

Cleveland County Board of Commissioners
February 5, 2019

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: Susan Allen, Chairman
Ronnie Whetstine, Vice-Chair
Johnny Hutchins, Commissioner
Doug Bridges, Commissioner
Deb Hardin, Commissioner
Brian Epley, County Manager
Tim Moore, County Attorney
Phyllis Nowlen, Clerk to the Board
Kerri Melton, Assistant County Manager
Chris Green, Tax Administrator
Shane Fox, Chief Financial Officer
Elliot Engstrom, Senior Staff Attorney
Scott Bowman, Maintenance Director
Lorie Poston, E-911 Communications Director
Allison Mauney, Human Resources Director
Jane Shooter, Interim DSS Director
Dorothea Wyant, Health Director
Daryl Sando, Electronic Maintenance Director
Clifton Philbeck, Elections Director

CALL TO ORDER

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

AGENDA ADOPTION

ACTION: Commissioner Hutchins made the motion, seconded by Commissioner Hardin and unanimously approved by the Board to, ***approve the agenda as presented.***

CITIZEN RECOGNITION

No one registered to speak.

CONSENT AGENDA

APPROVAL OF MINUTES

The Clerk to the Board included the Minutes from the ***January 15, 2019 regular meeting***, in board members packets.

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

SOCIAL SERVICES: BUDGET AMENDMENT (BNA #024)

ACTION: Commissioner Whetstine made a motion, seconded by Commissioner Bridges, and unanimously adopted by the Board to, ***approve the following budget amendment:***

<u>Account Number</u>	<u>Project Code</u>	<u>Department/Account Name</u>	<u>Increase</u>	<u>Decrease</u>
011.504.4.310.00	93667-P395	Title XX/Federal Grants	\$29,060.00	
011.504.5.121.00		Title XX/Salaries	\$29,060.00	

Explanation of Revisions: Budget \$29,060 to accept additional Federal funds to help offset the county share in salaries FY 2018/2019.

SOCIAL SERVICES: BUDGET AMENDMENT (BNA #025)

ACTION: Commissioner Whetstine made a motion, seconded by Commissioner Bridges, and unanimously adopted by the Board to, ***approve the following budget amendment:***

<u>Account Number</u>	<u>Project Code</u>	<u>Department/Account Name</u>	<u>Increase</u>	<u>Decrease</u>
011.506.4.310.00	93568-P341/358	Admin/Fed Gov Grants	\$4,500.00	
011.506.5.581.00		Admin/Awards-Appreciation	\$4,500.00	

Explanation of Revisions: Budget \$4,500 to accept One Time Special funds for FY 2018/2019. Funds were made available due to a special project completed by county workers regarding unplanned and extra work pertaining to daycare under/over payment processing in NCFAS. The funds will be used for staff appreciation.

HEALTH DEPARTMENT: BUDGET AMENDMENT (BNA #026)

ACTION: Commissioner Whetstine made a motion, seconded by Commissioner Bridges, and unanimously adopted by the Board to, ***approve the following budget amendment:***

<u>Account Number</u>	<u>Project Code</u>	<u>Department/Account Name</u>	<u>Increase</u>	<u>Decrease</u>
012.530.4.810.00		General/Donations	\$100.00	
012.530.5.790.00		General/Donations	\$100.00	

Explanation of Revisions: Budget \$100 in donation funds from the Cleveland County Pharmaceutical Association in recognition of the Virtual Care Clinic and the promotion of better health in Cleveland County.

HEALTH DEPARTMENT: BUDGET AMENDMENT (BNA #027)

ACTION: Commissioner Whetstine made a motion, seconded by Commissioner Bridges, and unanimously adopted by the Board to, ***approve the following budget amendment:***

<u>Account Number</u>	<u>Project Code</u>	<u>Department/Account Name</u>	<u>Increase</u>	<u>Decrease</u>
012.537.4.800.00		Child Health/Misc. Revenue	\$5,000.00	
012.537.5.230.00		Child Health/Medicine & Supplies	\$2,000.00	
012.537.5.210.00		Child Health/Departmental Supplies	\$3,000.00	

Explanation of Revisions: Budget \$5,000 in funds awarded from Glaxo Smith Cline and to be used for the Virtual Care Clinics (Telemedicine Program).

PLANNING DEPARTMENT: REZONING CASE 19-02 (Schedule Public Hearing for February 19, 2019)

The Planning Department is requesting a Public Hearing be set for Tuesday, February 19, 2019 to hear Case 19-02, rezone property at 823 Old Stubbs Road from Residential (R) to Light Industrial Conditional District (LI-CD). Jason Hamrick has acquired the building and property at 823 Old Stubbs Road and is requesting to rezone the property from Residential (R) to Light Industrial Conditional District (LI-CD). He has submitted an application and site plan showing how the property will be used. The property is zoned Residential along with surrounding properties. The surrounding area is comprised of residential uses, and a storage facility further down Old Stubbs Road, along with some retail businesses at the intersection of Old Stubbs Road and Highway 150. The Land Use Plan designates the intersection future commercial, with the designation reaching Mr. Hamrick's property. The Land Use Plan encourages the redevelopment of vacant buildings, per Strategy I-A3.

ACTION: Commissioner Whetstine made a motion, seconded by Commissioner Bridges, and unanimously adopted by the Board to, ***approve scheduling the public hearing as requested.***

PLANNING DEPARTMENT: REZONING CASE 19-04 (Schedule Public Hearing for March 5, 2019)

The Planning Department is requesting a Public Hearing be set for Tuesday, March 5, 2019 to hear Case 19-04, rezone property at 1323 N Post Rd from Restricted Residential (RR) to Light Industrial-Conditional Use

District (LI-CD). Stephen Fisher is requesting to rezone property at 1323 N Post Rd from Restricted Residential (RR) to Light Industrial-Conditional Use District (LI-CD). The property is approximately 40 acres and consists of 4 adjoining parcels. It is located on property off Highway 180 behind Fisher's Tree Service and Christine's Homes, and also adjoining the future 74 Bypass. Mr. Fisher has acquired the property and wishes to operate a mulch producing and green waste recycling facility. He has submitted an application and site plan showing how the property will be used. This business will accept green waste, such as grass clippings, leaves, limbs, trees, and stumps, and then recycle the material into mulch and firewood. Mr. Fisher's existing business includes tree services and firewood sales.

ACTION: Commissioner Whetstine made a motion, seconded by Commissioner Bridges, and unanimously adopted by the Board to, *approve scheduling the public hearing as requested.*

REMOVAL OF SERVICE WEAPON FOR RETIRED DEPUTY TERRY LANIER

Sheriff Alan Norman requested retiring Deputy Terry Lanier be presented his departmental service weapon. Deputy Lanier retired on December 31, 2018 after 46 years of continuous law enforcement service with the Cleveland County Sheriff's Office. The service weapon requested to be removed from inventory is a Glock 9mm, Model 17, serial number BDKT-819 and County asset number 201214.

ACTION: Commissioner Whetstine made the motion, seconded by Commissioner Bridges, and unanimously adopted by the Board, *to approve the request to remove the service weapon from County inventory and issue to Deputy Terry Lanier.*

PINNACLE SCHOOL RESOURCE OFFICER CONTRACT ADDENDUM

The Board of Commissioners recently agreed to, in cooperation with the Cleveland County Sheriff, provide an SRO to Pinnacle Classical Academy pursuant to a contract for services with Pinnacle. Staff recommends executing an amendment to the County's contract with the Sheriff and Pinnacle Classical Academy to correct the Contract amounts for the presence of a school resource officer on the school's campus. (*copy found on Page ____ of Minute Book ____*).

ACTION: Commissioner Whetstine made a motion, seconded by Commissioner Bridges, and unanimously adopted by the Board to, *approve the Pinnacle School Resource Officer Contract Addendum.*

PUBLIC HEARINGS

PLANNING DEPARTMENT: CASE 18-12; PROPOSED TEXT AMENDMENT FOR GARAGES/CARPORTS WITHIN THE CLEVELAND COUNTY UNIFIED DEVELOPMENT ORDINANCE

Chairman Allen called Chris Martin, Senior Planner to the podium to present the proposed text amendment for garages/carports within the Cleveland County Unified Development ordinance. Britt Bernhardt has applied for a text amendment to Section 12-138(a) of the Cleveland County UDO that would allow garages/carports to be placed in the front of a principal dwelling on properties greater than 2 acres. The amendment would require the carport or garage be 150 feet from the road. (*See text amendment below*). The proposed case was presented to the

Planning Board who reviewed this case for two months but voted unanimously to recommend denying the proposed text amendment. The Planning Board stated they are not opposed to the accessory carports being in the front of properties but felt the amendment, as presented, did not adequately address issues like placement, structure size and other standards that would work across all of the County's jurisdiction. They would like to revisit the proposed text amendment and requests direction from the Board of Commissioners to develop standards that would address this issue.

Chairman Allen opened the floor to the Board for comments or questions. Commissioner Bridges asked how much more time would the Planning Board need for a final recommendation. Mr. Martin stated they would like another two months to fully review the text amendment and be able to come up with satisfactory standards for the whole county. Commissioner Hardin inquired if the amendment would be applied to carports or any type of detached building. Mr. Martin the Planning Board is limiting the ordinance to carports and garages and would exclude any type of shed or workshop. Commissioner Whetstine asked, "for clarification, if the homeowner wanted to attach a carport or garage to their home, would it now be considered part of the house structure and could it be located in the front of the home." Mr. Martin said that was correct. Commissioner Hutchins commented on the difficulty of the 150-foot set back homeowners may have. Mr. Martin replied this was part of the concern the Planning Board had with Mr. Bernhardt's proposed text amendment in that this would only be applicable to his property and not to everyone in the County.

Proposed Text Amendment

Text Amendment Proposed by Applicant

Sec. 12-138. - Location of accessory buildings on residential lots.

- (a) On any residential lot, accessory buildings and structures shall not be located in any front yard required for principal buildings, shall not cover more than thirty (30) percent of any rear yard required for the principal building, and shall be at least twenty (20) feet from any building used for human habitation on adjoining lots. **Exceptions to this rule include garages and carports, which are allowed within the front yard of any principal dwelling, under the following conditions:**
 - 1. The parcel on which the garage or carport is to be located is a minimum of two (2) acres.**
 - 2. The garage or carport maintains a 150 foot setback from the front right-of-way.**
- (b) Accessory buildings designed or used for human habitation as may be permitted by this chapter shall be located no closer to the principal building than thirty (30) feet and shall meet the side yard requirements for the district in which located.
- (c) A double garage, one-half (½) of which would be located on each of two (2) lots, shall be permitted in any residential district, provided a written request signed by both parties is submitted with the building permit application.
- (d) On any lot or tract in the RA district, accessory buildings and structures shall be at least twenty (20) feet from any building used for human habitation on adjoining lots.
- (e) Outdoor swimming pools shall be protected by a fence or equal enclosure, a minimum of four (4) feet in height, equipped with a self-locking and positive self-latching gate provided with hardware for permanent locking. This enclosure is intended to protect against potential drowning by restricting access to swimming pools.
- (f) See also section 12-174, accessory building setback requirements.

Chairman Allen opened the Public Hearing at 6:16 pm for anyone wanting to speak for or against the proposed text amendment for garages/carports within the Cleveland County Unified Development ordinance. *(Legal Notice was published in the Shelby Star on Friday, January 25, 2019 and Friday, February 1, 2019).*

Britt Bernhardt, 2227 Albert Blanton Rd, Shelby – is the homeowner who submitted the text amendment request. Mr. Bernhardt stated he understands zoning and the intent of zoning regulations. The property under consideration is a three-acre lot with a home that sits one hundred feet from the road. He is unable to attach a garage to his home. The carport that currently sits in front of the house and doesn't require a permit which is what makes this particular ordinance difficult to manage and enforce. Mr. Bernhardt thanked the Board for their consideration in this matter.

Hearing no further comments, Chairman Allen closed the Public Hearing at 6:18 pm.

Chairman Allen opened the floor to the Board for questions and discussion. Commissioner Hardin stated, for her understanding, the Planning Board is wanting a more universal ordinance that would apply to more than just this one case. Mr. Martin replied that was correct. The verbiage in the petitioner's amendment request would only apply to large lots. The Planning Board saw how the proposed modification would benefit bigger properties to allow them to fit garages in front their house and driveways, however, they want to develop language that can describe that without allowing buildings directly in front of a house or front door. They want to try and apply it to smaller lots.

ACTION: Commissioner Hutchins made a motion, seconded by Commissioner Bridges, and passed unanimously by the Board to, *send case 18-12; Proposed Text Amendment for Garages/Carports within the Cleveland County Unified Development Ordinance back to the Planning Board for further review/evaluation and bring back before the Commissioners in ninety days with a recommendation.*

PLANNING DEPARTMENT: CASE 18-13; RE-ZONING OF PARCELS 24702, 48237 AND 43150 AT 1650 NORTH POST ROAD, SHELBY

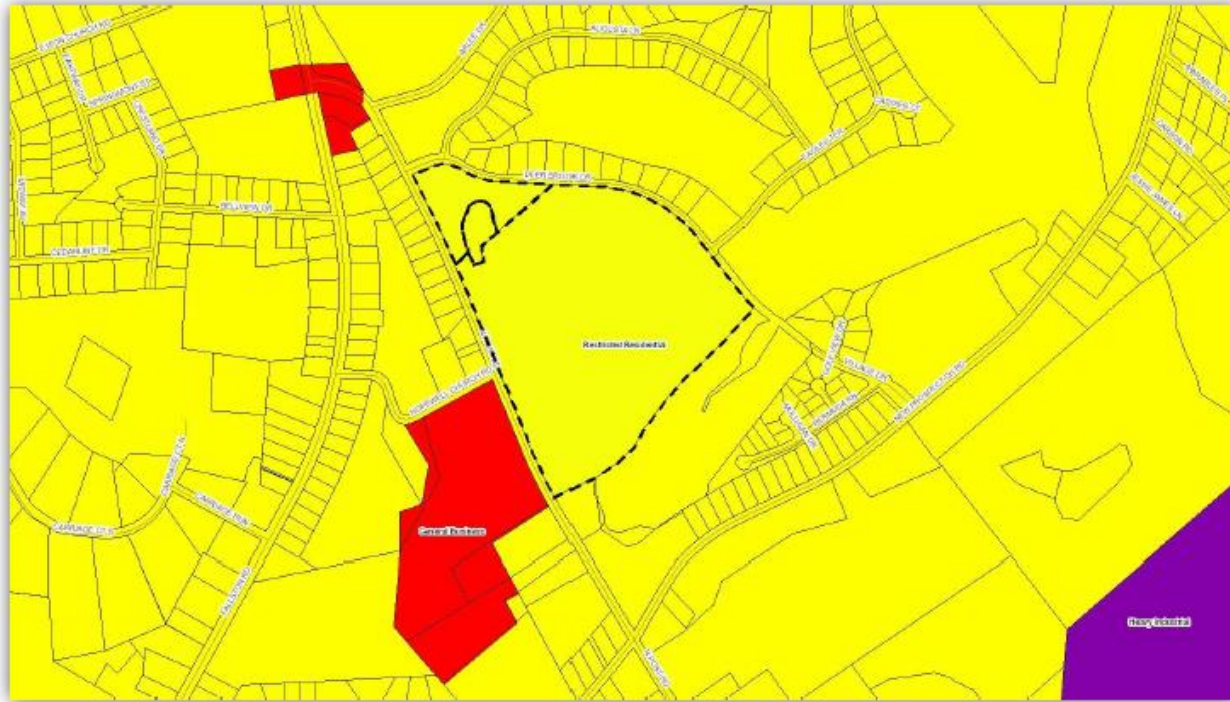
Chairman Allen again recognized Chris Martin, Senior Planner, to the podium to present Case 18-13; Re-Zoning of Parcels 24702, 48237 and 43150 at 1650 North Post Road, Shelby. Challenger Three Golf Club, Inc. has applied to rezone parcels 24702, 48237 and 43150 at 1650 North Post Road, from Restricted Residential Corridor Protection (RRCP) to General Business (GB). Challenger Three is located on Highway 180 North and is currently zoned Restricted Residential (RR). The property is used for a golf course, outdoor amusement and recreation which was in use prior to County wide zoning in the year 2000. The surrounding zoning is mixed with Restricted Residential (RR) to the east and north and General Business (GB) to the southwest along North Post Road and Cleveland County's code states General Business (GB) is generally located along arterial streets. The surrounding uses are also mixed consisting of commercial and residential. The General Business (GB) zoning district is compatible with the current use of the property and General Business (GB) would be compatible with the Land Use Plan. The Planning Board has reviewed case 18-13 and unanimously recommended the approval of rezoning

parcels 24702, 48237 and 43150. It complies with the Land Use Plan and advised there is General Business (GB)

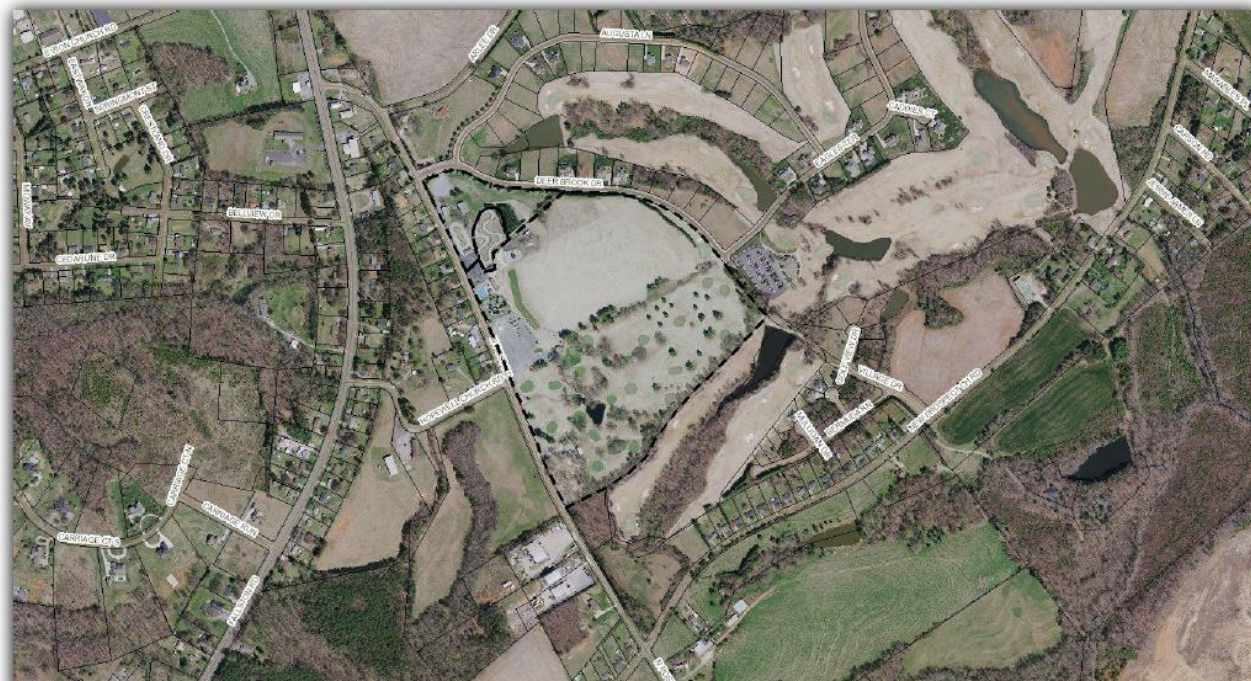
zoning across the street for the following reasons:

- the current use is for a business
- there are screening requirements for any General Business (GB) zoning district
- abuts a residential district

**Case # 18-13 Re-Zoning for 1650 North Post Road RR to GB
Zoning Map, Parcel # 24702, 43150 & 48237 61.53 acres**



**Case # 18-13 Re-Zoning for 1650 North Post Road RR to GB
Aerial Map, Parcel # 24702, 43150 & 48237 61.53 acres**



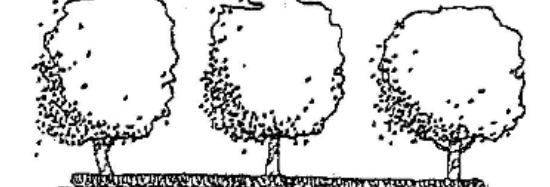


**Case # 18-13 Re-Zoning for 1650 North Post Road RR to GB
Land Use Map, Parcel # 24702, 43150 & 48237 61.53 acres**



Chairman Allen opened the floor to the Board for comments or questions. Commissioner Bridges inquired what type of screening would be required if the re-zoning was approved. Mr. Martin stated the code describes a semi-opaque type of screen shown below. If there are any holes in the screening, the land owner is required to plant vegetation to fill the empty space.

(2) *Semi-opaque screen, Type B:* A screen that is opaque from the ground to a height of three (3) feet, with intermittent visual obstruction from above the opaque portion to a height of at least twenty (20) feet at maturity. This screen is intended to partially block visual contact between uses and to create a strong impression of the separation of spaces. The semi-opaque screen may be composed of a wall, fence, landscaped earth berm, planted vegetation, or existing vegetation. Planted trees shall be at least three (3) feet in height at planting. Suggested planting patterns which will achieve this standard are illustrated below:

	<p>SMALL TREES 30 feet on center 20 feet mature height</p> <p>WALL OR FENCE 3 feet in height</p>
	<p>SMALL TREES 20—30 feet on center 20 feet mature height</p> <p>BERM 3 feet high & seeded</p>
	<p>LARGE TREES 40 feet on center</p> <p>HEDGE SHRUBBERY 3 feet on center 3 feet mature height</p>

Commissioner Hutchins commented on the screening. It is already in place by the putting green and golf course and asked what the golf course is currently zoned. Mr. Martin replied the rear part is zoned Restricted Residential (RR) and the front portion is zoned Restricted Residential (RR) with a corridor overlay. Golf courses are allowed in the corridors by right and they are allowed in the residential areas with conditional use. The area in question was already in use prior to the zoning that was applied in the year 2000. Commissioner Whetstone inquired if the property that is in the corridor is already properly zoned and Mr. Martin stated it was.

Chairman Allen opened the Public Hearing at 6:26 pm for anyone wanting to speak for or against Case 18-13; Re-zoning of Parcels 24702, 48237 and 43150 at 1650 North Post Road, Shelby. (*Legal Notice was published in the Shelby Star on Friday, January 25, 2019 and Friday, February 1, 2019*).

Vince Braswell, 1221 Deerbrook Drive, Shelby – is a homeowner in the Deerbrook community and spoke neither for or against the rezoning of parcels 24702, 4237, and 43150. He stated part of the screening for the golf course is missing due to the numerous storms that have come through the area over the years. Mr. Braswell advised many of the homeowners in the community have met with the potential buyers of the parcels in this re-zoning case and have asked for a solid commitment from the buyers to install a buffer such as bushes and trees that would be continuous down the road. Mr. Braswell continued by stating Shelby is continually growing and who knows what the area will look like in ten years and if permanent buffers are in place and are to remain in place according to the restrictions on the deed, it will follow any future owners of the properties. This is what concerns the homeowners,

the lack of proper buffer. The residents want to see continued growth and prosperity in Shelby and they want the potential buyers to succeed. The last item discussed between the residents and buyers was the potential traffic congestion. The buyers have assured Deerbrook residents they would stay abreast of the traffic flow. As Deerbrook grows there is already an issue with traffic at the entrance/exit of the community. Mr. Braswell thanked the Board for their time and listening to the residents.

Bill McCarter, Foothills Commercial Real Estate, Shelby – represents the potential buyers, the Spanglers and the Boggs, in this real estate proposal. The question came up about why this zoning is an issue. When there is a sale of a piece of property that includes title companies and their attorneys, zoning is always checked. The zoning of the overlay corridor does not cover the entire property. All parties involved would like to see the zoning of the current use cover the entire property. Mr. McCarter also thanked the Board for their attention in this matter.

Hearing no further comments, Chairman Allen closed the Public Hearing at 6:31 pm.

Chairman Allen opened the floor again to the Board for questions or discussion. Commissioner Hutchins asked if the re-zoning is approved, could there be a screening condition attached to the parcels. Mr. Martin stated no it could not be a condition because it is a general zoning request however, the zoning ordinance code does have the language requiring screening so staff can ensure the code is followed with any development of that property. Chairman Allen asked if there is setback with general zoning. Mr. Martin advised there is, they adhere to the standards set for any type of structure on the property; thirty feet from the rear of the property line and ten feet from the side property line. Commissioner Whetstine stated for clarification, if the rezoning is approved than the owners have to bring up to the code in place now with the screen, and, is there a time frame to have the requirement met. Mr. Martin replied the first item that would need to be addressed is for Planning/Zoning to look at the property and ascertain where the screening would need to be placed. Once that is establish, they would work with the property owner at that time and give them sixty days to bring everything up to code. The reason for the sixty days is this is the standard of time allotted for other zoning compliances and consideration has to also be given to planting season.

ACTION: Commissioner Whetstine made a motion, seconded by Commissioner Hutchins, and passed unanimously by the Board to, *approve case 18-13; re-zoning of parcels 24702, 48237 and 43150 at 1650 North Post Road, Shelby from Restricted Residential Corridor Protection (RRCP) to General Business (GB).*

REGULAR AGENDA

2017/2018 COMPREHENSIVE FINANCIAL REPORT

Chairman Allen recognized Shane Fox, Chief Financial Officer, to present the 2017/2018 Comprehensive Financial Report. Mr. Fox thanked his staff for the continued commitment and hard work they do to ensure not only a successful audit but also an outstanding department. He reviewed the PowerPoint presentation as follows:

Audit Presentation June 30, 2018



Shane Fox
CFO, Cleveland County
FEBRUARY 5, 2019

Audit Presentation



Why? What? And Who?

- **Why have an audit?**
 - NC G.S. 159-34 - Requires all local governments in NC to contract with an external independent audit firm to conduct a full audit annually and submit results to LGC prior to Dec. 1st.
- **What is included in an audit?**
 - Cleveland County by statute must produce all books and records requested by the external auditor including all documents requested including compliance requirements
- **Selection of CPA Firm –**
 - Cleveland County selected Thompson, Price, Scott and Adams, Co. CPAs of Whiteville to conduct June 30, 2018 Audit – LGC Approved
- **First change in Audit Firms since 2003 (Martin Starnes, CPAs)**

Audit Presentation



Timeline of Audit Process

- April 2018 – Preliminary meetings and scheduling
- May 2018 – Interim work – Transaction testing, Compliance testing at DSS, Internal Control walk-throughs
- August 2018 – Cont. Interim work – Transaction testing, Payroll testing, cash counts
- September 2018 – Final work – Balance Sheet work and Compliance final
- October/November 2018 – CAFR prepared and submitted to LGC

Audit Presentation



Audit Work Performed June 30, 2018

- 3 – visits on-site (2 PY)
- Over 500 invoices and deposits selected and tested (250 PY)
- 8 Major DSS programs selected and tested (3 PY)
- CAFR submitted on time to LGC – with no comments or suggested changes

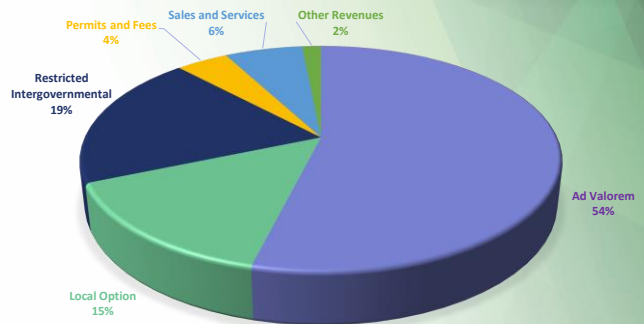
Audit Results June 30, 2018



Audit Presentation



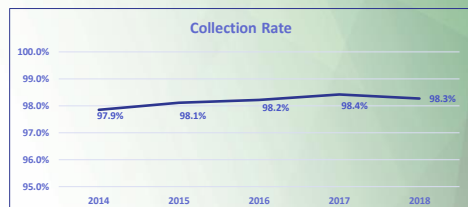
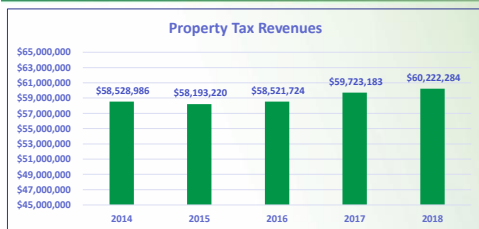
Revenue by Source



Audit Presentation



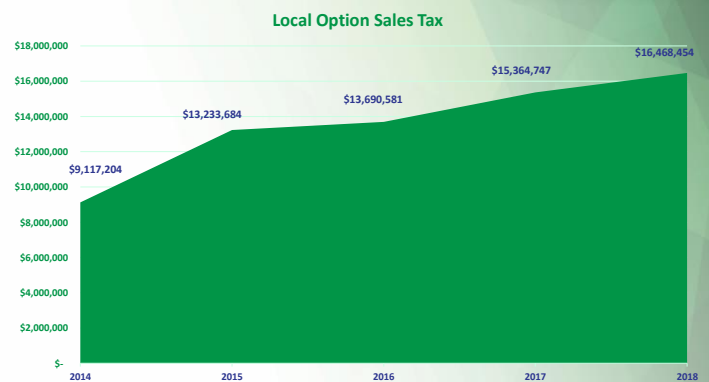
Audit Results – Property Taxes – General Fund



Audit Presentation

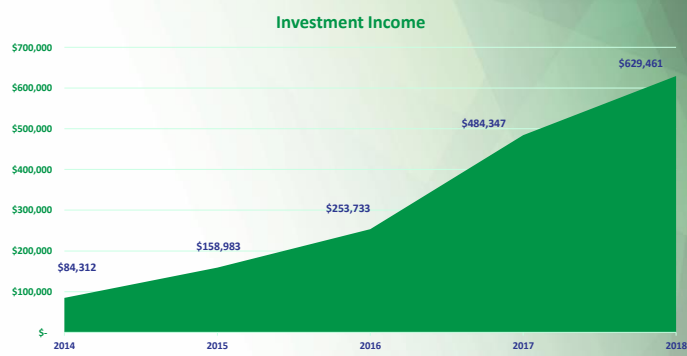


Audit Results – Local Option Sales Tax – General Fund



Audit Presentation

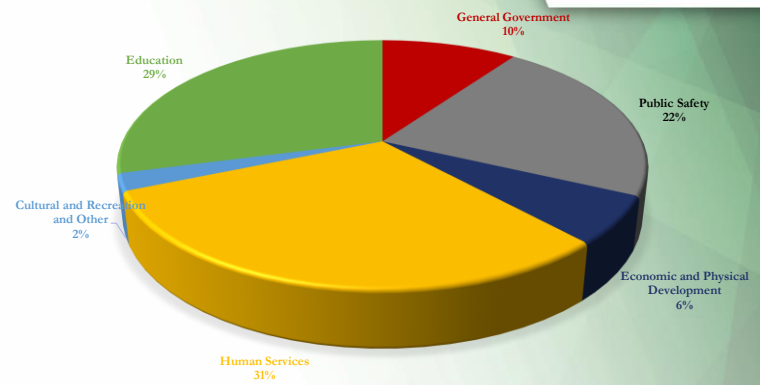
Audit Results – Investment Income– General Fund



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Audit Presentation

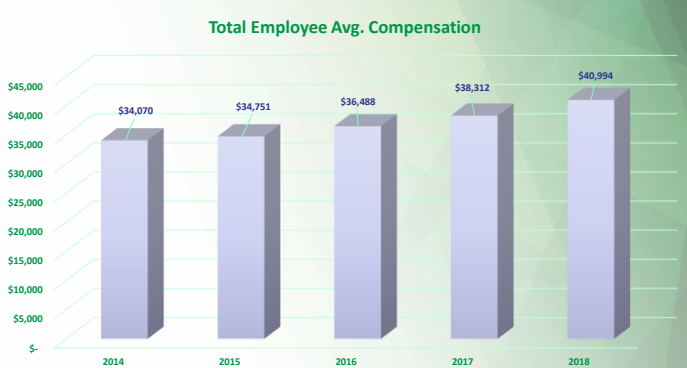
Expenditures by Function



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Audit Presentation

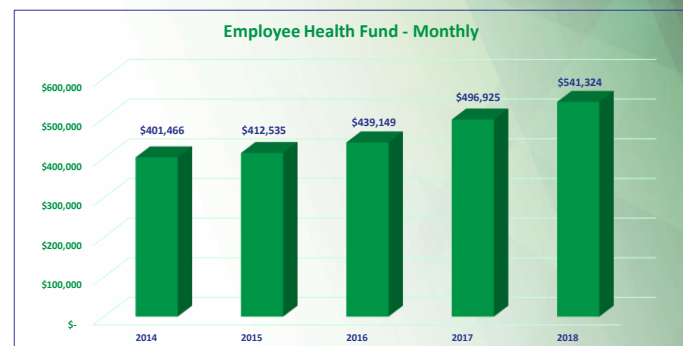
Audit Results – Employee Compensation Avg.



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Audit Presentation

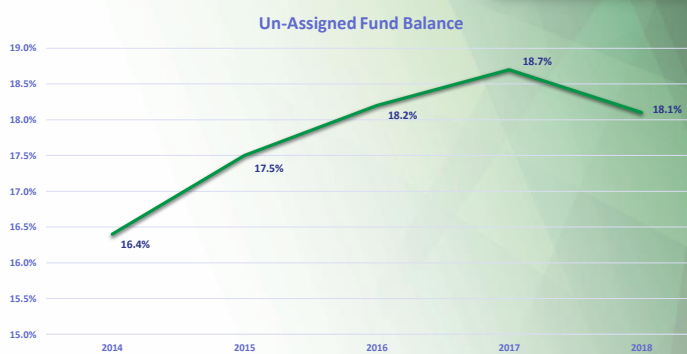
Audit Results – Employee Health Fund - Monthly



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Audit Presentation

Audit Results – Unassigned Fund Balance



Total Fund Balance \$40,870,422, an increase of \$1,250,175 from PY

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Audit Presentation



QUESTIONS??

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The Board thanked Mr. Fox and the entire Finance Department for their continued thoroughness and dedication during the audit process and year-round.

2018 AUDIT PRESENTATION

Chairman Allen called Alan Thompson, CPA and Partner at the Thompson, Price, Scott and Adams firm to the podium. The county was issued an unmodified report (see attached letter). County finance staff is very qualified and was extremely helpful during the audit process. The Board thanked Mr. Thompson for the information presented and the kind words about county staff.

Audit Presentation June 30, 2018



Alan Thompson
Partner, TPSA

FEBRUARY 5, 2019

Audit Presentation



- Unmodified Opinion
- Submitted on Time to LGC
 - No Suggested Changes
 - No Comments
 - Client Draft
- Cooperative Staff
- First Year Audit Change- Efficient process

PRESENTATION FOOTER

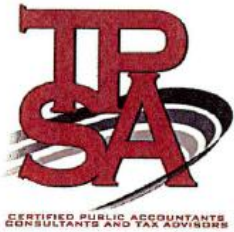
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Audit Presentation



- No Material Weakness Identified
- No Questioned Costs Identified
- Significant Deficiency –
 - Medicaid – 1 out of 96 Files – simple oversight
 - Pre-Audit – now corrected
- Other items of note:
 - Advance Travel - corrected
 - P-Card - corrected

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Thompson, Price, Scott, Adams & Co, P.A.

P.O. Box 398
1626 S Madison Street
Whiteville, NC 28472
Telephone (910) 642-2109
Fax (910) 642-5958

Alan W. Thompson, CPA
R. Bryon Scott, CPA
Gregory S. Adams, CPA

November 29, 2018

To the Board of Commissioners
Cleveland County
Shelby, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cleveland County for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 19, 2018. Professional standards also required that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Cleveland County are described in Note 1 to the financial statements. As described in Note III(U) to the financial statements, the County adopted Statement of Governmental Accounting Standards (GASB Statement) No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions" in the fiscal year ended June 30, 2018. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in governmental activities and business-type activities. We noted no transactions entered into by the Cleveland County during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant estimate(s) or assumptions noted during the audit.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. There are no such disclosures identified.

Members
American Institute of CPAs - N.C. Association of CPAs - AICPA Division of Firms

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Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representation

We have requested certain representations from management that are included in the management representation letter dated November 29, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Auditing Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Cleveland County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Please refer to the compliance section of the audit report for a summary of the audit findings related to the preaudit violation and Medicaid.

In our review of P-Card transactions, we identified the following concerns:

- The preaudit language is not present on the backup documentation consistently.
- There is not a clear trail to follow indicating that someone is ensuring that spouse travel is properly refunded. Balances have carried forward on the general ledger for travel expenses that were not paid back to the County, and some of those balances have been written off in the current year.
- We noted instances where employees used personal amazon prime accounts and 'mistakenly' purchased personal items using the County's P-card (this was reimbursed to the County, but there is always a risk that these purchases may not be caught)
- The County uses P-Cards for significant transactions (computer equipment, etc). There is an increased risk for the County using the current P-card policy, as the controls over these purchases are not as strong as they are for using normal purchase order policies and allowing for proper preaudit procedures to be performed through finance.

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Other items noted:

- The current travel policy allows for per diem even when the conference and/or hotel provides complimentary meals. Travel expenses are often paid up front by the County, including expenses for spouses who are not employees. Controls should be strengthened to ensure that the County is properly reimbursed for these expenditures. The County should have a policy of time (i.e. 10 days) to reconcile travel advances and provide expense reports and required backup.
- As mentioned in the finding, the preaudit statute has not been properly followed. The purchasing agent is not authorized to sign the preaudit clause. Review the preaudit policy of the County and ensure that current policies are meeting the NC General Statute Requirement for preaudit. The County uses 'Demand Checks,' which were explained to us as checks to use in emergency situations when the information didn't make it to finance in time to run with the regular check run. If a check truly meets the definition of an emergency situation, proper authorization should still be obtained. This doesn't exclude those purchases from the preaudit requirements. Sample checks that we reviewed were used:
 - (1) to purchase alcohol for the Legrand Center (no PO or authorization provided)
 - (2) to petty cash to disburse for travel per diem.Pursuant to G.S. 159-28(d), a local government or public authority may not pay a bill, invoice, salary, or other claim by cash, unless a policy has been adopted specifically designating situations where cash can be used for payment. The County has not adopted such a policy.

Other Matters

We applied certain limited procedures to the Schedule of County's Proportionate Share of Net Pension Liability (LRS), Schedule of County Contributions (LRS), Schedule of County's Proportionate Share of Net Pension Asset (ROD), Schedule of County Contributions (ROD), Schedule of Changes in Total Pension Liability - Law Enforcement Officer's Special Separation Allowance, and Schedule of Changes in Total OPEB Liability and Related Ratios, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual non-major fund statement schedules, budgetary schedules, and other schedules, and the schedule of expenditures of federal and State awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Commissioners and management of Cleveland County and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.

ELECTRICAL PERMITTING FEES - SOLAR

Chairman Allen recognized Shane Fox, Chief Financial Officer, to present the Electrical Permitting Fees for Solar Farms. As a follow up from last week's work session, staff put together the following information regarding solar farm permitting fees.

Solar Farm Fees
SHANE FOX, CFO


Cleveland County
NORTH CAROLINA

2/5/2019


History


Cleveland County
NORTH CAROLINA

- Solar fee prior to July 2017- \$50
 - Standard electrical inspection fee
- Commercial solar fee modified effective July 2017- \$50 per trip
- 350 acre farm approved November 29th, 2018

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Fee Types


Cleveland County
NORTH CAROLINA

- Based on acreage
 - Example- \$800 per acre
- Based on estimated megawatt production
 - Example- \$500 per megawatt of production
- Based on cost of construction
 - Example- \$4 per \$1,000 of construction cost
- Based on number of panels
 - Example- \$400 plus \$0.50 per panel

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Peer Comparisons


Cleveland County
NORTH CAROLINA

- Rutherford County
 - \$200 plus \$4.50 per \$1,000 of value
- Catawba County
 - \$8.60 per \$1,000 of value, not including cost of solar panels
- Henderson County
 - \$7 per \$1,000 of value
- Craven County
 - \$5 per panel up to \$1,000 in value, then \$1 per panel.

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Case study



- Cost of Construction: \$49,837,814
- Megawatt output: 49
- Acres: 112
- Estimated annual revenue based on market rate \$0.12 per Kwh- \$6,000,000
- Estimated investment breakeven: 8 years

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Rate analysis



- Current fee: \$50 per trip, estimated total: \$1,000

Rate impact			
Sample fee	\$3 per \$1,000	\$4 per \$1,000	\$5 per \$1,000
120 acre farm	\$149,513	\$199,351	\$249,189
County Average	\$27,780	\$37,040	\$46,300

Average Solar farm value in Cleveland county:
\$9,260,126

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Commissioner Action



- **Option 1**
 - Selection of fee methodology (Acreage, value, megawatt)
 - Determination of rate
- **Option 2**
 - Continue current schedule

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Discussion



Questions?

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Chairman Allen opened the floor to the Board for questions and comments. Commissioner Bridges asked if a decision was reached to change the fee schedule during the meeting, when would take effect? Mr. Fox replied the fees would begin immediately. Commissioner Hardin asked if these fees were for only commercial solar farms or would they also be applied to residential solar owners. Mr. Fox responded the fees would only apply to commercial solar farms. Commissioner Whetstine inquired how the solar farms impact commercial growth and are they comparable to other industries? Mr. Fox advised solar farms are given an indefinite 80% forgiveness on the tax rate so the county only receives 20% of the tax revenue. Mr. Fox further explained any changes in the fee schedule would affect only new investments and new costs of the solar farms. He than asked Elliot Engstrom, Senior Staff Attorney, to interject any additional information regarding solar fees. Mr. Engstrom stated if a commercial farm is adding additional panels and a new inspection is required then the new fee would apply. A new inspection is the trigger for the new fee to apply.

ACTION: Commissioner Bridges made the motion, seconded by Commissioner Hutchins, and unanimously adopted by the Board, *to adopt a fee methodology of \$5.00 per \$1,000 in construction cost.*

ANIMAL CONTROL ORDINANCE REVIEW

Chairman Allen again called Elliot Engstrom, Senior Staff Attorney, to the podium to present the Animal Control Ordinance Review. Staff received direction from the Board to review the current ordinance and then compare and contrast it with surrounding and similar sized counties. The research was done and multiple opportunities were found for further clarification and refinement of the county's current ordinance.

Animal Cruelty Ordinance

CURRENT LAW AND OPTIONS FOR CHANGE

“A county may by ordinance define and prohibit the abuse of animals.”

N.C.G.S. § 153A-127

Three Key Features OF ANIMAL CRUELTY ORDINANCES

- Criminalization
- Tethering rules
- Shelter rules

Criminalization IN OTHER COUNTIES

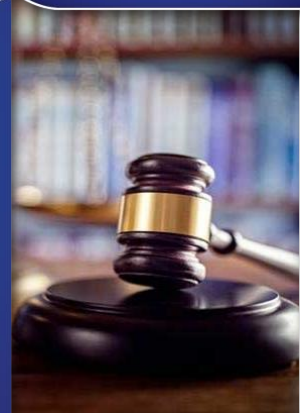
County	Criminalized animal cruelty ordinance?
Cleveland	No
Rutherford	Yes
Gaston	Yes
Lincoln	Yes
Vance	Yes
Iredell	Yes
Pitt	Yes

Commissioner Direction

- Review Cleveland County animal cruelty ordinance and compare/contrast it with those of similar counties.
- Staff performed this research and found multiple opportunities in current ordinance for further clarification and refinement.

Cleveland County Animal Cruelty Ordinance CODE SECTION 3-7

- Describes and prohibits animal cruelty.
- One of many ordinances dealing with animals.
- Violation = \$100 civil penalty.
- County can seek court order enforcing ordinance.
- No criminal penalties.



Criminalization

N.C.G.S. 153A-123(B)

- “Unless the board of commissioners has provided otherwise, violation of a county ordinance is a misdemeanor...as provided by G.S. 14-4.”
- Prior Board of Commissioners decriminalized animal cruelty ordinance.



Criminalization

- Questions about criminalization?



Tethering



BOARD OF COMMISSIONERS

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Tethering



CLEVELAND CT'Y ORDINANCES SECTION 3-7(G)

- At least 10 feet long.
- Swivels on both ends.
- Can't exceed ten percent of animal's body weight.
- Animal must have access to food, water, shelter.
- Tether cannot cause strangulation, pain, etc.



BOARD OF COMMISSIONERS

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Tethering

IDEAS FROM OTHER COUNTIES



- Prohibit tethering of animals below a certain age.
- Prohibit tethering of sick animals.
- Requirement that area be free of debris.



BOARD OF COMMISSIONERS

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Tethering



- Questions about tethering?



BOARD OF COMMISSIONERS

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Adequate Shelter

CLEVELAND CT'Y ORDINANCES SECTION 3-7(H)



"It shall be unlawful for any owner to fail to provide his animals with...proper shelter and protection from the weather."



BOARD OF COMMISSIONERS

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Adequate Shelter

IDEAS FROM OTHER COUNTIES



- List of things that do not constitute adequate shelter.
- Require solid raised floor.
- Require sufficient room for animal to move comfortably.
- Provide examples of indicators of inadequate space (malnutrition, abnormal behavior patterns, etc.).

BOARD OF COMMISSIONERS

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Adequate Shelter



- Questions about adequate shelter?

BOARD OF COMMISSIONERS

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Action Items

OPTIONS



- Ask staff to research specific options.
- Ask staff to form a task force.
- Ask staff to present the board with a draft ordinance.
- Combination of the above.

BOARD OF COMMISSIONERS

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Chairman Allen opened the floor to the Board for questions and comments. Commissioner Hardin asked if an animal became a nuisance, what kind of penalty would the owner receive. Mr. Engstrom stated in the current ordinance, if an animal is just a nuisance the owner would receive a ticket/civil penalty, however there are state laws regarding aggressive animals.

In other areas of the ordinance, the county can be as specific as they want, including tethering and shelter and the consequences to the owners if the ordinance is broken. Commissioner Bridges inquired if powers of arrest would be given to the Animal Services Officers (ASO) or would it need to go through the Sheriff's Office? Mr. Engstrom advised if a crime is committed, then law enforcement is sent out but, another possibility would be deputizing Animal Services Officers. At this time Animal Service Officers do not have the power or authority to issue criminal citations. They can investigate a case and then send their findings to the District Attorney's office to ascertain if they will prosecute. Commissioner Hardin asked if one or two ASO's were deputized, would it help eliminate any extra steps that may pro-long the prosecution of animal cruelty cases. County Manager Brian Epley interjected, stating, deputizing ASO could be a possibility and be something the Board addresses at a later time. Chairman Allen asked for clarification, "if there are requirements in place but there isn't any criminal prosecution in place?" Mr. Engstrom stated there are state prosecution laws in effect for the more serious animal cruelty cases but there is nothing at the local level for the less severe cases. Commissioner Hutchins recommended the formation of task force to review the ordinances and see what language needs to be changed to further outline animal cruelty, penalties and enforcement. Commissioner Whetstine stated he feels the county needs stronger enforcement to try and detour animal abuse. He suggested possibly changing the ordinance, for a couple of months, to mirror the other counties that can prosecute criminally to ascertain if it does reduce the animal abuse and neglect in the county. He also stated that instead of changing the whole ordinance at one time, could we amend it a little bit at a time. Mr. Engstrom advised it could absolutely be done in stages. Commissioner Hardin voiced her concerns of what may happen if the ordinance is not modified to include criminal charges. Commissioner Hutchins and Commissioner Whetstine echoed those concerns. Mr. Epley advised in an effort to be more organized and communicate with our departments, the District Attorney's Office, the judicial system and law enforcement, he requested a minimum of sixty days before any action is taken. He stated staff has clear direction from the Board on making recommendations and what direction they would like to go for amending the animal control ordinance. The Board agreed with Mr. Epley and asked that he and staff come back in sixty days with their findings and recommendations.

BOARD APPOINTMENTS

CLEVELAND COUNTY AGRICULTURAL ADVISORY BOARD

ACTION: Commissioner Bridges made the motion, seconded by Commissioner Whetstine, and unanimously adopted by the Board, *to appoint James Turner to serve as a member of this board*, for a period of three-years, scheduled to conclude December 31, 2021.

UPTOWN SHELBY ASSOCIATION

ACTION: Commissioner Whetstine made the motion, seconded by Commissioner Hutchins, and unanimously adopted by the Board, *to appoint Commissioner Doug Bridges to serve as a member of this board, for an un-expiring term.*

CLOSED SESSION

ACTION: Commissioner Hardin made the motion, seconded by Commissioner Hutchins, and unanimously adopted by the Board, *to go into closed session per NCGS 143-318.11(a)(3)&(4) to discuss a matter that comes within the attorney-client privilege and the location or expansion of industries or other businesses. (Copy of closed session minutes are sealed and found in Closed Session Minute Book).*

RECONVENE IN REGULAR SESSION

ACTION: Commissioner Whetstine made the motion, seconded by Commissioner Hutchins, and unanimously adopted by the Board to, *reconvene in open session.*

Chairman Allen announced instruction and authority was given to the County Attorney and the County Manager to take action on the matters discussed in closed session.

RECESS TO RECONVENE

There being no further business to come before the Board at this time, Commissioner Bridges made a motion, seconded by Commissioner Hardin, and unanimously adopted by the Board, *to recess to reconvene.* The next meeting of the Commission is scheduled for *Monday, February 11, 2019 at 4:00 p.m. in the Commissioners Chambers located at 311 E. Marion St. for a Public Hearing.*

*Susan Allen, Chairman
Cleveland County Board of Commissioners*

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