

**COUNTY MANAGERS BUDGET**  
**FY 2015/2016**



**MESSAGE**

June 1, 2015

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

It is my privilege to present the proposed fiscal year 2015-2016 budget for Cleveland County. The budget has been prepared in accordance with the North Carolina Local Government Budget and Fiscal Control Act and General Statute 153A-82. The fiscal year budgeted revenues and expenditures are balanced with a property tax rate of 57 cents per \$100 of property valuation. The proposed budget was developed in accordance with the strategic goals and priorities of the Cleveland County Board of County Commissioners.

**GENERAL FUND BUDGET**

The projected tax base for fiscal year 2015-16 is \$8,140,456,616. This is a projected increase of \$170,032,341 in value over the previous year, which translates into \$1,200,000 in new revenue with a 97% collection rate. Cleveland County has experienced substantial growth in sales tax revenue over the past fiscal year primarily due to state legislation changes in what items and services are taxed, continued Economic Development Industry growth, mainly expansion, and a continued uptick in retail sales activity. In the proposed 2015-2016 budget, sales tax distributions have been budgeted at a 9.0% increase over the prior year and are expected to yield an additional \$1,000,000 of operational County revenue for fiscal year 2015-2016.

**PUBLIC SCHOOLS**

The county allocation budget totals \$27,443,949 leading to an increase in the per-pupil funding for Cleveland County School System from \$1,751 to \$1,817. Capital outlay will be \$2,700,000 which is an increase of \$300,000 from last fiscal year. Finally, just like the County's General Fund Budget, the County Schools will see an uncharacteristic increase in the sales tax revenue of approximately \$435,000 for the reasons discussed above.

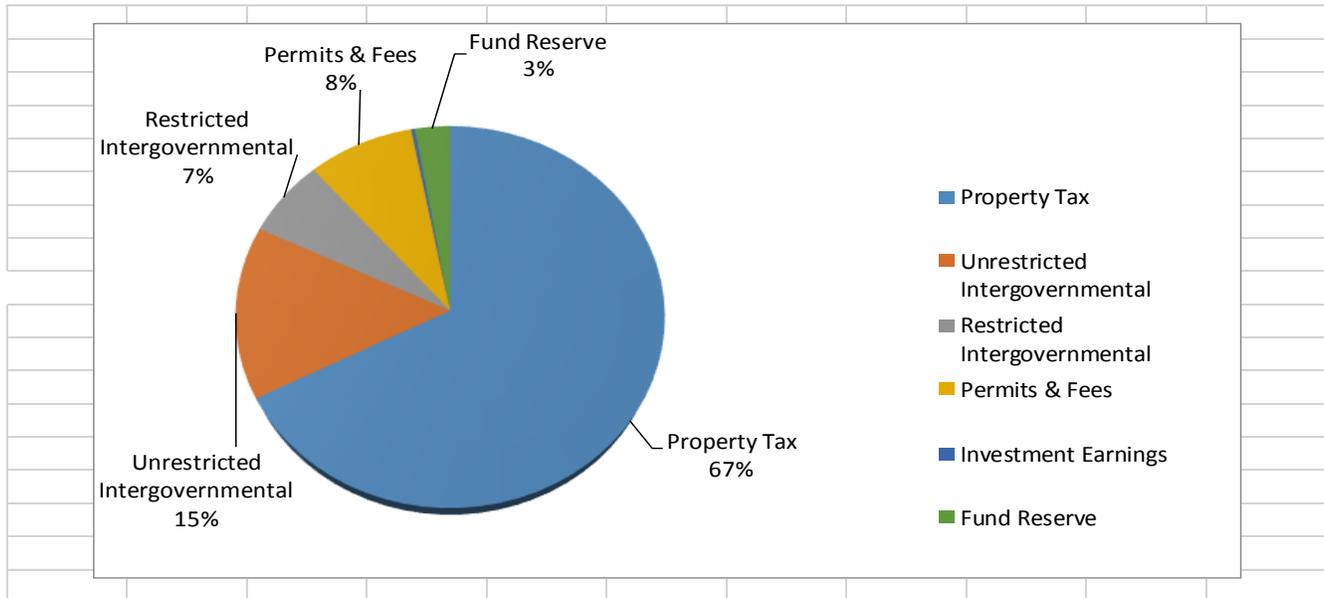
**COUNTY OF CLEVELAND, NORTH CAROLINA  
SCHOOL FUNDING WORKSHEET (ACCRUAL BASIS)  
FOR THE YEAR ENDED 6/30/2015**

	<u>Budget</u> <u>2014-2015</u>	<u>Projected Budget</u> <u>2015-16</u>
Property Tax Allotment	\$ 10,997,709	\$ 11,270,307
County Allotment	9,900,000	9,900,000
Capital Allotment from County Funding	2,400,000	2,700,000
Sales & Use Tax	3,015,884	3,450,500
Additional Expenditures on behalf of Board of Education	<u>123,142</u>	<u>123,142</u>
PROJECTED A.D.M.(+)	<u>15,101</u>	<u>15,101</u>
Local Per Pupil including sales tax	<u>1,751</u>	<u>1,817</u>
Local Per Pupil with out sales tax	<u>1,551</u>	<u>1,589</u>
Total **	\$ 26,436,735	\$ 27,443,949

### **VOLUNTEER FIRE SERVICE DISTRICTS**

The County Fire Service District's tax rate will remain the same with a consistent tax rate of 5 cents per \$100 of property valuation for all county fire districts. Cleveland County will continue to conservatively manage a County Fire District Reserve Fund. Over the next year, the County will work with all county fire service providers to plan strategically to help insure adequate fire department needs as the County continues to change demographically.

**Cleveland County Revenues  
FY 2014-2015 Primary Fund By Source**



### **COMMISSIONERS STRATEGIC GOALS**

During the budget process, resources were allocated based on the top priorities and vision of the Board of County Commissioners Strategic Goals and Focus Areas. After top priorities were established, the remaining strategic goals are broken down under four focus areas; economic development, public safety, community education & customer service outreach, and fiscal sustainability.

### **TOP PRIORITIES**

The number one priority for County Commissioners in the FY 15-16 budget was for staff to, **“Create a sustainable Cleveland County Employee Pay Plan.”** This budget includes the following pay strategy for county employees:

- 2.4% Base 1/2 step increase (full and part-time employees with > 1 year tenure)
- 3.0% one-time lump sum payout (all full-time, benefited employees)
- All Sheriff's Office Employees >1 year tenure to receive an additional 2.4% market adjustment

Employee benefit enhancements include:

- An increase in Health Savings Account dollars from \$750 to \$1,000 per employee who meet set benchmarks
- Co-insurance plan design improvement from 70/30 plan coverage to 80/20 plan coverage

- Dental benefit increase of \$145 per year

The county will launch a College Tuition Reimbursement Program (\$35,000) as well as a Holiday Early Payout program (\$125,000). The county will continue with the corporate partnership with the YMCA which affords employees heavy discounted memberships.

Another top priority for the FY 15-16 budget is to, **“Encourage Animal Control to find alternative ways to reducing unwanted births of animals”**. The county has allocated \$150,000 on construction of a new Animal Control Office and Program building. Construction of this building will create separation between Animal Control Enforcement and the Animal Shelter and enhance the services the county provides with respect to adoption.

### **FOCUS AREA: ECONOMIC DEVELOPMENT**

Cleveland County continues to see the importance of Economic Development and the recruitment of new industry to Cleveland County. The county will continue to fund the Cleveland County Economic Development Partnership at \$162,200 for next budget year. The County has budgeted \$225,000 to Cleveland Community College to be used for Workforce Development which is a 13% increase from last year. The currently unemployment rate in Cleveland County is 6%. Cleveland County must continue to focus on creating a skilled workforce as we continue to recruit new industry.

### **FOCUS AREA: PUBLIC SAFETY**

Commissioners are committed to providing excellent public safety to county citizens. In an effort to recruit and retain high quality Law Enforcement personnel, included in the budget is a 2.4% market adjustment for all Sheriff’s Office employees. A nine-county pay plan study was conducted which showed law-enforcement pay ranges are lagging behind between 13% and 17%, on average. In addition, higher than normal turnover in the County’s Detention Centers will continue to be monitored for improvement during the next year.

The county has included \$90,000 in county building security and related upgrades.

### **FOCUS AREA: COMMUNITY EDUCATION AND CUSTOMER SERVICE OUTREACH**

Included in the FY 15-16 budget is a \$60,000 allocation for a County Marketing Program. The County will be launching a bi-annual publication called *Cleveland County Connection*. This magazine will be a directory

for our citizens which outlines of the services offered to our residents. As part of the County Marketing program, staff will be looking at re-branding the county logo and upgrading the website.

The Foothills Public Shooting Complex of Cleveland County will open in FY 15-16. The budget reflects a first year appropriation of \$147,000, to include the addition of operational staffing, and other associated first year operating costs. No revenues have been included in the budget; however, the county expects to collect marginal revenues during the first year of operation. This 82 acre public recreational facility will be the largest of its kind in the Carolinas, and shall prove over time to increase regional travel and tourism traffic to the Cleveland County area.

### **FOCUS AREA: FISCAL SUSTAINABILITY**

When I began with Cleveland County in 2013, the County's fund balance was 14.6%. It has been a continued goal of the County Commissioners to increase the County's Fund Balance to between 18-20%. Through cost re-engineering and conservative financial management, at the end of FY 2014-15, Cleveland County will have a projected fund balance of 17.5%.

Cleveland County Government infrastructure continues to age. In this budget, I have included \$75,000 for a Facilities Master Plan. The purpose of this plan will be to examine all buildings and properties owned by Cleveland County and develop a long-range strategy that will serve the future needs of county residents. The plan will look at the life of older county buildings to help plan for future capital needs and include development of a real estate management plan for the property we currently own.

### **COUNTY DEPARTMENT OPERATIONS HIGHLIGHTS**

The overall appropriation of funding in the *Department of Social Services* for programs affected by NCFAS has decreased \$512,000 due to a lessened local government match. I have included four full-time income maintenance caseworkers to alleviate additional workload due to continued operational demands of NCFAS implementation.

The *Health Department* budget reflects a total county appropriation of \$4,195,480. In FY 2015/2016, the new Health Department will open on South Post Road in Shelby. The new Health Department building construction is on schedule and under budget.

The *Emergency Medical Services (EMS) Department* budget remains approximately the same as last year at \$5,865,295. This past year, EMS partnered with Tax Collections with a goal of increasing EMS

transport collections. This partnership and re-engineering idea has led to an increase in revenue in FY 15-16 budget of \$150,000. The purchases of two ambulances are included in the FY 15-16 budget.

The **Sheriff's Office** budget reflects a total appropriation of \$12,116,761. Even through the economic downturn, Cleveland County has continued to follow the county's capital replacement plan. Included in this budget is the addition of 12 new Sheriff's vehicles to replace current high mileage vehicles, and one vehicle for the Detention Center. This vehicle will be used for inmate transport. Also included in the budget is the addition of two deputy positions in the Sheriff's Patrol Division, bringing the total number of new Sheriff Deputy positions to ten (10) over the past two year period. The increase in operational Patrol staffing has improved public safety response time throughout the County, which enhances the department's ability to serve the citizens of this county.

The **Cleveland County 911 Communications Center** was renovated in FY14-15 with the replacement of two-miles of 40-year old cabling and furniture to better serve employees who work 12-hour shifts. The Department made technological advancement to now be able to accept text-to-911 as a service to all persons in Cleveland County. As call volume increases at this 24/7 facility, in the FY 15-16 budget, I have added two positions on the midnight shift in the 911 Communications Center.

As cutting-edge technology becomes necessary to better serve our citizens and our employees and as new buildings such as the LeGrand Center, the new Health Department and the Shooting Range require consistent connectivity, the workload in the **Information Technology Department** has grown significantly. The FY 15-16 budget includes an AV Technician/IT Administrator to meet these growing demands.

The **Building Safety Department** performed admirably as it was tapped by two neighboring municipalities, Shelby and Kings Mountain, to provide interim building inspection services over the past year period. The County provided these services with existing staff on a per trip charge back to each municipality, which helped to insure no disruption to continued commercial and residential development in both municipalities.

The **Human Resources Department** continues to work toward making Cleveland County an "Employer of Choice". With recent changes in the Health Plan, the push toward a vibrant and well managed Wellness Program, the creation of the Tuition Program and the Early Holiday Payout program, I have included a Human Resources Assistant in the upcoming budget to assist with employee communication, and, assist with the management of new programs.

## Capital Projects

This budget addresses several capital projects which are in addition to those included in the Strategic Goals. These projects are summarized as follows:

- Airport Partnership- Cleveland County will continue the successful partnership with the City of Shelby by earmarking \$50,000 in the budget for aviation easements with adjoining property owners as well as other security and safety projects.
- 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. Construction on this project will be completed in FY 15-16. Included in this budget is an additional \$100,000 for renovations.
- In the budget, I have included \$350,000 for future capital projects. This allocation is a multi-year approach to put the county in a better financial position to complete several capital projects in FY 16-17.

## Conclusion

In 2016, Cleveland County will complete a mandatory revaluation of all properties for tax value purposes. This process, last completed in 2008, will update property values both commercially and residentially, across Cleveland County. Since 2008, the County, and much of the nation, has weathered its most severe recession since the 1920's. All indicators for Charlotte and much of the foothills region suggest improving economic conditions. Property taxes currently make up 67% of the County's revenues, respectfully. During this past budget process, staff identified several managed savings opportunities and/ or process and operational improvements, improving the county's financial position by approximately \$540,000, all credited back to the General Fund. These managed savings efforts will continue, and even intensify throughout this coming budget year as preparation continues for the County's tax base to reset July 1, 2016. Staff's continued goal is to facilitate and incent tax base growth, in part, to mitigate any negative financial impact during revaluation, and effectively plan for the County's future ability to address community needs.

Twenty-nine economic development projects are currently under the County's Economic Development Partnership program. Cleveland County continues to stand out across the region and state of North Carolina as having one of most successful public-private economic development programs. Several industry expansions have been announced this past year, or will be announced prior to the end of this

budget year, which is indicative of continued industry success in our area. Continued emphasis on the county's work force readiness program remains a pivotal piece for future economic success in our community. Our County government's multi-year financial emphasis to aggressively support continued educational programs on workforce readiness helps to sustain this effort.

Internally, the County Commissioners have also emphasized our County workforce readiness. As noted, the Commissioner's number one priority this year emphasizes the importance of our County workforce and the need for a sustainable pay plan over time. Improved pay coupled with an impressive list of benefit enhancements send the clear message to our almost 800 full-time employee workforce that our Board and management team recognize the value and hard work that staff provides to the citizens of this county every day. Employees understand the connection between the County's Health and Wellness Initiative and the County's continued ability to fiscally sustain a viable employee compensation strategy. Both are equally important to the County if it intends to establish itself long-term as an Employer of Choice in this region. The County's STRONG Wellness initiative, introduced earlier this year, emphasizes the need for all employees to do more at a personal level as we collectively manage the County's healthcare fund by becoming a healthier workforce. Stabilized health costs this past year helped create short-term financial flexibility for the County to do more to address lagging employee pay. Continued success with this STRONG initiative is vital as the County continues to identify an affordable long-term compensation strategy for its workforce.

In closing, our organization's past year's progress and commitment to high-performance would not be possible without a Board of Commissioners who truly values its workforce, its community partners, the importance of long-term strategic planning, and its ability to work collectively and effectively in carrying out its responsibilities as our governing board. Staff is appreciative and truly motivated by the example this Board sets in conducting the business affairs of Cleveland County. This next year will be challenging for the reasons previously discussed, however, I am confident that we have the right people, assigned to the right responsibilities, to execute the Board's continued vision for the betterment of the citizens of Cleveland County. Finally, I must express my sincere thanks to the entire Finance Department, including our new Finance Director, Brian Epley, and for the second year in a row, Tonya Sigmon, for their long hours and committed service during this budgetary process, as well to the outstanding staff in the County Manager's Office.

Respectfully Submitted,

Jeffrey B. Richardson  
County Manager