



CHEROKEE COUNTY

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May 17, 2021

CHEROKEE COUNTY BUDGET MESSAGE Fiscal Year 2021-2022

In accordance with North Carolina General Statute §159-11, the Cherokee County Fiscal Year (FY) 2021-2022 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 \$46,232,984.

Introduction

Cherokee County's FY 2021-2022 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 notable highlights:

- No increase in the property tax millage rate of 46 cents
- No increase in fees
- An increase in budgeted sales tax proceeds of 65% or approximately \$3,807,871 over FY21 approved budget
- No use of general fund balance is needed
- 76% of the general fund expenditures are allocated to the following functions:
 - Public Safety
 - Human Services
 - Education

- Provides for acquisition and replacement of critical and essential vehicles and equipment across various departments – of note are:
 - Mitel Phone System – Current Shoretel system is no longer supported
 - Fleet replacement and acquisition across numerous departments to include Sheriff, Code Enforcement, Public Health, IT, Cooperative Extension and Central Services
 - Power Load stretcher system in all front line and backup ambulances
 - Oven, range and warmer cabinet replacements for Detention kitchen
 - Forklift acquisition for Public Buildings & Maintenance

We continue to monitor legislative changes, budgetary proposals and Coronavirus relief measures targeted to local governments coming out of both the Federal Government and our local State Legislature that could impact our local budgeted revenues and expenditures and will communicate such information to the Board to address any necessary changes to this recommended budget prior to their adoption of the FY2022 Budget Ordinance. An expenditure schedule by function and department for the FY 2021-2022 recommended budget is provided at the end of this message as Attachment A.

Total County Funds

The FY 2021-2022 recommended budget for all Cherokee County Funds has an annual budget totaling \$43,678,470. The County has established an annual budget for six separate funds. These funds can be further paired into the following fund groupings:

Cherokee County Budget by Fund Fiscal Year 2021-2022

General Fund	<u>\$43,678,470</u>	<u>94.4%</u>
Special Revenue Funds:		
Revaluation Reserve Fund	75,050	0.2%
911 Fund	314,164	0.7%
Fire Districts	1,844,400	4.0%
Bear Paw Service District	320,900	0.7%
Total Special Revenue Funds	<u>\$ 2,554,514</u>	<u>5.6%</u>
 County Total	 <u><u>\$46,232,984</u></u>	 <u><u>100%</u></u>

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 five Special Revenue Funds: Revaluation Reserve Fund, 911 Fund, Fire Districts Fund, Bear Paw Service District Fund and the Debt Service 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.

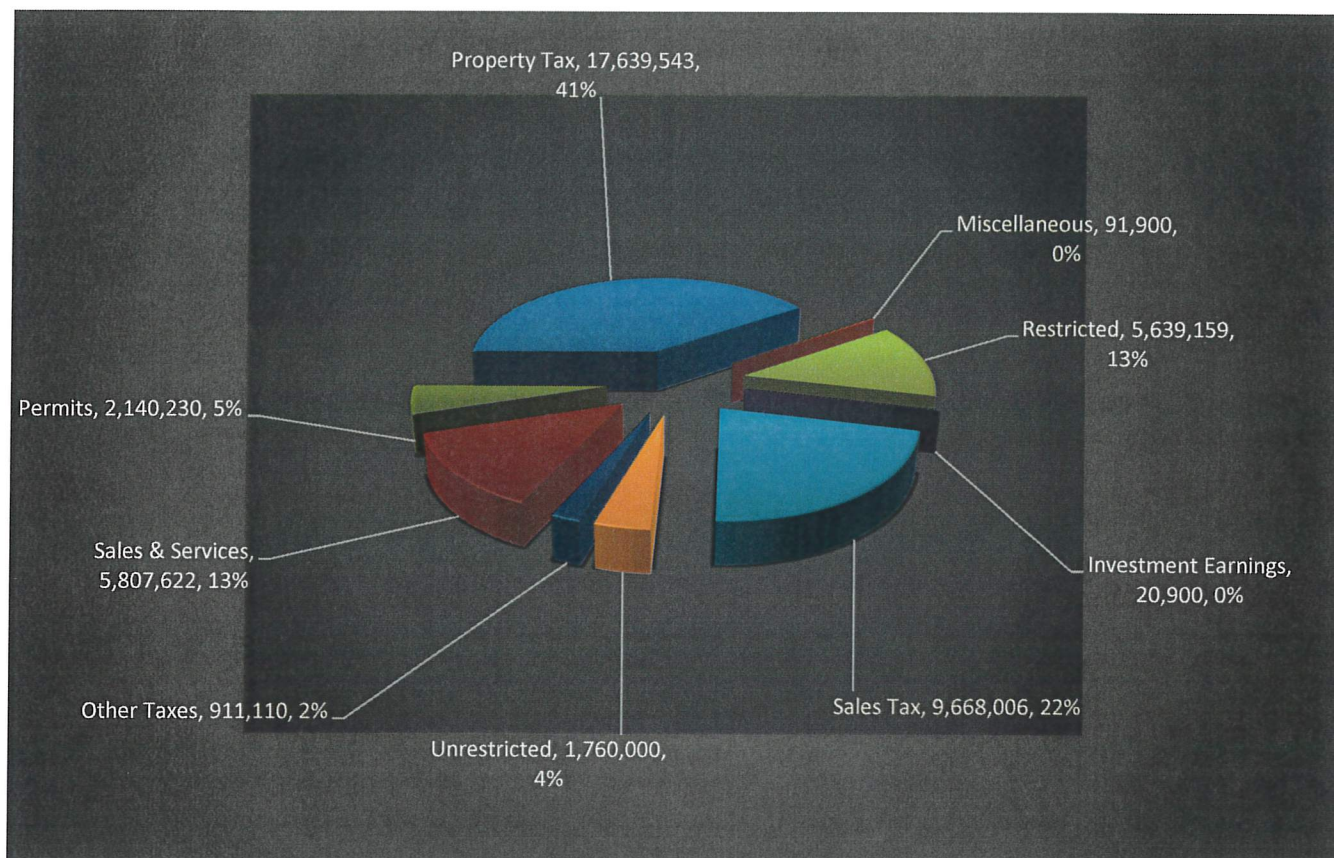
Enterprise Funds- Enterprise Funds are used to report any activity for which a fee is charged to external users for goods or services. Cherokee County does not currently have an active enterprise fund.

General Fund Revenues by Category

The General Fund with estimated revenues totaling \$43,678,470 derives its revenues from a variety of sources as shown below:

Cherokee County Sources of County Revenue FY 2021-2022

	Recommended	% of Total
Property Tax	17,639,543	40.4%
Miscellaneous	91,900	0.2%
Restricted	5,639,159	12.9%
Investment Earnings	20,900	0.1%
Sales Tax	9,668,006	22.1%
Unrestricted	1,760,000	4.0%
Other Taxes	911,110	2.1%
Sales & Services	5,807,622	13.3%
Permits	2,140,230	4.9%
	\$43,678,470	100.0%



The County's largest revenue source is derived from ad valorem property taxes. For FY 2021-2022 it is recommended that Cherokee County maintain the rate of **46 cents per \$100 of valuation** providing \$17,639,543, or 40.4%, of the total General Fund Budget, which includes current and prior years collections for both real and personal property, interest and penalties. A majority of the Board of Commissioners has expressed their support to increase the ad valorem property tax millage rate a maximum of 4 cents in dedicated support of the debt service for the Consolidated High School project for Cherokee County Schools. Once we have a firm cost and the associated financing information necessary to fund, the Board will then be positioned to establish any dedicated millage rate increase necessary to support the project.

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.

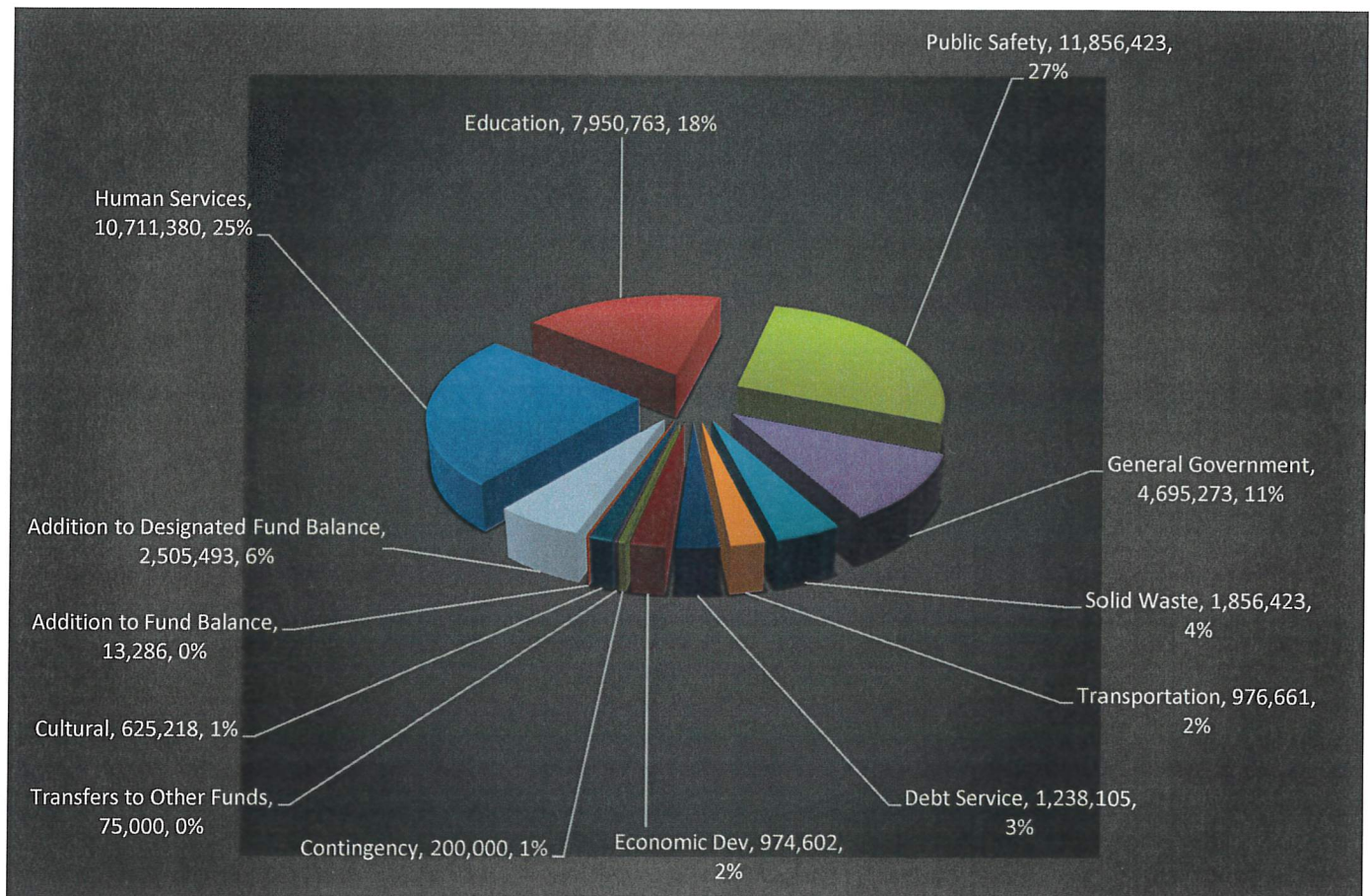
Sales tax revenues account for our second largest, unrestricted, revenue source. The Coronavirus Pandemic that came into play for our FY21 budget planning was estimated to result in a 25% reduction in sales tax revenues equating to an approximate \$1.7 Million revenue impact. Fortunately for Cherokee County this loss was not experienced and in fact we have realized an increase of 18% in our sales tax revenues through February of FY21.

General Fund Expenditures by Category

The General Fund budget totaling \$43,678,470 is comprised of separate expenditure categories as shown below.

Cherokee County Expenditures by Function FY 2021-2022

	Recommend	% of Total
Human Services	10,711,380	24.5%
Education	7,950,763	18.2%
Public Safety	11,856,423	27.1%
General Government	4,695,273	10.8%
Solid Waste	1,856,423	4.3%
Transportation	976,661	2.2%
Debt Service	1,238,105	2.8%
Economic Dev	974,602	2.2%
Contingency	200,000	0.5%
Transfers to Other Funds	75,000	0.2%
Cultural	625,218	1.4%
Addition to Fund Balance	13,286	0.1%
Addition to Designated Fund Balance	2,505,493	5.7%
	43,678,470	100%



The following information details some of the more notable changes presented in the FY 2021-2022 recommended budget.

We are recommending \$200,000 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

Information Technology –

- Replacement of the county's Shoretel telephone system that is no longer supported

EMS –

- Stretcher Power Load systems for five front-line and three backup Med Units. These systems are used by all services in Western NC and are proven to reduce cot related lifting and loading injuries to our employees. One service has seen a 100% reduction in such injuries. The cost of a back-strain injury is approximately three and half times the cost of one Power Load system.

Personnel –

In December, the Board approved a contract with the MAPS Group to perform a salary study and provide an update to our pay and classification plan. This plan is being finalized and will be presented to the Board of Commissioners at their work session on May 26th. Once presented we will be working with the Board to implement the updated pay and classification plan effective for FY2022.

For FY22, we are recommending the addition of six full-time and two part-time positions. These positions are spread across the following departments:

- **Department of Social Services** – 4 full-time positions (2 income maintenance case workers, 1 social worker III and administrative officer)
- **Emergency Communications** – 1 full-time telecommunicator position
- **Finance/Human Resources** – 1 full-time human resources specialist
- **911 Addressing** – 1 part-time mapping tech/sign installer
- **Tax Assessor** – 1 part-time tax clerk/business and personal appraiser

Capital Projects -

The county is in the planning stages of two capital projects for which we do not yet have budget information. Those projects are EMS Station 1 construction and Armory renovations.

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.

Peachtree VFD has requested a 1 cent increase to their fire tax rate in order to work toward a reduction in their ISO rating in benefit to their district. The Board will take up this request during their work on the FY22 budget.

Bear Paw Service District will notify us in June as to their Board's approval of their FY 2021-2022 service district tax rate.

The table below does not reflect an increase in any of the millage rates for FY2022. 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 2021-2022

Fire Districts - Fund # 28	Tax Rates	Estimated
Rural Fire District	2021-22	Revenues
Fire District – Collection Fees	-	8,600
Bellview	0.049	102,500
Brasstown	0.041	15,500
Culberson	0.054	97,000
Grape Creek	0.060	43,000
Hanging Dog	0.059	75,500

Hiwassee Dam	0.064	266,000
Hot House	0.035	72,500
Martins Creek	0.034	88,000
Murphy Rural	0.092	340,000
Peachtree	0.055	189,000
Ranger	0.047	192,500
Tipton Creek	0.041	2,800
Unaka	0.038	36,500
Valleystown	0.054	295,000
Violet	0.064	20,000
Total Fire Districts		<u>1,844,400</u>

Bear Paw Service District - Fund # 29

Bear Paw Service District	0.380	<u>320,900</u>
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Conclusion

Thank you to the Board of Commissioners for their support and guidance over the current year and toward the FY2022 budget development process. I want to express my appreciation to our great County staff for their assistance in the preparation of the FY 2021-2022 recommended budget and for their constant dedication to the citizens and visitors we serve. Never more has this been evident than the great service our employees have continued to perform on behalf of our citizens and visitors during these unprecedented times. As always, a very special note of appreciation to our Finance Director for her sound counsel and the many hours spent gathering, maintaining and analyzing the data necessary to perform this task responsibly and effectively.

This Fiscal Year 2021-2022 recommended budget sets forth a plan of spending that supports effective service delivery, maintains our 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.cherokeeconomy-nc.gov, or at the office of the Clerk to the Cherokee County Board of Commissioners.

Respectfully Submitted,



Randy Wiggins
Cherokee County Manager

Attachment A

**Cherokee County
Budget by Department
Fiscal Year 2021-2022**

<u>General Fund</u>	<u>FY 2021-2022 Budget</u>
PARKS & RECREATION	382,718
MUSEUM	49,855
LIBRARY	192,645
TOTAL CULTURAL & RECREATION	625,218
LONG TERM DEBT SERVICE	1,238,105
TOTAL DEBT SERVICE	1,238,105
COOPERATIVE EXTENSION	240,064
ECONOMIC DEVELOPMENT	102,973
SOIL & WATER	96,758
SPECIAL APPROPRIATIONS	534,807
TOTAL ECONOMIC DEVELOPMENT	974,602
SCHOOLS	7,079,540
COMMUNITY COLLEGE	871,223
TOTAL EDUCATION	7,950,763
GOVERNING BOARD	260,224
ADMINISTRATION	219,188
INFORMATION TECHNOLOGY	927,520
FINANCE	523,572
TAX ASSESSOR	540,669
LAND RECORDS	179,482
TAX COLLECTOR	283,438
COURT FACILITIES	41,400
BOARD OF ELECTIONS	367,842
REGISTER OF DEEDS	485,647
PUBLIC BUILDINGS/MAINTENANCE	584,716
CENTRAL SERVICE	281,575
TOTAL GOVERNMENTAL	4,695,273

MENTAL HEALTH	75,000
HEALTH DEPARTMENT	2,884,796
SOCIAL SERVICES	6,954,090
VETERANS SERVICES	101,616
SENIOR CENTER	485,676
SPECIAL APPROPRIATIONS	210,202
TOTAL HEALTH & HUMAN SERVICES	10,711,380
CONTRIBUTIONS TO OTHER FUNDS -	75,000
TOTAL TRANSFERS TO OTHER FUNDS	75,000
SHERIFF	3,212,693
JAIL	2,659,481
911 ADDRESSING	107,587
CENTRAL DISPATCH	842,467
EMERGENCY MANAGEMENT	169,050
AMBULANCE SERVICE	4,160,710
ANIMAL CONTROL	105,500
CODE ENFORCEMENT	494,202
MEDICAL EXAMINER	35,000
SPECIAL APPROPRIATIONS	69,733
TOTAL PUBLIC SAFETY	11,856,423
TOTAL SOLID WASTE	1,856,266
TRANSPORTATION	687,085
AIRPORT OPERATIONS	289,576
TOTAL TRANSPORTATION	976,661
CONTINGENCY	200,000
ADDITION TO FUND BALANCE	13,286
ADDITION TO DESIGNATED FUND BALANCE	2,505,493
TOTAL ADDITION TO FUND BALANCE	2,523,779
TOTAL GENERAL FUND	43,678,470