



# CHEROKEE COUNTY

75 Peachtree Street  
Murphy, NC 28906  
828-837-5527

*Randy Wiggins, County Manager*  
*Maria Hass, Asst. County Manager/Clerk to the Board*  
*Candy R. Anderson, CPA, CGMA, Chief Financial Officer*  
*Darryl Brown, County Attorney*

**Board of Commissioners**  
*Randy Phillips, Chairman*  
*Dan Eichenbaum, Vice-Chairman*  
*Ben Adams, Member*  
*Jan Griggs, Member*  
*Cal Stiles, Member*

**May 6, 2024**

## **CHEROKEE COUNTY BUDGET MESSAGE Fiscal Year 2024-2025**

In accordance with North Carolina General Statute §159-11, the Cherokee County Fiscal Year (FY) 2024-2025 recommended budget is respectfully submitted for your review and consideration. The recommended budget sets forth a plan of operation for all county departments, programs, and capital projects for the coming fiscal year. This recommended budget is balanced in accordance with the Local Government Budget and Fiscal Control Act with total revenues and expenditures for all funds totaling \$62,836,160.

### **Introduction**

Cherokee County's FY 2024-2025 recommended budget is designed to function as a plan in guiding departmental operations and funding partner agencies to accomplish the goals and objectives communicated by the Board of Commissioners.

This recommended budget is presented with the following more notable highlights:

- **No increase to the property tax millage rate of 61 cents**
- **No increase in fees except the requested changes to GIS Mapping service fees (see Attachment B)**
- \$2,928,572 addition to designated General Fund Balance for payment #3 due on July 15, 2025 of the DSS suit settlement
- A use of designated fund balance and the corresponding expense budget for payment #2 of the DSS suit settlement payment due on July 15, 2024 in the amount of \$2,928,572
- A use of Article 46 Designated Fund Balance for Cherokee County Board of Education operations in the amount of \$730,573 and for Tri-County Community College capital request items in the amount of \$244,745
- 2% Cost of Living Adjustment
- \$400,912 appropriated as Contingency to address unexpected needs or opportunities
- An increase in the Local Governmental Employees' Retirement System (LGERS) contribution rate of 12.93% to 13.67% for general employees and 14.04% to 15.04% for law enforcement officers. This resulted in an increase in retirement expense of approximately \$105,000.

- \$104,000 increase in insurance & bonding
- \$943,832 use of General Fund Balance for major capital needs:
  - Annex Building elevator replacement - \$125,000
  - Articulating Dump Truck for solid waste - \$254,000
  - Frazier ambulance remounts (2 units) - \$523,540
  - North Tac Repeater site backup - \$15,000
  - 911 Emergency Communications Critical Spare Equipment - \$26,292
- 68.1% (over two-thirds) of the general fund expenditures are allocated to the following functions:
  - Public Safety – 26.9%
  - Human Services – 26.3%
  - Education – 14.9%

We continue to monitor legislative changes coming out of both the Federal Government and our State Legislature that could impact our local budgeted revenues and expenditures and will communicate such information to the Board to address any necessary changes prior to their adoption of the FY2025 Budget Ordinance. We also continue to review current and future forecasted economic indicators that could have significant impacts to the FY2025 budget.

An expenditure schedule by function and department for the FY 2024-2025 recommended budget is provided at the end of this message as Attachment A.

**Total County Funds**

The FY 2024-2025 recommended budget for all Cherokee County Funds has an annual budget totaling \$62,836,160. The County has established an annual budget for seven separate funds. These funds can be further paired into the following fund groupings:

**Cherokee County  
Budget by Fund  
Fiscal Year 2024-2025**

<b>General Fund</b>	<u>\$59,452,371</u>	94.6%
<b>Special Revenue Funds:</b>		
Revaluation Reserve Fund	125,300	0.2%
911 Fund	331,199	0.5%
Deed Trust Fund	8,000	0.0%
Fines and Forfeitures Fund	120,000	0.2%
Representative Payee Fund	290,000	0.5%
Fire Districts	2,166,500	3.4%
Bear Paw Service District	<u>342,790</u>	0.6%
Total Special Revenue Funds	\$ 3,383,789	5.4%
 <b>County Total</b>	 <u><u>\$62,836,160</u></u>	 100%

**General Fund-** The general fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, sales taxes, federal and state grants, and various other taxes and user fees. The primary expenditures are for general government services, public safety, human services, and education.

**Special Revenue Funds-** Special Revenue Funds are used to account for specific revenue sources that are legally restricted to expenditures for specific purposes. The County will maintain seven Special Revenue Funds: Revaluation Reserve Fund, 911 Fund, Fire Districts Fund, Bear Paw Service District Fund, Deed Trust Fund, Fines and Forfeitures Fund and the Representative Payee Fund.

**Capital Projects Funds-** Capital Projects Funds are used to account for the financial resources to be used for the acquisition and construction of major capital facilities. These funds have a project budget as opposed to an annual budget.

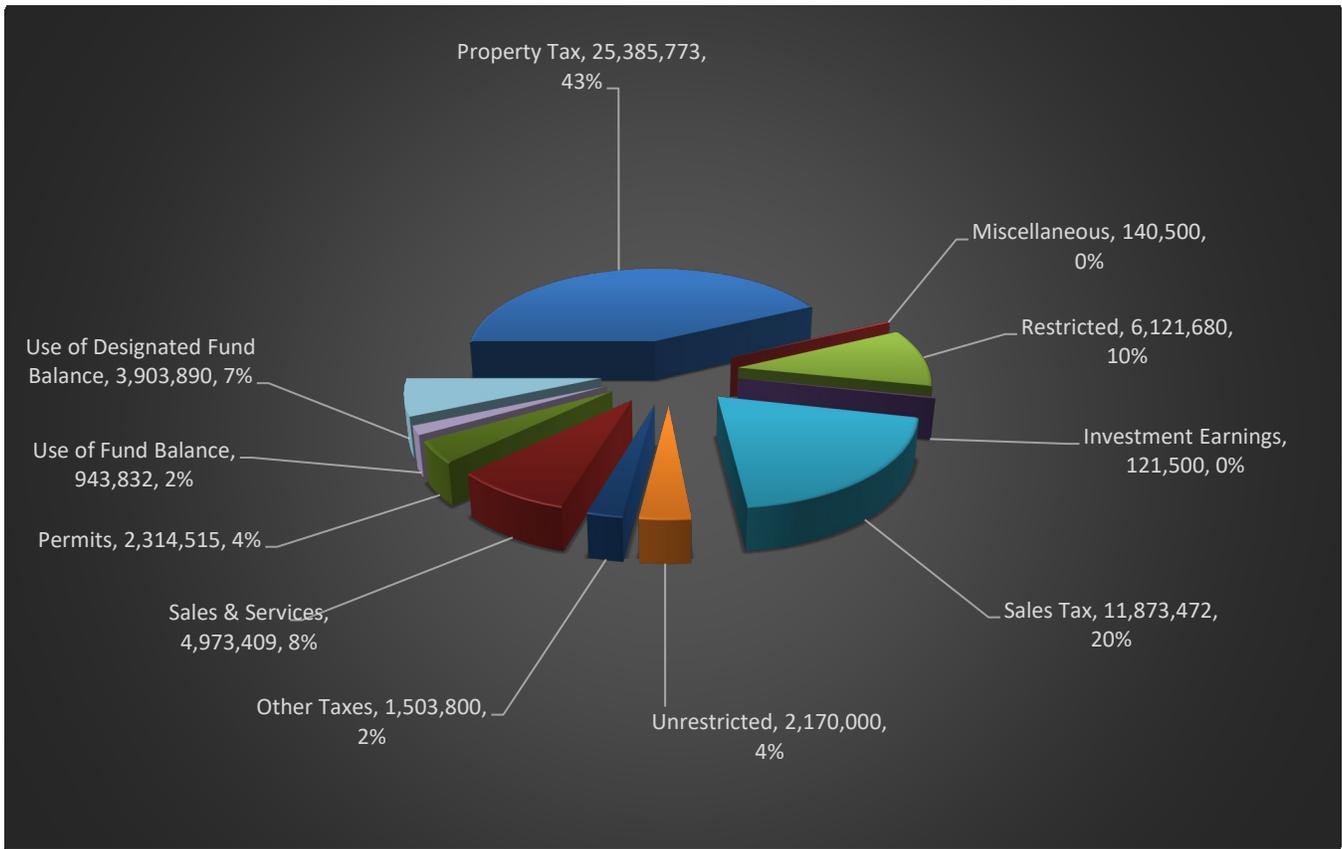
**Enterprise Funds-** Enterprise Funds are used to report any activity for which a fee is charged to external users for goods or services. Cherokee County does not currently have an active enterprise fund.

**General Fund Revenues by Category**

The General Fund with estimated revenues totaling \$59,452,371 derives its revenues from a variety of sources as shown below:

**Cherokee County  
Sources of County Revenue  
FY 2024-2025**

	<b>Recommended</b>	<b>% of Total</b>
Property Tax	25,385,773	42.7%
Miscellaneous	140,500	0.2%
Restricted	6,121,680	10.3%
Investment Earnings	121,500	0.2%
Sales Tax	11,873,472	20.0%
Unrestricted	2,170,000	3.6%
Other Taxes	1,503,800	2.5%
Sales & Services	4,973,409	8.4%
Permits	2,314,515	3.9%
Use of Fund Balance	943,832	1.6%
Use of Designated Fund Balance	3,903,890	6.6%
	<b>\$59,452,371</b>	<b>100.0%</b>



The County’s largest revenue source is derived from ad valorem property taxes. For FY 2024-2025 The ad valorem property tax rate of 61 cents **per \$100 of valuation** provides \$25,385,773, or 42.7%, of the total General Fund Budget, which includes current and prior years collections for both real and personal property, interest and penalties. Cherokee County is experiencing increased service demand across all County operations.

Our Tax Collection staff continues to work diligently toward improvements in our collection methods. As the property tax remains the only substantial revenue source controlled locally, it is imperative to maintain a high collection rate to provide an equitable distribution of taxes. The FY23 actual property tax collection rate of 98.19% and auto tax collection rate of 99.86% was used in our FY25 projection.

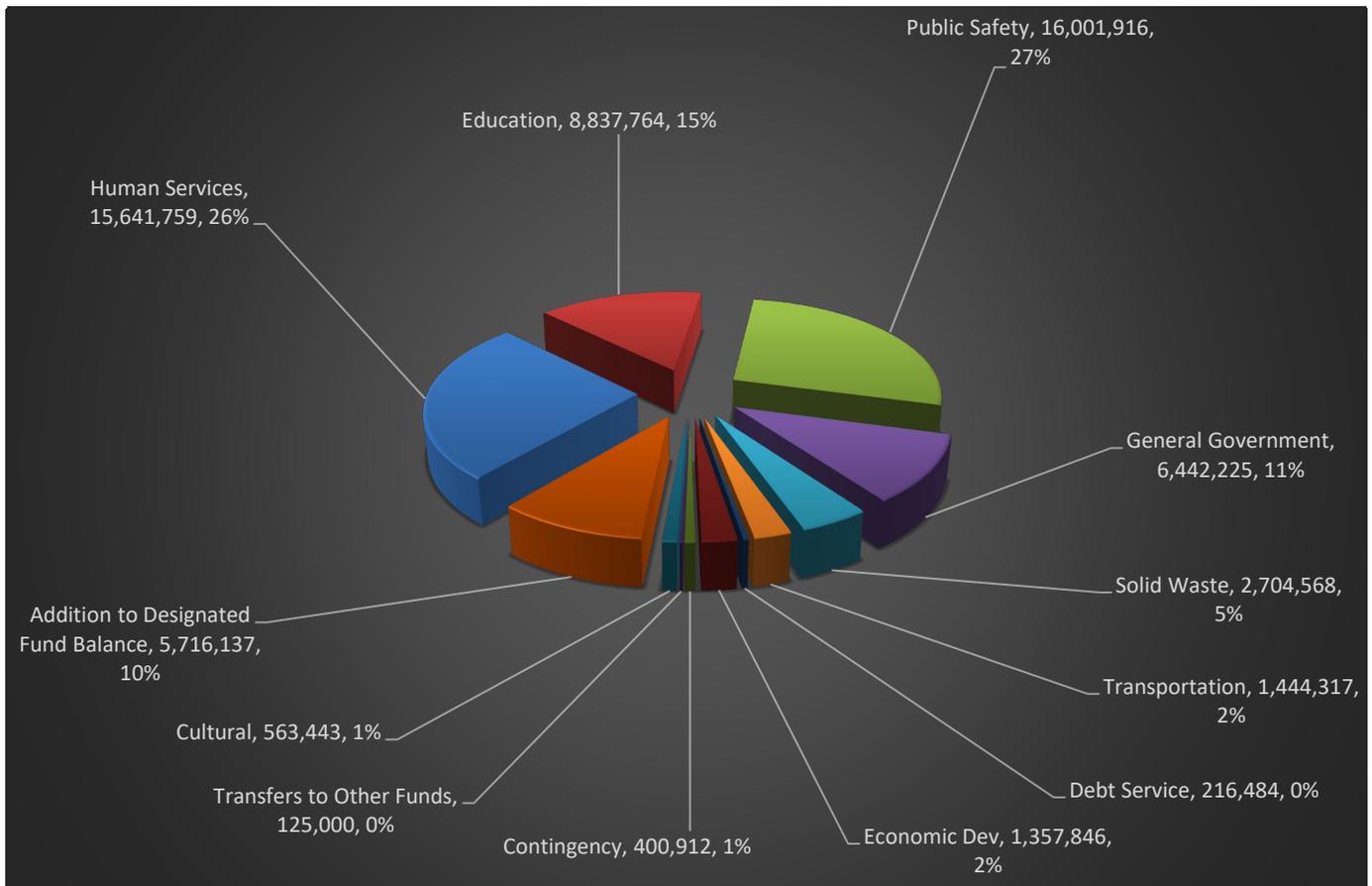
Sales tax revenues account for our second largest, unrestricted, revenue source. Unlike the previous two years where we saw sales tax revenues exceed all projections and expectations, for FY25 we are expecting sales tax growth to remain flat. Cherokee County sales tax revenues have grown at rates not seen in many years, or ever. In fiscal years 2021, 2022, and 2023, the County has been experiencing 21%, 12%, and 5% growth in sales tax revenues. However, the trend across the State and in Cherokee County is seeing that sales tax growth is starting to slow and even possibly flatten. The North Carolina League of Municipalities is projecting a FY25 growth of only 2.2% in sales tax revenues. We continue to be concerned with when, and to what degree, Cherokee County may begin to see a downturn in sales tax proceeds. We are therefore conservatively budgeting our sales tax proceeds to remain flat and thereby generating estimated sales tax proceeds of \$11,873,472 or 19.8% of the total General Fund Budget.

**General Fund Expenditures by Category**

The General Fund budget totaling \$59,452,371 is comprised of separate expenditure categories as shown below.

**Cherokee County  
Expenditures by Function  
FY 2024-2025**

	<u>Recommend</u>	<u>% of Total</u>
Human Services	15,641,759	26.3%
Education	8,837,764	14.9%
Public Safety	16,001,916	26.9%
General Government	6,442,225	10.8%
Solid Waste	2,704,568	4.6%
Transportation	1,444,317	2.4%
Debt Service	216,484	0.4%
Economic Dev	1,357,846	2.3%
Contingency	400,912	0.7%
Transfers to Other Funds	125,000	0.2%
Cultural	563,443	0.9%
Addition to Designated Fund Balance	5,716,137	9.6%
	<u>59,452,371</u>	<u>100%</u>



The following information details some of the more notable changes presented in the FY 2024-2025 recommended budget.

We are recommending \$400,912 appropriated as Contingency to address unexpected expenses. This amount of contingency appropriation is low based on the fact that contingency has historically been fully utilized well before the end of the fiscal year.

## **Operations and Capital**

### **Personnel –**

In FY24 the Board authorized for the MAPS Group to update the salary surveys and comparative analyses from the Cherokee County pay study. The MAPS Group made the recommendation for adjustments to salaries and wages (before benefits) that would result in an estimated \$1,832,901 increase to the budget (before benefits and before any state funding reimbursements). We believe County personnel are the most important asset and should be paid accordingly, however this large of an increase could not possibly be covered in the budget without a millage rate increase. This cost would result in an approximate millage rate increase of 5 cents.

For FY24, we are recommending the addition of two full-time and two part-time positions. These positions are spread across the following departments:

- *Department of Social Services* – 1 full-time position (social worker III)
- *Department of Social Services* – 2 part-time positions (social worker interns)
- *GIS Mapping* – 1 full-time position (senior GIS analyst)

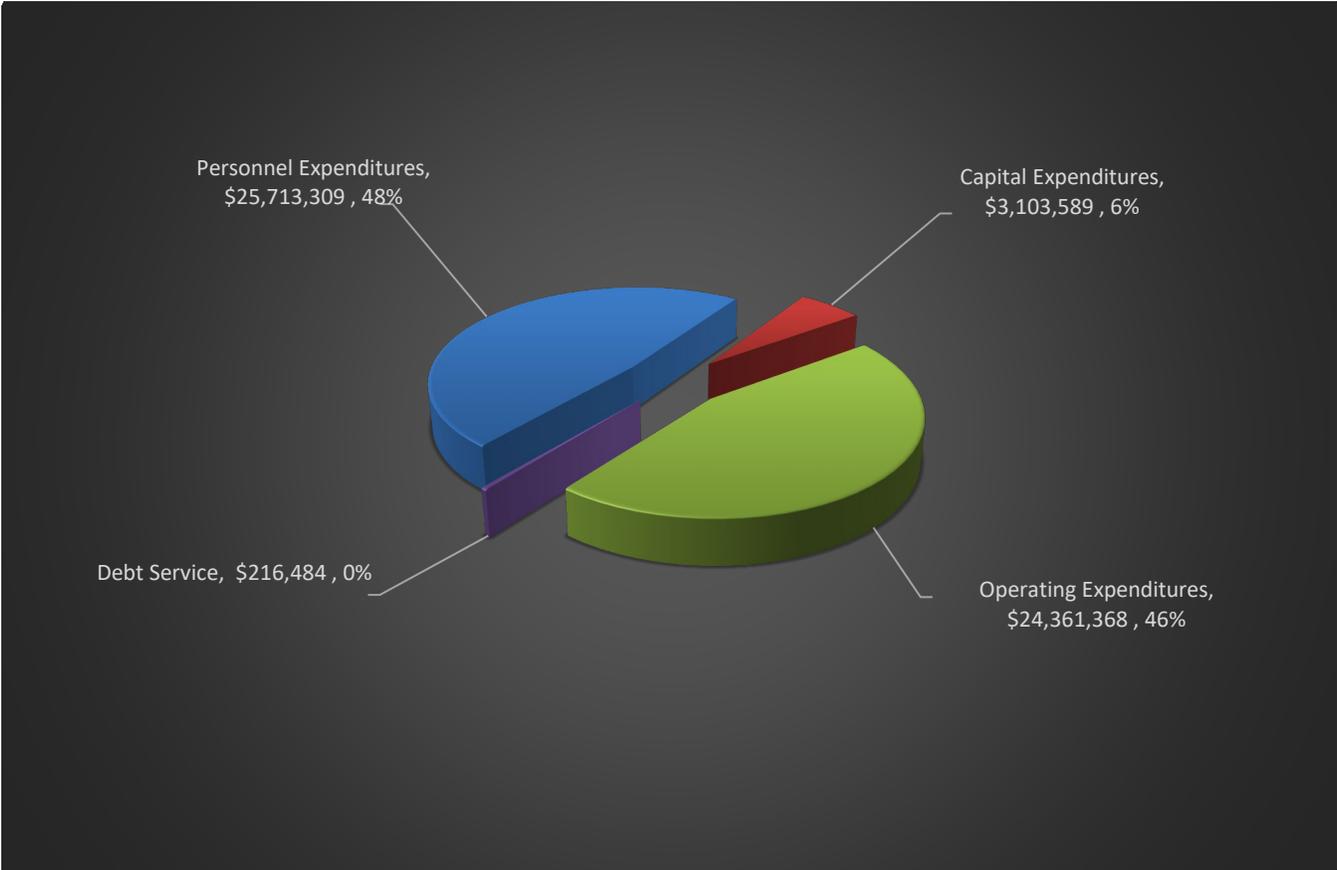
The FY 2024-2025 budget recommendation includes a 2% cost of living adjustment (COLA) at \$388,165, including wages, taxes, and benefits. In 2022, the consumer price index rose 8.0%; and in 2023 it rose another 4.1%. For 2024, it is at an average increase of 3.3% as of March. That is a total average increase of 15.4% in 2 years and 3 months. Due to these current economic conditions, it is important to include a COLA in the 2025 budget year.

### **Use of Fund Balance for Specific Capital Items-**

An amount of \$943,832 has been appropriated from Unassigned Fund Balance for inclusion in this recommended budget. This amount is for the 5 large capital items listed above that are not replaced as part of regular operations.

### **General Fund Expenditures by Type**

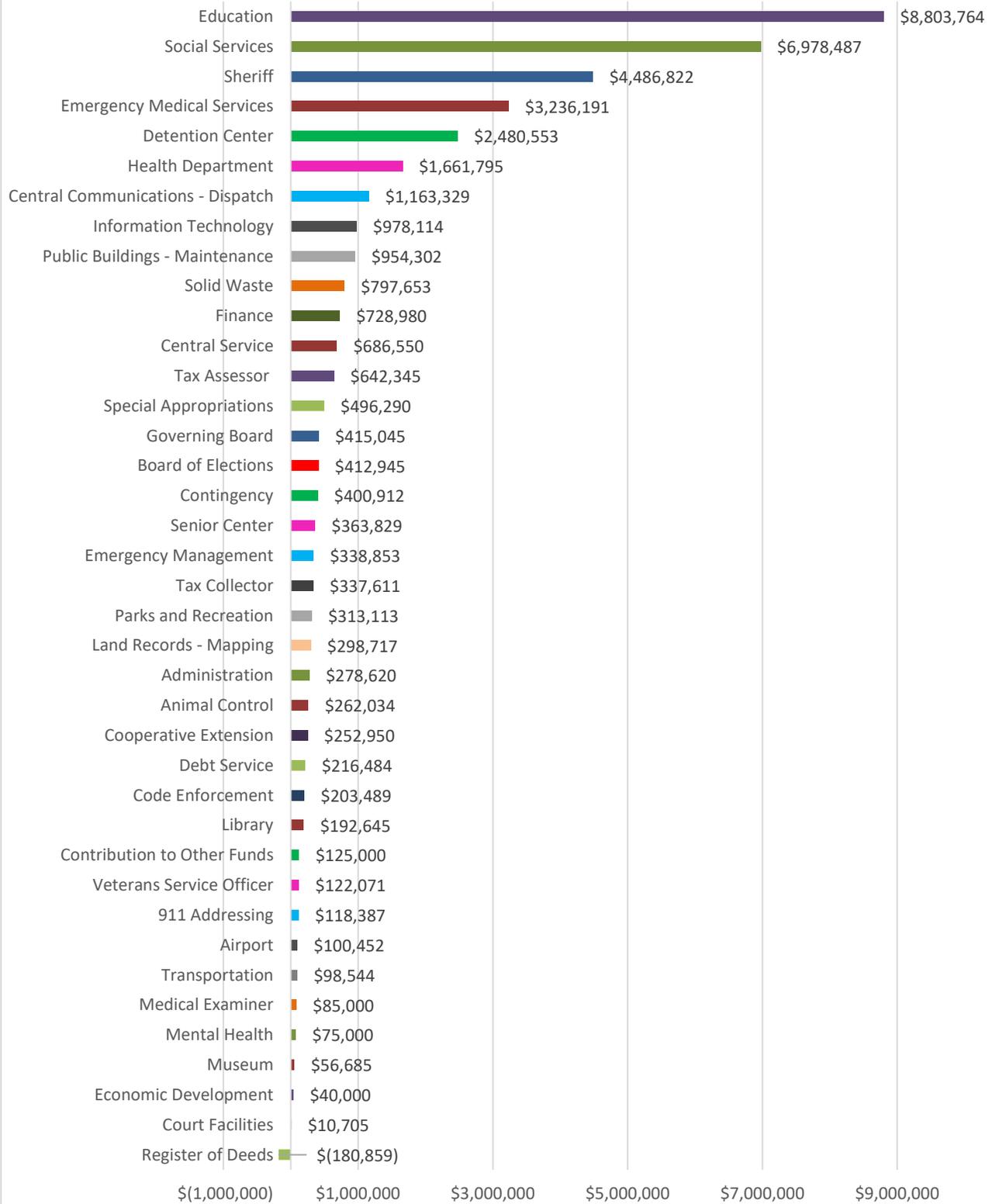
The majority of the County's General Fund expenditures are for personnel expenditures at 48.2%. Below is a breakdown of General Fund expenditures by type excluding increases to Fund Balance and Transfers to Other Funds.



**Net Departmental Budgeted Cost**

Some departments generate revenues from the functions or services they provide. If those departmental revenues were applied against their expected departmental expenditures, the net amount is the departmental cost to the taxpayers. This net departmental cost would be covered by the remaining unrestricted general county revenues (i.e. property taxes, sales taxes, etc...). The recommended budget net departmental cost for each county department is reflected in the chart below.

## Net Departmental Budgeted Cost (Expenditures less any Revenues specific to that Department)



**Other Funds**

Through the annual budget process, the Board of Commissioners also sets the tax rates for special tax districts set up as service districts. These districts include the 15 volunteer fire districts served by 13 Volunteer Fire Departments and the Bear Paw Service District.

Bear Paw Service District will notify us in June as to their Board’s approval of their FY 2024-2025 service district tax rate.

The table below does not reflect an increase in any of the millage rates for FY2025. Any increases in fire tax district rates should occur only after conversations between the Board of Commissioners and the respective Volunteer Fire Department after community meetings are held to educate and inform taxpayers on the justifications and to gauge community support.

**Cherokee County  
Special Tax Districts  
FY 2024-2025**

<b>Fire Districts - Fund # 28</b>	Tax Rates	Estimated
Rural Fire District	2024-25	Revenues
Fire District – Collection Fees	-	9,000
Bellview	0.049	110,500
Brasstown	0.041	17,000
Culberson	0.054	108,500
Grape Creek	0.060	46,500
Hanging Dog	0.059	84,500
Hiwassee Dam	0.064	296,500
Hot House	0.035	82,000
Martins Creek	0.034	98,500
Murphy Rural	0.099	405,000
Peachtree	0.065	247,000
Ranger	0.047	221,500
Tipton Creek	0.041	3,000
Unaka	0.038	41,000
Valleystown	0.054	374,000
Violet	0.064	22,000
<b>Total Fire Districts</b>		<b>2,166,500</b>
<b>Bear Paw Service District - Fund # 29</b>		
Bear Paw Service District	0.380	<b>342,790</b>

## **Conclusion**

Thank you to the Board of Commissioners for their support and guidance over the current year and toward the FY2025 budget development process. I want to express my appreciation to our outstanding County staff for their assistance in the preparation of the FY 2024-2025 recommended budget and for their constant dedication to the citizens and visitors we serve. As always, a very special note of appreciation to our Chief Financial Officer for her sound counsel and the many hours spent gathering, maintaining and analyzing the data necessary to perform this task responsibly and effectively.

The Fiscal Year 2024-2025 recommended budget sets forth a plan of spending that supports effective service delivery, maintains a strong financial position and reflects sound management of the County's resources. We are pleased to present to you a recommended budget that will responsibly address our operational and capital needs in the coming fiscal year while protecting the fiscal health of Cherokee County for the future.

This budget message may be accessed on the internet at [www.cherokeecounty-nc.gov](http://www.cherokeecounty-nc.gov), or at the office of the Clerk to the Cherokee County Board of Commissioners.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Randy Wiggins". The signature is fluid and cursive, with a prominent loop at the end.

Randy Wiggins  
Cherokee County Manager

**Attachment A**

**Cherokee County  
Budget by Department  
Fiscal Year 2024-2025**

<u>General Fund</u>	<u>FY 2024-2025 Budget</u>
PARKS & RECREATION	314,113
MUSEUM	56,685
LIBRARY	192,645
<b>TOTAL CULTURAL &amp; RECREATION</b>	<b>563,443</b>
LONG TERM DEBT SERVICE	216,484
<b>TOTAL DEBT SERVICE</b>	<b>216,484</b>
COOPERATIVE EXTENSION	266,150
ECONOMIC DEVELOPMENT	40,750
SOIL & WATER	130,198
SPECIAL APPROPRIATIONS	920,748
<b>TOTAL ECONOMIC DEVELOPMENT</b>	<b>1,357,846</b>
SCHOOLS	7,631,489
COMMUNITY COLLEGE	1,206,275
<b>TOTAL EDUCATION</b>	<b>8,837,764</b>
GOVERNING BOARD	415,045
ADMINISTRATION	278,620
INFORMATION TECHNOLOGY	978,114
FINANCE	728,980
TAX ASSESSOR	642,345
LAND RECORDS	298,867
TAX COLLECTOR	337,611
COURT FACILITIES	42,705
BOARD OF ELECTIONS	412,945
REGISTER OF DEEDS	666,141
PUBLIC BUILDINGS/MAINTENANCE	954,302
CENTRAL SERVICE	686,550
<b>TOTAL GOVERNMENTAL</b>	<b>6,442,225</b>

MENTAL HEALTH	75,000
HEALTH DEPARTMENT	3,222,374
SOCIAL SERVICES	11,398,845
VETERANS SERVICES	124,071
SENIOR CENTER	611,717
SPECIAL APPROPRIATIONS	209,752
<b>TOTAL HEALTH &amp; HUMAN SERVICES</b>	<b>15,641,759</b>
CONTRIBUTIONS TO OTHER FUNDS -	125,000
<b>TOTAL TRANSFERS TO OTHER FUNDS</b>	<b>125,000</b>
SHERIFF	4,695,615
DETENTION CENTER	3,475,553
911 ADDRESSING	118,387
CENTRAL DISPATCH	1,163,329
EMERGENCY MANAGEMENT	360,478
EMERGENCY MEDICAL SERVICE	5,136,191
ANIMAL CONTROL	262,034
CODE ENFORCEMENT	548,989
MEDICAL EXAMINER	85,000
SPECIAL APPROPRIATIONS	156,340
<b>TOTAL PUBLIC SAFETY</b>	<b>16,001,916</b>
<b>TOTAL SOLID WASTE</b>	<b>2,704,568</b>
TRANSPORTATION	879,565
AIRPORT OPERATIONS	564,752
<b>TOTAL TRANSPORTATION</b>	<b>1,444,317</b>
<b>CONTINGENCY</b>	<b>400,912</b>
ADDITION TO RESTRICTED/DESIGNATED FUND BALANCE	5,716,137
<b>TOTAL GENERAL FUND</b>	<b>59,452,371</b>

## Fee Schedule for Cherokee County GIS

8 ½"x11" Map Prints ... \$0.25

8 ½"x11" Aerial Photographs and/or other layers... \$3.00

8 ½"x11" Reports (per page)... \$0.25

11"x17" Map Prints ... \$1.00

11"x17" Aerial Photographs and or other layers... \$5.00

11"x17" Reports (per page)... \$1.00

Static Maps ... ~~\$5.00~~ **Requesting to remove this fee and service**

Custom Data Reports (not-printed)... ~~\$5.00~~ \$10.00

Scan Service (per scan)... ~~\$5.00~~ \$10.00

Map or plat copies (each) ... ~~\$10.00~~ \$15.00

Data CD's ... ~~\$25.00~~ **Requesting to remove this fee and service**

Data DVD's ... ~~\$50.00~~ **Requesting to remove this fee and service**

Custom production is ~~\$40.00~~ \$50.00(per hour) with ~~\$10.00~~ \$15.00 additional fee per printed map sheet, or above media fees applies.