

COUNTY OF CLEVELAND, NORTH CAROLINA
AGENDA FOR THE REGULAR COMMISSION MEETING

February 5, 2019

6:00 PM

County Commissioners Chamber

-
- **Call to Order and Determination of a Quorum** - Commission Chair
 - **Pledge of Allegiance and Invocation** (Please stand for the Pledge of Allegiance and remain standing for the Invocation)
 - **Recognition of Elected Officials**
 - **Recognition of Veterans**
 - **Recognition of Law Enforcement**
 - **Recognition of County Department Heads**

1. MOTION TO ADOPT THE PROPOSED AGENDA

(Only emergency items shall be added to the agenda. Upon approval of the Commission Chair and County Commission, the item will be added.)

2. CITIZEN RECOGNITION

The citizen recognition portion of the meeting is an opportunity for persons wishing to appear before the Commission to do so. Each presentation will be limited to three (3) minutes. The Board is interested in hearing citizen concerns, yet speakers should not expect comment, action, or deliberation on subject matter brought up during this segment. Topics requiring further investigation will be referred to the appropriate county agency.

3. CONSENT AGENDA

Motion to approve the following Consent Agenda items: (Consent items will be adopted with a single motion, second and vote, unless a request for removal from the Consent Agenda is heard from a Commissioner.)

- A. Minutes** Minutes from the January 15, 2019 Regular Commissioners

- | | | |
|----|-----------------------------------|---|
| | | Meeting |
| B. | <u>Social Services</u> | Budget Amendment (BNA#024) |
| C. | <u>Social Services</u> | Budget Amendment (BNA#025) |
| D. | <u>Health Department</u> | Budget Amendment (BNA#026) |
| E. | <u>Health Department</u> | Budget Amendment (BNA#027) |
| F. | <u>Planning Department</u> | Set Public Hearing for Rezoning Case 19-02 |
| G. | <u>Planning Department</u> | Set Public Hearing for Rezoning Case 19-04 |
| H. | <u>Sheriff's Office</u> | Removal of Service Weapon for Retired Deputy Terry Lanier |
| I. | <u>Legal</u> | Pinnacle SRO Contract Addendum |

PUBLIC HEARINGS

After the public hearing has been opened, persons wishing to speak "for" or "against" the proposition will be asked to come forward and first state his or her name and address. All comments from the public are to be directed to the board. There are no comments directed at other members of the audience. If a speaker has a question, that question is to be directed to the Chair. No one will be allowed to speak at the hearing more than once unless the Chair recognizes a speaker a second time for rebuttal of information brought forth after the speaker has spoken. The original presentation by a speaker will be limited to no more than five (5) minutes. The rebuttal presentation will be limited to no more than three (3) minutes.

4. Case 18-12: Proposed Text Amendment for Garages/Carports within the Cleveland County Unified Development Ordinance
5. Case 18-13: Re-zoning of Parcels 24702, 48237 and 43150 at 1650 North Post Road, Shelby

REGULAR AGENDA

6. 2017/2018 Comprehensive Financial Report
Shane Fox, Chief Financial Officer
7. 2018 Audit Presentation
Alan Thompson, CPA

8. Electrical Permitting Fees – Solar
Shane Fox, Chief Financial Officer
9. Animal Control Ordinance Review
Elliot Engstrom, Senior Staff Attorney

BOARD APPOINTMENTS

10. Agricultural Advisory Board
Phyllis Nowlen, Clerk to the Board
11. Uptown Shelby Association - Commissioner Appointment
Phyllis Nowlen, Clerk to the Board

CLOSED SESSION

12. Closed Session per N.C.G.S. 143-318.11(a)(3)&(4) to discuss a matter that comes within the attorney-client privilege and the location or expansion of industries or other businesses.
Susan Allen, Chairman

COMMISSIONER REPORTS

RECESS TO RECONVENE

Recess to reconvene to Monday, February 11, 2019 at 4:00pm in the Commissioners Chambers located at 311 E. Marion Street, Shelby for a Public Hearing.

COUNTY OF CLEVELAND, NORTH CAROLINA

AGENDA ITEM SUMMARY

Citizen Recognition

Department:

Agenda Title:

Agenda Summary:

Proposed Action:

ATTACHMENTS:

File Name

Description

No Attachments Available

COUNTY OF CLEVELAND, NORTH CAROLINA

AGENDA ITEM SUMMARY

Minutes from the January 15, 2019 Regular Commissioners Meeting

Department: Minutes

Agenda Title: Minutes from the January 15, 2019 Regular Commissioners Meeting

Agenda Summary:

Proposed Action:

ATTACHMENTS:

File Name	Description
<input type="checkbox"/> 01-15-2019_Minutes.pdf	01152019 Minutes

Cleveland County Board of Commissioners
January 15, 2019

The Cleveland County Board of Commissioners met in a regular session on this date, at the hour of 6:00 p.m. in the Commission Chamber of the Cleveland County Administrative Offices.

PRESENT: Susan Allen, Chairman
Ronnie Whetstine, Vice-Chair
Johnny Hutchins, Commissioner
Doug Bridges, Commissioner
Deb Hardin, Commissioner
Brian Epley, County Manager
Tim Moore, County Attorney
Phyllis Nowlen, Clerk to the Board
Kerri Melton, Assistant County Manager
Chris Green, Tax Administrator
Shane Fox, Chief Financial Officer
Lorie Poston, E-911 Communications Director
Jason Falls, LeGrand Center Director
Allison Mauney, Human Resources Director
Jane Shooter, Interim DSS Director
Perry Davis, Emergency Management Director/ Fire Marshal
Marty Gold, Information Technology Director
Daryl Sando, Electronic Maintenance Director

CALL TO ORDER

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

AGENDA ADOPTION

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

SPECIAL PRESENTATION

Come Hear North Carolina Year of Music 2019: Chairman Allen recognized Mary Beth Martin, Executive Director of the Earl Scruggs Center and Brownie Plaster with Destination Cleveland County (DCC) to present Come Hear North Carolina Year of Music 2019. Ms. Plaster spoke about the 2006 creation of DCC and the purpose it continues today by serving the citizens of Cleveland County. She also talked about the proclamation issued from the governor's proclaiming 2019 as the Year of Music in the state of North Carolina. Mrs. Martin advised the Earl Scruggs Center recently celebrated its five-year anniversary and informed the Board of the many upcoming concerts and events scheduled in the coming months to celebrate the Year of Music 2019. The Board thank Mrs. Martin, Ms. Plaster and the other members of DCC who were present for their contributions and continued service in keeping Cleveland County's rich music history alive in the community.



Proclamation

Number 01-2019

Come Hear North Carolina Year of Music 2019

WHEREAS, Governor Roy Cooper has proclaimed 2019 the Year of Music to recognize North Carolina's influence on America's most important musical categories and to celebrate, support and sustain the state's strong music heritage; and

WHEREAS, North Carolina has made groundbreaking contributions to many of America's musical genres which include blue grass, folk, jazz, gospel, country, rock and more; and

WHEREAS, Cleveland County musicians including banjo and guitar innovator Earl Scruggs, music artists Don Gibson, Calvin Edwards, Travis Powell, David Lee, Acoustic Syndicate and Brooke and Darin Aldridge as well as many others have made outstanding contributions to our county and state's musical legacy; and

WHEREAS, venues such as the Don Gibson Theater and the Earl Scruggs Center showcase a variety of musical and social events which entertain and celebrate the history and cultural traditions of Cleveland County; and

WHEREAS, in addition to those venues, the Cleveland County Arts Council helps enhance Cleveland County by enriching our civic life, encouraging cultural and educational activities and exerting a positive artistic influence to our citizens;

NOW THEREFORE BE IT RESOLVED the Cleveland County Board of Commissioners hereby support's Governor Cooper's proclamation which declares 2019 as the "Year of Music" and encourages all citizens to explore, celebrate and participate in the rich arts and musical culture in Cleveland County.

Adopted this the 15th day of January, 2019.

Susan Allen, Chairman

J. Ronnie Whetstone, Vice-Chairman

Johnny Hutchins, Commissioner

Douglas Bridges, Commissioner

Deb Hardin, Commissioner



Certified Entrepreneurial Communities Update: Chairman Allen called Steve Padgett, Director of the Small Business Center to the podium to give the Certified Entrepreneurial Communities (CEC) Update. The CEC program celebrated its second Anniversary in December 2018. Mr. Padgett continues to see an increase in the number of referrals and applications at the Small Business Center. He is working with the Isothermal Planning and Development Commission (IPDC) who has partnered with Mountain Biz Works, a financial business institution based in Asheville that is focusing on small business funding. Mr. Padgett sees Cleveland County as an entrepreneurial magnet for small businesses around the area which in turn will help build the county's workforce and economy. He thanked the Board for their support and enthusiasm for the CEC program. The Board thanked Mr. Padgett for his continued vision and dedication in making the CEC a growing success.

CITIZEN RECOGNITION

No one registered to speak.

CONSENT AGENDA

APPROVAL OF MINUTES

The Clerk to the Board included the Minutes from the **December 18, 2018 regular meeting**, in board members packets.

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

MONTHLY MANAGER’S REPORT

- The County has earned approximately \$600,000 in Investment Income year to date through December 31, 2018.
- The County has received a total of \$4,784,621 in local option sales tax for the first quarter of 2018-2019, this marks a 2% increase over the first quarter 2017-2018. Local option sales tax is received and recorded 3 months in arrears.
- The County CAFR has been approved by the LGC, with no comments or changes recommended. The external Auditor presentation is scheduled to be conducted at the February 5, 2019 Board of Commissioner meeting.
- The Finance Department has begun the annual budget process and will be distributing budget packets to operational departments on 1/15/19. Budget calendar with preliminary target dates are included.

County of Cleveland, North Carolina
Presented at the January 15, 2019 BOC Meeting
Time Period Covered 12/1/18 - 12/31/18 - Fiscal Year Ending June 30, 2019
Departmental Line Item and Lateral Transfers

D = Departmental Transfers
L = Lateral Transfers

BUDGET TYPE	DEPT NAME TO	DEPT NAME FROM	EXPLANATION	BUDGET AMOUNT
D	DSS-Title XX		To cover Mental Health services	\$ 801
L	DSS-Title XX	DSS-Income Maint	To cover Guardianship program - Grant	\$ 53,000
D	Cap Proj-ERP Conv		To cover maint contract on Keystone Software	\$ 40,936
D	Register of Deeds		To cover Sterling CC monthly processing fees	\$ 730
D	Environmental Health		To cover bed cover for new truck	\$ 880
D	Carolina Access		To cover phonevite invoice	\$ 100
D	Maintenance		To cover purchase of ac/heat unit @ PATJ building	\$ 2,000

**CLEVELAND COUNTY BUDGET CALENDAR
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Budget Action</u>	<u>Target Date</u>
<u>2019-2020 Budget Goals</u>	
Budget Process Kickoff & Roll Out - Department Head Meeting	January 8th
Send out Budget Packets (personnel, operations, capital, & rate structure) to departments	January 15th
Capital Plans due back to Finance Department	January 25th
User Fee Forms Back from Departments	January 25th
Board Budget Workshop - Priority Setting/Direction	January 31st/February 1st
Budget Committee Completion of Capital Budget	February 13th
Operations Budgets due back to Finance from Each Department	February 22nd
Individual Meetings with Budget Committee	February 22 - March 22nd
Finance Office Budget Initial Summary For Manager	April 5th
BOCC Meeting - Formal Presentation and Adoption of Capital Improvement Plan	April 16th
BOCC Budget Workshops	April 25 - 26th
Remaining Budget Items: - Distribution of Managers Budget Message	May 21st
BOCC Formal Meeting - Proposed Budget Presentation - Set Public Hearing	May 21st
BOCC Formal Meeting: - Budget Public Hearing	June 4th
BOCC Formal Meeting: - Adopt Budget	June 4th

TAX COLLECTOR’S MONTHLY REPORT

The Tax Collector provided Commissioners with the following detailed written report regarding taxes collected during *December 2018*.

[illegible]

ACTION: Commissioner Hutchins made a motion, seconded by Commissioner Hardin, and unanimously adopted by the Board to, *approve the resolution authorizing the sale of Parcel #57279 to Brett and Mary Cohen for \$1,500.00.*

SALE OF PARCEL 26815; 1203 CARTER ROAD, SHELBY

The County conducted a foreclosure sale for Parcel 26815 on November 28, 2018. Since no one else bid on the property, the County became the highest bidder. Where the County becomes the highest bidder at a foreclosure sale, N.C.G.S. § 105-376(a) authorizes the County to assign its bid “by private sale for not less than the amount of the bid.” However, anytime the County sells property by “private sale,” it must follow the procedures in N.C.G.S. § 160A-267, which require the Board of Commissioners to adopt and advertise a resolution authorizing the sale and publish notice 10 days prior to the sale.

ACTION: Commissioner Hutchins made a motion, seconded by Commissioner Hardin, and unanimously adopted by the Board to, *approve the resolution authorizing the sale of Parcel #26815 to Frank and Mary Lawrence for \$4,237.78.*

STATE OF NORTH CAROLINA

IN THE GENERAL COURT OF JUSTICE

COUNTY OF CLEVELAND

DISTRICT COURT DIVISION

17 CvD 1555

CLEVELAND COUNTY, NORTH CAROLINA,

Plaintiff,

vs.

FRANK LAWRENCE and wife, MARIE
LAWRENCE, (Owners),

Defendants.

ASSIGNMENT

STATE OF NORTH CAROLINA – COUNTY OF CLEVELAND

I, April N Crotts, a Notary Public for said State, certify that Phyllis Nowlen personally appeared before me this day and being by me duly sworn, acknowledged that she is the Clerk to the Board of Commissioners for Cleveland County and that by authority duly given and as the act of the County, the foregoing instrument was signed in its name by the Chair of the Board of Commissioners, sealed with its official seal and attested by herself as Clerk to the Board.

Witness my hand and official seal, this 15th day of January, 2019.

April N Crotts
Notary Public

My Commission Expires: 5-7-20

Cleveland County was the last and highest bidder for that certain tract or parcel of real estate described in the judgment in the above-entitled cause at a sale held on November 28, 2018, and I, Susan K. Allen, as Chair of the Board of Commissioners of the County, pursuant to authority vested in me by resolution of the Board of Commissioners dated January 15, 2019, do hereby, in consideration of Michael Mwanza's promise to pay the sum of Four Thousand Two Hundred Thirty-Seven and 78/100 Dollars (\$4,237.78), the amount negotiated in a private sale as allowed by N.C.G.S. § 105-376(a), to the commissioner upon confirmation of the sale, sell, set over, transfer and assign the County's bid unto Michael Mwanza, his heirs and assigns and Chris Green, Commissioner in the sale, is hereby instructed to execute and deliver a deed conveying the real property to Michael Mwanza, his heirs and assigns, upon the confirmation of the sale and upon payment to him by Michael Mwanza of the purchase price.

Witness my hand and official seal, this 15th day of January, 2019.

Susan K. Allen (SEAL)
Susan K. Allen
Chairman of the Board of Commissioners of
Cleveland County, North Carolina

Attested by:

Phyllis Nowlen
Phyllis Nowlen, Clerk to the Board
Cleveland County



REMOVAL OF SERVICE WEAPON FOR RETIRED DEPUTY JAMES BROOKS

Sheriff Alan Norman requested retiring Deputy James Brooks be presented his departmental service weapon. Deputy Brooks retired on December 31, 2018, after 26 years of full-time law enforcement service with the Cleveland County Sheriff's Office. The service weapon requested to be removed from inventory is a Glock 9mm, Model 17, serial number BDKT-815 and County asset number 201160.

ACTION: Commissioner Hutchins made the motion, seconded by Commissioner Hardin, and unanimously adopted by the Board, *to approve the request to remove the service weapon from County inventory and issue to Deputy James Brooks.*

REMOVAL OF SERVICE WEAPON FOR RETIRED DEPUTY DANIEL ASHLEY

Sheriff Alan Norman requested retiring Deputy Daniel Ashley be presented his departmental service weapon. Deputy Brooks retired on December 31, 2018, after 22 years of full-time law enforcement service with the Cleveland County Sheriff's Office. The service weapon requested to be removed from inventory is a Glock 9mm, Model 17, serial number BDKT-765 and County asset number 201152.

ACTION: Commissioner Hutchins made the motion, seconded by Commissioner Hardin, and unanimously adopted by the Board, *to approve the request to remove the service weapon from County inventory and issue to Deputy Daniel Ashley.*

PLANNING DEPARTMENT: REZONING CASE 18-13 (Schedule Public Hearing for February 5, 2019)

The Planning Department is requesting a Public Hearing be set for Tuesday, February 5, 2019 to hear Re-zoning Case 18-13. Challenger Three Golf Club, Inc. has applied to rezone parcels 24702, 48237 and 43150 at 1650 North Post Road, from Restricted Residential Corridor Protection (RRCP) to General Business (GB). Challenger Three is located on Highway 180 North and currently zoned Restricted Residential (RR). The property is used for a golf course and outdoor amusement and recreation which was in use prior to County wide zoning in 2000. The surrounding zoning is mixed with Restricted Residential (RR) to the east and north and General Business (GB) to the southwest along North Post Road. The surrounding uses are also mixed consisting of commercial and residential. The Land Use Plan calls this area Future Commercial.

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

KINGS MOUNTAIN INTER-LOCAL AGREEMENT CONCERNING BUILDING INSPECTORS

The City of Kings Mountain has recently lost both of their Building Inspectors. The City of Kings Mountain has approved an interlocal agreement with the City of Gastonia to conduct inspections on their behalf. Cleveland County has been approached by Kings Mountain to adopt a similar interlocal agreement to authorize the City Manager to be able to request to use a County Building inspector should an emergency situation arise.

ACTION: Commissioner Hutchins made a motion, seconded by Commissioner Bridges, and unanimously adopted by the Board to, *approve the Kings Mountain Building Inspectors Inter-Local Agreement.*



Resolution

Number 01-2019

A JOINT RESOLUTION BETWEEN THE CITY OF KINGS MOUNTAIN AND CLEVELAND COUNTY CONCERNING BUILDING INSPECTORS

WHEREAS, the Kings Mountain City Council and Kings Mountain Building Inspections Department requested the assistance of Cleveland County Building Inspectors due to the unforeseen staff turnover at the City of King Mountain Building Inspections Department; and,

WHEREAS, in order to accommodate their current workload, the City of Kings Mountain may need to obtain the services of one or more building inspectors employed by Cleveland County; and,

WHEREAS, North Carolina General Statute 160A-413 states in part as follows: "A City Council may designate an inspector from any other city or county to serve as a member of its Inspection Department with the approval of the governing body of the other city or county."; and,

WHEREAS, North Carolina General Statute 160A-360(g) provides that the agreement set forth in North Carolina General Statute 160A-413 "be evidenced by a formally adopted resolution"; and,

WHEREAS, the City Council of the City of Kings Mountain desires to authorize the City Manager to designate one or more inspectors from Cleveland County to serve as a member of its inspection department; and,

WHEREAS, the Board of Commissioners of Cleveland County desires to approve said designation for the time stated;

NOW, THEREFORE, be it resolved as follows:

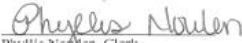
- The City Council of the City of Kings Mountain hereby authorizes the City Manager to designate one or more inspectors from Cleveland County to serve as members of the City's inspection department.

- The Board of Commissioners of Cleveland County hereby approves said designation of one or more of the County's inspectors to serve as a member of the City's Inspection Department.
- That Cleveland County shall not incur any additional costs and shall be compensated accordingly for the services rendered to the City during this period of time.
- This Resolution shall become effective upon its adoption and approval by both the City Council of the City of Kings Mountain and the Board of Commissioners of Cleveland County.

Adopted and approved by the Board of Commissioners of Cleveland County on this the 15th day of January, 2019.


Susan K. Allen, Chair
Cleveland County

ATTEST:


Phyllis Nowlen, Clerk
Cleveland County

Adopted and approved by the City of Kings Mountain City Council on this the 29th day of January, 2019.


Scott Neisler, Mayor
City of Kings Mountain

ATTEST:


Karen Tucker, City Clerk
City of Kings Mountain

ENTERPRISE FLEET LEASE AGREEMENT

Cleveland County Schools has requested to enter into a five year equity lease agreement for Maintenance Vehicles – they are not requesting an increase in funding, contracts for capital expenditures of this nature need to be approved by a resolution adopted by the board of county commissioners, which resolution when adopted shall bind the board of county commissions to appropriate sufficient funds in ensuing years to meet the amounts to be paid under the contract in those years.

ACTION: Commissioner Hutchins made the motion, seconded by Commissioner Hardin, and unanimously approved by the Board to, *approve the Enterprise Fleet Lease Agreement.*



Resolution

Number 04-2019

RESOLUTION APPROVING THE CLEVELAND COUNTY BOARD OF EDUCATION TO ENTER INTO AN EQUITY LEASE AGREEMENT FOR MAINTENANCE VEHICLES

Whereas, the Cleveland County Commission does hereby find the Cleveland County Schools has requested to enter into a five (5) year Equity Lease Agreement for Maintenance Vehicles; and

Whereas, local school administrative units in North Carolina may enter into such a contract for capital outlay expenditure of this nature; and

Whereas, contracts for capital expenditures of this nature need to be approved by a resolution adopted by the board of county commissioners, which resolution when adopted shall bind the board of county commissions to appropriate sufficient funds in ensuing years to meet the amounts to be paid under the contract in those years; and

Whereas, Cleveland County Schools is not requesting an increase in funding from Cleveland County for 2018-2019 or any in ensuing years to meet the amounts to be paid under this contract in those years; and

Whereas, some portion is to be performed or paid in ensuing fiscal years, without the 2018 – 2019 Cleveland County Schools' budget resolution including an appropriation for the entire obligation; and

Whereas, the 2018-2019 Cleveland County Schools' budget resolution includes an appropriation authorizing the current fiscal year's portion of the obligation; and

Whereas, the 2018-2019 Cleveland County Schools' budget has an unencumbered balance that remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the Equity Lease Agreement for the current fiscal year; and

Now Therefore Be It Resolved, the Board of Commissioners of Cleveland County, North Carolina, resolves to appropriate sufficient capital funds in ensuing years to meet the amounts to be paid under this contract in those years.

Adopted this the 15th day of January, 2019.

By: Susan Allen
Susan Allen, Chairman
Board of Commissioners of Cleveland County

ATTEST:

Phyllis Nauden
Phyllis Nauden, Clerk
Cleveland County Board of Commissioners



REGULAR AGENDA

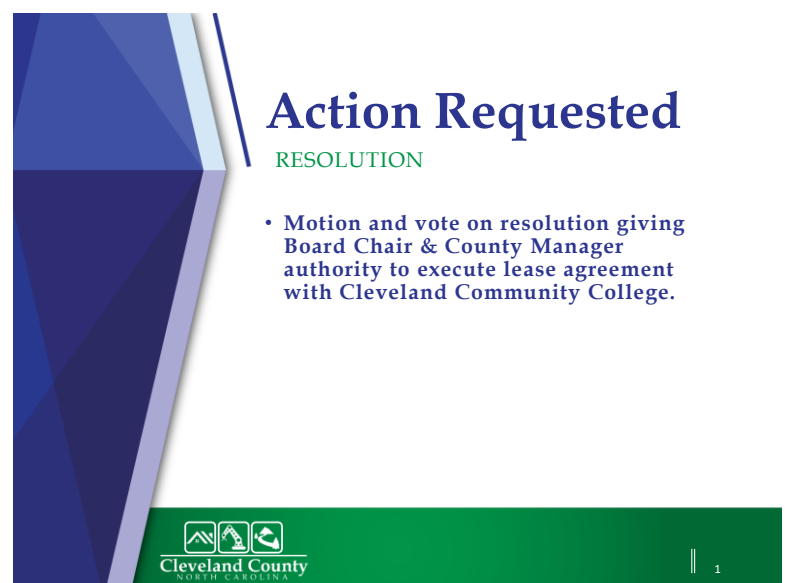
CLEVELAND COUNTY HISTOIRCAL LANDMARKS

Chairman Allen recognized Senior Planner Chris Martin to introduce Annie McDonald, Preservation Specialist with the State Historic Preservation Office. The Cleveland County Historic Preservation Board has been awarded a \$15,000 grant and the funds are allocated for project surveying the county for historical monuments or properties dated to the mid nineteenth century. The hope is to find properties much like the Earl Scruggs Center and the Don Gibson Theater. Ms. McDonald has been a tremendous help through the process and the Historic Preservation Board looks forward to working with her. Ms. McDonald advised the State Historic Preservation Office has been doing architectural surveys since the early 1970's. The 2019 project will expand on the last survey that was completed in 1998 and bring it more up to date by documenting resources built between 1945 and 1975. This may include industrial or commercial resources in addition to dwellings located across the county. Ms.

McDonald complimented Mr. Martin and Ms. Anna Parker, Administrative Assistant to the Planning Department, for their hard work in getting the project to this stage. She also commented on the pleasure it has been working with the members of the Cleveland County Historic Preservation Board.

CLEVELAND COMMUNITY COLLEGE PARKING LOT AGREEMENT

Chairman Allen called Jason Falls, Executive Director at the LeGrand Center to the podium to present the Cleveland Community College Parking Lot Lease Agreement. Cleveland Community College (CCC) owns the parking lot of the LeGrand Center however, CCC cannot sell the property without dividing up the campus. The County would like to take over management of this space, as it is heavily used by the County in connection with LeGrand Center activities. CCC would prefer to retain ownership of the land and lease the land for a small amount to Cleveland County. The intent is to provide the LeGrand Center additional opportunities to recruit events and allow for adequate parking for LeGrand Center clients and guests. It will also ensure a consistent appearance across the county's properties. The lease would be for a term of years and for \$1.00 for the entirety of the term. The terms of the lease are still being finalized, as Cleveland Community College must get approval from the State Board of Community Colleges. Staff requests the Board to authorize the Chairman and County Manager to enter into such a lease once its terms are finalized, subject to the approval of the County Attorney and Senior Staff Attorney.



ACTION: Commissioner Hutchins made the motion, seconded by Commissioner Whetstine, and unanimously approved by the Board to, *approve the resolution giving the Board Chair and the County Manager authority to execute the lease agreement with Cleveland Community College.*



Resolution

Number 05-2019

Resolution Approving Lease of Property from Cleveland Community College for Use by Cleveland County pursuant to N.C.G.S. § 153A-158

WHEREAS, Cleveland Community College ("CCC") owns property described and shown in the attached survey; and

WHEREAS, this Board finds it necessary and desirable to lease the above-described property from CCC for use by the County, in part as parking and event space for the LeGrand Center; and

WHEREAS, North Carolina General Statute § 153A-158 authorizes the County to acquire by lease any interest in real property for use by the County;

WHEREAS, this Board is the governing body of Cleveland County and has determined that it is in the best interest of Cleveland County to enter into this lease, and deems it wise to do so for the amount of One Dollar (\$1.00) for a term of years; and

WHEREAS, North Carolina General Statute § 153A-82(8) authorizes this Board to delegate duties to the County Manager;

Now Therefore It Be Resolved, the CLEVELAND COUNTY BOARD OF COMMISSIONERS RESOLVES THAT:

1. The County Manager is authorized to enter into a lease for the property herein described upon finalization of the lease's terms and conditions, which must include that the lease is in the amount of One Dollar (\$1.00) and has as its duration a term of years; and
2. The authorization herein granted to the County Manager to enter into said lease shall expire six months after the date of this resolution; and
3. The authorization herein granted to the County Manager may only be exercised upon approval of the terms of the lease by the County Attorney and Senior Staff Attorney; and

4. The Chairman of this Board is authorized to execute all documents and take any actions necessary to receive the lease interest in the property authorized by this Resolution.

Adopted this the 15th day of January, 2019.

By: Susan Allen
Susan Allen, Chairman
Board of Commissioners of Cleveland County

ATTEST:

Phyllis Nowlen
Phyllis Nowlen, Clerk
Cleveland County Board of Commissioners



SOLAR FARM REPORT

Chairman Allen called Chris Martin, Senior Planner, to the podium to present solar farm report to the Board.

The solar footprint has grown in Cleveland County over the past several years with nineteen solar facilities. With the increase in numbers and size, staff wants to continue to evaluate the solar ordinances to be assured they will guide future solar development to be compatible with the county. The County adopted several ordinances five years ago which have since been modified and improved. Cleveland County began seeing solar facilities in 2011 with the first approved site. Since that time, eighteen more facilities have been constructed with several others still awaiting construction. The largest completed facility is seventy-three acres. The average size solar facility is forty acres. The trend in North Carolina is larger solar facilities with the most recent is a larger facility of 350 acres approved by the Board of Adjustment which has yet to be built. The land on which solar farms sit is taxed based on present market value, however, solar facilities benefit from being eligible for an 80% reduction in equipment value. Due to the increased number and size of solar facilities, staff received an increase in citizen comments about solar facilities. Cleveland County has more solar facilities than neighboring counties due to the following reasons:

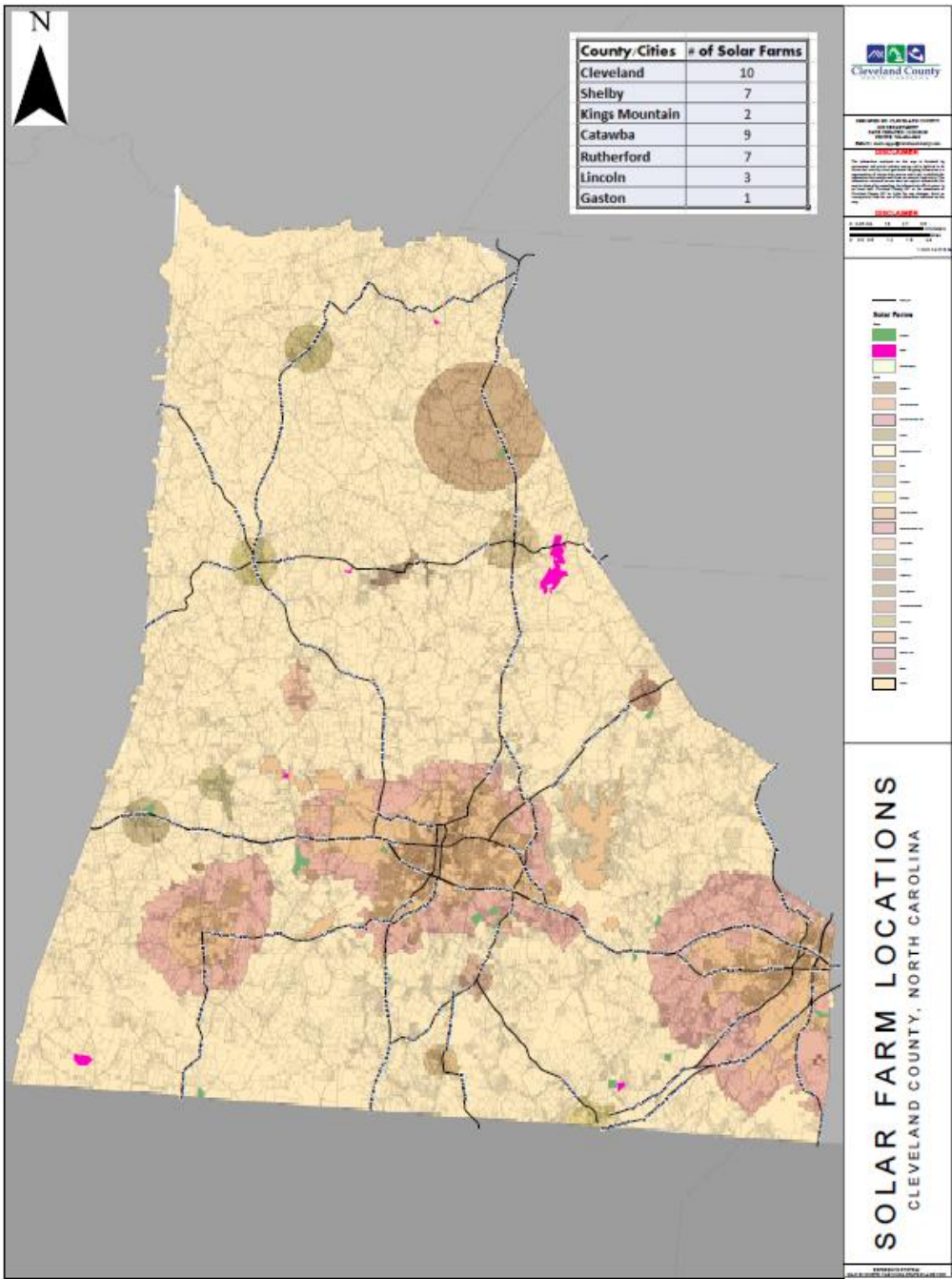
- Availability of flat open land
- Access to Duke Power infrastructure

Staff seeks direction from the Board to give the Planning Board to review solar ordinance, to keep in consideration zoning requirements, setbacks, and landscape screening, to ensure they are compatible with our County's surrounding farms and neighborhoods.

Chairman Allen opened the floor to the Board for questions and discussion. Commissioner Bridges asked, "What happens in ten or fifteen years when the technology changes and solar farms become obsolete? This is a

major concern. Has staff received any compliments or questions from citizens regarding decommissioning or cleanup?” Mr. Martin advised, “Staff and the Planning Board has been contacted by numerous citizens and other boards such as the Agricultural Advisory Board who are voicing the same concerns.” Commissioner Hardin questioned how often are the solar facilities are inspected. Mr. Martin stated once the facility is built and passed inspection, they are not examined again unless Planning and Zoning is contacted regrading an issue or problem. There is no annual or reoccurring inspection on solar facilities. Commissioner Bridges inquired how the facilities affect the County’s tax base. Mr. Martin replied solar facilities in North Carolina are eligible for an 80% tax reduction in their equipment value. Commissioner Hutchins asked if the 80% tax reduction was set for the life of the facility or for a time period; would the tax reduction reduce over time. Chris Green, Tax Assessor, advised the 80% reduction is implemented for the life of the solar facility. Commissioner Hardin asked if there were any limitations on the amount of solar facilities that could be built in the county. Mr. Martin responded. “There was an ordinance adopted in 2015, the Planning Board worked on a development for solar facilities. They are allowed anywhere in include commercial, industrial and residential districts with a zoning and conditional use permit which could enforce a stricter screening and set back regulation.”

Chairman Allen stated; “The Board asks for staff to work through the Planning Board to review our solar farm ordinance, compare with our counties and make recommendations back to the Board of Commissioners with keeping a focus on respecting the agricultural traditions of Cleveland County.



LATE APPLICATIONS FOR EXEMPTION/EXCLUSION/DEFERRAL

Chairman Allen recognized Chris Green, Tax Assessor, to present the late applications for exemption, exclusion and deferral. Attached is the list of applications that were submitted after the due date for 2018. The present use value and charitable were due on January 1, 2018 and all others were due by June 1, 2018. It is within the Commissioners authority to accept applications through the calendar year. All late applications do meet the criteria and would have been approved had they been submitted in a timely manner.

2018 LATE APPLICATIONS (1-15-19 BOC)				
Name	Parcel #	Type	Value Exempted/Deferred	Fiscal Impact(Co. Only)
Kenny & Rita Harris	2826	PUV	\$ 61,963.00	\$ 353.19
Sugar Branch Farms, LLC	28638	PUV	\$ 230,407.00	\$ 1,313.32
Donna E. Bridges	62393	PUV	\$ 67,040.00	\$ 382.13
Roberta K. Norah	4103	E/D	\$ 25,000.00	\$ 142.50
Randy R. Burleson	70522	E/D	\$ 50,502.00	\$ 287.86
Shirley Emory	48316	E/D	\$ 29,021.00	\$ 165.42
Dorothy M. Williamson	21933	E/D	\$ 47,735.00	\$ 272.09
Charlie Herron	11372	E/D	\$ 27,030.00	\$ 154.07
Sarah Taylor Beam	21167	E/D	\$ 68,413.00	\$ 389.95
Connie Kincaid	8735	E/D	\$ 54,889.00	\$ 312.87
Johnie Buff	37985	E/D	\$ 38,386.00	\$ 218.80
Linda Faye Brendle	50375	E/D	\$ 25,000.00	\$ 142.50
Betty Jean Ferri	55345	E/D	\$ 35,725.00	\$ 203.63
Jerry R. Suggs	11872	E/D	\$ 25,174.00	\$ 143.49
Lucille L. Davis	25393	E/D	\$ 34,204.00	\$ 194.96
Vickie Bates Lashley	7624	E/D	\$ 43,649.00	\$ 248.80
Sandra Johnson Blanton	70314	E/D	\$ 25,661.00	\$ 146.27
Faye Gregory	18135	E/D	\$ 17,773.00	\$ 101.31
Jeanette A. Ross	10778	E/D	\$ 37,625.00	\$ 214.46
Jeanetta B. Epps	M11984	E/D	\$ 3,171.00	\$ 18.07
Lanny Ray Newton	23809	E/D	\$ 66,638.00	\$ 379.84
Paula Smith	6295	D/V	\$ 45,000.00	\$ 256.50
Linda M. Wright	26229	D/V	\$ 45,000.00	\$ 256.50
Tekeran J. Ruff	19375	D/V	\$ 15,781.00	\$ 89.95
Debbie Ann Matheson	43811	D/V	\$ 45,000.00	\$ 256.50
Joshua Randall Marlowe	53872	D/V	\$ 45,000.00	\$ 256.50
Laura's Homes of North Carolina	55840	Charitable	\$ 222,015.00	\$ 1,265.49
				\$ 8,166.97

ACTION: Commissioner Hutchins made a motion, seconded by Commissioner Bridges, and passed unanimously by the Board to, *approve the late applications for exemption/exclusions/deferral.*

COMMISSIONER REPORTS

- Commissioner Hardin** – is still onboarding and will be attending several Commissioner training sessions.
- Commissioner Bridges** – gave an update on the construction process at the airport and the fairgrounds.
- Commissioner Hutchins** – has gone to various meetings such as the Council on Aging and goal setting conferences with the North Carolina Association of County Commissioners.
- Commissioner Whetstine** – attended the retirement of Margie Christopher has been with the Cleveland County Children’s Home for thirty-two years. Peter Bagley will be her replacement.

Chairman Allen – spoke about the American Red Cross building and its future usage. She also gave an update on the Partnership for Community Prosperity.

County Manager Brian Epley – stated Jane Shooter, Interim Social Services Director, advised the government shut down has not yet affected local DSS programs. Mr. Epley has spoken with Stephen Bishop, Director of the Soil and Water Conservation, who voiced concerns about several soy bean farmers who have missed their first paycheck due to the shutdown.

RECESS TO RECONVENE

There being no further business to come before the Board at this time, Commissioner Whetstine made a motion, seconded by Commissioner Hutchins, and unanimously adopted by the Board, *to recess to reconvene*. The next meeting of the Commission is scheduled for *Thursday, January 31, 2019 at 12:00 p.m. at the LeGrand Center located at 1800 E. Marion St, Shelby for a Commissioners Work Session*.

*Susan Allen, Chairman
Cleveland County Board of Commissioners*

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

COUNTY OF CLEVELAND, NORTH CAROLINA

AGENDA ITEM SUMMARY

Social Services Budget Amendment (BNA#024)

Department: Social Services

Agenda Title: Budget Amendment (BNA#024)

Agenda Summary:

Proposed Action:

ATTACHMENTS:

File Name	Description
<input type="checkbox"/> BNA024_020519.pdf	Social Services Budget Amendment (BNA#024)

BUDGET NEW - ORDINANCE AMENDMENT

BNA # 024SUBMITTED TO BOARD OF COUNTY COMMISSIONERS
FOR CONSIDERATION AT MEETING TO BE HELD ON:February 5, 2019

SIGNATURES

FROM: BUDGET OFFICER

THRU: FINANCE OFFICE

FOR DEPT: DSSDATE: 1/4/2019
Finance Director
Department Manager

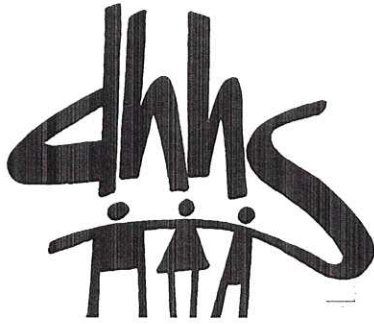
Account Number	Project Code	Department	Account Name	Increase	Decrease
011.504.310.00	93667-P395	Title XX	Federal Grants	\$ 29,060.00	
011.504.5.121.00		Title XX	Salaries	\$ 29,060.00	

Explanation of Revisions: Budget Amendment necessary to accept additional Federal funds to help offset
the county share in salaries FY 2018/2019.

THE ABOVE AMENDMENT HAS BEEN APPROVED AND RECORDED IN THE MINUTES OF THE COUNTY
 COMMISSIONERS' MEETING ON _____
 (Date)

Phyllis Nowlan, Clerk to the BoardRETURN TO FINANCE OFFICE and Forward copy via email to Tonya.Sigmon@clevelandcounty.com

cc: Personnel Batch # _____
 cc: Purchasing Date: _____
 By: _____



DIVISION OF SOCIAL SERVICES

Social Services Block Grant-Federal

FUNDING SOURCE: Social Services Block Grant

EFFECTIVE DATE: 07/01/2018

AUTHORIZATION NUMBER: 2

ALLOCATION PERIOD

FROM JUNE 2018 THRU MAY 2019 SERVICE MONTHS

FROM JULY 2018 THRU JUNE 2019 PAYMENT MONTHS

Co. No.	COUNTY	Initial (or Previous) Allocation Funding Authorization		Additional Allocation		Grand Total Allocation	
		Federal	Total	Federal	Total	Federal	Total
01	ALAMANCE	236,673.00	236,673.00	94,120.00	94,120.00	330,793.00	330,793.00
02	ALEXANDER	57,730.00	57,730.00	0.00	0.00	57,730.00	57,730.00
03	ALLEGHANY	31,012.00	31,012.00	0.00	0.00	31,012.00	31,012.00
04	ANSON	93,046.00	93,046.00	5,283.00	5,283.00	98,329.00	98,329.00
05	ASHE	70,884.00	70,884.00	13,209.00	13,209.00	84,093.00	84,093.00
06	AVERY	46,400.00	46,400.00	7,237.00	7,237.00	53,637.00	53,637.00
07	BEAUFORT	145,740.00	145,740.00	18,492.00	18,492.00	164,232.00	164,232.00
08	BERTIE	111,075.00	111,075.00	0.00	0.00	111,075.00	111,075.00
09	BLADEN	149,103.00	149,103.00	10,568.00	10,568.00	159,671.00	159,671.00
10	BRUNSWICK	125,810.00	125,810.00	1,307.00	1,307.00	127,117.00	127,117.00
11	BUNCOMBE	423,969.00	423,969.00	28,759.00	28,759.00	452,728.00	452,728.00
12	BURKE	251,340.00	251,340.00	69,957.00	69,957.00	321,297.00	321,297.00
13	CABARRUS	257,570.00	257,570.00	13,072.00	13,072.00	270,642.00	270,642.00
14	CALDWELL	149,872.00	149,872.00	0.00	0.00	149,872.00	149,872.00
15	CAMDEN	20,650.00	20,650.00	0.00	0.00	20,650.00	20,650.00
16	CARTERET	115,375.00	115,375.00	15,687.00	15,687.00	131,062.00	131,062.00
17	CASWELL	95,207.00	95,207.00	15,851.00	15,851.00	111,058.00	111,058.00
18	CATAWBA	376,818.00	376,818.00	156,801.00	156,801.00	533,619.00	533,619.00
19	CHATHAM	129,640.00	129,640.00	38,597.00	38,597.00	168,237.00	168,237.00
20	CHEROKEE	65,768.00	65,768.00	0.00	0.00	65,768.00	65,768.00
21	CHOWAN	42,330.00	42,330.00	5,283.00	5,283.00	47,613.00	47,613.00
22	CLAY	26,343.00	26,343.00	1,307.00	1,307.00	27,650.00	27,650.00
23	CLEVELAND	250,286.00	250,286.00	29,060.00	29,060.00	279,346.00	279,346.00
24	COLUMBUS	231,253.00	231,253.00	10,568.00	10,568.00	241,821.00	241,821.00
25	CRAVEN	236,181.00	236,181.00	13,072.00	13,072.00	249,253.00	249,253.00
26	CUMBERLAND	1,032,187.00	1,032,187.00	207,459.00	207,459.00	1,239,646.00	1,239,646.00
27	CURRITUCK	27,648.00	27,648.00	7,843.00	7,843.00	35,491.00	35,491.00
28	DARE	46,543.00	46,543.00	11,765.00	11,765.00	58,308.00	58,308.00
29	DAVIDSON	262,352.00	262,352.00	20,915.00	20,915.00	283,267.00	283,267.00
30	DAVIE	64,467.00	64,467.00	0.00	0.00	64,467.00	64,467.00
31	DUPLIN	151,266.00	151,266.00	2,642.00	2,642.00	153,908.00	153,908.00
32	DURHAM	918,729.00	918,729.00	14,380.00	14,380.00	933,109.00	933,109.00
33	EDGEcombe	221,591.00	221,591.00	7,925.00	7,925.00	229,516.00	229,516.00
34	FORSYTH	870,855.00	870,855.00	2,412.00	2,412.00	873,267.00	873,267.00
35	FRANKLIN	133,955.00	133,955.00	33,773.00	33,773.00	167,728.00	167,728.00
36	GASTON	404,725.00	404,725.00	26,144.00	26,144.00	430,869.00	430,869.00
37	GATES	42,530.00	42,530.00	0.00	0.00	42,530.00	42,530.00
38	GRAHAM	27,753.00	27,753.00	0.00	0.00	27,753.00	27,753.00
39	GRANVILLE	123,751.00	123,751.00	12,062.00	12,062.00	135,813.00	135,813.00
40	GREENE	68,503.00	68,503.00	0.00	0.00	68,503.00	68,503.00
41	GUILFORD	1,476,126.00	1,476,126.00	21,711.00	21,711.00	1,497,837.00	1,497,837.00
42	HALIFAX	306,339.00	306,339.00	19,299.00	19,299.00	325,638.00	325,638.00
43	HARNETT	198,442.00	198,442.00	0.00	0.00	198,442.00	198,442.00
44	HAYWOOD	127,563.00	127,563.00	28,759.00	28,759.00	156,322.00	156,322.00
45	HENDERSON	143,869.00	143,869.00	19,608.00	19,608.00	163,477.00	163,477.00
46	HERTFORD	113,618.00	113,618.00	16,886.00	16,886.00	130,504.00	130,504.00
47	HOKE	87,107.00	87,107.00	23,775.00	23,775.00	110,882.00	110,882.00

Social Services Block Grant-Federal

AUTHORIZATION NUMBER: 2

		Initial (or Previous) Allocation Funding Authorization		Additional Allocation		Grand Total Allocation	
	COUNTY	Federal	Total	Federal	Total	Federal	Total
48	HYDE	29,445.00	29,445.00	5,283.00	5,283.00	34,728.00	34,728.00
49	IREDELL	192,570.00	192,570.00	6,536.00	6,536.00	199,106.00	199,106.00
50	JACKSON	73,866.00	73,866.00	0.00	0.00	73,866.00	73,866.00
51	JOHNSTON	278,737.00	278,737.00	53,071.00	53,071.00	331,808.00	331,808.00
52	JONES	45,045.00	45,045.00	15,851.00	15,851.00	60,896.00	60,896.00
53	LEE	119,714.00	119,714.00	5,229.00	5,229.00	124,943.00	124,943.00
54	LENOIR	213,283.00	213,283.00	15,851.00	15,851.00	229,134.00	229,134.00
55	LINCOLN	100,866.00	100,866.00	0.00	0.00	100,866.00	100,866.00
56	MACON	57,485.00	57,485.00	0.00	0.00	57,485.00	57,485.00
57	MADISON	65,771.00	65,771.00	9,151.00	9,151.00	74,922.00	74,922.00
58	MARTIN	102,204.00	102,204.00	15,851.00	15,851.00	118,055.00	118,055.00
59	MCDOWELL	115,398.00	115,398.00	9,649.00	9,649.00	125,047.00	125,047.00
60	MECKLENBURG	1,042,200.00	1,042,200.00	33,988.00	33,988.00	1,076,188.00	1,076,188.00
61	MITCHELL	57,569.00	57,569.00	0.00	0.00	57,569.00	57,569.00
62	MONTGOMERY	74,686.00	74,686.00	0.00	0.00	74,686.00	74,686.00
63	MOORE	149,153.00	149,153.00	0.00	0.00	149,153.00	149,153.00
64	NASH	230,791.00	230,791.00	5,229.00	5,229.00	236,020.00	236,020.00
65	NEW HANOVER	380,764.00	380,764.00	68,685.00	68,685.00	449,449.00	449,449.00
66	NORTHAMPTON	133,455.00	133,455.00	5,283.00	5,283.00	138,738.00	138,738.00
67	ONslow	309,758.00	309,758.00	14,474.00	14,474.00	324,232.00	324,232.00
68	ORANGE	244,586.00	244,586.00	26,535.00	26,535.00	271,121.00	271,121.00
69	PAMLICO	36,388.00	36,388.00	3,921.00	3,921.00	40,309.00	40,309.00
70	PASQUOTANK	82,184.00	82,184.00	0.00	0.00	82,184.00	82,184.00
71	PENDER	80,443.00	80,443.00	6,536.00	6,536.00	86,979.00	86,979.00
72	PERQUIMANS	33,630.00	33,630.00	2,642.00	2,642.00	36,272.00	36,272.00
73	PERSON	158,122.00	158,122.00	26,535.00	26,535.00	184,657.00	184,657.00
74	PITT	333,191.00	333,191.00	68,685.00	68,685.00	401,876.00	401,876.00
75	POLK	42,812.00	42,812.00	6,536.00	6,536.00	49,348.00	49,348.00
76	RANDOLPH	186,519.00	186,519.00	6,536.00	6,536.00	193,055.00	193,055.00
77	RICHMOND	144,177.00	144,177.00	2,642.00	2,642.00	146,819.00	146,819.00
78	ROBESON	456,722.00	456,722.00	7,925.00	7,925.00	464,647.00	464,647.00
79	ROCKINGHAM	233,405.00	233,405.00	0.00	0.00	233,405.00	233,405.00
80	ROWAN	243,964.00	243,964.00	4,825.00	4,825.00	248,789.00	248,789.00
81	RUTHERFORD	152,879.00	152,879.00	39,626.00	39,626.00	192,505.00	192,505.00
82	SAMPSON	175,156.00	175,156.00	18,492.00	18,492.00	193,648.00	193,648.00
83	SCOTLAND	134,569.00	134,569.00	21,134.00	21,134.00	155,703.00	155,703.00
84	STANLY	116,888.00	116,888.00	5,229.00	5,229.00	122,117.00	122,117.00
85	STOKES	92,135.00	92,135.00	0.00	0.00	92,135.00	92,135.00
86	SURRY	183,403.00	183,403.00	26,535.00	26,535.00	209,938.00	209,938.00
87	SWAIN	43,826.00	43,826.00	10,568.00	10,568.00	54,394.00	54,394.00
88	TRANSYLVANIA	76,118.00	76,118.00	1,307.00	1,307.00	77,425.00	77,425.00
89	TYRRELL	25,297.00	25,297.00	15,851.00	15,851.00	41,148.00	41,148.00
90	UNION	235,521.00	235,521.00	27,452.00	27,452.00	262,973.00	262,973.00
91	VANCE	173,412.00	173,412.00	9,649.00	9,649.00	183,061.00	183,061.00
92	WAKE	757,799.00	757,799.00	87,584.00	87,584.00	845,383.00	845,383.00
93	WARREN	93,517.00	93,517.00	9,649.00	9,649.00	103,166.00	103,166.00
94	WASHINGTON	65,635.00	65,635.00	0.00	0.00	65,635.00	65,635.00
95	WATAUGA	87,045.00	87,045.00	0.00	0.00	87,045.00	87,045.00
96	WAYNE	310,127.00	310,127.00	18,492.00	18,492.00	328,619.00	328,619.00
97	WILKES	171,718.00	171,718.00	7,925.00	7,925.00	179,643.00	179,643.00
98	WILSON	246,406.00	246,406.00	42,267.00	42,267.00	288,673.00	288,673.00
99	YADKIN	73,279.00	73,279.00	5,229.00	5,229.00	78,508.00	78,508.00
100	YANCEY	52,222.00	52,222.00	2,645.00	2,645.00	54,867.00	54,867.00
150	Jackson Indian	0.00	0.00	0.00	0.00	0.00	0.00
187	Swain Indian	0.00	0.00	0.00	0.00	0.00	0.00
Total		19,905,849.00	19,905,849.00	1,802,671.00	1,802,671.00	21,708,520.00	21,708,520.00

FUNDING SOURCE: Social Services Block Grant

CFDA Number: 93.667

CFDA Name: Social Services Block Grant

Award Name: Social Services Block Grant

Award Number: G1801NCSOSR & G1901NCSOSR

Award Date: FFY 2018 & 2019

Federal Agency: DHHS/ACF

GRANT INFORMATION: This represents 100% federal dollars.

Funding will be allocated on a quarterly basis. This allocation represents the entire amount as designated in Session Law 2018-5 (Senate Bill 99), as well as the \$1,802,671 in Guardianship funding allocated to counties on a per ward basis.

XS411 Heading: SSBG Federal

Tracked on XS411: Federal Share 100%

OBLIGATIONS INCURRED AND EXPENDITURES MADE UNDER THIS ADVICE WILL BE SUBJECT TO LIMITATIONS PUBLISHED BY FEDERAL AND STATE AGENCIES AS TO THE AVAILABILITY OF FUNDS

AUTHORIZED SIGNATURE



DATE:

December 27, 2018

COUNTY OF CLEVELAND, NORTH CAROLINA

AGENDA ITEM SUMMARY

Social Services Budget Amendment (BNA#025)

Department: Social Services

Agenda Title: Budget Amendment (BNA#025)

Agenda Summary:

Proposed Action:

ATTACHMENTS:

File Name	Description
<input type="checkbox"/> BNA025_020519.pdf	Social Services Budget Amendment (BNA#025)

BUDGET NEW - ORDINANCE AMENDMENT

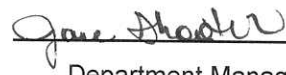
BNA # 025SUBMITTED TO BOARD OF COUNTY COMMISSIONERS
FOR CONSIDERATION AT MEETING TO BE HELD ON:February 5, 2019

FROM: BUDGET OFFICER

THRU: FINANCE OFFICE

FOR DEPT: DSSDATE: 1/4/2019

SIGNATURES:


Finance Director
Department Manager

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

Explanation of Revisions: Budget Amendment necessary to accept One Time Special funds for FY 2018/2019.

Funds were made available due to a special project completed by county workers regarding unplanned and extra work pertaining to daycare under/over payment processing in NCFast. The funds will be used for staff appreciation.

THE ABOVE AMENDMENT HAS BEEN APPROVED AND RECORDED IN THE MINUTES OF THE COUNTY COMMISSIONERS' MEETING ON _____
(Date)

Phyllis Nowlen, Clerk to the BoardRETURN TO FINANCE OFFICE and Forward copy via email to Tonya.Sigmon@clevelandcounty.com

cc: Personnel Batch # _____
cc: Purchasing Date: _____
By: _____

Kay Howell

From: dcd.otherdsspersonnel-bounces@lists.ncmail.net on behalf of Everette, Elizabeth T
<elizabeth.everette@dhhs.nc.gov>
Sent: Wednesday, May 30, 2018 10:30 AM
To: DHHS.DCD.DSS.Directors; DHHS.DCD.DSS.Child.Care.Coordinators;
DHHS.DCD.OtherDSSPersonnel
Cc: Hopkins, Wanda; Davis, Shelia; Lipscomb, Donna L; Laffler, Heather L; Bessette,
Michele; Ashe, Sonya; Carter, Anna; Biddix, John R; Everette,
Elizabeth T; Thomas, Belinda; Williams, Tarcia; Young, Sherry; Merza,
Jose; Beatty, Sonya V; Snuggs, Kristi L; Brewer, Belinda E; Dickens,
Penny; Davis, Lauren M; Coley, Dynasty K; Miller, Kim; Jones,
Montrena D; Hunt, Sherrie; Adams, Terill P; McEachern, Renetta A;
Mccarthy, Kellie; Roberts, Dawn; Thompson, Jennifer L; Brocious,
Jennifer; Lewis, Karen H.
Subject: [DCD.OtherDSSPersonnel] County Opportunity for One-time Funding
Attachments: Funding for OP-UP by county.pdf; County Invoice Overpayment Processing.docx;
Vendor Electronic Payment Form.pdf; W9.pdf; Untitled attachment 00048.txt

Dear County DSS Directors:

A few weeks ago the under/overpayment process was activated in the NC FAST system for child care subsidy. We know that this has created unplanned and extra work for your staff as cases are being reviewed. The Department has been able to identify some one-time, limited funding to help offset some of the additional costs you may have incurred as a result of needing to process an atypically high volume of over and under payments in a relatively short time period. Attached to this email is a document that shows the funding that is available for your county. The amounts vary, based on the number of cases being reviewed in each county. We know that this will not cover all of your costs, but hope that it will provide some relief.

If you would like to request this funding, please complete the attached invoice, W9, and Vendor Electronic Payment Form (if your county would like to receive the funds via direct deposit versus mailed check). To receive the reimbursement this state fiscal year, we will need to receive the invoice before June 8th, 2018. Any invoices received after that date, will not be able to be processed until after July 1st, 2018. This funding will only be available to your county through the end of August 2018. Again, these are one-time funds that are being used which will not be available in the future.

Once you have completed the invoice, it can be emailed to dcdee.subsidy.submissions@dhhs.nc.gov, along with a completed W9 form and Vendor Electronic Payment Form (if applicable).

Thank you for your collaborative work in supporting the subsidized child care program.

Anna Carter

Director

Division of Child Development and Early Education

North Carolina Department of Health and Human Services

Elizabeth T. Everette, MSW

Senior Subsidy Policy Manager

NC FAST Business Owner

Division of Child Development and Early Education

North Carolina Department of Health and Human Services

919-527-6598 – office

919-715-0976 – fax

elizabeth.everette@dhhs.nc.gov

820 South Boylan Avenue, McBryde Building

Raleigh, North Carolina 27603

2201 Mail Service Center

Raleigh, North Carolina 27699-2200

[Twitter](#) [YouTube](#)

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Secure Business eStatements

Begin by selecting **E-STATEMENTS**
after you log in to Online Banking



Regular 6142 (**6142)

11/27/2018 2:59 PM CST (Refresh)

Transactions

Show 50 ▼

Date ▼	Description ▼	Debit ▼	Credit ▼
09/27/2018	NCOSC VENDOR PAY NC PAYMENT 180927 CCD		4,500.00

Additional items prior to 09/27/2018 may be available in the [transaction archive](#).



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COUNTY OF CLEVELAND, NORTH CAROLINA

AGENDA ITEM SUMMARY

Health Department Budget Amendment (BNA#026)

Department: Health Department
Agenda Title: Budget Amendment (BNA#026)
Agenda Summary:
Proposed Action:

ATTACHMENTS:

File Name	Description
<input type="checkbox"/> BNA026.pdf	Health Department Budget Amendment (BNA#026)

BUDGET NEW - ORDINANCE AMENDMENT

BNA # 024SUBMITTED TO BOARD OF COUNTY COMMISSIONERS
FOR CONSIDERATION AT MEETING TO BE HELD ON: _____FROM: BUDGET OFFICER
THRU: FINANCE OFFICE
FOR DEPT: Health
DATE: 1/8/2019

SIGNATURES: _____

Finance Director

Department Manager

Account Number	Project Code	Department	Account Name	Increase	Decrease
012.530.4.810.00		General	Donations	\$ 100.00	
012.530.5.790.00		General	Donations	\$ 100.00	

Explanation of Revisions: Donation from Cleveland County Pharmaceutical AssociationTHE ABOVE AMENDMENT HAS BEEN APPROVED AND RECORDED IN THE MINUTES OF THE COUNTY
COMMISSIONERS' MEETING ON _____
(Date)_____
Phyllis Nowlen, Clerk to the BoardRETURN TO FINANCE OFFICE and Forward copy via email to Tonya.Slgmon@clevelandcounty.comcc: Personnel Batch # _____
cc: Purchasing Date: _____
By: _____

CLEVELAND COUNTY
PUBLIC HEALTH CENTER

MEMORANDUM

TO: Cleveland County Board of Health
FROM: ^{DJW}
Dorothea Wyant, Health Director
DATE: January 8, 2019
SUBJECT: Budget Amendments

ITEM NUMBER ONE

The Cleveland County Public Health Center received an award from NC GlaxoSmithKline Foundation in the amount of \$5,000 in recognition of our Virtual Care Clinic and the promotion of better health in Cleveland County. We request permission to budget this in Child Health (537) to be used from that budget for the virtual care clinic.

ITEM NUMBER TWO

The Cleveland County Pharmaceutical Association donated \$100 to the Cleveland County Pharmacy in lieu of payment for our staff speaking at one of their events. We request permission to budget these funds into department 530 to be spent toward medications for indigent patients.

We appreciate your consideration of these matters.

DW/tcb

Connecting the Best of the Community

COUNTY OF CLEVELAND, NORTH CAROLINA

AGENDA ITEM SUMMARY

Health Department Budget Amendment (BNA#027)

Department: Health Department
Agenda Title: Budget Amendment (BNA#027)
Agenda Summary:
Proposed Action:

ATTACHMENTS:

File Name	Description
<input type="checkbox"/> BNA027.pdf	Health Department Budget Amendment (BNA#027)

BUDGET NEW - ORDINANCE AMENDMENT

BNA # 027SUBMITTED TO BOARD OF COUNTY COMMISSIONERS
FOR CONSIDERATION AT MEETING TO BE HELD ON: _____FROM: BUDGET OFFICER
THRU: FINANCE OFFICE
FOR DEPT: Health
DATE: 1/8/2019

SIGNATURES: _____

Department Manager

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

Explanation of Revisions: Award from GlaxoSmithKline for Virtual Care ClinicTHE ABOVE AMENDMENT HAS BEEN APPROVED AND RECORDED IN THE MINUTES OF THE COUNTY
COMMISSIONERS' MEETING ON _____
(Date)_____
Phyllis Nowlen, Clerk to the BoardRETURN TO FINANCE OFFICE and Forward copy via email to Tonya.Sigmon@clevelandcounty.comcc: Personnel Batch # _____
cc: Purchasing Date: _____
By: _____

CLEVELAND COUNTY
PUBLIC HEALTH CENTER

MEMORANDUM

TO: Cleveland County Board of Health
FROM: *DJW*
Dorothea Wyant, Health Director
DATE: January 8, 2019
SUBJECT: Budget Amendments

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DW/tcb

Connecting the Best of the Quakers

HEAT SENSITIVE RED IMAGE DISAPPEARS WITH HEAT

50869

PARAGON BANK
A DIVISION OF TOWNBANK
68-9947512

12/01/2018

\$ 5,000.00

DOLLARS

VOID AFTER 60 DAYS

AUTHORIZED SIGNATURE

MEMO

2018 GSK Local Health Department Award

NC PUBLIC HEALTH ASSOCIATION, INC.
222 NORTH PERSON STREET, SUITE 208
RALEIGH, NC 27601

Cleveland County Health Department
200 S Post Road
Shelby, NC 28152

Five thousand and 00/100

012 537 4 800 00 Misc Revenue

⑈050869⑈ ⑈051408949⑈ ⑈200104603⑈

NC PUBLIC HEALTH ASSOCIATION, INC. 50869

12/01/2018

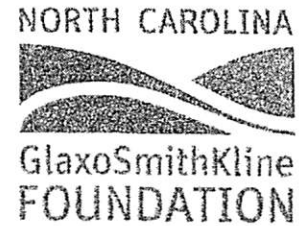
Cleveland County Health Department

2018 GSK Local Health Department Award

5,000.00

Checking GO & Sections 4603:Programs: 2018 GSK Local Health Department Award 5,000.00

December 12, 2018
FOR RELEASE AFTER 12:30 p.m.
Contact:
info@ncgskfoundation.org
919-483-2140



**Local Health Departments and Public Health Leaders Honored with
NC GlaxoSmithKline Foundation Child Health Recognition Awards**

Charlotte, NC – The North Carolina GlaxoSmithKline Foundation recognized public health professionals for excellence and innovation in child health care, honoring them as part of its 2018 Child Health Recognition Awards program at the Fall Educational Conference of the North Carolina Public Health Association.

Those honored with awards, were selected from nominations submitted by colleagues and chosen by a selection committee of public health professionals, include:

- **Lifetime Achievement Recognition:** Jean Kesler Vukoson, RN, a retired registered nurse who was a state child health nurse consultant with the Children and Youth Branch of the state public health department
- **Individual Recognition:** Mindy Turner, DDS, a pediatric dentist at the Stanly County Dental Clinic
- **Public Health Staff Recognition:** Dorothy Rawleigh, a child care health consultant in the Chatham County Public Health Department
- Public health departments in Chatham, Cleveland and Granville Vance counties today received Local Health Department Recognition Awards, for boosting immunization rates, using technology to deliver health care to students and taking an innovative approach to identifying and treating developmental disabilities in children at earlier ages.

Jean Kesler Vukoson, RN (retired), Lifetime Achievement Recognition Award

From Manteo to Murphy—that's the reach of Jean Vukoson in bringing better health care to North Carolina's children. She spent her career in nursing, beginning with direct patient care and moving on to the public health field in the late 1990s. As a state child health nurse consultant for the last decade of her career, she helped health departments serve as medical homes for children and youth with special health care needs and to serve as resources for children in foster care. She forged relationships between health departments, Community Care of N.C. networks, school nurses and social services providers to address obesity, asthma and mental health concerns. She provided mentoring and education to hundreds of enhanced role child health nurses and nurses in health departments. By championing health departments across the state, as well as, the children and families they serve, she exemplifies the highest values of public health care.

Mindy Turner, DDS; Individual Recognition Award

She advocates and educates people that very young children need dental care, that it's very important. Baby teeth help children chew and speak properly and hold space for permanent teeth, so Dr. Turner likes to see patients by the time they turn one. Dr. Turner helped found the Stanly County Dental Clinic in 2002, when it first opened to children enrolled in the local Head Start programs. It is now a thriving children's dental clinic. In early years, Dr. Turner collaborated with local school nurses to place sealants on all 2nd and 3rd graders enrolled in the Stanly County School System. She also partners with many other programs and health care providers to promote oral health education and

reduce childhood tooth decay. In addition to being the county's only pediatric dentist and running the clinic, Dr. Turner is an adjunct professor at UNC-Chapel Hill Dental School and serves as preceptor for the UNC-Dentistry in Service to Communities Program, providing a clinical site for dental students and dental hygiene students. Thousands of children in Stanly County have benefited from Dr. Turner's big heart and passion for better dental care.

Dorothy Rawleigh, Public Health Staff Recognition Award

Dorothy Rawleigh's colleagues consider her the best Child Care Health Consultant in the state. She has energetically worked on partnerships resulting in healthier food at child care centers, higher immunization rates and better emergency preparedness planning. She formed a working group with several child care facility owners, nutritionists and public agencies, and got child care staff excited about healthy food by demonstrating recipes and creating test meals. In the area of immunizations, before she started her job, 62 percent of facilities submitted the required Annual Child Care Immunization Report and just 25 percent of facilities showed all children as up-to-date on vaccinations. Last year, those numbers soared to 100 percent and 85 percent, respectively. Dorothy is viewed as a model public health professional and an inspiration to all who work with her.

The three health departments were commended for developing innovative programs that have produced measurable, sustainable outcomes. Highlights of their programs include:

Chatham County Public Health Department Immunization Program

Because of hard work by public health staff and partners, Chatham County is a leader in the state and the country for early child vaccinations. In fact, Chatham regularly ranks #1 in the state in immunization rates among children ages 0 to 36 months; in each of the past three years, these rates have exceeded 90 percent, well above the statewide county average. The Chatham County Health Department has achieved this with an innovative approach blending policy changes, training, tracking, feedback gathering and follow-up with child care facilities. The staff provided training workshops and technical assistance to help licensed child care facilities correctly complete and submit the Annual Child Care Immunization report, and sent letters to parents stressing the importance of immunizations early on. In just a few years, the percentage of facilities that submitted reports rose to 100 percent from 62 percent, and the percentage of facilities with reports showing all children were up to date on immunizations rose to 96 percent, an exciting achievement and indicator of the dedicated and effective work of those involved. Given the critical importance of early childhood immunizations in reducing the spread of disease, this initiative has been at the forefront of Chatham's efforts to promote public health among some of the county's most vulnerable residents.

Cleveland County Public Health Center Virtual Care Clinic

At times, students cannot get to a pediatrician easily due to transportation issues or parental work conflicts. With an innovative approach using technology, Cleveland County has created a Virtual Care Clinic that brings everyone together. Using telemedicine technology, local pediatricians provide medical care for students ranging from skin infections and rashes to pink eye, asthma flares, stomach viruses, upper respiratory infections and the flu. The clinic has resulted in decreased emergency room use, increased school attendance and increased access to a primary medical home. Before the Virtual Care Clinic, the school nurse sent home one student for illness every 5.4 academic days. Using the clinic, the nurse sent home one student for illness every 10.7 academic days—a 50-percent reduction in absenteeism due to illness. Parents are relieved to have assistance in navigating the health care system and not having to take time off from work. The Virtual Care Clinic has brought better health and more peace of mind to families in Cleveland County.

Granville Vance Public Health Innovative Approaches

The sooner children with developmental disabilities are identified and helped, the better their chances at academic success. The Centers for Disease Control and Prevention provides educational tools and resources through a program called "Learn the Signs. Act Early." Granville Vance Public Health has created a novel partnership to engage parents by incorporating these materials into library story time programming and library outreach services to child care centers. This leads to early identification of possible developmental disabilities, which means that children can get needed services sooner. For instance, story time books such as *Where is Bear?* and *Amazing Me, It's Busy Being Three!* are entertaining but more importantly, specifically address key milestones of development for two- and three-year olds. The stories give parents a better understanding of development for their child at this age in a fun and interactive way. The Innovative Approaches project will expand to pediatric dental practices in the next year, with resource bags containing a toothbrush, toothpaste, floss and information to connect families to resources regarding developmental delay concerns. Young children are getting the help they need at an earlier age—when it can make a big difference—thanks to the creativity, dedication and determination of staff at Granville Vance Public Health.

The Awards Program

The awards are designed to showcase exceptional and innovative programs that improve the lives of North Carolina's children. This year's awards focus on programs that address evidenced-based issues of particular significance to the community being served and work in partnership with others to help improve health outcomes for children. Key focus areas include asthma, dental health, environmental health (healthy homes), immunizations, low birth weight, mental health, nutrition and substance abuse, including drugs, alcohol and tobacco.

All nominees were recognized, and award recipients announced at a ceremony today in Charlotte during the North Carolina Public Health Association's (NCPHA) annual fall meeting. The **Local Health Department Recognition Award** recognizes local health departments that have developed an innovative program that has produced measurable, sustainable outcomes.

The North Carolina GlaxoSmithKline Child Health Recognition Awards program was created in 1994 to recognize excellence and innovation in child health care and to encourage the development of creative, effective approaches in the field of public health. The North Carolina GlaxoSmithKline Foundation supports activities that help meet the educational and health needs of today's society and future generations. The Foundation focuses on programs that emphasize the understanding and application of health, science and education at all academic and professional levels.

#

COUNTY OF CLEVELAND, NORTH CAROLINA

AGENDA ITEM SUMMARY

Set Public Hearing for Rezoning Case 19-02

Department: Planning Department

Agenda Title: Set Public Hearing for Rezoning Case 19-02

Agenda Summary:

Proposed Action:

ATTACHMENTS:

File Name	Description
<input type="checkbox"/> 19-02_Staff_Report.pdf	Staff Report
<input type="checkbox"/> Site_Plan.pdf	Site Plan
<input type="checkbox"/> 19-02_Zoning_Map_823_Stubbs_Road.pdf	Zoning Map
<input type="checkbox"/> 19-02_Land_Use_Map_823_Stubbs_Road.pdf	Land Use Map
<input type="checkbox"/> 19-02_Aerial_Map_823_Stubbs_Road.pdf	Aerial Map

STAFF REPORT

To: Cleveland County Board of Commissioners Date: January 29, 2019

From: Chris Martin, Senior Planner

Subject: Rezoning Case 19-02

Summary Statement: Jason Hamrick is requesting to rezone property at 823 Old Stubbs Road from Residential (R) to Light Industrial Conditional District (LI-CD)

Review: The property is two acres and is located on Old Stubbs Road, north of Moss Lake, about 0.2 miles from an intersection with Highway 150. Mr. Hamrick has acquired the property and wishes to operate a metal fabrication business at this location in a pre-existing building. He has submitted an application and site plan showing how the property will be used. As stated above, there is an existing building on the property that has been used as a yarn and knitting business that has since closed. The previous business was established prior to the adoption of zoning in this area.

The property is zoned Residential along with surrounding properties. The surrounding area is comprised of residential uses, and a storage facility further down Old Stubbs Road, along with some retail businesses at the intersection of Old Stubbs Road and Highway 150. The Land Use Plan designates the intersection future commercial, with the designation reaching Mr. Hamrick's property. The Land Use Plan encourages the redevelopment of vacant buildings, per Strategy I-A3.

Pros:

- LI-CD is compatible with the Land Use Plan's designation due to strategy I-A3.
- The Land Use Plan encourages the redevelopment of vacant buildings.

Cons:

- It could be considered spot zoning

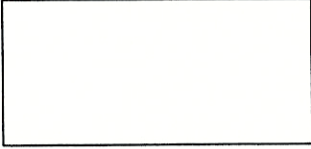
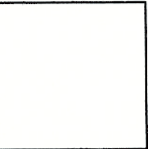
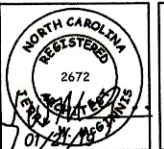
Fiscal Impact:

- None

Recommendations:

- Planning Board: The Planning Board unanimously recommended approval.

Jerry W. McGinnis, Arch.
211 Cedar Street
Shelby, North Carolina 28152
Phone: 704-482-7883
Mobile: 704-692-4953
Email: jmcginnis42@gmail.com



Project Manager: Jerry W. McGinnis, AIA
Project Architect: Jerry W. McGinnis, AIA
drawn by: YHM
checked by: JWM / LMC

This drawing and the design shown is the property of Jerry W. McGinnis, Arch. The reproduction or use of this property without the written consent of the Architect is prohibited and any infringement of the ownership rights will be subject to legal action. All copies of this drawing must be returned to the Architect at the completion of the contract.

no.	description	date
Revisions		

Jason L. Hamrick

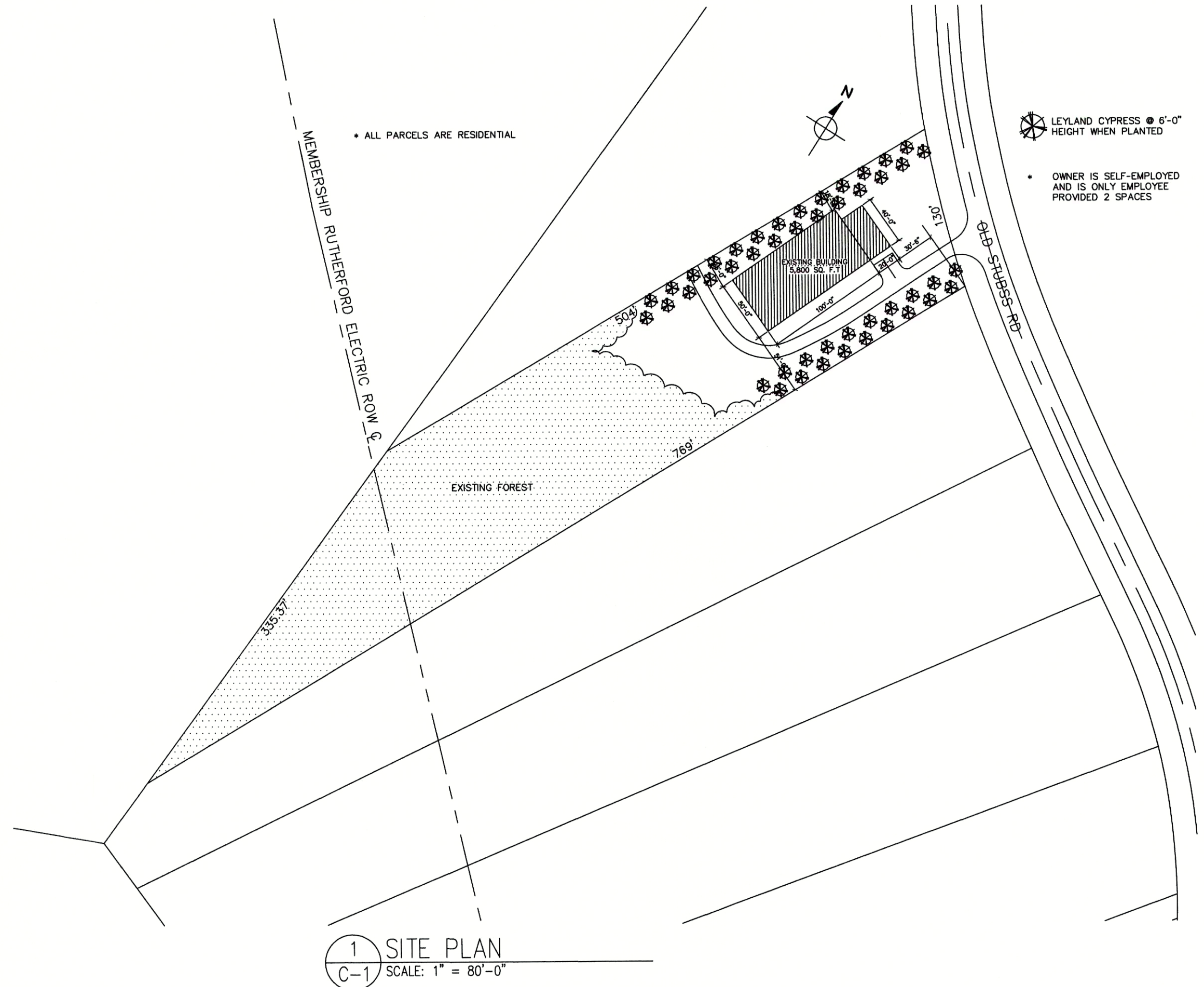
823 Old Stubbs Road
Cherryville, NC
owner

Jason L. Hamrick
Welding Shop

823 Old Stubbs Road
Cherryville, NC
project title

SITE PLAN
sheet title

1901-3 project no.	C-1
01/21/19 date	
sheet no. 1 of 1	

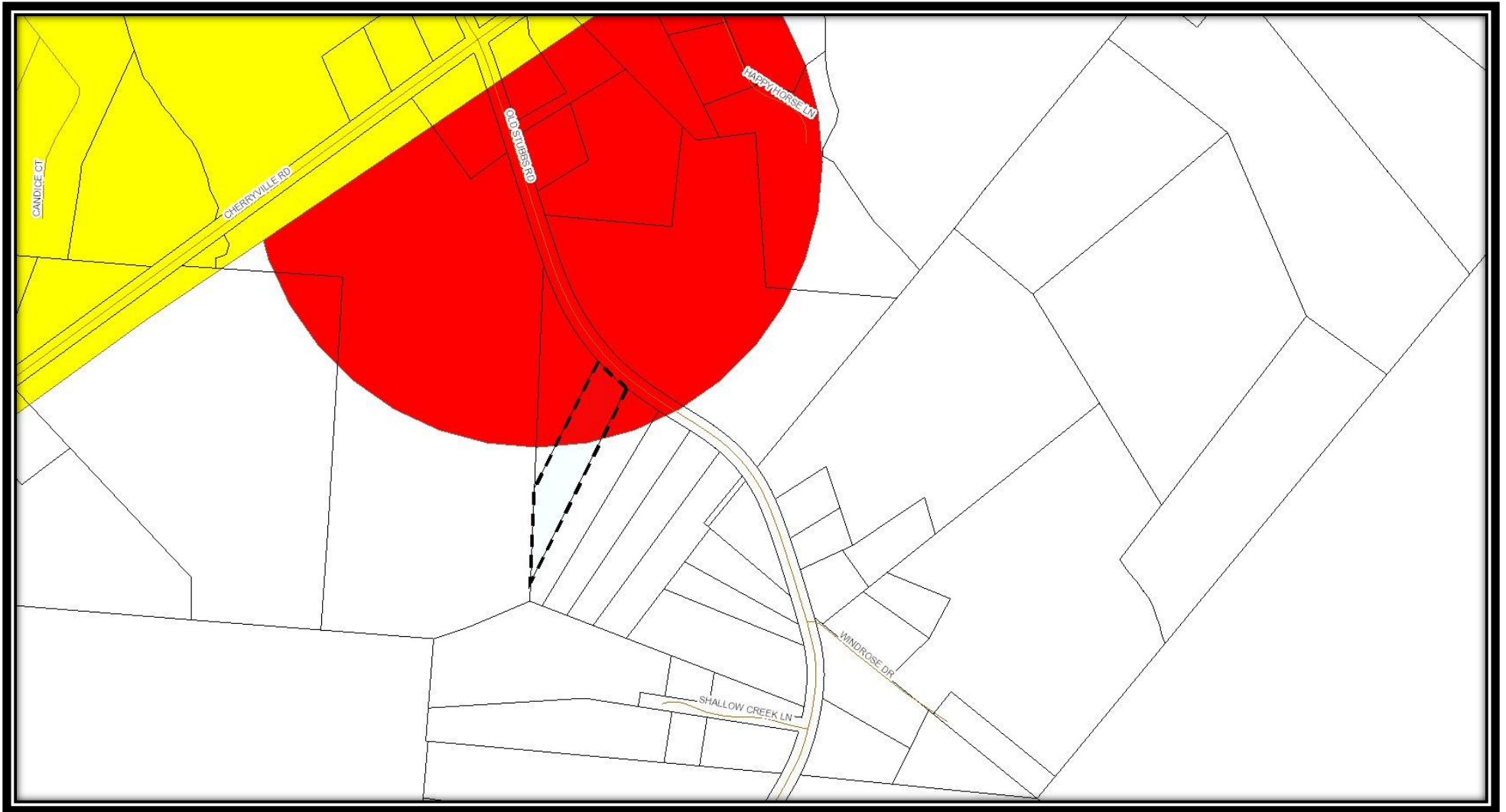


1 SITE PLAN
C-1 SCALE: 1" = 80'-0"

Case # 19-02 Re-Zoning for 823 Stubbs Road R to LI-CD
Zoning Map, Parcel # 44164, 1.9 acres



Case # 19-02 Re-Zoning for 823 Stubbs Road R to LI-CD
Land Use Map, Parcel # 44164, 1.9 acres



Case # 19-02 Re-Zoning for 823 Stubbs Road R to LI-CD
Aerial Map, Parcel # 44164, 1.9 acres



COUNTY OF CLEVELAND, NORTH CAROLINA

AGENDA ITEM SUMMARY

Set Public Hearing for Rezoning Case 19-04

Department: Planning Department

Agenda Title: Set Public Hearing for Rezoning Case 19-04

Agenda Summary:

Proposed Action:

ATTACHMENTS:

File Name	Description
<input type="checkbox"/> 19-04_Staff_Report.pdf	Staff Report
<input type="checkbox"/> 19-04_Zoning_Map_Princess_Lane.pdf	Zoning Map
<input type="checkbox"/> 19-04_Aerial_Map_Princess_Lane.pdf	Aerial Map
<input type="checkbox"/> 19-04_Future_Land_Use_Map_Princess_Lane.pdf	Future Land Use Map
<input type="checkbox"/> Fisher_Site_Plan.pdf	Site Plan

STAFF REPORT

To: Cleveland County Board of Commissioners

Date: January 29, 2019

From: Chris Martin, Senior Planner

Subject: Rezoning Case 19-04

Summary Statement: Stephen Fisher is requesting to rezone property at 1323 N Post Rd from Restricted Residential (RR) to Light Industrial-Conditional Use District (LI-CD).

Review: The property is approximately 40 acres and consists of 4 adjoining parcels. It is located on property off Highway 180 behind Fisher's Tree Service and Christine's Homes, and also adjoining the future 74 Bypass. Mr. Fisher has acquired the property and wishes to operate a mulch producing and green waste recycling facility. He has submitted an application and site plan showing how the property will be used. This business will accept green waste, such as grass clippings, leaves, limbs, trees, and stumps, and then recycle the material into mulch and firewood. Mr. Fisher's existing business includes tree services and firewood sales.

The property is zoned Restricted Residential along with the surrounding properties on the west side of Highway 180. The east side of the highway includes General Business zoning, Residential zoning, and some Heavy Industrial along Airport Rd. The surrounding uses are mixed, including a neighborhood to the north and various businesses along Hwy 180 and Airport Rd, including the tree service business, a landscaping and nursery business, storage buildings, lamp manufacturing, Spake's Concrete, and an auto salvage business further down Airport Rd.

The Land Use Plan designates the proposed parcel as future residential, while showing the east side of Hwy 180 as future Industrial. An approval of this zoning change request would require the Industrial designation to be expanded to cover Mr. Fisher's property.

Pros:

- Expansion of an existing business
- Adjoins Industrially designated area on the Land Use Plan
- Conditional type zoning gives the Board the ability to apply conditions to help the use be more compatible with surrounding properties

Cons:

- Would be the only parcel on the east side of Hwy 180 in the Industrial zone

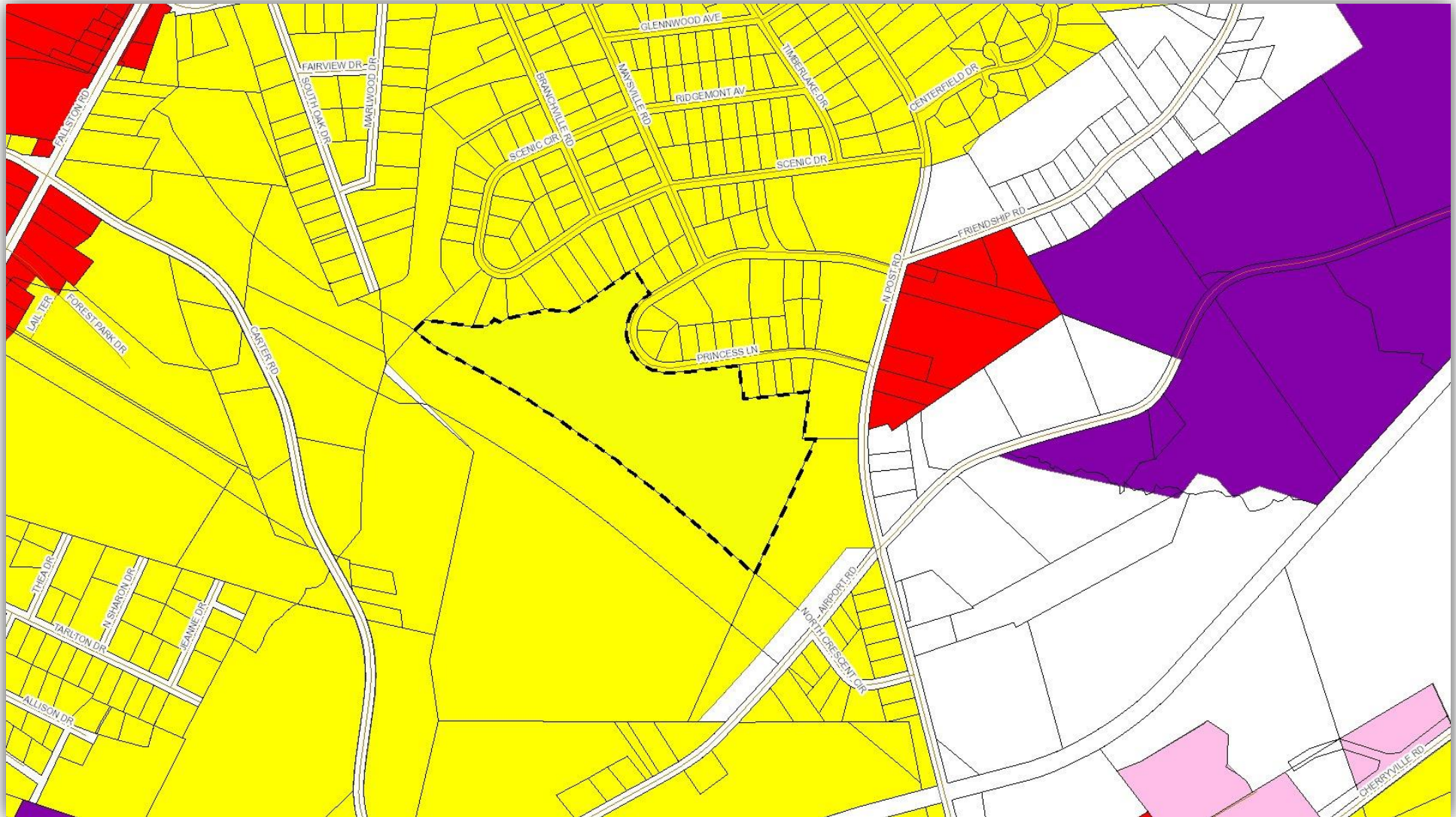
Fiscal Impact:

- None

Recommendations:

- Planning Board: The Planning Board will review this case and make a recommendation at their February 26, 2018 meeting.

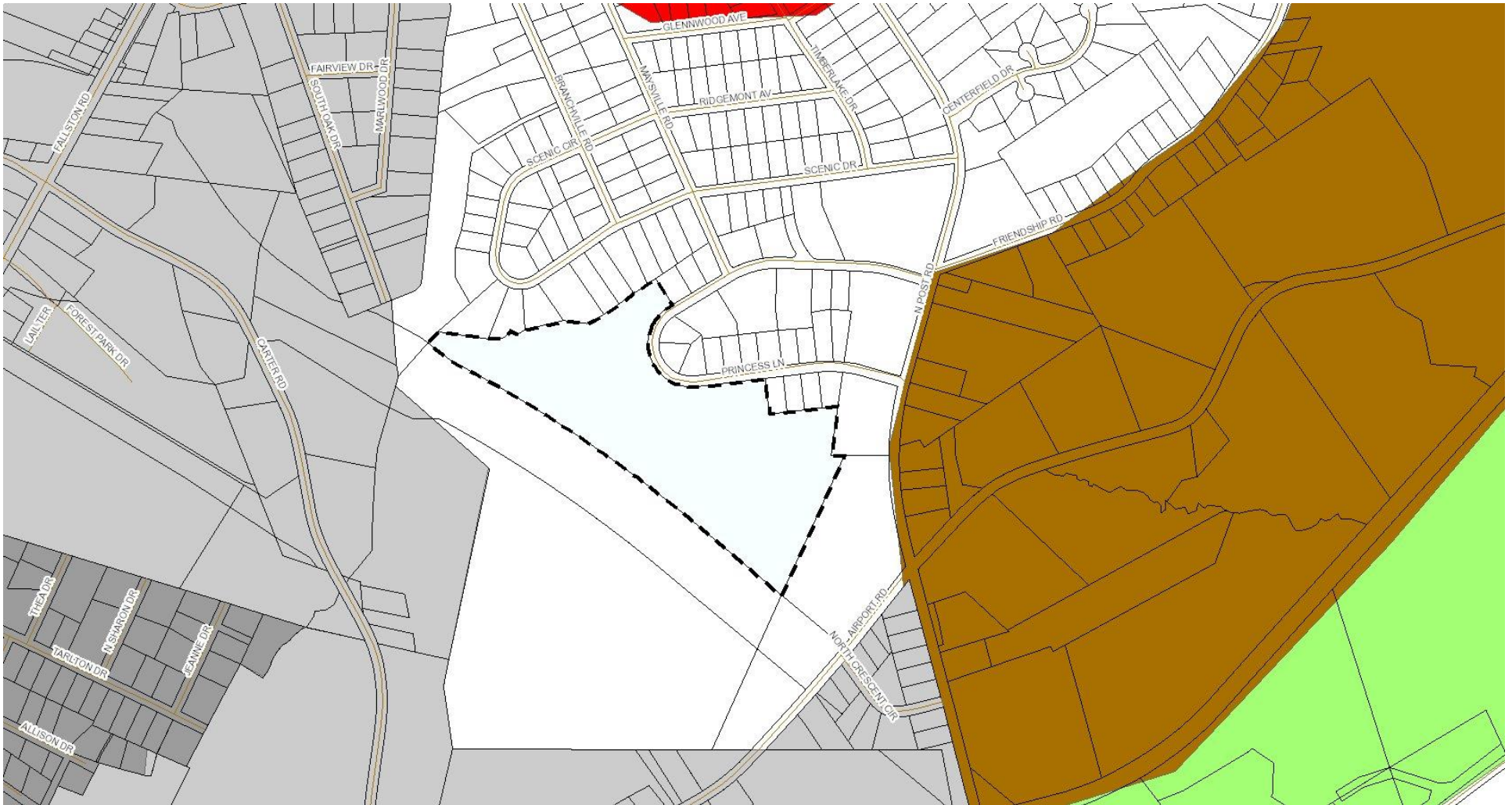
Case # 19-04 Re-Zoning for Princess Lane RR to LI-CD
Zoning Map, Parcel # 24808 37.61 acres

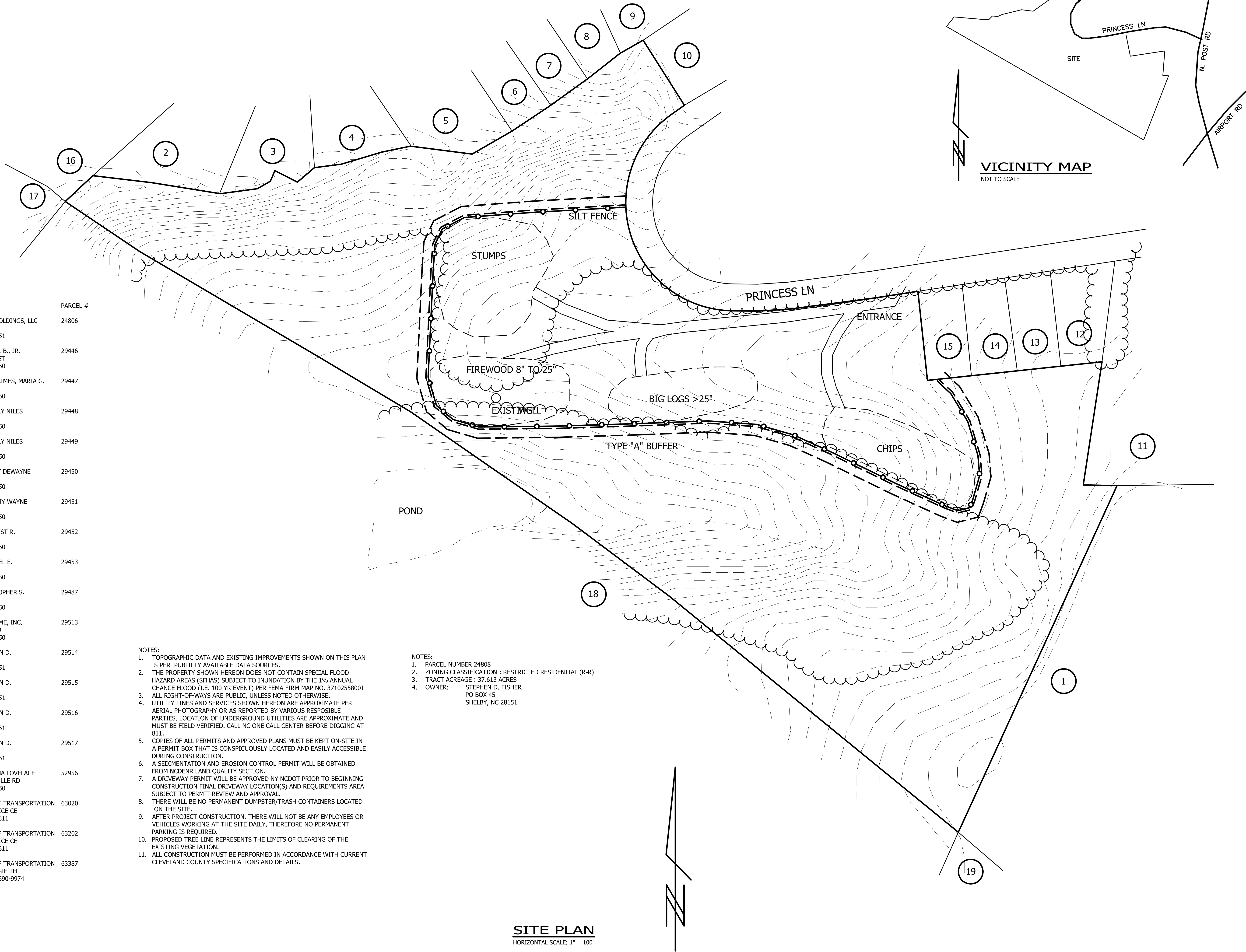


Case # 19-04 Re-Zoning for Princess Lane RR to LI-CD
Aerial Map, Parcel # 24808 37.61 acres



Case # 19-04 Re-Zoning for Princess Lane RR to LI-CD
Future Land Use Map, Parcel # 24808 37.61 acres



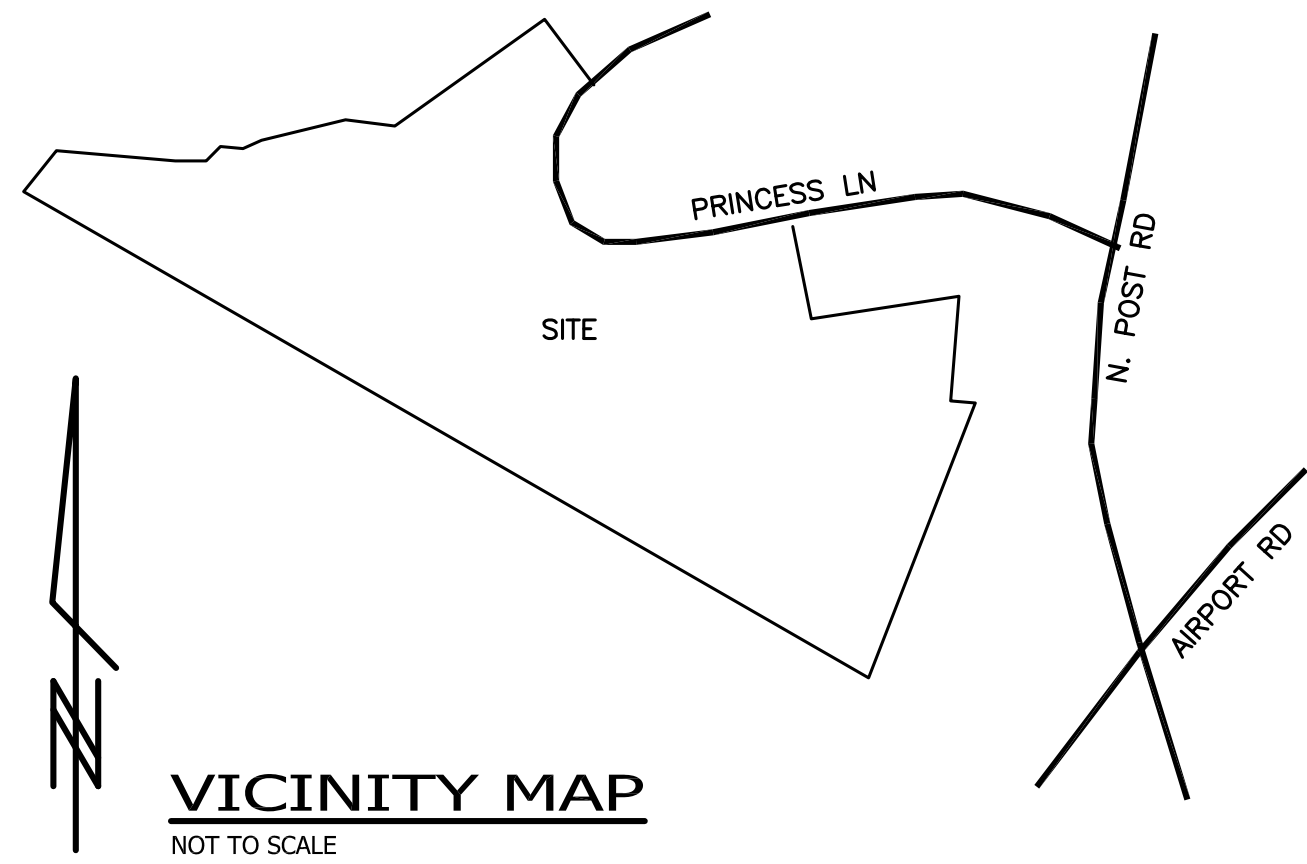


#	OWNER	PARCEL #
1	BROAD RIVER HOLDINGS, LLC PO DRAWER 400 SHELBY, NC 28151	24806
2	STRAIN, SAMUEL B., JR. 926 E. MARION ST SHELBY, NC 28150	29446
3	GOROSTIETA, JAIMES, MARIA G. 1176 SCENIC DR SHELBY, NC 28150	29447
4	HORNE, GREGORY NILES 1180 SCENIC DR SHELBY, NC 28150	29448
5	HORNE, GREGORY NILES 1180 SCENIC DR SHELBY, NC 28150	29449
6	PILGRIM, DANNY DEWAYNE 1184 SCENIC DR SHELBY, NC 28150	29450
7	COSTNER, TOMMY WAYNE 1186 SCENIC DR SHELBY, NC 28150	29451
8	EDWARDS, FOREST R. 1190 SCENIC DR SHELBY, NC 28150	29452
9	MELLON, MICHAEL E. 1192 SCENIC DR SHELBY, NC 28150	29453
10	MISKELL, CRISTOPHER S. 1194 SCENIC DR SHELBY, NC 28150	29487
11	CHRISTINES HOME, INC. 1305 N. POST RD SHELBY, NC 28150	29513
12	FISHER, STEPHEN D. PO BOX 45 SHELBY, NC 28151	29514
13	FISHER, STEPHEN D. PO BOX 45 SHELBY, NC 28151	29515
14	FISHER, STEPHEN D. PO BOX 45 SHELBY, NC 28151	29516
15	FISHER, STEPHEN D. PO BOX 45 SHELBY, NC 28151	29517
16	COSTNER, DONNA LOVELACE 1561 BRANCHVILLE RD SHELBY, NC 28150	52956
17	DEPARTMENT OF TRANSPORTATION 1546 MAIL SERVICE CE RALIEGH, NC 27611	63020
18	DEPARTMENT OF TRANSPORTATION 1546 MAIL SERVICE CE RALIEGH, NC 27611	63202
19	DEPARTMENT OF TRANSPORTATION ATTENTION JESSIE TH RALIEGH, NC 27690-9974	63387

- NOTES:
1. TOPOGRAPHIC DATA AND EXISTING IMPROVEMENTS SHOWN ON THIS PLAN IS PER PUBLICLY AVAILABLE DATA SOURCES.
 2. THE PROPERTY SHOWN HEREON DOES NOT CONTAIN SPECIAL FLOOD HAZARD AREAS (SFHAS) SUBJECT TO INUNDATION BY THE 1% ANNUAL CHANCE FLOOD (I.E. 100 YR EVENT) PER FEMA FIRM MAP NO. 3710255800J
 3. ALL RIGHT-OF-WAYS ARE PUBLIC, UNLESS NOTED OTHERWISE.
 4. UTILITY LINES AND SERVICES SHOWN HEREON ARE APPROXIMATE PER AERIAL PHOTOGRAPHY OR AS REPORTED BY VARIOUS RESPONSIBLE PARTIES. LOCATION OF UNDERGROUND UTILITIES ARE APPROXIMATE AND MUST BE FIELD VERIFIED. CALL NC ONE CALL CENTER BEFORE DIGGING AT 811.
 5. COPIES OF ALL PERMITS AND APPROVED PLANS MUST BE KEPT ON-SITE IN A PERMIT BOX THAT IS CONSPICUOUSLY LOCATED AND EASILY ACCESSIBLE DURING CONSTRUCTION.
 6. A SEDIMENTATION AND EROSION CONTROL PERMIT WILL BE OBTAINED FROM NCDENR LAND QUALITY SECTION.
 7. A DRIVEWAY PERMIT WILL BE APPROVED BY NCDOT PRIOR TO BEGINNING CONSTRUCTION FINAL DRIVEWAY LOCATION(S) AND REQUIREMENTS AREA SUBJECT TO PERMIT REVIEW AND APPROVAL.
 8. THERE WILL BE NO PERMANENT DUMPSTER/TRASH CONTAINERS LOCATED ON THE SITE.
 9. AFTER PROJECT CONSTRUCTION, THERE WILL NOT BE ANY EMPLOYEES OR VEHICLES WORKING AT THE SITE DAILY, THEREFORE NO PERMANENT PARKING IS REQUIRED.
 10. PROPOSED TREE LINE REPRESENTS THE LIMITS OF CLEARING OF THE EXISTING VEGETATION.
 11. ALL CONSTRUCTION MUST BE PERFORMED IN ACCORDANCE WITH CURRENT CLEVELAND COUNTY SPECIFICATIONS AND DETAILS.

- NOTES:
1. PARCEL NUMBER 24808
 2. ZONING CLASSIFICATION : RESTRICTED RESIDENTIAL (R-R)
 3. TRACT ACREAGE : 37.613 ACRES
 4. OWNER: STEPHEN D. FISHER
PO BOX 45
SHELBY, NC 28151

SITE PLAN
HORIZONTAL SCALE: 1" = 100'



THIS DRAWING IS THE PROPERTY OF CATAWBA VALLEY ENGINEERING & TESTING (CVET), AND MAY NOT BE REPRODUCED, PUBLISHED OR USED IN ANY WAY WITHOUT WRITTEN PERMISSION OF CVET.

STEPHEN FISHER
CLEVELAND COUNTY, NORTH CAROLINA



PROJECT NO.		
DATE		
DRAWN BY EMB		
CHECKED BY DML		
REVISIONS		
NO.	DATE	BY
1	1	1
SHEET NO.		
1.0		

COUNTY OF CLEVELAND, NORTH CAROLINA

AGENDA ITEM SUMMARY

Removal of Service Weapon for Retired Deputy Terry Lanier

Department: Sheriff's Office

Agenda Title: Removal of Service Weapon for Retired Deputy Terry Lanier

Agenda Summary:

Proposed Action:

ATTACHMENTS:

File Name	Description
<input type="checkbox"/> Service_Weapon_Removal_Lanier.pdf	Removal Request TLanier

Office of the Sheriff

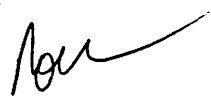
SHERIFF
ALAN NORMAN



P.O. BOX 1508
SHELBY, N.C. 28151-1508
704-484-4888
FAX 704-484-4856

MEMORANDUM:

TO: Brian Epley, County Manager, and
Cleveland County Board of Commissioners

FROM: Alan Norman, Sheriff of Cleveland County 

DATE: January 3, 2019

SUBJECT: Request to Remove Service Weapon from County Inventory
And Issue to Retired Deputy Terry Lanier

The Cleveland County Sheriff's Office would like to present retiring Deputy Terry Lanier his departmental service weapon and badge. Deputy Lanier came n today expressing his wished to retire from part time status. Deputy Lanier retired from full time status in 2001 and has continued to work the maximum of 1,000 hours per year as a part time Deputy ever since. Deputy Lanier has a total of 46 years on continuous law enforcement service. As a small token of appreciation for his numerous years of service to the Cleveland County Sheriff's Office and the citizens of Cleveland County, I am requesting your approval for his service weapon to be removed from county inventory and issued to him.

Deputy Lanier's service weapon requested to be removed from county inventory is a *Glock 9mm, Model 17 with serial number **BDKT-819***. The county asset number is #201214.

Thank you for your assistance with this matter. Should you have questions, please call me at (704) 484-4817.

AN/lp

COUNTY OF CLEVELAND, NORTH CAROLINA

AGENDA ITEM SUMMARY

Pinnacle SRO Contract Addendum

Department: Legal

Agenda Title: Pinnacle SRO Contract Addendum

Agenda Summary:

Proposed Action:

ATTACHMENTS:

File Name	Description
<input type="checkbox"/> 2019-01-29_SRO_Amendment_Staff_Report.pdf	Pinnacle Addendum Staff Report

STAFF REPORT

To: Board of Commissioners Date: January 29, 2019
Via: Phyllis Nowlen, Clerk to the Board
From: Elliot Engstrom, Senior Staff Attorney
Subject: Amendment to Pinnacle Classical Academy School Resource Officer Contract

Summary Statement:

Staff recommends executing an amendment to the Pinnacle SRO contract to correct certain numbers in the original contract.

Review:

The County cannot give money to a charter school. This rule includes that the County cannot give free services to a charter school, and any services the County provides to a charter school must be paid for by the school. In order to ensure that this requirement is met, staff recommends executing an amendment to the County's contract with the Sheriff and Pinnacle Classical Academy to correct the amounts that Pinnacle will pay the County for the presence of a school resource officer on the school's campus.

Attachments:

Amendment to contract between Cleveland County and Cleveland County Sheriff and Pinnacle Classical Academy.

Action Requested

Approve and execute the contract amendment.

###

AMENDMENT TO CONTRACT
BETWEEN
CLEVELAND COUNTY
AND
CLEVELAND COUNTY SHERIFF
AND
PINNACLE CLASSICAL ACADEMY

I. Scope and Purpose

This document (the “Amendment”) will serve to amend the contract for services (“Contract”) between Cleveland County (the “County”), the Cleveland County Sheriff (the “Sheriff”), and Pinnacle Classical Academy (“Pinnacle”).

II. Amendment

Section 2(A) of the Contract refers to an “ADDENDUM B” which defines certain costs to be paid by Pinnacle to the County. The parties agree that the correct figures to be used in calculating these costs are attached to this Amendment as “ADDENDUM B2.” This ADDENDUM B2 is therefore substituted in place of ADDENDUM B in the Contract.

[SIGNATURE PAGE TO FOLLOW]

CLEVELAND COUNTY, NORTH CAROLINA

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals on the day and year indicated below:

PINNACLE CLASSICAL ACADEMY

By: _____
Chairman
Pinnacle Classical Academy Board of Directors

Date: _____

CLEVELAND COUNTY BOARD OF COMMISSIONERS

By: _____
Chairman
Cleveland County Board of Commissioners

Date: _____

Attest: _____ [official seal]
Clerk
Cleveland County Board of Commissioners

Date: _____

CLEVELAND COUNTY SHERIFF

By: _____
Cleveland County Sheriff

Date: _____

Approved to as to form and content:

By: _____
Senior Staff Attorney
Cleveland County

Date: _____

ADDENDUM B2

COST BREAKDOWN SRO

SCHOOL RESOURCE OFFICER PROVIDED BY CLEV CO SHERIFF FOR PINNACLE CLASSICAL ACADEMY

<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>MONTHLY</u>	<u>10 MONTHS</u>
Salary	39,078.00	3,256.50	32,565.00
FICA	2,422.84	201.90	2,019.03
Retirement	3,321.63	276.80	2,768.03
Medical	9,780.00	815.00	8,150.00
Dental	180.00	15.00	150.00
401K	1,953.90	162.83	1,628.25
Medicare	566.63	47.22	472.19
Total Salary/Fringes	57,303.00	4,775.25	47,752.50
Body Camera	974.00	81.17	811.67
Ballistic Vest	400.00	33.33	333.33
Taser	1,415.00	117.92	1,179.17
Vehicle (1/6 cost \$35,021)	5,836.83	486.40	4,864.03
Total Equipment	8,625.83	718.82	7,188.19
TOTAL DUE	65,928.83	5,494.07	54,940.69

COUNTY OF CLEVELAND, NORTH CAROLINA

AGENDA ITEM SUMMARY

Public Hearing for Planning Case 18-12

Department: Planning Department

Agenda Title: Case 18-12: Proposed Text Amendment for Garages/Carports within the Cleveland County Unified Development Ordinance

Agenda Summary:

Proposed Action:

ATTACHMENTS:

File Name	Description
<input type="checkbox"/> 18-12_Staff_Report_Text_Amendment_Section_12-138_Garages_and_Carports.pdf	Staff Report
<input type="checkbox"/> Section_12-138_Accessory_building_proposed_text_amendment_from_applicant.pdf	Text Amendment Proposal
<input type="checkbox"/> 18-12_Recommendation.pdf	Recommendation

STAFF REPORT

To: The Cleveland County Board of Commissioners Date: January 29, 2019
From: Chris Martin, Senior Planner
Via: Henry Earle, Planner
Subject: Case 18-12

Summary Statement: Britt Bernhardt has submitted a request for an amendment to Section 12-138(a) of the Cleveland County Unified Development Code.

Review: Britt Bernhardt has applied for a text amendment to Section 12-138(a) of the Cleveland County UDO that would allow garages/carports to be placed in the front of a principal dwelling. Section 12-138 of UDO addresses accessory structures and location of said structures. It states that all accessory structures must be located in the rear or side yard of any parcel with a principal dwelling.

The Board of Commissioners has set a public hearing for Tuesday, February 5, 2019 to hear the case.

Pros:

- Allows for greater flexibility of placement for garages/carports on residential lots
- Addresses a common question asked of the zoning department

Cons:

- As written, the amendment requires a two (2) acre minimum and a 150 foot setback, eliminating some properties from consideration.

Fiscal Impact:

- None

Recommendations:

- Planning Board: The Planning Board unanimously (7-0) voted to recommend denial of this text amendment as submitted by the petitioner. The Planning Board also requested direction from the Board of Commissioners to develop standards that would address issues of placement, structure size and other standards.

Text Amendment Proposed by Applicant

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

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

ZONING MAP AMENDMENT - CASE 18-12

Text Amendment for Garages/Carports within the Cleveland County Unified Development Ordinance.

Planning Board Recommendation

DENY

The Planning Board's recommendation for Case 18-12 comes in two parts.

- The Planning Board voted unanimously to recommend **denying** the proposed text amendment. The Board stated that the amendment, as presented, did not adequately address issues like placement, structure size and other standards that would work across all of the County's jurisdiction.
- The Planning Board requests direction from the Board of Commissioners to develop standards that would address the above issues.

**Max Hopper, Chairman
Cleveland County Planning Board**

COUNTY OF CLEVELAND, NORTH CAROLINA

AGENDA ITEM SUMMARY

Public Hearing for Planning Case 18-13

Department: Planning Department

Agenda Title: Case 18-13: Re-zoning of Parcels 24702, 48237 and 43150 at 1650 North Post Road, Shelby

Agenda Summary:

Proposed Action:

ATTACHMENTS:

File Name	Description
<input type="checkbox"/> 18-13_Staff_Report.pdf	Staff Report
<input type="checkbox"/> 18-13_Zoning_Map_1650_North_Post_Road.pdf	Zoning Map
<input type="checkbox"/> 18-13_Aerial_Map_1650_North_Post_Road.pdf	Aerial Map
<input type="checkbox"/> 18-13_Land_Use_Map_1650_North_Post_Road.pdf	Land Use Map

STAFF REPORT

To: Cleveland County Board of Commissioners Date: January 28, 2019
From: Chris Martin, Senior Planner
Subject: Rezoning Case 18-13

Summary Statement: Challenger Three Golf Club, Inc. has applied to rezone parcels 24702, 48237 and 43150 at 1650 North Post Road, from Restricted Residential Corridor Protection (RRCP) to General Business (GB).

Review: Challenger III is located on Highway 180 North and currently zoned Restricted Residential. The property is used for a golf course and outdoor amusement and recreation which was in use prior to County wide zoning in 2000. The surrounding zoning is mixed with Restricted Residential to the east and north and General Business to the southwest along North Post Road. The surrounding uses are also mixed consisting of commercial and residential. The Land Use Plan calls this area Future Commercial.

Pros:

- The General Business zoning district is compatible with the current use of the property.
- General Business would be compatible with the Land Use Plan.
- Our Code states GB is generally located along arterial streets.

Cons:

- None

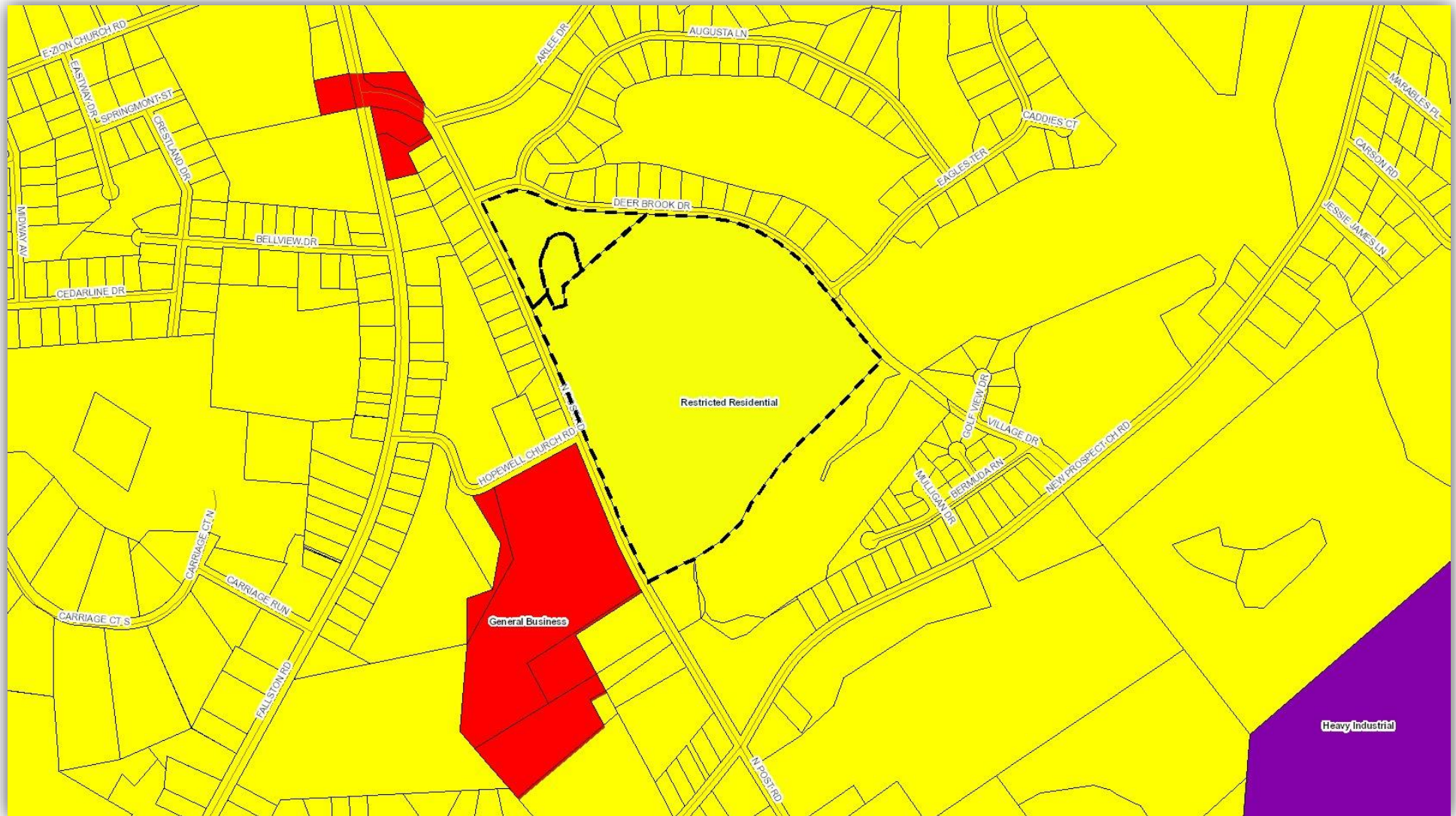
Fiscal Impact:

- None

Recommendations:

- Planning Board: The Planning Board unanimously recommended approval of the rezoning.

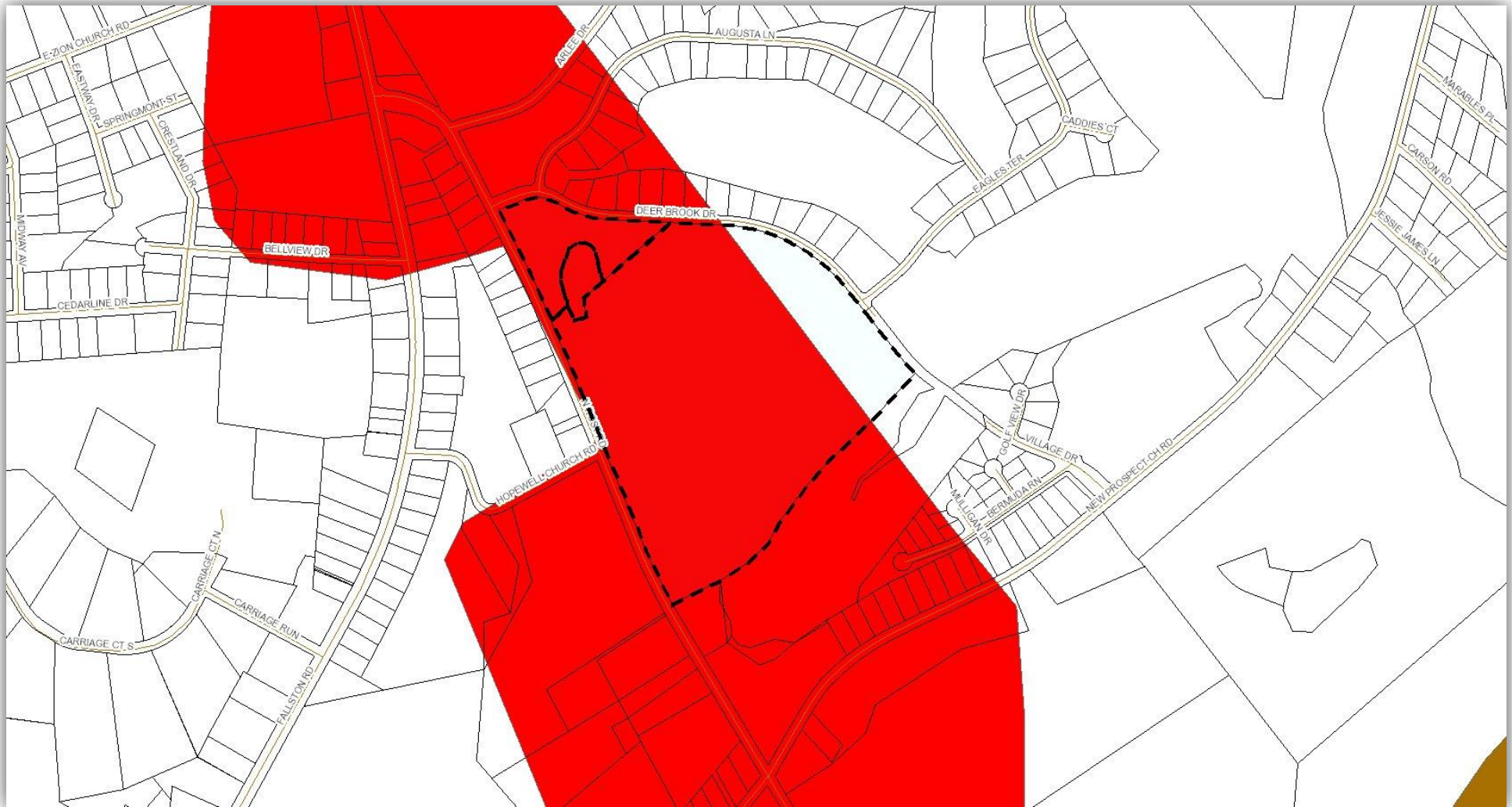
Case # 18-13 Re-Zoning for 1650 North Post Road RR to GB
Zoning Map, Parcel # 24702, 43150 & 48237 61.53 acres



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



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



COUNTY OF CLEVELAND, NORTH CAROLINA

AGENDA ITEM SUMMARY

2017/2018 Comprehensive Financial Report

Department:

Agenda Title: 2017/2018 Comprehensive Financial Report

Agenda Summary: Shane Fox, Chief Financial Officer

Proposed Action:

ATTACHMENTS:

File Name

Description

No Attachments Available

COUNTY OF CLEVELAND, NORTH CAROLINA

AGENDA ITEM SUMMARY

2018 Audit Presentation

Department:

Agenda Title: 2018 Audit Presentation

Agenda Summary: Alan Thompson, CPA

Proposed Action:

ATTACHMENTS:

File Name	Description
<input type="checkbox"/> Cleveland_County_-_2018_Financial_Statements.pdf	CC 2018 Audit
<input type="checkbox"/> BOC_Letter_from_TPSA.pdf	BOC Letter



Cleveland County

NORTH CAROLINA

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT FOR THE YEAR ENDED JUNE 30, 2018**

Prepared by: Finance Department
Chief Financial Officer: Shane Fox
Deputy Finance Director: Lucas Jackson

CLEVELAND COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018

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CLEVELAND COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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CLEVELAND COUNTY, NORTH CAROLINA
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INTRODUCTORY SECTION

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CLEVELAND COUNTY

FINANCE
DEPARTMENT

**311 East Marion Street
Shelby, NC 28152**

Phone: 704-484-4811

November 30, 2018

To the Cleveland County Board of Commissioners and the
Citizens of Cleveland County, North Carolina

The Comprehensive Annual Financial Report of Cleveland County, North Carolina, for fiscal year ended June 30, 2018 is hereby submitted. Laws of the State of North Carolina, along with policies and procedures of the North Carolina Local Government Commission, require that all local governments in the State publish a complete set of financial statements annually. The financial statements must be presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

However, responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with Cleveland County. To provide a reasonable basis for making these representations, the management of Cleveland County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and compile sufficient, reliable information for the preparation of the financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance, that the financial statements will be free from material misstatement.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of the operation of the various funds of Cleveland County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The goal of the independent audit was to provide reasonable assurance that the financial statements of Cleveland County for the fiscal year ended June 30, 2018 are free of material misstatements. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the audit, there was a reasonable basis for rendering an unmodified opinion that Cleveland County's financial statements for the year ended June 30, 2018 are fairly presented in conformity with GAAP.

The County is required to undergo an annual single audit in conformity with the provisions of the Revised State Single Audit Implementation Act of 1996 and the U.S. Office of Management and Budget Uniform Guidance, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Information related to this single audit, including the schedule of expenditures of federal and state awards, findings and recommendations, and independent auditors' reports on internal control and compliance with applicable laws and regulations are presented in the compliance section of this document.

DESCRIPTION OF THE COUNTY

Cleveland County was established in 1841 and is located in the piedmont of North Carolina. It is one of 100 counties established in North Carolina under North Carolina General Statute 153A-10. Our County has land area of 469 square miles and a population of 97,178. There are fifteen municipalities within the County, the largest being the city of Shelby, which serves as the county seat. The County has a county-manager form of government. The five members of the Board of Commissioners are elected and serve staggered four-year terms. Commissioners hold policy-making and legislative authority. They are responsible for adopting the annual budget ordinance and appointing the county manager. The manager is responsible for implementing policies, managing daily operations, and appointing department heads.

The County provides the citizens with a wide range of services that include public safety, health and social services, planning and development, environmental protection, cultural and recreational activities, and others. Public safety, human services, education and debt service represent the majority of the annual budget. This report includes all the County activities required to maintain these services. The County also extends financial support to certain boards, agencies, and commissions to assist their efforts in serving citizens. Among those receiving the largest support are the Cleveland County Board of Education and Cleveland Community College.

ECONOMIC CONDITIONS AND OUTLOOK

The County, nestled in the rolling piedmont of the southwestern portion of North Carolina, is the gateway between Asheville and Charlotte, and is centered between two of the largest metropolitan areas of the Carolinas – Charlotte and Greenville/Spartanburg. Small town charm with the big city only 30 minutes away, Cleveland County is the prime location to benefit from the best of both worlds. The County's current economic condition is based on various factors, including the construction and remodeling values of new and existing homes and businesses, new and expanding manufacturing facilities and unemployment rates.

A balanced economic base of agriculture, tourism, and manufacturing contributes to growth in the local economy. Agriculture is Cleveland County's leading industry, generating cash receipts of \$123 million in 2016. There are 1,036 small family-owned farms producing food and fiber on 116,651 acres of fertile farmland, representing nearly 40 percent of the county's land mass. Broilers and beef cattle are leading commodities, generating a combined \$109 million in farm gate sales. Crops (grains, oilseeds, fruits & vegetables, nursery stock and forages) contribute an additional \$13 million. County leadership seeks to capitalize on opportunities to include agriculture in economic development initiatives. Current projects include supporting a new regional grain buying station in its efforts to promote local production and marketing of high-value malting barley, and providing technical assistance to a local farm in the manufacture of value-added straw mulch bales for the landscaping and construction trades.

Travel and tourism continues to be the second largest industry in North Carolina. The County's tourism industry has experienced strong growth due to its location, seasonal climate, variety of activities to experience and its encompassing marketing strategy. The tourism industry employs in excess of 600 in Cleveland County and ranks in the top 10 of North Carolina's 100 Counties. The Cleveland County Travel and Tourism does an excellent job of promoting the County and surrounding areas. The County is home to the Earl Scruggs Center, Don Gibson Theatre, Joy Performance Center, the American Legion World Series, numerous festivals and walking trails and many other attractions and cultural experiences.

CLEVELAND COUNTY, NORTH CAROLINA
CHART OF CONSTRUCTION VALUES AND UNEMPLOYMENT RATES

<u>Fiscal Year</u>	<u>Permits</u>	<u>Dollar Value</u>	<u>Unemployment Rates</u>
2018	324	\$ 40,145,389	4.3%
2017	319	\$ 23,611,367	4.4%
2016	300	\$ 23,168,978	5.6%
2015	262	\$ 27,145,411	6.9%
2014	275	\$ 24,205,135	6.8%

The number of permits issued for new residential and commercial construction was up from FY 2018 and the total dollar value of those new permits increased by approximately \$16.5m. The local unemployment rate remained steady during the fiscal year as the economy continued to show positive indicators both locally and regionally.

Healthcare and Education ranks first in County employment and manufacturing ranks second. The County continues to offer and provide economic incentive payments to companies based on the number of new hires and the total new taxable investment planned in an effort to attract new industry and to help existing industry to expand. The expansion of existing industry has been a focus of the Board of Commissioners in the recent past. The following table lists the top 10 employers in the County:

<u>Company Name</u>	<u>Company Industry</u>	<u>Employment Range</u>
Cleveland County Board of Education	Education & Health Services	1000+
PPG Industries Inc.	Manufacturing	1000+
Atrium Health	Education & Health Services	1000+
Wal-Mart Associates Inc.	Trade, Transportation & Utilities	500-999
Invista Capital Management, LLC	Manufacturing	500-999
County of Cleveland	Public Administration	500-999
Firestone Fibers & Textiles LLC	Manufacturing	500-999
Reliance Electric Company	Trade, Transportation & Utilities	250-499
Eaton Corporation	Manufacturing	250-499
Gardner-Webb University	Education & Health Services	250-499

MAJOR INITIATIVES

FOR THE YEAR. The Board of Commissioners adopted a balanced budget for the fiscal year with no change in the county-wide ad valorem property tax rate of 57 cents per \$100 dollars of valuation. Total General fund revenues increased by approximately \$1.5m over the previous fiscal year or 1.40 percent. Total General Fund expenditures increased by approximately \$2.25m or 2.13 percent over FY 2017. Total General Fund Balance increased by \$1,250,175 to \$40,870,422 and the Unassigned Fund Balance amount was \$19,358,902. The net position of the County's only Enterprise Fund decreased in FY 2018 by \$455,246.

The Commission continues to focus on a community wide economic development strategy and job creation. Unemployment in Cleveland County is 4.30% which ranks strongly across North Carolina peer Counties. In collaboration with the City of Shelby, a joint industrial park has been completed that is located in west Shelby.

Economic Development and fiscal sustainability both continue to be a high priority of the Commissions strategic plan.

For FY 2017-2018, the Board budgeted revenues conservatively without any tax increase. Expenditures for most County Departments, the community college and other outside agencies were budgeted conservatively as well.

FOR THE FUTURE.

FY 2018-2019 brings unique challenges to Cleveland County that are results of past success. Unemployment is below five percent and the County is experiencing economic growth which creates a workforce development shortage and a shortage of housing stock. Following the January 1, 2016 mandatory revaluation which resulted in net value decrease of 3.6%, the County has fully recovered from the valuation loss and has maintained steady tax rate of .57 cents. The Board of Commissioners were able to adopt a balanced budget for FY 2018-2019 with no change to the tax rate and no service interruptions.

Cleveland County has poised itself for long-term sustainability with an external focus on a strong tax base and job creation. Moving into FY 2018-2019, the County is also focused on internal strategic planning. The Strategic Goals for FY 2018-2019 include the following focus areas: Fiscal Sustainability, Economic Development, Public Safety, and Community Education and Customer Service Outreach.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

FUND BALANCE. Fund balance should always be measured based on the portion that is available for appropriation at the end of the fiscal year. The Board's Fund Balance direction is to have at least 16 percent, with a goal of achieving 18-20 percent in General Fund Unassigned Fund Balance at fiscal year-end. Cleveland County had \$19.4 million in Unassigned General Fund Balance or 17.9 percent of total General Fund expenditures. The Local Government Commission of the North Carolina Department of State Treasurer recommends that local governments have at least 8 percent of General Fund Expenditures in Unassigned General Fund Balance available for appropriation.

OTHER POSTEMPLOYMENT BENEFITS. Cleveland County maintains a retiree medical plan in which the County pays 100 percent of the employee-only coverage for retirees until age 65. In general, retirees must have at least 30 years of service with the County or are at least 55, but not Medicare eligible, with a minimum of 10 years of service with the County and have a combined age and years of service total of at least 70. Retired employees, who began employment prior to July 1, 2014, meeting these criteria will be provided hospitalization in the same manner as active County employees. The County pays 100 percent of the payments for any retiree with 30 or more years of service with the County or a combined age and years of service total of at least 80. Reduced contribution rates are made by the County for retirees with a combined age and years of service that total 70 or 75 at retirement. In fiscal year ended June 30, 2018, the County followed Governmental Accounting Standards Board (GASB) Statements No. 75 for reporting and accounting for other post-employment benefits (OPEB).

OTHER INFORMATION

INDEPENDENT AUDIT. State statutes require an annual audit by independent certified public accountants. The firm of Thompson, Price, Scott, Adams & Co. was selected by the government's management. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Revised State Single Audit Implementation Act of 1996 and the related U.S. Office of Management and Budget Uniform Guidance, Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Auditing standards

generally accepted in the United States of America and the standards set forth in Government Auditing Standards, issued by the Comptroller General of the United States, were used by the auditors in conducting the engagement. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports on internal controls and compliance with applicable laws and regulations can be found in the compliance section of this report.

AWARDS. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Cleveland County, North Carolina, for the year ended June 30, 2017. This was the fourth consecutive year Cleveland County received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

USE OF THE REPORT. The Government Finance Officers Association reports a growing awareness that the annual financial report should be management's report to its governing body, constituents, oversight bodies, resource providers, investors and creditors. We agree with this direction, and in keeping with our past practice, have made available a copy of this report to each of you, bond rating agencies, the Local Government Commission, and other financial institutions which have expressed an interest in Cleveland County's financial affairs.

ACKNOWLEDGMENTS. A combined effort of Cleveland County Board of Commissioners, the Managers Office, Finance Department Staff and other county departments, along with Thompson, Price, Scott, Adams & Co. made preparation of this comprehensive annual financial report possible. Each has my sincere appreciation for their contributions made towards the completion of this report.

In closing, I wish to thank the Board of Commissioners for their leadership in making Cleveland County a fiscally sound, well-governed community. Without the support of the Board of Commissioners and County Management, preparation of this report would not have been possible.

A handwritten signature in black ink, appearing to be 'Shane Fox', with a stylized, flowing script.

Shane Fox
Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Cleveland
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrell

Executive Director/CEO

CLEVELAND COUNTY, NORTH CAROLINA

List of Principal Officials

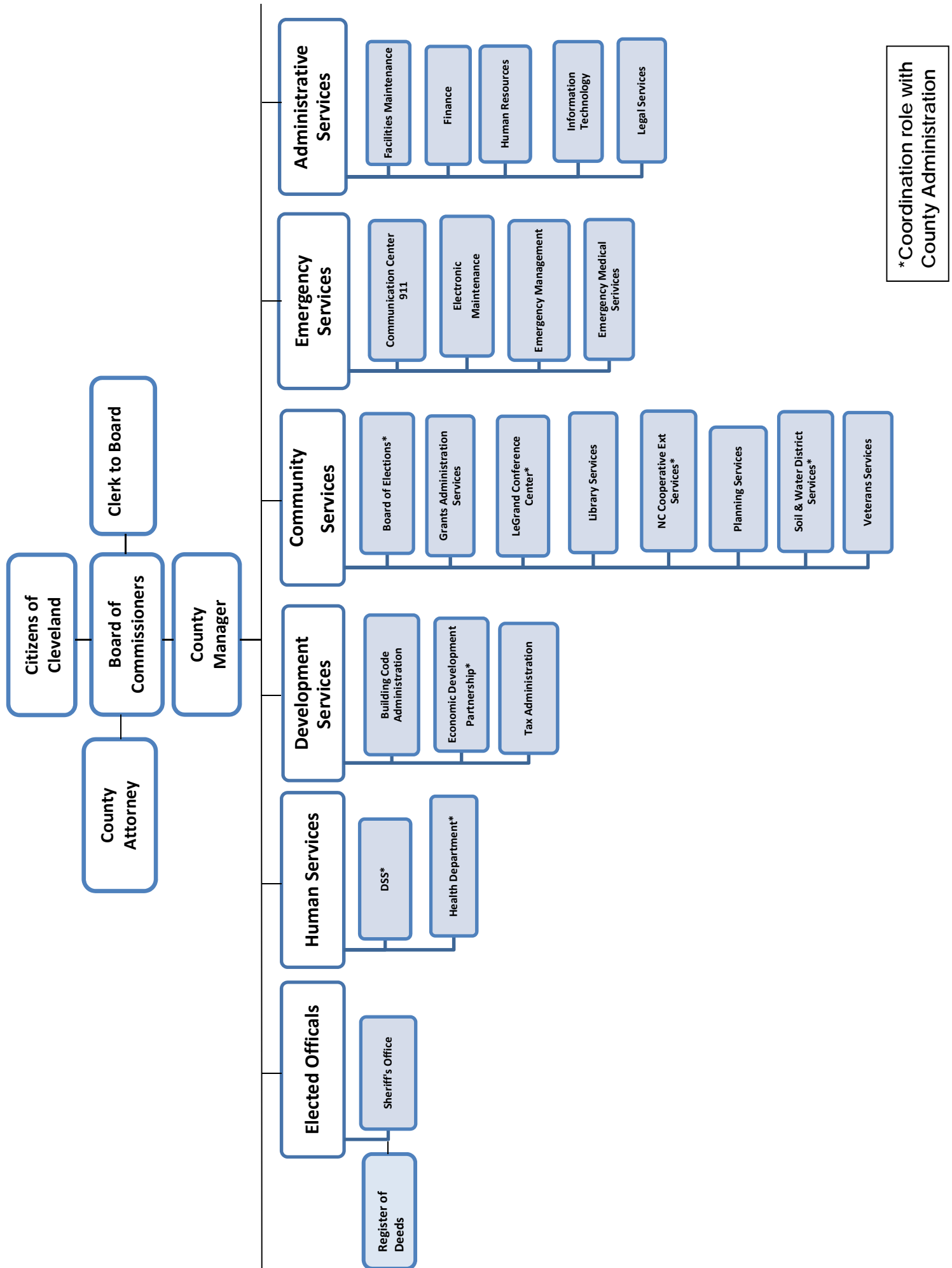
June 30, 2018

Board of Commissioners

Chairman.....	Eddie Holbrook
Vice Chairman	Susan Allen
Commissioner	Johnny Hutchins
Commissioner	Ronnie Whetstine
Commissioner	Doug Bridges

County Officials

Asst County Manager	Kerri Melton
County Manager.....	Brian Epley
Building Codes Administrator	Paul Ezell
Clerk to the Board.....	Phyllis Nowlen
Cooperative Extension Director.....	Greg Traywick
Coroner	Robbie Morgan
County Tax Assessor	Chris Green
Tax Collector.....	Necole Richard
County Attorney.....	Elliot Engstrom
Elections Director	Clifton Philbeck
Electronic Equipment Services Director	Mark Dellinger
EMS Director	Joe Lord
Finance Director.....	Shane Fox
Fire Marshal/Emergency Services Director.....	Perry Davis
Human Resources Director	Allison Mauney
Information Technology Director	Marty Gold
LeGrand Conference Center Director	Jason Falls
Library Director	Carol Wilson
Maintenance Director.....	Scott Bowman
Planning Director	Chris Martin
Public Health Director	Dorothea Wyant
Register of Deeds.....	Betsy Harnage
Sheriff	Alan Norman
Social Services Director.....	Karen Ellis
Soil and Water Conservation District	Stephen Bishop
Solid Waste & Animal Services	Nathan McNeilly
Veteran Services Officer	Debra Conn



*Coordination role with County Administration

FINANCIAL SECTION

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

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Whiteville, NC 28472
Telephone (910) 642-2109
Fax (910) 642-5958**

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

INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
Cleveland County
Shelby, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cleveland County, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise Cleveland County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information Cleveland County, North Carolina as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 15, the Local Government Employees' Retirement System schedules of the County's Proportionate Share of the Net Pension Liability and County Contributions on pages 75 and 76, the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions on pages 77 and 78, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of covered payroll on pages 79 and 80, and Schedule of Changes in Total OPEB Liability and Related Ratios, page 81, presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Cleveland County, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 29, 2018 on our consideration of Cleveland County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Cleveland County's internal control over financial reporting and compliance.

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
November 29, 2018

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CLEVELAND COUNTY, NORTH CAROLINA

Management's Discussion and Analysis

June 30, 2018

As management of Cleveland County, we offer readers of Cleveland County's financial statements this narrative overview and analysis of the financial activities of Cleveland County for the fiscal year ended June 30, 2018. We encourage readers to read the information presented here, in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

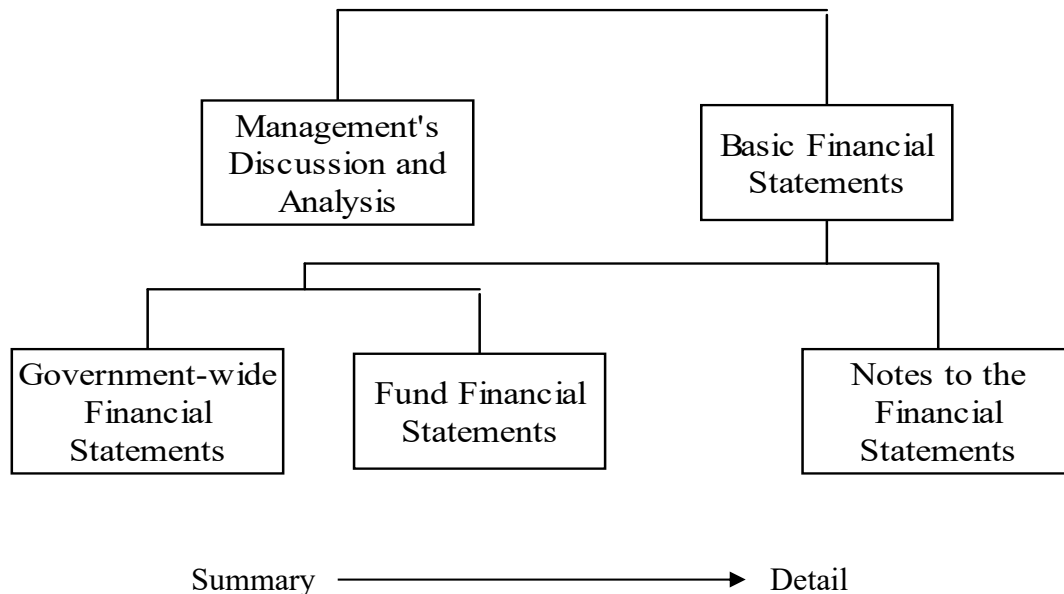
- The assets and deferred outflows of resources of Cleveland County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$113,450,791 (*net position*). In accordance with North Carolina law, liabilities of the County include approximately \$22,126,475 in long-term debt associated with assets which the County does not hold title. These assets are not reflected in the County's financial statements and the full amount of the long-term debt is reported.
- The County's operational net position decreased by \$6,751,772, primarily due to increased activity in various capital project funds. The County also reported a restatement of net position that resulted in a decrease in the amount of \$8,772,536. This restatement is a result of current year changes in regard to GASB 75.
- As of the close of the current fiscal year, Cleveland County's governmental funds reported combined ending fund balances of \$62,836,431. That amount is a decrease of \$20,058,951, in comparison with the prior year. Approximately 36.85 percent of this total amount, or \$23,156,941, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$19,358,902 or 17.9 percent, of total General Fund expenditures, not including transfers.
- Cleveland County's limited obligation and installment note debt decreased \$5,329,196 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Cleveland County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Cleveland County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **government-wide financial statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 9) are **fund financial statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The final section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. Following the notes is the **required supplemental information**. This section contains funding information about the County's pension plans. After the required supplemental information, **supplemental schedules** are provided to show details about the County's nonmajor governmental funds and the Internal Service Fund all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole. The two government-wide statements report the County's net position and how they have changed. Net position is the difference between the County's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide financial statements are divided into the following two types of activities:

Government Activities. These activities of the County include general government, public safety, environmental protection, economic and physical development, human services, education, and cultural recreation. Property taxes, along with state and federal grants, finance most of these activities.

Business-Type Activities. The County charges fees to recover the costs associated with providing certain services. The activities include solid waste and sewage disposal.

The government-wide financial statements directly follow the Management's Discussion and Analysis of this report on Exhibits 1 and 2.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Cleveland County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Cleveland County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in-and-out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities, is shown at the end of the budgetary statement.

Proprietary Funds. The Enterprise Fund is the only proprietary-type fund that the County utilizes. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for solid waste disposal and user disposal fees. These funds are the same as those shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds. Fiduciary funds are used to account for assets held on behalf of others. The County has eight major agency funds and several smaller agency funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements directly follow the basic financial statements of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Cleveland County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found directly following the notes of this report.

Government-Wide Financial Analysis

Cleveland County's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and other assets	\$ 70,259,084	\$ 88,547,912	\$ 3,200,122	\$ 2,901,955	\$ 73,459,206	\$ 91,449,867
Capital assets	119,875,818	111,125,949	22,669,381	22,236,046	142,545,199	133,361,995
Total assets	<u>190,134,902</u>	<u>199,673,861</u>	<u>25,869,503</u>	<u>25,138,001</u>	<u>216,004,405</u>	<u>224,811,862</u>
Deferred Outflows of Resources	<u>7,483,612</u>	<u>9,267,632</u>	<u>355,027</u>	<u>458,459</u>	<u>7,838,639</u>	<u>9,726,091</u>
Liabilities:						
Long-term liabilities	83,852,698	81,947,306	14,712,518	12,441,193	98,565,216	94,388,499
Other liabilities	10,300,210	9,367,048	171,258	1,170,678	10,471,468	10,537,726
Total liabilities	<u>94,152,908</u>	<u>91,314,354</u>	<u>14,883,776</u>	<u>13,611,871</u>	<u>109,036,684</u>	<u>104,926,225</u>
Deferred Inflows of Resources	<u>1,314,444</u>	<u>628,409</u>	<u>41,125</u>	<u>8,220</u>	<u>1,355,569</u>	<u>636,629</u>
Net Position:						
Net investment in capital assets	84,463,578	82,890,909	22,669,381	22,236,046	107,132,959	105,126,955
Restricted	21,675,433	29,407,653	-	-	21,675,433	29,407,653
Unrestricted	<u>(3,987,849)</u>	<u>4,700,168</u>	<u>(11,369,752)</u>	<u>(10,259,677)</u>	<u>(15,357,601)</u>	<u>(5,559,509)</u>
Total net position	<u>\$ 102,151,162</u>	<u>\$ 116,998,730</u>	<u>\$ 11,299,629</u>	<u>\$ 11,976,369</u>	<u>\$ 113,450,791</u>	<u>\$ 128,975,099</u>

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Cleveland County exceeded its liabilities and deferred inflows of resources by \$113,450,791 as of June 30, 2018. The County's net position decreased by \$6,751,772 for the fiscal year ended June 30, 2018. There was also a restatement as a result of the implementation of GASB 75 that decreased net position by \$8,722,536. Net position of the County is reported in three categories: net investment in capital assets of \$107,132,959; restricted net position of \$21,675,433; and unrestricted net position of \$(15,357,601).

The net investment in capital assets category is defined as the County's investment in County-owned capital assets (e.g. land, buildings, automotive equipment, and office and other equipment), less any related debt still outstanding that was issued to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of outstanding related debt, the resources needed to repay that debt must be provided by other resources since the capital assets cannot be used to liquidate these liabilities.

Restricted net position consists of restrictions for stabilization for State statute, register of deeds emergency 911 funds, other public safety protection costs, economic and physical development, human services, cultural and recreational, education, and other unspent restricted proceeds.

Under North Carolina law, the County is responsible for providing capital funding for the school system and the community college. The County has chosen to meet its legal obligation to provide the school system and the community college capital funding by using a mixture of County funds and the issuance of debt. These assets funded by the County are owned by the County and leased to the school system and the community college over the term of the debt. After the debt is completely serviced, the title of the asset is passed to the school system or community college.

Several particular aspects of the County's financial operations influenced the total governmental net position:

- Continued diligence in the collection of all revenue sources, both current and delinquent
- A strong property tax collection rate of 98.42 percent
- Other budgetary control efforts
- Budgetary re-engineering and cost benefit analyses
- Management's proactive stance on monitoring budget compliance without slowing County growth and operations.

Governmental Activities. Governmental activities decreased the County's net position by \$14,847,568. Key elements of this decrease are as follows:

- GASB 75 restatement of net position (\$8,551,042)
- Increased capital project activity

Business-Type Activities. Business-type activities decreased the County's net position by \$676,740. Key elements of this decrease are as follows:

- GASB 75 restatement of net position (\$221,494)
- Increased post closure costs

Financial Analysis of the County's Funds

Cleveland County's Change in Net Position Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 10,614,229	\$ 9,785,034	\$ 7,305,117	\$ 5,996,327	\$ 17,919,346	\$ 15,781,361
Operating grants and contributions	21,904,953	19,725,708	-	-	21,904,953	19,725,708
Capital grants and contributions	5,224,198	7,115,734	-	-	5,224,198	7,115,734
General revenues:						
Property taxes	63,398,807	61,266,854	-	-	63,398,807	61,266,854
Other taxes	21,547,967	19,794,364	644,313	711,838	22,192,280	20,506,202
Other	1,527,506	1,164,261	26,814	31,524	1,554,320	1,195,785
Total revenues	<u>124,217,660</u>	<u>118,851,955</u>	<u>7,976,244</u>	<u>6,739,689</u>	<u>132,193,904</u>	<u>125,591,644</u>
Expenses:						
General government	13,385,504	11,852,530	-	-	13,385,504	11,852,530
Public safety	29,382,033	25,546,272	-	-	29,382,033	25,546,272
Environmental protection	186,362	179,350	-	-	186,362	179,350
Economic and physical development	17,169,078	7,896,716	-	-	17,169,078	7,896,716
Human services	34,213,345	36,826,648	-	-	34,213,345	36,826,648
Cultural and recreational	1,575,146	688,520	-	-	1,575,146	688,520
Education	32,706,674	30,252,460	-	-	32,706,674	30,252,460
Interest on long-term debt	2,411,379	1,741,975	-	-	2,411,379	1,741,975
Solid waste disposal	-	-	7,916,155	5,927,192	7,916,155	5,927,192
Other	-	-	-	-	-	-
Total expenses	<u>131,029,521</u>	<u>114,984,471</u>	<u>7,916,155</u>	<u>5,927,192</u>	<u>138,945,676</u>	<u>120,911,663</u>
Increase (decrease) in net position before transfers	(6,811,861)	3,867,484	60,089	812,497	(6,751,772)	4,679,981
Transfers	<u>515,335</u>	<u>-</u>	<u>(515,335)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	(6,296,526)	3,867,484	(455,246)	812,497	(6,751,772)	4,679,981
Net Position:						
Beginning of year - July 1, previously reported	116,998,730	114,809,972	11,976,369	11,163,872	128,975,099	125,973,844
Restatement	(8,551,042)	(1,678,726)	(221,494)	-	(8,772,536)	(1,678,726)
Beginning of year - July 1, restated	<u>108,447,688</u>	<u>113,131,246</u>	<u>11,754,875</u>	<u>11,163,872</u>	<u>120,202,563</u>	<u>124,295,118</u>
End of year - June 30	<u>\$ 102,151,162</u>	<u>\$116,998,730</u>	<u>\$ 11,299,629</u>	<u>\$ 11,976,369</u>	<u>\$ 113,450,791</u>	<u>\$128,975,099</u>

As noted earlier, Cleveland County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Cleveland County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Cleveland County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Cleveland County. At the end of the current fiscal year, available fund balance of the General Fund was \$32,165,832 while total fund balance was \$40,870,422. As a measure of the General Fund's liquidity, it may be useful to compare available fund balance to total fund expenditures and transfers out. Available fund balance represents 28.6 percent of total General Fund expenditures and transfers out while total fund balance represents 36.3 percent of that same amount.

The governing body of Cleveland County has determined that the County should maintain an unassigned fund balance of 16% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an unassigned fund balance percentage of 17.21 percent.

At June 30, 2018, the governmental funds of the County reported a combined fund balance of \$62,836,431, a 24.2 percent decrease from last year. The decrease in fund balance was primarily due to increased expenditure activity in the Reimbursement Resolution Capital Project Fund. At the end of the current fiscal year, the Reimbursement Resolution Capital Project Fund had a decrease in fund balance of \$11,740,235. The School Capital Reserve Fund remained fairly steady with an increase of \$134,405 in fund balance.

General Fund Budgetary Highlights. The County's financial position increased during FY 2018 due to General Fund expenditures coming in well under budget at fiscal year-end. County departments' diligence in monitoring their operational budgets resulted in total expenditures being \$11.7 million under budget at fiscal year-end. Most notable the human services function had total expenditures \$8.5 million under budget at fiscal year end. On the revenue side, the largest positive budget variances were in sales tax revenues and investment earnings.

The County revised the budget for various reasons during the fiscal year. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and 3) increases in appropriations that become necessary to maintain services.

Total amendments to the General Fund increased revenues by \$410,482, or 0.36 percent, and expenditures by \$2,714,708, or 2.3 percent, of the original budget. The County exceeded expected investment earnings by approximately \$376,000.

Proprietary Funds. The County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Total net position for the proprietary fund at the end of the fiscal year amounted to \$11,299,629. During the fiscal year 2018, proprietary fund net position decreased \$455,246. The decrease in total net position for the proprietary funds is primarily due to increased expenditures of approximately \$2.2m in post closure cost liability.

Capital Asset and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2018 totals \$142,545,199 (net of accumulated depreciation). These assets include land, buildings, plant and distribution systems, equipment, automotive equipment, and construction in progress.

Cleveland County's Capital Assets (net of depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 17,253,594	\$ 17,191,698	\$ 18,912,848	\$ 13,473,356	\$ 36,166,442	\$ 30,665,054
Buildings	79,955,561	82,186,236	849,028	880,441	80,804,589	83,066,677
Plant and distribution systems	-	-	140,977	52,392	140,977	52,392
Equipment	6,019,696	6,259,360	2,761,247	2,604,381	8,780,943	8,863,741
Vehicles and motor equipment	2,743,630	3,207,184	5,281	5,832	2,748,911	3,213,016
Construction in progress	13,903,337	2,281,471	-	5,219,644	13,903,337	7,501,115
Total	<u>\$ 119,875,818</u>	<u>\$ 111,125,949</u>	<u>\$ 22,669,381</u>	<u>\$ 22,236,046</u>	<u>\$ 142,545,199</u>	<u>\$133,361,995</u>

Additional information on the County's capital assets can be found in Note 2, capital assets section of the notes to the basic financial statements.

Long-Term Debt. As of June 30, 2018, Cleveland County had total bonded debt outstanding of \$13,335,000. The County also has multiple installment notes outstanding, of which the majority is related to debt issued for the construction and renovation of school, county and community college facilities. A summary of long-term debt is shown in Figure 5.

Cleveland County's Outstanding Debt & Long Term Liabilities

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Limited obligation bonds	\$ 13,335,000	\$ 14,420,000	\$ -	\$ -	\$ 13,335,000	\$ 14,420,000
Installment notes payable	44,605,475	48,849,671	-	-	44,605,475	48,849,671
Total	<u>\$ 57,940,475</u>	<u>\$ 63,269,671</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,940,475</u>	<u>\$ 63,269,671</u>

The bond ratings are a clear indication of the sound financial condition of the County, which helps to keep interest cost low on the County's outstanding debt. Cleveland County worked through a detailed bond rating review process with both S&P and Moody's in the current year, receiving an upgraded rating to AA+.

Standard & Poors	AA+
Moody's	Aa2

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to eight percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Cleveland County is \$619,423,751.

Additional information regarding Cleveland County's long-term debt can be found in Note 2, Long Term Debt section of the notes to the basic financial statements.

Budget Highlights for the Fiscal Year Ending June 30, 2019

The FY 2018-19 budget was approved by the Cleveland County Board of Commission at an unchanged property tax rate of 57 cents per \$100 of property valuation. The FY 18-19 budget is the third budget post revaluation, and the County's tax base has recovered nicely primarily due growth in the manufacturing industry. The projected tax base for fiscal year 2018-19 is approximately \$8.8 billion which creates a projected revenue increase of 3.2% at the approved 57 cents tax rate and a historically driven collection rate.

The FY 18-19 budget reflects the Board's continued investment in the workforce. The Board approved a 1% pay increase for all full-time employees. There are also appropriations included in the budget to finish a professional pay and classification study.

The Board also continues to keep a focus on internal operations and the budget includes funding for several organizational projects: facilities master plan, energy conservation initiative, and a system wide I.T. upgrade.

The FY 18-19 budget also reflects an unchanged rate for Cleveland County Schools at 15 cents per \$100 of property valuation.

The Cleveland County Board of County Commissioners have developed strategic goals that are broken into four focus areas for the 2018-2019 fiscal year budget. Economic development and the recruitment of new industry into Cleveland County continues to be the primary priority of the Commissioners strategic goals. The economic development focus area identifies key strategic benchmarks to grow the County's tax base and increase local jobs. Also identified as focus areas on the Commissioners strategic goals are fiscal sustainability, public safety, and community education and customer service outreach.

The following factors were considered when developing the FY 2019 budget:

- Fiscal Sustainability :
 - Maintaining a minimum un-assigned fund balance percentage of 18-20%
 - ERP County-wide Software upgrade
 - Sales Tax Legislation changes
 - Creation of a Master Facility Plan
 - Operational Re-Engineering & Implementation
- Economic Development :
 - Funding for future economic incentive projects and job creation.
 - Management of occupancy tax revenue aimed at growing travel/tourism throughout Cleveland County.
 - Partner with Cleveland Community College and Cleveland County Schools to promote dual-track and workforce development
 - Assist the Agriculture community in their efforts to promote Agriculture as an economic development opportunity
- Public Safety :
 - Continued support for County volunteer fire departments and monitoring of service demands on the County's emergency service departments.
 - Review current security standards in County buildings and apply best practices model.
 - Cleveland County 800mhz Motorola trunking system management plan – 5 Year Refresh
- Community Education and Customer Service Outreach :
 - A strong continued relationship with the local YMCA to provide benefits to Cleveland County employees and in an effort to promote wellness throughout the County.
 - Rebranding and Marketing for County services to better serve citizen population.
 - Educational campaign to encourage a cleaner community
 - Increased efforts to enhance Veteran's Support Services

Business-Type Activities. The solid waste household fees and current tipping fees were budgeted based on the adopted rate schedule for the 18-19 budget year which included no fee changes. Management has developed a 10-year rate schedule to offset rising operational and personnel costs as well as future post closure and expansion costs. Management has included additional funding for convenience center site improvements in 18-19 budget year.

Requests for Information

This financial report is designed to provide an overview of Cleveland County's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Cleveland County Finance Director, 311 East Marion St. Shelby, North Carolina.

BASIC FINANCIAL STATEMENTS – OVERVIEW

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CLEVELAND COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 47,930,520	\$ 2,384,472	\$ 50,314,992
Taxes receivable, net	1,777,556	-	1,777,556
Receivables, net	12,191,166	815,650	13,006,816
Inventories	106,556	-	106,556
Prepaid items	411,446	-	411,446
Note receivable	18,352	-	18,352
Restricted cash	7,648,242	-	7,648,242
Total current assets	70,083,838	3,200,122	73,283,960
Non-current assets:			
Note receivable	55,060	-	55,060
Net pension asset	120,186	-	120,186
Capital assets:			
Land and construction in progress	31,156,931	18,912,848	50,069,779
Other capital assets, net of depreciation	88,718,887	3,756,533	92,475,420
Total capital assets	119,875,818	22,669,381	142,545,199
Total non-current assets	120,051,064	22,669,381	142,720,445
Deferred Outflows of Resources:			
OPEB deferrals	1,267,215	66,004	1,333,219
Pension deferrals	6,216,397	289,023	6,505,420
Total deferred outflows of resources	7,483,612	355,027	7,838,639
Total assets and deferred outflows of resources	197,618,514	26,224,530	223,843,044
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	4,340,181	158,508	4,498,689
Liabilities to be paid from restricted assets	-	-	-
Due within one year	5,960,029	12,750	5,972,779
Total current liabilities	10,300,210	171,258	10,471,468
Long-term liabilities:			
Net pension liability - LGERS	7,588,620	375,400	7,964,020
Total pension liability - LEOSSA	2,725,009	-	2,725,009
Total OPEB liability	15,755,106	829,216	16,584,322
Due in more than one year	57,783,963	13,507,902	71,291,865
Total long-term liabilities	83,852,698	14,712,518	98,565,216
Total liabilities	94,152,908	14,883,776	109,036,684
Deferred Inflows of Resources:			
Prepaid taxes	245,754	-	245,754
OPEB deferrals	758,805	39,937	798,742
Pension deferrals	309,885	1,188	311,073
Total deferred inflows of resources	1,314,444	41,125	1,355,569
Net Position:			
Net investment in capital assets	84,463,578	22,669,381	107,132,959
Restricted for:			
Stabilization for State statute	11,814,953	-	11,814,953
Register of Deeds	121,964	-	121,964
Register of Deeds' pension plan	152,840	-	152,840
Public safety	1,647,089	-	1,647,089
Education	5,723,198	-	5,723,198
Human services	2,000,000	-	2,000,000
Cultural and recreation	215,389	-	215,389
Unrestricted	(3,987,849)	(11,369,752)	(15,357,601)
Total net position	\$ 102,151,162	\$ 11,299,629	\$ 113,450,791

The accompanying notes are an integral part of the financial statements.

CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 13,385,504	\$ 3,854,639	\$ 1,917,858	\$ -
Public safety	29,382,033	2,582,628	258,388	1,088,296
Environmental protection	186,362	-	-	-
Economic and physical development	17,169,078	226,392	-	1,167,046
Human services	34,213,345	3,950,570	19,695,707	1,679,551
Cultural and recreational	1,575,146	-	33,000	-
Education	32,706,674	-	-	1,289,305
Interest on long-term debt	2,411,379	-	-	-
Total governmental activities	131,029,521	10,614,229	21,904,953	5,224,198
Business-Type Activities:				
Solid Waste	7,916,155	7,305,117	-	-
Total business-type activities	7,916,155	7,305,117	-	-
Total primary government	\$ 138,945,676	\$ 17,919,346	\$ 21,904,953	\$ 5,224,198

The accompanying notes are an integral part of the financial statements.

CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Primary Government</u>		
Functions/Programs:	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Primary Government:			
Governmental Activities:			
General government	\$ (7,613,007)	\$ -	\$ (7,613,007)
Public safety	(25,452,721)	-	(25,452,721)
Environmental protection	(186,362)	-	(186,362)
Economic and physical development	(15,775,640)	-	(15,775,640)
Human services	(8,887,517)	-	(8,887,517)
Cultural and recreational	(1,542,146)	-	(1,542,146)
Education	(31,417,369)	-	(31,417,369)
Interest on long-term debt	(2,411,379)	-	(2,411,379)
Total governmental activities	<u>(93,286,141)</u>	<u>-</u>	<u>(93,286,141)</u>
Business-Type Activities:			
Landfill	-	(611,038)	(611,038)
Total business-type activities	<u>-</u>	<u>(611,038)</u>	<u>(611,038)</u>
Total primary government	<u>(93,286,141)</u>	<u>(611,038)</u>	<u>(93,897,179)</u>
General Revenues:			
Taxes:			
Property taxes, levied for general purpose	63,398,807	-	63,398,807
Local option sales tax	21,425,575	-	21,425,575
Other taxes and licenses	122,392	644,313	766,705
Investment earnings, unrestricted	839,841	26,814	866,655
Miscellaneous, unrestricted	<u>687,665</u>	<u>-</u>	<u>687,665</u>
Total general revenues	86,474,280	671,127	87,145,407
Capital contribution			
Transfers	<u>515,335</u>	<u>(515,335)</u>	<u>-</u>
Total general revenues, capital contribution, and transfers	<u>86,989,615</u>	<u>155,792</u>	<u>87,145,407</u>
Change in net position	(6,296,526)	(455,246)	(6,751,772)
Net Position:			
Beginning of year - July 1, previously reported	116,998,730	11,976,369	128,975,099
Restatement	<u>(8,551,042)</u>	<u>(221,494)</u>	<u>(8,772,536)</u>
Beginning of year - July 1, restated	<u>108,447,688</u>	<u>11,754,875</u>	<u>120,202,563</u>
End of year - June 30	<u>\$ 102,151,162</u>	<u>\$ 11,299,629</u>	<u>\$ 113,450,791</u>

The accompanying notes are an integral part of the financial statements.

CLEVELAND COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	Major			Nonmajor	
	General	Reimbursement Resolution Capital Project Fund	School Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 35,439,569	\$ 8,124,932	\$ -	\$ 4,366,019	\$ 47,930,520
Taxes receivable, net	1,697,347	-	-	80,209	1,777,556
Due from other governments	284,982	-	-	-	284,982
Other receivables, net	8,276,337	-	2,189,007	1,440,840	11,906,184
Due from other funds	957,461	-	-	-	957,461
Inventories	106,556	-	-	-	106,556
Prepaid items	339,516	-	-	71,930	411,446
Restricted assets:					
Cash and investments	15,426	-	6,185,598	1,447,218	7,648,242
Note receivable	73,412	-	-	-	73,412
Total assets	<u>\$ 47,190,606</u>	<u>\$ 8,124,932</u>	<u>\$ 8,374,605</u>	<u>\$ 7,406,216</u>	<u>\$ 71,096,359</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 3,047,289	\$ 4,860	\$ -	\$ 893,334	\$ 3,945,483
Due to other funds	-	-	462,400	495,061	957,461
Total liabilities	<u>3,047,289</u>	<u>4,860</u>	<u>462,400</u>	<u>1,388,395</u>	<u>4,902,944</u>
Deferred Inflows of Resources:					
Property taxes receivable	1,697,347	-	-	80,209	1,777,556
Prepaid taxes	241,874	-	-	3,880	245,754
Other receivables	1,333,674	-	-	-	1,333,674
Total deferred inflows of resources	<u>3,272,895</u>	<u>-</u>	<u>-</u>	<u>84,089</u>	<u>3,356,984</u>
Fund Balances:					
Non-spendable:					
Inventory	106,556	-	-	-	106,556
Note receivable	73,412	-	-	-	73,412
Prepaid items	339,516	-	-	71,930	411,446
Restricted:					
Stabilization for State statute	8,185,106	-	2,189,007	1,440,840	11,814,953
Restricted for Register of Deeds	121,964	-	-	-	121,964
Restricted, all other	2,465,389	-	5,723,198	2,440,023	10,628,610
Committed	15,426	8,120,072	-	15,731	8,151,229
Assigned for subsequent year's expenditures	5,204,151	-	-	-	5,204,151
Assigned, all other	5,000,000	-	-	2,881,403	7,881,403
Unassigned	19,358,902	-	-	(916,195)	18,442,707
Total fund balances	<u>40,870,422</u>	<u>8,120,072</u>	<u>7,912,205</u>	<u>5,933,732</u>	<u>62,836,431</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 47,190,606</u>	<u>\$ 8,124,932</u>	<u>\$ 8,374,605</u>	<u>\$ 7,406,216</u>	

The accompanying notes are an integral part of the financial statements.

CLEVELAND COUNTY

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2018**

Amounts reported in the governmental activities in the Statement of Net Position (Exhibit A) are different because:

Total Fund Balance - Governmental Funds	\$ 62,836,431
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	119,875,818
Deferred inflows in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net assets in the Statement of Net Position.	3,111,230
Long-term liabilities and compensated absences are not due and payable in the current period, and therefore, are not reported in the funds.	(63,743,992)
Net pension asset	120,186
Deferred outflows of resources related to pensions are not related in the funds.	6,216,397
Deferred outflows of resources related to OPEB are not related in the funds.	1,267,215
Some liabilities, including accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.	(394,698)
Deferred inflows of resources related to pensions are not related in the funds.	(309,885)
Deferred inflows of resources related to OPEB are not related in the funds.	(758,805)
Net pension liability	(7,588,620)
Total OPEB liability	(15,755,106)
Total pension liability	<u>(2,725,009)</u>
Net position of governmental activities	<u>\$ 102,151,162</u>

CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Major			Nonmajor	
	General Fund	Reimbursement Resolution Capital Project Fund	School Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Ad valorem taxes	\$ 60,222,284	\$ -	\$ -	\$ 3,080,449	\$ 63,302,733
Local option sales taxes	16,468,454	-	3,523,818	1,433,303	21,425,575
Unrestricted intergovernmental revenues	122,392	-	-	-	122,392
Restricted intergovernmental revenues	21,642,200	-	1,289,303	2,246,928	25,178,431
Permits and fees	4,695,185	-	-	-	4,695,185
Sales and services	7,037,795	-	-	-	7,037,795
Investment earnings	629,461	45,923	77,999	86,458	839,841
Miscellaneous	932,681	-	-	153,323	1,086,004
Total revenues	<u>111,750,452</u>	<u>45,923</u>	<u>4,891,120</u>	<u>7,000,461</u>	<u>123,687,956</u>
Expenditures:					
Current:					
General government	10,663,936	-	-	2,307,659	12,971,595
Public safety	23,806,947	-	-	4,147,251	27,954,198
Environmental protection	184,313	-	-	-	184,313
Economic and physical development	6,699,226	10,224,075	-	1,504,841	18,428,142
Human services	33,024,912	-	-	-	33,024,912
Cultural and recreational	1,297,776	-	-	-	1,297,776
Education	31,410,165	-	-	10,157,381	41,567,546
Insurance settlements	928,395	-	-	-	928,395
Debt service:					
Principal retirement	74,448	-	-	5,355,089	5,429,537
Interest and other charges	-	-	-	2,502,268	2,502,268
Total expenditures	<u>108,090,118</u>	<u>10,224,075</u>	<u>-</u>	<u>25,974,489</u>	<u>144,288,682</u>
Revenues over (under) expenditures	<u>3,660,334</u>	<u>(10,178,152)</u>	<u>4,891,120</u>	<u>(18,974,028)</u>	<u>(20,600,726)</u>
Other Financing Sources (Uses):					
Capital lease financing issued	26,440	-	-	-	26,440
Transfers from other funds	1,972,948	-	-	-	1,972,948
From General Fund	-	-	-	4,408,504	4,408,504
From Capital Reserve Fund	-	-	-	1,680,860	1,680,860
From School Capital Reserve	-	-	-	3,306,715	3,306,715
From Reimbursement Resolution CRF	-	-	-	1,562,083	1,562,083
Transfers to other funds	(4,409,547)	(1,562,083)	(4,756,715)	(1,687,430)	(12,415,775)
Total other financing sources (uses)	<u>(2,410,159)</u>	<u>(1,562,083)</u>	<u>(4,756,715)</u>	<u>9,270,732</u>	<u>541,775</u>
Net change in fund balances	1,250,175	(11,740,235)	134,405	(9,703,296)	(20,058,951)
Fund Balances:					
Beginning of year - July 1	<u>39,620,247</u>	<u>19,860,307</u>	<u>7,777,800</u>	<u>15,637,028</u>	<u>82,895,382</u>
End of year - June 30	<u>\$ 40,870,422</u>	<u>\$ 8,120,072</u>	<u>\$ 7,912,205</u>	<u>\$ 5,933,732</u>	<u>\$ 62,836,431</u>

The accompanying notes are an integral part of the financial statements.

CLEVELAND COUNTY, NORTH CAROLINA**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Amounts reported for governmental activities in the Statement of Activities (Exhibit B)
are different due to the following items:

Total net change in fund balances - total governmental funds	\$ (20,058,951)
Property tax revenues and other fees and services in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	179,508
EMS revenues and other revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	607,019
Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(843,767)
Pension expense - LEOSSA	(77,227)
Pension expense - LGERS	(84,283)
Pension expense - ROD	(6,933)
OPEB plan expense	(255,747)
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	14,408,813
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(5,402,119)
Net gain/loss on the disposal of capital assets, not recognized on modified accrual basis.	141,514
Net book value of capital assets disposed of during the year, not recognized on the modified accrual basis.	(398,339)
Accrued interest that does not require current financial resources are not reported as expenditures in the governmental funds statement.	90,889
The issuance of long-term debt provides current financial resources to governmental funds, but does not effect net assets.	(26,440)
Principal repayments and capital lease payments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	<u>5,429,537</u>
Total change in net position of governmental activities	<u>\$ (6,296,526)</u>

The accompanying notes are an integral part of the financial statements.

CLEVELAND COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund			
	Budgeted Amounts			Variance from
	Original	Final	Actual	Final Budget
				Over/Under
Revenues:				
Ad valorem taxes	\$ 60,372,691	\$ 60,372,691	\$ 60,222,284	\$ (150,407)
Local option sales taxes	15,654,164	15,654,164	16,468,454	814,290
Unrestricted intergovernmental revenues	11,000	11,000	122,392	111,392
Restricted intergovernmental revenues	25,934,760	26,216,952	21,642,200	(4,574,752)
Permits and fees	4,406,742	4,406,742	4,695,185	288,443
Sales and services	7,095,097	7,137,810	7,037,795	(100,015)
Investment earnings	253,000	253,000	629,461	376,461
Miscellaneous	544,391	629,968	932,681	302,713
Total revenues	<u>114,271,845</u>	<u>114,682,327</u>	<u>111,750,452</u>	<u>(2,931,875)</u>
Expenditures:				
Current:				
General government	11,077,179	11,281,176	10,663,936	617,240
Public safety	23,058,896	23,901,862	23,806,947	94,915
Environmental protection	209,740	204,284	184,313	19,971
Economic and physical development	7,842,580	7,903,639	6,699,226	1,204,413
Human services	41,326,318	41,549,336	33,024,912	8,524,424
Cultural and recreational	1,302,470	1,417,555	1,297,776	119,779
Intergovernmental:				
Education	30,636,918	31,436,918	31,410,165	26,753
Risk management	836,114	1,637,951	928,395	709,556
Contingency	700,000	293,085	-	293,085
Debt service:				
Principal retirement	45,000	124,117	74,448	49,669
Interest and other charges	5,000	5,000	-	5,000
Total expenditures	<u>117,040,215</u>	<u>119,754,923</u>	<u>108,090,118</u>	<u>11,664,805</u>
Revenues over (under) expenditures	<u>(2,768,370)</u>	<u>(5,072,596)</u>	<u>3,660,334</u>	<u>8,732,930</u>
Other Financing Sources (Uses):				
Capital lease financing issued	-	-	26,440	26,440
Transfers from other funds	2,050,335	2,050,335	1,972,948	(77,387)
Transfers to other funds	(6,113,938)	(5,290,645)	(4,409,547)	881,098
Appropriated fund balance	6,831,973	8,312,906	-	(8,312,906)
Total other financing sources (uses)	<u>2,768,370</u>	<u>5,072,596</u>	<u>(2,410,159)</u>	<u>(7,482,755)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,250,175</u>	<u>\$ 1,250,175</u>
Fund Balance:				
Beginning of year - July 1			<u>39,620,247</u>	
End of year - June 30			<u>\$ 40,870,422</u>	

The accompanying notes are an integral part of the financial statements.

CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2018

	Major
	Solid Waste Fund
Assets:	
Current assets:	
Cash and cash equivalents	\$ 2,384,472
Accounts receivable, net	815,650
Total current assets	<u>3,200,122</u>
Non-current assets:	
Capital assets:	
Land and construction in progress	18,912,848
Other capital assets, net of depreciation	3,756,533
Total non-current assets	<u>22,669,381</u>
Total assets	<u>25,869,503</u>
Deferred Outflow of Resources:	
OPEB deferrals	66,004
Pension deferrals	289,023
Total deferred outflows of resources	<u>355,027</u>
Liabilities:	
Current liabilities:	
Accounts payable	144,297
Accrued payroll	12,642
Prepaid taxes	1,569
Current portion of compensated absences	12,750
Total current liabilities	<u>171,258</u>
Non-current liabilities:	
Liabilities payable from restricted assets:	
Customer deposits	-
Other non-current liabilities:	
Accrued landfill closure and post-closure care costs	13,393,153
Compensated absences	114,749
Net pension liability	375,400
Total OPEB liability	829,216
Total non-current liabilities	<u>14,712,518</u>
Total liabilities	<u>14,883,776</u>
Deferred Inflows of Resources:	
Pension deferrals	1,188
OPEB deferrals	39,937
Total deferred outflows of resources	<u>41,125</u>
Net Position:	
Net investment in capital assets	22,669,381
Unrestricted	<u>(11,369,752)</u>
Total net position	<u>\$ 11,299,629</u>

The accompanying notes are an integral part of the financial statements.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Major</u>
	<u>Solid Waste Fund</u>
Operating Revenues:	
Charges for services	\$ 7,305,117
Unrestricted intergovernmental	644,313
Total operating revenues	<u>7,949,430</u>
Operating Expenses:	
Salaries and employee benefits	2,068,212
Other operating expenses	2,901,361
Landfill closure and post-closure care costs	2,199,229
Depreciation	744,951
Total operating expenses	<u>7,913,753</u>
Operating income (loss)	<u>35,677</u>
Non-Operating Revenues (Expenses):	
Interest income	26,814
Gain/(loss) on sale of fixed assets	<u>(2,402)</u>
Total non-operating revenues (expenses)	<u>24,412</u>
Income (loss) before capital contributions and transfers	<u>60,089</u>
Transfers:	
Transfers out	<u>(515,335)</u>
Net transfers	<u>(515,335)</u>
Change in net position	(455,246)
Net Position:	
Beginning of year - July 1	11,976,369
Restatement	<u>(221,494)</u>
Beginning of year - July 1, restated	<u>11,754,875</u>
End of year - June 30	<u>\$ 11,299,629</u>

The accompanying notes are an integral part of the financial statements.

CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS ENTERPRISE FUND FOR THE YEAR ENDED JUNE 30, 2018

	<u>Major</u>
	<u>Solid Waste</u> <u>Fund</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 7,593,523
Cash paid for goods and services	(3,648,044)
Cash paid to employees for services	<u>(2,084,790)</u>
Net cash provided (used) by operating activities	<u>1,860,689</u>
 Cash Flows from Non-Capital Financing Activities:	
Transfers out	<u>(515,335)</u>
Net cash provided (used) by non-capital financing activities	<u>(515,335)</u>
 Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(1,178,286)
Proceeds from sale of long-term asset	<u>(2,402)</u>
Net cash provided (used) for capital and related financing activities	<u>(1,180,688)</u>
 Cash Flows from Investing Activities:	
Interest on investments	<u>26,814</u>
 Net increase (decrease) in cash and cash equivalents	191,480
 Cash and Cash Equivalents:	
Beginning of year - July 1	<u>2,192,990</u>
 End of year - June 30	<u><u>\$ 2,384,472</u></u>

The accompanying notes are an integral part of the financial statements.

CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Major</u>
	<u>Solid Waste</u> <u>Fund</u>
Reconciliation of Operating Income (Loss) to Net	
Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 35,677
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	744,951
Landfill closure and post-closure care costs	2,199,229
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(106,687)
Increase (decrease) in accounts payable and accrued liabilities	(996,191)
Increase (decrease) in prepayments	288
Increase (decrease) in accrued vacation pay	(35,166)
Increase (decrease) in net OPEB liability	40,219
(Increase) decrease in deferred outflows of resources - pensions	169,436
(Increase) decrease in deferred outflows of resources - OPEB	(66,004)
Increase in net pension liability	(157,968)
Decrease in deferred inflows of resources - pension	(7,032)
Increase in deferred inflows of resources - OPEB	39,937
Total adjustments	<u>1,825,012</u>
Net cash provided (used) by operating activities	<u>\$ 1,860,689</u>
Contributed capital assets	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2018

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 308,199
Accounts receivable	<u>681,124</u>
Total assets	<u><u>\$ 989,323</u></u>
Liabilities:	
Intergovernmental payable	<u>\$ 989,323</u>
Total liabilities and fund balances	<u><u>\$ 989,323</u></u>

The accompanying notes are an integral part of the financial statements.

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CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

1. Summary of Significant Accounting Policies

The accounting policies of Cleveland County (the "County") and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component unit, legally separate entities for which the County is financially accountable. Cleveland County Industrial Facility and Pollution Control Financing Authority (the Authority) is the County's sole component unit.

Cleveland County Industrial Facility and Pollution Control Financing Authority

The Cleveland County Industrial Facility and Pollution Control Financing Authority (the "Authority") exists to issue and service revenue bond debt of private business for economic development purposes. The Authority is governed by a seven-member Board of Commissioners, all of whom are appointed by the County Commissioners. The County can remove any commissioner of the Authority with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Authority does not issue separate financial statements.

B. Basis of Presentation - Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-Wide Statements. The Statement of Net Position and the Statement of Activities display information about the primary government net position (the County) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. However, interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (1) fees and charges paid by the recipients of goods or services offered by the

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

programs, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the County. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund.

Reimbursement Resolution Capital Project Fund. This fund accounts for reimbursement proceeds used to fund capital initiatives of the County.

School Capital Reserve Fund. This fund accounts for local funds and financing proceeds used to fund school construction projects.

The County reports the following major enterprise fund:

Solid Waste Fund. This fund accounts for the maintenance and post-closure of the County's landfill, transfer station operations, and recycling.

Solid Waste Cell Construction Capital Project Fund – accounts for financial resources to be used for expansion of the solid waste disposal facilities. The Solid Waste Cell Construction Capital Project Fund has been consolidated into the Solid Waste Fund for reporting purposes.

The County also reports the following fund types:

Special Revenue Funds. Special revenue funds are used to account for specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. The County maintains two special revenue funds, Emergency Telephone System Fund (E-911) and Fire Districts Fund.

Debt Service Fund. The Debt Service Fund accounts for funds set aside to meet certain long-term debt requirements.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Capital Project Funds. The capital project funds account for financial resources to be used for the acquisition and construction for major capital facilities (other than those by proprietary funds, special assessments, or trust funds). The County has eleven non-major capital project funds within the governmental fund types: North Shelby School, County General Capital Projects Fund, Public Shooting Range, Foothills Commerce Center, Kings Mountain Gate Way Trail-Phase 5, Washburn Switch Road, Pinnacle Turn Lane, Economic Development, Jail Consolidation, Enterprise Resource Planning, and the Capital Reserve Fund.

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for position the County holds on behalf of others. The County maintains the following agency funds: 1) Fines and Forfeitures Fund, which accounts for the collection and payment of fines and forfeitures to the Board of Education in the County; 2) Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; 3) the Inmate Fund, which accounts for monies deposited with the County's Detention Center for the benefit of specific matters; 4) the Rescue Squad Fund, which accounts for monies that the County holds for the benefit of four rescue squad entities (Grover, Kings Mountain, Shelby, and Upper Cleveland Rescue); 5) the Property Tax Fund, which accounts for property taxes that are billed and collected by the County on behalf of two fire districts, one water authority, and thirteen municipalities with the County.

Measurement Focus, Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds, which have no measurement focus. The government-wide, propriety fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Long-term debt issued and acquisitions under capital leases are reported as other financing sources. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with the change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates are shown as a receivable in the financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

C. Budgetary Data

The County's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the County's General Fund, Emergency Telephone System Fund (E-911), Fire Districts Fund, General Capital Projects Fund, Capital Reserve Fund, School Capital Reserve Fund, Solid Waste Fund, and Debt Service Fund. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the all other special revenue and capital project funds.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. The Budget Officer is authorized to transfer authorized appropriations within a function and to amend the authorized budget for pass-through funds, including federal and State grants. During the year, several amendments to the original budget were necessary; the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

D. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity

Deposits and Investments

All deposits of the County are made in Board-designated official depositories and are secured as required by G.S. 159-31. The County may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The County's investments are reported at fair value. The NCCMT- Government Portfolio, an SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value.

In accordance with State law, the County has invested in securities, which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Cash and Cash Equivalents

The County pools monies from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Restricted Assets

Money for Tax Revaluation is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Money for North Shelby School Capital Project Fund is classified as restricted assets because the funding is unspent debt proceeds. Money in the School Capital Reserve Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected.

Governmental Activities		
Fund	Purpose	Amount
General Fund	Tax revaluation	\$ 15,426
North Shelby School Capital Project Fund	Unspent debt proceeds	1,447,218
School Capital Reserve Fund	Restricted for school capital	6,185,598
Total		<u>\$ 7,648,242</u>
Business-Type Activities		
Solid Waste	Customer deposits	<u>\$ -</u>

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2016. As allowed by State law, the County has established a schedule of discounts that apply to such taxes that are paid prior to the due date. In the County's General Fund and County Fire Service Fund, ad valorem tax revenues are reported net of such discounts.

Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Inventories and Prepaid Items

The inventories of the County are valued at cost (first-in, first-out), which approximates market values. The County's General Fund inventory consists of pharmaceuticals and certain pharmaceutical supplies that are recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Cleveland County accounts for prepaid items using the consumption method of accounting. Under this methodology purchases are debited to a prepaid asset account and are recorded as expenditures when used rather than when purchased.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Minimum capitalization costs are as follows for the year ended June 30, 2017: land, \$10,000; buildings, improvements, and other plant and distribution systems, \$15,000; infrastructure, \$20,000; equipment and furniture, \$5,000; vehicles and motorized equipment, \$10,000; computer software, \$5,000; and computer equipment, \$500. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Cleveland County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education after all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Cleveland County Board of Education.

Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

<u>Assets</u>	<u>Estimated Useful Lives</u>
Computer equipment	3 years
Electronic items and vehicles	5 years
Firearms, furniture, and equipment	7 years
Infrastructure and improvements	15 years
Buildings	39 years

Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

Compensated Absences

The vacation policies of the County provide for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as leave when earned. Compensated absences typically have been liquidated in the General Fund and are accounted for on an LIFO basis, assuming that employees are taking leave time as it is earned.

The overtime policy of the County provides for the accumulation of up to sixty days (480 hours) for non-exempt public safety employees and up to thirty days for all other non-exempt employees. Non-exempt employees will earn compensatory hours at the rate of one and one-half the number of hours worked above forty hours during a specific week. Exempt employees earn an hour of compensatory leave for each hour worked beyond forty in a specific week. There is no maximum ceiling for compensatory hours earned by an exempt employee because exempt employees will not be paid upon termination of employment; therefore, there is no liability reflected in the government-wide or enterprise fund financial statements for overtime earned by exempt employees. There is an expense and liability recorded in the government-wide and enterprise funds for compensated absences and salary-related overtime earned by public safety employees and all other non-exempt employees.

The sick leave policies of the County provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has two items that meet this criteria – pension related deferrals and contributions made to the pension plan in the current fiscal year. In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has five items that meet the criteria for this category – property taxes receivable, prepaid taxes, other receivables, pension and OPEB related deferrals.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are: allowance for doubtful accounts, depreciation lives, other post-employment benefits, and law enforcement officers' pension obligations.

Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or b) imposed by law through State statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance

This classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Note Receivable – portion of fund balance that is not an available resource because it represents the year-end balance of a long-term receivable, which are not spendable resources.

Prepaid Items – portion of fund balance that is not an available resource because it represents the year-end balance of prepaids, which are not spendable resources.

Restricted Fund Balance

This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute - portion of fund balance that is restricted by G.S. 159-13(b)(16) and basically represents the amount of fund balance (in addition to that non-spendable portion) that is not liquid. This restriction is only applied to annually budget governmental funds.

Restricted for Register of Deeds - portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds' office.

Restricted for Public Safety - portion of fund balance restricted by revenue source for public safety related activities such as police, fire, EMS, and E-911.

Restricted for Human Services – portion of spendable fund balance available and restricted by donors to pay for items of a human service nature, such as medications and eyeglasses for needy persons.

Restricted for Cultural and Recreation – portion of spendable fund balance restricted by donors to pay for library books, materials, equipment, and facility upgrades.

Restricted for Education – portion of spendable fund balance that can only be used for school capital per G.S. 159-18-22.

Restricted for Economic and Physical Development – portion of fund balance restricted for economic development projects.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Restricted fund balance at June 30, 2018 is as follows:

Purpose	General Fund	School Capital Reserve Fund	Other Governmental Funds	Total Restricted
Restricted, all other:				
Public safety	\$ 250,000	\$ -	\$ 1,397,089	\$ 1,647,089
Economic and physical development	-	-	-	-
Human services	2,000,000	-	-	2,000,000
Cultural and recreation	215,389	-	-	215,389
Education	-	5,723,198	1,042,934	6,766,132
Total	<u>\$ 2,465,389</u>	<u>\$ 5,723,198</u>	<u>\$ 2,440,023</u>	<u>\$ 10,628,610</u>

Restricted net position on Exhibit 1 varies from restricted fund balance on Exhibit 3 by ROD Pension Plan of \$152,840 and Unspent Debt Proceeds of \$1,042,934 for a net difference of \$890,094 on Exhibit 3 not on Exhibit 1.

Committed Fund Balance

This classification represents the portion of fund balance that can only be used for specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for Tax Revaluation – represents the portion of fund balance committed by the governing body for future tax revaluation purposes.

Committed for Economic and Physical Development – portion of fund balance committed by the governing board economic development projects.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Committed fund balance at June 30, 2018 is as follows:

Purpose	General Fund	Reimbursement Resolution Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Committed:				
Tax revaluation	\$ 15,426	\$ -	\$ -	\$ 15,426
Economic and physical development	-	8,120,072	15,731	8,135,803
Total	<u>\$ 15,426</u>	<u>\$ 8,120,072</u>	<u>\$ 15,731</u>	<u>\$ 8,151,229</u>

Assigned Fund Balance

Assigned fund balance is the portion of fund balance that Cleveland County intends to use for specific purposes. The County's governing body has the authority to assign fund balance. The Manager and Finance Director, as granted in the officially adopted budget ordinance, have been granted limited authority to assign fund balance.

Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the Manager and Finance Director to make certain modifications without requiring board approval.

Assigned for General Government – portion of fund balance budgeted assigned by the Board to manage future general operational processes.

Assigned for Risk Management Operations – portion of fund balance budgeted assigned by the Board to manage future risk management processes.

Assigned for Economic and Physical Development – portion of fund balance budgeted by the board for economic development and incentive projects.

Assigned for Debt Service – portion of fund balance budgeted by the board for future debt service needs.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Assigned fund balance at June 30, 2018 is as follows:

Purpose	General Fund	Other Governmental Funds	Total
Assigned:			
Subsequent year's expenditures	\$ 5,204,151	\$ -	\$ 5,204,151
General government	-	1,681,403	1,681,403
Risk management operations	2,000,000	-	2,000,000
Economic and physical development	3,000,000	-	3,000,000
Debt service	-	1,200,000	1,200,000
Total	<u>\$ 10,204,151</u>	<u>\$ 2,881,403</u>	<u>\$ 13,085,554</u>

Unassigned Fund Balance

Unassigned fund balance is the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. Only the general fund may report a positive unassigned fund balance.

Cleveland County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director will use resources in the following order: bond/debt proceeds, federal funds, State funds, local non-county funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Director has the authority to deviate from this policy if it is in the best interest of the County or when required by grant or other contractual agreements.

Cleveland County has adopted a minimum fund balance policy for the General Fund, which instructs management to conduct business of the County in such a manner that unassigned fund balance is at least equal to or greater than 16% of actual expenditures. Any portion of the General Fund balance in excess of 16% of actual expenditures may be appropriated for future use for a specific purpose.

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation.

Total fund balance - General Fund	\$ 40,870,422
Less:	
Inventories	(106,556)
Long term receivable	(73,412)
Prepays	(339,516)
Stabilization by State statute	<u>(8,185,106)</u>
Total available fund balance	<u>\$ 32,165,832</u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Defined Benefit Pension Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LERS), and the Registers of Deeds' Supplemental Pension Fund (RODSPF), (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

Net Investment in Capital Assets:

Net investment in capital assets at June 30, 2018 are computed as follows:

	Net investment in capital assets	
	<u>Governmental</u>	<u>Business-Type</u>
Capital assets	\$ 119,875,818	\$ 22,669,381
Less: Long-term debt	(58,581,649)	-
Add: Unexpended debt proceeds	1,042,934	-
Add: School debt for assets to which the County does not hold title	22,126,475	-
Total	<u><u>\$ 84,463,578</u></u>	<u><u>\$ 22,669,381</u></u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

2. Detail Notes On All Funds

A. Assets

Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agent in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method and to monitor them for compliance. The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2018, the County's deposits had a carrying amount of \$4,526,984 and a bank balance of \$4,944,328. Of the bank balance, \$817,657 was covered by federal depository insurance, and \$4,126,671 was covered by collateral held under the Pooling Method. At June 30, 2018, the County had \$20,110 cash on hand.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Investments

At June 30, 2018, the County had the following investments and maturities:

Investment Type	Valuation	Fair Value	Less Than	6-12	1-3
	Measurement Method		6 Months	Months	Years
U.S. government agencies	Fair Value - Level 2	\$ 3,408,471	\$ 2,258,838	\$ 448,477	\$ 701,156
NC Capital Management					
Trust - Government Portfolio	Amortized cost	16,708,555	-	-	-
Commercial paper	Fair Value - Level 2	33,607,313	26,688,160	6,919,153	-
Total		<u>\$ 53,724,339</u>	<u>\$ 28,946,998</u>	<u>\$ 7,367,630</u>	<u>\$ 701,156</u>

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of less than 12 months. Also, the County's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2018, the County's investments in commercial paper were rated P-1 by Standard and Poor's and A-1 by Moody's Investment Service. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2018. The County's investment in U.S. government agencies (Federal Home Loan Mortgage Company) and (Federal National Mortgage Agency) were rated AAA by Standard & Poor's and Aaa by Moody's Investment Service as of June 30, 2018.

Concentration of Credit Risk.

To further hedge against credit risk, the County's policy on investments requires diversification among financial instruments and requires the investment officer to routinely monitor financial market conditions. The county will diversify use of investment instruments to avoid incurring unreasonable risks inherent in overinvesting in specific instruments, individual financial institutions or maturities as follows:

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

<u>Investment Type</u>	<u>Maximum % of Portfolio</u>
U.S. Government Agency	100%
U.S. Government Treasury	100%
Repurchase Agreements / CDs	25%
Commercial Bank Certificate of Deposit	25%
Commercial Paper	98%

Property Tax – Use-Value Assessment on Certain Lands

In accordance with the General Statutes, agriculture, horticulture, and forestland may be taxed by the County at the present use-value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable.

The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

<u>Tax Year Levied</u>	<u>Additional Tax</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,678,722	\$ 48,714	\$ 1,727,436
2017	1,705,399	51,162	1,756,561
2016	1,707,455	51,222	1,758,677
2015	1,516,907	72,155	1,589,062
2014	1,498,661	86,173	1,584,834
Total	<u>\$ 8,107,144</u>	<u>\$ 309,426</u>	<u>\$ 8,416,570</u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Receivables

Receivables at the government-wide level at June 30, 2018 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Note Receivable</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:					
General	\$ 10,206,820	\$ 2,399,122	\$ 73,412	\$ 284,982	\$ 12,964,336
School capital reserve	2,189,007	-	-	-	2,189,007
Other governmental	1,440,840	107,494	-	-	1,548,334
Total receivables	13,836,667	2,506,616	73,412	284,982	16,701,677
Allowance for doubtful accounts	(1,930,483)	(729,059)	-	-	(2,659,542)
Total governmental activities	<u>\$ 11,906,184</u>	<u>\$ 1,777,557</u>	<u>\$ 73,412</u>	<u>\$ 284,982</u>	<u>\$ 14,042,135</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,060</u>	<u>\$ -</u>	<u>\$ 55,060</u>
Business-Type Activities:					
Solid waste	\$ 884,960	\$ -	\$ -	\$ -	\$ 884,960
Allowance for doubtful accounts	(69,310)	-	-	-	(69,310)
Total business-type activities	<u>\$ 815,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 815,650</u>

Due from other governments that is owed to the County consists of the following

Sales and Use Tax	<u>\$ 284,982</u>
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Long-Term Note Receivable

At June 30, 2018, Cleveland County had an outstanding long-term receivable in the amount of \$73,412 with the City of Shelby for the City's portion of sewer expenses financed by the County in September 2012.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Increases	Decreases	Transfers	Balance June 30, 2018
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 17,191,698	\$ 317,067	\$ (255,171)	\$ -	\$ 17,253,594
Construction in progress	2,281,471	11,722,697	(100,831)	-	13,903,337
Total non-depreciable capital assets	<u>19,473,169</u>	<u>12,039,764</u>	<u>(356,002)</u>	<u>-</u>	<u>31,156,931</u>
Depreciable Capital Assets:					
Buildings	103,354,205	333,446	-	-	103,687,651
Vehicles and motor equipment	22,450,707	2,136,435	(994,985)	13,285	23,605,442
Leasehold improvements	425,178	-	-	-	425,178
Infrastructure	6,740,713	-	-	-	6,740,713
Total depreciable capital assets	<u>132,970,803</u>	<u>2,469,881</u>	<u>(994,985)</u>	<u>13,285</u>	<u>134,458,984</u>
Less Accumulated Depreciation:					
Buildings	21,167,969	2,564,121	-	-	23,732,090
Vehicles and motor equipment	16,191,347	2,374,444	(993,330)	13,285	17,585,746
Leasehold improvements	275,033	14,173	-	-	289,206
Infrastructure	3,683,674	449,381	-	-	4,133,055
Total accumulated depreciation	<u>41,318,023</u>	<u>5,402,119</u>	<u>(993,330)</u>	<u>13,285</u>	<u>45,740,097</u>
Total depreciable capital assets	<u>91,652,780</u>	<u>(2,932,238)</u>	<u>(1,655)</u>	<u>-</u>	<u>88,718,887</u>
Governmental activities capital assets, net	<u>\$ 111,125,949</u>	<u>\$ 9,107,526</u>	<u>\$ (357,657)</u>	<u>\$ -</u>	<u>\$ 119,875,818</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 432,170
Public safety	2,322,921
Economic and physical development	162,075
Human services	810,318
Cultural and recreational	378,147
Education	1,296,488
Total	<u>\$ 5,402,119</u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Increases	Decreases	Transfers	Balance June 30, 2018
Business-Type Activities:					
Solid Waste:					
Non-Depreciable Capital Assets:					
Land	\$ 13,473,356	\$ 5,439,492	\$ -	\$ -	\$ 18,912,848
Construction in progress	5,219,644	263,459	(5,483,103)	-	-
Total non-depreciable capital assets	<u>18,693,000</u>	<u>5,702,951</u>	<u>(5,483,103)</u>	<u>-</u>	<u>18,912,848</u>
Depreciable Capital Assets:					
Buildings	1,238,863	-	-	-	1,238,863
Equipment and vehicles	7,405,191	865,003	(356,153)	(13,285)	7,900,756
Leasehold improvements	16,518	-	-	-	16,518
Infrastructure	4,187,168	95,837	-	-	4,283,005
Total depreciable capital assets	<u>12,847,740</u>	<u>960,840</u>	<u>(356,153)</u>	<u>(13,285)</u>	<u>13,439,142</u>
Less Accumulated Depreciation:					
Buildings	358,422	31,413	-	-	389,835
Equipment and vehicles	4,800,810	705,735	(353,751)	(13,285)	5,139,509
Leasehold improvements	10,686	551	-	-	11,237
Infrastructure	4,134,776	7,252	-	-	4,142,028
Total accumulated depreciation	<u>9,304,694</u>	<u>744,951</u>	<u>(353,751)</u>	<u>(13,285)</u>	<u>9,682,609</u>
Total depreciable capital assets, net	<u>3,543,046</u>	<u>215,889</u>	<u>(2,402)</u>	<u>-</u>	<u>3,756,533</u>
Solid Waste capital assets, net	<u>\$ 22,236,046</u>	<u>\$ 5,918,840</u>	<u>\$ (5,485,505)</u>	<u>\$ -</u>	<u>\$ 22,669,381</u>

The County did not have any outstanding construction commitments as of June 30, 2018.

B. Liabilities

Payables

Payables at the government-wide level at June 30, 2018 were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Insurance Claims Incurred But Not Reported	Total
Governmental Activities:					
General	\$ 2,494,801	\$ 134,707	\$ 394,698	\$ 422,641	\$ 3,446,847
Other governmental	893,334	-	-	-	893,334
Total governmental activities	<u>\$ 3,388,135</u>	<u>\$ 134,707</u>	<u>\$ 394,698</u>	<u>\$ 422,641</u>	<u>\$ 4,340,181</u>
Business-Type Activities:					
Solid Waste	<u>\$ 142,704</u>	<u>\$ 14,235</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,939</u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Pension Plan and Other Postemployment Obligations

Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in the statewide Local Governmental Employee's Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor one appointed by the State Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Government Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919-981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the members average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2018, was 8.25% of compensation for law enforcement officers and 7.50% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$2,629,021 for the year ended June 30, 2018.

Refunds of Contributions – County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By State law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the County reported a liability of \$7,964,020 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2017, the County's proportion was .521%, which was a decrease of .003% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$2,717,741. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 458,801	\$ 225,436
Changes of assumptions	1,137,372	-
Net difference between projected and actual earnings on pension plan investments	1,933,674	-
Changes in proportion and differences between County contributions and proportionate share of contributions	53,669	40,357
County contributions subsequent to the measurement date	2,629,021	-
Total	<u>\$ 6,212,537</u>	<u>\$ 265,793</u>

\$2,629,021 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2019	\$ 431,130
2020	2,323,577
2021	1,164,527
2022	(601,512)
2023	-
Thereafter	-
Total	<u>\$ 3,317,723</u>

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are, therefore, not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis.

These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Discount Rate. The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.20%, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
County's proportionate share of the net pension liability (asset)	<u>\$ 23,908,168</u>	<u>\$ 7,964,020</u>	<u>\$ (5,344,310)</u>

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

Law Enforcement Officers' Special Separation Allowance

Plan Description. Cleveland County administers a public employee retirement system (the "Separation Allowance"), a single-employer, defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the plan.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance's membership consisted of 104 active plan members and 11 retired members receiving benefits.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Summary of Significant Accounting Policies

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 73.

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2016 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases and productivity factor	3.50 to 7.35 percent, including inflation
Discount rate	3.16 percent

The discount rate used to measure the TPL is the S&P Municipal Bond 20 Year High Grade Rate Index.

DEATHS AFTER RETIREMENT (HEALTHY): RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 104% for males and 100% for females.

DEATHS BEFORE RETIREMENT: RP-2014 Employee base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015.

DEATHS AFTER RETIREMENT (BENEFICIARY): RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 123% for males and females.

DEATHS AFTER RETIREMENT (DISABLED): RP-2014 Disabled Retiree base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 103% for males and 99% for females.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Contributions

The County is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$169,854 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the County reported a total pension liability of \$2,725,009. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was rolled forward to December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the County recognized pension expense of \$235,558.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 51,758	\$ -
Changes in assumptions	129,379	37,331
County benefit payments and plan administrative expenditures paid subsequent to the measurement date	<u>71,143</u>	<u>-</u>
Total	<u>\$ 252,280</u>	<u>\$ 37,331</u>

\$71,143 reported as deferred outflows of resources related to pensions resulting from County benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2019	\$ 8,910
2020	8,910
2021	8,910
2022	8,910
2023	8,910
Thereafter	<u>1,691</u>
Total	<u>\$ 46,241</u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

\$70,692 paid as benefits came due and \$451 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.16 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Total pension liability \$	<u>2,940,605</u>	<u>\$ 2,725,009</u>	<u>\$ 2,526,632</u>

Schedule of Changes in Total Pension Liability Law Enforcement Officers' Special Separation Allowance

	2018
Beginning balance	\$2,470,182
Service Cost	113,259
Interest on the total pension liability	92,071
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	62,677
Changes of assumptions or other inputs	156,674
Benefit payments	<u>(169,854)</u>
Net changes	<u>254,827</u>
Ending balance of the total pension liability	<u>\$2,725,009</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 2.71 percent at June 30, 2016 to 3.13 percent at June 30, 2017.

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes pension trust fund financial statements for the Internal Revenue Code Section 401 (k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires that the County contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2018 were \$438,069, which consisted of \$251,948 from the County and \$186,121 from the law enforcement officers. No amounts were forfeited.

Registers of Deeds' Supplemental Pension Fund

Plan Description. Cleveland County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a non-contributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county Register of Deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$6,897 for the year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the County reported an asset of \$120,186 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2017, the County's proportion was .704%, which was an increase of .046% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$13,829. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,063	\$ 387
Changes of assumptions	20,279	-
Net difference between projected and actual earnings on pension plan investments	10,217	-
Changes in proportion and differences between County contributions and proportionate share of contributions	1,148	7,562
County contributions subsequent to the measurement date	<u>6,897</u>	<u>-</u>
Total	<u><u>\$ 40,604</u></u>	<u><u>\$ 7,949</u></u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

\$6,897 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2018. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30	Amount
2019	\$ 15,455
2020	6,528
2021	1,169
2022	2,605
2023	-
Thereafter	-
Total	<u>\$ 25,757</u>

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are, therefore, not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2017 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	<u>\$ 94,465</u>	<u>\$ 120,186</u>	<u>\$ 141,817</u>

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for LGERS and ROD was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSA was measured as of June 30, 2017, with an actuarial valuation date of December 31, 2016. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 7,964,020	\$ (120,186)	\$ -	\$ 7,843,834
Proportion of the Net Pension Liability (Asset)	0.5213%	0.7041%	NA	
Total Pension Liability	\$ -	\$ -	\$ 2,725,009	\$ 2,725,009
Pension Expense	\$ 2,717,741	\$ 13,829	\$ 235,558	\$ 2,967,128

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>ROD</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 458,801	\$ 51,758	\$ 2,063	\$ 512,622
Changes of assumptions	1,137,372	129,379	20,279	1,287,030
Net difference between projected and actual earnings on pension plan investments	1,933,674	-	10,217	1,943,891
Changes in proportion and differences between County contributions and proportionate share of contributions	53,669	-	1,148	54,817
County contributions (LGERS, ROD) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	<u>2,629,021</u>	<u>71,143</u>	<u>6,896</u>	<u>2,707,060</u>
	<u>\$ 6,212,537</u>	<u>\$ 252,280</u>	<u>\$ 40,603</u>	<u>\$ 6,505,420</u>

Deferred Inflows of Resources

Differences between expected and actual experience	\$ 225,436	\$ -	\$ 387	\$ 225,823
Changes of assumptions	-	37,331	-	37,331
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>40,357</u>	<u>-</u>	<u>7,562</u>	<u>47,919</u>
	<u>\$ 265,793</u>	<u>\$ 37,331</u>	<u>\$ 7,949</u>	<u>\$ 311,073</u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Post-Employment Benefits

Other Post-Employment Benefits - Healthcare Benefits

Plan Description. In addition to providing pension benefits, the County has elected to provide healthcare benefits to retirees of the County who were hired on or before June 30, 2014 and have at least twenty (20) years of service with the County or are at least 50, but not Medicare eligible. Retired employees meeting the criteria discussed herein will be provided hospitalization in the same manner as the active County employees. The County is self-insured and contracts with a private carrier to administer the healthcare plan. A separate report was not issued for the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Membership of the plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	100
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	628
Total	<u>728</u>

Funding Policy. Under a County resolution that can be amended by the Board of County Commissioners, the County pays 100% of the cost of coverage for the healthcare benefits paid to qualified retirees with twenty (20) years of service to the County, and that were hired on or before June 30, 2014. Employees can purchase coverage for their dependents at the County's group rates, retirees can only purchase coverage under C.O.B.R.A. guidelines for a specific number of months following retirement. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis.

Total OPEB Liability

The County's total OPEB liability of \$16,584,322, was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases	3.50 to 7.75 percent, including wage inflation
Discount rate	3.56 percent
Healthcare cost trend rates	Pre-Medicare - 7.50 percent for 2017 decreasing to an ultimate rate of 5.00 percent by 2023

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The discount rate is based on the June average of the Bond Buyer General Obligation 20-Year Municipal Bond Index published weekly by The Bond Buyer.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2017	\$ 17,127,067
Changes for the year	
Service Cost	744,068
Interest	495,401
Changes of benefit terms	-
Differences between expected and actual experience	482,688
Changes in assumptions or other inputs	(917,780)
Benefit Payments	(1,347,122)
Net changes	<u>(542,745)</u>
Balance at June 30, 2018	<u>\$ 16,584,322</u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.01% to 3.56%.

The discount rate used to measure the total OPEB liability was based on the June average of the Bond Buyer General Obligation 20-Year Municipal Bond Index published weekly by The Bond Buyer.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2016 valuation were based on a review of recent plan experience done concurrently with the June 30, 2016 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>(2.56%)</u>	<u>(3.56%)</u>	<u>(4.56%)</u>
Total OPEB liability	<u>\$ 18,295,935</u>	<u>\$ 16,584,322</u>	<u>\$ 15,055,515</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 14,789,552</u>	<u>\$ 16,584,322</u>	<u>\$ 18,718,444</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the County recognized OPEB expense of \$1,183,036. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflows of</u>
	<u>Resources</u>	<u>Resources</u>
Differences between expected and actual experience	\$ 419,392	\$ -
Changes of assumptions	-	798,742
Benefit payments and plan administrative expense made subsequent to the measurement date	<u>913,827</u>	<u>-</u>
Total	<u>\$ 1,333,219</u>	<u>\$ 798,742</u>

\$913,827 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending</u>	<u>Amount</u>
<u>June 30</u>	
2019	\$ (56,433)
2020	(56,433)
2021	(56,433)
2022	(56,433)
2023	(56,433)
Thereafter	<u>(96,494)</u>
Total	<u>\$ (378,659)</u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Landfill Closure and Post-Closure Care Costs

Federal and State laws and regulations require the County to place a final cover on its landfills when they stop accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Current federal and State regulations required all unlined landfills to stop accepting waste by January 1, 1998. Although certain closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period.

The \$13,393,153 reported as landfill post-closure care liability at June 30, 2018 represents the cumulative amount reported at that date for costs yet to be incurred. The County will recognize the remaining estimated cost of post-closure care as incurred. These amounts are based on what it would cost to perform all post-closure care in 2018. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County has met the requirements of the local government financial test that is one option under State and federal laws and regulations that help determine if a unit is financially able to meet closure and post closure care requirements.

Deferred Outflows and Inflows of Resources

The balance in deferred outflows and inflows of resources in the governmental fund statements at year-end is composed of the following elements:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension deferrals	\$ 6,505,420	\$ 311,073
OPEB deferrals	1,333,219	798,742
Other prepaid revenue, not yet earned (General)	-	-
Prepaid taxes, not yet earned (General)	-	245,754
Taxes receivable, net less penalties (General)	-	1,697,347
Taxes receivable, net less penalties (Special Revenue)	-	80,209
Other receivable (General Fund)	-	1,333,674
Total	<u>\$ 7,838,639</u>	<u>\$ 4,466,799</u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Risk Management

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds that are performance bonded through a commercial surety bond. The Finance Director and Tax Collector are bonded for \$200,000 and \$1,000,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of position; errors and omissions; injuries to employees; and natural disasters. The County is self-funded for property and liability claims up to a maximum of \$350,000 per occurrence and purchases coverage up to statutory limits through Genesis Insurance Company, which is wholly owned subsidiary of General Reinsurance Corporation. Both companies are rated A++ by A.M. Best and AA+ by Standard & Poor's. Cleveland County contacts with Guilford City/County Insurance Advisory Committee as an independent 3rd party administrator for property and liability consultation.

The County does not carry flood insurance. County offices are not located in a flood plain; therefore, flood insurance is not deemed necessary.

The County is self-funded for workers' compensation claims up to a maximum of \$600,000 per claim and purchases coverage up to statutory limits through Safety National Casualty Corporation. Cleveland County contacts with Guilford City/County Insurance Advisory Committee as an independent 3rd party administrator for workers compensation. The estimated liability for outstanding losses includes \$101,086 for incurred but unpaid claims as of June 30, 2018.

Effective July 1, 2002, the County became self-insured for health insurance coverage on a cost-reimbursement basis. Under this program, the County is obligated for claims payments. The County contributes up to \$1,000 per employee as part of a HSA plan. A stop-loss insurance contract executed with an insurance carrier covers claims in excess of \$125,000 per person. The estimated liability for outstanding losses includes \$321,555 for incurred but unrecorded claims as of June 30, 2018. The County has contracted with a private insurer (BCBS) to administer the payment of claims and the County reimburses the insurer each week.

The County also operates a dental plan on a cost reimbursement basis up to \$1,025 per person per year. Employees are reimbursed each month.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR's).

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Changes in the balances of claims liabilities for health insurance during the past fiscal year are as follows:

	Year Ending June 30	
	2017	2018
Health	\$ 529,732	\$ 321,555
Workers' compensation	25,304	101,086
Total	<u>\$ 555,036</u>	<u>\$ 422,641</u>

Claims typically have been liquidated in the General Fund and the Solid Waste Fund.

Claims and Judgments

At June 30, 2018, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

Long-Term Obligations

Capital Leases

The County has entered into two lease agreements to lease certain equipment that qualifies as a capital lease for accounting purposes and, therefore, it has been recorded at the present value of the future minimum lease payments as of the date of their inception. The public safety lease was executed in September 2016 and requires 5 annual payments between \$69,160 and \$105,950. The board of election lease was executed in August 2017 and requires 5 annual payments of \$5,288.

These payments are recorded as debt service expenditures in the General Fund.

At June 30, 2018, the present value of future minimum lease payments for equipment leased by the County was:

	Year Ending June 30	Principal
	2019	\$ 88,448
	2020	88,448
	2021	89,003
	2022	<u>5,288</u>
Total minimum lease payments		271,187
Less: amount representing interest		<u>-</u>
Present value of the minimum lease payments		<u>\$ 271,187</u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Installment Financing Contracts

Contractual Obligations

\$12,255,000 - City of Shelby Enterprise System Revenue Bonds, Series 2004; due in annual installments ranging from \$315,000 to \$810,000 through May 1, 2029; County's portion of revenue bonds (\$634,599) per contract with City of Shelby are due in annual installments of \$16,312 to \$41,944 through May 1, 2029; interest is payable at 5% and are due to the City of Shelby

\$ 369,987

Annual debt service requirements to maturity for the County's contractual obligations are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 26,150	\$ 17,778
2020	27,445	16,472
2021	28,739	15,100
2022	30,293	13,662
2023	31,846	12,148
2024-2028	183,570	36,074
2029	<u>41,944</u>	<u>1,940</u>
Total	<u>\$ 369,987</u>	<u>\$ 113,174</u>

Installment Purchases

The County has entered into contracts to help finance the costs of implementing a Public Safety Communication System in 2007, the costs of expanding and renovating the Detention Center Annex Expansion in 2009, the costs of constructing a multi-use facility at Cleveland Community College through direct loans from a financial institution in 2010, and the costs of constructing a school and renovations of County buildings in 2017. When due, principal and interest are appropriated in the County's Debt Service Fund. The face value of the outstanding loans is recorded in the government-wide Statement of Net Position, along with any accrued interest payable at year-end.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Installment Financing

\$6,000,000 - Public Safety Communication Equipment, Series 2007;
due in annual installments of \$400,000 through December 2022; interest payable
BB&T at 3.93% from 2007-2010; 3.46% 2011-2013; 2.27% 2014-2022 \$ 2,000,000

\$6,720,000 - Detention Center Annex Expansion Project, Series 2009;
due in semi annual installments of \$224,000 through April 2024.
interest payable to BB&T at 3.57% through 2012; and 2.39% through 2024 2,688,000

\$17,528,950 - Community College Building Project, Series 2010 C & D. due in
semi-annual installments of \$586,098 through September 2025; interest payable
at 4.91%; These are American Recovery Zone Bonds and interest payments are
partially subsidized by the federal government; payments are due to BB&T 8,791,475

\$33,350,000 - County Buildings, Public Infrastructure & Schools Project;
due in semi-annual installments of \$2,224,000 through September 2031;
interest at 3.25%; payments are due to Capital One Public Finance 31,126,000

Total installment financing issued \$ 44,605,475

Annual debt service requirements to maturity for the County's contractual obligations
are as follows:

Year Ending June 30	Principal	Interest
2019	\$ 4,244,197	\$ 1,499,836
2020	4,244,197	1,350,207
2021	4,244,197	1,200,578
2022	4,244,197	1,050,948
2023	4,243,197	901,335
2024-2028	14,493,490	2,572,081
2029-2032	8,892,000	577,980
Total	<u>\$ 44,605,475</u>	<u>\$ 9,152,965</u>

Limited Obligation Indebtedness

As authorized by State law [G.S.160A-20 and 153A-158.1], the County has financed various property acquisitions for use by the Cleveland County Public School by installment purchase. The installment purchase was issued pursuant to a deed of trust that requires legal title remain with the County as long as the debt is outstanding.

All general obligation indebtedness that is serviced by the County are collateralized by the full faith credit and taxing power of the County. In 2010, the County sold limited obligation bonds to investors to finance the construction of a new middle school in Shelby and such bonds are considered a variation of the installment purchase loan mentioned above. The debt is serviced out of the County's Debt Service Fund and the face amount of principal is recorded in the government-wide Statement of Net Position.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Governmental Activities:

Limited Obligation Bonds

\$22,000,000 - Shelby Middle School, Series 2010 A & B Limited Obligation Bonds; due in semi-annual installments ranging from \$1,080,000 to \$1,140,000 through March 2030; interest is payable semi-annually ranging from 4.49% to 6.07%. These are Build America Bonds and interest payments are partially subsidized by federal government; payments are due to Wells Fargo.

\$ 13,335,000

Total General Obligation and Limited Obligation Bonds

\$ 13,335,000

Annual debt service for the County's limited obligation bonds to maturity at June 30, 2018 are:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,085,000	\$ 736,670
2020	1,085,000	688,170
2021	1,085,000	638,043
2022	1,135,000	586,289
2023	1,135,000	523,637
2024-2028	5,640,000	1,652,807
2029-2032	<u>2,170,000</u>	<u>197,579</u>
Total	<u>\$ 13,335,000</u>	<u>\$ 5,023,195</u>

Debt Related to Capital Activities - Of the total governmental activities debt listed, only \$35,282,978 relates to assets the County holds title. The County has unspent debt proceeds in the amount of \$1,042,934 for the North Shelby School Capital Project Fund. The County also has capital proceeds that were reimbursed via installment financing in the Reimbursement Resolution Capital Project Fund. These funds are not considered unspent debt proceeds and are not restricted by debt covenants.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

A summary of changes in long-term debt follows:

Long-Term Obligation Activity					
	Balance			Balance	Current
	July 1, 2017			June 30, 2018	Portion of
	as Restated	Increases	Decreases		Balance
Governmental Activities:					
Limited obligation bonds	\$ 14,420,000	\$ -	\$ (1,085,000)	\$ 13,335,000	\$ 1,085,000
Installment contracts	48,849,671	-	(4,244,196)	44,605,475	4,244,197
Contractual obligations	395,879	-	(25,892)	369,987	26,150
Capital leases	319,195	26,440	(74,448)	271,187	88,448
Compensated absences	4,318,576	4,785,459	(3,941,692)	5,162,343	516,234
Total OPEB Liability	14,990,648	2,044,224	(1,279,766)	15,755,106	-
Net pension liability (LGERS)	10,590,004	-	(3,001,384)	7,588,620	-
Total Pension Liability (LEO)	2,470,182	254,827	-	2,725,009	-
Total governmental activities	<u>\$ 96,354,155</u>	<u>\$ 7,110,950</u>	<u>\$ (13,652,378)</u>	<u>\$ 89,812,727</u>	<u>\$ 5,960,029</u>
Business-Type Activities:					
Accrued landfill closure and post-closure care cost	\$ 11,193,924	\$ 2,199,229	\$ -	\$ 13,393,153	\$ -
Total OPEB Liability	788,997	107,575	(67,356)	829,216	-
Net pension liability (LGERS)	533,368	-	(157,968)	375,400	-
Compensated absences	<u>162,665</u>	<u>157,446</u>	<u>(192,612)</u>	<u>127,499</u>	<u>12,750</u>
Total business-type activities	<u>\$ 12,678,954</u>	<u>\$ 2,464,250</u>	<u>\$ (417,936)</u>	<u>\$ 14,725,268</u>	<u>\$ 12,750</u>

At June 30, 2018, the County had no bonds authorized, but unissued, and a legal debt margin of \$619,423,751.

Compensated absences, net pension obligation, and other post-employment benefits, typically have been liquidated in the General Fund. Compensated absences are accounted for on an FIFO basis.

Conduit Debt Obligations

Cleveland County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. The bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private business owners involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. As of June 30, 2018, there were three series of industrial revenue bonds outstanding, with an aggregate principal payable of \$18,755,000. Neither the County, Authority, State, nor any political subdivision, thereof, is obligated in any manner for the repayment of these bonds. Accordingly, these bonds were not reported in the accompanying financial statements.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Interfund Balances and Activity

Transfers to/from other funds at June 30, 2018 consist of the following:

	Transfers		Purpose
	From	To	
General Fund	\$ 1,043	\$ -	
Emergency Telephone System Fund (E-911)		1,043	Payback of capital expense
Emergency Telephone System Fund (E-911)	7,613		
General Fund		7,613	Implemental functions
General Fund	1,683,758		
Capital Reserve Fund		1,663,797	Fund capital expansion
County General Capital Project Fund		19,461	Fund capital expansion
Kings Mountain Gate Way Trail - Phase 5 Capital Project Fund		500	Fund capital expansion
Capital Reserve Fund	1,680,860		
County General Capital Project Fund		1,680,860	Fund capital expansion
Reimbursement Resolution Capital Project Fund	1,562,083		
Washburn Switch Road Capital Project Fund		237,459	Fund capital expansion
Economic Development Capital Project Fund		99,836	Fund capital expansion
Jail Consolidation Capital Project Fund		29,850	Fund capital expansion
Enterprise Resource Planning Capital Project Fund		457,338	Fund capital expansion
Debt Service Fund		737,600	Debt service
School Capital Reserve	4,756,715		
Debt Service Fund		3,306,715	Debt service
General Fund		1,450,000	Capital allotment
General Fund	2,724,746		
Debt Service		2,724,746	Debt service
Solid Waste	778,794		
General Fund		515,335	Environmental health expense
Solid Waste Cell Construction Capital Project Fund	-	263,459	Fund Solid Waste Expansion
Total	<u>\$ 13,195,612</u>	<u>\$ 13,195,612</u>	

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

3. Joint Ventures

The County, in conjunction with the State of North Carolina and Cleveland County Board of Education, participates in a joint venture to operate Cleveland Community College ("Community College"). Each of the three participants appoints four members of the 13-member Board of Trustees of the Community College. The President of the Community College's student government association serves as a non-voting, ex-officio member of the Board of Trustees. The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. In addition to providing annual appropriations for facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the Community College, because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$1,954,872 to the Community College for operational expenses and \$230,000 for capital expenditures during the fiscal year ended June 30, 2018. In addition, the County made debt service payments of \$1,184,438, including interest, during the year ended June 30, 2018, on general obligation bonds and certificates of participation (COPs) issued for the Community College facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2018. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at Blue Ridge Community College, Flat Rock, North Carolina.

4. Jointly Governed Organization

The County, in conjunction with three other counties and twenty municipalities, established the Isothermal Planning and Development Commission (IPDC). The participating governments established the commission to coordinate various funding received from federal and state agencies. Each participating member appoints one member to IPDC's governing board. The County paid membership fees of \$27,217 during the fiscal year ended June 30, 2018.

5. Summary Disclosure of Significant Commitments and Contingencies

Federal and State-Assisted Programs

The County has received proceeds from federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

6. Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State monies. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients, which do not appear in the basic financial statements, because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
Medicaid	\$ 126,832,546	\$ 65,093,830
State Children's Insurance Program	1,746,819	4,332
WIC	1,908,959	-
Food and Nutrition Services	27,998,877	-
IV-E Adopt & Vendor & Gua	896,071	217,723
Family Perservation	70,950	-
TANF Payments & Penalties	651,531	(60)
CWS Adopt, Vendor, Guard	-	297,004
SAA/SAD HB 1030	-	53,465
SC/SA Domiciliary Care	-	990,408
Total	<u>\$ 160,105,753</u>	<u>\$ 66,656,702</u>

7. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) No. Statement 75, *Accounting and Financial Reporting for Financial Reporting for Postemployment Benefits Other than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the County to record beginning net OPEB liability and the effects on net position of contributions paid by the County to the OPEB Trust during the measurement period, as well as the removal of the net OPEB obligation. As a result, net position for the governmental and business-type activities decreased by \$8,551,042 and \$221,494 respectively.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles.

- Schedule of Proportionate Share of Net Pension Liability (Asset) - Local Government Employees' Retirement System
- Schedule of Contributions - Local Government Employees' Retirement System
- Schedule of Proportionate Share of Net Pension Asset - Register of Deeds Supplemental Pension Fund
- Schedule of Contributions - Register of Deeds' Supplemental Pension Fund
- Schedule of Changes in Total Pension Liability - Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll - Law Enforcement Officers' Special Separation Allowance
- Schedule of Changes in the Total OPEB Liability and Related Ratios

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CLEVELAND COUNTY, NORTH CAROLINA
**CLEVELAND COUNTY'S PROPORTIONATE SHARE
 OF NET PENSION LIABILITY (ASSET)
 REQUIRED SUPPLEMENTARY INFORMATION
 LAST FIVE FISCAL YEARS**

Local Government Employees' Retirement System					
	2018	2017	2016	2015	2014
Cleveland County's proportion of the net pension liability (asset) (%)	0.521%	0.524%	0.508%	0.505%	0.51%
Cleveland County's proportion of the net pension liability (asset) (\$)	\$ 7,964,020	\$ 11,123,372	\$ 2,280,098	\$ (2,980,225)	\$ 6,170,361
Cleveland County's covered-employee payroll	\$ 32,605,693	\$ 31,210,450	\$ 32,420,724	\$ 28,823,692	\$ 28,450,403
Cleveland County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	24.43%	35.64%	7.03%	(10.34%)	21.69%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

** This will be the same percentage for all participant employers in the LGERS plan.

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available

CLEVELAND COUNTY, NORTH CAROLINA**CLEVELAND COUNTY'S SCHEDULE OF CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST FIVE FISCAL YEARS**

Local Government Employees' Retirement System					
	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,629,021	\$ 2,403,167	\$ 2,108,026	\$ 2,119,306	\$ 2,032,123
Contributions in relation to the contractually required contribution	<u>2,629,021</u>	<u>2,403,167</u>	<u>2,108,026</u>	<u>2,119,306</u>	<u>2,032,123</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cleveland County's covered-employee payroll	\$ 34,564,877	\$ 32,605,693	\$ 31,210,450	\$ 32,420,724	\$ 28,823,692
Contributions as a percentage of covered-employee payroll	7.61%	7.37%	6.75%	6.54%	7.05%

This schedule is intended to show information for ten years.
Additional years' information will be displayed as it becomes available.

CLEVELAND COUNTY, NORTH CAROLINA**CLEVELAND COUNTY'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST FIVE FISCAL YEARS**

Registers of Deeds' Supplemental Pension Fund					
	2018	2017	2016	2015	2014
Cleveland County's proportion of the net pension liability (asset) (%)	0.704%	0.659%	0.670%	0.640%	0.70%
Cleveland County's proportion of the net pension liability (asset) (\$)	\$ (120,186)	\$ (123,136)	\$ (155,352)	\$ (144,972)	\$ (130,260)
Cleveland County's covered-employee payroll	\$ 59,346	\$ 57,374	\$ 71,130	\$ 69,732	\$ 68,364
Cleveland County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	202.52%	214.62%	218.41%	203.81%	186.80%
Plan fiduciary net position as a percentage of the total pension liability**	160.17%	160.17%	197.29%	193.88%	190.50%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ended June 30.

** This will be the same percentage for all participant employers in the ROD plan.

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CLEVELAND COUNTY, NORTH CAROLINA**CLEVELAND COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST FIVE FISCAL YEARS**

Registers of Deeds' Supplemental Pension Fund					
	2018	2017	2016	2015	2014
Contractually required contribution	\$ 6,897	\$ 6,118	\$ 5,381	\$ 5,364	\$ 5,222
Contributions in relation to the contractually required contribution	<u>6,897</u>	<u>6,118</u>	<u>5,381</u>	<u>5,364</u>	<u>5,222</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cleveland County's covered-employee payroll	\$ 59,346	\$ 57,374	\$ 53,328	\$ 71,130	\$ 69,732
Contributions as a percentage of covered-employee payroll	11.62%	10.66%	10.09%	7.54%	7.49%

This schedule is intended to show information for ten years.
Additional years' information will be displayed as it becomes available.

CLEVELAND COUNTY, NORTH CAROLINA

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2018**

Law Enforcement Officers' Special Separation Allowance		
	2018	2017
Beginning balance	\$ 2,470,182	\$ 2,454,014
Service Cost	113,259	118,880
Interest on the total pension liability	92,071	85,238
Differences between expected and actual experience in the measurement of the total pension liability	62,677	-
Changes of assumptions or other inputs	156,674	(55,151)
Benefit payments	(169,854)	(132,799)
Ending balance of the total pension liability	<u>\$ 2,725,009</u>	<u>\$ 2,470,182</u>

The amounts presented for each fiscal year were determined as of the prior December 31.

This schedule is intended to show information for ten years.

Additional years' information will be displayed as it becomes available.

CLEVELAND COUNTY, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2018**

	<u>Law Enforcement Officers' Special Separation Allowance</u>	
	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 2,725,009	\$ 2,470,182
Covered payroll	4,621,958	4,568,949
Total pension liability as a percentage of covered payroll	58.96%	54.06%

Notes to the schedules:

Cleveland County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

This schedule is intended to show information for ten years.
Additional years' information will be displayed as it becomes available.

CLEVELAND COUNTY, NORTH CAROLINA

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS REQUIRED SUPPLEMENTARY INFORMATION FOR YEAR ENDED JUNE 30, 2018

Total OPEB Liability	2018
Service Cost	\$ 744,068
Interest	495,401
Changes of benefit terms	-
Differences between expected and actual experience	482,688
Changes of assumptions	(917,780)
Benefit payments	<u>(1,347,122)</u>
Net change in total OPEB liability	(542,745)
Total OPEB liability - beginning	<u>17,127,067</u>
Total OPEB liability - ending	<u>\$ 16,584,322</u>

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

Fiscal year	Rate
2018	3.56%

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**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

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The General Fund

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

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CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes - General Fund		\$ 48,027,435		\$ 47,672,024
Taxes - public schools		11,809,024		11,656,585
Penalties, interest, and advertising		385,825		394,574
Total	60,372,691	60,222,284	(150,407)	59,723,183
Other Taxes:				
Local option sales tax		11,838,174		10,925,664
Local option sales tax - schools		3,803,439		3,734,243
1/2 cent sales tax - schools		-		-
Other taxes		826,841		704,840
Total	15,654,164	16,468,454	814,290	15,364,747
Unrestricted Intergovernmental Revenues:				
Foundation Debt Pymt		-		-
Local revenue		122,392		378,557
Total	11,000	122,392	111,392	378,557
Restricted Intergovernmental Revenues:				
Federal and State grants		921,841		1,004,810
DSS grants		11,327,707		15,199,442
Health dept grants		9,392,652		7,237,860
Total	26,216,952	21,642,200	(4,574,752)	23,442,112
Permits and Fees:				
Register of Deeds		460,070		446,088
Carolina health care rent		3,041,253		3,038,868
Partners Behavioral Health		143,392		143,393
Other permits and fees		1,050,470		874,497
Total	4,406,742	4,695,185	288,443	4,502,846
Sales and Services:				
Rents - Legrand		684,588		696,277
EMS fees		2,141,465		1,547,955
Sherriff fees		294,139		320,761
Shooting complex fees		226,392		167,738
Health department fees		881,053		734,035
Ambulance fees		721,822		656,251
Court facility fees		147,024		160,149
Insurance fees		1,042,144		629,664
Wellness center fees		95,193		99,091
Other County fees		803,975		644,757
Total	7,137,810	7,037,795	(100,015)	5,656,678

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Investment Earnings	253,000	629,461	376,461	484,347
Miscellaneous:				
Sale of materials		418,799		28,441
Other		532,234		629,248
Total	629,968	951,033	321,065	657,689
Total revenues	114,682,327	111,768,804	(2,913,523)	110,210,159
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits		137,731		116,757
Operating expenditures		237,451		257,425
Total	371,017	375,182	(4,165)	374,182
Administration:				
Salaries and employee benefits		574,490		596,570
Operating expenditures		151,520		145,441
Capital outlay		550		-
Total	780,271	726,560	53,711	742,011
Elections:				
Salaries and employee benefits		233,703		336,499
Operating expenditures		85,917		136,931
Capital outlay		27,101		-
Total	423,709	346,721	76,988	473,430
Finance:				
Salaries and employee benefits		918,210		783,671
Operating expenditures		203,838		119,244
Capital outlay		6,244		3,391
Total	1,123,178	1,128,292	(5,114)	906,306
Taxes:				
Salaries and employee benefits		1,274,055		1,211,420
Operating expenditures		264,587		139,562
Capital outlay		2,469		17,989
Total	1,614,620	1,541,111	73,509	1,368,971

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Legal:				
Salaries and employee benefits		98,356		158,004
Contracted services		218,313		86,611
Capital outlay - foreclosure		16,863		30,449
Total	286,868	333,532	(46,664)	275,064
Register of Deeds:				
Salaries and employee benefits		369,969		313,273
Operating expenditures		76,988		37,810
Capital outlay		3,178		12,742
Total	548,213	450,135	98,078	363,825
Human Resources:				
Salaries and employee benefits		484,082		468,553
Operating expenditures		146,024		104,903
Capital outlay		1,603		-
Total	651,739	631,709	20,030	573,456
Facilities Maintenance:				
Salaries and employee benefits		445,389		433,441
Operating expenditures		1,168,088		1,100,739
Capital outlay		41,056		10,232
Total	1,699,657	1,654,533	45,124	1,544,412
Janitorial Services:				
Salaries and employee benefits		222,036		-
Operating expenditures		26,842		-
Capital outlay		6,400		-
Total	266,428	255,278	11,150	-
Court Facilities:				
Salaries and employee benefits		122,947		113,499
Operating expenditures		270,200		268,818
Total	405,764	393,147	12,617	382,317
Information Technology:				
Salaries and employee benefits		727,559		622,075
Operating expenditures		244,714		176,729
Capital outlay		1,281		6,344
Total	964,213	973,554	(9,341)	805,148

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Municipal Elections:				
Salaries and employee benefits		65,783		-
Operating expenditures		59,789		-
Total	124,966	125,572	(606)	-
Pass-Thru Grants:				
Operating expenditures		355,385		154,423
Capital outlay		-		34,041
Total	557,652	355,385	202,267	188,464
Wellness Clinic:				
Salaries and employee benefits		623,364		618,535
Operating expenditures		520,545		524,949
Capital outlay		-		-
Total	1,233,565	1,143,909	89,656	1,143,484
Communities in Schools:				
Operating expenditures	138,316	138,316	-	148,025
Historic Courthouse:				
Operating expenditures		91,000		91,126
Capital outlay		-		1,396
	91,000	91,000	-	92,522
Total general government	11,281,176	10,663,936	617,240	9,381,617
Public Safety:				
Sheriff and Communications:				
Salaries and employee benefits		6,725,617		6,200,577
Operating expenditures		960,861		864,753
Capital outlay		563,856		870,988
Total	8,275,953	8,250,334	25,619	7,936,318
School Resource Officers:				
Salaries and employee benefits		466,522		429,769
Operating expenditures		42,643		28,592
Capital outlay		29,646		31,479
Total	561,033	538,811	22,222	489,840

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Jail:				
Salaries and employee benefits		3,892,539		3,305,634
Operating expenditures		1,263,451		1,170,210
Capital outlay		123,000		-
Total	5,343,251	5,278,990	64,261	4,475,844
Emergency Management:				
Salaries and employee benefits		211,150		232,114
Operating expenditures		131,489		87,274
Capital outlay		67,541		99,657
Total	446,099	410,180	35,919	419,045
Emergency Communication:				
Salaries and employee benefits		1,108,420		1,066,946
Operating expenditures		21,849		20,761
Capital outlay		6,273		-
Total	1,157,385	1,136,542	20,843	1,087,707
Electronic Maintenance:				
Salaries and employee benefits		300,488		288,080
Operating expenditures		141,342		145,386
Capital outlay		4,679		-
Total	460,469	446,509	13,960	433,466
Inspections:				
Salaries and employee benefits		318,305		349,072
Operating expenditures		32,179		21,180
Capital outlay		-		24,727
Total	365,034	350,484	14,550	394,979
Coroner:				
Salaries and employee benefits		26,146		25,724
Operating expenditures		82,934		96,284
Capital outlay		-		1,106
Total	164,748	109,080	55,668	123,114
HAZ-MAT Control:				
Salaries and employee benefits		-		-
Operating expenditures		14,390		12,900
Total	18,602	14,390	4,212	12,900

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Public Shooting Range:				
Salaries and employee benefits		373,177		309,878
Operating expenditures		150,396		124,941
Capital outlay		5,454		1,312
Total	526,939	529,027	(2,088)	436,131
Emergency Medical Services:				
Salaries and employee benefits		5,311,100		4,797,967
Operating expenditures		819,690		851,140
Capital outlay		467,532		509,532
Total	6,477,513	6,598,322	(120,809)	6,158,639
Rescue Squad:				
Operating expenditures	68,135	67,601	534	42,438
Federal/State Forfeited Property:				
Salaries and employee benefits		-		-
Operating expenditures		65,142		47,987
Capital outlay		11,535		30,755
Total	36,701	76,677	(39,976)	78,742
Total public safety	23,901,862	23,806,947	94,915	22,089,163
Environmental Protection:				
Soil and Water Conservation:				
Salaries and employee benefits		87,663		91,047
Operating expenditures		7,664		17,890
Capital outlay		3,070		1,905
Total	110,533	98,397	12,136	110,842
Forestry Service:				
Operating expenditures	93,751	85,916	7,835	61,844
Total environmental protection	204,284	184,313	19,971	172,686

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Economic and Physical Development:				
Planning:				
Salaries and employee benefits		253,615		301,475
Operating expenditures		54,345		54,444
Capital outlay		8,466		-
Total	333,257	316,426	16,831	355,919
LeGrand Center:				
Salaries and employee benefits		374,582		337,658
Operating expenditures		764,717		808,152
Capital outlay		19,943		-
Total	1,162,961	1,159,242	3,719	1,145,810
Economic Development:				
Salaries and employee benefits		233,024		243,097
Operating expenditures		4,121,500		4,951,444
Capital outlay		269,491		48,141
Total	5,762,384	4,624,015	1,138,369	5,242,682
Cooperative Extension:				
Salaries and employee benefits		290,068		293,303
Operating expenditures		52,065		43,651
Capital outlay		-		1,482
Total	392,193	342,133	50,060	338,436
Transportation Admin:				
Operating expenditures		257,410		250,480
Total	252,844	257,410	(4,566)	250,480
Total economic and physical development	7,903,639	6,699,226	1,204,413	7,333,327
Human Services:				
Health:				
General and Administration:				
Salaries and employee benefits		987,630		934,885
Operating expenditures		740,010		803,932
Capital outlay		17,505		51,125
Total	1,936,189	1,745,145	191,044	1,789,942

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Public Health:				
Salaries and employee benefits		632,321		569,456
Operating expenditures		357,999		330,397
Total	1,016,972	990,320	26,652	899,853
AIDS Grant:				
Salaries and employee benefits		70,974		68,026
Operating expenditures		655		749
Total	71,633	71,629	4	68,775
Tuberculosis Clinic:				
Salaries and employee benefits		175,162		165,688
Operating expenditures		34,067		33,454
Total	213,139	209,229	3,910	199,142
School Health:				
Salaries and employee benefits		1,382,760		1,256,200
Operating expenditures		49,012		46,016
Total	1,458,456	1,431,772	26,684	1,302,216
Health Promotions:				
Salaries and employee benefits		52,718		46,153
Operating expenditures		10,425		9,468
Total	67,697	63,143	4,554	55,621
Maternal Health:				
Salaries and employee benefits		1,316,583		1,325,237
Operating expenditures		60,298		57,459
Total	1,448,202	1,376,881	71,321	1,382,696
Family Planning:				
Salaries and employee benefits		660,052		664,045
Operating expenditures		111,542		95,440
Total	845,330	771,594	73,736	759,485
Adolescent Pregnancy Prevention:				
Salaries and employee benefits		54,556		50,357
Operating expenditures		19,570		21,329
Total	77,326	74,126	3,200	71,686

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Child Health:				
Salaries and employee benefits		582,623		514,973
Operating expenditures		23,242		25,407
Total	636,326	605,865	30,461	540,380
WIC:				
Salaries and employee benefits		487,101		404,987
Operating expenditures		77,234		105,171
Total	562,370	564,335	(1,965)	510,158
Animal/Rabies Control:				
Salaries and employee benefits		630,016		593,549
Operating expenditures		307,691		199,869
Capital outlay		42,851		109,231
Total	1,056,319	980,558	75,761	902,649
Health Department Grants:				
Salaries and employee benefits		118,274		111,027
Operating expenditures		23,421		34,550
Total	141,575	141,695	(120)	145,577
Dental Clinic:				
Salaries and employee benefits		245,295		238,857
Operating expenditures		60,750		75,480
Total	352,935	306,045	46,890	314,337
Nurse Family Partnerships:				
Salaries and employee benefits		374,613		358,462
Operating expenditures		56,851		53,664
Capital outlay		11,169		-
Total	485,083	442,633	42,450	412,126
Carolina Access II:				
Salaries and employee benefits		1,706,777		1,770,330
Operating expenditures		306,684		325,470
Total	2,414,698	2,013,461	401,237	2,095,800

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
CC4C PCM:				
Salaries and employee benefits		513,700		467,546
Operating expenditures		25,070		26,425
Total	601,739	538,770	62,969	493,971
CODAP:				
Salaries and employee benefits		161,132		201,615
Operating expenditures		120,611		109,895
Total	384,043	281,743	102,300	311,510
Environmental Health:				
Salaries and employee benefits		708,644		116,303
Operating expenditures		90,340		54,240
Total	833,980	798,984	34,996	170,543
Veteran Services:				
Salaries and employee benefits		91,534		83,629
Operating expenditures		4,600		5,492
Total	97,236	96,134	1,102	89,121
Total public health	14,701,248	13,504,062	1,197,186	12,515,588
Social Services:				
Mental Health:				
Operating expenditures		626,037		469,777
Total	1,336,358	626,037	710,321	469,777
Administration:				
Salaries and employee benefits		1,225,252		1,179,388
Operating expenditures		565,376		566,940
Capital outlay		75,159		110,714
Total	2,120,955	1,865,787	255,168	1,857,042
Smart Start:				
Operating expenditures		1,980,553		4,093,864
Total	4,863,045	1,980,553	2,882,492	4,093,864
TANF Program:				
Salaries and benefits		5,063,482		4,807,390
County participation only		540,191		540,458
Total	5,738,825	5,603,673	-	5,347,848

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Income Maintenance Program:				
Salaries and employee benefits		5,043,318		4,852,330
Operating expenditures		170,281		166,526
Total	5,526,931	5,213,599	313,332	5,018,856
Special Assistance:				
Special assistance	56,174	56,418	(244)	53,647
Foster Care:				
Salaries and employee benefits		1,183,400		1,148,243
Operating expenditures		5,026		4,782
Total	1,289,845	1,188,426	101,419	1,153,025
Smart Start:				
Salaries and employee benefits		105,638		99,752
Total	105,519	105,638	(119)	99,752
Other Assistance:				
Operating expenditures	5,322,110	2,693,684	2,628,426	4,096,614
Total social services	26,359,762	19,333,815	6,890,795	22,190,425
Council on Aging:				
Operating expenditures	488,326	187,035	301,291	211,510
Total human services	41,549,336	33,024,912	8,389,272	34,917,523
Cultural and Recreational:				
Library:				
Salaries and employee benefits		817,871		790,018
Operating expenditures		349,478		325,882
Capital outlay		17,322		10,914
Total	1,298,001	1,184,671	113,330	1,126,814
Parks and Recreation:				
Operating expenditures		113,105		107,797
Total	119,554	113,105	6,449	107,797
Total cultural and recreational	1,417,555	1,297,776	119,779	1,234,611

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Intergovernmental:				
Education:				
Public schools - current expense		26,151,071		24,999,012
Public schools - operational expense		107,295		89,708
Public schools - capital expense		3,100,000		2,850,000
Community colleges - capital expense		2,051,799		2,038,315
Total education	31,436,918	31,410,165	26,753	29,977,035
Debt Service:				
Capital lease principal		74,448		117,045
Capital lease interest		-		154
Total debt service	129,117	74,448	54,669	117,199
Risk Management:				
Operating expenditures	1,637,951	928,395	709,556	616,847
Total	1,637,951	928,395	709,556	616,847
Contingency	293,085	-	293,085	-
Total expenditures	119,754,923	108,090,118	11,529,653	105,840,008
Revenues over (under) expenditures	(5,072,596)	3,678,686	8,751,282	4,370,151
Other Financing Sources (Uses):				
Capital Lease financing issued	-	26,440	26,440	425,145
Transfers in	2,050,335	1,972,948	11,783,296	13,833,631
Transfers out	(5,290,645)	(4,409,547)	(12,210,370)	(17,501,015)
Appropriated fund balance	8,312,906	-	(8,312,906)	-
Total other financing sources (uses)	5,072,596	(2,410,159)	(7,482,755)	(3,242,239)
Net changes in fund balance	\$ -	1,268,527	\$ 1,268,527	1,127,912

CLEVELAND COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2018</u>	<u>2017</u>
	<u>Actual</u>	<u>Actual</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:		
Reconciling items:		
Long term note receivable	<u>(18,352)</u>	<u>(18,352)</u>
Change in fund balance	<u>1,250,175</u>	<u>1,109,560</u>
Fund Balance:		
Beginning of year - July 1	<u>39,620,247</u>	<u>38,510,687</u>
End of year - June 30	<u><u>\$ 40,870,422</u></u>	<u><u>\$ 39,620,247</u></u>

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Major Capital Project Funds

Reimbursement Resolution Capital Reserve Fund - This fund accounts for reimbursement proceeds used to fund capital initiatives of the County.

School Capital Reserve Fund - accounts for local funds and financing proceeds used to fund school construction projects.

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CLEVELAND COUNTY, NORTH CAROLINA
**REIMBURSEMENT RESOLUTION CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018**

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues:				
Restricted intergovernmental	\$ -	\$ 31,538	\$ -	\$ 31,538
Investment earnings	-	-	45,923	45,923
Total revenues	-	31,538	45,923	77,461
Expenditures:				
Capital outlay:				
Economic development	16,733,791	147,064	10,224,075	10,371,139
Total expenditures	16,733,791	147,064	10,224,075	10,371,139
Revenues over (under) expenditures	(16,733,791)	(115,526)	(10,178,152)	(10,293,678)
Other Financing Sources (Uses):				
Installment financing issued	-	19,975,833	-	19,975,833
Transfers out:				
To Capital Projects	(3,094,978)	-	(1,562,083)	(1,562,083)
Appropriated fund balance	19,828,769	-	-	-
Total other financing sources (uses)	16,733,791	19,975,833	(1,562,083)	18,413,750
Net change in fund balance	\$ -	\$ 19,860,307	(11,740,235)	\$ 8,120,072
Fund Balance:				
Beginning of year - July 1			19,860,307	
End of year - June 30			\$ 8,120,072	

CLEVELAND COUNTY, NORTH CAROLINA

SCHOOL CAPITAL RESERVE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ 1,600,000	\$ 1,289,303	\$ (310,697)	\$ 1,093,478
Unrestricted intergovernmental	3,159,058	3,523,818	364,760	3,264,424
Investment earnings	-	77,999	77,999	35,362
Total revenues	<u>4,759,058</u>	<u>4,891,120</u>	<u>132,062</u>	<u>4,393,264</u>
Revenues over (under) expenditures	<u>4,759,058</u>	<u>4,891,120</u>	<u>132,062</u>	<u>4,393,264</u>
Other Financing Sources (Uses):				
Transfers to:				
General Fund	(2,760,072)	(1,450,000)	(1,310,072)	(1,450,000)
Debt Service Fund	<u>(1,998,986)</u>	<u>(3,306,715)</u>	<u>1,307,729</u>	<u>(1,959,474)</u>
Total other financing sources (uses)	<u>(4,759,058)</u>	<u>(4,756,715)</u>	<u>(2,343)</u>	<u>(3,409,474)</u>
Net change in fund balance	<u>\$ -</u>	134,405	<u>\$ 134,405</u>	983,790
Fund Balance:				
Beginning of year - July 1		<u>7,777,800</u>		<u>6,794,010</u>
End of year - June 30		<u>\$ 7,912,205</u>		<u>\$ 7,777,800</u>

Nonmajor Governmental Funds

Special Revenue Funds – account for the proceeds of special revenue sources that are legally restricted to expenditure for specific purposes.

- **Emergency Telephone Systems Fund (E-911)** – accounts for the funds received for the operation of the County's Emergency 911 Communications Center.
- **Fire Districts Fund** – accounts for the property tax revenue received and used to fund County fire operations.

Capital Project Funds – account for financial resources to be used for acquisition and construction for major capital facilities.

- **North Shelby School Capital Project Fund** – accounts for installment proceeds and used to fund the construction of a new County school.
- **General Capital Projects Fund** – accounts for general capital projects within the County that are annually budgeted and financed with local dollars.
- **Public Shooting Range Capital Project Fund** – accounts for State grant dollars along with local match to finance the construction on a local public shooting range facility.
- **Foothills Commerce Center – West Shelby Capital Project Fund** - accounts for the progress and construction of the foothills commerce economic development center.
- **Capital Reserve Fund** – accounts for the accumulation of undedicated resources to fund future projects of the County.
- **Kings Mountain Gate Way Trail – Phase 5 Capital Project Fund** – accounts for the progress and construction of phase 5 of the Kings Mountain Gateway Trail expansion.
- **Washburn Switch Road and Rail Capital Project Fund** – accounts for the progress and construction of economic development road improvements at Washburn Switch Industrial Park.
- **Economic Development Capital Project Fund** – accounts for the demolition and site preparation for the County owned Doran Mills property.
- **Pinnacle Turn Lane Capital Project Fund** – accounts for the progress and construction of an additional turn lane and Pinnacle Classical Academy.
- **Jail Consolidation Capital Project Fund** – accounts for the progress and construction of a new jail facility to consolidate the County's existing two jails.
- **Enterprise Resource Planning Capital Project Fund** – accounts for the purchase, design, and implementation of County-wide ERP Software.

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CLEVELAND COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Nonmajor Governmental Funds			
	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Totals June 30, 2018
Assets:				
Cash and investments	\$ 1,401,596	\$ 1,764,423	\$ 1,200,000	\$ 4,366,019
Accounts receivable, net	279,317	1,161,523	-	1,440,840
Taxes receivable, net	80,209	-	-	80,209
Prepaid items	71,930	-	-	71,930
Restricted cash	-	1,447,218	-	1,447,218
Total assets	<u>\$ 1,833,052</u>	<u>\$ 4,373,164</u>	<u>\$ 1,200,000</u>	<u>\$ 7,406,216</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	627	892,707	-	893,334
Due to other funds	-	495,061	-	495,061
Total liabilities	<u>627</u>	<u>1,387,768</u>	<u>-</u>	<u>1,388,395</u>
Deferred Inflows of Resources:				
Taxes receivable	80,209	-	-	80,209
Prepaid taxes	3,880	-	-	3,880
Total deferred inflows of resources	<u>84,089</u>	<u>-</u>	<u>-</u>	<u>84,089</u>
Fund Balances:				
Non-spendable:				
Prepays	71,930	-	-	71,930
Restricted				
Stabilization for State statute	279,317	1,161,523	-	1,440,840
Restricted, all other	1,397,089	1,042,934	-	2,440,023
Committed	-	15,731	-	15,731
Assigned	-	1,681,403	1,200,000	2,881,403
Unassigned	-	(916,195)	-	(916,195)
Total fund balances	<u>1,748,336</u>	<u>2,985,396</u>	<u>1,200,000</u>	<u>5,933,732</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,833,052</u>	<u>\$ 4,373,164</u>	<u>\$ 1,200,000</u>	<u>\$ 7,406,216</u>

CLEVELAND COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Nonmajor Governmental Funds			
	Special Revenue Funds	Capital Projects Fund	Debt Service Fund	Totals June 30, 2018
Revenues:				
Ad valorem taxes	\$ 3,080,449	\$ -	\$ -	\$ 3,080,449
Other taxes and licenses	1,283,303	150,000	-	1,433,303
Restricted intergovernmental revenues	-	1,158,632	1,088,296	2,246,928
Investment earnings	19,336	67,122	-	86,458
Miscellaneous	-	153,323	-	153,323
Total revenues	<u>4,383,088</u>	<u>1,529,077</u>	<u>1,088,296</u>	<u>7,000,461</u>
Expenditures:				
Current:				
General government	-	2,307,659	-	2,307,659
Public safety	4,117,401	29,850	-	4,147,251
Economic and physical development	-	1,504,841	-	1,504,841
Debt service:				
Principal repayments	-	-	5,355,089	5,355,089
Interest	-	-	2,502,268	2,502,268
Total expenditures	<u>4,117,401</u>	<u>13,999,731</u>	<u>7,857,357</u>	<u>25,974,489</u>
Revenues over (under) expenditures	<u>265,687</u>	<u>(12,470,654)</u>	<u>(6,769,061)</u>	<u>(18,974,028)</u>
Other Financing Sources (Uses):				
Transfers from:				
General Fund		1,683,758	2,724,746	4,408,504
Capital Reserve Fund	-	1,680,860	-	1,680,860
School Capital Reserve Fund	-	-	3,306,715	3,306,715
Reimbursement Resolution	-	824,483	737,600	1,562,083
Transfers to:				
General Fund	(6,570)	-	-	(6,570)
County General Capital Projects Fund	-	(1,680,860)	-	(1,680,860)
Total other financing sources (uses)	<u>(6,570)</u>	<u>2,508,241</u>	<u>6,769,061</u>	<u>9,270,732</u>
Net change in fund balances	259,117	(9,962,413)	-	(9,703,296)
Fund Balances:				
Beginning of year - July 1	<u>1,489,219</u>	<u>12,947,809</u>	<u>1,200,000</u>	<u>15,637,028</u>
End of year - June 30	<u>\$ 1,748,336</u>	<u>\$ 2,985,396</u>	<u>\$ 1,200,000</u>	<u>\$ 5,933,732</u>

CLEVELAND COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Nonmajor Special Revenue Funds		
	Emergency Telephone System Fund (E-911)	Fire Districts Fund	Totals June 30, 2018
Assets:			
Cash and investments	\$ 1,242,061	\$ 159,535	\$ 1,401,596
Accounts receivable, net	32,461	246,856	279,317
Taxes receivable, net	-	80,209	80,209
Prepaid items	8,625	63,305	71,930
Total assets	<u>\$ 1,283,147</u>	<u>\$ 549,905</u>	<u>\$ 1,833,052</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 467	\$ 160	\$ 627
Total liabilities	<u>467</u>	<u>160</u>	<u>627</u>
Deferred Inflows of Resources:			
Taxes receivable	-	80,209	80,209
Prepaid taxes	-	3,880	3,880
Total deferred inflows of resources	<u>-</u>	<u>84,089</u>	<u>84,089</u>
Fund Balances:			
Non-spendable:			
Prepays	8,625	63,305	71,930
Restricted:			
Stabilization for State statute	32,461	246,856	279,317
Restricted, all other	<u>1,241,594</u>	<u>155,495</u>	<u>1,397,089</u>
Total fund balances	<u>1,282,680</u>	<u>465,656</u>	<u>1,748,336</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,283,147</u>	<u>\$ 549,905</u>	<u>\$ 1,833,052</u>

CLEVELAND COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Nonmajor Special Revenue Funds		
	Emergency Telephone System Fund (E-911)	Fire Districts Fund	Totals June 30, 2018
Revenues:			
Ad valorem taxes	\$ -	\$ 3,080,449	\$ 3,080,449
Other taxes and licenses	421,383	861,920	1,283,303
Investment earnings	12,977	6,359	19,336
Total revenues	<u>434,360</u>	<u>3,948,728</u>	<u>4,383,088</u>
Expenditures:			
Current:			
Public safety	174,503	3,942,898	4,117,401
Total expenditures	<u>174,503</u>	<u>3,942,898</u>	<u>4,117,401</u>
Revenues over (under) expenditures	<u>259,857</u>	<u>5,830</u>	<u>265,687</u>
Other Financing Sources (Uses):			
Transfers from (to):			
General Fund	(6,570)	-	(6,570)
Total other financing sources (uses)	<u>(6,570)</u>	<u>-</u>	<u>(6,570)</u>
Net change in fund balances	253,287	5,830	259,117
Fund Balances:			
Beginning of year - July 1	<u>1,029,393</u>	<u>459,826</u>	<u>1,489,219</u>
End of year - June 30	<u>\$ 1,282,680</u>	<u>\$ 465,656</u>	<u>\$ 1,748,336</u>

CLEVELAND COUNTY, NORTH CAROLINA

EMERGENCY TELEPHONE SYSTEM FUND (E-911)
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
User fees	\$ 391,230	\$ 421,383	\$ 30,153	\$ 350,417
Investment income	-	12,977	12,977	4,156
Total revenues	<u>391,230</u>	<u>434,360</u>	<u>43,130</u>	<u>354,573</u>
Expenditures:				
Public safety:				
Operations	263,608	174,503	89,105	175,123
Capital expenditures	117,072	-	117,072	17,904
Total expenditures	<u>380,680</u>	<u>174,503</u>	<u>206,177</u>	<u>193,027</u>
Revenues over (under) expenditures	<u>10,550</u>	<u>259,857</u>	<u>249,307</u>	<u>161,546</u>
Other Financing Sources (Uses):				
Transfers out:				
To General Fund	(85,000)	(7,613)	77,387	(75,360)
Transfers in:				
From General Fund	-	1,043	1,043	8,519
Appropriated fund balance	74,450	-	(74,450)	-
Total other financing sources (uses)	<u>(10,550)</u>	<u>(6,570)</u>	<u>3,980</u>	<u>(66,841)</u>
Net change in fund balance	<u>\$ -</u>	<u>253,287</u>	<u>\$ 253,287</u>	<u>94,705</u>
Fund Balance:				
Beginning of year - July 1		<u>1,029,393</u>		<u>934,688</u>
End of year - June 30		<u>\$ 1,282,680</u>		<u>\$ 1,029,393</u>

CLEVELAND COUNTY, NORTH CAROLINA

FIRE DISTRICTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes	\$ 3,140,763	\$ 3,080,449	\$ (60,314)	\$ 1,651,321
Unrestricted intergovernmental	602,757	861,920	259,163	454,571
Investment income	10,000	6,359	(3,641)	9,966
Total revenues	<u>3,753,520</u>	<u>3,948,728</u>	<u>195,208</u>	<u>2,115,858</u>
Expenditures:				
Capital outlay:				
Public safety	<u>3,949,356</u>	<u>3,942,898</u>	<u>6,458</u>	<u>2,609,402</u>
Total expenditures	<u>3,949,356</u>	<u>3,942,898</u>	<u>6,458</u>	<u>2,609,402</u>
Other Financing Sources (Uses):				
Appropriated fund balance	<u>195,836</u>	-	(195,836)	-
Total other financing sources (uses)	<u>195,836</u>	-	(195,836)	-
Revenues over (under) expenditures	<u>\$ -</u>	5,830	<u>\$ 5,830</u>	(493,544)
Fund Balance:				
Beginning of year, July 1		<u>459,826</u>		<u>953,370</u>
End of year, June 30		<u>\$ 465,656</u>		<u>\$ 459,826</u>

CLEVELAND COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL CAPITAL PROJECT FUNDS
JUNE 30, 2018

Nonmajor Capital Project Funds						
	North Shelby School Capital Project Fund	General Capital Project Fund	Public Shooting Range Capital Project Fund	Foothills Commerce Center - West Shelby Capital Project Fund	Capital Reserve Fund	Kings Mountain Gate Way Trail - Phase 5 Capital Project Fund
Assets:						
Cash and investments	\$ -	\$ 26,441	\$ 15,731	\$ -	\$ 1,681,403	\$ -
Accounts receivable, net	237,078	51	-	-	8,250	-
Restricted cash	1,447,218	-	-	-	-	-
Total assets	\$ 1,684,296	\$ 26,492	\$ 15,731	\$ -	\$ 1,689,653	\$ -
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ 404,284	\$ 26,492	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Total liabilities	404,284	26,492	-	-	-	-
Fund Balances:						
Restricted						
Stabilization for State statute	237,078	51	-	-	8,250	-
Restricted, all other	1,042,934	-	-	-	-	-
Committed	-	-	15,731	-	-	-
Assigned	-	-	-	-	1,681,403	-
Unassigned	-	(51)	-	-	-	-
Total fund balances	1,280,012	-	15,731	-	1,689,653	-
Total liabilities and fund balances	\$ 1,684,296	\$ 26,492	\$ 15,731	\$ -	\$ 1,689,653	\$ -

CLEVELAND COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL CAPITAL PROJECT FUNDS
JUNE 30, 2018

Nonmajor Capital Project Funds						
	Washburn Switch Road Capital Project Fund	Economic Development Capital Project Fund	Pinnacle Turn Lane Capital Project Fund	Jail Consolidation Capital Project Fund	Enterprise Resource Planning Capital Project Fund	Totals June 30, 2018
Assets:						
Cash and investments	\$ -	\$ 35,871	\$ -	\$ -	\$ 4,977	\$ 1,764,423
Accounts receivable, net	670,140	-	246,004	-	-	1,161,523
Restricted cash	-	-	-	-	-	1,447,218
Total assets	\$ 670,140	\$ 35,871	\$ 246,004	\$ -	\$ 4,977	\$ 4,373,164
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ 421,083	\$ 35,871	\$ -	\$ -	\$ 4,977	\$ 892,707
Due to other funds	249,057	-	246,004	-	-	495,061
Total liabilities	670,140	35,871	246,004	-	4,977	1,387,768
Fund Balances:						
Restricted						
Stabilization for State statute	670,140	-	246,004	-	-	1,161,523
Restricted, all other	-	-	-	-	-	1,042,934
Committed	-	-	-	-	-	15,731
Assigned	-	-	-	-	-	1,681,403
Unassigned	(670,140)	-	(246,004)	-	-	(916,195)
Total fund balances	-	-	-	-	-	2,985,396
Total liabilities and fund balances	\$ 670,140	\$ 35,871	\$ 246,004	\$ -	\$ 4,977	\$ 4,373,164

CLEVELAND COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Nonmajor Capital Projects Fund				
	North Shelby School Capital Project Fund	General Capital Project Fund	Public Shooting Range Capital Project Fund	Foothills Commerce Center - West Shelby Capital Project Fund	Kings Mountain Gate Way Trail - Phase 5 Capital Project Fund
Revenues:					
Restricted intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted intergovernmental revenues	-	150,000	-	-	-
Investment earnings	66,175	-	-	-	947
Miscellaneous	-	-	-	-	144,909
Total revenues	66,175	150,000	-	-	145,856
Expenditures:					
Current:					
General government	-	1,850,321	-	-	-
Public safety	-	-	-	-	-
Economic and physical development	-	-	-	-	500
Education	10,157,381	-	-	-	-
Total expenditures	10,157,381	1,850,321	-	-	500
Revenues over (under) expenditures	(10,091,206)	(1,700,321)	-	-	(500)
Other Financing Sources (Uses):					
Transfers from:					
General Fund	-	19,461	-	-	500
Capital Reserve Fund	-	1,680,860	-	-	-
Reimbursement Resolution CRF	-	-	-	-	-
Transfers to:					
County General Capital Projects Fund	-	-	-	-	-
Total other financing sources (uses)	-	1,700,321	-	-	500
Net change in fund balances	(10,091,206)	-	-	-	128,793
Fund Balances:					
Beginning of year - July 1	11,371,218	-	15,731	-	-
End of year - June 30	\$ 1,280,012	\$ -	\$ 15,731	\$ -	\$ 1,689,653

CLEVELAND COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Nonmajor Capital Projects Fund						Totals June 30, 2018
	Washburn Switch Road Capital Project Fund	Economic Development Capital Project Fund	Pinnacle Turn Lane Capital Project Fund	Jail Consolidation Capital Project Fund	Enterprise Resource Planning Capital Project Fund		
Revenues:							
Restricted intergovernmental revenues	\$ 962,703	\$ -	\$ 195,929	\$ -	\$ -	\$ -	\$ 1,158,632
Unrestricted intergovernmental revenues	-	-	-	-	-	-	150,000
Investment earnings	-	-	-	-	-	-	67,122
Miscellaneous	-	-	8,414	-	-	-	153,323
Total revenues	962,703	-	204,343	-	-	-	1,529,077
Expenditures:							
Current:							
General government	-	-	-	-	457,338	-	2,307,659
Public safety	-	-	-	29,850	-	-	29,850
Economic and physical development	1,200,162	99,836	204,343	-	-	-	1,504,841
Education	-	-	-	-	-	-	10,157,381
Total expenditures	1,200,162	99,836	204,343	29,850	457,338	-	13,999,731
Revenues over (under) expenditures	(237,459)	(99,836)	-	(29,850)	(457,338)	-	(12,470,654)
Other Financing Sources (Uses):							
Transfers from:							
General Fund	-	-	-	-	-	-	-
Capital Reserve Fund	-	-	-	-	-	-	1,683,758
Reimbursement Resolution CRF	237,459	99,836	-	29,850	457,338	-	1,680,860
Transfers to:							
County General Capital Projects Fund	-	-	-	-	-	-	824,483
Total other financing sources (uses)	237,459	99,836	-	29,850	457,338	-	(1,680,860)
Net change in fund balances	-	-	-	-	-	-	2,508,241
Fund Balances:							
Beginning of year - July 1	-	-	-	-	-	-	(9,962,413)
End of year - June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	12,947,809
							\$ 2,985,396

CLEVELAND COUNTY, NORTH CAROLINA

NORTH SHELBY SCHOOL CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 28,168	\$ 66,175	\$ 94,343
Total revenues	-	28,168	66,175	94,343
Expenditures:				
Capital outlay:				
Education	13,402,334	2,031,117	10,157,381	12,188,498
Total expenditures	13,402,334	2,031,117	10,157,381	12,188,498
Revenues over (under) expenditures	(13,402,334)	(2,002,949)	(10,091,206)	(12,094,155)
Other Financing Sources (Uses):				
Installment Proceeds	13,402,334	13,374,167	-	13,374,167
Total other financing sources (uses)	13,402,334	13,374,167	-	13,374,167
Net change in fund balance	\$ -	\$ 11,371,218	(10,091,206)	\$ 1,280,012
Fund Balance:				
Beginning of year - July 1			11,371,218	
End of year - June 30			\$ 1,280,012	

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Unrestricted intergovernmental	\$ 150,000	\$ 150,000	\$ -	\$ -
Total revenues	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
Expenditures:				
Capital outlay:				
General government	<u>3,018,683</u>	<u>1,850,321</u>	<u>1,168,362</u>	<u>1,686,189</u>
Total expenditures	<u>3,018,683</u>	<u>1,850,321</u>	<u>1,168,362</u>	<u>1,686,189</u>
Revenues over (under) expenditures	<u>(2,868,683)</u>	<u>(1,700,321)</u>	<u>(1,168,362)</u>	<u>(1,686,189)</u>
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	36,478	19,461	55,939	45,000
From Reimbursement Resolution	330,600	-	330,600	-
From Capital Reserve Fund	2,453,430	1,680,860	772,570	1,641,189
Appropriated fund balance	<u>48,175</u>	<u>-</u>	<u>48,175</u>	<u>-</u>
Total other financing sources (uses)	<u>2,868,683</u>	<u>1,700,321</u>	<u>1,207,284</u>	<u>1,686,189</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:				
Beginning of year - July 1		<u>-</u>		
End of year - June 30		<u>\$ -</u>		

CLEVELAND COUNTY, NORTH CAROLINA

PUBLIC SHOOTING RANGE CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	Project	Actual		
	Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Restricted intergovernmental	\$ 2,667,038	\$ 2,667,039	\$ -	\$ 2,667,039
Total revenues	<u>2,667,038</u>	<u>2,667,039</u>	<u>-</u>	<u>2,667,039</u>
Expenditures:				
Capital outlay:				
Economic development	<u>4,485,621</u>	<u>3,847,261</u>	<u>-</u>	<u>3,847,261</u>
Total expenditures	<u>4,485,621</u>	<u>3,847,261</u>	<u>-</u>	<u>3,847,261</u>
Revenues over (under) expenditures	<u>(1,818,583)</u>	<u>(1,180,222)</u>	<u>-</u>	<u>(1,180,222)</u>
Other Financing Sources (Uses):				
Transfers in:				
From Capital Reserve Fund	<u>1,818,583</u>	<u>1,195,953</u>	<u>-</u>	<u>1,195,953</u>
Total other financing sources (uses)	<u>1,818,583</u>	<u>1,195,953</u>	<u>-</u>	<u>1,195,953</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 15,731</u>	<u>-</u>	<u>\$ 15,731</u>
Fund Balance:				
Beginning of year - July 1			<u>15,731</u>	
End of year - June 30			<u>\$ 15,731</u>	

CLEVELAND COUNTY, NORTH CAROLINA

FOOTHILLS COMMERCE CENTER - WEST SHELBY CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	Project	Actual		
	Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Local revenue	\$ -	\$ 375,367	\$ -	\$ 375,367
Total revenues	-	375,367	-	375,367
Expenditures:				
Capital outlay:				
Economic development	3,166,848	2,181,927	-	2,181,927
Total expenditures	3,166,848	2,181,927	-	2,181,927
Revenues over (under) expenditures	(3,166,848)	(1,806,560)	-	(1,806,560)
Other Financing Sources (Uses):				
Transfers in:				
From Capital Reserve Fund	3,338,281	1,977,993	-	1,977,993
Transfers out:				
To Capital Reserve Fund	(171,433)	(171,433)	-	(171,433)
Total other financing sources (uses)	3,166,848	1,806,560	-	1,806,560
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund Balance:				
Beginning of year - July 1			-	
End of year - June 30			\$ -	

CLEVELAND COUNTY, NORTH CAROLINA

CAPITAL RESERVE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Local revenues	\$ 100,000	\$ 144,909	\$ 44,909	\$ 3,700
Investment income	-	947	947	1,842
Total revenues	100,000	145,856	45,856	5,542
Other Financing Sources (Uses):				
Transfers from:				
General Fund	2,775,012	1,663,797	(1,111,215)	2,455,990
Transfers to:				
Capital Projects Funds	(3,010,744)	(1,680,860)	1,329,884	(1,648,689)
Appropriated fund balance	135,732	-	(135,732)	-
Total other financing sources (uses)	(100,000)	(17,063)	82,937	807,301
Net change in fund balance	\$ -	128,793	\$ 128,793	812,843
Fund Balance:				
Beginning of year - July 1		1,560,860		748,017
End of year - June 30		\$ 1,689,653		\$ 1,560,860

CLEVELAND COUNTY, NORTH CAROLINA

KINGS MOUNTAIN GATE WAY TRAIL - PHASE 5 CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Project		Actual	
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Restricted intergovernmental	\$ 36,500	\$ -	\$ -	\$ -
Total revenues	<u>36,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Capital outlay:				
Economic Development	<u>38,000</u>	<u>4,115</u>	<u>500</u>	<u>4,615</u>
Total expenditures	<u>38,000</u>	<u>4,115</u>	<u>500</u>	<u>4,615</u>
Revenues over (under) expenditures	<u>(1,500)</u>	<u>(4,115)</u>	<u>(500)</u>	<u>(4,615)</u>
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	<u>1,500</u>	<u>4,115</u>	<u>500</u>	<u>4,615</u>
Total other financing sources (uses)	<u>1,500</u>	<u>4,115</u>	<u>500</u>	<u>4,615</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance:				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ -</u>	

CLEVELAND COUNTY, NORTH CAROLINA

WASHBURN SWITCH ROAD AND RAIL CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	Project	Actual		
	Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Restricted intergovernmental	\$ 3,903,887	\$ -	\$ 962,703	\$ 962,703
Total revenues	<u>3,903,887</u>	<u>-</u>	<u>962,703</u>	<u>962,703</u>
Expenditures:				
Capital outlay:				
Economic development	<u>3,903,887</u>	<u>-</u>	<u>1,200,162</u>	<u>1,200,162</u>
Total expenditures	<u>3,903,887</u>	<u>-</u>	<u>1,200,162</u>	<u>1,200,162</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(237,459)</u>	<u>(237,459)</u>
Other Financing Sources (Uses):				
Transfers in:				
From Reimbursement Resolution	<u>-</u>	<u>-</u>	<u>237,459</u>	<u>237,459</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>237,459</u>	<u>237,459</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance:				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ -</u>	

CLEVELAND COUNTY, NORTH CAROLINA

ECONOMIC DEVELOPMENT CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	Project	Actual		
	Authorization	Prior Years	Current Year	Total to Date
Expenditures:				
Capital outlay:				
Economic Development	714,378	-	99,836	99,836
Total expenditures	714,378	-	99,836	99,836
Revenues over (under) expenditures	(714,378)	-	(99,836)	(99,836)
Other Financing Sources (Uses):				
Transfers in:				
From Reimbursement Resolution	714,378	-	99,836	99,836
Total other financing sources (uses)	714,378	-	99,836	99,836
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund Balance:				
Beginning of year - July 1			-	
End of year - June 30			\$ -	

CLEVELAND COUNTY, NORTH CAROLINA

PINNACLE TURN LANE CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	Project	Actual		
	Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Restricted intergovernmental	\$ 350,000	\$ 202,937	\$ 195,929	\$ 398,866
Local Revenues	58,455	-	8,414	8,414
Total revenues	<u>408,455</u>	<u>202,937</u>	<u>204,343</u>	<u>407,280</u>
Expenditures:				
Capital outlay:				
Economic development	<u>408,455</u>	<u>202,937</u>	<u>204,343</u>	<u>407,280</u>
Total expenditures	<u>408,455</u>	<u>202,937</u>	<u>204,343</u>	<u>407,280</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance:				
Beginning of year - July 1			-	
End of year - June 30			<u>\$ -</u>	

CLEVELAND COUNTY, NORTH CAROLINA

JAIL CONSOLIDATION CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	Project	Actual		
	Authorization	Prior Years	Current Year	Total to Date
Expenditures:				
Capital outlay:				
Public Safety	\$ 50,000	\$ -	\$ 29,850	\$ 29,850
Total expenditures	50,000	-	29,850	29,850
Revenues over (under) expenditures	(50,000)	-	(29,850)	(29,850)
Other Financing Sources (Uses):				
Transfers in:				
From Reimbursement Resolution	50,000	-	29,850	29,850
Total other financing sources (uses)	50,000	-	29,850	29,850
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund Balance:				
Beginning of year - July 1			-	
End of year - June 30			\$ -	

CLEVELAND COUNTY, NORTH CAROLINA

ENTERPRISE RESOURCE PLANNING SOFTWARE CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Expenditures:				
Capital outlay:				
General Government	\$ 2,000,000	\$ -	\$ 457,338	\$ 457,338
Total expenditures	<u>2,000,000</u>	<u>-</u>	<u>457,338</u>	<u>457,338</u>
Revenues over (under) expenditures	<u>(2,000,000)</u>	<u>-</u>	<u>(457,338)</u>	<u>(457,338)</u>
Other Financing Sources (Uses):				
Transfers in:				
From Reimbursement Resolution	<u>2,000,000</u>	<u>-</u>	<u>457,338</u>	<u>457,338</u>
Total other financing sources (uses)	<u>2,000,000</u>	<u>-</u>	<u>457,338</u>	<u>457,338</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance:				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ -</u>	

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Debt Service Fund

The Debt Service Fund is used to account for all expenditures for principal and interest for certain long-term debt payments. The other governmental fund types provide the resources to the Debt Service Fund to make the payments through transfers.

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CLEVELAND COUNTY, NORTH CAROLINA

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ 1,267,600	\$ 1,088,296	\$ (179,304)	\$ 870,935
Total revenues	<u>1,267,600</u>	<u>1,088,296</u>	<u>(179,304)</u>	<u>870,935</u>
Expenditures:				
Debt service:				
Principal repayments	5,527,197	5,355,089	172,108	3,226,613
Interest and fees	<u>2,502,454</u>	<u>2,502,268</u>	<u>186</u>	<u>1,536,502</u>
Total expenditures	<u>8,029,651</u>	<u>7,857,357</u>	<u>172,294</u>	<u>4,763,115</u>
Revenues over (under) expenditures	<u>(6,762,051)</u>	<u>(6,769,061)</u>	<u>(7,010)</u>	<u>(3,892,180)</u>
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	3,477,993	2,724,746	(753,247)	2,679,120
From Reimbursement Resolution	-	737,600	737,600	-
From School Capital Reserve Fund	<u>3,284,058</u>	<u>3,306,715</u>	<u>22,657</u>	<u>1,959,474</u>
Total other financing sources (uses)	<u>6,762,051</u>	<u>6,769,061</u>	<u>7,010</u>	<u>4,638,594</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>746,414</u>
Fund Balance:				
Beginning of year - July 1		<u>1,200,000</u>		<u>453,586</u>
End of year - June 30		<u>\$ 1,200,000</u>		<u>\$ 1,200,000</u>

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Enterprise Fund

Enterprise funds account for the operations financed and operated in a manner similar to private business enterprises – where the intent of the government’s board is that the costs of providing goods or services to the general public on a continuing basis be financed primarily through user charges.

Individual Fund Description:

Solid Waste Fund – accounts for solid waste collection and disposal operations including recycling in the County that is financed through solid waste user fees.

Solid Waste Cell Construction Capital Project Fund – accounts for financial resources to be used for expansion of solid waste disposal facilities.

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CLEVELAND COUNTY, NORTH CAROLINA

SOLID WASTE FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Fees for service	\$ 6,639,577	\$ 7,305,117	\$ 665,540	\$ 5,996,327
Non-operating revenues:				
Other taxes and fees	687,640	644,313	(43,327)	702,514
Sale of capital asset	-	-	-	9,324
Interest income	-	26,814	26,814	31,524
Total revenues	<u>7,327,217</u>	<u>7,976,244</u>	<u>649,027</u>	<u>6,739,689</u>
Expenditures:				
Salaries and employee benefits	2,228,037	2,084,789	143,248	2,595,080
Other operating expenditures	3,646,776	2,901,362	745,414	2,610,555
Capital outlay	1,054,389	917,229	137,160	824,363
Total expenditures	<u>6,929,202</u>	<u>5,903,380</u>	<u>1,025,822</u>	<u>6,029,998</u>
Revenue over (under) expenditures	<u>398,015</u>	<u>2,072,864</u>	<u>(376,795)</u>	<u>709,691</u>
Other Financing Sources (Uses):				
Transfers out	(515,335)	(778,794)	(263,459)	(4,765,152)
Appropriated retained earnings	117,320	-	(117,320)	-
Total other financing sources (uses)	<u>(398,015)</u>	<u>(778,794)</u>	<u>(380,779)</u>	<u>(4,765,152)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>1,294,070</u>	<u>\$ 1,294,070</u>	<u>\$ (4,055,461)</u>

Reconciliation of Modified Accrual Basis to Full Accrual Basis:

Reconciling items:

Decrease in deferred outflows of resources - OPEB	66,004
Increase in deferred inflows of resources -OPEB	(39,937)
Increase in OPEB liability	(40,219)
Capital outlay, capitalized	917,229
Transfer to Solid Waste Cell Capital Project	263,459
Change in accrued vacation	35,166
Proceeds from sale of capital asset	(2,402)
Post-closure care costs	(2,199,229)
Increase in deferred outflows of resources - pensions	(169,436)
Increase in net pension liability	157,968
Decrease in deferred inflows of resources - pensions	7,032
Depreciation	<u>(744,951)</u>
Total reconciling items	<u>(1,749,316)</u>
Change in net position	<u>\$ (455,246)</u>

CLEVELAND COUNTY, NORTH CAROLINA

SOLID WASTE CELL CONSTRUCTION CAPITAL PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Out Project	Total to Date
Expenditures:					
Engineering and administration	\$ 325,000	\$ 156,100	\$ -	\$ (156,100)	\$ -
Construction	<u>7,312,007</u>	<u>5,019,933</u>	<u>263,459</u>	<u>(5,283,392)</u>	<u>-</u>
Total expenditures	<u>7,637,007</u>	<u>5,176,033</u>	<u>263,459</u>	<u>(5,439,492)</u>	<u>-</u>
Revenues over (under) expenditures	<u>(7,637,007)</u>	<u>(5,176,033)</u>	<u>(263,459)</u>	<u>5,439,492</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers in:					
From Solid Waste Fund	<u>7,637,007</u>	<u>5,176,033</u>	<u>263,459</u>	<u>(5,439,492)</u>	<u>-</u>
Total other financing sources (uses)	<u>7,637,007</u>	<u>5,176,033</u>	<u>263,459</u>	<u>(5,439,492)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ -</u>		

Agency Funds

Agency Funds are used to account for position held by the County as an agent for individuals, private organizations, other governments and/or other funds.

Individual Fund Descriptions:

Fines and Forfeitures Fund – accounts for fines and forfeitures collected by the court system and passed directly to the public school system as required by General Statute.

Inmate Fund – accounts for funds held by the County on behalf of inmates in the County jail

Property Tax Fund – accounts for the County's collection of property taxes that the County is required to remit to other municipalities.

Rescue Squad Fund – accounts for position held for the Fireman's Association.

Social Services Fund – accounts for position held by the Social Services Department for the benefit of certain individuals in the County.

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CLEVELAND COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN POSITION AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Fines and Forfeitures Fund:				
Assets:				
Intergovernmental receivable	\$ -	\$ 625,520	\$ (625,520)	\$ -
Liabilities:				
Intergovernmental payable	\$ -	\$ 625,520	\$ (625,520)	\$ -
Inmate Fund:				
Assets:				
Cash	\$ 9,081	\$ 620,570	\$ (616,671)	\$ 12,980
Liabilities:				
Intergovernmental payable	\$ 12,817	\$ 620,570	\$ (616,671)	\$ 12,980
Property Tax Fund:				
Assets:				
Cash	\$ 207,631	\$ -	\$ (4,877)	\$ 202,754
Accounts receivable	627,850	53,274	-	681,124
Total assets	835,481	53,274	(4,877)	883,878
Liabilities:				
Intergovernmental payable	\$ 835,481	\$ 53,274	\$ (4,877)	\$ 883,878
Rescue Squad Fund:				
Assets:				
Cash	\$ 4,225	\$ 51	\$ -	\$ 4,276
Liabilities:				
Intergovernmental payable	\$ 4,225	\$ 51	\$ -	\$ 4,276
Social Services Fund:				
Assets:				
Cash and cash equivalents	\$ 67,551	\$ 454,524	\$ (433,886)	\$ 88,189
Liabilities:				
Intergovernmental payable	\$ 67,551	\$ 454,524	\$ (433,886)	\$ 88,189
Totals - All Agency Funds:				
Assets:				
Cash	\$ 288,488	\$ 1,075,145	\$ (1,055,434)	\$ 308,199
Account receivable	627,850	678,794	(625,520)	681,124
Totals - All Agency Funds:	\$ 916,338	\$ 1,753,939	\$ (1,680,954)	\$ 989,323
Liabilities:				
Intergovernmental payable	\$ 916,338	\$ 1,753,939	\$ (1,680,954)	\$ 989,323

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Additional Financial Data

This section contains additional information on taxes receivable, the tax levy, and schedule of revenues and expenditures for Cleveland County as of June 30, 2018.

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CLEVELAND COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND
JUNE 30, 2018

Fiscal Year	Uncollected Balance July 1, 2017	Additions	Collections and Credits	Uncollected Balance June 30, 2018
2017-2018	\$ -	\$ 61,020,486	\$ 60,059,273	\$ 961,213
2016-2017	872,829	-	520,901	351,928
2015-2016	374,394	-	136,811	237,583
2014-2015	251,397	-	58,914	192,483
2013-2014	186,120	-	32,246	153,874
2012-2013	160,431	-	23,818	136,613
2011-2012	112,334	-	13,540	98,794
2010-2011	101,799	-	8,343	93,456
2009-2010	94,034	-	5,622	88,412
2008-2009	88,497	-	3,731	84,766
2007-2008	89,051	-	89,051	-
Total	<u>\$ 2,330,886</u>	<u>\$ 61,020,486</u>	<u>\$ 60,952,250</u>	<u>2,399,122</u>
Less: allowance for uncollectible accounts: General Fund				<u>(701,775)</u>
Ad valorem taxes receivable net: General Fund				<u>\$ 1,697,347</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 60,222,284
Reconciling items:				
Interest				(385,825)
Adjustments and abatements				317,324
Other miscellaneous adjustments				(120,600)
Incentivized paybacks				830,016
Amounts written off per Statute of Limitations				<u>89,051</u>
Total collections and credits				<u>\$ 60,952,250</u>

CLEVELAND COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2018

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 7,666,458,750	0.72	\$ 55,198,503	\$ 49,875,884	\$ 5,322,619
Total	<u>7,666,458,750</u>		<u>55,198,503</u>	<u>49,875,884</u>	<u>5,322,619</u>
Discoveries:					
Current year taxes	852,681,528	0.72	6,139,307	6,139,307	-
Total	<u>852,681,528</u>		<u>6,139,307</u>	<u>6,139,307</u>	<u>-</u>
Abatements	<u>(44,072,778)</u>	0.72	<u>(317,324)</u>	<u>(317,324)</u>	<u>-</u>
Total property valuation	<u>\$ 8,475,067,500</u>				
Net Levy			61,020,486	55,697,867	5,322,619
Uncollected taxes at June 30, 2018			<u>(961,213)</u>	<u>(961,213)</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 60,059,273</u>	<u>\$ 54,736,654</u>	<u>\$ 5,322,619</u>
Current Levy Collection Percentage			<u>98.42%</u>	<u>98.27%</u>	<u>100.00%</u>

Statistical Section

The Statistical Section includes data extracted from prior years' financial reports and various other sources.

The information presented in this section does not provide full and adequate disclosure of financial information for prior years required by generally accepted accounting principles. Such information is provided for supplementary analysis purposes and should be relied on only for the purpose specified.

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being has changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within, which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Schedule 1
Cleveland County
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2009	2010	2011	2012
Governmental activities				
Net investment in capital assets	\$ 86,285,668	\$ 73,352,330	\$ 85,694,014	\$ 112,383,657
Restricted	11,130,562	13,033,908	39,629,067	20,948,015
Unrestricted	<u>28,955,215</u>	<u>40,521,330</u>	<u>474,766</u>	<u>232,842</u>
Total governmental activities	<u>\$ 126,371,445</u>	<u>\$ 126,907,568</u>	<u>\$ 125,797,847</u>	<u>\$ 133,564,514</u>
Business-type activities				
Net investment in capital assets	\$ 13,483,249	\$ 13,200,191	\$ 15,039,747	\$ 16,169,340
Unrestricted	<u>93,057</u>	<u>1,130,529</u>	<u>(2,389,745)</u>	<u>(4,302,149)</u>
Total business-type activities	<u>\$ 13,576,306</u>	<u>\$ 14,330,720</u>	<u>\$ 12,650,002</u>	<u>\$ 11,867,191</u>
Primary government				
Net investment in capital assets	\$ 99,768,917	\$ 86,552,521	\$ 100,733,761	\$ 128,552,997
Restricted	11,130,562	13,033,908	39,629,067	20,948,015
Unrestricted	<u>29,048,272</u>	<u>41,651,859</u>	<u>(1,914,979)</u>	<u>(4,069,307)</u>
Total primary government net position	<u>\$ 139,947,751</u>	<u>\$ 141,238,288</u>	<u>\$ 138,447,849</u>	<u>\$ 145,431,705</u>

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 53,300,808	\$ 85,821,431	\$ 96,884,891	\$ 103,435,523	\$ 82,890,909	\$ 84,463,578
23,947,192	14,779,333	14,935,402	18,719,625	29,407,653	21,675,433
18,042,969	6,497	(3,827,118)	(7,345,176)	4,700,168	(3,987,849)
<u>\$ 95,290,969</u>	<u>\$ 100,607,261</u>	<u>\$ 107,993,175</u>	<u>\$ 114,809,972</u>	<u>\$ 116,998,730</u>	<u>\$ 102,151,162</u>
\$ 16,390,005	\$ 16,036,546	\$ 16,448,095	\$ 17,184,372	\$ 22,236,046	\$ 22,669,381
(9,340,887)	(7,624,633)	(6,405,462)	(6,020,500)	(10,259,677)	(11,369,752)
<u>\$ 7,049,118</u>	<u>\$ 8,411,913</u>	<u>\$ 10,042,633</u>	<u>\$ 11,163,872</u>	<u>\$ 11,976,369</u>	<u>\$ 11,299,629</u>
\$ 69,690,813	\$ 101,857,977	\$ 113,332,986	\$ 120,619,895	\$ 105,126,955	\$ 107,132,959
23,947,192	14,779,333	14,935,402	18,719,625	29,407,653	21,675,433
8,702,082	(7,618,136)	(10,232,580)	(13,365,676)	(5,559,509)	(15,357,601)
<u>\$ 102,340,087</u>	<u>\$ 109,019,174</u>	<u>\$ 118,035,808</u>	<u>\$ 125,973,844</u>	<u>\$ 128,975,099</u>	<u>\$ 113,450,791</u>

Schedule 2
Cleveland County
Changes in Net Position
Last Ten Fiscal Years
(accural basis of accounting)

	Fiscal Year					Fiscal Year				
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government										
Public safety	\$ 9,133,792	\$ 9,067,110	\$ 6,758,722	\$ 8,691,798	\$ 9,360,189	\$ 10,940,284	\$ 9,192,572	\$ 11,020,393	\$ 11,852,530	\$ 13,385,504
Human services	20,436,483	21,698,159	23,237,692	24,789,003	23,647,499	22,277,558	23,023,383	25,934,833	25,546,272	29,382,033
Education	39,264,800	33,914,103	36,593,375	35,480,842	36,533,683	39,910,173	37,343,610	38,328,743	36,826,648	34,213,345
Economic and physical development	26,670,648	25,446,822	26,348,019	26,031,948	26,506,854	26,785,459	28,527,582	30,170,441	30,252,460	32,706,674
Cultural and recreation	3,042,821	2,348,461	3,882,363	2,780,339	6,394,017	3,825,642	4,887,922	5,553,981	8,076,066	17,169,078
Interest on long term debt	1,272,016	1,103,213	1,016,592	1,212,620	1,474,692	2,015,097	698,756	1,673,852	688,520	1,761,508
Total governmental activities	697,162	643,989	2,283,810	2,209,258	2,110,131	1,494,721	1,791,022	1,904,752	1,741,975	2,411,379
	<u>100,517,722</u>	<u>94,221,857</u>	<u>100,120,573</u>	<u>101,195,808</u>	<u>106,027,065</u>	<u>107,248,934</u>	<u>105,464,847</u>	<u>114,586,995</u>	<u>114,984,471</u>	<u>131,029,521</u>
Business-type activities:										
Landfill	8,267,583	3,613,290	8,640,661	5,789,166	10,243,838	5,145,318	4,679,344	4,862,707	5,927,192	7,916,155
Conference center	-	-	-	216,822	593,350	-	-	-	-	-
Total business-type activities	<u>8,267,583</u>	<u>3,613,290</u>	<u>8,640,661</u>	<u>6,005,988</u>	<u>10,837,188</u>	<u>5,145,318</u>	<u>4,679,344</u>	<u>4,862,707</u>	<u>5,927,192</u>	<u>7,916,155</u>
Total primary government expenses	<u>\$ 108,785,305</u>	<u>\$ 97,835,147</u>	<u>\$ 108,761,234</u>	<u>\$ 106,984,974</u>	<u>\$ 116,270,903</u>	<u>\$ 112,394,252</u>	<u>\$ 110,144,191</u>	<u>\$ 119,449,702</u>	<u>\$ 120,911,663</u>	<u>\$ 138,945,676</u>
Program Revenues										
Governmental activities										
Charges for services:										
General government	\$ 2,298,111	\$ 2,415,181	\$ 2,283,008	\$ 2,395,705	\$ 2,303,786	\$ 2,634,580	\$ 3,164,697	\$ 3,537,614	\$ 3,592,173	\$ 3,854,639
Public safety	5,097,275	5,134,699	5,486,734	5,899,901	5,355,364	2,625,778	2,264,490	2,334,725	2,004,684	2,582,628
Human services	4,845,865	5,175,178	5,470,082	7,050,168	6,441,109	11,883	-	-	3,817,502	3,950,570
Education	10,099,061	10,170,228	10,150,261	10,608,208	11,226,358	-	-	-	-	-
Economic and physical development	43,401	65,717	48,357	38,150	28,732	4,000,223	3,939,136	5,340,699	370,675	226,392
Cultural and recreation	49,164	43,813	57,589	98,075	79,739	-	-	-	-	-
Operating grants and contributions:										
General government	1,193,492	1,272,324	1,084,642	1,000,766	1,728,852	3,889,131	3,058,427	2,284,872	1,351,849	1,917,858
Public safety	1,993,543	1,076,840	682,837	2,216,861	1,484,910	303,039	369,245	155,891	355,316	258,388
Human services	18,102,895	18,147,393	18,590,542	18,363,979	16,980,332	17,987,419	20,024,711	20,176,304	17,834,543	19,695,707
Education	49,187	81,802	3,214,965	-	363,456	-	-	1,231,021	-	-
Economic and physical development	1,421,994	-	559,339	1,840,163	1,850,639	739,658	107,025	-	-	-
Cultural and recreation	225,228	263,787	799,086	1,120,349	1,313,303	-	-	-	184,000	33,000
Capital grants and contributions:										
General government	62,691	73,898	33,680	14,141	47,223	1,044,258	450,760	40,542	-	-
Public safety	123,190	-	26,271	67,461	252,730	59,411	298,438	183,461	-	1,088,296
Human services	364,626	601,747	5,020	-	3,492	3,663,827	4,311,346	4,140,732	4,351,935	1,679,551
Education	5,235,930	2,806,456	2,907,522	3,947,837	8,269,925	1,462,777	1,595,639	1,593,900	1,093,478	1,289,305
Economic and physical development	-	-	404,846	1,268,978	76,272	1,008,897	-	2,063,691	1,670,321	1,167,046
Cultural and recreation	1,024,268	450,000	-	1,146,979	29,518	-	-	-	-	-
Total governmental activities program revenues	<u>52,229,921</u>	<u>47,779,063</u>	<u>51,804,781</u>	<u>57,077,721</u>	<u>57,835,740</u>	<u>39,432,881</u>	<u>39,583,914</u>	<u>43,083,452</u>	<u>36,626,476</u>	<u>37,743,380</u>
Business-type activities:										
Charges for services	4,682,719	4,392,221	4,990,003	5,545,109	5,058,476	5,998,475	5,976,341	5,746,746	5,996,327	7,305,117
Operating grants and contributions	360,124	288,119	2,261,812	2,239,632	393,444	54,445	108,734	-	-	-
Capital grants and contributions	-	8,500	-	-	-	-	-	3,700	-	-
Total business-type activities program revenues	<u>5,042,843</u>	<u>4,688,840</u>	<u>7,251,815</u>	<u>7,784,741</u>	<u>5,451,920</u>	<u>6,052,920</u>	<u>6,085,075</u>	<u>5,750,446</u>	<u>5,996,327</u>	<u>7,305,117</u>
Total primary government program revenues	<u>\$ 57,272,764</u>	<u>\$ 52,467,903</u>	<u>\$ 59,056,596</u>	<u>\$ 64,802,462</u>	<u>\$ 63,287,660</u>	<u>\$ 45,485,801</u>	<u>\$ 45,668,989</u>	<u>\$ 48,833,898</u>	<u>\$ 42,622,803</u>	<u>\$ 45,048,497</u>

Schedule 2
Cleveland County
Changes in Net Position
Last Ten Fiscal Years
(accural basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense)/Revenue										
Governmental activities	\$ (48,287,801)	\$ (46,442,794)	\$ (48,315,792)	\$ (44,118,087)	\$ (48,191,325)	\$ (67,816,053)	\$ (65,880,933)	\$ (71,503,543)	\$ (78,357,995)	\$ (93,286,141)
Business-type activities	(3,224,740)	1,073,550	(1,388,846)	1,778,753	(5,385,268)	907,602	1,405,731	887,739	69,135	(611,038)
Total primary government net (expense)/revenue	\$ (49,704,638)	\$ (49,704,638)	\$ (49,704,638)	\$ (42,339,334)	\$ (53,576,593)	\$ (66,908,451)	\$ (64,475,202)	\$ (70,615,804)	\$ (78,288,860)	\$ (93,897,179)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 38,618,389	\$ 38,289,687	\$ 38,645,416	\$ 40,301,804	\$ 42,960,964	\$ 60,502,800	\$ 59,587,494	\$ 60,047,655	\$ 61,266,854	\$ 63,398,807
Local option sales tax	9,694,634	7,429,274	7,405,889	8,077,072	8,211,061	12,625,637	17,202,034	17,561,662	19,434,159	21,425,575
Other taxes and licenses	348,147	378,380	426,626	461,395	455,306	-	-	-	360,205	122,392
Grants and contributions not restricted	-	-	190,000	380,000	38,000	-	-	-	-	-
Investment earnings	1,103,612	546,517	202,215	100,740	89,033	110,873	188,580	278,703	595,379	839,841
Miscellaneous	-	-	-	-	-	-	-	-	568,882	687,665
Special item:										
Gain/(loss) on sale of capital asset	-	-	-	-	(41,270,640)	-	-	-	-	-
Transfers	228,936	335,059	335,925	2,563,743	(565,944)	104,481	125,966	432,320	-	515,335
Total governmental activities:	49,993,718	46,978,917	47,206,071	51,884,754	9,917,780	73,343,791	77,104,074	78,320,340	82,225,479	86,989,615
Business-type activities:										
Investment earnings	160,189	14,553	44,053	2,179	1,251	328	1,004	13,557	31,524	26,814
Miscellaneous	-	-	-	-	-	-	515,482	652,263	711,838	644,313
Transfers	(228,396)	(335,059)	(335,925)	(2,563,743)	565,944	(104,481)	(125,967)	(432,320)	-	(515,335)
Total business-type activities	(68,207)	(320,506)	(291,872)	(2,561,564)	567,195	(104,153)	390,519	233,500	743,362	155,792
Total primary government	\$ 49,925,511	\$ 46,658,411	\$ 46,914,199	\$ 49,323,190	\$ 10,484,975	\$ 73,239,638	\$ 77,494,593	\$ 78,553,840	\$ 82,968,841	\$ 87,145,407
Change in Net Position										
Governmental activities	\$ 1,705,917	\$ 536,123	\$ (1,109,721)	\$ 7,766,667	\$ (38,273,545)	\$ 5,527,738	\$ 11,223,141	\$ 6,816,797	\$ 3,867,484	\$ (6,296,526)
Business-type activities	(3,292,947)	755,044	(1,680,718)	(782,811)	(4,818,073)	803,449	1,796,250	1,121,239	812,497	(455,246)
Total primary government	\$ (1,587,030)	\$ 1,291,167	\$ (2,790,439)	\$ 6,983,856	\$ (43,091,618)	\$ 6,331,187	\$ 13,019,391	\$ 7,938,036	\$ 4,679,981	\$ (6,751,772)

Schedule 3
Cleveland County
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2009	2010	2011	2012
General Fund				
Non-spendable:				
Inventories	\$ 100,954	\$ 86,552	\$ 133,331	\$ 91,497
Long-Term receivable	-	-	-	-
Prepaid items	196,854	143,292	152,370	173,487
Restricted:				
Stabilization for State statute	7,439,069	7,527,242	8,412,576	11,388,787
Register of Deeds	-	-	-	-
Restricted, all other	-	-	171,642	257,522
Committed:				
Construction	-	-	-	-
Other	-	-	-	-
Assigned for subsequent year's expenditures	4,583,510	4,740,153	4,437,361	5,596,601
Assigned all other	1,150,866	807,155	2,650,117	2,270,530
Unassigned:	11,250,395	10,291,084	6,324,242	5,285,290
Total General Fund	<u>\$ 24,721,648</u>	<u>\$ 23,595,478</u>	<u>\$ 22,281,639</u>	<u>\$ 25,063,714</u>
All Other Governmental Funds				
Non-spendable:				
Prepaid items	\$ -	\$ -	\$ 4,016	\$ 1,080
Restricted:				
Stabilization for State statute	1,211,037	1,238,853	22,964,923	22,674,006
Restricted, all other	-	-	-	(454,660)
Committed:				
Special revenue and debt service funds	568,852	641,730	465,966	-
Capital project funds	-	-	-	-
Assigned all other:	-	-	-	-
Unassigned:	18,359,798	19,385,068	13,383,369	(643,370)
Total all other governmental funds	<u>20,139,687</u>	<u>21,265,651</u>	<u>36,818,274</u>	<u>21,577,056</u>
Total fund balances	<u>\$ 44,861,335</u>	<u>\$ 44,861,129</u>	<u>\$ 59,099,913</u>	<u>\$ 46,640,770</u>

* The County sold the Hospital during the 2012-2013 fiscal year.

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 111,774	\$ 104,177	\$ 144,859	\$ 172,014	\$ 92,666	\$ 106,556
-	-	-	-	91,764	73,412
272,721	221,001	241,229	201,261	880,263	339,516
10,491,699	7,531,900	6,873,561	7,070,633	6,583,257	8,185,106
-	-	-	-	76,671	121,964
1,046,254	705,424	1,202,757	3,114,229	2,432,842	2,465,389
22,000,000	19,015,426	9,257,021	-	-	-
-	-	-	-	15,426	15,426
5,869,570	5,633,347	6,025,000	4,809,895	4,555,046	5,204,151
1,533,164	1,500,000	3,025,000	4,015,426	5,000,000	5,000,000
5,941,744	14,345,778	17,516,639	19,127,229	19,892,312	19,358,902
<u>\$ 47,266,926</u>	<u>\$ 49,057,053</u>	<u>\$ 44,286,066</u>	<u>\$ 38,510,687</u>	<u>\$ 39,620,247</u>	<u>\$ 40,870,422</u>
\$ 1,207	\$ 5,386	\$ -	\$ 43,573	\$ 10,856	\$ 71,930
1,586,536	1,422,178	1,254,152	1,238,907	1,781,340	3,629,847
(17,125,893)	3,298,716	5,809,555	8,548,950	29,728,948	8,163,221
-	-	15,675	469,261	-	-
-	-	-	499,948	9,832,946	8,135,803
-	-	-	-	2,269,942	2,881,403
(66,517)	(1,979,061)	(126,577)	(901,293)	(348,897)	(916,195)
<u>(15,604,667)</u>	<u>2,747,219</u>	<u>6,952,805</u>	<u>9,899,346</u>	<u>43,275,135</u>	<u>21,966,009</u>
<u>\$ 31,662,259</u>	<u>\$ 51,804,272</u>	<u>\$ 51,238,871</u>	<u>\$ 48,410,033</u>	<u>\$ 82,895,382</u>	<u>\$ 62,836,431</u>

Schedule 4
Cleveland County
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
Revenues					
Taxes:					
Property	\$ 49,505,781	\$ 49,833,593	\$ 49,785,232	\$ 52,089,876	\$ 55,178,746
Sales	13,124,777	10,111,795	10,067,729	10,918,854	11,099,827
Other	970,576	1,016,187	1,071,366	846,979	756,030
Total taxes	63,601,134	60,961,575	60,924,327	63,855,709	67,034,603
Intergovernmental	22,867,190	21,352,565	24,260,241	27,487,280	28,047,476
Permits and fees	906,097	883,785	865,693	943,235	968,754
Sales and services	9,529,871	9,709,237	10,479,805	11,919,725	10,996,680
Investment earnings	1,595,774	875,926	266,555	167,909	172,905
Miscellaneous	1,898,522	750,285	551,634	1,878,708	1,325,632
Total revenues	100,398,588	94,533,373	97,348,255	106,252,566	108,546,050
Expenditures					
General government	8,505,191	8,325,455	8,297,537	8,859,733	9,501,136
Public safety	17,962,171	18,025,869	19,404,100	20,357,264	20,234,641
Human services	36,165,026	33,192,709	33,774,319	33,936,655	34,174,002
Education	21,849,965	21,918,571	21,973,653	22,431,550	23,197,513
Economic and physical development	2,464,437	1,454,212	3,286,202	3,408,258	3,470,060
Culture and recreation	1,097,770	1,121,982	1,164,592	1,128,074	1,178,071
Capital outlay	15,914,825	14,777,085	35,247,572	27,981,472	13,914,677
Debt service:					
Principal	2,888,981	3,250,871	2,847,048	3,435,998	3,412,140
Interest	499,364	643,989	1,711,550	2,255,816	2,158,224
Total expenditures	107,347,730	102,710,743	127,706,573	123,794,820	111,240,464
Revenues over (under) expenditures	(6,949,142)	(8,177,370)	(30,358,318)	(17,542,254)	(2,694,414)
Other Financing Sources (Uses)					
Transfers in	228,936	335,059	335,925	2,563,743	-
Transfers out	-	-	-	-	(565,944)
Proceeds from capital lease	-	-	-	-	-
Installment financing proceeds	6,720,000	22,081,095	17,563,250	-	52,633
Sale of capital assets	-	-	-	-	23,349,738
Total other financing sources (uses)	6,948,936	22,416,154	17,899,175	2,563,743	22,836,427
Net change in fund balances	\$ (206)	\$ 14,238,784	\$ (12,459,143)	\$ (14,978,511)	\$ 20,142,013
Debt Service / Operating Non-Capital Ratio	3.71%	4.43%	4.93%	5.94%	5.72%

Fiscal Year				
2014	2015	2016	2017	2018
\$ 60,197,991	\$ 59,299,996	\$ 60,146,105	\$ 61,374,504	\$ 63,302,733
11,927,085	17,202,034	17,561,662	19,434,159	21,425,575
698,552	513,548	-	-	-
72,823,628	77,015,578	77,707,767	80,808,663	84,728,308
28,254,914	28,591,587	29,595,682	26,769,053	25,300,823
4,662,137	4,218,683	4,321,708	4,502,846	4,695,185
5,450,492	5,808,912	6,243,473	5,656,678	7,037,795
110,873	188,579	278,704	595,379	839,841
812,707	910,103	2,346,817	661,389	1,086,004
112,114,751	116,733,442	120,494,151	118,994,008	123,687,956
8,786,762	9,331,755	10,675,904	11,067,806	12,971,595
20,626,911	23,276,410	23,462,335	24,891,592	27,954,198
33,749,480	33,181,597	36,610,613	32,917,523	33,024,912
26,785,458	28,404,757	30,170,441	32,008,152	41,567,546
7,704,794	6,147,272	5,699,333	5,541,505	4,947,724
1,721,106	1,330,274	1,332,421	1,234,611	1,482,089
4,545,366	13,393,096	10,530,185	5,742,301	14,408,813
3,473,237	3,456,376	3,589,291	3,343,658	5,429,537
1,920,901	1,808,490	1,684,786	1,536,656	2,502,268
109,314,015	120,330,027	123,755,309	118,283,804	144,288,682
2,800,736	(3,596,585)	(3,261,158)	710,204	(20,600,726)
24,865,333	31,866,480	28,979,447	22,626,019	12,931,110
(24,760,852)	(31,740,513)	(28,547,127)	(22,626,019)	(12,415,775)
-	-	-	425,145	26,440
-	-	-	33,350,000	-
-	-	-	-	-
104,481	125,967	432,320	33,775,145	541,775
\$ 2,905,217	\$ (3,470,618)	\$ (2,828,838)	\$ 34,485,349	\$ (20,058,951)
5.15%	4.92%	4.66%	4.34%	6.11%

Schedule 5
Cleveland County
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Commercial Real Property	Real Personal Property	Industrial Property	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Value (4)
2009	\$ 4,913,217,141	\$ 1,451,890,284	\$ 292,601,507	\$ 6,657,708,932	\$ 0.7200	\$ 2,981,810,069
2010	4,983,714,807	1,334,442,491	326,924,856	6,645,082,154	0.7200	2,940,662,629
2011	5,008,320,561	1,293,716,402	374,726,300	6,676,763,263	0.7200	3,230,027,558
2012	5,035,338,075	1,348,627,630	604,756,377	6,988,722,082	0.7200	3,876,548,797
2013	5,100,510,697	1,686,009,784	650,972,983	7,437,493,464	0.7200	4,397,768,311
2014	5,796,898,883	1,725,042,756	705,256,339	8,227,197,978	0.7200	4,866,387,604
2015	5,975,759,540	1,675,189,181	741,430,862	8,392,379,583	0.7200	4,959,896,334
2016 (5)	5,949,760,853	1,464,352,946	813,084,179	8,227,197,978	0.7200	4,862,274,005
2017	4,750,457,635	3,209,409,209	472,393,562	8,432,260,406	0.7200	8,634,057,316
2018	4,787,922,158	3,211,020,704	476,124,638	8,475,067,500	0.7200	9,048,102,044

Source: County Assessor's Annual County Report of Valuation and Property Tax Levie:

Notes:

- (1) Present use value property is agricultural, horticultural, and forestland for which the owner has applied for the property to be taxed at its present use. The difference in taxes on the present use basis and the taxes that would have been payable is a lien on the property and is deferred. The taxes become due if the property ceases to qualify for present use value. The preceding three fiscal years taxes are then required to be paid.
 - (2) Public service companies valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.
 - (3) Per \$100 of value.
 - (4) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the N.C. Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year. The ratio for the most recent year is not yet available.
 (This ratio only applies to real property. Ratio for 2017 was 0.9628)
 - (5) Property in Cleveland County is typically reassessed every four years and never to exceed 8 years. January 1, 2016 was the last revaluation. Prior to 2016 the last revaluation was in 2008. The current cycle is set for five years. (2021)
- * Indicates valuation was included in Commercial Property Valuation

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Schedule 6
Cleveland County
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years
(rate per \$100 of assessed value)

	Fiscal Year				
	2009	2010	2011	2012	2013
Cleveland County	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072
Municipality Rates:					
Town of Grover	0.0038	0.0038	0.0038	0.0038	0.0038
City of Kings Mountain	0.0040	0.0040	0.0040	0.0040	0.0040
City of Kings Mountain Municiple Service District	0.0024	0.0024	0.0024	0.0024	0.0024
Town of Lattimore	0.0018	0.0018	0.0018	0.0018	0.0018
Town of Kingstown	0.0035	0.0035	0.0035	0.0035	0.0035
Town of Fallston	0.0005	0.0005	0.0005	0.0005	0.0005
Town of Earl	0.0017	0.0017	0.0017	0.0017	0.0017
Town of Polkville	0.0005	0.0005	0.0005	0.0005	0.0005
Town of Lawndale	0.0023	0.0023	0.0023	0.0023	0.0023
Town of Casar	0.0005	0.0005	0.0005	0.0005	0.0005
Town of Waco	0.0012	0.0012	0.0015	0.0017	0.0017
City of Shelby	0.0044	0.0044	0.0044	0.0044	0.0044
Uptown Shelby Municiple Revitilizion	0.0022	0.0022	0.0022	0.0022	0.0022
Town of Boiling Springs	0.0029	0.0029	0.0029	0.0029	0.0029
Town of Patterson Springs	N/A	N/A	N/A	N/A	N/A
Town of Belwood	N/A	N/A	N/A	N/A	N/A
Fire Districts:					
County Fire	0.0003	0.0003	0.0003	0.0003	0.0003
Fallston Fire	0.0005	0.0005	0.0005	0.0005	0.0005
Lattimore Fire	0.0003	0.0003	0.0003	0.0003	0.0003
Rippy Fire	0.0005	0.0005	0.0005	0.0005	0.0005
Sanitary Water District	0.0002	0.0002	0.0002	0.0002	0.0002

Source: Cleveland County Tax Collector

***Fallston Fire went in with the main County Fire taxing district in FY 2018.**

Fiscal Year				
2014	2015	2016	2017	2018
\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072
0.0038	0.0039	0.0039	0.0039	0.0039
0.0040	0.0040	0.0040	0.0043	0.0043
0.0024	0.0024	0.0024	0.0027	0.0027
0.0018	0.0022	0.0022	0.0022	0.0022
0.0035	0.0035	0.0035	0.0035	0.0035
0.0005	0.0005	0.0005	0.0005	0.0005
0.0017	0.0017	0.0017	0.0017	0.0017
0.0005	0.0005	0.0005	0.0005	0.0005
0.0023	0.0023	0.0023	0.0023	0.0023
0.0005	0.0005	0.0005	0.0005	0.0005
0.0017	0.0020	0.0020	0.0020	0.0020
0.0044	0.0044	0.0044	0.0050	0.0050
0.0022	0.0022	0.0022	0.0025	0.0025
0.0029	0.0032	0.0032	0.0033	0.0037
N/A	N/A	N/A	N/A	0.0015
N/A	N/A	N/A	N/A	N/A
0.0005	0.0005	0.0005	0.0005	0.0009
0.0005	0.0005	0.0005	0.0005	N/A
0.0004	0.0005	0.0005	0.0005	0.0009
0.0005	0.0005	0.0005	0.0005	0.0009
0.0002	0.0002	0.0002	0.0002	0.0002

Schedule 7
Cleveland County
Principal Property Tax Payers,
Current Year and Nine Years Ago

Taxpayer	Type of Business	Fiscal Year 2018			Fiscal Year 2009		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Corporation	Electric Utility	\$ 670,827,811	1	7.6%	\$ 200,383,274	1	3.01%
NTE Energy	Electric Utility	337,050,449	2	3.8%	N/A	N/A	0.00%
Southern Power Company	Electric Utility	234,040,022	3	2.6%	N/A	N/A	0.00%
Clearwater Paper Corporation	Paper products	210,171,867	4	2.4%	N/A	N/A	0.00%
Bell South Telephone Company	Telecommunication	119,068,936	5	1.3%	32,933,853	6	0.50%
Nippon Electric Glass	Fiberglass Manufacturing	110,803,690	6	1.3%	N/A	N/A	0.00%
Wipro Data Center Information Resources	Information Data Center	106,299,370	7	1.2%	N/A	N/A	0.00%
Disney WorldWide Services Inc.	Entertainment	103,816,439	8	1.2%	N/A	N/A	0.00%
Wal-Mart Stores East LP	Warehouse/Retail Store	96,613,140	9	1.1%	88,019,966	3	1.32%
T5 Management @ Kings Mountain	Data Center Storage	93,111,023	10	1.1%	N/A	N/A	0.00%
Totals		\$ 2,081,802,747		23.54%	\$ 321,337,093		4.83%

Source: Cleveland County Assessor

Note: N/A - information not available due to company history in Cleveland County

Schedule 8
Cleveland County
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Total			Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Uncollected
		Adjustments	Adjusted Levy	Amount	Percentage of Original Levy	Amount		Percentage of Adjusted Levy		
2009	\$ 49,317,117	\$ (16,731)	\$ 49,300,386	\$ 46,878,947	95.09%	\$ 2,316,693	\$ 49,195,640	99.79%	\$ 104,746	
2010	49,202,687	(34,242)	49,168,445	47,199,319	96.00%	1,847,559	49,046,878	99.75%	121,567	
2011	49,471,422	(72,829)	49,398,593	47,595,790	96.35%	1,647,112	49,242,902	99.68%	155,691	
2012	51,681,105	(1,463,467)	50,217,638	49,992,054	99.55%	-	49,992,054	99.55%	225,584	
2013	55,072,700	(1,247,947)	53,824,753	53,364,782	99.15%	-	53,364,782	99.15%	459,971	
2014	58,422,332	(392,434)	58,029,898	56,686,171	97.68%	-	56,686,171	97.68%	1,343,727	
2015	58,143,528	(69,534)	58,073,994	57,048,877	98.23%	-	57,048,877	98.23%	1,025,117	
2016	59,509,987	(274,162)	59,235,825	58,272,377	98.37%	-	58,272,377	98.37%	963,448	
2017	61,013,048	(587,915)	60,425,133	59,552,304	98.56%	-	59,552,304	98.56%	872,829	
2018	61,608,401	(587,915)	61,020,486	60,059,273	98.42%	-	60,059,273	98.42%	961,213	
									\$ 6,417,825	

Source: Cleveland County Tax Collector

Schedule 9
Cleveland County
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Limited Obligation Bonds	Installment Contracts	Installment Purchases	Other
2009	\$ 3,925,000	\$ -	\$ 12,886,245	\$ -	\$ 156,964
2010	1,600,000	22,000,000	12,019,603	-	178,830
2011	1,350,000	20,920,000	28,148,778	-	115,556
2012	1,100,000	19,840,000	26,108,385	-	49,950
2013	850,000	18,760,000	24,067,216	-	61,613
2014	600,000	17,675,000	22,090,050	-	33,873
2015	350,000	16,590,000	19,980,662	-	21,887
2016	100,000	15,505,000	17,519,868	-	11,095
2017	-	14,420,000	48,849,671	-	715,074
2018	-	13,335,000	44,605,475	-	641,174

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Business-Type Activities			Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
General Obligation Bonds	Limited Obligation Bonds	Installment Purchases			
\$ -	\$ -	\$ -	\$ 16,968,209	\$ 175	0.57%
-	-	-	35,798,433	367	1.25%
-	-	-	50,534,334	515	1.72%
-	-	-	47,098,335	477	1.56%
-	-	-	43,738,829	441	1.37%
-	-	-	40,398,923	405	1.24%
-	-	-	36,942,549	373	1.02%
-	-	-	33,135,963	337	0.87%
-	-	-	63,984,745	650	1.70%
-	-	-	58,581,649	597	1.53%

Schedule 10
Cleveland County
Ratios of General Bonded Debt Outstanding,
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Limited Obligation Bonds	Total	Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
2009	\$ 6,350,000	\$ -	\$ 6,350,000	0.21%	0.11%	\$ 65
2010	3,925,000	-	3,925,000	0.14%	0.06%	40
2011	1,600,000	22,000,000	23,600,000	0.80%	0.35%	241
2012	1,350,000	20,920,000	22,270,000	0.74%	0.34%	225
2013	1,100,000	19,840,000	20,940,000	0.65%	0.31%	211
2014	850,000	18,760,000	19,610,000	0.60%	0.28%	197
2015	350,000	16,590,000	16,940,000	0.47%	0.23%	171
2016	100,000	15,505,000	15,605,000	0.41%	0.19%	159
2017	-	14,420,000	14,420,000	0.39%	0.18%	147
2018	-	13,335,000	13,335,000	0.35%	0.16%	136

Notes: Details regarding the County's outstanding debt can be found in the notes to the Financial Statements.

(1) See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

(2) See Schedule 5 for assessed property valuation data.

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Schedule 11
Cleveland County
Legal Debt Margin Information,
Last Ten Fiscal Years

	Fiscal Year			
	2009	2010	2011	2012
Assessed Value of Property	\$ 6,657,708,932	\$ 6,645,082,154	\$ 6,676,763,263	\$ 6,988,722,082
Debt Limit, 8% of Assessed Value (Statutory Limitation)	532,616,715	531,606,572	534,141,061	559,097,767
Amount of Debt Applicable to Limit:				
Less: Gross debt	<u>16,968,209</u>	<u>35,798,433</u>	<u>50,534,334</u>	<u>47,098,335</u>
Total net debt applicable to limit	<u>16,968,209</u>	<u>35,798,433</u>	<u>50,534,334</u>	<u>47,098,335</u>
Legal Debt Margin	<u>\$ 515,648,506</u>	<u>\$ 495,808,139</u>	<u>\$ 483,606,727</u>	<u>\$ 511,999,432</u>
Total debt applicable to the limit as a percentage of debt limit	3.19%	6.73%	9.46%	8.42%

Note: N.C. Statute G.S. 159-55 limits the County's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit: debt incurred for water, sewer, gas or electric power purposes; uncollected special assessments, refunding bonds not yet issued; and revenue bonds. The legal debt margin is the difference between the debt limit and the County's net debt outstanding applicable to the limit, and represents the County's legal borrowing authority.

Fiscal Year						
	2013	2014	2015	2016	2017	2018
\$	7,437,493,464	\$ 8,029,709,444	\$ 8,065,832,500	\$ 8,227,197,978	\$ 8,392,379,583	\$ 8,475,067,500
	594,999,477	642,376,756	645,266,600	658,175,838	671,390,367	678,005,400
	43,738,829	40,398,923	36,942,549	33,553,258	63,984,745	58,581,649
	43,738,829	40,398,923	36,942,549	33,553,258	63,984,745	58,581,649
\$	551,260,648	\$ 601,977,833	\$ 608,324,051	\$ 624,622,580	\$ 607,405,622	\$ 619,423,751
	7.35%	6.29%	5.73%	5.10%	9.53%	8.64%

Schedule 12
Cleveland County
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018

Governmental Unit	Gross Non-Revenue Bonded Debt	Percent Applicable to County	Amount Applicable to Primary Government
Total County direct debt	\$ 58,581,649	100%	\$ 23,906,727
Overlapping:			
Public Schools	13,335,000	0%	-
Total overlapping debt	<u>\$ 13,335,000</u>		<u>-</u>
Total	<u>\$ 71,916,649</u>		<u>\$ 23,906,727</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those governments that is borne by the residents and businesses of Cleveland County reported. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Schedule 13
Cleveland County
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population(1)	Personal Income (2) (thousands of dollars)	Median Household Income (2)	Public School Enrollment(3)	Unemployment Rate(4)	Number of Commercial Public Food Inspections Performed(5)	Number of Building Inspections Performed(6)
2009	\$ 97,588	\$ 2,873,475	\$ 29,445	\$ 17,497	15.38%	1,428	262
2010	98,078	2,939,629	29,972	17,325	13.19%	1,381	288
2011	98,760	3,026,601	30,646	16,762	12.07%	1,360	293
2012	99,230	3,202,220	32,852	16,557	10.94%	1,321	259
2013	99,660	3,268,534	33,680	16,492	10.49%	1,270	250
2014	98,953	3,618,414	36,567	16,374	6.80%	1,038	275
2015	98,224	3,829,655	38,989	15,103	6.80%	1,192	262
2016	97,871	3,739,455	38,208	14,906	5.60%	1,175	300
2017	97,178	3,892,854	40,059	14,761	4.40%	1,185	319
2018	98,074	3,838,028	39,134	14,452	4.30%	1,185	324

Notes:

(1) N.C. State Data Center. Estimates are as of the beginning of the fiscal year / Charlotte Regional Partnership Website

(2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year

<https://bea.gov/regional/> Local Area Personal Income & Employment

(3) N.C. Department of Public Instruction, Final Average Daily Membership for fiscal year

(4) N. C. Employment Security Commission, Unemployment Rate at end of fiscal year

(5) Total number of inspections performed by Cleveland County Inspections Department. Does not include inspections by municipalities

* Information not yet available.

Schedule 14
Cleveland County
Principal Employers
Current Year and Nine Years Ago

Employer	2018			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Cleveland County Board of Education	2354	1	6.00%	2484	1	5.32%
PPG Industries Inc.	1500	2	3.82%	N/A	N/A	N/A
Atrium Health	1200	3	3.06%	N/A	N/A	N/A
Wal-Mart Associates Inc.	977	4	2.49%	743	5	1.59%
Invista Capital Management, LLC	800	5	2.04%	N/A	N/A	N/A
County of Cleveland	592	6	1.51%	522	6	1.12%
Firestone Fibers & Textiles LLC	520	7	1.33%	N/A	N/A	N/A
Reliance Electric Company	450	8	1.15%	N/A	N/A	N/A
Eaton Corporation	400	9	1.02%	N/A	N/A	N/A
Gardner-Webb University	365	10	0.93%	519	7	1.11%

Source: Bureau of Labor Statistics: Quarterly Census of Employment and Wage (QCEW),
NC Department of Commerce; Labor & Economic Analysis, Dun & Bradstreet, EMSI

Schedule 15
Cleveland County
Full-Time Equivalent County Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	Full-Time Equivalent Employees As of June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	84	84	84	85	85	85	88	89	92	95
Public safety	235	238	254	271	272	266	279	286	287	288
Environmental protection	36	36	36	36	36	36	36	39	39	38
Economic and physical development	16	16	16	17	17	17	18	18	19	19
Human services	380	373	379	385	386	403	410	417	420	421
Cultural and recreation	16	16	16	16	16	21	23	24	24	25
Total	767	763	785	810	812	828	854	873	881	886

Source: Human Resources Department

Note: This schedule represents number of persons employed as of June 30 of each year.
Full-time personnel work from 1950 to 2080 base hours per year (less vacation and sick leave).

Schedule 16
Cleveland County
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2009	2010	2011	2012	2013
<u>General Government</u>					
# of registered voters	61,239	61,566	60,376	63,889	61,676
<u>Public Safety</u>					
# of building permits issued	262	288	293	259	250
# of calls dispatched	67,544	67,153	77,196	90,430	95,502
<u>Human Services</u>					
# of food & lodging sites inspected	1,428	1,381	1,360	1,321	1,270
# of Health clients served (clinical)	26,228	31,684	23,937	22,370	22,964
<u>Economic and Physical Development</u>					
Number of major subdivision plan reviews	2	0	0	0	0
<u>Cultural and Recreation</u>					
Library:					
Book volumes per capita	1.28	1.42	1.44	1.48	1.44
Library income per capita (local)	8.58	9.00	8.49	8.71	8.74
Library income per capita (total)	11.54	12.84	12.08	11.90	11.07
Library visits per capita	1.65	1.69	1.71	1.60	1.70
Turnover rate (circulation per book)	1.78	2.02	2.10	1.46	1.44
<u>Education</u>					
Total \$ spent per ADM	\$ 1,650	\$ 1,655	\$ 1,680	\$ 1,715	\$ 1,761
<u>Enterprise Fund - Landfill</u>					
Solid waste generated # tons/day	341	398	417	489	431

Source: Fiscal year data for various governmental and business-type functions.

*The decline in major subdivision plan reviews is related to the downturn in the economy that began in late 2008.

** Per capita information based on most recent US Census.

Fiscal Year				
2014	2015	2016	2017	2018
62,000	58,771	61,180	63,435	64,557
275	262	300	319	324
90,588	90,154	95,769	94,568	99,050
1,171	1,192	1,192	1,187	1,185
18,226	18,627	16,796	15,813	16,442
0	0	0	0	0
1.54	1.14	1.19	0.98	1.06
8.64	9.41	9.81	10.41	9.20
10.02	13.27	12.41	12.71	12.33
1.62	1.86	1.86	1.79	2.66
1.51	1.88	1.72	1.77	1.87
\$ 1,736	\$ 1,751	\$ 1,817	\$ 1,903	\$ 1,975
468	477	446	470	495

Schedule 17
Cleveland County
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2009	2010	2011	2012	2013
<u>Public Safety</u>					
Sheriff's Department:					
Stations	1	1	1	1	1
Vehicles	117	123	138	128	128
Emergency Medical Services:					
Stations	9	9	9	9	9
Vehicles	29	32	31	29	28
<u>Cultural and Recreation</u>					
Park acreage	1,433	1,460	1,460	1,461	1,468
Parks	1	1	1	2	2
Libraries	2	2	2	2	2
Total government-wide assets value	\$ 157,463,930	\$ 169,432,071	\$ 203,494,186	\$ 231,646,536	\$ 146,076,511

Source: Various County Departments

Fiscal Year				
2014	2015	2016	2017	2018
1	1	1	1	1
128	154	165	169	160
9	9	9	9	9
30	30	34	34	35
1,468	1,468	1,468	1,468	1,468
2	2	2	2	2
2	2	2	2	2
\$ 147,872,060	\$ 161,888,551	\$ 173,506,273	\$ 182,857,144	\$ 197,967,905

Schedule 18
Cleveland County
Principal Industry Sectors -
Current versus 3 and 6 years ago

Industry NAICS Sector**	2018			2015			2012		
	Annual Wages Paid	Annual Average Number of Employees	% Percentage of Total Labor Force or Employed	Annual Wages Paid	Annual Average Number of Employees	% Percentage of Total Labor Force or Employed	Annual Wages Paid	Annual Average Number of Employees	% Percentage of Total Labor Force or Employed
1. Manufacturing (31)	\$ 349,217,034	6,488	22.46%	\$ 327,077,190	6,283	22.77%	\$ 265,541,240	5,273	20.15%
2. Health Care and Social Assistance (62)	217,290,458	5,042	17.45%	187,401,236	5,050	18.30%	185,147,496	5,228	19.97%
3. Educational Services (61)			0.00%			0.00%			0.00%
4. Retail Trade (44)	109,853,785	4,105	14.21%	104,245,329	3,938	14.27%	95,031,484	3,696	14.12%
5. Transportation and Warehousing (48)	103,400,319	2,563	8.87%	84,977,154	2,283	8.27%	69,732,005	1,985	7.58%
6. Public Administration (92)	77,667,997	2,034	7.04%	73,109,612	2,054	7.44%	71,231,526	1,998	7.63%
7. Construction (23)	81,676,682	1,670	5.78%	57,468,890	1,435	5.20%	45,304,345	1,252	4.78%
8. Administrative and Waste Services (56)	56,587,561	1,922	6.65%	44,895,910	1,786	6.47%	39,883,995	1,892	7.23%
9. Wholesale Trade (42)	43,500,635	1,000	3.46%	40,425,207	971	3.52%	41,416,090	1,126	4.30%
10. Accommodation and Food Services (72)	41,270,703	2,905	10.06%	36,587,195	2,719	9.85%	32,326,076	2,508	9.58%
11. Finance and Insurance (52)	25,478,044	523	1.81%	23,300,166	537	1.95%	26,225,506	645	2.46%
12. Professional and Technical Services (54)	36,250,156	638	2.21%	24,375,184	537	1.95%	21,115,610	572	2.19%
	\$ 1,142,193,374	28,890	100.00%	\$ 1,003,863,073	27,593	100.00%	\$ 892,955,373	26,175	100.00%

* All data in this exhibit was obtained from the Employment Security Commission of North Carolina

** All data is on calendar year end basis.

COMPLIANCE SECTION

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**Report On Internal Control Over Financial Reporting And On Compliance and
Other Matters Based On An Audit Of Financial Statements Performed In Accordance With
*Government Auditing Standards***

Independent Auditors' Report

To the Board of County Commissioners
Cleveland County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cleveland County, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Cleveland County basic financial statements, and have issued our report thereon dated November 29, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cleveland County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cleveland County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency [2018-01].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cleveland County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Cleveland County's Response to Findings

Cleveland County's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

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

Whiteville, NC

November 29, 2018



**Report On Compliance With Requirements Applicable To Each Major Federal
Program And Internal Control Over Compliance In Accordance With OMB
Uniform Guidance and the State Single Audit Implementation Act**

Independent Auditors' Report

To the Board of County Commissioners
Cleveland County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Cleveland County, North Carolina's, compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the Cleveland County's major federal programs for the year ended June 30, 2018. Cleveland County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and State statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Cleveland County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred with governance. Examining, on a test basis, evidence about Cleveland County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Cleveland County's compliance.

Opinion on Each Major Federal Program

In our opinion, Cleveland County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Cleveland County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Cleveland County internal control over compliance with the types of requirements that could have direct and material effect on major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as 2018-02 that we consider to be a significant deficiency.

Cleveland County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
November 29, 2018



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

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

**Report On Compliance With Requirements Applicable To Each Major State
Program And Internal Control Over Compliance In Accordance With OMB
Uniform Guidance and the State Single Audit Implementation Act**

Independent Auditors' Report

To the Board of County Commissioners
Cleveland County, North Carolina

Report on Compliance for Each Major State Program

We have audited Cleveland County, North Carolina's, compliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of Cleveland County's major state programs for the year ended June 30, 2018. Cleveland County's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Cleveland County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and applicable sections of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), as described in the Audit Manual for Governmental Auditors in North Carolina, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that with governance. t and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Cleveland County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

Members

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Cleveland County's compliance.

Opinion on Each Major State Program

In our opinion, Cleveland County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Cleveland County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Cleveland County's internal control over compliance with the types of requirements that could have and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

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

Whiteville, NC

November 29, 2018

CLEVELAND COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses X yes ___ none reported
- Noncompliance material to financial statements noted ___ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses X yes ___ none reported
- Noncompliance material to federal awards ___ yes X no

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) ___ yes X no

Identification of major federal programs:

<u>CFDA #</u>	<u>Program Name</u>
93.778	Medical Assistance Program
10.561	Supplemental Nutrition Assistance Program
93.558	Temporary Assistance for Needy Families Cluster
	Foster Care and Adoption Cluster
93.658	Foster Care - Title IV-E
93.659	Adoption Assistance
93.563	Child Support Enforcement
93.568	Low Income Home Energy Assistance

Federal programs that did not meet the criteria for a major program using the criteria discussed in OMB Uniform Guidance 200.518 but were tested as a major program because the State awards met the threshold for a major State Program are included in the list of major federal programs (Subsidized Childcare Cluster).

Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as low-risk auditee? ___ yes X no

CLEVELAND COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Section I - Summary of Auditors' Results (continued)

State Awards

Internal control over major State programs:

- | | | |
|--|---------|-------------------|
| • Material weakness(es) identified? | ___ yes | _X_ no |
| • Significant deficiency(ies) identified that are not considered to be material weaknesses | __ yes | _X_ none reported |
| Noncompliance material to State awards | ___ yes | _X_ no |

Type of auditor's report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act	___ yes	_X_ no
--	---------	--------

Identification of major State programs:

Program Name

Medical Assistance Program
Foster Care and Adoption Cluster
Public School Building Capital Fund - Lottery Proceeds
School Nurse Funding Initiative

Section II - Financial Statement Findings

Finding 2018-01

SIGNIFICANT DEFICIENCY

Criteria: In accordance with North Carolina General Statutes 159.28, if an obligation of the County is evidenced by a contract or agreement requiring the payment of money or by a purchase order for supplies and materials, the contract or purchase order shall include on its face a certificate stating that the instruments has been preaudited to ensure that sufficient funds have been appropriated and available in the current fiscal year to cover the sums obligated by the transaction for the current fiscal year. The preaudit certificate, which shall be signed by the finance officer, shall take substantially the following form: "This instrument has been preaudited in the manner required by the Local Government Fiscal and Control Act. "

Condition: The County did not consistently preaudit purchase order documents that agreed to pay money for supplies and materials. A signature was often present on the purchase orders, but the person signing was not a deputized employee.

Effect: The County was in violation of the statute, which could result in over-spending the current year budget. Purchase orders could be considered a void contract.

Cause: Personnel responsible for purchasing was not aware that the finance officer's signature was required on the purchase orders. Additionally, there was some confusion about the preaudit requirements as far as when it was required per the County's policy, etc.

Recommendation: The finance officer should implement internal control procedures that will educate staff on the requirements of the Local Government Fiscal and Control Act. All preprinted documents that require the preaudit certificate should contain the proper form described in the criteria above. A rubber stamp with the preaudit certificate should be available, if necessary, for the issuers of the documents. The stamp should be kept in custody to prevent unauthorized use.

Views of responsible officials and planned corrective actions: The County agrees with this finding. The preaudit process will be reviewed and policies adopted to strengthen the controls around this process. Please refer to the corrective action plan.

CLEVELAND COUNTY, NORTH CAROLINA

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2018

Section III - Federal Award Findings and Questioned Costs

Finding 2018-02

US Department of Health and Human Service
Passed through the NC Dept of Health and Human Services
Program Names: Medical Assistance Program
CFDA #s: 93.778 (Medicaid)

SIGNIFICANT DEFICIENCY
CONTROL DEFICIENCY

Criteria:	Medicaid for Aged, Blind, and Disabled case records should contain documentation supporting the eligibility determination. The auditor should ensure that all information entered into the system was appropriately used to determine eligibility, and re-determine eligibility, in a timely manner.
Condition:	Proof of verification of property checks were not present in one file.
Questioned Costs:	\$0
Context:	There were 96 adult Medicaid files reviewed. One sample item did not contain documentation of the verification with the tax records or the register of deeds for property checks. Even though the verifications were not printed and included in the file, the caseworker pulled up the case in NC Fast to show the auditor information that should have been included in the documentation of proof from the tax records.
Effect:	There were no instances where items noted from the review of additional records (not included in the case file) indicated that this case would have been ineligible based on the property check requirement.
Cause:	Case review process was ineffective. Adequate documentation was not available in the file to verify proper recertification procedures had been performed.
Recommendation:	Files should be reviewed internally to ensure proper documentation is in place to verify eligibility. Workers should have continuous training to update them as to the significance of adequate documentation in each case file.
Views of Responsible officials:	This was an oversight. The County has recommended policies in place, and will continue to provide training to employees on the significance of adequate documentation in the case files. Second party reviews will continue to be completed by Medicaid Supervisors/Leads as well as the Quality Assurance Supervisor according to Medicaid policy requirements.

Section IV - State Award Findings and Questioned Costs

None Reported.



Cleveland County

NORTH CAROLINA

Corrective Action Plan
For the Year Ended June 30, 2018

Section II - Financial Statement Findings

Finding 2018-01

Name of contact person: Shane Fox, Finance Director

Corrective Action: The County will review the preaudit requirements and ensure that appropriate policies are in place to meet the General Statute requirements. Appropriate employees will be notified on these requirements, and signatures of the correct officials will be included on the preaudit clauses in the future.

Proposed completion date: Immediately

Section III - Federal Award Findings and Questioned Costs

Finding 2018-02

Name of contact person: Karen Pritchard, DSS Director

Corrective Action: The County has recommended policies in place, and will continue to provide training to employees on the significance of adequate documentation in the case files. Supervisors and Leads will continue to conduct second party reviews on all Medicaid recertifications/applications according to policy.

Proposed completion date: Immediately

Section IV - State Award Findings and Questioned Costs

None Reported.

FINANCE & PURCHASING DEPARTMENT
311 EAST MARION STREET
PO BOX 1210 • SHELBY, NC 28151-1210

CLEVELAND COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2018

NONE REPORTED.

CLEVELAND COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2018

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed-through to Subrecipients</u>	<u>Local Expenditures</u>
Federal Awards:						
<u>U.S. Dept. of Agriculture</u>						
Passed-through the N.C. Dept. of Health and Human Services: Division of Social Services: Administration: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 1,144,577	\$ -	\$ -	\$ 1,144,577
Passed-through the N.C. Dept. of Health and Human Services: Division of Public Health: Administration: Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		528,645	-	-	-
Total U.S. Department of Agriculture			1,673,222	-	-	1,144,577
<u>U.S. Dept. of Justice</u>						
Edward Byrne Memorial Justice Assistance Grant Program	16.738		20,765	-	-	-
Total U.S. Dept. of Justice			20,765	-	-	-
<u>U. S. Department of Homeland Security</u>						
Passed-through N.C. Dept. of Public Safety: Division of Emergency Management: Emergency Management Performance	97.042		53,017	-	-	-
Homeland Security	97.067		31,696	-	-	-
Total U. S. Department of Homeland Security			84,713	-	-	-
<u>Institute of Museum and Library Services</u>						
Passed-through N.C. Dept. of Cultural and Natural Resources Division of State Library LSTA	45.310		1,549	-	-	-
Total Institute of Museum and Library Services			1,549	-	-	-
<u>U.S. Dept. of Health & Human Services</u>						
Division of Social Services: Temporary Assistance for Needy Families Cluster TANF - Work First	93.558		1,622,479	-	-	1,491,566
Division of Public Health TANF - Work First	93.558		16,569	-	-	-
Total TANF Cluster			1,639,048	-	-	1,491,566
AFDC Payments & Penalties	93.560		(127)	(35)	-	(35)
<u>Foster Care and Adoption Cluster (Note 4)</u>						
Foster Care - Title IV-E	93.658		1,652,578	328,048	-	868,640
Foster Care	N/A		130,162	-	-	94,113
Adoption Assistance	93.659		10,657	-	-	10,657
Total Foster Care and Adoption Cluster (Note 4)			1,793,397	328,048	-	973,410
Child Support Enforcement	93.563		1,161,282	(9)	-	598,245
Refugee and Entrant Assistance - State Administered Program	93.566		(4)	-	-	-
Total Refugee and Entrant Assistance			(4)	-	-	-
Low-Income Home Energy Assistance: Administration	93.568		72,104	-	-	-
Energy Assistance Payments	93.568		504,841	-	-	-
Crisis Intervention Program	93.568		464,421	-	-	-
Total Low-Income Home Energy Assistance			1,041,366	-	-	-
Stephanie Tubbs Jones Child Welfare Services Program: - Permanency Planning - Families for Kids	93.645		28,141	-	-	9,380
Total Stephanie Tubbs Jones Child Welfare Services			28,141	-	-	9,380
Chafee Foster Care Independence Program	93.674		40,038	7,933	-	-

CLEVELAND COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2018

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
SSBG - Other Service and Training	93.667		\$ 445,642	\$ -	\$ -	\$ 148,547
Division of Aging and Adult Services:						
Division of Social Services:						
SSBG - State In Home Service Fund	93.667		21,175	-	-	3,025
SSBG - State Adult Day Care	93.667		67,623	18,148	-	22,037
Passed-through Isothermal Regional Commission						
Social Service Block Grant (SSBG) - In Home Services	93.667		379	13,281	-	-
Total Social Service Block Grant			534,819	31,429	-	173,609
<u>Administration for Children and Families</u>						
Passed-through the N.C. Dept. of Health and Human Services						
Subsidized Child Care (Note 4)						
Child Care Development Fund Cluster:						
Division of Social Services:						
Child Care Development Fund-Administration	93.596		80,370	-	-	-
Total Child Care Fund Cluster			80,370	-	-	-
Total Subsidized Child Care (Note 4)			80,370	-	-	-
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Medical Assistance:						
Division of Social Services:						
Administration:						
Medical Assistance Program	93.778		2,633,805	17,384	-	948,781
Total Medical Assistance Program			2,633,805	17,384	-	948,781
Division of Social Services:						
Administration:						
State Children's Insurance Program - N.C. Health Choice	93.767		44,171	12	-	-
Choice			44,171	12	-	-
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Public Health:						
Hospital Preparedness Program (HPP) and Public Health						
Emergency Preparedness (PHEP) Aligned Cooperative						
Agreements	93.074		39,642	-	-	-
Well-Integrated Screening and Evaluation for Women Across						
the Nation	93.094		16,410	-	-	-
Project Grants and Cooperative Agreements for Tuberculosis						
Control Program	93.116		50	-	-	-
Family Planning Services	93.217		48,166	-	-	-
PPHF Capacity Building Assistance to Strengthen Public						
Health Immunization Infrastructure and Performance						
financed in part by Prevention and Public Health Funds	93.539		30,388	-	-	-
Preventive Health and Health Services Block Grant funded						
solely with Prevention and Public Health Funds (PPHF)	93.758		39,984	-	-	-
Cancer Prevention and Control Programs for State, Territorial						
and Tribal Organizations	93.898		20,145	-	-	-
HIV Prevention Activities_Health Department Based	93.940		28,000	-	-	-
Preventive Health Services_Sexually Transmitted Diseases						
Control Grants	93.977		692	-	-	-
Maternal and Child Health Services Block Grant	93.994		96,714	72,544	-	-
Total U.S. Dept. of Health and Human Services			9,316,497	457,306	-	4,194,956
Total federal awards			11,096,746	457,306	-	5,339,533

CLEVELAND COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2018

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
State Awards:						
<u>N.C. Dept. of Administration</u>						
Veterans Service			\$ -	\$ 2,175	\$ -	\$ -
Total N.C. Dept. of Administration			-	2,175	-	-
<u>N.C. Dept. of Cultural and Natural Resources</u>						
Division of State Library						
State Aid to Public Libraries			-	142,359	-	-
Total N.C. Dept. of Cultural and Natural Resources			-	142,359	-	-
<u>N.C. Department of Environmental Quality</u>						
Division of Waste Management						
Soil Conservation State Match			-	25,786	-	-
Electronic Management Program			-	7,928	-	-
DWM-Scrap Tire Program			-	2,726	-	-
Total N.C. Dept. Environmental Quality			-	36,440	-	-
<u>N.C. Dept. of Health and Human Services</u>						
Passed-through Isothermal Regional Commission:						
Division of Aging and Adult Services						
90% State Funds - In Home Support			-	130,680	-	-
Division of Social Services						
ST Child Welfare/CPS/CS LD			-	102,895	-	-
DCD Smart Start			-	75,163	-	-
AFDC Incent/Prog Integrit			-	1,584	-	-
State Foster Home			-	356,207	-	285,856
Non-Allocating Reimbursable			-	-	-	144,000
Work First Non Reimbursable			-	-	-	711,590
County Funded Programs			-	-	-	1,409,670
Total Division of Social Service			-	535,849	-	2,551,116
Division of Public Health						
Food and Lodging Fees			-	30,782	-	-
General Aid to Counties			-	149,701	-	-
General Communicable Disease Control			-	5,465	-	-
Nurse Family Partnership			-	235,243	-	-
Child Health			-	10,516	-	-
Gonorrhea Partner Services			-	832	-	-
STD Drugs			-	456	-	-
Breast and Cervical Cancer Control			-	17,850	-	-
TPPI - Adol. Pregency Prevention Program			-	74,253	-	-
School Nurse Funding Initiative			-	200,000	-	-
Family Plannning - State			-	21,903	-	-
Maternal Health			-	10,676	-	-
Women's Health Service Fund			-	12,775	-	-
TB Control			-	21,097	-	-
Total Division of Public Health			-	791,549	-	-
Total N. C. Department of Health and Human Services			-	1,458,078	-	2,551,116
<u>N.C. Dept. of Public Instruction</u>						
Public School Building Capital Fund - Lottery Proceeds			-	1,300,000	-	-
Total N.C. Dept. of Public Instruction			-	1,300,000	-	-
<u>N.C. Dept. of Public Safety</u>						
Juvenile Crime Prevention Programs						
JCPC Administration			-	1,489	-	-
Juvenile Medication/Family Centered Treatment/YDI After						
School Program			-	74,074	74,074	-
Cleveland County School JCPC			-	45,000	45,000	-
Communities in Schools			-	74,016	74,016	-
Total Juvenile Crime Prevention Programs			-	194,579	-	-
Division of Emergency Management						
Tier II Grant						
Total N. C. Department of Public Safety			-	194,579	-	-
<u>N.C. Dept. of Agriculture and Consumer Services</u>						
Regional Grain Project			-	150,000	-	-

CLEVELAND COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2018

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<u>N.C. Dept. of Transportation</u>						
Rural Operating Assistance Program (ROAP) Cluster						
ROAP Elderly and Disabled Transportation Assistance Program		36220.10.7.1	\$ -	\$ 91,558	\$ -	\$ -
ROAP Rural General Public Program		36228.22.7.1	-	114,457	-	-
ROAP Work First Transitional - Employment		36236.11.6.1	-	2,431	-	-
Total ROAP Cluster			-	208,446	-	-
B-5390-ROW-Bridge 31		46105.2.1	-	10,400	-	-
Polkville Fire Department Driveway		44302	-	25,000	-	-
Pinnacle Classical Academy		44981	-	195,929	-	-
Total N.C. Dept. of Transportation			-	439,775	-	-
Total State awards			-	3,723,406	-	2,551,116
Total federal and State awards			\$ 11,096,746	\$ 4,180,712	\$ -	\$ 7,890,649

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Cleveland County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2018. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Cleveland County, it is not intended to and does not present the financial position, changes in net position or

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

Cleveland County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4: Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care and Foster Care



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Alan W. Thompson, CPA

R. Bryon Scott, CPA

Gregory S. Adams, CPA

November 29, 2018

To the Board of Commissioners
Cleveland County
Shelby, North Carolina

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

Significant Audit Findings

Qualitative Aspects of Accounting Practices

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

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

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

Members

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representation

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

Management Consultations with Other Independent Accountants

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

Other Auditing Findings or Issues

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

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

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

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

Other items noted:

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

Pursuant to G.S. 159-28(d), a local government or public authority may not pay a bill, invoice, salary, or other claim by cash, unless a policy has been adopted specifically designating situations where cash can be used for payment. The County has not adopted such a policy.

Other Matters

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

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

Restriction on Use

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

Very truly yours,

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

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

COUNTY OF CLEVELAND, NORTH CAROLINA

AGENDA ITEM SUMMARY

Electrical Permitting Fees – Solar

Department:

Agenda Title: Electrical Permitting Fees – Solar

Agenda Summary: Shane Fox, Chief Financial Officer

Proposed Action:

ATTACHMENTS:

File Name

Description

No Attachments Available

COUNTY OF CLEVELAND, NORTH CAROLINA

AGENDA ITEM SUMMARY

Animal Control Ordinance Review

Department:

Agenda Title: Animal Control Ordinance Review

Agenda Summary: Elliot Engstrom, Senior Staff Attorney

Proposed Action:

ATTACHMENTS:

File Name		Description
<input type="checkbox"/>	2019-01-29_Animal_Cruelty_Ordinance_Update_Staff_Report.pdf	Animal Services Ordinance Staff Report

STAFF REPORT

To: Board of Commissioners
Via: Phyllis Nowlen, Clerk to the Board
From: Elliot Engstrom, Senior Staff Attorney
Subject: Animal Cruelty Ordinance Update

Date: January 29, 2019

Summary Statement:

Staff will present about Cleveland County's animal cruelty ordinance and how it compares to those of other counties.

Review:

Cleveland County has the power to, by ordinance, define and prohibit animal cruelty. Staff will present to the Board about what is contained in Cleveland County's animal cruelty ordinance. Staff will further explain how the County's ordinance compares to those of other counties and how the County ordinance relates to state laws on animal cruelty.

Attachments:

Raw data on animal cruelty ordinances.

Action Requested

None.

###

<u>Jurisdiction</u>	<u>Allow Criminal Prosecution?</u>	<u>Tether length requirements</u>	<u>Shelter/Space Requirements</u>	<u>General Cruelty Provision</u>	<u>Link to code of ordinances</u>
State of North Carolina	Yes	A person who maliciously restrains a dog using a chain or wire grossly in excess of the size necessary to restrain the dog safely is guilty of a Class 1 misdemeanor. For purposes of this section, “maliciously” means the person imposed the restraint intentionally and with malice or bad motive.	No explicit requirement	If any person shall intentionally overdrive, overload, wound, injure, torment, kill, or deprive of necessary sustenance, or cause or procure to be overdriven, overloaded, wounded, injured, tormented, killed, or deprived of necessary sustenance, any animal, every such offender shall for every such offense be guilty of a Class 1 misdemeanor.	https://www.ncleg.gov/EnactedLegislation/Statutes/HTML/ByArticle/Chapter_14/Article_47.html
Cleveland	No	Ten feet long with swivels on both ends; cannot exceed ten percent of the animal's body weight; shall be attached to a properly fitting harness or collar to prevent choking, stangulation, unjustifiable pain, suffering or risk of death; tethered animal must have access to sufficient clean water, food and appropriate shelter (Section 3-7(h))	It shall be unlawful for any owner to fail to provide his animals with sufficient good and wholesome food and water, proper shelter and protection from the weather, veterinary care when needed to prevent suffering, and humane care and treatment.	It shall be unlawful for any person to beat, ill-treat, torment, overload, overwork or otherwise abuse an animal. It shall also be unlawful for any person to tease, molest or bait any animal not belonging to him or under his control.	https://library.municode.com/nc/cleveland_county/codes/code_of_ordinances?nodeId=COOR_CH3AN_ARTIINGE_S3-7CRAN
Rutherford	Yes	Any method of restraint (rope, chain, etc.) must permit a range of motion of no less than six to ten feet beyond the body size of the particular species of animal being cared for an there must be no probability of entanglement occurring.	Enclosures must be consructed and maintained so as to provide sufficient space to allow each animal to make normal postural and social adjustments with adequate freedom of movement to maintain physical conditioning. Specifically, an animal up to forty pounds of weight requires a minimum, unobstructed space of six feet...Inadequate space may be indicated by evidence of malnutrition, poor condition, debility, stress or abnormal behavior patterns.	Any person who overloads, overdrives, drives when overloaded, overworks, tortures, beats,mutilates, maims, unnecessarily kills, or inflicts any other act of cruelty upon any Animal or causes such to be done shall be guilty of a misdemeanor (state statute 14-360) punishable by a fine of up to fifteen hundred dollars (\$1,500.00) and imprisonment for up to one year. It is further adopted by the commissioners of Rutherford County that it shall be unlawful for any person to molest, tease, bait, deprive of necessary substance, wound, injure, poison, abandon or subject to conditions detrimental to any animal's health or general welfare or to cause or procure such action.	https://www.rutherfordcountync.gov/document_center/Animal%20Control/Animal%20Control%20Ordinance%202018.pdf
Gaston	Yes	No specific provision	No specific provision	It shall be unlawful for any owner to fail to provide his animals with sufficient good and wholesome food and water, proper shelter and protection from the weather, veterinary care when needed to prevent suffering, and humane care and treatment.	https://library.municode.com/NC/Gaston_County/codes/code_of_ordinances?nodeId=COOR_CH3AN_ARTIGE_S3-5OFPROF
Lincoln	Yes	No specific provision	Owner guilty of animal cruelty where he has failed to provide an adequate shelter for an animal wherein the animal can be protected from extremes of weather (heat, cold, rain, or snow), physical suffering, or impairment of health, and which is large enough to allow the animal to make normal body movements without restriction	Owner guilty of animal cruelty where he has beaten, mistreated, tormented, overloaded, overworked, or otherwise abused an animal which caused the animal's physical pain, suffering, disability, or death	http://library.amlegal.com/nxt/gateway.dll/North%20Carolina/lincolncounty_nc/countyo/flincolnnorthcarolinacodeofordina?f=templates\$fn=default.htm\$3.0\$vid=amlegal:lincolnnc
Vance	Yes	No animal shall be tied with less than 10 feet of unrestricted area.	Adequate shelter must include at least 3 sides and a roof, allow proper air circulation, and have sufficient room for the animal(s) to move about freely and to lie down comfortably. The following arrangements do not constitute adequate shelter and protection during extreme or inclement weather conditions: <div><div>(1) Underneath exterior steps, stoops, or similar structures;</div><div>(2) Inside of vehicles;</div><div>(3) Underneath vehicles;</div><div>(4) Inside cardboard boxes; and</div><div>(5) Inside buildings or rooms within buildings without proper air circulation.</div></div>	It shall be unlawful for any person to molest, torture, deprive of necessary sustenance, cruelly beat, needlessly mutilate or kill, wound, injure, poison, abandon, or subject to conditions detrimental to its health or general welfare of any animal or to cause or procure such action. The words TORTURE, TORMENT, or CRUELLY shall be held to include every act of omission or neglect whereby unjustifiable physical pain, suffering, or death is caused or permitted	http://library.amlegal.com/nxt/gateway.dll/North%20Carolina/vancecounty_nc/vancecountynorthcarolinacodeofordinances?f=templates\$fn=default.htm\$3.0\$vid=amlegal:vancecountync

			No animal shall be confined to an area that does not provide space for exercise		
		No animal shall be restrained with a chain that is unduly heavy (over 1 pound per foot)			
Iredell	Yes	No household pet shall be tethered except as follows: i) Any tethering device shall be designed and placed to prevent choking or strangulation (choke chains, rope, and/or wire are not acceptable). ii) Such chain or restraint shall not be less than ten (10) feet in length nor less than four (4) times the animal's body length, must not exceed 1/8 of the animal's body weight, and must have swivel hardware at each end to prevent tangling. iii) The radius area of the tether area shall be a minimum of one hundred fifty (150) square feet, and large enough for the animal to assume any normal body position including standing, sitting, lying and walking. The area shall be free of accumulated waste and debris so that the animal shall be free to walk or lie down without coming in contact with any such waste or debris, and drainage shall be provided to eliminate excess water or moisture. iv) A tethered animal must have access to water and adequate shelter. v) A tethered household pet must be currently vaccinated against rabies, and must wear current rabies vaccination tags when tethered. vi) No person shall tether a sick, injured and/or diseased household pet, nor any household pet less than six (6) months of age, unless a responsible adult is outside in the immediate area and within sight of the animal at all times.	It shall be unlawful for any person to subject or cause to be subjected any animal to cruel treatment or deprive or cause to be deprived any animal of adequate food and water. With respect to domesticated animals or wild animals in captivity or under restraint, it shall additionally be unlawful to deprive or cause to be deprived any such animal of adequate shelter or veterinary care.	It shall be unlawful for any person to intentionally overdrive, overload, wound, injure, torment, kill, or deprive of necessary sustenance, or cause or procure to be overdriven, overloaded, wounded, injured, tormented, killed, or deprived of necessary sustenance	https://www.co.iredell.nc.us/DocumentCenter/View/6260/Animal-Ordinance-110415?bidId=
			Outside enclosure means a secured area large enough for the animal to assume any normal body position including standing, sitting, lying and walking. An outside enclosure shall be free of accumulated waste and debris so that the animal shall be free to walk or lie down without coming into contact with any such waste or debris, and drainage shall be provided to eliminate excess water or moisture. Animal control officers reserve the right to determine if a space is considered suitable for the number and size of dogs housed in an outdoor enclosure.		
			Adequate shelter means that shelter or portion of an outside enclosure which will keep a non-aquatic animal dry and out of the direct sun, at a temperature level that is healthful for the animal. For dogs, cats and other small animals, the shelter shall be a wind and moisture resistant structure of suitable size to accommodate the animal. It shall include four (4) walls, a roof and a solid floor raised off the ground, with an opening entrance large enough to allow access to the animal. The animal must have access to shaded areas other than the shelter during warm or hot days. Owners are allowed to utilize plastic barrels in shaded areas only. For all animals, the containment area shall be free of accumulated waste and debris so that the animal shall be free to walk or lie down without coming in contact with any such waste or debris, and drainage shall be provided to eliminate excess water or moisture. Aquatic or semi-aquatic animals shall have an adequate amount of clean water in which to move.		

Pitt	Yes	No specific provision	<p>All animals shall be provided with adequate shelter from the weather and humanely clean conditions at all times. Examples of inadequate shelter include but are not limited to the following:</p> <ul style="list-style-type: none">a. Underneath outside steps, decks and stoops.b. Underneath houses.c. Inside or underneath motor vehicles.d. Inside metal barrels.e. Inside cardboard boxes.f. Inside temporary animal carriers or crates.g. Shelters located in flood prone areas.h. Shelters that cannot be accessed by the animal for any reason. The following list is a non-exhaustive illustration of situations that violate this provision:i. A shelter surrounded by debris, obstructions, or impediments that may endanger an animal.ii. A shelter that is overturned or turned on its side.iii. A shelter that cannot be accessed because the animal's tether or chain does not allow entry.	<p>It shall be unlawful for any person to intentionally molest, torture, torment, deprive of necessary sustenance, cruelly beat or treat, needlessly mutilate or kill, wound, injure, poison, abandon or subject any animal to conditions detrimental to its health or general welfare or to procure any such actions to be inflicted upon any animal.</p>	<p>https://www.pittcountync.gov/DocumentCenter/View/7771/Comprehensive-Animal-Services-Ordinance-</p>
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COUNTY OF CLEVELAND, NORTH CAROLINA

AGENDA ITEM SUMMARY

Agricultural Advisory Board

Department:

Agenda Title: Agricultural Advisory Board

Agenda Summary: Phyllis Nowlen, Clerk to the Board

Proposed Action:

ATTACHMENTS:

File Name

Description

No Attachments Available

COUNTY OF CLEVELAND, NORTH CAROLINA

AGENDA ITEM SUMMARY

Uptown Shelby Association

Department:

Agenda Title: Uptown Shelby Association - Commissioner Appointment

Agenda Summary: Phyllis Nowlen, Clerk to the Board

Proposed Action:

ATTACHMENTS:

File Name

Description

No Attachments Available

COUNTY OF CLEVELAND, NORTH CAROLINA

AGENDA ITEM SUMMARY

Closed Session

Department:

Agenda Title: Closed Session per N.C.G.S. 143-318.11(a)(3)&(4) to discuss a matter that comes within the attorney-client privilege and the location or expansion of industries or other businesses.

Agenda Summary: Susan Allen, Chairman

Proposed Action:

ATTACHMENTS:

File Name

Description

No Attachments Available

COUNTY OF CLEVELAND, NORTH CAROLINA

AGENDA ITEM SUMMARY

Recess to Reconvene

Department:

Agenda Title: Recess to reconvene to Monday, February 11, 2019 at 4:00pm in the Commissioners Chambers located at 311 E. Marion Street, Shelby for a Public Hearing.

Agenda Summary:

Proposed Action:

ATTACHMENTS:

File Name

Description

No Attachments Available