

**Cleveland County Board of Commissioners**  
**May 18, 2021**

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:** Doug Bridges, Chairman  
Deb Hardin, Vice-Chair  
Johnny Hutchins, Commissioner  
Ronnie Whetstine, Commissioner  
Kevin Gordon, Commissioner  
Tim Moore, County Attorney  
Brian Epley, County Manager  
Phyllis Nowlen, Clerk to the Board  
Kerri Melton, Assistant County Manager  
Marty Gold, Information Technology Director  
Betsy Harnage, Register of Deeds  
Jason Falls, Business Development Director/LeGrand Center Director  
Allison Mauney, Human Resources Director  
Katie Swanson, Social Services Director  
Scott Bowman, Maintenance Director  
Daryl Sando, Electronic Maintenance Director  
Lucas Jackson, Finance Director  
Sherry Lavender, Tax Assessor  
Tony Adair, Animal Services Director  
Perry Davis, Emergency Management Director/Fire Marshal  
Stori McIntyre, E-911 Communications Director

**CALL TO ORDER**

Chairman Bridges called the meeting to order and invited anyone from the audience to lead the Pledge of Allegiance and provide the invocation.

Jason Falls, Business Development Director/LeGrand Center Director, 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 adopted by the Board to, ***approve the agenda as presented.***

**CITIZEN RECOGNITION**

No one registered to speak.

**CONSENT AGENDA**

**TAX COLLECTOR'S MONTHLY REPORT**

The Tax Collector provided Commissioners with the following detailed written report regarding taxes collected during ***April 2021.***

**TOTAL TAXES COLLECTED APRIL 2021**

YEAR	AMOUNT-REAL	AMOUNT-VEHI.	AMOUNT-GAP	COMBINED AMT
DEF REV	\$0.00	\$0.00	\$0.00	\$0.00
2020	\$402,446.50	\$0.00	\$5,272.98	\$407,719.48
2019	\$70,234.31	\$0.00	\$0.00	\$70,234.31
2018	\$28,341.41	\$0.00	\$0.00	\$28,341.41
2017	\$11,967.67	\$0.00	\$0.00	\$11,967.67
2016	\$2,168.24	\$0.00	\$0.00	\$2,168.24
2015	\$3,373.54	\$0.00	\$0.00	\$3,373.54
2014	\$1,503.59	\$0.00	\$0.00	\$1,503.59
2013	\$1,148.17	\$31.18	\$0.00	\$1,179.35
2012	\$1,450.45	\$132.24	\$0.00	\$1,582.69
2011	\$374.42	\$48.91	\$0.00	\$423.33
2010	\$0.00	\$0.00	\$0.00	\$0.00
				<u>\$528,493.61</u>
TOTALS	\$523,008.30	\$212.33	\$5,272.98	\$528,493.61
DISCOUNT	\$4.71			
INTEREST	\$41,467.13	\$117.69	\$313.43	
TOLERANCE	(\$8.87)	(\$0.81)	(\$0.07)	
ADVERTISING	\$1,972.09	VEHICLE FEES	GAP BILL FEES	
GARNISHMEN	\$11,804.94	\$9.49	\$2,492.21	
NSF/ATTY	\$42.17			
LEGAL FEES	\$263.48			
TOTALS	\$578,553.95	\$338.70	\$8,078.55	
MISC FEE	\$0.00			GRAND TOTAL
TAXES COLL	\$578,553.95			\$586,971.20
DEF \$14,935.04	\$0.00	DEF	\$4,819.45	\$16,424.26
DISC (\$49.37)	\$578,553.95	TOL	\$0.00	\$4,819.45
TOL (\$0.84)		INT	\$0.00	\$608,214.91
INT \$1,539.43				

**TOTAL TAXES UNCOLLECTED APRIL 2021**

	AMOUNT-REAL	AMOUNT-VEHI.	AMOUNT-GAP	COMBINED AMT
2020	\$1,773,541.98	\$0.00	\$66,320.08	\$1,839,862.06
2019	\$1,048,001.52	\$0.00	\$0.00	\$1,048,001.52
2018	\$504,388.48	\$0.00	\$0.00	\$504,388.48
2017	\$309,963.49	\$0.00	\$0.00	\$309,963.49
2016	\$200,270.68	\$0.00	\$0.00	\$200,270.68
2015	\$159,164.10	\$0.00	\$0.00	\$159,164.10
2014	\$154,109.11	\$0.00	\$0.00	\$154,109.11
2013	\$114,737.33	\$60,679.82	\$0.00	\$175,417.15
2012	\$88,152.43	\$68,617.58	\$0.00	\$156,770.01
2011	\$66,250.86	\$52,284.54	\$0.00	\$118,535.40
2010	\$0.00	\$0.00	\$0.00	\$0.00
				<u>\$0.00</u>
	<u>\$4,418,579.98</u>	<u>\$181,581.94</u>	<u>\$66,320.08</u>	<u>\$4,666,482.00</u>

DEF REV	\$1,018,687.75	\$0.00	\$117,256.30	
TOTAL UNCOLLECTED	\$5,437,267.73	\$181,581.94	\$183,576.38	\$5,802,426.05

**TAX ABATEMENTS AND SUPPLEMENTS AND PENDING REFUNDS/RELEASES**

The Tax Assessor provided Commissioners with a detailed written report regarding tax abatements and supplements during *April 2021*. The monthly grand total of tax abatements was listed as (\$3,986.39) and monthly grand total for tax supplements was listed as \$116,692.40.

**ACTION:** Commissioner Whetstine made the motion, seconded by Commissioner Gordon, and unanimously adopted by the Board, *to approve the Abatements and Supplements and Pending Refunds/Releases as submitted by the Tax Assessor.*



## **REGULAR AGENDA**

### **FY 2021 – 2022 COUNTY MANAGER’S RECOMMENDED BUDGET**

Chairman Bridges recognized County Manager Brian Epley to present the FY 2021 – 2022 County Manager’s Recommended Budget. The last twelve months have required the organization to operate in an unprecedented time. There has been a demand for critical and innovated thinking which has taught staff and the organization a lot. The theme for FY 2021 – 2022 proposed budget is rethinking high performance, doing more with less and achieving the Commissioners strategic goals. Those goals are the guiding compass that helps draft the budget. The goals, measurements and proprieties in areas that are outlined in the strategic plan are ultimately what guides staff for allocated resources. The budget is priority based and those goals drive the budget.

It is important to remember where the county has been. During the last year, staff has had a navigation tool through the crisis management plan with the Re-Act/Re-Build/Re-Think approach. This allows for communication with employees and the community in a systematic way with a phase approach managing through COVID-19. As the county continues to operate in the Re-Think phase, it has the same momentum the county had built with a robust operational plan in the history of the organization. The priority-based budget was developed focusing on and narrowing through a large gamete of competing priorities. Looking at all the things Cleveland County government is involved in, whether it be Solid Waste, Emergency Medical Services or vaccination distribution, there are a variety of things the county focuses on and prioritizes. When working through the allocation process, helps the county get through an output measurable that the county can look at, focus on and report back to put resources in the community where they are needed the most.

The proposed FY 2021 – 2022 is focused on high performance, serving our community and serving the county’s purpose. Working through the allocation process helps staff get to an out put measurable that we can look at, keep a pulse on, report back and put resources in the community where they are needed the most. The Re-Think phase has taught staff technical scientific strategies with the values that are identifiable with. Picking up the pre COVID-19 momentum and moving forward with is what the proposed budget is based on. The budget was developed over a very fluid period and is a complex process that takes most of the year. The planning for the FY 2021 – 2022 budget began in December 2020 with a department head kick off followed by giving the Board financial updates in January and February with a measurement period of how the county sits financially and its performance. Commissioners meet in February of this year for their strategic planning work session. At that point, departmental budgets were created, meetings were held with the county’s community partners, prioritize legislative goals, the economy was evaluated, tying all of these items to the Boards strategic goals and creating the FY 2021 – 2022 budget.

One of the biggest indicators that will show how the budget looks is tied directly to the economy. There are numerous key indicators that give an outlook and forecast the economy’s performance at a macro level. The top four indicators are:

- Automobile Sales
- New Home Sales
- Retail Sales
- Manufacturing

Mr. Epley reviewed the financial impact of these indicators. The General Fund is balanced on a below revenue neutral of 54.75 cents which is 2.5 cent tax reduction. Cleveland County Schools is balanced on 14.00 cent tax rate which is a combined total tax reduction of 3.25 cents. The proposed FY 2021 – 2022 budget does not include any American Rescue Plan Funding. The county is still awaiting spending guidance from the Treasury Department. Once the guidelines are released, the county will evaluate the one time uses as the funds come in. The budget is developed fundamentally from a zero-based perspective meaning the county did not start with last year's numbers, roll them over and add new costs. Every line item is zero and then the budget is built up so there is integrity in the budgeted numbers. There is also a \$1.75MM allocation for future debt service for Phase I of Public Safety Capital which will be tied to the Board's strategic plan for future public safety capital. The county anticipates recapturing the majority of prior year revenue loss. The sales tax is performing higher than it did pre Covid-19 and the county has captured the majority of that revenue from occupancy tax. The proposed FY 2021 – 2022 budget does not include any funding from Catawba Resort Development in Kings Mountain but does include a full year of an updated Pay Study and an allowance for a mid-year cost performance index adjustment for the county's employees and two additional full-time employees for the Register of Deeds Office and Code Enforcement.

The 54.75 cent tax rate requires a multi-year outlook. The county has taken the tax base of \$10.3 billion and has grown that incrementality at an adjusted rate of 2% - 3% based on short forms and the county can reasonably project what the tax revenue is going to be off that. The county is experiencing phase II savings from the early retirement incentive program which is equivalent to about \$1.2 million dollars in savings. FY 2021 – 2022 should experience another \$400,000 in savings from that program. The Health and Human Services budget to include the Health Department and Social Services, have a reduction in the local cost of about \$680,000. All of this is being done while there is no reduction in services to the citizens, striving to do more with less funds. Mr. Epley reviewed the five-year budget snapshot with Commissioners.

The county has a \$125.5 million-dollar general fund budget. The three largest revenue sources include the ad valorem taxes, restricted intergovernmental, which is primarily federal and state grants in Health and Human Services, and sales tax. The 2021 Revaluation process was a large part of the proposed budget. The proposed 54.75 cent tax rate is a continuation of intentionality of decreasing the tax burden while maintaining efficiency and doing more with less. The proposed allocations are as follows:

**Tax Revenue**

Tax Rate

**Tax Rate**

54.75

<b><u>Allocation Description</u></b>	<b><u>Cents Allocated</u></b>
Public School Operating Allotment	\$ 10.25
Public School Capital Allotment	\$ 1.40
Community College Allotment	\$ 2.76
Community / Municipalities Grants	\$ 0.80
Internal Capital Improvement Plan	\$ 4.50
Risk Management	\$ 1.25
Organizational Annual Payroll	\$ 33.79
	\$ 54.75

Public School Operating Allotment	19%
Public School Capital Allotment	3%
Community College Allotment	5%
Community / Municipalities Grants	1%
Internal Capital Improvement Plan	8%
Risk Management	2%
Organizational Annual Payroll	62%

The Local Government Commission (LGC) is the fiscal control act that determines the revenue neutral rate. That includes an escalation factor of 4.3% which is included in their formula. It captures the previous five years average percentage increase for property tax base and that is also programmed into their formula. For the 2021 fiscal year, the revaluation revenue neutral for Cleveland County would be 55 cents. The proposed 54.75 tax rate for Cleveland County is a quarter cent less than what the LGC recommends. It is important for the citizens and taxpayers to recognize the revaluation rates are a formula driven process to get to their tax liability. Their values may go up and down but that is dependent on their rate before arriving at the final number.

Sales tax revenue makes up 13% of the county's total revenues. The gross collection for sales tax revenue includes all the municipalities in Cleveland County. Currently the economy is good and there is money being spent in the county. Article 39 of sales tax revenue is collected by the state of North Carolina and is then redistributed by the North Carolina Department of Revenue based on the per capita population. Articles 40 and 42 are point of sales distribution meaning monies spent in Cleveland County stay in the county. The county is less dependent on property tax and sales tax compared to surrounding peer counties. This has placed Cleveland County to be recession ready. In the event sales and property taxes would dip, the county is not overly reliant on those funds. When discussing a priority-based budget and directing resources to the items the Board of Commissioners have identified as their vision, it is important to realize there has been a very strategic resource shift within the budget. Funds can be allocated based on the priorities of the Board and right size the organization to be more comparable to the county's high performing peers in a way that does not grow the entire budget. When comparing the 2014 budget to the 2022 budget, for an employee who has worked in the same job, they have seen a 20%+ wage increase.

A balanced priority-based budget is based on multifunctional factors to include essential county services, emerging issues and the Board's strategic plan while supporting the county's community partners. Mr. Epley reviewed the Cleveland Community College funding with Board members. Following the Board of Commissioners February 2021 work session, direction was given to staff to develop a budget that would be cash neutral meaning the tax rate would be set at 14 cents. The amount of funding that goes to the school system would be equal to what

they received in FY 2020 – 2021 and anything collected in excess would go into a Commissioner controlled escrow account until the point the School Board could report back on specifically two measurement principals: teacher supplements and a long-term capital plan. Staff anticipants that escrow to accumulate roughly \$1.4 million dollars.

One the Board's strategic goal focus areas is public safety. There are twelve volunteer fire departments in Cleveland County with a total of 448 total Volunteer Fire Fighters, ten of which belong to the Rural Fire Commission. The remaining two are in contract. The county has three municipal fire services: City of Shelby, City of Kings Mountain and Town of Boiling Springs. The average cost of Volunteer Fire Department fire protection is \$51 per capita compared to an average cost of professional municipal fire of \$200 per capita. In 2018, the Board of Commissioners raised the fire tax to 8.75 cents, this is the recommended rate for the FY 2021 – 2022 proposed budget. This rate is lower than Cleveland County's peer counties. In 2018, the county evaluated the impact on homeowners and the 3.75 cent increase averaged out between \$4.72 and \$7.08 per month depending on the property tax value of a home. Next year's budget has \$4.3 million dollars in allocated funds for the volunteer fire departments. This will be evenly allocated to the twelve volunteer fire departments in the county.

At the February 2021 strategic work session, Commissioners identified the following as their top budget priorities:

- Long Term Public Safety Strategic Plan
- Implementation of Organizational Capital Plan to include Justice Center Campus
- Position Cleveland County as an Employer of Choice
- Identify and Implement Strategies to Improve Community Health Ranking
- Re-Engage Accelerate Cleveland & Workforce Development Strategies

Other FY 2021 – 2022 priorities include:

- Revaluation Management & Long-Term Financial Modeling
- Implementation of Electronic Timekeeping
- Catawba Resort Planning and Preparation
- Fund Balance Percentage > 18%
- COVID-19 Leadership and Community Vaccination
- Community Litter & Beautification
- Community Engagement & Transparency

Essential county services are services that must be provided to the citizens such as Emergency Medical Services Public Safety and Health and Human Services. The county is proud to provide these other services to the citizens at a very high level of service while maintaining a lean budget, continuing to focus on doing more with less. Part of the budget balancing strategy for FY 2021 – 2022 is a further reduction in right sizing costs but no reduction in quality or priorities. Health and Human Services has a reduction of \$680,000 for the FY 2021 – 2022 but with no reduction in service to the citizens. Since 2015, Health and Human Services has seen a 18% deduction since 2015.

Emerging issues and projects that are addressed in the proposed FY 2021 – 2022 budget are policy developments for the county's Animal Services Ordinance and Land Use Plan and Development Standards. From an economic development standard, the county will continue with the shell building program, restart the Accelerate Cleveland Program and site plans for the Dover Mill property. On the operational side, staff is focusing on jail

population management, remote workplaces and having a recession ready budget. The Capital Improvement Plan includes projects for jail and courthouse planning, a Board of Elections campus, E-911 expansion and the co-location of the Health Department and Social Services as well as the technology plan with a 2025 Systems Planning that focuses primarily on data security, automation and transparency. Intentional investment in these areas, staff can advance these initiatives and make them a priority for the organization.

Performance management is a cultural investment that staff began making couple of years ago. FY 2021 was the first time having a measurement investment into employees, based on performance, with reinvestment back into the workforce based on specific earmarks that were accomplished. This creates immense cost savings for the organization, which can be reinvested. Moving into FY 2022, the proposed budget includes a carryover of that program and a moderate increase with the addition of two measurement tools to include accuracy and health driven activities and the other is effective time keeping with the implementation of electronic time keeping. These measurements are not only cost saving, but they also have physical return, which allows the county to operate in a lean matter. Incentives would be paid in September and March, very similar to this fiscal year and each of those qualifiers represent a half percent up to a full projected outflow of 3%.

Cleveland County is a self-insured and self-funded with an employer only obligation of about \$9.9MM. In FY 2021 the county had an actual experience on the 12% actual claim decrease which has meaningful investment. Staff has a tremendous amount of data on disease management programs which includes cardiovascular monitoring, diabetes management and waist circumference management, that the return on that is about \$4 for every \$1 invested. The county's insurance covers about 11,000 people and even though medical inflation has been averaging about 10% over the last twenty-four months, and because of the performance of the plan, the buy in from the employees and the healthier behavioral changes, the FY 2022 budget includes a very minimal investment of roughly \$350,000 which is less than 3%.

The Solid Waste Department runs on a \$11.9MM budget. Staff is recommending the implementation of the citizen recognition system, which would be a window cling system that is mailed to all taxpayers for use in using the county's manned sites and current recycling centers. The purpose is to promote material integrity at the landfills. It costs about \$300,000 an acre to build municipal solid waste, sales, limiting and protecting the integrity of the materials coming into the landfill is something that's critically important. Staff is also evaluating staffing and scheduling that those sites, focusing on customer service improvement, efficiency, safety, traffic flow and lighting. Staff has already accomplished two of those site remedies and the remainder of those will be included in the FY 2022 budget.

If approved, the citizen recognition system would begin in July 2021 and would be mailed with the tax bill and no enforcement would begin until late fall. This system is similar to Lincoln and Caldwell County where staff is trying to provide predictability and integrity on who is using the sites and paying for it. Staff is also looking into expanding the C and D sites and is applying for a life of cycle permit which would essentially permit the remaining



phases from municipal solid waste site which would be phases four, five, six and seven. Staff is working with the Business Development Director as well as our contacts at the Catawba Resort for a better understanding of the level of material that will be coming into the county's landfill. Staff is also beginning to track vendors and customer material input, trying to identify a commercial way that maybe should be screened out as opposed to residential. The following information and PowerPoint was presented to the Board.



## ReThinking High Performance

FISCAL YEAR 2022 BUDGET PRESENTATION

### Commissioner's Strategic Plan



**FOCUS AREA: CITIZEN ENGAGEMENT**  
To implement outreach strategies that reflect who we are and inspire people to be part of it.


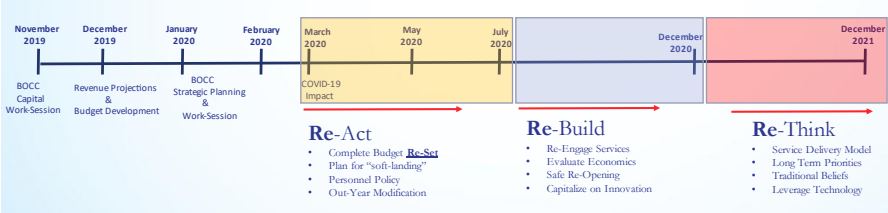
**FOCUS AREA: ECONOMIC DEVELOPMENT**  
To actively bring people to Cleveland County through recruitment of new industry, creating a healthy business climate for existing businesses and growing Cleveland County as a tourist destination.

**FOCUS AREA: PUBLIC SAFETY**  
To ensure the safety of our residents through efficient and effective public safety agencies.

**FOCUS AREA: FISCAL SUSTAINABILITY**  
To be a high-performing organization that effectively uses resources to provide high quality service to our residents.

**FOCUS AREA: COMMUNITY WELLNESS**  
To promote physical activity, healthy eating, and positive relationships within families

### ReAct/ReBuild/ReThink

**Re-Act**

- Complete Budget Re-Set
- Plan for "soft-landing"
- Personnel Policy
- Out-Year Modification

**Re-Build**

- Re-Engage Services
- Evaluate Economics
- Safe Re-Opening
- Capitalize on Innovation


**Re-Think**

- Service Delivery Model
- Long Term Priorities
- Traditional Beliefs
- Leverage Technology

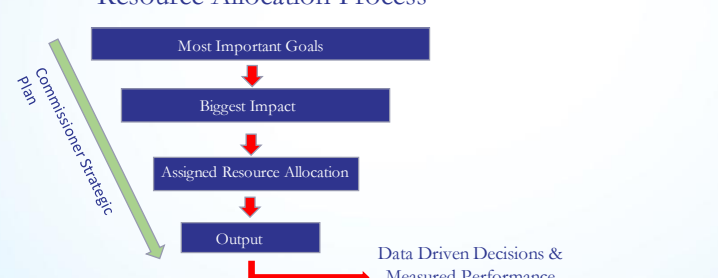
## Budget Development Process



### Budget Development



#### Resource Allocation Process



Data Driven Decisions & Measured Performance

### Linking Values with Strategy



**Strategy**

- LEAN Operations
- Future Focused
- Fiscal Discipline

**Values**


- High Performance
- Courage
- Teamwork
- Integrity
- Innovation

**MAKING OUR COMMUNITY BETTER**



**High Performance**

### Budget Calendar




- December 2020 – Department Head Kickoff
- January 2021 – Mid Year Financial Report
- February 2021 – Budget Work-Session
  - Department Budget Meetings (28)
  - Community Partners
  - Legislative Priorities
  - Macro-Economic Forecasts
  - Strategic Plan & Revenue Memo
  - Commissioner Check-Ins
- May 2021 – Budget Presentation
- June 2021 – Budget Adoption

## FY 22 Economic Forecasts


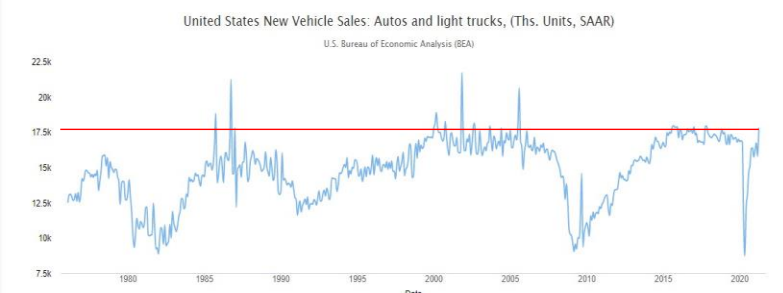


### National Economic Outlook



- Automobile Sales
- New Home Sales
- Retail Sales
- Manufacturing

### Economic Indicators

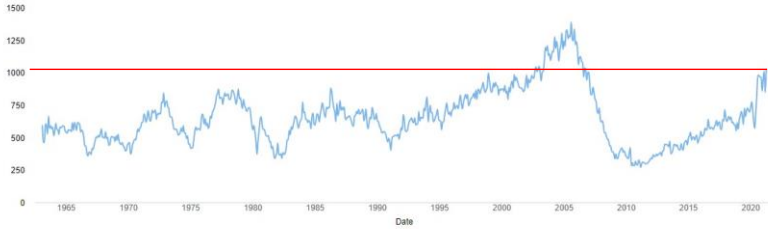



United States New Vehicle Sales: Autos and light trucks, (Ths. Units, SAAR)  
U.S. Bureau of Economic Analysis (BEA)

# Economic Indicators



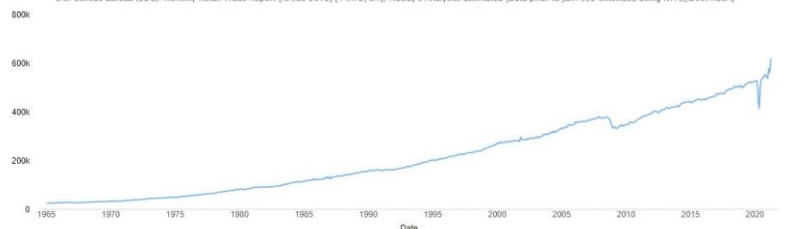
United States New home sales: New single-family houses sold, (Ths. #, SAAR)  
U.S. Census Bureau (BOC) New Residential Sales (C25) - New Houses Sold



# Economic Indicators



United States Retail Sales - Retail sales and food services [44; 45; 722], (Mil. USD, CDASA)  
U.S. Census Bureau (BOC) Monthly Retail Trade Report (NAICS 2012) [44X72, 5M], Moody's Analytics Estimated (Data prior to Jan1992 extended using RTFS\_12007,USA)



# Economic Indicators



Institute for Supply Management (ISM) - PMI



# Cleveland County FY 22 Budget



# FY 22 Budget Highlights



- General Fund Balanced Below Revenue Neutral.....54.75 Cents
  - Cleveland County School Recommended Rate.....14.00 Cents
- Does Not Include Any American Rescue Plan Funding
- Developed from Zero Based
- Includes \$1.75MM for Future Debt Service Allocation for Phase I of Public Safety Capital
- Anticipates Recapturing the Majority of Prior Year Revenue Loss
- Does Not Include Any Funding from Catawba Resort Development
- Includes Full Year of Updated Pay Study
  - Allowance for mid-year CPI adjustment
- 2 Additional FTEs - ROD & Code Enforcement

# 5 Year Budget Snapshot

	2022	2023	2024	2025	2026
Tax Base	\$1,337,494,340	\$1,544,244,227	\$1,795,231,111	\$1,970,211,694	\$1,993,636,327
Tax Revenue	\$ 55,718,094	\$ 56,833,476	\$ 57,970,146	\$ 59,129,549	\$ 60,312,140
	2022	2023	2024	2025	2026
Tax Revenue Growth	\$ 2,555,337	\$ 1,339,382	\$ 1,366,670	\$ 1,259,403	\$ 1,162,591
ERIP Savings - Phase II	400,000	-	-	-	-
ERIP Savings - Phase III (2022-2023)	-	-	600,000	-	-
DHHS Cost Reduction	880,000	-	-	-	-
Economic Recovery Savings	1,782,500	300,000	175,000	-	-
Short Term Bridge Transfer	1,000,000	-	-	-	-
Economic Development Roll-Over	-	890,000	634,000	725,000	850,000
Debt Refunding Savings	-	85,000	181,000	84,000	177,000
Catawba IGA Revenue	-	-	-	-	-
Other Operational Efficiency Gains (energy, technology, etc.)	300,000	-	750,000	-	-
Total	6,637,837	2,674,382	3,726,670	2,968,403	2,209,591
Proposed Capital Reserve / Debt Service	1,750,000	-	1,250,000	-	-
Full Implementation of Mill Study (Market and Compression)	2,100,000	-	-	-	-
1% COLA - 1/1/2022	35,000	-	-	-	-
2% COLA - 7/1/2022, 2023, 2024, 2025	-	830,000	695,200	881,408	708,664
LGERS Contribution Rate Increase	400,000	80,000	80,000	-	-
Proposed New Personnel	80,000	-	-	-	-
Welfare Fund Investment	250,000	500,000	500,000	500,000	500,000
Community College Capital Reserve	250,000	250,000	250,000	250,000	250,000
Community College Operational Funding Ladder (Year 2 of 5)	150,000	80,000	150,000	150,000	-
Increase in Cost of Doing Business	625,000	500,000	500,000	500,000	500,000
Refunding Prior Year Fund Balance Drawdowns (Year 1 of 2)	500,000	250,000	250,000	-	-
Total	6,430,000	2,430,000	3,705,200	2,981,408	1,950,664
	\$ 117,837	\$ 244,382	\$ 21,470	\$ 88,995	\$ 258,927

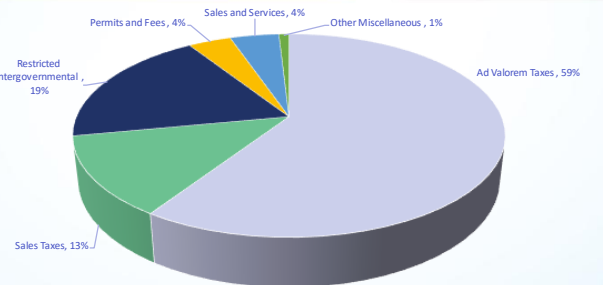
# Revenue Portfolio



# FY 22 Budgeted Revenues



Budgeted Revenues  
\$120,556,672



# FY 22 Budgeted Revenues

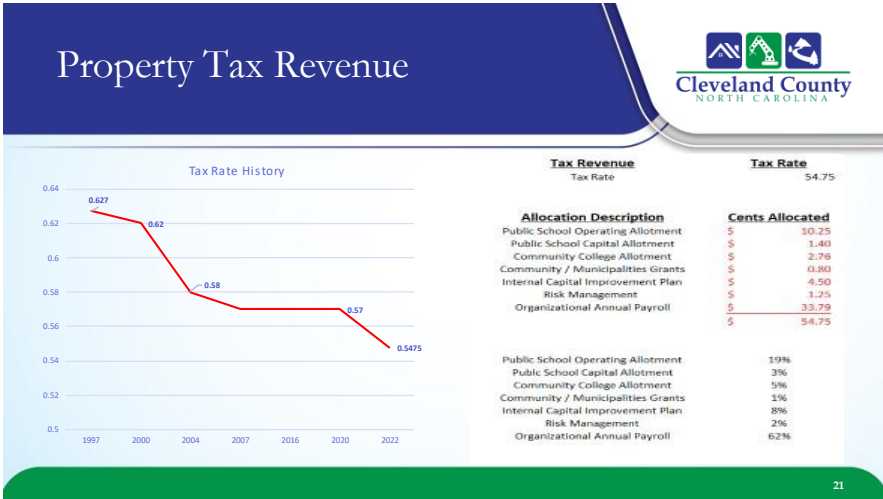


Ad Valorem Taxes	71,471,419
Sales Taxes	15,293,750
Restricted Intergovernmental	22,822,790
Permits and Fees	4,606,350
Sales and Services	5,274,592
Other Miscellaneous	1,087,771
	<u>120,556,672</u>

# Property Tax & Revaluation







## 5-Year Total Assessed Value

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total County Tax Base	\$7,948 Billion	\$8,284 Billion	\$8,759 Billion	\$9,208 Billion	\$9,508 Billion	\$10.33 Billion
Tax Rate	57 cents	57 cents	57 cents	57 cents	57 cents	54.75 cents*
Value of Penny	\$795 k	\$828 k	\$860 k	\$905 k	\$950 k	\$1MM

\* Recommended Tax Rate

## PEER COUNTY AVERAGES

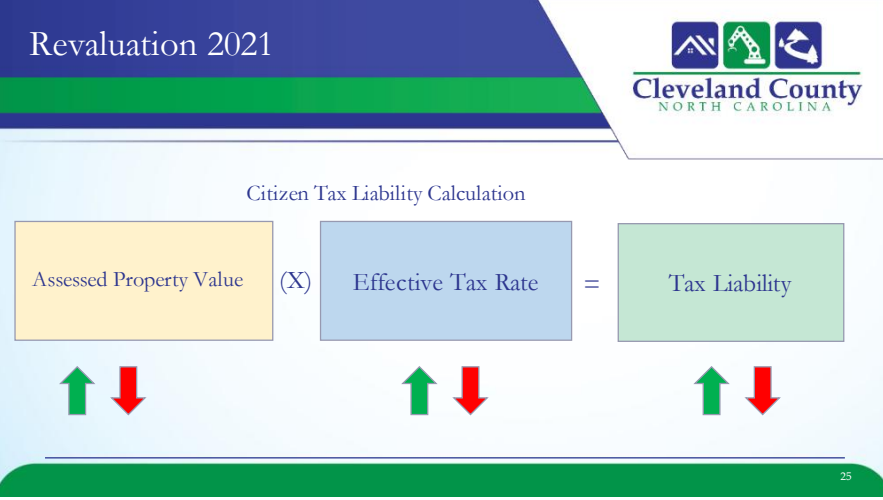
County	Current Rate	Proposed Rate	2021 Tax Base	1 Penny
Gaston	0.830		16,862,157,589	1,771,837
Union	0.731		26,200,517,941	1,331,437
Burke	0.695		7,097,259,856	755,565
Lincoln	0.611		9,600,000,000	953,370
Rutherford	0.597		7,954,695,704	794,595
Catawba	0.575		17,161,552,234	1,700,024
<b>Cleveland</b>	<b>0.720</b>	<b>.6875</b>	<b>10,333,993,597</b>	<b>1,000,000</b>
<b>Group Average</b>	<b>0.673</b>	<b>.6730</b>	<b>14,146,030,554</b>	<b>1,217,804</b>

*Note: Cleveland's proposed rate is 3.9% lower than the current rate.*

## Revaluation 2021 Revenue Neutral Calculation

Fiscal Year	Assessed Value	Annual % Increase
2015	\$46,046,817	3.18%
2016	48,409,333	5.14%
2017	51,739,837,333	3.25%
2018	55,208,647,947	5.12%
2019 (projected)	58,908,589,000	3.26%
<b>Average Growth</b>		<b>4.30%</b>

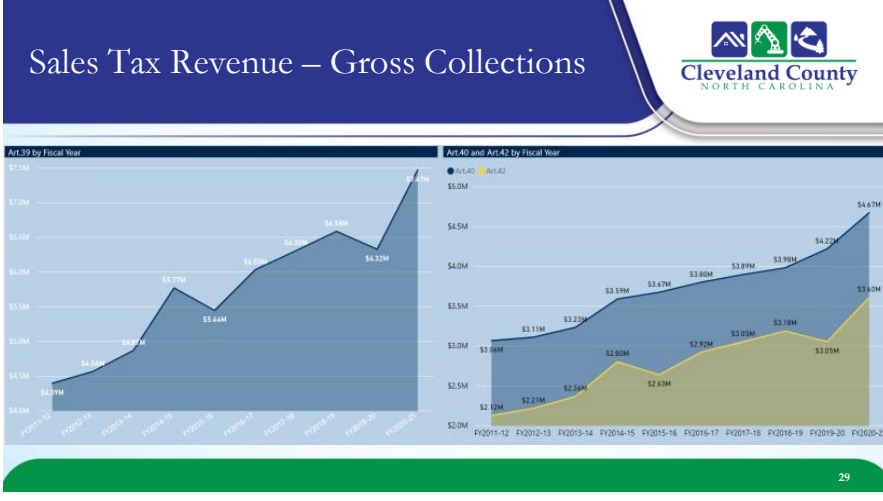
Item	Value
FY 2021 Projected total valuation before revaluation	\$ 9,508,589,000
FY 2021 Tax Rate	0.0057
Tax Levy at FY 21 rate without revaluation (100%)	\$ 54,193,917
FY 2022 Projected total valuation after revaluation	10,337,494,340
Tax rate that would produce revenue equal to FY 2021	0.00524
<b>Change</b>	<b>-0.00046</b>



## Revaluation 2021 - Impact

Category	Pre-Revaluation Value and Tax	Post-Revaluation Value and Tax	Monthly Tax Impact
Property Value	150,000.00	168,000.00	
County Tax Rate	0.0057	0.005475	
School Tax Rate	0.0013	0.0014	
<b>Total Tax Liability</b>	<b>1,080.00</b>	<b>1,155.00</b>	<b>\$(6.25)</b>

Category	Pre-Revaluation Value and Tax	Post-Revaluation Value and Tax	Monthly Tax Impact
Property Value	250,000.00	280,000.00	
County Tax Rate	0.0057	0.005475	
School Tax Rate	0.0013	0.0014	
<b>Total Tax Liability</b>	<b>1,800.00</b>	<b>1,925.00</b>	<b>\$(10.42)</b>



## Actual FY 21 Revenue Analytic

	Operating Ratio	Revenues Per Capita	Surplus (Deficit) per Capita	Property Tax Dependency	Sales Tax Dependency
Cleveland	100.75%	1,151.62	9.64	54.34%	13.32%
Lincoln	98.69%	1,305.29	64.07	55.15%	21.85%
Gaston	99.54%	942.90	51.18	75.28%	14.67%
Rutherford	106.27%	981.72	21.09	65.80%	10.77%
Burke	96.87%	894.20	(17.62)	58.41%	9.46%
Moore	106.60%	1,071.25	81.86	57.98%	19.24%
Nash	102.20%	997.63	29.53	53.91%	16.98%
Henderson	100.47%	1,136.19	(106.76)	60.21%	18.11%

Operating Ratio: Ratio of Total Revenue to Total Expenditures  
 Revenues per Capita: Ratio of Total Revenue to Population  
 Surplus (Deficit) per Capita: Ratio of Total Revenue minus Total Expenditures to Population (operating / population)  
 Total Property Tax Dependency: Ratio of Total Tax Revenue to Total Revenue  
 Total Sales Tax Dependency: Ratio of Total Sales Tax Revenue to Total Revenue

# Expenditure Portfolio



# FY 22 Budgeted Expenditures



Human Services 28% Cultural and Recreation 3% Education 29% Public Safety 27% General Government 13% Economic and Physical Development 6%

Budgeted Expenditures \$120,556,672

# FY 14 / FY 22 Expense Comparison



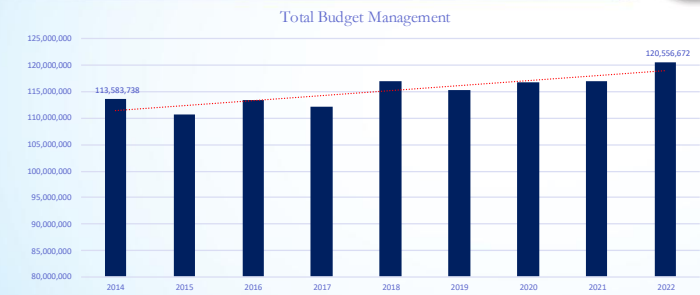
2014 Fiscal Year



2022 Fiscal Year

Human Services 28% Cultural and Recreation 3% Education 29% Public Safety 27% General Government 13% Economic and Physical Development 6%

# FY 14 / FY 22 Total Budget



# Competing Budget & Resource Priorities



Balanced Priority Based Budget

# FY 21-22 Community Partners



# Municipal Operating Allotments



Dept/Line Item	FY1718 Budget	FY1819 Budget	FY1920 Budget	FY2021 Budget	FY2122 Recommended
430.700	\$ 47,291	\$ 47,291	\$ 47,291	\$ 47,291	\$ 47,291
Kings Mtn					
Boiling Springs	430.700	17,637	17,637	17,637	17,637
Polkville	430.700	11,941	11,941	11,941	11,941
Kingstown	430.700	9,537	9,537	9,537	9,537
Patterson Springs	430.700	8,069	8,069	8,069	8,069
Belwood*	430.700	7,695	7,695	7,695	7,695
Lawndale	430.700	7,328	7,328	7,328	7,328
Grover	430.700	6,966	6,966	6,966	6,966
Fallston	430.700	6,849	6,849	6,849	6,849
Casar	430.700	5,412	5,412	5,412	5,412
Waco	430.700	5,345	5,345	5,345	5,345
Moore'sboro	430.700	5,125	5,125	5,125	5,125
Earl	430.700	4,373	4,373	4,373	4,373
Lattimore	430.700	3,480	3,480	3,480	3,480
	\$ 147,048	\$ 147,048	\$ 147,048	\$ 147,048	\$ 147,048

# Partnering Agency Allotments



BUDGETED ACTUAL			REQUESTED	RECOMMENDED
FY1819 Budget	FY1920 Budget	FY2021 Budget	FY2122 Request	FY2122 Recommended
\$ 2,088,505	\$ 2,086,373	\$ 1,521,877	\$ 2,424,400	\$ 1,802,621
				\$ 280,744



# Community College Funding



NC community college funding:

Funding for North Carolina's community colleges comes from state appropriations, local government funds, tuition receipts, and federal and other sources. ... Of that state funding, nearly 90 percent is awarded to local colleges based on a funding formula

FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
\$2,313,729	\$2,408,872	\$2,408,872	\$2,808,872	\$2,958,872	\$3,108,872

# Community College Funding



	Population	College FTE	FTE Per Capita	% OF GENERAL FUND BUDGET
Cleveland County	99,776	3,268	30.53	2021 2.32%
Peer Average	105,170	3,073	34.22	Peer Average 3.46%

	2020	2025
Cleveland County	\$ 2.44	\$ 4.16
Peer Average	\$ 3.79	\$ 3.79



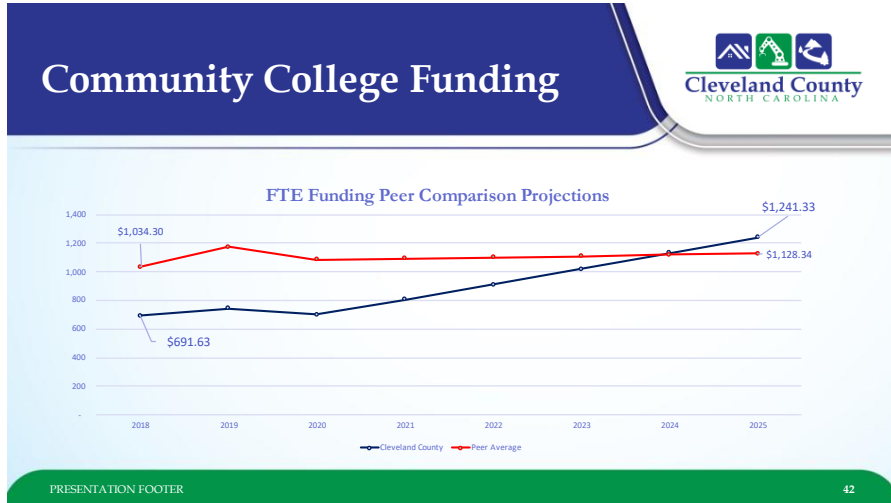
## Community College Funding

**Current Cleveland Community College**

Federal & State Appropriation..... \$19,616,909  
 Current County Appropriation.....\$ 2,178,872  
 Current County Capital Appropriation... \$ 230,000  
 Total.....\$ 22,025,781

**Proposed FY 22 Funding**

Increase Local County Operational Allocation.....\$ 150,000 (+)  
 Increase Local County Capital Allocation.....\$250,000 (+)  
 Total.....\$ 400,000 (+)



## Cleveland County Schools

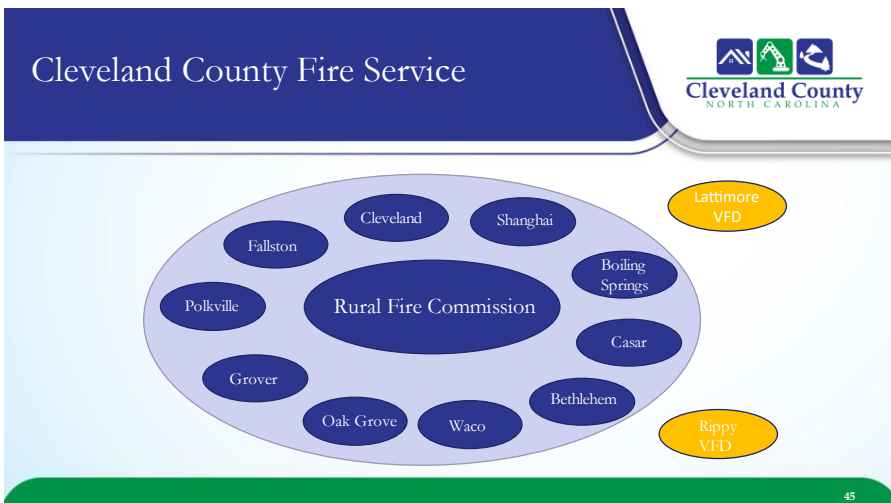
	FY21	FY 22 Commissioner Escrow
Property Tax Revenue	\$13,937,099	\$ 13,937,099* \$ 199,589
Sales Tax Revenue	\$ 3,293,750	\$ 3,293,750 \$ 483,950
Local Operational Appropriation	\$10,250,000	\$ 10,250,000 \$ - 0 -
Local Capital Appropriation	\$ 1,400,000	\$ 1,400,000 \$ - 0 -
State Restricted Capital Appropriation	<u>\$ 1,450,000</u>	<u>\$ 700,000</u> \$ 750,000
Total	\$30,330,849	\$ 29,580,849 \$ 1,433,539

\* FY 22 Recommended Tax Rate = 14 Cents

## Cleveland County Fire Service

**Commissioner Strategic Goal Focus Areas: Public Safety**

- Maintain support for County Volunteer Fire Departments and explore additional ways to increase County assistance
- Volunteer Fire Service Strategic Planning



## Municipal Fire vs. VFD

- Cleveland County has three (3) municipal fire services
  - City of Shelby
  - City of Kings Mountain
  - Boiling Springs - Town
- Average cost of professional municipal fire \$200 per capita
- Average cost of VFD fire protection \$51 per capita

## VFD Service District Data

**Volunteerism:**

- 448 Total Volunteer Fire Fighters – 12 Departments

**Number of Service Calls:**

- 4,400 Total Service Calls

**Cleveland County Tax Rate:-**

- FY 2014 – 5.0 Cents
- FY 2018 – 8.75 Cents
- FY 2020 – 8.75 Cents\*

\* Recommended Tax Rate for FY 2022

**Peer County Tax Rate:-**

- FY 2018 Group Average – 8.4 Cents
- FY 2020 Group Average – 9.54 Cents

## FY 2018 3.75 Cent Tax Rate Change

**Tax Rate- Home Owner Impact**

Property Value	Tax @ 5 Cents	Tax @ 8.75 Cents	Change Per Month
\$150,000	\$ 75.00	\$ 131.68	\$ 4.72
\$225,000	\$ 112.50	\$ 197.47	\$ 7.08

1 Penny equals \$15 per year – or \$1.25 per month (\$150,000 property value)

## Sustaining Momentum

- Volunteerism has stabilized
- Call volumes have increased but response times have decreased
- Eliminated vast majority of class 9E and class 10s from the County
  - Home Owner Insurance for Class 9-10..... \$530
  - Class 6 Fire District.....\$310
  - Average Savings.....\$220
    - Monthly Insurance Savings.....\$18
    - Fire Tax Monthly Cost.....\$ 4
      - Actual Economic Change.....\$ +14 month

**\$14 (x) 14,285 (HH) = \$200,000 in savings**

## Economic Change Summary

**Tax Rate versus ISO Rating Decrease Home Owner Economic Impact**

Property Value	Tax @ 5 Cents	Tax @ 8.75 Cents	Additional Tax Per Month	Average Home Owners Insurance Savings Per Month	Total Economic Change Per Month – Average Household	Total Economic Change Per Year – Average Household
\$150,000	\$ 75.00	\$ 131.68	\$ (+) 4.72	(-) \$18.00	(-) \$13.28	(-) \$159.36
\$225,000	\$ 112.50	\$ 197.47	\$ (+) 7.08	(-) \$27.00	(-) \$19.92	(-) \$239.04

1 Penny equals \$15 per year – or \$1.25 per month (\$150,000 property value)

## Sustaining Momentum



CLEVELAND COUNTY, NORTH CAROLINA  
FIRE DISTRICTS  
FOR THE YEAR ENDED JUNE 30, 2022

	FY 20-21		FY 21-22				Annual Change from FY	Monthly Change from FY	
	Total FY 20-21		Annual Capital	Personnel Budget	Operations Allocation	Percentage Allocation			Total FY 21-22
Bethlehem	\$ 442,052	15.41%	\$ 100,000	\$ 120,000	\$ 160,000	\$ 77,050	\$ 457,050	\$ 14,998	\$ 1,250
Bolling Springs	402,601	7.52%	100,000	120,000	160,000	37,600	417,600	14,999	1,250
Casar	403,351	7.67%	100,000	120,000	160,000	38,350	418,350	14,999	1,250
Cleveland	444,352	15.87%	100,000	120,000	160,000	79,350	459,350	14,998	1,250
Felton	418,250	10.65%	100,000	120,000	160,000	58,250	438,250	14,998	1,250
Grover	380,950	3.19%	100,000	120,000	160,000	25,950	395,950	15,000	1,250
Oak Grove	430,752	13.15%	100,000	120,000	160,000	65,750	445,750	14,998	1,250
Polkville	407,487	8.50%	100,000	120,000	160,000	42,500	422,500	15,013	1,251
Shanghal	399,201	6.84%	100,000	120,000	160,000	34,200	414,200	14,999	1,250
Waco	421,002	11.20%	100,000	120,000	160,000	56,000	436,000	14,998	1,250
<b>Total</b>	<b>\$ 4,150,000</b>		<b>\$ 1,000,000</b>	<b>\$ 1,200,000</b>	<b>\$ 1,600,000</b>	<b>\$ 500,000</b>	<b>\$ 4,300,000</b>	<b>\$ 150,000</b>	<b>\$ 12,500</b>

## FY 21-22 Strategic Plan Focus Areas



## FY 22 Commissioner's Top Budget Priorities



1. Long Term **Public Safety Strategic Plan**
2. Implementation of Organizational Capital Plan to include **Justice Center Campus**
3. Position Cleveland County as an **Employer of Choice**
4. Identify and Implement Strategies to **Improve Community Health Ranking**
5. Re-Engage **Accelerate Cleveland** & Workforce Development Strategies

## Other FY 22 Priorities



- Revaluation Management & Long-Term Financial Modeling
- Implementation of Electronic Timekeeping
- Catawba Resort Planning and Preparation
- Fund Balance Percentage > 18%
- COVID-19 Leadership and Community Vaccination
- Community Litter & Beautification
- Community Engagement & Transparency

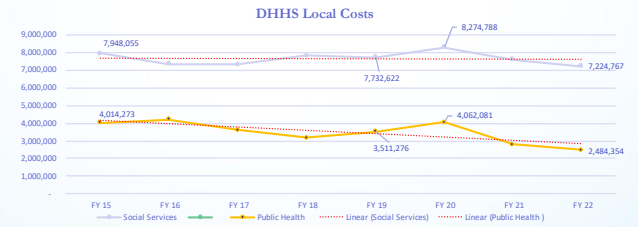
## Essential County Functions



## Health and Human Services Budget



- Reduction of \$680,000 from FY 21
- No Reduction in service
- \$2.25 MM Annual Reduction Since 2015
- > 18 % Reduction since 2015



## Public Safety Funding



Department	FY 15	FY 22	% Change
Detention Center	\$4,333,156	\$7,452,045	72%
Sheriff's Department	\$7,011,636	\$10,105,040	44%
Emergency Medical Services	\$6,462,508	\$7,866,894	21%
Emergency Management	\$400,341	\$419,440	4.7%
E-911/Communications	\$1,400,409	\$1,444,039	03%
<b>Total Public Safety Budget</b>	<b>\$19,608,050</b>	<b>\$27,287,458</b>	<b>39%</b>

## Critical Central Administration Cost Centers



Department	FY 15	FY 22	% Change
Human Resources	\$443,324	\$1,036,756	133%
Electronic Maintenance	\$472,640	\$963,434	104%
Information Technology	\$864,455	\$2,076,718	140%
<b>Total</b>	<b>\$1,780,419</b>	<b>\$4,076,908</b>	

## Priority Based Budgeting



Department	FY 15	FY 22	\$ Change	% Change
Public Safety	\$19,608,050	\$27,287,458	\$7,679,408	39%
Central Administration	\$1,780,419	\$4,076,908	\$2,294,489	128%
Health & Human Services	\$11,962,328	\$9,709,121	-\$2,253,207	-18%
All Other Departments	\$80,232,941	\$79,483,185	-\$749,756	-1%
<b>Total</b>	<b>\$113,283,738</b>	<b>\$120,556,672</b>	<b>\$6,970,934</b>	<b>6.15%</b>

## FY 22 Emerging Issues & Projects



# Emerging Issues & Projects



- Policy Development**
  - Animal Services Ordinance
  - Land Use Plan & Development Standards
- Operations**
  - Jail Population Management
  - Remote Workplace
  - Recession Ready Budget
- Economic Development Management**
  - Shell Building Program
  - Accelerate Cleveland Re-Start
  - Dover Mill Property

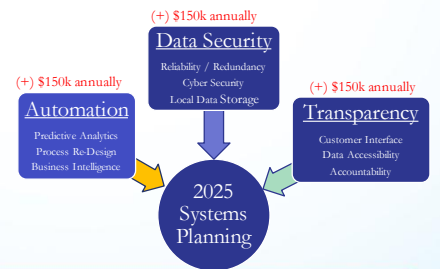
# Emerging Issues & Projects



## Capital Improvement Plan

- Jail Planning
- Court House Planning
- Board of Elections Campus
- E-911 Expansion
- Health Department and Social Services Co-Location

## Technology Planning



# FY 22 Workplace Wellness & Performance Management



# Organizational Performance Management



Performance Bonus Dashboard: As of January 31, 2021

**2.5 % Bonus**

**FY 21 Actual Results**

- Talent Retention.....> 90%
- FTE Head Count.....< 780
- Customer Service.....> 95%
- Health Plan Costs.....(-12.9%)

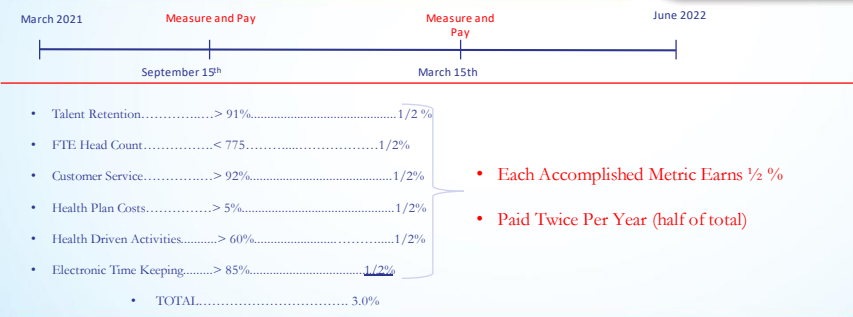
**3.0 % Bonus**

**2021-2022**

- Talent Retention.....>91%
- FTE Head Count.....< 775
- Customer Service.....> 90%
- Health Plan Costs.....> 5%

- Active Participation in Health Driven Activities
- Effective Implementation of Electronic Time Keeping

# Performance Bonus Schedule

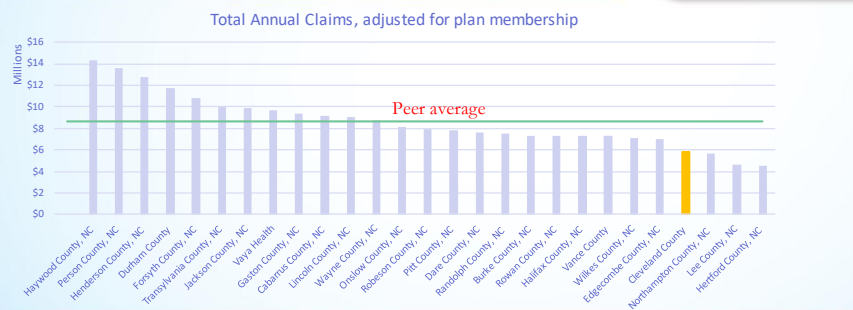


# Employee Wellness Investment



- \$9,900,000 Employer Only Obligation
- No Family Coverage Changes in 11 years
- 24 Month Regional Medical Inflation > 10%
- 1,150 Total Covered Lives
- FY 20-21 Wellness Investment Projection - \$250,000 (2.5%)
  - Actual Experience FY 21 (-12%)

# Plan Performance



# FY22 Solid Waste Department



# Solid Waste Budget Summary



Total Revenue- \$ 11,951,284

Total Expense - \$ 11,951,284

- Convenience Center Site Improvements**
- Implementation of Citizen Recognition System
  - Staffing & Scheduling
  - Customer Service Improvements – Efficiency and Safety
  - Lighting
  - Safety Features
  - Parking Lots

# Solid Waste Budget Summary



## Other Projects:

- C & D Horizontal Expansion
- Life of Site Title X Permit
- Catawba Resort Planning
- Vendor / Customer Material Input Ledger



## Questions

Commissioner Bridges opened the floor to the Board for questions and comments. Commissioner Hutchins thanked Mr. Epley for the information and inquired about the landfill, specific to the community municipal solid waste. Mr. Epley advised the County currently has two closed sites and the County's liability is close to \$10MM - \$11MM per sale is approximately cost to close and monitor that with regulatory compliance over a 30-year period. Commissioners each thanked and commented on Mr. Epley and staff for the continued hard work and dedication to the organization and citizens of Cleveland County. Chairman Bridges reminded those in attendance, the Board will come back in two weeks to hold a public hearing and will vote on the proposed FY 2021 – 2022 budget at their June 1, 2021, regular meeting. Copies of the proposed budget are available for public inspection on the county's website, the County Administration Building and local libraries.

### **COMMISSIONER REPORTS**

**Commissioner Hardin** – spoke about several meetings and events she recently attended.

**Commissioner Hutchins** – attended several other board meetings in which he serves on and gave an update on a grant from the Outdoor Heritage Association to be used towards the expansion of the shooting complex.

**Commissioner Whetstine** – spoke about the recent Board of Health Meeting and the latest COVID numbers and percentages. He also attended the Law Enforcement tribute.

**Chairman Bridges** – also attended several meetings and events in the community. He thanked staff across the organization for the hard work they do everyday.

**Phyllis Nowlen, Clerk to the Board** – spoke about Citizen Advisory Boards and the application process.

### **ADJOURN**

There being no further business to come before the Board at this time, Commissioner Gordon made a motion, seconded by Commissioner Hardin and unanimously adopted by the Board, *to adjourn the meeting*. The next meeting of the Commission is scheduled for *Tuesday, June 1, 2021 at 6:00 p.m. in the Commissioners Chambers*.

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*Doug Bridges, Chairman  
Cleveland County Board of Commissioners*

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