



COUNTY MANAGER'S BUDGET MESSAGE

FY 2014-2015

May 20, 2014

To the Cleveland County Board of Commissioners:

The proposed fiscal year 2014-2015 budget for Cleveland County has been prepared in accordance with the North Carolina Local Government Budget and Fiscal Control Act and General Statute 153A-82. The fiscal year 2014-2015 budgeted revenues and expenditures are balanced with a property tax rate of 57 cents per \$100 of property valuation. The budget will be open for public inspection on May 20, 2014 and a public hearing will be held on June 3, 2014. Over the past several years, it has been the number one priority of Commissioners to recruit new industry to Cleveland County. Because of the Commissioners strong leadership and sound fiscal management, Cleveland County is beginning to see the success of these efforts in a lower unemployment rate and an increase in tax base.

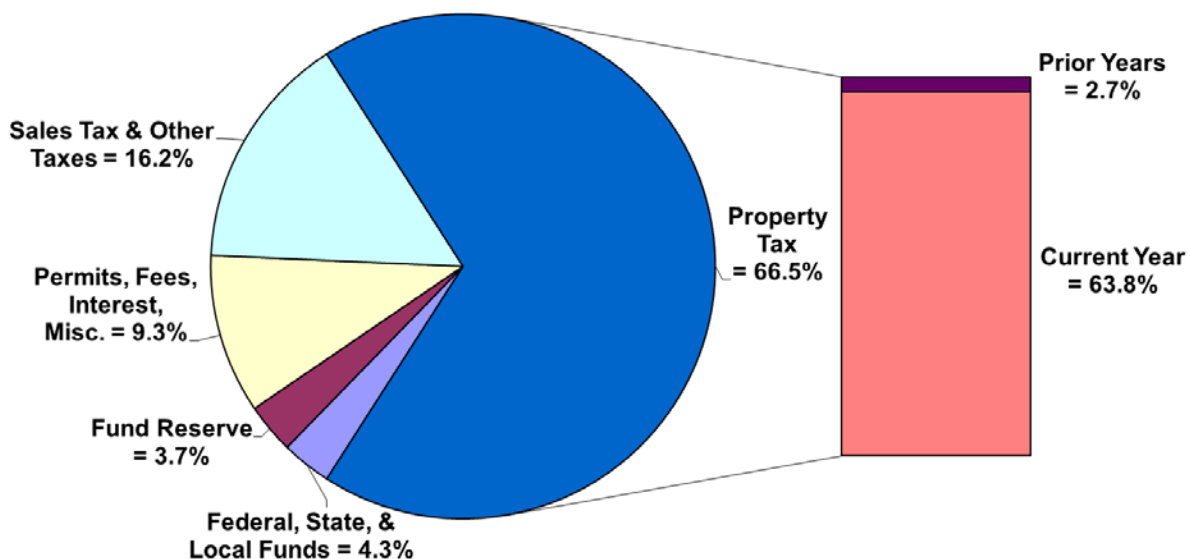
General Fund Budget

The projected tax base for fiscal year 2014-2015 is \$7,930,434,275. This is a projected increase of \$460,434,275 in value over the previous year, which translates into \$2,545,741 in new revenue at a 57 cents tax rate with a 97% collection rate. Sales tax distributions are expected to increase about 3.91% or roughly \$320,000 for fiscal year 2014-2015.

Fiscal sustainability is a focus area in the Commissioners Strategic Plan. Because of this, I have included \$300,000 in the budget to increase the county's fund balance. The county's fund balance will increase from 15% to 16%. I will continue to work toward your goal of 18%. I have also included as part of this focus area the addition of a Grants Writer position. I believe this position will pay for itself in savings of grant administration costs we are currently paying to third party agencies.

Cleveland County Revenues

FY 2014-2015 Primary Fund By Source



Human Services

The overall appropriation of funding for the *Department of Social Services* is \$7,949,336 resulting in an increase of \$80,012. Although the overall department shows an increase, the required local match funding has decreased by approximately \$200,000. The Social Services Department budget includes an additional three Income Maintenance Case workers needed due to the implementation of NC Fast.

The *Health Department* budget reflects a total county appropriation of \$4,014,273. A strategic goal of Commissioners was to create a Model Animal Control Program. To accomplish this, the budget includes a Rescue Coordinator and two new positions and upgrades at the Animal Shelter. In the area of Community Education, I have included \$25,000 in funding to bolster public outreach for a county wide recycling campaign as well as \$13,000 in shelter, rescue and adoption education. The budget also includes a Solid Waste Mechanic position, a Public Health Nurse II and a Pharmacy Tech II.

Public Safety

The *Emergency Medical Services* department budget totals \$5,836,094. This department budget has increased primarily due to Cleveland County EMS seeing a 7.5% increase in emergency transports from FY 11-12 through FY 12-13. The EMS budget continues to reflect necessary capital replacement needs. The purchase of one new ambulance is included in the budget.

The *Sheriff's Office* budget reflects a total appropriation of \$11,180,683. This budget includes the addition of 14 new Sheriff's vehicles to replace current high mileage vehicles and the creation of four deputy positions in the Sheriff's Patrol Unit. The budget also reflects full-year funding to increase the presence of School Resource Officers in our county elementary schools. Included in the budget is a Detention Center Maintenance staff member. The addition of this position will eliminate outside contracts for laundry service and cleaning. This position and subsequent insourcing will create an annual savings of approximately \$50,000.

Volunteer Fire Service Districts

Number Seven Fire District is requesting an increase of 1 cent for a total tax rate of 5 cents. This tax rate increase will be voted on during your May 20, 2014 regular meeting. This increase will line the Number Seven Fire District tax rate with all other fire districts in Cleveland County. Our volunteers are enthusiastic in their desire to provide outstanding service to the citizens of Cleveland County.

Tax Administration

This budget proposes no change in the current county property tax rate of 57 cents per \$100 of valuation. The tax rate for the county-wide school district will remain at 15 cents. The early payment discount for taxpayers who pay during the month of August will remain at the current discount rate of one-half of 1%.

Human Resources

Last year, was the first year in several years that employees received a pay increase. This budget includes a 2% cost of living adjustment for all permanent full-time employees. Set hourly rates will also rise by 2%.

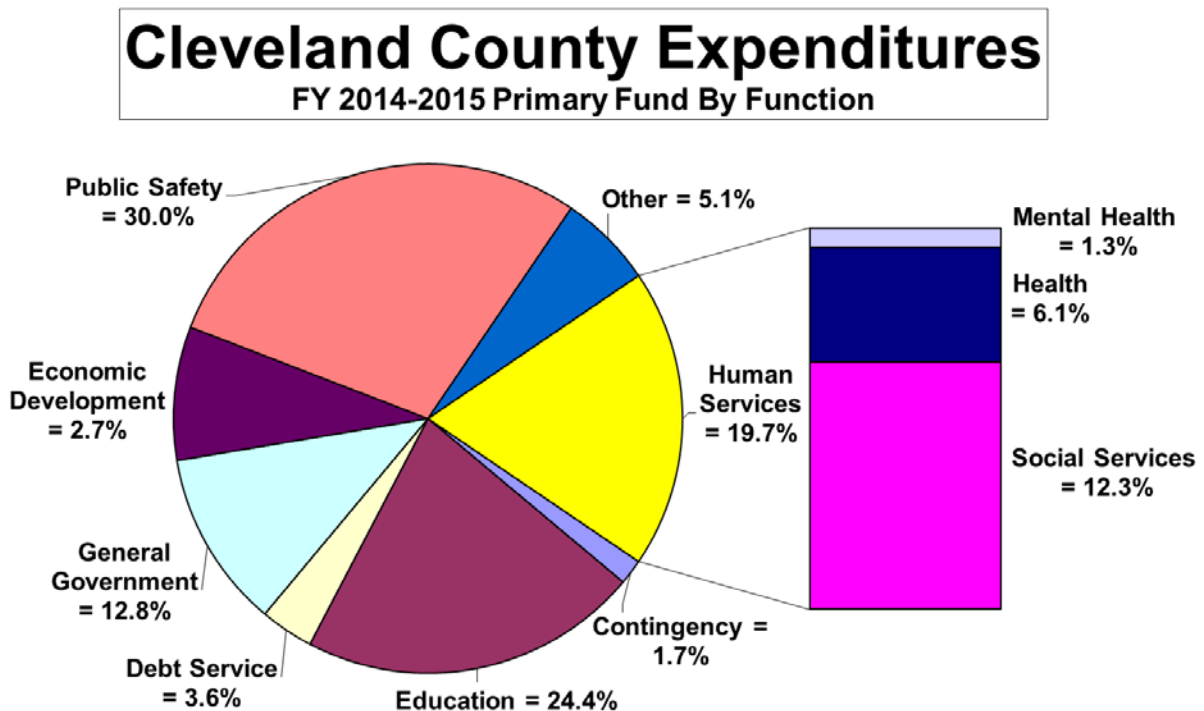
Cleveland County's health insurance costs have been steadily rising. For next year, the premiums paid by the county on behalf of the employees will rise by 18%. The county has enhanced its Wellness Program in an effort to encourage employees to become healthier. The Wellness program includes disease management, expanded health wellness coaching, smoking

cessation and corporate YMCA membership packages for employees and their families. The dental program has been stable this past year so there will not be an increase in dental premiums in the budget.

The Wellness Center and Pharmacy Program continue to be a great benefit for county employees. In conjunction with our wellness initiatives, we have extended our pharmacy formulary to offer the employees additional pharmacy options.

Cleveland County Library System

Our library system consists of the Main Library in Shelby and the Spangler Branch Library in Lawndale. The libraries serve nearly a quarter of million visitors a year and circulate nearly 400,000 items each year. The library has 45 public Internet computers that are available during all open hours. As the library is the second most visited facility for job search in Cleveland County, the staff is very conscientious in helping people who are searching for jobs, creating resumes and pursuing their schooling and interests. The public computers are used more than 60,000 times each year. Included in the budget is \$30,000 for the replacement of antiquated computers.



Community College

The budget includes an increase of \$215,000 to \$1,805,573 in current operating expenditures representing a 13% increase for Cleveland Community College funding. Funding for capital projects will increase \$30,000 for FY 2014-2015. Cleveland County is currently ranked 58th out of 58 community colleges in local funding. The Community College is instrumental in helping Cleveland County be workforce ready as we continue to experience economic growth.

Economic Development/Tourism

The budget will appropriate \$162,200 to the Cleveland County Economic Development Partnership to be used in the recruitment of new businesses as well as existing industry expansions. Cleveland County continues to recruit new businesses to the county. In examining those companies with the largest capital investments, it was determined that the net tax revenues received equaled to 3.5 cents of the 57 cent tax rate. This success falls in line with your priority of focusing on the 2016 county-wide revaluation and is due to the vision of County Commissioners and the hard work of the Cleveland County Economic Development Partnership.

The county has continued to place an emphasis on local travel and tourism within our community. This budget is allocating \$120,000 for travel and tourism which is a \$10,000 increase over last year. This funding comes from the local occupancy tax revenues. Occupancy tax funds are also used for successful non-profit tourism initiatives such as the Kings Mountain Gateway Trail, Earl Scruggs Center and the Broad River Greenway.

Public Schools

The per pupil funding for the Cleveland County School System will increase slightly to \$1,769.17. The county allocation budget totals \$26,719,709. Capital outlay will be \$1,500,000 and special capital projects will be funded at a total of \$900,000. The supplemental tax will increase by a projected \$36,117 and the sales tax is projected to increase by \$80,912.

COUNTY OF CLEVELAND, NORTH CAROLINA
SCHOOL FUNDING WORKSHEET (ACCRUAL BASIS)
May 20, 2014

FISCAL YEAR	2015 <i>projected</i>	2014 <i>estimated</i>	2013	2012	2011	2010
CLEVELAND COUNTY SCHOOLS						
CURRENT EXPENSE	9,900,000	9,849,570	10,408,213	10,408,213	10,408,213	10,408,213
CAPITAL OUTLAY	1,500,000	1,550,000	1,550,000	1,750,000	2,000,000	2,000,000
SPECIAL CAPITAL PROJECTS	900,000	1,200,000	1,200,000	1,200,000	1,400,000	1,400,000
SUPPLEMENTAL TAX	10,919,709	10,883,592	11,113,150	10,608,257	10,150,211	10,170,229
FINES & FORFEITURES	500,000	430,403	437,001	474,075	506,623	580,292
SALES TAX	3,000,000	2,919,088	2,857,688	2,810,135	2,589,580	2,600,505
TOTAL FUNDING	26,719,709	26,832,653	27,566,052	27,250,681	27,054,626	27,159,239
PROJECTED A.D.M.(+)	15,103	15,453	15,651	15,886	16,107	16,411
PER PUPIL FUNDING	1,769.17	1,736.40	1,761.30	1,715.39	1,679.68	1,654.94
ANNUAL AMOUNT CHANGE	32.76	(24.89)	45.91	35.71	24.74	(1.78)
ANNUAL PERCENT CHANGE	1.89%	-1.41%	2.68%	2.13%	1.49%	-0.11%

Capital Projects

This budget addresses several capital projects. These projects are summarized as follows:

- Cleveland County Public Shooting Range – the Public Shooting range will be funded through a \$1,000,000 grant from the North Carolina Wildlife Commission. The range is expected to open in July, 2015. One half-year salary for a Range Master has been designated in the operational budget.

- Cleveland County Health Department – construction on the Cleveland County Health Department will begin in FY 2014/2015. Construction is expected to cost approximately \$18M. Included in the cost is \$445K in campus entry/traffic safety improvements which will help create an integrated human services campus, a top priority of County Commissioners.
- Airport Partnership- Cleveland County will continue the successful partnership with the City of Shelby by earmarking \$50,000 in the budget for hangar expansion and security improvements at the airport.
- Public Safety Radio Maintenance-\$50,000 has been allocated in the budget for purchase of a radio diagnostics system that will enable staff to take a proactive approach to identifying dysfunctional public safety hand-held radios.
- District Attorney's Office Relocation- in order to extend the life of the Law Enforcement Center, the District Attorney's office will be strategically relocated to the current Cleveland County Maintenance building which is adjacent to the LEC. The renovations to this building are projected to cost \$250,000.
- Hunter School Renovations- with the relocation of the District Attorney's office, the Cleveland County Maintenance Department will move to the Old Hunter School. Roof and window replacements and several other renovations will need to be completed in order to bring this building back online. The budget includes \$50,000 for these renovations.
- Boiling Springs EMS Base Station- Cleveland County EMS currently has a base station in the Boiling Springs town hall. The Town of Boiling Springs will be building a new town hall which does not include space for an EMS base station. In FY2013/2014, Cleveland County acquired the Boiling Springs Rescue Squad building. The relocation of the base station to this building will prevent future land acquisition and a possible EMS building project. Renovations to this building will cost approximately \$53,000.

Conclusion

At the end of April, our community received the latest statewide unemployment figures. For the first time in recent memory, Cleveland County, reporting 6.9% unemployment, moved into the top fifty in ranking of all 100 counties by lowest to highest unemployment. This latest news triggered a wave of optimism and buzz through our region's business community.

There are numerous reasons that our county continues to experience an economic pendulum pointing toward steady improvement while in the face of national and global economic uncertainty. You have provided visionary leadership to the community you serve, to county staff and key municipal and quasi-governmental partners with your Strategic Goal Setting and Prioritization process. Economic Development and Fiscal Sustainability constitute two of your four "Focus Areas". These two focus areas now serve as the organization's foundation as we strategically continue to grow and strengthen the county's tax base while increasing our ability to fiscally sustain future economic downturns and other circumstances beyond our control. Job growth, increased retail sales, livable wages with benefits, increased community infrastructure, vibrant and walkable downtowns, a growing regional tourism economy, low crime, good primary healthcare and affordable living, all help make Cleveland County a sure bet as one of the top up and coming counties in North Carolina. These quality of life indicators each tie in some way to this year's budget, which all tie directly to the County's Strategic Goals.

Continued prioritization planning and community collaboration have served Cleveland County well in recent years resulting in numerous public-public partnerships. These partnerships would

not have been possible without the collective pooling of resources and responsibility. This “community collaboration” attitude is part of what makes Cleveland County standout in so many areas including our continued economic development industry growth.

I truly appreciate the County Commissioners favorable consideration of including a two percent cost of living adjustment for county employees in the proposed budget. More importantly, I appreciate the confidence shown and continued support of our rollout of the next level of Health Wellness Initiatives aimed at bolstering the county’s employee health care program through improving employee health overall. When coupling these programs together, the message is clear from the Board as well as senior management that the County’s success rests on the shoulders of our workforce and investing in our employee health and well-being is a smart investment.

My first year as manager has been a “transition year” for department managers and key support team members as everyone gets re-acclimated while working through several key staffing vacancies. I appreciate the professionalism, work ethic, friendliness, and most of all, the public service commitment of my co-workers. The care and commitment to serve others permeates from the Commission Board through the organization and out to the community we serve. Of special note, Tonya Sigmon, Sherri Geer, Chris Green, Kerri Melton, and April Crotts have provided tremendous budget and administrative support during this budget process.

I look forward to working with you and the community to adopt the Fiscal year 2014-15 Budget.

Respectfully Submitted,

Jeffrey B. Richardson
County Manager