

**Cleveland County, North Carolina
Annual Financial and Compliance Report
For the Year Ended June 30, 2007
I: PREFACE AND INTRODUCTION**

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**Cleveland County, North Carolina
Annual and Financial Compliance Report
For the Year Ended June 30, 2006
I: PREFACE AND INTRODUCTION
A. Message from the County Manager**

October 8, 2007

To the Cleveland County Board of Commissioners:

North Carolina General Statute (NCGS) 159-34(a) requires the County to contract with a certified public accountant to 1) have the financial records audited as soon as possible after the close of each year and 2) evaluate the County's performance with regard to compliance with all applicable federal and state regulations. The statute also requires that the auditor be permitted access to all records and other information upon request.

In February 2007, the County contracted with the Hickory office of Martin Starnes & Associates, CPAs, P.A. to conduct the audit for the fiscal year ended June 30, 2007. The auditor was permitted access to all requested information and no material deficiencies have been noted. As of the date of this letter, the auditor's fieldwork is virtually completed.

The remaining text below is excerpted from a message concerning the recommended budget for fiscal year 2007-08. The recommended budget was adopted as recommended.

The fiscal year 2007-08 budgeted revenues and expenditures are balanced and maintain the current property tax rate of 58 cents per \$100 of property valuation. The major budget initiatives as agreed upon by the County Commissioners are (1) no [property] tax increase, (2) address Medicaid issue, (3) [improve Cleveland] Community College funding, and (4) [issue] 3% cost of living increase for county employees. This budget attempts to address your primary budget goals while maintaining sound fiscal practices.

General Fund Budget

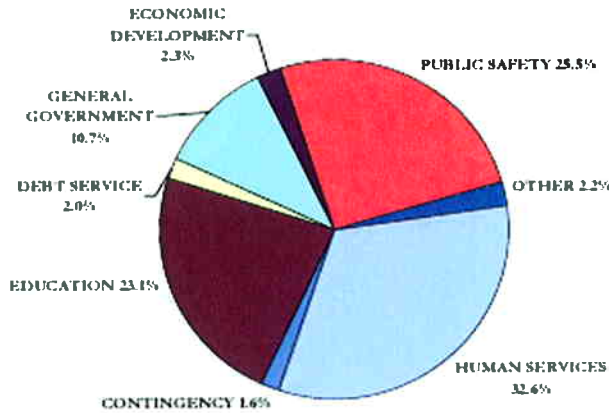
The projected tax base for fiscal year 2007-08 is \$6,025,000,000. This is a projected increase of \$175,000,000 in value over the previous year, which translates into \$974,400 in new revenue at a 58¢ tax rate and a 96% collection rate. We estimate sales tax revenues will increase by \$400,000 as consumer spending statewide continues to grow. Fees for services are expected to grow by approximately \$400,000. These items account for the vast majority of the general fund increase of \$1,988,865 or 3.65% over last year. With the property tax base growth at 2.99%, we will not be able to sustain this funding level in the future unless growth in the tax base increases to match our mandated spending requirements.

Human Services

The overall appropriation of county funding for Social Services, including public assistance, is \$14,042,989 for a 1.83% increase over the previous year. Two positions in this department which were previously temporary assignments will be converted to full time with a majority of the funding coming from the State.

The Health Department budget reflects an overall increase of 6.85% for a total county appropriation of \$3,498,136. A new employee is budgeted in this department which will be funded by enterprise funds.

**Cleveland County Expenditures
FY 2007-2008 Primary Fund By Function**



Public Safety

The Emergency Medical Services department is budgeted a total of \$4,789,790. Although this department budget reflects an increase of 7.17%, most of the funds are comprised of salaries, billing company fees, and minor equipment purchases.

The Sheriff's Office and the Detention Center appropriation totals \$7,461,157 for an increase of 4.75%. The only specific equipment costs compared to the previous year's budget is the addition of one more new vehicle.

Tax Administration

As stated in the introduction, this budget maintains the current property tax rate at 58 cents per \$100 of valuation. The tax rates for the county-wide school district and the county fire district will also remain at 15 cents and 3 cents respectively. A three-quarter of 1% early payment discount will continue to be offered for those taxpayers who pay during the month of August.

In fiscal year 2008-09, the budget will include a property revaluation. The tax administration department has been diligently preparing to complete the adjustment numbers by November of this year to be effective January 2008.

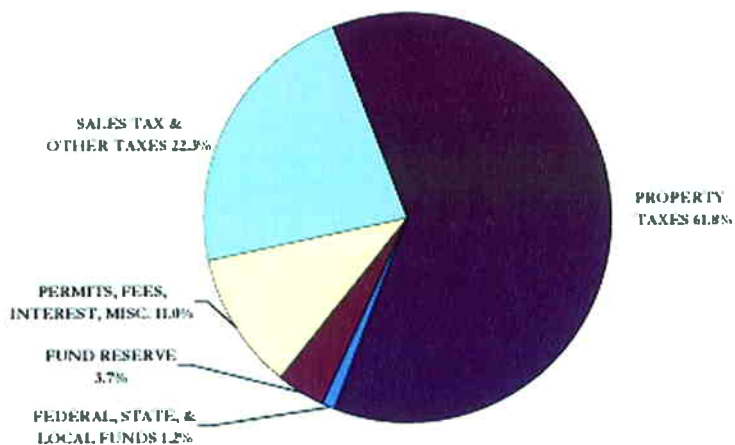
Fees

Our departmental fee schedule has been evaluated carefully and as a result several

departments have included a revised fee schedule in this year's budget. These fees are being recommended to maintain a competitive fee schedule in comparison with other counties and municipalities in the region. A copy of the detailed schedule is included in the budget.

- o Environmental Health - A fee schedule increase is proposed in several areas of service ranging from \$10.00 to \$50.00. In addition, there is a new fee schedule for the recently state mandated well regulation program.

**Cleveland County Revenues
FY 2007-2008 Primary Fund By Source**



- Building Inspection - This department's proposed fees are based primarily upon the type of construction (new, residential, or commercial) and the square footage of the structure.
- Emergency Medical Services - The proposed fee schedule is changing with most services increasing around \$25.00 due to increases in the Medicare allowable rate.
- Hazardous Materials Response - The Cleveland County Emergency Management Office coordinates the response of governmental agencies and the general public to natural and manmade disasters. These responses involve costly equipment and manpower. The proposed fees for a response will be charged to the owner or agent of the owner who is liable for the containment and removal of the hazard.

Human Resources

In order to stay competitive in the region, this budget includes a 3% cost of living increase for county employees. The merit pay system will be distributed at a rate of 25% full merits for eligible employees or up to 50% if distributed as half merits. The distribution of merits to employees will be determined at the discretion of the department heads. As implemented last year, the employees who are eligible for merit will be provided justification for why they received or did not receive a merit.

Earlier this year, staff met with healthcare consultants who advised us that our health insurance costs would be projected to increase by 15%. To slow this growth and provide more options for employees, a Health Savings Account (HSA) option was provided along with a traditional PPO. Employees will have the ability to manage their own accounts which roll over from year to year if unused. In conjunction with our health plan, we will continue to promote our employee wellness clinic and pharmacy program as affordable options. Our direct reimbursement dental plan has been operating effectively for many years. Premiums for this plan have increased only a couple of times in the past 20 years. There are no planned changes in our dental program.

Public Schools

CLEVELAND COUNTY SCHOOL FUNDING WORKSHEET (ACCRUAL BASIS) April 30, 2007						
FISCAL YEAR	2008 <i>estimate</i>	2007 <i>projected</i>	2006	2005	2004	2003
Current Expense	9,908,213	9,808,213	9,808,213	9,808,213	9,599,895	9,591,540
Capital Outlay	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	1,000,000
Special Capital Projects	1,400,000	1,300,000	1,100,000	866,000	866,000	666,000
Supplemental Tax	9,300,000	9,075,000	8,972,776	8,743,152	8,229,246	8,069,183
Fines & Forfeitures	500,000	495,000	488,464	498,141	513,868	580,475
Sales Tax	4,022,000	3,905,000	3,828,164	3,634,624	3,561,726	3,307,847
Total Funding	27,130,213	26,583,213	26,197,617	25,550,130	24,770,735	23,215,045
Student Population	16,957	17,089	17,217	17,609	17,235	17,220
Per Pupil Funding	1,599.94	1,555.57	1,521.61	1,450.97	1,437.23	1,348.14
Amount Change	44.37	33.96	70.64	13.74	89.09	
Percentage Change	2.85%	2.23%	4.87%	0.96%	6.61%	

Cleveland County is providing an increase in the current expenditures for the Cleveland County School System by \$100,000 over the previous year. The total appropriation of \$27,130,213 equates to almost \$1,600 per pupil funding, which is an increase of 2.85% over the previous year. Restricted capital projects funding also increased by a total of \$100,000.

Community College

This budget includes increased funding of \$80,000 in current expenditures for the Cleveland Community College along with an increase in restricted capital of \$10,000. The increase in expenditures is a 7.55% increase over the previous year and will be helpful in moving the Community College up in the statewide comparison of county funding per budgeted FTE.

Volunteer Fire and Rescue

We are in the last year of a three year funding plan for the volunteer fire departments. The budget includes reduction in funding for the five volunteer rescue squads. All five rescue squads have expressed an interest in billing for services. This will shift a greater burden on payment for services versus funding from the general fund. We will continue to explore ways to encourage more new volunteers as well as maintain our current base of volunteers. These efforts will include lobbying for state incentives and exploring ways to help at the county level.

Capital Projects

There are several capital projects included in the budget summarized below:

- Airport terminal - Matching funds with the City of Shelby for terminal improvements-\$160,000
- EMS Base Station - To be located in the southern end of the county
- City of Kings Mountain - Matching funds for boat docks for Chris-Craft Corporation
- Council on Aging/Senior Center - Provide a \$140,000 loan to be paid back interest free over a 10 year period
- Health Department - Complete building renovations, complete landfill cell on Fielding Drive, and animal shelter renovations

In addition, this budget will include a request for your adoption of a 5-year capital improvement plan.

Medicaid

We continue to remain optimistic that we will receive some relief from the Medicaid burden during this year's legislative session. {Editor's Note: Medicaid relief was approved by the state legislature on July 30, 2007 and signed by the governor on the next day.} Based upon projections through next year, the 15% of the non-federal share of Medicaid paid by Cleveland County will have grown by \$3,109,188, or 62%, in 5 years. The General Fund Property Tax Levy will have grown by \$4,007,739, or 13%, over the same time period. Whereas the property tax levy is increasing, on average, about 2.5% per year, the average growth of Medicaid expenditures has exceeded 10% per year. Likewise, the adopted budget for the General Fund has increased \$10,951,090, or 15.5%, in the past 5 years, or about 3% per year.

In the fiscal year ended June 30, 2003, Medicaid expenditures absorbed 10 cents of the property tax rate. In the fiscal year ending June 30, 2008, the County expects to spend about 13.5 cents of the property tax rate toward Medicaid expenditures. This represents a 34% increase in the share of the property tax revenues being applied to Medicaid expenditures over 5 years.

**Medicaid costs have increased
62% vs. 13% for the property
tax levy over the past 5 years.**

Economic Development/Tourism

It has been an exciting year in economic development. The efforts of the Cleveland 20/20 Economic Development Partnership have resulted in the addition of several new major corporations, as well as existing corporate expansions, for a total of over 1,500 new jobs and an investment of almost \$80 million.

An emphasis on local travel and tourism is building in our community. This past year, our occupancy tax collections have continued to grow over the previous year. To continue this momentum, this budget appropriates the excess of our occupancy tax dollars over \$13,000 per month to fund travel and tourism efforts.

Conclusion

There have been many accomplishments over this past year. Cleveland County has collaborated with the City of Shelby to make needed improvements at the Shelby-Cleveland County Regional Airport. In addition, we have worked with the City of Kings Mountain to make improvements at Moss Lake to support the Chris-Craft Corporation. We are also looking ahead and preparing for the future by establishing permanent EMS bases in the county and constructing a new solid waste landfill to ensure our citizens have an environmentally safe place to dispose of their waste.

Although there are always challenges in any community, Cleveland County maintains a progressive attitude. We look forward to a continuation of the past successes which will sustain our local economy by creating jobs for our citizens and assist with maintaining a stable tax rate. Medicaid funding continues to be a focal point of our budget. Resolution of this issue will be imperative to create stability in our county budget. As always, our county departments and staff do an outstanding job containing costs while providing exceptional public services. We will assure you that we will continue to focus our efforts on being good stewards of our allocated resources.

Respectfully submitted,




David C. Dear
County Manager / Budget Officer

Cleveland County, North Carolina
 Annual Financial and Compliance Report
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 I: PREFACE AND INTRODUCTION
 B. List of Principal County Officials

BOARD OF COUNTY COMMISSIONERS

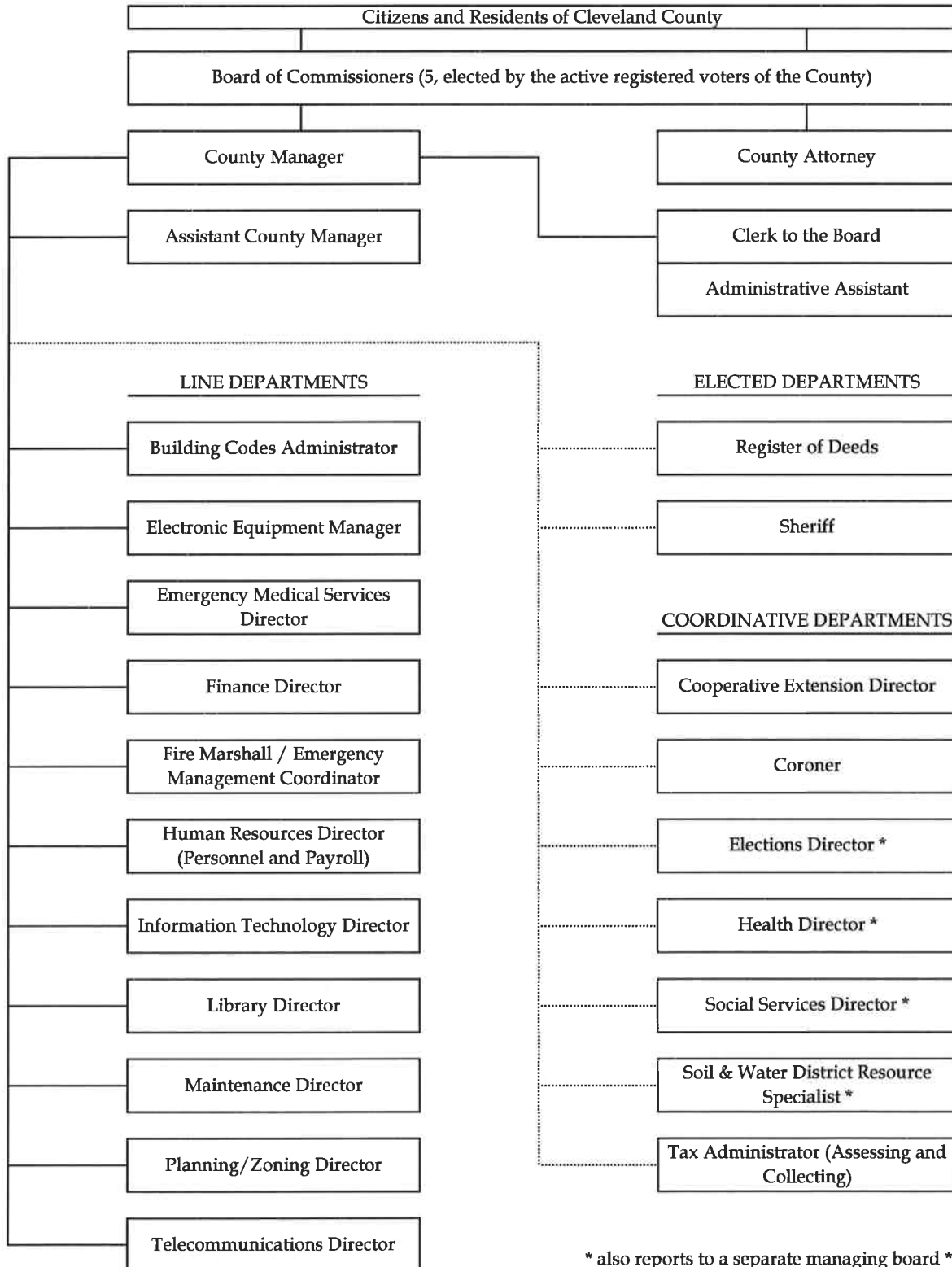
<p>JO BOGGS Commissioner Term Expires 2010</p>		<p>MARY ACCOR Commission Chair Term Expires 2008</p>			<p>EDDIE HOLBROOK Commission Vice-Chair Term Expires 2010</p>
<p>RONNIE HAWKINS Commissioner Term Expires 2008</p>					<p>JOHNNY HUTCHINS Commissioner Term Expires 2008</p>

COUNTY OFFICIALS

<p>EDDIE BAILES Assistant County Manager</p>	<p>DAVID C. DEAR County Manager</p>	<p>BOB YELTON County Attorney</p>
<p>PAUL EZELL Building Codes Administrator</p>		<p>KERRI MELTON Clerk to the Board</p>
<p>JOE CHERRY Electronic Equipment Manager</p>		<p>APRIL CROTTS Administrative Assistant</p>
<p>JOE LORD Emergency Medical Services Director</p>		<p>BONNIE REECE Register of Deeds</p>
<p>CHRIS CREPPS Finance Director</p>		<p>RAYMOND HAMRICK Sheriff</p>
<p>DEWEY COOK Fire Marshall / Emergency Management Coordinator</p>		<p>GREG TRAYWICK Cooperative Extension Director</p>
<p>ALEXIS PEARSON Human Resources Director (Personnel and Payroll)</p>		<p>DWIGHT TESSNEER Coroner</p>
<p>MARTY GOLD Information Technology Director</p>		<p>DEBRA BLANTON Elections Director *</p>
<p>CAROL WILSON Library Director</p>		<p>DENESE STALLINGS Health Director *</p>
<p>PETE MCFARLAND Maintenance Director</p>		<p>JOHN WASSON Social Services Director *</p>
<p>BILL MCCARTER Planning/Zoning Director</p>		<p>BEN ROBINSON Soil & Water District Resource Specialist *</p>
<p>DAVID DODD Telecommunications Director</p>		<p>CHRIS GREEN Tax Administrator (Assessing and Collecting)</p>

* also reports to a separate managing board *

**Cleveland County, North Carolina
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I: PREFACE AND INTRODUCTION
C. Organizational Chart**



Cleveland County, North Carolina
Annual Financial and Compliance Report
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D. Introduction from the County Finance Director

October 8, 2007

Board of Commissioners, residents, and other readers
Cleveland County, North Carolina

All Interested Readers:

County management hereby respectfully submits, and is responsible for the contents of, the *Annual Financial and Compliance Report For the Year Ended June 30, 2007* to the Cleveland County Board of Commissioners, residents of Cleveland County, and other readers. With this *Annual Financial and Compliance Report* of Cleveland County, North Carolina, management portrays the basic financial condition of the County government.

This introduction serves to present a brief description of the four sections that make up this annual report, describe that County management has sole responsibility for this year-end report, and to introduce interested readers to Cleveland County. "Section I. Preface and Introduction" begins with a message from the County Manager, includes organizational information, and ends with this introduction letter. Section II includes the bulk of the financial statements, including the "Notes to Financial Statements" and "Required Supplementary Information." For a narrative overview and analysis of the County's fiscal performance, see the "Management's Discussion and Analysis" in Section II. Section III displays statistical and trend information concerning major items such as property taxes, debts, revenues and expenditures, demographics, and economics. Finally, the County's status of compliance with grant-related federal and state rules and regulations is shown in Section IV.

County's Responsibilities

This report fulfills the County's responsibility to publish complete, accurate, and reliable financial statements and related schedules. Although an independent auditing firm of licensed certified public accountants is hired each year to conduct a financial and compliance audit, County management is responsible for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with the accounting principles that are generally accepted in the United States of America. We are also responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and federal and state programs. In addition, we have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of the federal Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal controls, and preventing and detecting fraud. Therefore, County management has established a comprehensive internal control framework that is designed both 1) to help protect the County's assets from loss, theft, or misuse and 2) to compile sufficient reliable information presented in this report as the County's official financial statements and related schedules such that the presented information complies with U. S. generally accepted accounting principles. While County management conducts its continuing assessment, the County asserts reasonable assurance that its internal control over both 1) the effectiveness and efficiency of operations and 2) financial reporting, which includes safeguarding of assets and compliance with applicable laws and regulations, as of June 30, 2007 was operating effectively.

We have no knowledge of any allegations of fraud or suspected fraud affecting the entity. The County Finance Department is tasked with investigating possible or alleged incidents of fraud, waste, and abuse. If you notice any County employee acting unprofessionally during working hours or using County equipment or other County property for unofficial purposes, please report the event to either 1) the County Finance Department at 704-484-4807, 2) the County Manager at 704-484-4800, or 3) any one or more of your County Commissioners.

The financial statements herein are fairly presented in conformity with U. S. generally accepted accounting principles and include all properly classified funds and other financial information of the primary government required by U. S. generally accepted accounting principles to be included in the financial reporting entity. Except for items identified with this report, the following statements are true:

- 1) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 2) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or the schedule of expenditures of federal and State awards.
- 3) The County has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or fund equity.
- 4) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 5) There are no unasserted claims or assessments that are probable of assertion and no other liabilities or gain or loss contingencies that must be accrued and that must be disclosed in accordance with Financial Accounting Standards Board (FASB) Statement No. 5, Accounting for Contingencies.
- 6) There are no reservations or designation of fund equity that were not properly authorized and approved. All funds and activities are properly classified in the financial statements.

Description of Cleveland County

Thank you for your interest in Cleveland County, North Carolina. Established by the General Assembly of North Carolina, Cleveland County has a land area of approximately 465 square miles. In 1841, Tryon County was separated into Cleveland, Lincoln, and Rutherford counties. Cleveland County was originally named after Colonel Benjamin Cleaveland, a war hero in the Battle of Kings Mountain during the Revolutionary War.

The County has easy access to virtually all of the mid-Southeast's major markets. Both Charlotte-Douglas International Airport and Greenville-Spartanburg International Airport are within an hour's drive. Major rail lines also track through the County. And, the port of Charleston is easily accessible via major interstate highways. Located in the southwestern Piedmont section of North Carolina bordering South Carolina, the County is about 200 miles from Myrtle Beach, South Carolina, 200 miles from Atlanta, Georgia, 410 miles from Washington, D. C., and 650 miles from New York, New York.

The City of Shelby, chartered in 1884, is the County seat and the most populous municipality in the County. Shelby was named after Colonel Isaac Shelby, another war hero from the Battle of Kings Mountain. To travel to Shelby, one must venture about 45 miles west from the City of Charlotte or 74 miles east from the City of Asheville, both in North Carolina, or 50 miles north of the City of Spartanburg, South Carolina. In short, Cleveland County is strategically located between two of the largest metropolitan areas of the Carolinas. In fact, Charlotte Douglass International Airport is the fifth largest hub in the nation.

The City of Kings Mountain is the second largest city in the County. About 90% of the City of Kings Mountain is located in Cleveland County and the remaining amount in Gaston County. Kings Mountain is situated near the intersection of I-85 and US 74. The city is located roughly midway between Shelby and Gastonia, the two seats of their respective counties.

Cleveland County has a commission-manager form of government, meaning that the County Board of Commissioners governs the County, is responsible for the County's policies and procedures, and appoints a County Manager to direct the routine administration of the County. The Board of Commissioners consists of five members elected at large whose terms of office are staggered to keep experienced persons on the Board at all times.

The County levies a property tax on both real and personal property located within its border. Through the annual budget ordinance, the property tax rate is set and provides resources for the County to provide a full range of governmental services, including law enforcement, fire protection, medical-related emergency transportation, public health and social services, solid waste collection, and others. The County also contributes to educational entities.

The County has established a unified countywide school district that is operated and administered by a separate non-partisan nine-member board of education whose members are elected by the citizens. Cleveland County Schools has about 17,000 students. The local board of education appoints a superintendent to direct the day-to-day management of the school

system. Further, high school sports in the County have a rich championship history. And, in recent years, three of the four high schools have had teams competing in state championship title matches in football, basketball, and softball. And, our teams won almost every time.

Also, a number of post-secondary institutions exist in and near the County. Cleveland Community College offers an associate degree program, diplomas and certificates, and a continuing education program. The Town of Boiling Springs hosts Gardner-Webb University, a four-year liberal arts college. Ambassador Baptist College trains men and women for full-time Christian service. Catawba Valley Community College in the City of Hickory, Central Piedmont Community College in the City of Charlotte, Gaston College in the City of Dallas, and Isothermal Community College in the City of Spindale also serve Cleveland County residents from the state's Community College System. Other nearby post-secondary institutions include Belmont Abbey, Converse College, Davidson College, Furman University, Johnson C. Smith University, Lenoir-Rhyne College, Limestone College, Queens College, the University of North Carolina at Charlotte, the University of South Carolina at Spartanburg, Winthrop University, and Wofford College.

The local economy is diverse and without dependence on any one industry. Truck cabs, compact discs, transmissions, aircraft parts, ceramic capacitor material, electric motors, and production equipment are just a few of the items fabricated in Cleveland County. Cleveland County is home to numerous ISO 9000 certified companies and over one-fourth of the work force is involved in manufacturing. And, the County offers a unique combination of assets to existing and new industry, such as an abundant and educated workforce, a highly diversified industrial base, a positive work ethic, cooperative educational programs from Cleveland Community College located in Shelby, organically grown food, ethanol (an alternative fuel for vehicles), and easy access to various types of transportation routes. The county has a broad diversity of manufacturing firms, of which more than 25 firms employ 100 or more persons.

Throughout Cleveland County, caring medical staff provide quality healthcare. Whether you are at Cleveland Regional Medical Center in Shelby, Kings Mountain Hospital in Kings Mountain, Crawley Memorial Hospital in Boiling Springs, Cleveland County Health Department, or any of the other medical facilities, you will find highly trained physicians and nurses eager to share their knowledge.

The County has many attractions, such as the Shelby City Park train and carousel. The County also boasts the largest county fair in the state at the Cleveland County Fairgrounds. The Cleveland County Fair is usually held for more than a week and begins near the end of September. Plus, golfers enjoy the variety of quality golf courses in the County. In addition, the County partners with non-profit agencies that oversee operations at the Broad River Greenway and the Kings Mountain Trails Gateway. Activities such as horseback riding, backpacking, and canoeing are found at these facilities that boast over 2,000 acres. You will also find log cabins, picturesque scenes, and picnic areas at these facilities. Plus, the County is central to recreational facilities located in nearby national parks (i.e. Kings Mountain) and state parks (i.e. South Mountain and Crowders Mountain).

The locals are proud of the area's history and its natural beauty. Area attractions include:

Belwood Heritage Museum 704-538-6695	Lawndale Historical Museum 704-538-7212
Brackett Cedar Park 704-538-7124	Moss Lake, Kings Mountain 704-482-7926
Broad River Greenway, Boiling Springs 704-434-2357	Neisler Natatorium, Catherine M., Kings Mountain 704-734-5654
Carmike 10, Cleveland Mall, Shelby 704-482-6623	Pine Grove Golf Course, Shelby 704-487-0455
Carolina Foothills Handmade Association 704-484-2787	River Bend Golf Course, Shelby 704-482-4286
Challenger 3 Golf Club, Shelby 704-482-5061	Royster Memorial Golf Course, Shelby 704-484-6823
Cleveland County Arts Council, Shelby 704-484-2787	Shelby City Aquatic Center 704-484-6839
Cleveland Memorial Library, Shelby 704-487-9069	Shelby City Park Carrousel and Train 704-484-6839
Crowders Mountain State Park, Gastonia 704-853-5375	Shelby Farmers Market 704-484-9005
Deer Brook Golf Club, Shelby 704-482-4653	Shelby Parks and Recreation 704-484-6839
Gardner-Webb University Pool 704-406-4420	Spangler Branch Library, Lawndale 704-538-7005
Kings Mountain/Bessemer City Drive-In 704-739-2150	Sunset Drive-In, Mooresboro 704-434-7782
Kings Mountain Country Club 704-739-5871	Thunder Valley Speedway, Lawndale 704-538-9666
Kings Mountain Historical Fire Museum 704-74-0555	Woodbridge Golf Links, Kings Mountain 704-482-0353
Kings Mountain Historical Museum 704-739-6613	YMCA of Cleveland County, Shelby 704-484-9622
Kings Mountain Library 704-739-2371	YMCA Boiling Springs 704-434-0441
Kings Mountain National Military Park 864-936-7921	YMCA Kings Mountain 704-734-0449
Kings Mountain State Park 803-222-3209	YMCA Public Pool 704-734-0449

Long-Term Financial Planning

To improve the County's financial position, the County annually evaluates and plans long-term operating and capital needs for all provided services and programs. The formal plan is titled the "Capital Improvement Program" (CIP). The 5-year plan addresses both 1) the projected costs of additional operating and capital needs and 2) the strategy to provide

financial resources from which to pay the costs. The CIP spans fiscal years ending June 30, 2008 to June 30, 2012. The first year of the plan reflects the items included in the County's capital budget for the year ending June 30, 2008.

In other efforts to maintain or improve the County's financial status, County management encourages the pursuit of the following goals:

- ✓ re-evaluate the CIP each year
- ✓ maintain at least 20% of annual operating expenditures in cash reserves
- ✓ avoid using one-time revenue resources for recurring expenditures
- ✓ aggressively seek financial support, such as federal or state grant monies, to attain a sufficient level of resources to finance capital projects
- ✓ pay for small capital projects without borrowing funds and borrow funds, as needed, for larger and more expensive capital projects

I express deep appreciation for the Board of Commissioners, County Manager, and other administrative staff for their interest and support in planning and conducting the financial affairs of the County.

Summary

This *Annual Financial and Compliance Report* was compiled by staff of the Cleveland County Finance Department, in cooperation with the County Manager and certain staff of various other departments, primarily Social Services, Property Tax Administration, Information Technology, and Human Resources. Martin Starnes & Associates, CPAs, P.A., an independent auditing firm of licensed certified public accountants, printed this report. The contributions of all participants are invaluable.

With 15 incorporated municipalities of varying sizes and many smaller communities in the County, you will find there are many great places to live and visit in Cleveland County. Most importantly, you will find that the people of Cleveland County are welcoming and friendly to neighbors and newcomers. And, the workers in Cleveland County consistently out-give other communities to United Way and other community organizations. Cleveland County is a great place to live, work, play, and just enjoy life. You are always welcome in Cleveland County.

Respectfully submitted,



C. D. Crepps
County Finance Director

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