partial payment is made by a taxpayer, the partial payment shall be distributed between the County and the Town proportionately on the same basis as the ratio of the tax rate.
5. The portion of tax collection (tax, interest, penalties, and other fees) to which the Town is entitled shall be paid to the Town by the County (less 2% collection fee) on a monthly basis.
6. This agreement may be terminated by either party with ninety (90) days written notice.
7. The effective date of this agreement is July 1, 2018.

CLEVELAND COUNTY, NORTH CAROLINA

By: [Signature]
 Chair, Board of Commissioners

* Approved at the June 5, 2018 Commissioners Meeting

Attest:
[Signature] (SEAL)
 Clerk to the Board of Commissioners

TOWN OF BELWOOD

By: [Signature]
 Mayor

Attest:
[Signature] (SEAL)
 Clerk

ACTION: Commissioner Hutchins made a motion, seconded by Commissioner Whetstine, and passed unanimously by the Board to, ***approve the Tax Collection Agreement for the Town of Belwood.***

PUBLIC HEARINGS

FY 2018 – 2019 COUNTY MANAGER’S RECOMMENDED BUDGET

Chairman Holbrook called upon County Manager Brian Epley to present the FY 2018 – 2019 recommended budget. Mr. Epley stated the budget and the County Manager’s budget message have been released for public review. He reviewed the budget objectives and reminded the Board this is a year-round process and includes several work sessions. Mr. Epley advised the tax rate will remain consistent with the prior years at .57 cents and then detailed to the Board the breakdown of where that .57 cents is used in the County. The tax rate has only changed three times over the last twenty years with each time being a decrease. The current tax rate has not been raised since 2007. The ability to maintain the tax rate is due to economic growth in Cleveland County. During 2012 – 2015, there was little growth due to the location of several large industries. In 2016, a mandatory re-evaluation done showed a decrease of 3.8% in property values. Since that time, the County has recovered slowly and steadily with natural and normal tax base growth with other parcels in the community. Moving into the FY 2018 – 2019, NTE, located in Kings Mountain, has listed their value at \$230 million dollars. There has been Duke Energy’s utilization has affected their tax value showing a decrease of roughly \$100 million dollars.

The largest budgeted revenue, which is consistent with other counties in the state, is Ad Valorem Taxes at 54% and Restricted Intergovernmental at 23%. The diversity of the budgeted revenue is a healthy combination and not overly dependent on property tax which is a top goal for fiscal sustainability. The Board’s strategic goals and focus areas such as the completion and implementation of phase one and two of the Pay and Classification Study and county-wide software upgrade was able to be meet and executed with fiscal sustainability.

Chairman Holbrook opened the Public Hearing at 7:16 pm for anyone wanting to speak for or against the FY 2018-2019 County Manager’s Recommended Budget.

Hearing no comments, Chairman Holbrook closed the Public Hearing at 7:17 pm. (Legal Notice was published in the Shelby Star on Friday, April 20, 2018 and Friday, April 27, 2018).

Chairman Holbrook opened the floor to the Board for questions and discussion. The Board thanked Mr. Epley and staff for all of the hard work, time and energy that went into making the budget and presentation.

ACTION: Commissioner Hutchins made a motion, seconded by Commissioner Allen, and passed unanimously by the Board to, ***approve the presented FY 2018 – 2019 County Manager’s Recommended Budget.***

Managers Recommended Budget FY 2018-2019

Cleveland County, North Carolina



BUDGET CALENDAR

- 10/03/2017 – Capital Work Session
- 02/08/18 – Budget Work Session
- 05/15/2018 – Budget Presentation
- 06/02/2018 – Budget Adoption

BUDGET OBJECTIVES

- Structurally Balanced & Priority Based Budget
- Maintain or Improve Service Levels
- Evaluate and Improve operational efficiencies
- Enhance Transparency and Communication

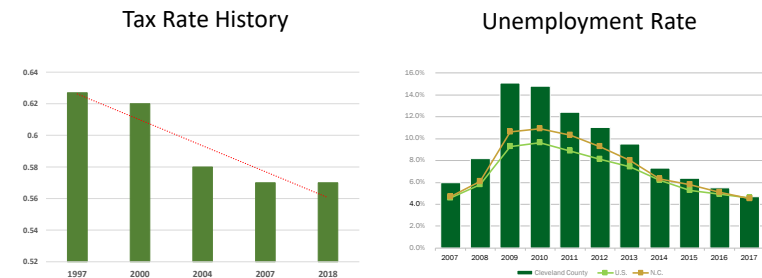
LOCAL TAX RATES

- Cleveland County / 57 cents
- County Schools / 15 cents
- Fire Service District / 8.75 cents

WHAT MAKES UP THE \$0.57 TAX RATE

Organizational Annual Payroll	36.3 cents
Public School Operating/Capital Allotment	13.7 cents
Internal Capital Improvement Plan	4.5 cents
Community College Allotment	2 cents
Community/Municipal Grants	.5 cents
Tax Rate	57 cents

UNEMPLOYMENT RATE AND TAX RATE



VALUE OF A PENNY



	FY 2016	FY 2017	FY 2018	FY 2019
Total County Tax Base	\$8.105 Billion	\$7.948 Billion	\$8.284 Billion	\$8.759 Billion
Tax Rate	57 cents	57 cents	57 cents	57 cents*
Value of Penny	\$810 k	\$795 k	\$828 k	\$860 k

* Recommended Rate

SEVEN YEAR TAX BASE GROWTH

Tax Year	Change in Assessed Value
2012	4.58%
2013	6.68%
2014	6.16%
2015	2.10%
2016	-3.60%
2017	1.54%
Projected 2018	
NTE Effect	3.10 %
Natural Base Growth	1.10 %
Duke Energy Effect	-1.00 %
Total 2018	3.20%

PUBLIC SCHOOL FUNDING

Property Tax Revenue	\$ 13,001,053
Sales Tax Revenue	\$ 3,700,000
Local Operational Appropriation	\$ 10,200,000
Local Capital Appropriation	\$ 1,400,000
Sales Tax Capital Appropriation	\$ 1,450,000
Total	\$ 29,751,053

Public School System	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Per Pupil Funding	\$1,822	\$1,904	\$1,923	\$1,975**

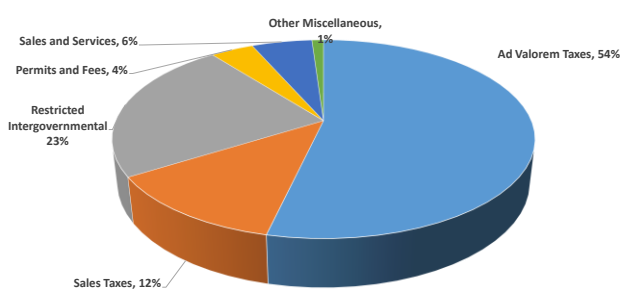
**Projected local funding would be top 40 of 118 LEAs in NC

GENERAL FUND

Managers Recommended Budget FY 2018-2019



FY 18/19 BUDGETED REVENUE



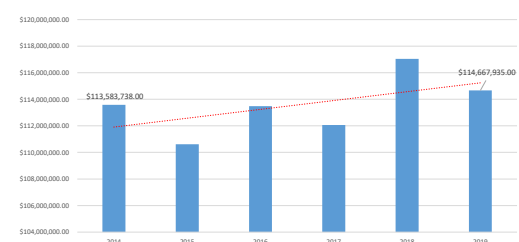
FY 18/19 AVAILABLE DOLLARS

Tax Base Growth		
NTE Effect	3.1 %	\$ 1,596,000
Natural Base Growth	1.1 %	\$ 501,000
Duke Energy Effect	1.0 %	\$ 456,000
Sales Tax Growth (2.0%)		\$ 185,000
Incentive Roll Offs		\$ 50,000
Increase in Investment Earnings		\$ 75,000
Health & Human Services Cost Share Reduction		\$ 294,000
Capital Spending Optimization		\$ 317,298
Debt Service Reduction		\$ 214,702
Re-Engineering / Indirect Cost Management		\$ 430,000
1.) Pharmacy Savings		
2.) Central Collections Billings		
3.) Process Redesign (FTE Management)		
Total Budget Flexibility		\$ 3,207,000

FY 18/19 EXPENSE ALLOCATION



GENERAL FUND BUDGET TREND



STRATEGIC GOAL FOCUS AREAS

Managers Recommended Budget FY 2018-2019



PUBLIC SAFETY



- Construction of Jail to improve efficiencies by co-location and increasing capacity
- Continued focus on Animal Services to decrease the number of unwanted births of animals.
- Cleveland County 800mhz Motorola trunking system management plan – 5 Year Refresh
- Continuation of goals from VFD Strategic Plan.

COMMUNITY EDUCATION AND CUSTOMER SERVICE OUTREACH



- Municipal Grant Program
- Organizational Rebranding & Marketing
- Educational campaign to encourage a cleaner community
- Explore opportunities to increase Veteran's Support Services

BUDGET SUMMARY

Managers Recommended Budget FY 2018-2019



FY 18/19 BUDGET SUMMARY

Additional Available Dollars	\$ 3,207,000
Pay & Class	\$ 2,000,000
Employee Compensation 1.0 % COLA	\$ 400,000
Employee Wellness	\$ 567,000
5 New FTE – Detention	\$ 180,000
Municipal Grant Program	<u>\$ 60,000</u>
Total Strategic Plan Considerations	\$ <u>3,207,000</u>

CAPITAL PLANNING

- Doran Mill Site Cleanup
- County-wide Software System Upgrade
- IT Fiber Infrastructure
- Energy Savings and Conservation Initiative
- Consolidation of Detention Facilities

FISCAL SUSTAINABILITY



- Phase I & II of Pay and Classification Study
- Complete Software Upgrade to improve business intelligence and customer service
- Facility Master Plan Process
- Fund Balance Growth
- Re-engineering Innovation & Implementation

ECONOMIC DEVELOPMENT



- Partner with Cleveland Community College and Cleveland County Schools to promote dual-tract and workforce development
- Dover Mill - Demolition / Highest & Best Use Project
- Analyze current property, prepare site due diligence and product development
- Determine ways to assist the Agriculture community in their efforts to promote Agriculture as an economic development opportunity

COMMUNITY WELLNESS



- Focus on community health by engaging community partners aimed at lowering health rankings
- Intentional focus on actively engaging in the fight against the opioid epidemic
- Provide public access to recreation and physical activity
- Take steps to increase county-wide recycling to reduce landfill waste stream

FY 18/19 AVAILABLE DOLLARS

Tax Base Growth		
NTE Effect	3.10 %	\$ 1,596,000
Natural Base Growth	1.1 %	\$ 501,000
Duke Energy Effect	1.0 %	\$ 456,000
Sales Tax Growth (2.0%)		
Incentive Roll Offs		\$ 185,000
Increase in Investment Earnings		\$ 50,000
		\$ 75,000
State Public Services Cost Share		
Capital Spending Optimization		\$ 294,000
Debt Service Reduction		\$ 317,298
		\$ 214,702
Re-Engineering / Indirect Cost Management		
1.) Pharmacy Savings		\$ 430,000
2.) Central Collections Billings		
3.) Process Redesign (FTE Management)		
Total Budget Flexibility		\$ 3,207,000

MULTI-YEAR CAPITAL PLANNING

Managers Recommended Budget FY 2018-2019



SOLID WASTE FUND

Managers Recommended Budget FY 2018-2019



SOLID WASTE BUDGET SUMMARY

- No Fee Changes
- Total Revenue - \$ 7,519,425
- Total Expense - \$7,519,425
- Convenience Center Site Improvements
 - Lighting
 - Safety Features
 - Parking Lots



Cleveland County Manager's Budget Message Fiscal Year 2018-2019

County Commissioners

Eddie Holbrook, Chair

Susan Allen, Vice-Chair

Johnny Hutchins

Ronnie Whetstine

Doug Bridges

Prepared by:

County Manager

Brian Epley

Chief Finance Officer

Shane Fox

Assistant County Manager

Kerri Melton

QUESTIONS

Managers Recommended Budget FY 2018-2019



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Capital Improvement Plan	Attached

INTRODUCTION

Long range financial planning in Cleveland County brings together the major components of the County budget: General Government, Health & Human Services, Solid Waste and the Capital Improvement Plan. It is a critical process for County's AA+ bond ratings and creates the framework for the annual budget development process. During the fiscal year 2017-2018, the County took a large step forward in comprehensive financial modeling by drafting a formal Five Year Financial Capital Improvement Plan which has been a valuable tool for taking a long-term look at the County's revenue and expenditure picture. The County believes it is beneficial to focus on balancing current year operations with out-year known capital and deferred maintenance. Expanding beyond the Annual Budget to include a multi-year outlook has provided a more helpful framework for decision making on major financial issues.

Long range financial planning and the adopted FY18 Operating and Capital Budget recognized that the cumulative impacts of community and Board aspirations along with managing inflated internal and external customer expectations and service obligations may outpace available resources. This pinned-up demand and inflated level of expectation was created as a result of the economic recession from 2008-2014 which resulted in a period of operational stagnation by the County. The FY18 budget acknowledged continued economic uncertainty at the state, national, and international levels by proposing responsible strategies that helped buffer the County from potential economic turbulence. It set a financial course for Cleveland County to advance strategic priorities, maximize transformation, sustain a quality organization, and make strategic investments that included a facilities master plan, an energy savings initiative, and implementation of a modern and sustainable employee pay plan.

The recommended FY 19 balanced budget focuses on delivering tangible results in an evolving landscape. With this recommended plan, we propose to remain focused on the path we set out in FY 18, maintaining the momentum achieved towards advancing the strategic plan, and positioning ourselves to successfully address emerging community needs not yet captured in the strategic plan.

The decision framework was directed by the Board's adopted strategic goals and reflects our work in priority-based budgeting. The plan also reflects the strategic use of one-time money to advance priorities and avoid creating future obligations.

The County's initial five year capital improvement plan is attached as part of the comprehensive financial planning package. This package will be updated annually and presented to the Board of Commissioners to set the tone of the upcoming budget season. A brief summary and highlights of that plan is included in this rollout budget message summary.

DELIVERING RESULTS IN AN EVOLVING LANDSCAPE

- 1.) Strengthening revenues
 - o Positive corporate tax base growth, both in existing assessment values and in new construction
 - o Local economy remains strong, including sales tax, occupancy tax and other local sources
- 2.) Opportunities provided for strategic investment
 - o Internal Focus
 - Savings/expenditure re-engineering
 - FTE Head Count Management
 - o External Focus
 - Talent/Workforce Development
 - Housing Stock
- 3.) Building the framework to implement strategic priorities and respond to emerging needs
- 4.) Maintains current levels of service to our community
- 5.) Continue to face unmet needs

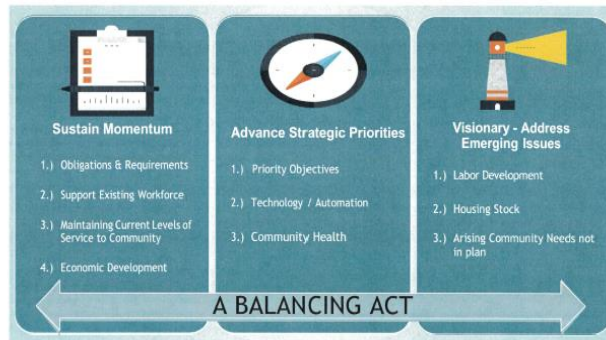
OUR OPTIMISM IS TEMPERED BY EXTERNAL REALITIES

While we are cautiously optimistic about some of the signs we are seeing in our local economy, that optimism remains tempered by a number of factors we are closely watching.

- 1.) Tax Base Concentration and other business exposures.
- 2.) State of North Carolina continues to shift costs to County government.
- 3.) There is always the possibility of economic slowdown based on historic trends/business cycles.

OVERVIEW

The County's Balanced Budget Plan is a basic foundation that is to be built upon based on Board of Commissioner Direction. The foundation focuses on continuing to anticipate emerging issues and identifying available resources that can deliver tangible results. It is shaped by priority driven budgeting with a clear focus on strategic priorities that were developed through Board of Commissioners and community dialogue. The plan acknowledges the need to maintain the levels of service that our community expects while also responding to the changing landscape, recognizing that strategic priorities currently in development will move to implementation in the near future and that there are new issues on the horizon that are not part of current services or the current strategic plan.



As the budget was developed, staff was careful to balance across three areas:

1. **Sustaining Momentum**
 - Obligations/Requirements
 - o Support for education
 - o Support for capital program (including debt service)
 - Support Existing Workforce
 - o Compensation and benefits

- Maintaining Current Levels of Service to Community
 - o Public safety
 - o Internal services
 - Economic Development
 - o Continue ongoing funding for Economic Opportunities Fund
 - o Funding to support the Arts and Culture initiative
2. **Advancing strategic priorities**
 - Priority Objectives
 - o County Building Infrastructure Investment
 - o Work Force / Talent Development
 - o Improving broadband access across the county
 - o County Clean-up Initiative
 - Technology / Automation
 - o Cleveland County Software Upgrade
 - o Re-branding/Website Development
 - Community Health
 - o Support for transportation-related initiatives
 - o Support for community prosperity
 3. **Addressing emerging issues**
 - Labor Development
 - o Work Force Development / Talent Attraction
 - o Aging/Changing workforce
 - Housing Stock
 - o Continued need for additional housing stock
 - Arising community needs not captured in the strategic plan

SPOTLIGHT: FY 19 STRATEGIC PLAN

Strategic planning is used to set priorities and focus energy and resources to move an organization towards its vision. Cleveland County has used strategic planning for many years to inform policy development and financial decision-making and achieve the community desires and values articulated in the County's Strategic Plan. The FY 19 Commissioner Strategic Plan is comprised of five (5) focus areas and then further defined with specific goals and objectives.

- 1.) Economic Development
- 2.) Community Education
- 3.) Public Safety
- 4.) Community Wellness
- 5.) Fiscal Sustainability

Budget Revenues



Real Property

Revenue in FY 18 is expected to come in very close to the budgeted level. The forecasted FY 19 amount is 3.20% greater. The total projected tax base for the FY 19 budget is \$8,759,857,335. This is a projected increase of \$275,764,002 in value when compared to the previous year. Essentially all of the property value growth is the development of NTE, a power generating company in Kings Mountain. This translates to a projected net new revenue amount of \$1,596,000 when calculated using a 57-cent tax rate and a 98% tax collection rate.

FY 18-19 Budget Message

Employee Benefits

Cleveland County strives to be an employer of choice. On average, employees receive a benefit package that represents 25-35% of their total annual salary. Effective 1/1/18 as part of Phase I of the Pay and Classification study, each employee in the organization had their salary moved into market. We are very excited to include, as part of the FY 19 budget, a one percent (1%) cost of living adjustment at a total cost of \$400,000 to offset inflation since the market adjustment.

County Governments across the State are reporting average health care cost increases of 15-20% for Employee Health Insurance. Included in the FY 19 budget is a 9% employer increase in health care premiums. Monthly premiums per employee will be increased from \$735 - \$815, at no cost to the employee. This increase has an organization cost of \$600,000 which will be absorbed by the County General Fund. Our team is pleased with this continued momentum of managing our health costs with offsetting investments into our workforce. The FY 19 budget also includes improvements into the disease management programs, continuation of the YMCA benefits, improved long term disability, and for the eighth year in a row we have budgeted flat dependent and family rates.

Included as part of the FY 19 budget is minor modifications to the Pharmacy Formulary including the addition of a fourth tier as follows:

Tier	Cost	Criteria
1	\$3	Offered at competing pharmacies
2	\$5	Not offered at competing pharmacies, less than \$10
3	\$10	less than \$50
4	\$40	Greater than \$50

Focus Area – Economic Development

Cleveland County Commissioners continue to see the importance of Economic Development and the recruitment of industry. Work force development continues to be a primary focus for long range success. During the FY 19 fiscal year, the Board of Commissioners will continue to partner with Cleveland County Schools and Cleveland Community College to promote dual tract with a focus on modern manufacturing.

The County has budgeted a 15% increase to the Cleveland County Economic Development Partnership and has begun discussions for the development of an apprenticeship and job training program with existing industries. Cleveland County makes up .08% of the total state population— Since 2008,

FY 18-19 Budget Message

Focus Area – Community Education / Customer Service

Included in the FY 19 budget, the County has re-classified a vacant position into a Public Information Officer. This position does not add to the County budget or create additional FTE headcount. This position will be leading the initial roll out of the County logo re-branding and website upgrade project as well as focus on communication to the internal organization as well as the community at large.

The Foothills Public Shooting Complex of Cleveland County budget reflects an appropriation of \$250,000. The Complex continues to perform at an outstanding level and is positioned to provide a long term regional travel/tourism draw for Cleveland County. The Complex hosted several tournaments during FY 18 and has plans of expanding those efforts in FY 19. FY 18 exceeded expectations for revenue collections (+ \$190,000) and foot traffic (+25,000).

During FY 18 the Board of Commissioners began a community cleanup initiative that was aimed at reducing litter in Cleveland County. The program was highly successful and will be continued in FY 19. It will include the involvement of local partners and a marketing campaign that engages the local school system. The FY 19 budget includes a budget appropriation of \$15,000 to provide resources for this project.

Cleveland County is home to fifteen (15) municipal governments, which is one of the highest numbers of any County in the State. Each of these municipal partners are vital to providing the highest level of government services to the citizens of Cleveland County. Since FY 16, the County has provided several one-time capital grants to municipalities to help facilitate recreational opportunities across Cleveland County.

The Board of Commissioners recognize the importance of supporting these local efforts while maintaining a balance with a multitude of other competing interests, social responsibilities and statutory duties. To help facilitate long-term sustainability, we have included a new municipal grant program as part of the FY 19 budget. The program will allocate \$60,000 on an annual basis that would be disseminated to Cleveland County municipalities through a competitive application that is analyzed based on competing interest and Strategic Plan alignment annually through the County's budget process.

Focus Area – Fiscal Sustainability

I began serving Cleveland County as Finance Director in 2014, at that time the County's fund balance was 14.6%. It has been a continued goal of the County Commissioners to increase the County's fund balance to between 18-20%. Primarily due to intentional budget management, service re-design, and expenditure re-engineering, the 6/30/2018 projected fund balance will be approximately 18.5%.

Cleveland County Government is committed to the fundamental principles of a *High Performing Organization* (HPO). One of the essential functions of an HPO organization is continuous self-reflection and rethinking of all activities and programs. One of our continued focuses is maintaining an innovative

FY 18-19 Budget Message

Sales Tax

Since 2015 Cleveland County has experienced substantial growth in sales tax. This is due to several reasons including legislation distribution changes as well as a more robust local economy. This time period has also experienced several economic development industry expansions which provides a "one time" sales tax revenue boost. For the FY 19 budget, the revenue team has recommended a 2.0% budgeted increase which equates to approximately \$185,000.

Occupancy Tax

This revenue reflects primarily the very strong growth that occurred in travel and tourism over the past 24 months. Since 2015 occupancy tax revenues have increased 40%. The FY 19 budgeted revenue projection for occupancy tax is \$350,000.

Inspection Fees

Inspection fee revenues increased in preceding years due to pent up demand after the recession. We anticipate fees will return to a more normalized rate in the coming years. As such, in FY 19, inspection fee revenue is projected to increase slightly. The FY 19 budget has a measured estimate of \$190,000.

Investment Income

Investment income is a barometer of strategic use of un-allocated resources. Staff are constantly evaluating 60, 90, & 120 day cash flow needs in order to maximize the investment portfolio. As a result of strategic management and increasing rates, investment income has grown approximately 300% since 2014. The FY 19 budget reflects a budget increase of \$75,000 for a total revenue estimate of \$325,000.

Federal Revenues

In FY 18, Federal revenues are currently projected to be 21.5% over the amount included in the FY 18 Budget. Projected increase in FY 19 is reflective of the actual revenues received in FY 17, which came in substantially above the budgeted FY 17 amount, due to an increase in the Department of Social Services caseload and an increase in the Federal reimbursement rates. The performance of Federal Revenues in FY 17 is an indication that FY 18 Federal Revenues likely will come in well over the FY 18 budgeted amount, and the FY 19 forecasted amount reflects this expected FY 18 performance. Federal funding will continue to be closely monitored.

FY 18-19 Budget Message

Cleveland County has recruited 17% of the total capital investment from new and expanding business in NC. The 2008 unemployment rate in Cleveland County was 13% compared to a current rate of 4.3%

The Board of Commissioners have also placed a high priority on assisting the Agricultural community in their efforts. Included in the FY 19 budget is the continued support for the small business incentive program, increased funding of NC Cooperative Extension, and the continuation of grant support to assist local farmers.

The cleanup and development of Dover Mill has been a long-term vision of the County Commissioners for several years. Included in the FY 19 budget as part of the 5 Year CIP plan is an earmark of approximately \$1MM in one-time capital for the site development of Dover Mill.

Focus Area – Public Safety

The total public safety budget for Cleveland County in the FY 19 budget is \$22,759,494 and includes the Sheriff's Department, Detention Facility, EMS, Emergency Management, and E-911 communications. The County Commissioners commitment to public safety investment is most evident when analyzed over time. In 2014, this budget was \$19,608,050—the increase of \$3,150,444 has been more than any other function of County government and has supplanted in matching the funding levels of other similar North Carolina Counties.

Included in the FY 19 budget is continued momentum for public safety including five (5) new positions at the Detention Facility. Also included in the budget and in the 5 Year CIP plan is further allocation of one-time capital for the preliminary due diligence for a McBrayer Street Jail Expansion.

The Cleveland County Sheriff's Department reflects a total annual appropriation of \$14,800,000, which represents 12.91% of the County's General Fund. This reflects salaries, operations and capital for the Sheriff's Department, Detention Facilities, and School Resource Officers. Of that total, \$756,000 is dedicated to capital asset replacement in the Sheriff's Office and Detention Center. Capital funding for the Sheriff's Department is developed based on .72 cents of the total General Fund Tax Rate with 2% growth each year.

Also included in the FY19 budget is \$509,840 in Emergency Services (EMS, Emergency Management, 911) capital funding. Capital funding for Emergency Services is developed based on .60 cents of the total General Fund Tax Rate with 2% growth each year.

The Board of Commissioners continue to support the outstanding efforts of the County's Animal Control Services. During FY 18, Cleveland County Animal Services made great strides in executing on a long term strategic plan aimed at lowering the number of unwanted animals in Cleveland County and a goal of a "No Kill" animal shelter. In 2012, the total number of annual euthanized animals was 4,500. In July-Dec 2017, that number was reduced to 300.

FY 18-19 Budget Message

mindset of public service entrepreneurship. Our rethinking initiatives have resulted in identifying those projects, services, and business relationships that needed strengthening and those that needed abolishing. Our team of department leaders and budget managers have exceeded expectations over the past 4 budgets – in 2014 the County had an overall General Fund Budget of \$113,583,738 and the total appropriation for FY 19 is approximately \$114,667,935. Since that period, we have:

1. Increased staff salaries on average more than 20%
2. Improved all aspects of the employee health plan
3. Created employee tuition reimbursement plans
4. Developed a 20-year Master Facility Plan
5. Increased public school funding

Our team is also pleased with the success of our long term and prudent fiscal planning. Included as an attachment of the FY 19 budget is a formal 5-year Capital Improvement Plan. The plan is intended to identify with a future orientation, upcoming capital needs (which are conceived from our Facility Planning and Long Term Operational Strategies) and align those needs with proper funding resources. This type of policy direction and support from the Board of Commissioners is greatly appreciated by staff and recognized as true fiscal sustainability. The County recently received a bond rating upgrade from S&P/Moody's and is now AA+ - which ranks in the top 15% of all Counties in the State.

Debt service management is another vital part of long term planning and sustainability. The County has approximately \$60,000,000 in outstanding debt obligations; however, due to strategic management and innovative planning the County General Fund is only responsible for paying 37% of that amount. That represents approximately 3.29 cents of the County's 57 cent tax rate. The remaining 63% of the debt is serviced from other Federal, State, and Local funding sources. Currently over 75% of the County's debt will be completely liquidated over the next 10 years.

FY 18-19 Budget Message

Budgeted Expenses & Commissioners Strategic Goals

Health & Human Services

The overall appropriation of local funding for the Department of Social Services will be \$7,732,622. This represents a decrease from the prior year of \$77,282 and a decrease in three of the last four years. Several key changes are reflected in the FY 19 budget including continuation of NC Fast implementation, State management of Medicaid Transportation and State management of Childcare Services. Cleveland County DSS employees approximately 220 FTEs which equates to approximately 25% of the County workforce.

The overall appropriation of local funding for the Department of Public Health will be \$3,511,276. This represents an increase from the prior year of \$345,276, but a cumulative decrease since 2014 of approximately \$500,000. The Public Health Department continues to lead the charge on improving the County health ranking and educating citizens on the importance of community wellness. The Public Health Department has approximately 160 FTEs.

Operational Highlights

The Cleveland County Register of Deeds (ROD), Betsy Harnage, will begin processing and administering passport applications during FY 19. This is only being done in a few Registers offices across the State and we applaud the team for offering a new service to the Citizens of Cleveland County. This service is being offered as a result of the hard work and innovative ideas of the ROD. This new service required very minute capital improvements to the existing office, and a marginal increase in the operational and part time budget. Off-setting revenues were budgeted very conservatively due to the first year of implementation; however, we are very excited about this new opportunity.

The Human Resources Department continues to work to support an atmosphere that promotes work place engagement, employee wellness, and high performing culture. Included in the FY 19 budget is continued funding of \$30,000 to provided effective supervisory training, diversity training, and workplace harassment training. Also included in the Human Resources budget is funding to complete Phase II of the comprehensive pay and classification study. Our administrative leadership team is very appreciative to the Board of Commissioners for conducting and implementing the first pay and classification study for Cleveland County in over 25 years. The outcomes derived from the study indicated that Cleveland County was approximately 6% behind market, and the cost to get to market was \$2,000,000. The Board of Commissioner voted unanimously to implement the full study with an effective date of 1/1/18 - without increasing taxes. Phase II of this process is to implement more updated and formal policy including staffing classifications for departments that have rank and file.

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Included in this years budget will be a robust adoption program to include full vaccinations completed at intake, spay and neuter and micro-chipping for all animals eligible for adoption and several free adoption clinics throughout the year. Animal Services will continue to employ a full-time Vet-Tech position and continue to contract with a Veterinarian to ensure the proper care of all animals at the facility.

Focus Area – Community Wellness

During the February 3, 2018 work session, the Cleveland County Board of Commissioners updated their strategic plan to add Community Wellness as a fifth (5th) focus area. Community Wellness is an inclusive focus area that navigates based on improving the following:

- 1.) County Health Rankings
- 2.) Social Determinants of Health
- 3.) Access to Physical Activity and Health Promotions

The Commissioners have identified several key initiatives specific to promoting and improving community wellness including an intentional focus on actively engaging in the fight against the opioid epidemic, increasing County wide recycling, and continued momentum of the "Partnering for Community Prosperity" project.

Included in the FY 19 budget is an appropriation of \$50,000 to continue to fund the "Partnering for Community Prosperity" project. This funding will include year two of the West End Reach transportation project. Staff continues to see an increase in ridership on the transportation route that serves West Shelby. Funding also provides continuation of a full-time school nurse at Graham Elementary to provide telemedicine services and community development opportunities.

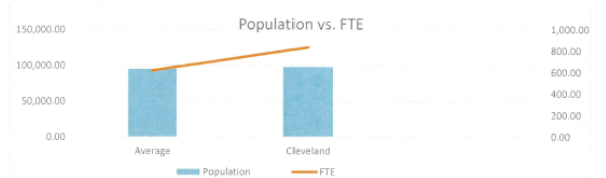
The Board of Commissioners have also sanctioned \$17,000 to provide a post occupancy and operational efficiency evaluation at the Cleveland County Public Health Department. The Public Health Department has been functional for approximately 24 months and the Board of Commissioners are focused on maximizing the community benefit moving forward.

In FY 18, the Public Health Center initiated a *Live Healthy Cleveland County* website designed to offer an array of exciting opportunities to become physically active in a variety of safe settings throughout Cleveland County. Two of those opportunities include the Kings Mountain Gateway Trail and the Broad River Greenway. With over 160,000 visitors per year and 20 miles of trail, included in this years budget is continued funding for both trails. Also included in this years budget is the continued partnership with the City of Shelby to examine the possibility of creating a Rail Trail which would run from the City of Shelby to the South Carolina line through many small Cleveland County municipalities.

FY 18-19 Budget Message

RECOMMENDED FY 2019 STAFFING PLAN

Cleveland County currently employs more employees than the average county based on population.



In an effort to manage the human capital, the County administrative leadership team has incorporated three points of emphasis for the upcoming fiscal year.

- A.) Position Justification – A formal and data driven review of each vacant position in the organization as it is vacated. The review includes analyzing the potential for cross departmental sharing, technology savings and attrition.
- B.) Position Re-Classification - This represents an intentional effort to maximize each FTE position within County government. Our team recognizes that business and service delivery expectations change and that our team should look for opportunities to align current resources with the most appropriate need.
- C.) Substantial Equivalency – Substantial equivalency is the process of converting State defined staffing classifications into a local classification. This is a developing trend across the State and recognizes that County government is much more nimble and effective when we are adaptable to local needs.

Included in the annual appropriation is the addition of five (5) additional FTEs at the Detention Center at an approximate cost of \$180,000. The additional FTEs are a product of a professional staffing analysis that is founded on standards from the "institute of corrections". This staffing recommendation also considers the possibility of co-locating both of Cleveland County's jails in the future

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**PUBLIC SCHOOLS AND VOLUNTEER FIRE
DEPARTMENTS**

Cleveland County Public Schools

The county allocation budget totals \$28,835,253 with equates to an increase of \$452,207 or \$56 per pupil. Capital outlay will be \$2,850,000 which is consistent with the prior year. Sales tax is budgeted at a 1.6% increase for County Schools. Projected local funding, at \$1,975 per pupil would be top 40 of 118 LEAs in NC

Property Tax Revenue	\$ 13,001,053
Sales Tax Revenue	\$ 3,700,000
Local Operational Appropriation	\$ 10,200,000
Local Capital Appropriation	\$ 1,400,000
Sales Tax Capital Appropriation	\$ 1,450,000
Total	\$ 29,751,053

Cleveland County VFD

The County Fire Service Districts tax rate will remain the same with a consistent rate of 8.75 cents per \$100 of property valuation for all County Fire Districts. The tax rate provides all funding including part time personnel, operations and capital for all 12 fire districts in Cleveland County. The budget team has worked closely with the County Fire Commission to forecast future needs and ensure appropriate resources are distributed to ensure proper coverage limits for Cleveland County citizens.

CONCLUSION

The 2018-2019 Fiscal Year Budget will continue to provide our residents, families, and guests with a full scope of high quality services. All signs in the community are continuing to trend in a very positive direction from both a macro-economic and community service perspective. It is truly a very exciting and transformational time for Cleveland County.

We are facing new challenges in the organization and in the community in 2018 that are very different than ten years ago. Our economic indicators such as unemployment, sales tax revenue and occupancy tax have maintained momentum, along with the growth of the national economy. These economic stabilizers have connected with the strategic economic development roots that were planted by Cleveland County Commissioners during the great recession and are beginning to provide unprecedented opportunity; however, it also creates very unique complexities and challenges. Our executive leadership team is aware and very cognizant of the responsibility that comes with opportunity and is excited about what the future offers for Cleveland County and its' citizens. Cleveland County Government experienced eight to ten years of economic suppression from 2005 - 2014, which created pent up demand in most areas of County government including human capital, information technology/automation, and deferred building maintenance. Our executive leadership is indebted to the Board of Commissioners for recognizing these needs and allowing staff to develop action plans that address these areas. This again adds to the excitement and buzz in the organization.

Once again, I would like to say thank our Commissioners for their vision and direction through this process and all the hard work of our Department Heads and staff. With the effective work of our Finance Department and that of each Department, the County is operating with a clear plan of maintaining fiscal strength and stability. This Budget will allow Cleveland County to continue its quality of life as a thriving and safe community that cherishes its location, maximizes and creates opportunity and evolves to meet the continuous challenges that success brings.

Respectfully submitted,



Brian C. Epley
County Manager

BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF CLEVELAND COUNTY:

SECTION I. FUND ESTIMATED REVENUES. It is estimated that the revenues and fund balances of the funds and departments as listed below will be available during the fiscal year beginning July 1, 2018 and ending June 30, 2019 to meet the functional appropriations as set forth in Section II. All fees, commissions, and other sums paid to or collected by any County Officer, or agent in their capacity, shall accrue to the benefit of the County and become County funds.

	\$ 144,012,807
	(16,406,636) \$ 127,606,271
Primary	\$ 78,284,381
	(2,047,790) \$ 76,236,601
Ad Valorem Tax:	
Current Year	
(67.0 Cents per \$100 value) X (80,464,093,333 total value) X (90% collection)	\$ 49,082,357
Prior Years	655,000
Advertising/Penalties	342,500
Other Taxes:	
Sales Tax	
1 Cent (Article 39)	6,670,000
Two 1/2 Cents (Art 40 & 42)	4,830,000
Occupancy Tax	350,000
Heavy Equip Tax	23,500
Vehicle Lease Tax	50,000
Excise Stamps Tax	234,000
Intergovernmental:	
US Grant-Emergency Management	20,000
US Grant-Council on Aging	361,500
NC Telecommunications Surcharge	290,000
NC Grants-Third Party (Pass-Thru)	192,186
NC Grant-J.C.P.C. Admin.	1,689
NC Court Arrest Fees-Sheriff	36,000
NC Forfeited Property-Sheriff	50,000
NC Housing of State Prisoners-Jail	185,000
NC Housing Inmate - SGA	15,000
NC Court Fees-Jail	75,000
NC License Revocation-Jail	8,000
NC DOT Grant (Pass-Thru to TACC)	175,000
NC Grant-Golf Conservation Match	32,100
NC Grant-State Aid to Libraries	140,000
Kings Mtn: County Library System	8,738
JCPC Grant-Cleveland County Schools (Pass Thru)	40,000
JCPC Grant-Communities in Schools (Pass Thru)	74,016
Schools: School Resource Officers	475,018
Shelby: Payment in Lieu of Taxes	11,000
Other Various Sources	143,800
Permits/Fees:	
Register of Deeds	436,500
Sheriff	251,100
Inspections	210,000
Planning & Zoning	19,100
Sales/Services:	
Rents	3,193,392
Contracted Revenues	100,000
Municipal Tax Collection	300,000
Emergency Med Serv	3,605,392
Volunteer Rescue	14,000
Electronic Maintenance	12,000
Cooperative Extension	27,219
County Library System	30,000
Public Firing Range	215,000
Interest:	
Interest on Investments	325,000
Miscellaneous:	
ABC Per Bottle & Profit Distribution	75,000
Sale of Used Assets	29,500
Vending/Payphone Commissions	100,000
Contributions & Donations (Library)	50,000
Other Miscellaneous	112,800

<u>Other Sources:</u>	S/W Landfill Fund	118,134		
	School Capital Reserve Fund (Transfer)	1,450,000		
	Emergency Telephone Fund (Transfer)	85,000		
	ROD Automation E & P	-		
	Social Service Fund (Transfer)	97,500		
	Health Dept Fund (Transfer)	297,156		
	Fund Balance Appropriated	2,059,194		
	Mental Health Appropriation	500,000		
				\$ 78,284,391
				\$ 78,284,391
<u>Social Services & Public Assistance</u>				
		Less Transfers In:	20,786,037	
	Grants-Federal and State Govts	12,982,933	(7,732,622)	13,032,415
	Local Fees	49,482		
	Primary Fund (Transfer)	7,732,622		
<u>Public Health</u>				
		Less Transfers In:	14,771,000	11,159,724
	Grants-Federal and State Govts	2,290,720	(3,611,276)	
	Local Fees & Medicaid	6,234,047		
	Primary Fund (Transfer)	3,511,276		
	Other Funds (Transfer)	100,000		
	Fund Balance Appropriated	2,644,957		
<u>Employee Wellness</u>				
		Less Transfers In:	1,183,631	108,500
	Local Fees	108,500	(1,075,031)	
	Health Insurance Fund (Transfer)	1,075,031		
<u>Court Facilities</u>				
		Less Transfers In:	413,266	143,500
	Departmental Fees	143,500	(269,755)	
	Primary Fund (Transfer)	269,755		
<u>School Property Taxes</u>				
	Ad Valorem Tax: Current Year (16.0 Cents per \$100 value) X (\$7,930,434,276 total value) X (97% collection)	13,001,053	18,768,113	16,756,113
	Interest on Delinquent Tax	55,000		
	Settlement Overs/Shorts	60		
<u>Other Taxes:</u>	Sales Tax	3,700,000		
<u>LeGrand Conference Center</u>				
		Less Transfers In:	1,183,766	687,000
	Fees, Beverage Sales	687,000	(476,765)	
	Primary Fund (Transfer)	476,765		
<u>Workers' Compensation / Property & Liability Insurance</u>				
		Less Transfers In:	1,318,897	125,500
	Interest on Investments/Other	125,500	(1,193,397)	
	Primary Fund (Transfer)	778,596		
	Social Services Fund (Transfer)	117,600		
	Other Funds (Transfer)	297,201		
<u>Health / Dental Insurance</u>				
		Less Transfers In:	9,368,918	9,165,918
	Fund Balance Appropriated	642,918	(191,000)	
	Primary Fund (Transfer)	191,000		
	Dental Premiums	210,000		
	Health Premiums	8,313,000		
B. SPECIAL REVENUE FUND ESTIMATED REVENUES			4,264,832	\$ 4,254,632
<u>Emergency Telephone</u>				
	E911 Subscriber Fees	389,320	389,320	389,320
<u>County Fire Service District</u>				
	Ad Valorem Tax: Current Year (6.0 Cents per \$100 value) X (\$3,260,000,000 total value) X (97% collection)	3,170,312	3,865,312	3,865,312
	Ad Valorem Tax: Prior Years	10,000		
	Other Revenues	685,000		
C. DEBT SERVICE FUND ESTIMATED REVENUES			7,670,704	\$ 1,833,916
<u>Debt Service</u>				
		Less Transfers In:	(5,736,788)	
	Other Revenues - Federal	708,020		
	Other Units Share of Expenditures	1,125,896		
	Primary Fund (Transfer)	2,452,730		
	School Capital Reserve Fund (Transfer) - POCBF	1,600,000		
	School Capital Reserve Fund (Transfer)	1,684,058		
D. CAPITAL PROJECT FUND ESTIMATED REVENUES			9,891,068	\$ 4,834,058
<u>Capital Projects</u>				
		Less Transfers In:	(4,797,000)	
	Capital Reserve Fund (Transfer)	2,440,000	(2,457,000)	
	Primary Fund (Transfer)	17,000		
<u>County Capital Reserve</u>				
		Less Transfers In:	2,440,000	100,000
	County Funds/County Reserve (Transfer)	2,340,000	(2,340,000)	
	Local Revenues	100,000		
<u>School Capital Reserve</u>				
	Sales Tax: Two 1/2 Cents (Art. 40 & 42)	3,134,058	4,734,058	4,734,058
	Grants-Public School Bldg. Cap. Fds.	1,600,000		
E. ENTERPRISE FUND ESTIMATED REVENUES			8,169,425	\$ 8,169,425
<u>Solid Waste Landfill</u>				
		Less Transfers In:	-	
	Grants and Shared Taxes-State Govt	504,866		
	Local Fees and User Fees	6,938,737		
	Sale of Recyclables/Other	75,822		
	Fund Balance Appropriated	650,000		
SECTION I TOTAL (TOTAL FUND ESTIMATED REVENUES)			178,898,728	
		Less Transfers In:	(27,131,424)	146,507,302

SECTION II. FUND APPROPRIATIONS. It is hereby affirmed that the appropriations of the funds and departments as listed below will be sufficient to meet the County's normal operating obligations.

A. GENERAL FUND APPROPRIATIONS

		144,012,907	
	Less Transfers Out:	(19,357,031)	124,655,876
<u>General Government</u>		40,884,108	22,010,328
	Less Transfers Out:	(18,653,775)	
10.411 Commissioners (Governing Body)	403,574		
10.412 County Manager's Office	880,300		
10.413 Finance/Purchasing	1,161,249		
10.415 Property Tax Administration	1,670,568		
10.416 Legal/County Attorney	237,384		
10.418 Elections	495,098		
10.419 Register of Deeds	514,326		
10.421 Information Technology	1,067,724		
10.423 Human Resources	683,190		
10.426 Building Maintenance	1,766,931		
10.427 Facilities Janitorial	258,980		
10.430 Municipal Grants	207,048		
10.432 Grants-Third Party (Pass Thru)	192,186		
10.433 Grant-J.C.P.C. Administration	1,689		
10.613 Communities In Schools - County Match	64,300		
10.613 Communities In Schools - JCPC Grant	74,016		
10.619 ROD Automation E & P	115,500		
10.981 Transfers Out To:			
Social Services	7,732,622		
Public Health	3,511,276		
Courts	269,756		
Workers' Comp. / Property & Liability	778,596		
Debt Service	2,452,730		
Capital Reserve	2,340,000		
Capital Project	17,000		
Conference Center	476,765		
10.998 Emergency & Contingency	1,018,695		
13.660 Employee Wellness	1,183,531		
14.417 Court Facilities	413,255		
60.650 Workers' Compensation	722,100		
60.651 Property/Liability	596,797		
65.981 Employee Medical Insurance	8,071,887		
65.981 Employee Medical Insurance (Tr Out)	1,075,031		
66.661 Employee Dental Insurance	210,000		
		24,798,114	
<u>Public Safety</u>			
10.440 School Resource Officers	669,048		
10.441 Sheriff	8,572,584		
10.443 Forfeited Property--State	111,800		
10.444 Detention Center/Jail	5,719,472		
10.445 Emergency Management	376,631		
10.446 Emergency Medical Services	6,874,064		
10.447 Volunteer Rescue	42,200		
10.448 Communications	1,232,273		
10.449 Electronic Maintenance	644,457		
10.450 Building Inspections	376,553		
10.451 Coroner	100,000		
10.453 Hazardous Materials	19,032		
		6,011,843	6,011,843
<u>Economic & Physical Development</u>			
10.491 Planning & Zoning	386,853		
10.492 Economic Development/Tourism	5,049,168		
10.495 Cooperative Extension	363,719		
10.496 Forestry Management	81,757		
10.498 Golf Conservation	130,346		
		223,966	223,966
<u>Transportation</u>			
10.497 Transportation Admin. of Clev. Cty.	223,966		
		37,286,884	36,562,378
<u>Human Services</u>	Less Transfers Out:	(703,256)	
10.560 Mental Health (Pathways)	637,956		
10.560 Local Mental Health Allocations (Pathways)	500,000		
10.591 Veterans' Service Officer	103,315		
10.617 Council on Aging (Senior Center)	488,326		
11.000 Social Svcs. & Public Asst.	20,358,937		
11.000 Transfers Out To Other Funds	406,100		
12.000 Public Health	14,473,844		
12.000 Transfers Out To Other Funds	297,156		
		31,899,986	31,899,986
<u>Education</u>			
10.600 Cleveland County Schools			
Current Expense	10,200,000		
Capital Outlay	1,400,000		
Capital Outlay - Special Allocation	1,450,000		
JCPC Early Intervention Grant (Pass Thru)	40,000		
10.604 Cleveland Community College			
Utilities/Maint Bldg-Grounds	74,000		
Current Expense	1,979,872		
20.600 School Property Taxes	13,056,113		
School Sales Tax (Pass Through)	3,700,000		
		3,084,706	3,084,706
<u>Cultural</u>			
10.611 Libraries			
County Library System	1,137,954		
Other Libraries	91,000		
10.612 Recreation	117,133		
10.614 Historic Artifacts	91,000		
10.470 Public Shooting Range	483,854		
55.480 LeGrand Center	1,163,765		
		124,557	124,557
<u>Debt Service (small lease purchase agreements)</u>			
10.800 Debt Service	124,557		
		(85,000)	
B. SPECIAL REVENUE FUND APPROPRIATIONS			
	Less Transfers Out:	(85,000)	
<u>Public Safety</u>			
	Less Transfers Out:	(85,000)	
26.454 Emergency Telephone	304,320		
26.454 Transfer Out To Other Funds	85,000		
28.452 Volunteer Fire Departments	3,865,312		
		7,670,704	7,570,704
C. DEBT SERVICE FUND APPROPRIATIONS			
<u>Debt Service</u>			
30.800 Debt Service	7,570,704		
		7,670,704	7,570,704

SECTION II. FUND APPROPRIATIONS.		(continued)	
D. CAPITAL PROJECT FUND APPROPRIATIONS		8,831,068	2,457,000
	Less Transfers Out:	(7,174,058)	
Capital Projects		8,831,068	2,457,000
	Less Transfers Out:	(7,174,058)	
40.210/225	County Capital Projects	2,457,000	
41.209	County: Capital Reserves (Transfer)	2,440,000	
41.209	Capital Reserves - Capital Plan	-	2,440,000
42.105	Schools: Local Option Sales Taxes (Transfer)	3,134,058	
42.107	Public School Capital Fund (Transfer)	1,600,000	
E. ENTERPRISE FUND APPROPRIATIONS		8,169,425	7,654,090
	Less Transfers Out:	(515,335)	
Environmental		8,169,425	7,654,090
	Less Transfers Out:	(515,335)	
54.473	Solid Waste Disposal	5,407,497	
54.473	Transfers Out To Other Funds	515,335	
54.474	Solid Waste Collections	2,246,593	
SECTION II TOTAL (TOTAL FUND APPROPRIATIONS)		173,838,726	
	Less Transfers Out:	(27,131,424)	146,507,302

SECTION III. PROPERTY TAX RATES. The County-wide property tax rate shall be 57 cents per \$100 valuation for purposes of the General Fund and 15 cents per \$100 valuation for purposes of the School Property Taxes Fund; thus, the combined County-wide property tax rate shall be 72 cents per \$100 valuation. Further, the property tax rate for the County Fire Service District shall be 8.75 cents per \$100 valuation and derived revenues shall be used to benefit volunteer fire departments in the district. In addition, to benefit the volunteer fire departments in a special fire district which is seeking approval of this rate from the Board of Commissioners, the property tax rate for Number Seven and Number Three Fire Districts shall be 8.75 cents per \$100 valuation.

SECTION IV. BUDGET CHANGES. The County Manager shall have authorization to make budget changes between any and all operating funds and departments as long as the Total Fund Estimated Revenues and Total Fund Appropriations remain at the level, including all subsequent amendments, approved and adopted by the County Board of Commissioners, except as provided below.

SECTION V. BUDGET CARRY FORWARDS. The County Manager shall have authorization to include in the budget all prior year budget amounts remaining for remaining for outstanding purchase order encumbrances, unspent grants, unspent donations, and other ongoing projects as determined by the Finance Department.

REGULAR AGENDA

MINIMUM HOUSING INTER LOCAL AGREEMENT FOR THE TOWN OF BOILING SPRINGS

Chairman Holbrook recognized Senior Planner Chris Martin to present the minimum housing inter-local agreement between Cleveland County and Boiling Springs. The Town of Boiling Springs requests the County Building Inspections office to administer and enforce the minimum housing ordinance. The minimum housing code helps protect the health, safety, and welfare of the community by establishing minimum standards for buildings used for habitation and provides a process for towns to demolish dilapidated housing. Any costs for demolition will be paid by the Town of Boiling Springs and a lien will be placed on the property. The agreement may also require staff to attend a town council meeting to present the Order to Repair/Demolish. The County has similar agreements with Belwood, Lawndale, Kingstown and Grover. The Land Use Plan encourages all towns to adopt a minimum housing code within their jurisdiction.

Chairman Holbrook opened the floor to the Board for any questions and discussion. Commissioner Whetstine inquired if the town has been doing the minimum housing enforcement in the past. Mr. Martin stated yes, the town has, however they have not had many cases. If this agreement is approved, it will not cause a burden to current County staff. Chairman Holbrook stated if the amount of cases became too great for the County, the agreement would need to be re-evaluated. Commissioner Hutchins asked where the town's permits are currently issued? Mr. Martin stated permits are currently given from the County office.

INTER-LOCAL AGREEMENT
MINIMUM HOUSING CODE ENFORCEMENT

THIS AGREEMENT by and between CLEVELAND COUNTY, a North Carolina Municipal Corporation, located in the state of North Carolina, party of the first part, hereinafter referred to as "County", and THE TOWN OF BOILING SPINGS, a North Carolina Municipal Corporation, located in Cleveland County, North Carolina, party of the second part, hereinafter referred to as "Town".

FOR THE BENEFIT OF THE CITIZENS OF THE TOWN OF BOILING SPRINGS, and for the powers and duties given CLEVELAND COUNTY within the planning jurisdiction of the TOWN OF BOILING SPRINGS.

1. PURPOSE

The Town of Boiling Springs desires to provide basic minimum housing standards deemed essential to maintain any residential dwelling in safe and sanitary condition. Pursuant to the authority provided in Section 160A-441 of the North Carolina General Statutes, the Town hereby designates Cleveland County, to administer and enforce the provisions set forth in the Cleveland County Minimum Housing Code, as adopted by the Cleveland County Board of Commissioners on May 2, 2000 and as may be subsequently amended. The County shall have authority to exercise, within the planning jurisdiction of the Town, all the powers and duties given it by the Cleveland County Minimum Housing Code.

2. SERVICES

The County shall administer and enforce the provisions of the Minimum Housing Code within the planning jurisdiction of the Town. The Town agrees to indemnify and hold harmless the County from any liability, costs, expenses, claims or financial detriment of any kind or nature whatsoever which may be incurred as a result of providing this service.

3. COST

The Town agrees to pay for any costs related to the administration, including but not limited to legal notices, asbestos remediation, and demolition.

6. AMENDMENT TO THE CODE

If the County proposes any amendment to the Cleveland County Minimum Housing Code, it will provide the Town with written notice of the proposed amendment and also provide the Town a reasonable opportunity to review and comment on the proposed amendment, before the County holds a public hearing on the amendment.

7. TERMINATION

Should either party elect to terminate this Agreement, the party wishing to terminate shall provide at least a 90-day written notice to the other party.


8. TERM

This agreement becomes effective with respect to the County and the Town when it has been adopted by both the Cleveland County Board of Commissioners and the Boiling Springs Board of Commissioners, and has been executed by a duly authorized representative on behalf of both parties.

*approved at
the June 5, 2018
Commissioners
Meeting


Eddie Holbrook, Chairman
Cleveland County Board of Commissioners

06/06/18
Date


Bill Ellis, Mayor
Town of Boiling Springs

3/6/2018
Date

ACTION: Commissioner Whetstine made the motion, seconded by Commissioner Bridges and unanimously approved by the Board to, *approve the minimum housing inter-local agreement for the Town of Boiling Springs.*

COMMISSIONER REPORTS

Commissioner Bridges – toured the NTE facility in Kings Mountain with other staff members. He attended the Salvation Army Appreciation dinner and presented them with a proclamation on behalf of the Board.

Commissioner Bridges gave highlights from the joint meeting between the City of Shelby and Cleveland County.

Commissioner Whetstine – attended several ribbon cuttings and events held throughout the county.

Commissioner Hutchins – also went to numerous community events in the area such as the EMS Appreciation Breakfast and presentation of the new roundabout in Kings Mountain. He also gave an update from the last MPO meeting which include the 74 by-pass.

Commissioner Allen – attended events in the community such as the Shelby State of the Community breakfast, the opening day of passport services in the Register of Deeds office and several ceremonies honoring first responders.

Chairman Holbrook – spoke of the progress and advancements of the Shelby/Cleveland County Regional Airport.

ADJOURN

There being no further business to come before the Board at this time, Commissioner Allen made the motion, seconded by Commissioner Bridges, and unanimously adopted by the Board, *to adjourn the meeting*. The next meeting of the Commission is scheduled for *Tuesday, June 19, 2018 at 6:00 p.m. in the Commissioners Chamber*.

*Eddie Holbrook, Chairman
Cleveland County Board of Commissioners*

*Phyllis Nowlen, Clerk to the Board
Cleveland County Board of Commissioners*