



## **COUNTY MANAGER'S BUDGET MESSAGE**

**FY 2013-2014**

June 18, 2013

### **To the Cleveland County Board of Commissioners:**

The proposed fiscal year 2013-2014 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 2013-2014 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 June 6, 2013 and a public hearing will be held on June 18, 2013.

The county has been facing challenging economic conditions over the past several years that have negatively affected county revenues, but because of the Commissioners strong leadership and sound fiscal management, Cleveland County has been able to present a balanced budget with no tax increase and no reduction in county funded services.

### **General Fund Budget**

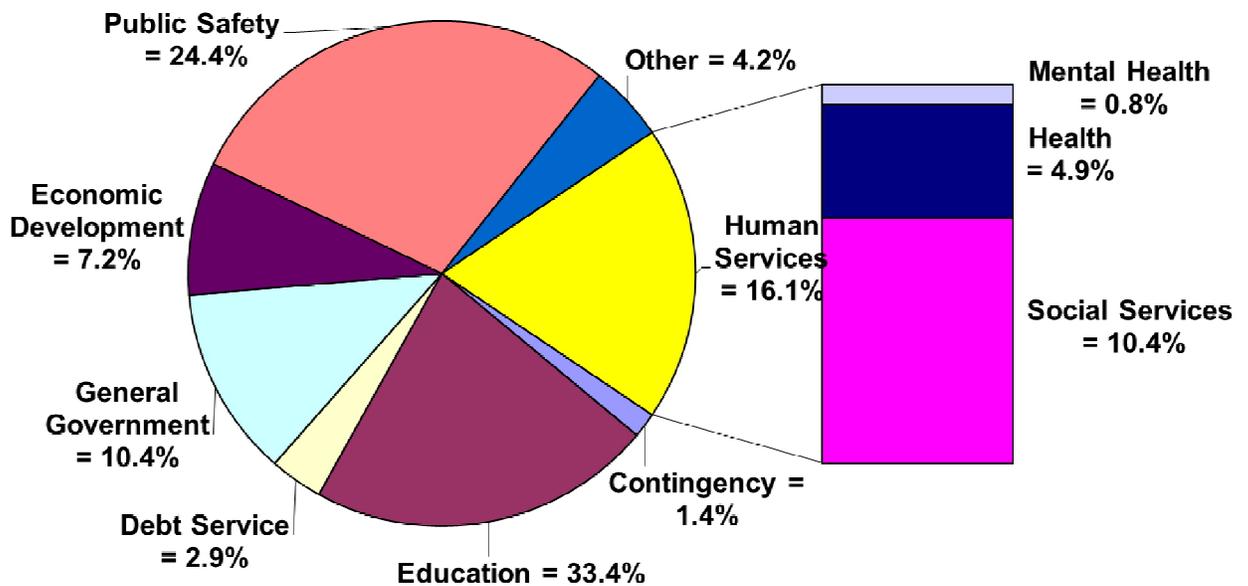
The projected tax base for fiscal year 2013-2014 is \$7,470,000,000. This is a projected increase of \$520,000,000 in value over the previous year, which translates into \$2,875,080 in new revenue at a 57 cents tax rate with a 97% collection rate. Sales tax distributions are expected to increase about 2.57% or roughly \$205,000 for fiscal year 2013-2014. Overall service-related fee collections seem to have reached the bottom and are increasing slightly over last year. We have recently seen a slight increase in residential building permits. We hope this trend continues through the coming year. We must continue to recruit new businesses to our community. Growth in the tax base and sales taxes must increase to match our mandated spending requirements or our current allocated funding levels will be difficult to sustain over time.

### **Human Services**

The overall appropriation of county funding for the *Department of Social Services* is \$7,869,324 for an increase in funding of 6.14% over the previous year. This increase is primarily due to a reduction in Federal and State funding for county mandated programs and services. These programs provide essential services for families and children.

The *Health Department* budget reflects an overall decrease of 0.12% for a total county appropriation of \$3,686,324. The Health Department is adding a pharmacist technician and an administrative support assistant which will be funded by Carolina Access grant dollars.

**Cleveland County Expenditures**  
 FY 2013-2014 Primary + Schools Funds By Function



**Landfill (Enterprise Fund)**

The proposed budget includes an increase in tipping fees of \$4.65 per ton and household fees by \$12 per year. Household fees have not been increased in twenty years. These increases are needed to plan for the future costs of closing cells, post-closure care and possible corrective action needed.

**Public Safety**

The *Emergency Medical Services* department budget is allocated a total of \$5,669,396. This department budget reflects an increase of 4.16%. The purchase of one new ambulance is included in the budget. The budget reflects an increase in EMS fees. This increase is due to changes in Medicare Allowable charges.

Cleveland County EMS	Current Charge	CCEMS 2013 Recommended Fees
ALS NE A0426	\$410.00	\$410.00
ALS E A0427	\$490.00	\$525.00
BLS NE A0428	\$410.00	\$410.00
BLS E A0429	\$410.00	\$445.00
ALS 2 A0433	\$700.00	\$780.00
Specialty Care A0434	\$830.00	\$900.00
Urban Mileage or Rural Mileage 18+ A0425	\$12.00	\$12.00
Rural Mileage 1 - 17	\$12.00	\$14.50

The *Sheriff's Office* budget reflects an increase of 3.97% for a total appropriation of \$10,569,361. This budget includes the addition of 11 new Sheriff's vehicles to replace current high mileage vehicles as well as the conversion of two full-time hourly positions without benefits to full-time permanent positions with benefits. Both of these positions will be administrative support positions at the Detention Center.

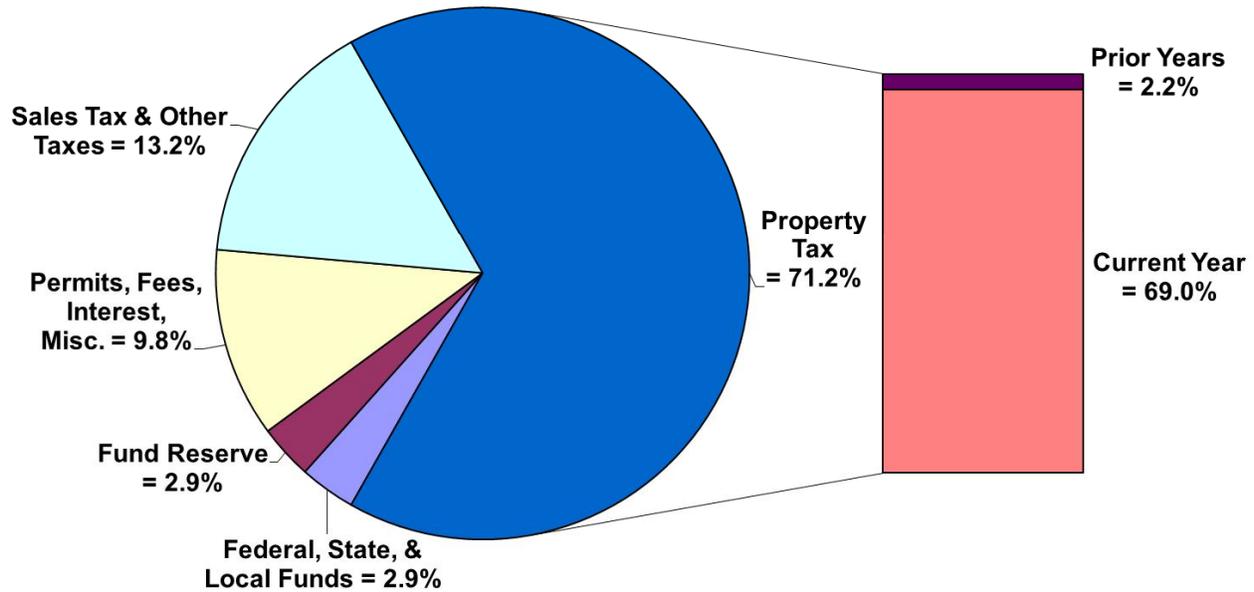
**Volunteer Fire Service Districts**

Number Seven Fire District is requesting an increase of 1 cent for a total tax rate of 4 cents. The proposed budget includes a 2 cent increase in the County Fire District tax. As the only source of funding, Fire District tax funds are used to support the Volunteer Fire Departments purchase of equipment and to provide required training for volunteers. 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%.

**Cleveland County Revenues**  
 FY 2013-2014 Primary + Schools Funds By Source



**Veterans Services**

The Cleveland County Veterans Services office assists our almost 9,000 local veterans and their dependents in applying for pension, health care, compensation, and other benefits and services. Due to the economy and rising costs in health care, the Veterans Office has seen a 30% increase in applications for health care benefits. The county staff has been doing an outstanding job in providing exceptional service to our local veterans.

**Human Resources**

It has been several years since county employees have received the opportunity for 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%.

Beginning last year, the county provided employees with a Health Savings Account (HSA) as the only health insurance plan option. Our health insurance costs have been controlled over the past several years due primarily to the savings of the HSA plan. For next year, the premiums paid by the county on behalf of the employees will rise by 8%. The county will continue work on ways to better manage our health insurance costs. The dental program has been stable this past year so there will not be an increase in dental premiums in the budget.

The Wellness Program continues to be a great benefit for county employees. Employees are encouraged to make healthy choices which have a positive effect on their individual health as well as the overall stability of our health plan. In conjunction with our health plan, we have continued to promote our employee wellness clinic and pharmacy program as affordable options.

The State Treasurer’s Office approved an increase in the employer retirement contribution rate. Effective July 1, 2013, the new county budgeted rate 7.07% for all employees. This reflects an increase of .32%.

**Cleveland County Library System**

The Cleveland County Library System consists of two facilities that provide up-to-date library services to the people of Cleveland County. The main library in Shelby, located across from the Shelby City Park, is open 6 days a week. Besides the traditional library services, the main library provides free access to the Internet for the public as well as free access to the latest in ebooks and audiobooks. Over 150,000 people visit the main library every year and check out approximately 250,000 items. The Spangler Branch Library, located in Lawndale, serves the residents of upper Cleveland County. Offering all the same services of the main library but on a smaller scale, the branch is open 26 hours a week and circulates more than 30,000 items each year.

**Public Schools**

The per pupil funding for the Cleveland County School System will remain the same at \$1,763.38. The current expense allocation will be reduced by \$558,643 due to the projected decrease in the number of students. The county allocation in the budget totals \$27,249,570. Capital outlay will remain the same at \$1,550,000 and special capital projects will be funded at a total of \$1.2 million. The supplemental tax will increase by an estimated \$150,000 and the sales tax is expected to increase by \$59,500.

COUNTY OF CLEVELAND, NORTH CAROLINA						
SCHOOL FUNDING WORKSHEET (ACCRUAL BASIS)						
March 15, 2013						
FISCAL YEAR	2014	2013	2012	2011	2010	2009
	<i>projected</i>	<i>estimated</i>				
<b>CLEVELAND COUNTY SCHOOLS</b>						
CURRENT EXPENSE	9,849,570	10,408,213	10,408,213	10,408,213	10,408,213	10,408,213
CAPITAL OUTLAY	1,550,000	1,550,000	1,750,000	2,000,000	2,000,000	2,000,000
SPECIAL CAPITAL PROJECTS	1,200,000	1,200,000	1,200,000	1,400,000	1,400,000	1,400,000
SUPPLEMENTAL TAX	11,250,000	11,100,000	10,608,257	10,150,211	10,170,229	10,099,060
FINES & FORFEITURES	500,000	500,000	474,075	506,623	580,292	590,056
SALES TAX	2,900,000	2,840,500	2,810,135	2,589,580	2,600,505	3,282,542
TOTAL FUNDING	27,249,570	27,598,713	27,250,681	27,054,626	27,159,239	27,779,872
PROJECTED A.D.M.(+)	15,453	15,651	15,886	16,107	16,411	16,768
PER PUPIL FUNDING	1,763.38	1,763.38	1,715.39	1,679.68	1,654.94	1,656.72
ANNUAL AMOUNT CHANGE	0.00	47.99	35.71	24.74	(1.78)	53.43
ANNUAL PERCENT CHANGE	0.00%	2.80%	2.13%	1.49%	-0.11%	3.33%

**Community College**

The budget includes an increase of \$109,573 to \$1,590,573 in current expenditures for Cleveland Community College. Funding for capital projects will increase \$25,000 to \$100,000 for the FY 2013-2014.

**Capital Projects**

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

- Farmers' Market – Working on a joint project with the City of Shelby to create a new farmers' market located in Uptown Shelby. \$50,000 is included in this budget for this purpose.
- Foothills Commerce Center – Working on a joint venture with the City of Shelby to develop an industrial park west of Shelby. A 100,000 square foot shell building has been completed in the park and sold creating 300 new jobs for our citizens. A second 100,000 sq ft. building is now under construction using the proceeds of the first building.
- Historic Courthouse Renovations – Assisting with the renovation of the historic courthouse. The Earl Scruggs Center is scheduled to be completed by the end of 2013.
- American Legion Baseball Facilities – Assisting with the renovation of the Shelby High School Baseball Stadium in preparation for another successful American Legion World Series in August.

**Economic Development/Tourism**

The budget will appropriate \$161,000 to the Cleveland County Economic Development Partnership to be used in the recruitment of new businesses, as well as existing industry expansions. We continue to receive calls and visits from potential businesses considering locating to our area. We will also continue to explore new and innovative ways to be more marketable to current and future businesses.

The county has continued to place an emphasis on local travel and tourism within our community. This budget is allocating \$110,000 for travel and tourism with a majority of funding coming from the local occupancy tax. Additional improvements continue at the Shelby High School baseball stadium to prepare for the American Legion World Series baseball tournament. As a result of the hard work of many dedicated volunteers, our community will see another tremendous economic benefit and national recognition from this event.

**Conclusion**

The county unemployment rate is currently 9.9%. While the overall economy is still struggling, retail sales have been stabilizing over the past couple of years and local housing starts have been improving but are not near the levels of several years ago. With economic uncertainty, this budget focuses on keeping operating costs down while maintaining the same level of public services. The county departments have been exploring all avenues to manage costs while providing quality services to our citizens. With the County Commissioners' direction and leadership, we will continue to operate with no reduction in county funded services and no increase in county general property taxes.

We look forward to continuing our focus on the recruitment of new businesses and the retention of our current businesses. There have been several recent industrial and new company announcements. Creating and retaining jobs for our citizens will help stabilize our local economy as well as assist with maintaining a stable tax rate. We are currently working on several more economic development projects which, if successful, will have a positive impact on our overall economy and unemployment rate.

I would like to thank Chris Crepps, Finance Director and his staff for their outstanding work in assisting with the preparation of this budget. Our county departments and staff continue to work diligently to contain costs and manage our resources wisely while providing exceptional public services.

Respectfully Submitted,

David C. Dear  
Interim County Manager