

**Cherokee County, North Carolina**  
**Financial Statements**  
**June 30, 2024**

Turner & Company CPAs P.A.

31 Peachtree Street • Murphy, NC 28906 • Phone (828) 837-8188 • Fax (828) 837-5313

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**June 30, 2024**

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## **Introductory Information**

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**Cherokee County, North Carolina**  
**List of Principal Officials as of October 29, 2025**  
*(the Date of the Auditors' Report)*

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**BOARD OF COUNTY COMMISSIONERS**

Dr. Dan Eichenbaum - District 4 Commissioner, Chairman

Cal Stiles - District 1 Commissioner, Vice-Chair

Mark Stiles - District 2 Commissioner

Ben Adams - District 3 Commissioner

Alan Bryant - District 5 Commissioner

**COUNTY OFFICIALS**

Randy Wiggins - County Manager

Candy R. Anderson, CPA, CGMA - Chief Financial Officer

Darryl R. Brown - County Attorney

Maria Hass - Clerk to the Board/Assistant County Manager

Karen Wright - Register of Deeds

Teresa Ricks - Tax Assessor

Delenna Stiles - Tax Collector

Dustin Smith - Sheriff

David Badger - Health Director

Amanda McGee - Director of Social Services

Leighsa R. Jones - Director of Elections

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## **Financial Section**

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# Turner & Company CPAs P.A.

31 Peachtree Street • Murphy, NC 28906 • Phone (828) 837-8188 • Fax (828) 837-5313

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## Independent Auditors' Report

To the Board of Commissioners  
Cherokee County, North Carolina

### Report on the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Cherokee County, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2024, and the respective changes in financial position, 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.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Cherokee County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.



- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 10, the Local Government Employees' Retirement System schedules of the County's Proportionate Share of Net Pension Liability (Asset) and the County Contributions, pages 54 and 55, the Register of Deeds' Supplemental Pension Fund schedules of the County's Proportionate Share of the Net Pension Asset and the County Contributions on pages 56 and 57, and 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 58 and 59, and the Other Post-Employment Benefits Schedules of Changes in the Total OPEB Liability and Related Ratios on page 60, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 County's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, budgetary schedules, and 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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. In our opinion, the combining and individual nonmajor fund financial statements, budgetary schedules, other schedules, component unit schedules and the Schedule of Expenditures of Federal and State Awards is 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 **October 29, 2025**, on our consideration of the 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 that report is solely 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 the effectiveness of the County's 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 the County's internal control over financial reporting and compliance.

*Turner & Company CPAs P.A.*

Turner & Company CPAs P.A.  
Murphy, North Carolina  
October 29, 2025

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## **Management's Discussion and Analysis**

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**Cherokee County, North Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2024**

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As management of Cherokee County, we offer readers of Cherokee County's financial statements this narrative overview and analysis of the financial activities of Cherokee County for the fiscal year ended June 30, 2024. 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**

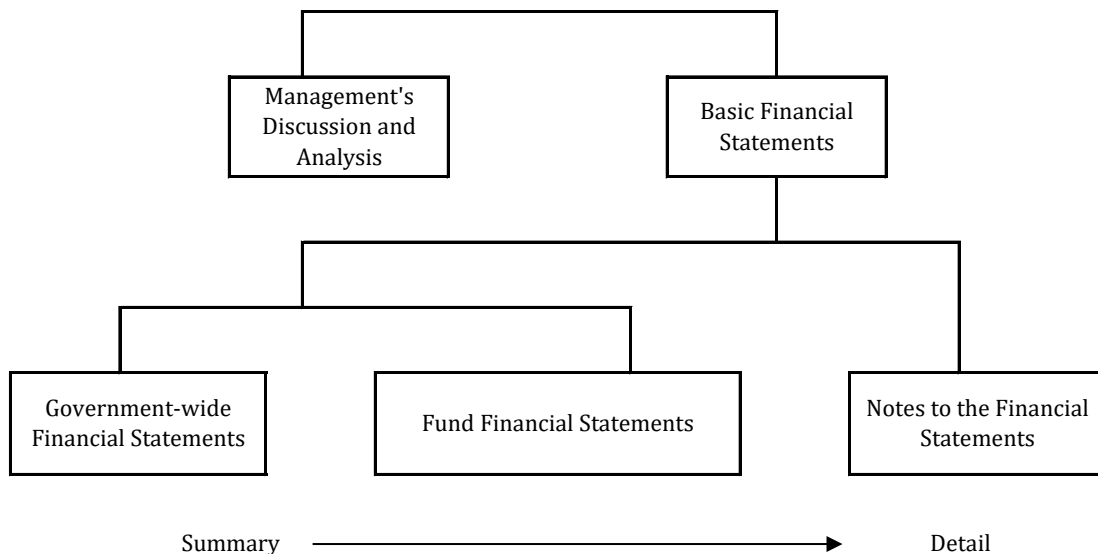
- The assets and deferred outflows of resources of Cherokee County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$53,789,158 (*net position*).
- The government's total net position increased by \$8,282,119.
- As of the close of the current fiscal year, Cherokee County's governmental funds reported combined ending fund balances of \$48,000,161, after a net increase in fund balance of \$9,401,070. Approximately 28.68% of this total amount, or \$13,767,762 is restricted or nonspendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$13,188,564, or 28.71% of total General Fund expenditures for the fiscal year.
- The County's outstanding debt had a net decrease of \$247,316 during the current fiscal year. The County incurred \$172,945 of additional long-term debt during the fiscal year for the purchase of tasers and docks for the Sheriff's Office. The primary factor in the net decrease in debt was the scheduled principal repayments.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Cherokee 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 Cherokee 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 8) 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 three parts to the Fund Financial Statements of Cherokee County: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the fiduciary fund statements.

The next 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. After the notes, supplemental information is provided to show details about the County's nonmajor governmental funds, 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.

Following the notes is the required supplemental information. This section contains information about the County's pension plan and other post employment benefits.

### 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 it has changed. Net position is the difference between the County's total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The second category is the component unit. The Cherokee County Tourism Development Authority, which was created to promote activities and programs, which encourage travel and tourism in the area, is a public authority under North Carolina Statutes and is governed by a seven-member appointed board of directors.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

### 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. Cherokee 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 Cherokee County can be divided into two categories: governmental 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 governmental 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.

Cherokee 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.

**Fiduciary Funds** – Fiduciary funds are used to account for the resources held for the benefit of parties outside the government. Cherokee County, North Carolina has three fiduciary funds, all of which are custodial 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.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information immediately follows the notes to the financial statements.

## Government-Wide Financial Analysis

### Cherokee County, North Carolina's Net Position

Figure 2

	Governmental Activities	
	2024	2023
Current and other assets	\$ 58,812,310	\$ 45,186,971
Capital assets	44,685,063	44,144,740
Deferred outflows of resources	8,811,413	8,578,545
Total assets and deferred outflows of resources	112,308,786	97,910,256
Long-term liabilities outstanding	43,016,487	43,889,070
Other liabilities	13,136,004	6,079,794
Deferred inflows of resources	2,367,137	2,434,353
Total liabilities and deferred inflows of resources	58,519,628	52,403,217
Net position:		
Net investment in capital assets	23,265,132	22,623,018
Restricted	13,643,836	13,465,515
Unrestricted	16,880,190	9,418,506
Total net position	\$ 53,789,158	\$ 45,507,039

As noted earlier, over time net position may serve as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the County exceeded liabilities by \$53,789,158 as of June 30, 2024. The County's net position increased by \$8,282,119 for the fiscal year ended June 30, 2024. One of the largest portions of net position is \$23,265,132 (43.25%) reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment). 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 the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the County's net position \$13,643,836 (25.37%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$16,880,190 (31.38%) is unrestricted.

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

- Diligence in the collection of property taxes was demonstrated by maintaining a tax collection percentage of 97.73%, excluding motor vehicles.
- The County has maintained stricter policies on spending and implemented cost saving measures.

**Cherokee County, North Carolina's Changes in Net Position**  
**Figure 3**

	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
Revenues:		
Program revenues:		
Charges for services	\$ 8,533,944	\$ 7,332,158
Operating grants and contributions	6,875,436	14,634,156
Capital grants and contributions	43,746	1,024,575
General revenues:		
Property taxes	28,235,241	27,367,293
Other taxes	14,326,275	13,877,732
Grants and contributions not restricted to specific programs	2,295,918	2,178,618
Other	393,360	(87,666)
Total revenues	<u>60,703,920</u>	<u>66,326,866</u>
Expenses:		
General government	6,748,724	6,102,538
Public safety	18,239,974	16,498,193
Transportation	1,643,101	1,698,392
Economic and physical development	1,399,607	1,421,125
Environmental protection	2,714,055	2,833,583
Human services	11,460,532	11,230,803
Cultural and recreation	837,995	808,802
Education	9,349,458	16,541,129
Interest on long-term debt	28,355	50,465
Total expenses	<u>52,421,801</u>	<u>57,185,030</u>
Change in net position	8,282,119	9,141,836
Net position, beginning	<u>45,507,039</u>	<u>36,365,203</u>
Net position, ending	<u>\$ 53,789,158</u>	<u>\$ 45,507,039</u>

**Governmental activities.** Governmental activities increased the County's net position by \$8,282,119. Key elements of this increase are as follows:

- There was an increase in the amount of revenue received from property taxes.
- Property taxes provided 46.50% of funding at \$28,235,241.
- The increase in other taxes was due to an increase in the amount of sales tax received.
- General revenues increased by 4%.
- Governmental expenses decreased by 7.86%.
- The primary cause of the increase in net position was the increase in charges for services and property taxes, as well as a significant decrease in education expenses.

#### **Financial Analysis of the County's Funds**

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

**Governmental Funds.** The focus of Cherokee County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Cherokee 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 the County. At the end of the current fiscal year, the County's fund balance available in the General Fund was \$40,391,332 while total fund balance reached \$47,457,952. The Governing Body of Cherokee County has determined that the County should maintain an available fund balance of 8% 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 available fund balance of 85.82% of General Fund expenditures, while total fund balance represents 100.84% of the same amount.

**General Fund Budgetary Highlights.** During the fiscal year, the County revised the budget on several occasions. 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 all revenues by \$685,948. Budget amendments were made concurrently as facts and circumstances became known with revenue and expenditure streams.

### Capital Asset and Debt Administration

Capital Assets. Cherokee County, North Carolina's capital assets for its governmental activities as of June 30, 2024, totals \$47,250,622 (net of accumulated depreciation and amortization). These assets include land, construction in progress, buildings, improvements, equipment, vehicles, and right-to-use assets.

Major capital asset transactions during the year include the following:

#### Governmental Activities.

- Purchased computer equipment for the Information Technology Department and the Department of Social Services.
- Purchased vehicles for the Information Technology Department, Tax Assessor, Sheriff's Office, Detention Center, 911 Addressing, and the Department of Social Services.
- Purchased HVAC units for the Courthouse and the Annex building.
- Purchased land for the new Senior Center and Veteran's Affairs building.
- Purchased Forensic Recovery of Evidence Device for the Sheriff's Office.
- Purchased upgraded door controls and camera system for the Detention Center.
- Purchased equipment for the Detention Center, Central Communications and the Airport.
- Completed the EMS Station 1 project.
- Addition of construction in progress for the Armory Renovations, Peachtree Community Center Renovations, Airfield Lighting System, Health Department Building Project, Radio Simulcast Project, Sheriff's Office Evidence Building, Senior Center and Veteran's Affairs Building project, and the Unaka Convenience Site Development.
- Purchased fencing and foundation for the playground at the Department of Social Services building, as well as flooring for the Cottage and a portable storage building.
- Purchased dugouts and sidewalk for Parks and Recreation.
- Purchased a blower, garbage truck, and skid steer for the landfill.
- Funded improvements for the Texana and Unaka Convenience Sites.

#### Construction commitments

The County had no active construction projects as of June 30, 2024.

### Cherokee County, North Carolina's Capital Assets (Net of depreciation/amortization)

Figure 4

	Governmental Activities	
	2024	2023
Capital assets:		
Capital assets not being depreciated		
Land	\$ 7,931,498	\$ 7,686,029
Construction in progress	1,306,317	2,699,864
Total capital assets not being depreciated	9,237,815	10,385,893
Land improvements	2,975,440	3,155,022
Buildings	21,291,246	19,317,185
Other improvements	5,787,625	6,196,892

Equipment	2,605,832	2,649,970
Software	8,197	-
Computers and electronic equipment	507,402	456,208
Vehicles and motorized equipment	1,686,747	1,250,504
Right-to-use assets:		
Leased land and buildings	198,803	215,370
Leased equipment, furniture and fixtures	3,673	7,741
IT subscriptions	382,283	509,955
Total capital assets	<u>\$ 44,685,063</u>	<u>\$ 44,144,740</u>

Additional information on the County's capital assets can be found in Note III.A.5 of the Basic Financial Statements.

Long-Term Obligations. Debt totals include direct placement installment purchases, litigation settlement, leases, and IT subscription liabilities. As of June 30, 2024, Cherokee County had total debt outstanding of \$21,548,219. The entire debt is backed by the full faith and credit of the County. Compensated absences and unpaid pension related debt are included in the total long-term obligations.

#### Cherokee County, North Carolina's Long-Term Obligations

Figure 5

	Governmental Activities	
	2024	2023
Direct placement installment purchases	\$ 509,878	\$ 638,655
Lease liabilities	212,999	227,987
IT subscription liabilities	325,342	428,893
Litigation settlement	20,500,000	20,500,000
Total debt outstanding	<u>21,548,219</u>	<u>21,795,535</u>
Landfill closure costs	7,784,237	7,610,112
Total OPEB liability	3,181,291	3,041,707
Compensated absences	948,520	937,365
Net pension liability (LGRS)	12,543,597	10,797,129
Total pension obligation (LEOSSA)	966,756	706,894
Total long-term obligations	<u>\$ 46,972,620</u>	<u>\$ 44,888,742</u>

The County's outstanding debt had a net decrease of \$247,316 during the current fiscal year. The County incurred \$172,945 of additional long-term debt during the fiscal year for the purchase of tasers and docks for the Sheriff's Office. The primary factor in the net decrease in debt was the scheduled principal repayments.

Under State law, counties are fiscally responsible for providing and maintaining school buildings for the public school system and the community college. At June 30, 2024, the County had debt outstanding of \$128,288 for these activities.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Cherokee County is about \$313,263,860.

Additional information regarding Cherokee County, North Carolina's long-term debt can be found in Note III.B.7 of the Basic Financial Statements.

#### Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the County.

- At June 30, 2024, the County had an unemployment rate of 4.6%, which is higher than the statewide rate (not seasonally adjusted) of 4.1%.
- Population estimates indicate continued growth.



**Budget Highlights for the Fiscal Year Ending June 30, 2025****Governmental Activities:**

- Property tax rate remained the same at \$.61 per \$100 of value.
- No increase in fees except to GIS Mapping service fees.
- \$2,928,572 addition to designated General Fund Balance for the July 15, 2025 DSS suit settlement payment.
- 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.
- An increase in the Local Governmental Employees' Retirement System (LERS) 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.
- \$943,832 use of General Fund Balance for the following major capital needs:
  - Articulating dump truck for solid waste - \$254,000
  - Annex Building elevator replacement - \$125,000
  - Frazier ambulance remounts (3 units) - \$523,540
  - North Tac Repeater site backup - \$15,000
  - 911 Emergency Communications Critical Spare Equipment - \$26,292
- 2% cost of living adjustment.
- \$400,912 appropriated as Contingency to address unexpected needs or opportunities.
- \$104,000 increase in insurance and bonding.

**Requests for Information**

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to:

Candy Anderson, CPA, CGMA - Chief Financial Officer  
75 Peachtree Street, Murphy, NC 28906  
candy.anderson@cherokeeconomy-nc.gov  
(828) 837-2130  
www.cherokeeconomy-nc.gov

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## **Basic Financial Statements**

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**Cherokee County, North Carolina**  
**Statement of Net Position**  
**June 30, 2024**

	Primary Government	Component Unit
	Governmental Activities	Tourism Development Authority
<b>ASSETS</b>		
Cash and cash equivalents	\$ 43,564,731	\$ 1,813,920
Restricted cash	6,216,429	-
Investments	676,292	-
Receivables (net)	4,568,594	142,793
Due from other governments	3,588,425	-
Inventories	37,983	-
Prepaid items	111,364	8,700
Net pension asset	48,492	-
Capital assets:		
Land and construction in progress	9,237,815	-
Other capital assets, net of depreciation	34,862,489	184,439
Right-to-use assets, net of amortization	584,759	-
Total capital assets	44,685,063	184,439
Total assets	103,497,373	2,149,852
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	8,811,413	-
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	2,838,841	5,574
Accrued interest payable	25,345	-
Unearned revenue	6,315,685	-
Current portion of long-term liabilities	3,956,133	-
Long-term liabilities:		
Due in more than one year	43,016,487	-
Total liabilities	56,152,491	5,574
<b>DEFERRED INFLOWS OF RESOURCES</b>	2,367,137	-
<b>NET POSITION</b>		
Net investment in capital assets	23,265,132	184,439
Restricted for:		
General government	9,163	-
Transportation	54,828	-
Public safety	293,736	-
Education	6,226,247	-
Register of Deeds' pension plan	48,492	-
Stabilization by State statute	6,962,126	142,793
Human services	49,244	-
Unrestricted (deficit)	16,880,190	1,817,046
Total net position	\$ 53,789,158	\$ 2,144,278

*The notes to the financial statements are an integral part of this statement.*

**Cherokee County, North Carolina**  
**Statement of Activities**  
**For the Year Ended June 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
					Governmental Activities	Total	Tourism Development Authority
<b>Primary government:</b>							
Governmental Activities:							
General government	\$ 6,748,724	\$ 590,064	\$ 374,077	\$ -	\$ (5,784,583)	\$ (5,784,583)	
Public safety	18,239,974	4,408,855	542,898	3,864	(13,284,357)	(13,284,357)	
Transportation	1,643,101	663,805	509,569	39,882	(429,845)	(429,845)	
Economic and physical development	1,399,607	9,786	75	-	(1,389,746)	(1,389,746)	
Environmental protection	2,714,055	2,199,094	123,241	-	(391,720)	(391,720)	
Human services	11,460,532	659,990	4,569,708	-	(6,230,834)	(6,230,834)	
Cultural and recreation	837,995	2,350	-	-	(835,645)	(835,645)	
Education	9,349,458	-	755,868	-	(8,593,590)	(8,593,590)	
Interest on long-term debt	28,355	-	-	-	(28,355)	(28,355)	
Total governmental activities	<u>\$ 52,421,801</u>	<u>\$ 8,533,944</u>	<u>\$ 6,875,436</u>	<u>\$ 43,746</u>	<u>(36,968,675)</u>	<u>(36,968,675)</u>	
<b>Component unit:</b>							
Tourism Development Authority	<u>\$ 502,246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			<u>\$ (502,246)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					28,235,241	28,235,241	-
Local option sales tax					12,765,886	12,765,886	-
Other taxes and licenses					1,560,389	1,560,389	815,154
Grants and contributions not restricted to specific programs					2,295,918	2,295,918	-
Investment earnings, unrestricted					166,482	166,482	-
Miscellaneous, unrestricted					238,796	238,796	-
Gain (loss) on sale of capital assets					(11,918)	(11,918)	-
Total general revenues excluding transfers and special items					<u>45,250,794</u>	<u>45,250,794</u>	<u>815,154</u>
Change in net position					8,282,119	8,282,119	312,908
Net position, beginning					<u>45,507,039</u>	<u>45,507,039</u>	<u>1,831,370</u>
Net position, ending					<u>\$ 53,789,158</u>	<u>\$ 53,789,158</u>	<u>\$ 2,144,278</u>

The notes to the financial statements are an integral part of this statement.

**Cherokee County, North Carolina**  
**Balance Sheet - Governmental Funds**  
**June 30, 2024**

	Major				Nonmajor	Total
	General Fund	Capital Projects Fund	School Improvement Fund	Opioid Settlement Fund	Other Governmental Funds	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 42,930,883	\$ -	\$ 168,514	\$ -	\$ 465,334	\$ 43,564,731
Restricted cash	163,671	3,855,299	-	2,041,338	156,121	6,216,429
Investments	676,292	-	-	-	-	676,292
Receivables, net						
Taxes	632,292	-	-	-	74,309	706,601
Accounts	3,305,777	-	1,200	-	66,724	3,373,701
Leases	447,277	-	-	-	-	447,277
Due from other governments	3,588,425	-	-	-	-	3,588,425
Inventories	37,983	-	-	-	-	37,983
Prepaid items	111,364	-	-	-	-	111,364
Total assets	<u>\$ 51,893,964</u>	<u>\$ 3,855,299</u>	<u>\$ 169,714</u>	<u>\$ 2,041,338</u>	<u>\$ 762,488</u>	<u>\$ 58,722,803</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 2,662,499	\$ -	\$ 101,200	\$ -	\$ 75,142	\$ 2,838,841
Unearned revenue	279,706	3,846,136	-	2,037,367	152,476	6,315,685
Total liabilities	<u>2,942,205</u>	<u>3,846,136</u>	<u>101,200</u>	<u>2,037,367</u>	<u>227,618</u>	<u>9,154,526</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>1,493,807</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,309</u>	<u>1,568,116</u>
Fund balances:						
Nonspendable:						
Inventories	37,983	-	-	-	-	37,983
Prepaid items	111,364	-	-	-	-	111,364
Leases	23,071	-	-	-	-	23,071
Restricted:						
Stabilization by State statute	6,894,202	-	1,200	-	66,724	6,962,126
General government	-	9,163	-	-	-	9,163
Public safety	-	-	-	-	293,736	293,736
Transportation	-	-	-	-	54,828	54,828
Human services	-	-	-	3,971	45,273	49,244
School capital outlay	6,158,933	-	-	-	-	6,158,933
School capital projects	-	-	67,314	-	-	67,314
Committed:						
Tax revaluation	163,671	-	-	-	-	163,671
School capital outlay	855,711	-	-	-	-	855,711
Education	4,204,305	-	-	-	-	4,204,305
Human services - social services	3,059,272	-	-	-	-	3,059,272
General government - capital outlay	24,622	-	-	-	-	24,622
Public safety - capital outlay	77,500	-	-	-	-	77,500
Economic and physical development	4,996	-	-	-	-	4,996
Working capital	7,806,036	-	-	-	-	7,806,036
Assigned:						
Subsequent year's expenditures	4,847,722	-	-	-	-	4,847,722
Unassigned:	<u>13,188,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,188,564</u>
Total fund balances	<u>47,457,952</u>	<u>9,163</u>	<u>68,514</u>	<u>3,971</u>	<u>460,561</u>	<u>48,000,161</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 51,893,964</u>	<u>\$ 3,855,299</u>	<u>\$ 169,714</u>	<u>\$ 2,041,338</u>	<u>\$ 762,488</u>	<u>\$ 58,722,803</u>

*The notes to the financial statements are an integral part of this statement.*

**Cherokee County, North Carolina**  
**Balance Sheet - Governmental Funds**  
**June 30, 2024**

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Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Fund balances - total governmental funds	\$ 48,000,161
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	44,100,304
Right-to-use assets used in governmental activities are not financial resources and therefore are not reported in the funds.	584,759
Net pension asset	48,492
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the statement of net position.	2,086,619
Contributions and pension administration costs for OPEB are deferred outflows of resources on the statement of net position.	91,300
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	41,015
Net pension liability	(12,543,597)
Total OPEB liability	(3,181,291)
Total pension liability	(966,756)
Deferred inflows of resources for taxes and special assessments receivable	706,601
Pension related deferrals	5,489,955
OPEB related deferrals	(362,083)
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(30,306,321)
Net position of governmental activities	<u>\$ 53,789,158</u>

*The notes to the financial statements are an integral part of this statement.*

**Cherokee County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds**  
**For the Year Ended June 30, 2024**

	Major				Nonmajor	Total
	General Fund	Capital Projects Fund	School Improvement Fund	Opioid Settlement Fund	Other Governmental Funds	
<b>REVENUES</b>						
Ad valorem taxes	\$25,614,966	\$ -	\$ -	\$ -	\$ 2,495,224	\$28,110,190
Local option sales tax	12,765,886	-	-	-	-	12,765,886
Other taxes and licenses	1,560,389	-	-	-	-	1,560,389
Unrestricted intergovernmental	2,295,918	-	-	-	-	2,295,918
Restricted intergovernmental	5,786,385	3,864	606,939	-	556,420	6,953,608
Permits and fees	2,440,833	-	-	-	6,380	2,447,213
Sales and services	5,938,582	-	-	-	113,723	6,052,305
Investment earnings	158,161	4,294	-	3,217	810	166,482
Miscellaneous	238,796	-	-	-	-	238,796
Total revenues	56,799,916	8,158	606,939	3,217	3,172,557	60,590,787
<b>EXPENDITURES</b>						
Current:						
General government	5,746,545	-	-	-	462,360	6,208,905
Public safety	15,109,085	1,246,798	-	-	2,459,606	18,815,489
Transportation	1,173,346	-	-	-	45,132	1,218,478
Environmental protection	2,441,203	-	-	-	-	2,441,203
Economic and physical development	1,402,220	-	-	-	-	1,402,220
Human services	10,536,814	-	-	-	260,186	10,797,000
Cultural and recreational	672,882	-	-	-	-	672,882
Intergovernmental:						
Education	8,455,772	-	893,686	-	-	9,349,458
Debt service:						
Principal	420,261	-	-	-	-	420,261
Interest	36,766	-	-	-	-	36,766
Total expenditures	45,994,894	1,246,798	893,686	-	3,227,284	51,362,662
Excess (deficiency) of revenues over expenditures	10,805,022	(1,238,640)	(286,747)	3,217	(54,727)	9,228,125
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers to other funds	(1,242,703)	1,242,703	-	-	-	-
Proceeds from long-term debt	172,945	-	-	-	-	172,945
Total other financing sources (uses)	(1,069,758)	1,242,703	-	-	-	172,945
Net change in fund balances	9,735,264	4,063	(286,747)	3,217	(54,727)	9,401,070
Fund balances, beginning	37,722,688	5,100	355,261	754	515,288	38,599,091
Fund balances, ending	\$47,457,952	\$ 9,163	\$ 68,514	\$ 3,971	\$ 460,561	\$48,000,161

The notes to the financial statements are an integral part of this statement.

**Cherokee County, North Carolina**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund**  
**Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2024**

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 9,401,070
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.	
Capital outlay expenditures which were capitalized	3,355,730
Depreciation expense for governmental assets	<u>(2,655,182)</u>
	700,548
Amortization expense for intangible assets	<u>(148,307)</u>
	(148,307)
Cost of capital assets disposed of during the year, not recognized on modified accrual basis	(11,918)
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	2,086,619
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the statement of activities	91,300
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in unavailable revenue for tax revenues	125,051
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
New long-term debt issued	(172,945)
Principal payments on long-term debt	420,261
Change in accrued interest payable	8,411
Change in landfill closure costs	(174,125)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(11,155)
Pension expense	(3,736,547)
OPEB plan expense	<u>(296,144)</u>
Total changes in net position of governmental activities	<u>\$ 8,282,119</u>



**Cherokee County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2024**

	General Fund			Variance with Final Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Ad valorem taxes	\$ 24,864,361	\$25,014,861	\$25,614,966	\$ 600,105
Local option sales tax	11,873,472	11,873,472	12,765,886	892,414
Other taxes and licenses	1,507,309	1,547,309	1,560,389	13,080
Unrestricted intergovernmental	2,065,000	2,065,000	2,295,918	230,918
Restricted intergovernmental	6,385,931	6,726,989	5,786,385	(940,604)
Permits and fees	2,240,582	2,240,582	2,440,833	200,251
Sales and services	4,604,600	4,743,240	5,938,582	1,195,342
Investment earnings	51,500	51,500	157,806	106,306
Miscellaneous	107,950	123,700	238,796	115,096
Total revenues	53,700,705	54,386,653	56,799,561	2,412,908
<b>EXPENDITURES</b>				
Current:				
General government	5,916,909	6,654,344	5,682,562	971,782
Public safety	14,437,851	16,930,878	15,109,085	1,821,793
Transportation	1,431,691	1,777,311	1,173,346	603,965
Environmental protection	3,097,135	3,229,910	2,441,203	788,707
Economic and physical development	1,292,988	1,447,723	1,402,220	45,503
Human services	12,792,337	12,996,747	10,536,814	2,459,933
Cultural and recreational	736,897	755,938	672,882	83,056
Education	8,186,577	10,269,893	8,455,772	1,814,121
Debt service:				
Principal retirement	267,134	441,724	420,261	21,463
Interest and fees	14,881	47,781	36,766	11,015
Contingency	400,000	-	-	-
Total expenditures	48,574,400	54,552,249	45,930,911	8,621,338
Revenues over (under) expenditures	5,126,305	(165,596)	10,868,650	11,034,246
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to other funds	(125,000)	(1,846,345)	(1,367,703)	478,642
IT subscription agreements	-	60,000	-	(60,000)
Proceeds from long-term debt issued	-	-	172,945	172,945
Increase in fund balance	(5,905,015)	(5,905,015)	-	5,905,015
Total other financing sources (uses)	(6,030,015)	(7,691,360)	(1,194,758)	6,496,602
Fund balance appropriated	903,710	7,856,956	-	(7,856,956)
Net change in fund balances	\$ -	\$ -	9,673,892	\$ 9,673,892
Fund balances, beginning			37,622,767	
Fund balances, ending			<u>\$47,296,659</u>	

The notes to the financial statements are an integral part of this statement.

**Cherokee County, North Carolina**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2024**

	Custodial Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 64,904
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Due to other governments	10,388
Total liabilities	10,388
<b>NET POSITION</b>	
Restricted for:	
Individuals, organizations, and other governments	54,516
Total fiduciary net position	\$ 54,516

*The notes to the financial statements are an integral part of this statement.*

**Cherokee County, North Carolina**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2024**

	Custodial Funds
<b>ADDITIONS</b>	
Ad valorem taxes collected for other governments	\$ 125,195
Collection on behalf of inmates	347,681
Collections for civil judgments	<u>2,101</u>
Total additions	<u>474,977</u>
<b>DEDUCTIONS</b>	
Tax distributions to other governments	125,195
Payments on behalf of inmates	355,896
Payments to satisfy civil judgments	<u>2,101</u>
Total deductions	<u>483,192</u>
Net increase (decrease) in fiduciary net position	(8,215)
Net position, beginning	<u>62,731</u>
Net position, ending	<u><u>\$ 54,516</u></u>

*The notes to the financial statements are an integral part of this statement.*

**Cherokee County, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

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**Cherokee County, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

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**Cherokee County, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

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**I. Summary of Significant Accounting Policies**

The accounting policies of Cherokee County and its 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, a legally separate entity for which the County is financially accountable. The discretely presented component unit is reported in a separate column of the County's financial statements in order to emphasize that it is legally separate from the County.

**Discretely Presented Component Unit**

*Cherokee County Tourism Development Authority*

The Cherokee County Tourism Development Authority (the "Authority") was created to promote activities and programs which encourage travel and tourism in the area. The Authority is governed by a seven-member board of directors, all of whom are appointed by the Cherokee County Board of Commissioners. The County can remove any board member of the Authority with cause. The Authority, which has a June 30 year-end, is presented as if it was a separate governmental fund of the County. Complete financial statements for the Authority may be obtained from the entity's administrative offices at 75 Peachtree Street, Suite 211, Murphy, NC 28906.

**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. 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. The County had no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues 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 (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) 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 and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

*General Fund.* This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Tax Revaluation Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, it is consolidated in the General Fund.

*Capital Projects Fund.* This fund accounts for the financial resources to be used for acquisition and construction for major capital facilities and capital projects within the County.

*School Improvement Fund.* This fund, which is reported as a capital project fund, is used to account for the construction of new school facilities and is financed by grant monies from the Needs-Based State Public School Building Capital Fund and transfers from the General Fund.

*Opioid Settlement Fund.* In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The opioid settlement funds may support programs or services that serve persons with Opioid Use Disorder (OUD) or any co-occurring Substance Use Disorder (SUD) or mental health condition.

The County reports the following fund types:

*Custodial Funds.* Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains the following custodial funds: the Municipal Tax Fund, which accounts for ad valorem and vehicle property taxes that are billed and collected by the County for various municipalities within the County but that are not revenues to the County, the Jail Inmate Pay Fund, which holds cash deposited for the benefit of incarcerated inmates, and the Sheriff's Civil Executions Fund, which accounts for monies collected by the Sheriff's office for civil judgments.

*Nonmajor Funds.* The County maintains eight legally budgeted nonmajor funds. The Emergency Telephone System Fund, Fire District Fund, Bear Paw Service District Fund, Representative Payee Fund, Fines and Forfeitures Fund, Deed of Trust Fund, and the Sheriff Grant Fund are reported as nonmajor special revenue funds. The Airport Improvement Projects Fund is reported as a nonmajor capital project fund.

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 and Fiduciary Fund Financial Statements.* The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the custodial funds which have no measurement focus. The government-wide 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.

*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 general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases and IT subscriptions 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. Since September 1, 2013, the State of North Carolina has been responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. These property taxes are due when vehicles are registered. Motor vehicle property tax revenues are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, are for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, 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.

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 is 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.

### **C. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Special Revenue Funds (excluding the Grant Project Funds). All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Special Revenue Grant Project Funds and the Capital Project Funds, which lapse at the end of each respective project.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary. 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**

##### **1. Deposits and Investments**

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

State law [G.S. 159-30(c)] authorizes the County and the Authority 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 and the Authority's investments are generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

##### **2. Cash and Cash Equivalents**

The County pools money 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. The Authority considers demand deposits and investments with a maturity date of 90 days or less at time of purchase to be cash and cash equivalents.

##### **3. Restricted Assets**

Money in the Tax Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. The unexpended grant proceeds that are restricted by revenue source are also classified as restricted assets. Money in the Opioid Settlement Fund is classified as restricted assets because its use is restricted per North Carolina's Memorandum of Agreement (MOA) between the state and local governments for the settlement funds. The following table illustrates the breakdown of the County's restricted assets.

Cherokee County Restricted Cash			
Governmental Activities			
General Fund	Tax revaluation	\$	163,671
EMS Station Capital Projects Fund	Unexpended grant proceeds		3,855,299
Opioid Settlement Fund	Unexpended settlement proceeds		2,041,338
Sheriff Grant Fund	Unexpended grant proceeds		156,121
Total Governmental Activities Restricted Cash		\$	<u>6,216,429</u>

##### **4. 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, 2023. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

##### **5. Leases Receivable**

The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.



**6. 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.

**7. Inventories and Prepaid Items**

The inventories of the County are valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of aviation gasoline and jet fuel. 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.

**8. Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 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 \$5,000 for land, buildings, improvements, furniture and equipment, and vehicles. 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 Cherokee 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 once 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 Cherokee County Board of Education.

The County's capital assets also include certain right-to-use assets. These right-to-use assets arise in association with agreements where the County reports a lease (only applies when the County is the lessee) or agreements where the County reports an Information Technology (IT) subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right-to-use lease assets are amortized on a straight-line basis over the life of the related lease.

The right-to-use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right-to-use subscription assets should be amortized on a straight-line basis over the subscription term.

Capital assets are depreciated/amortized over their useful lives on a straight-line basis as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Land improvements	10 - 20
Buildings	50
Other improvements	10 - 25
Equipment	10
Software	4
Computer and electronic equipment	4
Vehicles and motorized equipment	4
Right-to-use assets:	
Leased land and buildings	Lease Term
Leased equipment, furniture and fixtures	Lease Term
IT subscriptions	Subscription Term

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50
Other improvements	10 - 25
Furniture and fixtures	7
Equipment	5
Vehicles	5

#### **9. Unearned Revenue**

The County reports unearned revenue on its government-wide and fund financial statements. Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period (fund financial statements). Unearned revenues also arise when resources are unearned by the County and received before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures (fund financial statements and government-wide financial statements). In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for unearned revenue is removed from the applicable financial statement and revenue is recognized.

#### **10. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial 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 meets this criterion - pension and OPEB related deferrals in the current fiscal year. In addition to liabilities, the statement of financial 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 several items that meet the criterion for this category - prepaid taxes, property taxes receivable, leases, and pension and OPEB related deferrals.

#### **11. Long-Term Obligations**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities on the 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.

#### **12. Compensated Absences**

The vacation policy of the County provides 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 statements, an expense and liability for compensated absences and the salary-related payments are recorded as the leave is earned. Compensated absences typically have been liquidated in the General Fund and are accounted for on a last-in, first-out basis, assuming that employees are taking leave time as it is earned.

The sick leave policy of the County provides 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 does not have any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County.

#### **13. Opioid Settlement Funds**

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds will be front loaded.

North Carolina's Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocates the funds as follows:

- 15% directly to the State ("State Abatement Fund")
- 80% to abatement funds established by Local Governments ("Local Abatement Funds")
- 5% to a County Incentive Fund.

The County received \$437,017 as part of this settlement in Fiscal Year 2024. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30, 2024. The MOA offered the County two options of expending the funds. The County opted for Option A, which allows the County to fund one or more high-impact strategies from a list of evidence-based strategies to combat the opioid epidemic.

#### **14. 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:

**Nonspendable 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.

**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.

**Prepaid items** - portion of fund balance that is not an available resource because it represents payments to vendors for costs applicable to future accounting periods, which are not spendable resources.

**Leases** - portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

**Restricted Fund Balance** - This classification includes revenue sources that are restricted to specific purposes externally imposed or imposed by law.

**Restricted for Stabilization by State statute** - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

**Restricted for general government** - portion of fund balance restricted by revenue source for future capital improvements.

**Restricted for public safety** - portion of fund balance restricted by revenue source to pay for the safety of the public.

**Restricted for transportation** - portion of fund balance that is restricted by revenue source to pay for the purchase and maintenance of transportation vehicles and for the construction of major capital outlay projects for the Western Carolina Regional Airport.

**Restricted for human services** - portion of fund balance restricted by revenue source for the social services Share the Warmth Shareholder Grant and the portion of fund balance that can only be used to benefit beneficiaries under the Social Security's Representative Payee Program.

**Restricted for school capital outlay** - portion of fund balance restricted by revenue source for school capital outlay.

**Restricted for school capital projects** - portion of fund balance restricted by revenue source for school capital projects.

**Committed Fund Balance** - Portion of fund balance that can only be used for specific purpose imposed by majority vote of Cherokee County's governing body (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action by the governing body.

**Committed for tax revaluation** - portion of fund balance that can only be used for tax revaluation.

Committed for school capital outlay - portion of fund balance that can only be used for school debt service and school capital outlay.

Committed for education - portion of fund balance that can only be used for education.

Committed for human services - social services - portion of fund balance that can only be used for adoption promotion, foster child assistance, social services trust expenditures, and lawsuit settlement payments.

Committed for general government - capital outlay - portion of fund balance that can only be used for the following future capital outlay expenditures: repairs and maintenance to the Cherokee County Fairgrounds and general building repairs and maintenance.

Committed for public safety - capital outlay - portion of fund balance that can only be used for rescue equipment expenditures for fire departments and armory renovations.

Committed for economic and physical development - portion of fund balance that can only be used for the cooperative extension.

Committed for working capital - portion of fund balance that can only be used to comply with the County's fund balance policy.

Assigned Fund Balance - portion of fund balance that the Cherokee County governing board has budgeted.

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.

Unassigned Fund Balance - portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

Cherokee County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Chief Financial Officer will use resources in the following hierarchy: bond 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 Chief Financial Officer has the authority to deviate from this policy if it is in the best interest of the County.

#### **15. Defined Benefit Pension and OPEB Plans**

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS), the Registers of Deeds' Supplemental Pension Fund (RODSPF), the Law Enforcement Officers' Special Separation Allowance (LEOSSA) (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 for all plans are reported at fair value.

#### **16. Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statement, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### **E. Reconciliation of Government-wide and Fund Financial Statements**

#### **1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. The net adjustment of \$5,788,997 consists of several elements as follows:

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds	\$ 78,567,189
Less accumulated depreciation	(34,466,885)
Net capital assets	44,100,304
Right-to-use assets used in governmental activities are not financial resources and are therefore not reported in the funds	887,757
Less accumulated amortization	(302,998)
Net right-to-use assets	584,759
Net pension asset	48,492
Contributions to the pension plan in the current fiscal year	2,086,619
Contributions and pension administration costs for OPEB are deferred outflows of resources on the statement of net position	91,300
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements	41,015
Deferred inflows of resources for taxes and special assessments receivable	706,601
Pension related deferrals	5,489,955
OPEB related deferrals	(362,083)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds, leases, IT subscription liabilities, and installment financing	(1,048,219)
Compensated absences	(948,520)
Total OPEB liability	(3,181,291)
Landfill closure costs	(7,784,237)
Litigation settlement	(20,500,000)
Total pension liability	(966,756)
Net pension liability	(12,543,597)
Accrued interest payable	(25,345)
Total adjustment	\$ 5,788,997

2. **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of (\$1,118,951) as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 3,355,730
Depreciation and amortization expense, the allocation of those assets over their useful lives that is recorded on the statement of activities, but not in the fund statements	(2,803,489)
Cost of capital asset disposed of during the year, not recognized on modified accrual basis	(11,918)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position	(172,945)
Principal payments on debt owed are recorded as a use of funds on the fund statements, but again affect only the statement of net position in the government-wide statements	420,261
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	2,086,619
Contributions to the OPEB plan in the current fiscal year are not included on the statement of activities	91,300
Change in the current fiscal year landfill closure cost is not included on the statement of activities	(174,125)
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	

OPEB expense	(296,144)
County's portion of collective pension expense	(3,736,547)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	8,411
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(11,155)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Change in deferred inflows of resources - taxes receivable - at end of year	117,613
Change in accrued taxes receivable at end of year	7,438
Total adjustment	<u>\$ (1,118,951)</u>

## II. Stewardship, Compliance, and Accountability

### A. Significant Violations of Finance-Related Legal and Contractual Provisions

#### 1. Noncompliance with North Carolina General Statutes

The audited financial statements were not submitted timely in accordance with State law. G.S. 159-34(a) states that each unit of local government shall have its accounts audited as soon as possible after the close of each fiscal year. While the County believes this occurred due to unforeseen circumstances and issues beyond their control, the County will continue to improve existing procedures to ensure that financial data that is collected and reviewed is reported timely.

#### 2. Contractual Violations

None Noted.

### B. Deficit in Fund Balance of Individual Funds Not Appropriated in Subsequent Year's Budget Ordinance

None Noted.

### C. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2024, the expenditures made in the County's General Fund exceeded the authorized appropriations made by the governing board for the Sheriff by \$69,418. The net effect of this departure from the budget process was immaterial to the financial statements. Management will continue to monitor budgets monthly and make necessary amendments to avoid expenditures in excess of appropriations.

## III. Detail Notes on All Funds

### A. Assets

#### 1. Deposits

The deposits of the County and the Authority 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 and the Authority's agents in the unit's name. 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 and the Authority, these deposits are considered to be held by their agent 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, the Authority or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the Authority 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 and the Authority have no policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2024, the County's deposits had a carrying amount of \$49,844,584 a bank balance of \$50,178,887. Of the bank balance, \$323,556 was covered by federal depository insurance, and \$49,855,331 in deposits was covered by collateral held under the Pooling Method. At June 30, 2024, Cherokee County had \$1,475 cash on hand.

Also, at June 30, 2024, the deposits of the Authority, had a carrying value of \$1,813,920 and a bank balance of \$1,822,420. Of the bank balance \$250,000 was covered by federal depository insurance, and \$1,572,420 was covered by collateral held under the Pooling Method.

**2. Investments**

As of June 30, 2024, the County had the following investments and maturities:

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	6 - 12 Months
NC Capital Management Trust:				
Government Portfolio	Fair Value - Level 1	\$ 676,292	N/A	N/A
Total		<u>\$ 676,292</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' benchmark quoted prices.

*Interest Rate Risk.* The County has no formal investment policy regarding interest rate risk.

*Credit Risk.* The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). 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, 2024.

**3. 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.

Year Levied	Tax	Interest	Total
2020	\$ 586,115	\$ 178,765	\$ 764,880
2021	646,163	138,925	785,088
2022	772,689	96,586	869,275
2023	776,494	27,177	803,671
Total	<u>\$ 2,781,461</u>	<u>\$ 441,453</u>	<u>\$ 3,222,914</u>

**4. Receivables**

Receivables at the government-wide level at June 30, 2024, were as follows:

	Accounts Receivable	Taxes Receivable	Accrued Interest	Lease	Total
Governmental Activities:					
General	\$ 3,359,951	\$ 830,816	\$ 41,015	\$ 447,277	\$ 4,679,059
Other governmental	67,924	74,309	-	-	142,233
Total receivables	<u>3,427,875</u>	<u>905,125</u>	<u>41,015</u>	<u>447,277</u>	<u>4,821,292</u>
Allowance for doubtful accounts	<u>(54,174)</u>	<u>(198,524)</u>	<u>-</u>	<u>-</u>	<u>(252,698)</u>
Total governmental activities	<u>\$ 3,373,701</u>	<u>\$ 706,601</u>	<u>\$ 41,015</u>	<u>\$ 447,277</u>	<u>\$ 4,568,594</u>

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

Local option sales tax	\$ 3,291,799
Scrap tire tax	13,437
Solid waste disposal tax	6,471
Utility sales tax	8,255
Sales tax refund	268,463
Total	<u>\$ 3,588,425</u>

In July 2022, the County entered into a lease with Cellco Partnership dba Verizon Wireless (tenant). Under the lease, the tenant pays the County in exchange for the use of the County's real property located at 9285 US Highway 64, Murphy, NC. The lessee was required to make monthly fixed payments of \$1,100 per month for 56 months; \$1,265 per month for 60 months; \$1,455 per month for 60 months; \$1,673 per month for 60 months; and \$1,924 per month for 60 months. There are no variable components in the lease. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 4.85%.

The County recognized revenue of \$1,653 and \$11,547 of interest revenue under the lease for the fiscal year ended June 30, 2024.

In July 2022, the County entered into a lease with Murphy Health and Fitness, LLC (tenant). Under the lease, the tenant pays the County in exchange for the use of the County's real property located at 695 Connahetta Street, Murphy, NC. The lessee was required to make monthly fixed payments of \$1,500 per month for 231 months. There are no variable components in the lease. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 4.85%.

The County recognized revenue of \$7,609 and \$10,391 of interest revenue under the lease for the fiscal year ended June 30, 2024.

#### Discretely presented component unit

Cherokee County Tourism Development Authority's receivables consist of occupancy taxes of \$142,793 at June 30, 2024. Management expects all accounts receivable to be collected; therefore, no allowance for doubtful accounts has been recorded.

### 5. Capital Assets

#### Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2024, was as follows:

	Beginning Balances	Increases	Transfers	Decreases	Ending Balances
Governmental Activities:					
Capital assets not being depreciated					
Land	\$ 7,686,029	\$ 245,469	\$ -	\$ -	\$ 7,931,498
Construction in progress	2,699,864	1,475,326	(2,868,873)	-	1,306,317
Total capital assets not being depreciated	10,385,893	1,720,795	(2,868,873)	-	9,237,815
Capital assets being depreciated					
Land improvements	3,694,243	5,400	-	-	3,699,643
Buildings	29,771,695	1,649	2,565,559	-	32,338,903
Other improvements	17,100,823	134,468	57,765	255,919	17,037,137
Equipment	5,391,504	369,223	-	113,940	5,646,787
Software	528,475	9,368	-	247,504	290,339
Computers and electronic equipment	2,383,236	42,845	245,549	326,089	2,345,541
Vehicles and motorized equipment	7,086,819	1,071,982	-	187,777	7,971,024
Total capital assets being depreciated	65,956,795	1,634,935	2,868,873	1,131,229	69,329,374
Less accumulated depreciation for:					
Land improvements	539,221	184,982	-	-	724,203
Buildings	10,454,510	593,147	-	-	11,047,657
Other improvements	10,903,931	601,500	-	255,919	11,249,512
Equipment	2,741,534	401,444	-	102,023	3,040,955
Software	528,475	1,171	-	247,504	282,142
Computers and other electronic equipment	1,927,028	237,199	-	326,088	1,838,139
Vehicles and motorized equipment	5,836,315	635,739	-	187,777	6,284,277
Total accumulated depreciation	32,931,014	2,655,182	-	1,119,311	34,466,885
Total capital assets being depreciated, net	33,025,781				34,862,489



	Beginning Balances	Increases	Transfers	Decreases	Ending Balances
Capital assets being amortized					
Right-to-use assets:					
Leased land and buildings	248,504	-	-	-	248,504
Leased equipment, furniture and fixtures	19,812	-	-	9,842	9,970
IT subscriptions	619,441	-	-	-	619,441
Total capital assets being amortized	887,757	-	-	9,842	877,915
Less accumulated amortization for:					
Right-to-use assets:					
Leased land and buildings	33,134	16,567	-	-	49,701
Leased equipment, furniture and fixtures	12,071	4,068	-	9,842	6,297
IT subscriptions	109,486	127,672	-	-	237,158
Total accumulated amortization	154,691	148,307	-	9,842	293,156
Total capital assets being amortized, net	733,066				584,759
Governmental activities capital assets, net	\$ 44,144,740				\$ 44,685,063

Depreciation/amortization expense was charged to function/programs of the government as follows:

General government	\$ 569,736
Public safety	949,704
Transportation	457,864
Economic and physical development	28,059
Human services	195,571
Environmental protection	480,246
Cultural and recreational	122,309
Total depreciation expense	\$ 2,803,489

### Construction commitments

The County had no active construction projects as of June 30, 2024.

### Discretely presented component unit

Capital asset activity for the Cherokee County Tourism Development Authority for the year ended June 30, 2024, was as follows:

	Beginning Balances	Increases	Transfers	Decreases	Ending Balances
Capital assets being depreciated					
Buildings	\$ 162,551	\$ -	\$ -	\$ -	\$ 162,551
Building improvements	54,626	-	-	-	54,626
Total capital assets being depreciated	217,177	-	-	-	217,177
Less accumulated depreciation for:					
Buildings	23,841	3,251	-	-	27,092
Building improvements	3,278	2,368	-	-	5,646
Total accumulated depreciation	27,119	5,619	-	-	32,738
Total capital assets being depreciated, net	190,058				184,439
Component unit capital assets, net	\$ 190,058				\$ 184,439

**B. Liabilities****1. Payables**

Payables at the government-wide level at June 30, 2024, were as follows:

	Vendors	Other	Total
Governmental Activities:			
General	\$ 1,545,620	\$ 1,116,879	\$ 2,662,499
Other governmental	76,342	100,000	176,342
Total governmental activities	<u>\$ 1,621,962</u>	<u>\$ 1,216,879</u>	<u>\$ 2,838,841</u>

**Discretely presented component unit**

As of June 30, 2024, the Cherokee County Tourism Development Authority's payables consisted of vendor payables.

**2. Pension Plan and Other Postemployment Obligations****a. Local Governmental Employees' Retirement System**

*Plan Description.* The County is a participating employer in the statewide Local Governmental Employees' 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 Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's 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 to retire 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 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, 2024, was 14.04% of compensation for law enforcement officers and 12.85% for general employees, 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 \$2,083,069 for the year ended June 30, 2024.

*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, 2024, the County reported a liability of \$12,543,597 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 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, 2024, the County's proportion was 0.18939% (measured as of June 30, 2023), which was a decrease of 0.00200% from its proportion as of June 30, 2023 (measured as of June 30, 2022).

For the year ended June 30, 2024, the County recognized pension expense of \$3,624,076. At June 30, 2024, 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	\$ 1,397,728	\$ 30,091
Changes of assumptions	533,031	-
Net difference between projected and actual earnings on pension plan investments	3,357,216	-
Changes in proportion and differences between County contributions and proportionate share of contributions	224,416	155,255
County contributions subsequent to the measurement date	2,083,069	-
Total	<u>\$ 7,595,460</u>	<u>\$ 185,346</u>

\$2,083,069 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 ended June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2025	\$ 1,952,905
2026	1,029,760
2027	2,202,418
2028	141,962
2029	-
Thereafter	-

*Actuarial Assumptions.* The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 8.25 percent
Investment rate of return	6.50 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 assumptions used in the December 31, 2022 actuarial valuation was based on the experience study prepared as of December 31, 2019, and adopted by the Board of Trustees on January 28, 2021.

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, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	1.1%
Global Equity	6.5%
Real Estate	5.9%
Alternatives	8.2%
Opportunistic Fixed	5.0%
Inflation Sensitive	2.7%

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022 and is part of the asset liability and investment policy of the North Carolina Retirement Systems. 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 2.25%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 6.50%. 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 asset 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 6.50 percent, 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 (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
County's proportionate share of the net pension liability (asset)	\$ 21,731,289	\$ 12,543,597	\$ 4,979,428

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

## **b. Law Enforcement Officers' Special Separation Allowance**

### **1. Plan Description**

Cherokee 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 percent 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.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2022, the Separation Allowance's membership consisted of:

Inactive members currently receiving benefits	2
Active plan members	<u>38</u>
Total	<u><u>40</u></u>

A separate report was not issued for the plan.

## 2. 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 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 criteria which are outlined in GASB Statement 73.

## 3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2022 valuation. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.00 percent

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

Mortality Rates:

Mortality Assumption: All mortality rates use Pub-2010 amount-weighted tables.

Mortality Projection: All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

Deaths After Retirement (Healthy): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

Deaths After Retirement (Disabled Members at Retirement): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

Deaths After Retirement (Survivors of Deceased Members): Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward 3 years. Rates for female members are Set Forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

Deaths Prior to Retirement: Mortality rates are based on the Safety Mortality Table for Employees.

## 4. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. 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 \$13,215 in benefits during the reporting period.

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

At June 30, 2024, the County reported a total pension liability of \$966,756. The total pension liability was measured as of December 31, 2023 based on a December 31, 2022 actuarial valuation. The total pension liability was rolled forward to the measurement date of December 31, 2023 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the County recognized pension expense of \$117,506.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 161,865	\$ 38,446
Changes of assumptions	125,854	106,186
Total	<u>\$ 287,719</u>	<u>\$ 144,632</u>

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

### **Year ended June 30:**

2025	\$ 39,342
2026	43,166
2027	21,764
2028	2,199
2029	28,538
Thereafter	8,078

*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 4.00 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 (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current rate:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total Pension Liability	\$ 1,060,421	\$ 966,756	\$ 882,533

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

Total pension liability as of December 31, 2022	\$ 706,894
Changes for the year:	
Service cost	55,375
Interest on the total pension liability	30,182
Differences between expected and actual experience in the measurement	162,534
Changes of assumptions or other inputs	24,986
Benefit payments	(13,215)
Net changes	259,862
Total pension liability as of December 31, 2023	<u>\$ 966,756</u>

*Changes of assumptions.* Since the Prior Measurement Date, the Discount Rate has changed from 4.31% to 4.00% due to a change in the Municipal Bond Rate.

*Changes in Benefit Terms.* There are no changes in benefit terms since the Prior Measurement Date.

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, 2022 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2019.

**c. 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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the 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 the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan.

The County contributed \$102,078 for the year ended June 30, 2024. No amounts were forfeited.

**d. Registers of Deeds' Supplemental Pension Fund**

*Plan Description.* Cherokee County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, 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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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](http://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.

*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 \$3,550 for the year ended June 30, 2024.

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

At June 30, 2024, the County reported an asset of \$48,492 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 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, 2024, the Board's proportion was 0.40353% (measured as of June 30, 2023), which was an increase of 0.00839% from its proportion as of June 30, 2023 (measured as of June 30, 2022).

For the year ended June 30, 2024, the County recognized pension expense of \$8,180. At June 30, 2024, 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	\$ -	\$ 2,147
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	24,631	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,661
County contributions subsequent to the measurement date	3,550	-
Total	<u>\$ 28,181</u>	<u>\$ 4,808</u>

\$3,550 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, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2025	\$ 3,532
2026	7,587
2027	7,151
2028	1,553
2029	-
Thereafter	-

*Actuarial Assumptions.* The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	3.00 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 assumptions used for the December 31, 2022 actuarial valuation are based on the experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

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 information in the preceding table is based on 30-year expectations developed with the consulting actuary as part of a study conducted in early 2022, and is part of the asset, liability and investment policy of the North Carolina Retirement Systems. 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 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 3.00%. 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 3.00 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 (2.00 percent) or 1-percentage-point higher (4.00 percent) than the current rate:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension (liability) asset	\$ 33,102	\$ 48,492	\$ 61,470

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

**e. Pension Liabilities, Expense, and Related Deferred Outflows of Resources and Deferred Inflows of Resources**

The net pension liability (asset) for LGERS and RODSPF was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2023, with an actuarial valuation date of December 31, 2022. 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:

	LGERS	RODSPF	LEOSSA	Total
Proportionate Share of Net Pension Liability (Asset)	\$12,543,597	\$ (48,492)	n/a	\$12,495,105
Proportion of the Net Pension Liability (Asset)	0.18939%	0.40353%	n/a	n/a
Total Pension Liability	n/a	n/a	\$ 966,756	\$ 966,756
Pension Expense	\$ 3,624,076	\$ 8,180	\$ 104,291	\$ 3,736,547

At June 30, 2024, the County reported deferred outflows and inflows of resources related to pensions from the following:

<b><u>Deferred Outflows of Resources</u></b>	LGERS	RODSPF	LEOSSA	Total
Differences between expected and actual experience	\$ 1,397,728	\$ -	\$ 161,865	\$ 1,559,593
Changes of assumptions	533,031	-	125,854	658,885
Net difference between projected and actual earnings on pension plan investments	3,357,216	24,631	-	3,381,847
Changes in the proportion and differences between County contributions and proportionate share of contributions	224,416	-	-	224,416
County contributions (LGERS, RODSPF)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	2,083,069	3,550	-	2,086,619



**Deferred Inflows of Resources**

Differences between expected and actual experience	\$ 30,091	\$ 2,147	\$ 38,446	\$ 70,684
Changes of assumptions	-	-	106,186	106,186
Changes in proportion and differences between County contributions and proportionate share of contributions	155,255	2,661	-	157,916

**f. Other Postemployment Benefit****Healthcare Benefits**

*Plan Description.* Under the terms of a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The County Board has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

*Benefits Provided.* The HCB plan provides healthcare benefits to retirees. Full-time employees and elected officials that retire (under early, normal or disabled retirement conditions) from the North Carolina Local Government Employees' Retirement System (NCLGERS), and have thirty (30) years of service with the County immediately prior to retirement are eligible to continue coverage in the County's Group Health Plan. The County pays the full cost of coverage for employees' benefits through private insurers and employees have the option of purchasing dependent coverage at the County's group rates. Retirees who qualify for coverage receive the same benefits as active employees. The County will provide coverage to eligible retirees through the Group Health Plan until the retiree reaches Medicare eligibility age. Benefits end once the retiree reaches Medicare eligibility age. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at June 30, 2023, the date of the latest actuarial valuation:

Inactive employees or beneficiaries currently receiving benefits	9
Inactive members entitled to but not yet receiving benefits	-
Active plan members	<u>284</u>
Total	<u><u>293</u></u>

**Total OPEB Liability**

The County's total OPEB liability of \$3,181,291 was measured as of June 30, 2023 and was determined by a biennial actuarial valuation as of June 30, 2023.

*Actuarial assumptions and other inputs.* The total OPEB liability was determined based on an actuarial valuation as of June 30, 2023, using the following key actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	0.75 percent
Salary increases	3.25 to 8.41 percent, including wage inflation (General Employees) 3.25 to 7.90 percent, including wage inflation (Law Enforcement Officers)
Discount	3.65 percent
Healthcare cost trend rates:	
Pre-Medicare medical and prescription drug	7.00 percent for 2022 decreasing to an ultimate rate of 4.50% by 2032
Dental	3.50 percent

The County selected a Municipal Bond Index Rate equal to the Bond Buyer 20 Year General Obligation Bond Index published at the last Thursday of June by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the TOL.

**Changes in the Total OPEB Liability**

Total OPEB Liability as of June 30, 2022	\$ 3,041,707
Changes for the year	
Service cost	180,183
Interest	113,298
Differences between expected and actual experience	(68,223)
Changes in assumptions or other inputs	(42,513)
Net benefit	<u>(43,161)</u>
Net changes	<u>139,584</u>
Total OPEB Liability as of June 30, 2023	<u><u>\$ 3,181,291</u></u>

Since the Prior Measurement Date, the Discount Rate has changed from 3.54% to 3.65% due to a change in the Municipal Bond Index Rate.

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board.

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, 2023 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2023 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 (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current discount rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	\$ 3,592,288	\$ 3,181,291	\$ 2,823,097

*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:

	1% Decrease	Current Rate	1% Increase
Total OPEB liability	\$ 2,715,588	\$ 3,181,291	\$ 3,754,216

***OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year end June 30, 2024, the County recognized OPEB expense of \$249,665. At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 296,282	\$ 785,470
Changes of assumptions	512,471	385,366
Benefit payments and administrative costs made subsequent to the measurement date	91,300	-
Total	<u>\$ 900,053</u>	<u>\$ 1,170,836</u>

\$89,640 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year ended June 30:**

2025	\$ (32,511)
2026	(19,233)
2027	(19,233)
2028	(19,233)
2029	(50,360)
Thereafter	(221,513)

**g. Other Employment Benefits**

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits.

Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to his/her death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants.

For the fiscal year ended June 30, 2024, the County made contributions to the State for death benefits of \$11,184.

The County also provides a \$15,000 death benefit to full-time employees. For the fiscal year ended June 30, 2024, the County made contributions for death benefits of \$11,184.

**h. Deferred Compensation Plan**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

**3. Closure and Postclosure Care Costs - Cherokee County Landfill Facility**

State and federal laws and regulations require the County to place a final cover on its Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although 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 based on landfill capacity used as of each balance sheet date. The \$7,784,237 reported as landfill closure and postclosure care liability at June 30, 2024 represents a cumulative amount reported to-date based on the use of 57.43 percent of the total estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure and post closure care in 2023. The County expects to close the landfill facility in approximately 2030. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County has met the requirements of a 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 postclosure care requirements. However, if additional post closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

**4. Deferred Outflows and Inflows of Resources**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience (Pensions, OPEB)	\$ 1,855,875	\$ 856,154
Net difference between projected and actual investment earnings (Pensions, OPEB)	3,381,847	-
Change in proportion and difference between employer contributions and proportionate share of contributions (Pensions)	224,416	157,916
Change in assumptions (Pensions, OPEB)	1,171,356	491,552
Contributions to pension plan subsequent to measurement date (LGERS, RODSPF)	2,086,619	-
Benefit payments for the OPEB plan paid subsequent to the measurement date	91,300	-
Prepaid taxes not yet earned (General)	-	437,309
Leases (General)	-	424,206
Taxes receivable, net (General), less penalties	-	632,292
Taxes receivable, net (Special Revenue)	-	74,309
Total	<u>\$ 8,811,413</u>	<u>\$ 3,073,738</u>

**5. Risk Management**

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk financing pools administered by the North Carolina Association of County Commissioners Joint Risk Management Agency.

Through these pools, the County obtains property coverage equal to the replacement cost of owned property subject to total insured values, with sub-limits on coverage for specified perils; general, auto, professional, employment practices, and law enforcement liability coverage of \$2 million per occurrence; auto physical damage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the statutory limits. There is also a \$3 million excess liability policy.

All property coverage and some liability coverage are subject to per occurrence deductibles, as selected by the County. The pools are audited annually by certified public accountants, and audited financial statements are available to the County upon request.

Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000, up to a \$2 million limit for liability coverage, and single occurrence losses in excess of \$750,000 for worker's compensation.

Through the captive, the Liability and Property Pool is reinsured for \$2 million of annual aggregate losses in excess of \$250,000 per occurrence for property, auto physical damage and crime coverage, with additional limits of \$498 million purchased through a group of commercial carriers through the multi-state public entity captive.

For medical and dental insurance, the County is reinsured through a commercial carrier for individual losses in excess of \$85,000 and aggregate annual losses in excess of \$2,926,596.

In accordance with G.S. 159-29, County's employees who have access to \$100 or more of the County's funds at any given time are performance bonded through commercial crime coverage with a \$250,000 occurrence limit. Individuals holding positions requiring statutory bonds are covered elsewhere. The Chief Financial Officer is bonded for \$1,000,000. The Tax Collector is bonded for \$100,000. The Register of Deeds is bonded for \$10,000. The Sheriff is bonded for \$25,000.

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years.

**Discretely presented component unit***Cherokee County Tourism Development Authority*

In accordance with G.S. 159-29, the Chief Financial Officer of Cherokee County Tourism Development Authority is performance bonded through a commercial surety bond for \$70,000. This bond is a separate individual bond to protect the Authority and that names the Authority as obligee or beneficiary. This bond is in addition to the bond on the Chief Financial Officer that names the County as obligee.

**6. Claims, Judgments and Contingent Liabilities**

At June 30, 2024, 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 cannot be reasonably estimated. As a result, no amount has been accrued as a loss contingency at this time.

**7. Long-Term Obligations****a. Leases**

The County has entered into agreements to lease certain property and equipment under GASB 87. The related right-to-use assets are discussed in more detail in the Capital Asset section III.A.5. of this note.

Serviced by the County's General Fund

In July 2021, County entered into a 15-year lease agreement for 125' X 125' section of property for placement of a necessary communications tower to be used by emergency services and law enforcement. An initial lease liability was recorded in the amount of \$248,504 and requires five annual payments of \$18,000; followed by five annual payments of \$20,700; then five annual payments of \$23,804. The lease liability is measured at a discount rate of 3.25%.

\$ 209,146

In July 2021, County entered into a 57-month lease agreement for a postage meter to be used by the Social Services department. An initial lease liability was recorded in the amount of \$9,970 and requires monthly payments of \$189. The lease liability is measured at a discount rate of 3.25%.

3,853

\$ 212,999

The future minimum lease obligations and the net present value of these payments as of June 30, 2024, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 13,378	\$ 6,890	\$ 20,268
2026	13,245	6,456	19,701
2027	14,643	6,057	20,700
2028	15,119	5,581	20,700
2029	15,610	5,090	20,700
2030 - 2034	95,619	17,196	112,815
2035 - 2039	45,385	2,225	47,610
Total	<u>\$ 212,999</u>	<u>\$ 49,495</u>	<u>\$ 262,494</u>

#### **b. Subscriptions**

The County has entered into Subscription-Based Information Technology Arrangements (SBITAs) under GASB 96. The related right-to-use assets are discussed in more detail in the Capital Asset section III.A.5. of this note.

##### Serviced by the County's General Fund

In July 2022, the County entered into a five-year subscription for the use of Huntress Labs Inc.'s security awareness training software. An initial subscription liability was recorded in the amount of \$37,606. The County is required to make annual fixed payments of \$8,250. The subscription has an interest rate of 4.85%.

\$ 22,530

In July 2022, the County entered into a five-year subscription for the use of Logan Systems, Inc.'s permanent record software. An initial subscription liability was recorded in the amount of \$231,396. The County is required to make monthly fixed payments of \$4,333. The subscription has an interest rate of 4.85%.

144,910

In August 2022, the County entered into a five-year subscription for the use of Service Commander Software, Inc.'s jury management software. An initial subscription liability was recorded in the amount of \$11,713. The County is required to make annual fixed payments of \$2,600. The subscription has an interest rate of 5.50%.

7,015

In September 2022, the County entered into a five-year subscription for the use of GoTo's remote monitoring and management software. An initial subscription liability was recorded in the amount of \$23,420. The County is required to make annual fixed payments of \$5,220. The subscription has an interest rate of 5.73%.

14,023

In August 2022, the County entered into a five-year subscription for the use of Environmental Systems Research Institute, Inc.'s GIS mapping software. An initial subscription liability was recorded in the amount of \$57,666. The County is required to make annual fixed payments of \$12,800. The subscription has an interest rate of 5.50%.

34,534

In July 2022, the County entered into a 50-month subscription for the use of CureMD.com, Inc.'s health information software. An initial subscription liability was recorded in the amount of \$35,835. The County is required to make monthly fixed payments of \$793. The subscription has an interest rate of 4.85%.

19,534

In July 2022, the County entered into a five-year subscription for the use of Information Inc's daysheets hosting software. An initial subscription liability was recorded in the amount of \$20,914. The County is required to make annual fixed payments of \$4,588. The subscription has an interest rate of 4.85%.

12,530

In November 2022, the County entered into a five-year subscription for the use of Xcomm's IT communications software. An initial subscription liability was recorded in the amount of \$15,676. The County is required to make annual fixed payments of \$3,570. The subscription has an interest rate of 6.95%.

9,377

In May 2023, the County entered into a four-year subscription for the use of Zix's secure email software. An initial subscription liability was recorded in the amount of \$50,381. The County is required to make annual fixed payments of \$14,126. The subscription has an interest rate of 8.23%.

25,112

In November 2022, the County entered into a five-year subscription for the use of DroneSense's comprehensive drone management system. An initial subscription liability was recorded in the amount of \$14,930. The County is required to make annual fixed payments of \$3,400. The subscription has an interest rate of 6.95%.

8,931

In June 2023, the County entered into a five-year subscription for the use of LeadsOnline's investigation data management software. An initial subscription liability was recorded in the amount of \$16,200. The County is required to make annual fixed payments of \$3,773. The subscription has an interest rate of 8.25%.

9,680

In January 2023, the County entered into a five-year subscription for the use of SurTec's Casper intelligence gathering solutions software. An initial subscription liability was recorded in the amount of \$17,184. The County is required to make annual fixed payments of \$3,951. The subscription has an interest rate of 7.50%.

10,275

In January 2023, the County entered into a five-year subscription for the use of WasteWORKS' waste management software. An initial subscription liability was recorded in the amount of \$11,526. The County is required to make annual fixed payments of \$2,650. The subscription has an interest rate of 7.50%.

6,891

\$	325,342
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At June 30, 2024, the future minimum subscription obligations and the net present value of these payments were:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2025	\$ 109,461	\$ 16,983	\$ 126,444
2026	115,723	10,721	126,444
2027	100,158	4,232	104,390
Total	<u>\$ 325,342</u>	<u>\$ 31,936</u>	<u>\$ 357,278</u>

### c. Installment Purchases

The County's installment purchases are comprised of the following individual issues:

#### **Governmental Activities**

##### Serviced by the County's General Fund

On November 30, 2005, the County entered into a \$565,507 direct placement contract with North Carolina Department of Environmental and Natural Resources for water improvements. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract requires 30 annual principal payments of \$28,275, plus interest at 2.205%, and matures on May 1, 2026.

\$ 56,551

On December 28, 2010, the County entered into a \$1,216,000 direct placement contract with Branch Banking & Trust Company for the acquisition of the Department of Social Services Building. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract requires 15 annual principal payments of \$81,066, plus interest at 5.50%, and matures on December 28, 2025.

162,142

On December 28, 2010, the County entered into a \$184,000 direct placement contract with Branch Banking & Trust Company for the acquisition of the Department of Social Services Building. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract requires 15 annual principal payments of \$12,266, plus interest at 5.50%, and matures on December 28, 2025.

24,541

On December 21, 2010, the County entered into a \$1,282,886 direct placement contract with Bank of America, N.A. for the Andrews High School Renovation. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract requires 30 semi-annual payments of \$42,763, plus interest at 5.67%, and matures on December 21, 2025. This is a Qualified School Construction Bond and interest paid is refundable.

128,288

On July 7, 2023, the County entered into a \$172,945 direct placement contract with Axon Enterprises, Inc. for the purchase of tasers and docks for the Sheriffs Department. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract requires 5 annual payments of \$34,589, including interest at 0%, and matures on September 7, 2027.

138,356

\$	509,878
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The annual debt service requirements to maturity for the County are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2025	\$ 241,723	\$ 17,577
2026	198,977	6,949
2027	34,589	-
2028	34,589	-
Total	<u>\$ 509,878</u>	<u>\$ 24,526</u>

Debt Related to Capital Activities - Of the total Governmental Activities debt listed only \$381,590 relates to assets the County holds title. There is no unspent restricted cash related to this debt at June 30, 2024.

#### d. Litigation Settlement

In 2018 and 2019, twenty-six (26) separate lawsuits were filed against Cherokee County and former county employees regarding the use of Custody and Visitation Agreements by the Cherokee County Department of Social Services to place children outside of their parent's homes until they were 18 years old without Court approval. The suits alleged violations of the Constitutional rights of the parents and the children involved, as well as violations of state law regarding abused, neglected and dependent juveniles. On June 29, 2022, the Cherokee County Board of Commissioners approved a settlement agreement to resolve the pending actions against the County. Cherokee County and the NCACC Liability and Property Pool will pay a global settlement. Cherokee County will pay \$24.5 million over a period of 8 years, with the first payment due February 15, 2023, in the amount of \$4 million, and the seven remaining annual payments in the amount of \$2,928,571 due on July 15, 2024 through July 15, 2030.

The annual debt service requirements to maturity for the County are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2025	\$ 2,928,571	\$ -
2026	2,928,571	-
2027	2,928,571	-
2028	2,928,571	-
2029	2,928,571	-
2030 - 2031	5,857,145	-
Total	<u>\$ 20,500,000</u>	<u>\$ -</u>

**e. Long-term Obligation Activity**

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Government Activities:					
Direct placement installment purchases	\$ 638,655	\$ 172,945	\$ 301,722	\$ 509,878	\$ 241,723
Lease liabilities	227,987	-	14,988	212,999	13,378
IT subscription liabilities	428,893	-	103,551	325,342	109,461
Landfill closure costs	7,610,112	174,125	-	7,784,237	-
Litigation settlement	20,500,000	-	-	20,500,000	2,928,571
Compensated absences	937,365	674,602	663,447	948,520	663,000
Net pension liability (LGERS)	10,797,129	1,746,468	-	12,543,597	-
Total pension obligation (LEOSSA)	706,894	259,862	-	966,756	-
Total OPEB liability	3,041,707	139,584	-	3,181,291	-
Total government activities	<u>\$ 44,888,742</u>	<u>\$ 3,167,586</u>	<u>\$ 1,083,708</u>	<u>\$ 46,972,620</u>	<u>\$ 3,956,133</u>

Net pension liability, total pension liability, and net other postemployment liability for governmental activities are all typically liquidated in the General Fund. Compensated absences for governmental activities typically have been liquidated in the General Fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

At June 30, 2024, the County had a legal debt margin of \$313,263,860.

**C. Interfund Balances and Activity**

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers to/from other funds June 30, 2024, consisted of the following:

From the General Fund to the Revaluation Fund to provide resources for the next property revaluation	\$ 125,000
From the General Fund to the Capital Project Fund for the County contribution portion for construction	1,242,703
Total	<u>\$1,367,703</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

**D. Net Investment in Capital Assets**

Net investment in capital assets at June 30, 2024, was computed as follows:

Capital assets, net of accumulated depreciation	\$ 44,685,063
Less capital debt:	
Gross debt (excluding compensated absences)	21,548,219
Less:	
School debt related to assets to which the County does not hold title	128,288
Total capital debt	<u>21,419,931</u>
Net investment in capital assets	<u>\$ 23,265,132</u>

**E. Fund Balance**

Cherokee County has a revenue spending policy that provides for programs with multiple revenue sources. The Chief Financial Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-county funds, 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 Chief Financial Officer has the authority to deviate from this policy if it is in the best interest of the County.



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

<b>Total fund balance - General Fund</b>	<b>\$ 47,457,952</b>
Less:	
Inventories	37,983
Prepaid items	111,364
Stabilization by State statute	6,894,202
School capital outlay	6,158,933
Tax revaluation	163,671
School capital outlay	855,711
Education	4,204,305
Human services - social services	3,059,272
General government - capital outlay	24,622
Public safety - capital outlay	77,500
Economic and physical development	4,996
Appropriated fund balance in 2025 budget	4,847,722
Working capital/ fund balance policy	7,806,036
Remaining fund balance	13,211,635

Cherokee County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to greater than 8% of budgeted expenditures.

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The County had no outstanding encumbrances at year-end.

#### IV. Joint Ventures

##### Nantahala Regional Library

The County participates in a joint venture to operate the Nantahala Regional Library with two other local governments. The County appoints three members to the board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$192,645 to the Library to supplement its activities for the fiscal year ended June 30, 2024. Complete financial statements for the Library can be obtained from the Library's office at 101 Blumenthal Street, Murphy, NC 28906.

##### Tri-County Community College

The County has a commitment to help fund Tri-County Community College with two other local governments. The County appoints eight members to the board of the College. The County has an ongoing financial responsibility for the joint venture because the College's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the College, so no equity interest has been reflected in the financial statements. The County has an ongoing financial responsibility for the college because of statutory responsibilities to provide funding for the College's facilities. The County contributed \$924,281 during the fiscal year June 30, 2024. Complete financial statements for the College may be obtained from the College's administrative offices at 21 Campus Circle, Murphy, NC 28906.

#### V. Jointly Governed Organizations

##### Southwestern North Carolina Planning and Economic Development Commission

The County, in conjunction with six other counties, seventeen municipalities, and the Eastern Band of Cherokee Indians, established the Southwestern North Carolina Planning and Economic Development Commission (Commission). The participating governments established the Commission to coordinate various funding received from federal and State agencies. The County paid membership fees of \$23,613 to the Commission during the fiscal year ended June 30, 2024. The County was the subrecipient of a grant for \$402,086 from the Division of Aging of the North Carolina Department of Human Resources, which was passed through the Commission.

Vaya Health

The County participates in a jointly governed organization to operate Region 1 of Vaya Health with six other county governments. Vaya Health is a public managed care organization that oversees Medicaid, federal, state and local funding for services and supports related to mental health, substance use disorder and intellectual/developmental disabilities. Each county within the region appoints up to two members to the Regional Board, one of whom must be an elected county commissioner and one of whom may be either a county commissioner, county manager, social services director, public health director, or law enforcement representative. The County does not have an ongoing financial interest or ongoing financial responsibility. The County contributed \$75,000 to Vaya Health during the fiscal year ended June 30, 2024.

**VI. Summary Disclosure of Significant Commitments and Contingencies****Federal and State Assisted Programs**

The County has received proceeds from several 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.

**VII. New Accounting Pronouncements*****Pronouncements effective for the 2024 Financial Statements:***

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

***Pronouncements issued, but not yet effective, which will be adopted by the County in future years. As of the date of this report, the County has not determined the financial impact of implementing the following Statements:***

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

**VIII. Significant Effects of Subsequent Events**

The County has evaluated events and transactions that occurred between June 30, 2024 and October 29, 2025, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended June 30, 2024.

1. In July 2024, the Board accepted and approved a Golden Leaf Grant Agreement for \$50,000 for due diligence analysis on the county's new Industrial Park Site in Marble.
2. In July 2024, the Board voted to participate in the Stop-Gap Solutions Program for Community Access to Broadband (CAB) grant funding.
3. In October 2024, the Board accepted a quote in the amount of \$128,433.43 from Shore's Construction for renovation of the new Emergency Operations Center.
4. In March 2025, the board accepted a \$75,000 for a grant from NC Community Foundation for disaster preparedness.
5. In March 2025, the Board accepted \$64,778 for an Emergency Shelter Grant.
6. In March 2025, the Board accepted \$131,250 for a NC Department of Public Safety Grant for the Emergency Operations Center.

7. In March 2025, the Board approved a resolution to support efforts to establish a new Murphy High School facility for grades 9-12 located adjacent to the Schools of Innovation and local match funding in the amount of \$5,000,000. Such high school would have open enrollment for all Cherokee County Students.
8. In March 2025, the Board approved the use of contingency in the amount of \$230,000 to cover an unexpected increase in involuntary commitment transports.
9. In March 2025, the Board accepted an offer from Tri-County Community College to purchase the county's armory facility for \$200,000.
10. In April 2025, the Board agreed to pay \$58,217 to cover half the cost of replacing the roof on Nantahala Regional Library.
11. In April 2025, the Board approved a budget revision in the amount of \$50,000 for an audit of the Cherokee County Sheriff's Office evidence room.
12. In April 2025, the Board approved a motion to allow Cherokee County Schools to use a sales tax refund in the amount of \$462,453 from the Schools of Innovation and Technology project for operational costs in the coming year.
13. In May 2025, the Board declared 59 Hiwassee Street surplus property and voted to advertise the property, with a minimum reserve of \$485,000.
14. In May 2025, the lawsuit Kloepper & Mahler v. Sheriff Dustin Smith, et al case was settled. The county insurance carrier and the tribe agreed to a settlement of \$10 million, \$5 million paid by the tribe and \$5 million from the county's insurance. The \$5,000 deductible that the county paid when the case was filed is the only expense the county will have.
15. In June 2025, the Board approved a Capital Project Ordinance in the amount of \$496,276 for construction of the new mechanic's building at Landfill.
16. In June 2025, the Board approved an amended Capital Project Ordinance in the amount of \$20,822,301 to close out the Schools of Innovation and Technology project.
17. In June 2025, the Board approved a Capital Project Ordinance in the amount of \$714,700 for the EMS Station 2 project.
18. In July 2025, the Board accepted the sole bid in the amount of \$485,000 for the 59 Hiwassee Street property.
19. In August 2025, the Board awarded the bid for the Senior/VA facility project to Place Services, Inc., the lowest bid, in the amount of \$8,776,634. They also amended the Capital Project Ordinance and approved a budget amendment in the amount of \$6,593,288 for this project.
20. In August 2025, the Board awarded the bid for the EMS Station 2 renovation project to Wells and West, Inc., the lowest bid, in the amount of \$1,088,000. They also amended the Capital Project Ordinance and approved a budget amendment in the amount of \$633,500 for this project.
21. In August 2025, the Board approved a Memorandum of Agreement between Cherokee County and Integrated Care of Greater Hickory for Substance Use Disorder Treatment Program. The program will be funded with opioid settlement dollars, and is 3-year phased approach. Services will include peer support specialists, treatment of substance use disorder, mobile medical services, and recovery housing placement.

# Required Supplementary Financial Data

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

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## Local Governmental Employees' Retirement System

- Schedule of Proportionate Share of Net Pension Liability (Asset)
- Schedule of Contributions

## Register of Deeds' Supplemental Pension Fund

- Schedule of Proportionate Share of Net Pension Liability (Asset)
- Schedule of Contributions

## Law Enforcement Officers' Special Separation Allowance

- Schedule of Changes in Total Pension Liability
- Schedule of Total Pension Liability as a Percentage of Covered Payroll

## Other Postemployment Benefits

- Schedule of Changes in the Total OPEB Liability and Related Ratios

**Cherokee County, North Carolina**  
**Schedule of Proportionate Share of Net Pension Liability (Asset)**  
**for Local Governmental Employees' Retirement System**  
**Last Ten Fiscal Years**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability (asset) %	0.1894%	0.1914%	0.1741%	0.1809%	0.1776%	0.1833%	0.1814%	0.1960%	0.1753%	0.1750%
County's proportionate share of the net pension liability (asset) \$	\$12,543,597	\$10,797,129	\$ 2,669,531	\$ 6,463,970	\$ 4,849,298	\$ 4,349,215	\$ 2,771,748	\$ 4,160,625	\$ 786,781	\$ (1,031,997)
County's covered-employee payroll	\$17,149,387	\$15,177,779	\$12,971,650	\$12,284,289	\$11,915,323	\$11,400,549	\$10,989,470	\$11,208,552	\$10,145,989	\$10,061,351
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	73.14%	71.14%	20.58%	52.62%	40.70%	38.15%	25.22%	37.12%	7.75%	(10.26%)
Plan fiduciary net position as a percentage of the total pension liability **	82.49%	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%

\* 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.

**Cherokee County, North Carolina**  
**Schedule of Contributions to Local Government Employees' Retirement System**  
**Local Governmental Employees' Retirement System**  
**Last Ten Fiscal Years**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,083,069	\$ 1,962,740	\$ 1,733,334	\$ 1,325,298	\$ 1,110,737	\$ 934,147	\$ 866,150	\$ 814,234	\$ 763,586	\$ 719,701
Contributions in relation to the contractually required contribution	2,083,069	1,962,740	1,733,334	1,325,298	1,110,737	934,147	866,150	814,234	763,586	719,701
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered-employee payroll	\$16,021,589	\$17,149,387	\$15,177,779	\$12,971,650	\$12,284,289	\$11,915,323	\$11,400,549	\$10,989,470	\$11,208,552	\$10,145,989
Contributions as a percentage of covered- employee payroll	13.00%	11.44%	11.42%	10.22%	9.04%	7.84%	7.60%	7.41%	6.81%	7.09%

**Cherokee County, North Carolina**  
**Schedule of Proportionate Share of Net Pension Liability (Asset)**  
**for Register of Deeds' Supplemental Pension Fund**  
**Last Ten Fiscal Years**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
County's proportion of the net pension liability (asset) %	0.4035%	0.3951%	0.3720%	0.3687%	0.3406%	0.4001%	0.3629%	0.3823%	0.3797%	0.3564%
County's proportionate share of the net pension liability (asset) \$	\$ (48,492)	\$ (52,317)	\$ (71,480)	\$ (84,487)	\$ (67,235)	\$ (66,275)	\$ (61,938)	\$ (71,484)	\$ (87,985)	\$ (80,793)
Plan fiduciary net position as a percentage of the total pension liability **	135.74%	139.04%	156.53%	173.62%	164.11%	153.31%	153.77%	160.17%	197.29%	193.88%

\* 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 Register of Deeds' Supplemental Pension Fund plan.

**Cherokee County, North Carolina**  
**Schedule of Contributions to Registers of Deeds' Supplemental Pension Fund**  
**Register of Deeds' Supplemental Pension Fund**  
**Last Ten Fiscal Years**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$ 3,550	\$ 3,601	\$ 4,530	\$ 4,465	\$ 3,530	\$ 3,237	\$ 3,424	\$ 3,153	\$ 3,124	\$ 3,038
Contributions in relation to the contractually required contribution	3,550	3,601	4,530	4,465	3,530	3,237	3,424	3,153	3,124	3,038
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



**Cherokee County, North Carolina**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**For the Year Ended June 30, 2024**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning balance	\$ 706,894	\$ 771,531	\$ 777,973	\$ 394,606	\$ 371,464	\$ 372,964	\$ 367,600	\$ 338,197
Service cost	55,375	65,269	66,418	43,666	32,465	37,738	29,990	34,449
Interest on the total pension liability	30,182	17,259	14,981	12,864	13,494	11,685	14,066	11,960
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	162,534	68	(59,338)	64,591	(34,792)	(27,798)	(63,368)	-
Changes of assumptions or other inputs	24,986	(138,279)	(24,973)	262,246	13,450	(16,734)	31,067	(10,615)
Benefit payments	(13,215)	(8,954)	(3,530)	-	(1,475)	(6,391)	(6,391)	(6,391)
Other changes	-	-	-	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 966,756</u>	<u>\$ 706,894</u>	<u>\$ 771,531</u>	<u>\$ 777,973</u>	<u>\$ 394,606</u>	<u>\$ 371,464</u>	<u>\$ 372,964</u>	<u>\$ 367,600</u>

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

**Cherokee County, North Carolina**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**For the Year Ended June 30, 2024**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$ 966,756	\$ 706,894	\$ 771,531	\$ 777,973	\$ 394,606	\$ 371,464	\$ 372,964	\$ 367,600
Covered payroll	2,138,987	1,839,506	1,624,075	1,687,189	1,459,468	1,529,513	1,399,494	1,521,291
Total pension liability as a percentage of covered payroll	45.20%	38.43%	47.51%	46.11%	27.04%	24.29%	26.65%	24.16%

Notes to the schedule:

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

**Cherokee County, North Carolina**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**For the Year Ended June 30, 2024**

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	\$ 180,183	\$ 267,201	\$ 265,125	\$ 209,009	\$ 191,659	\$ 146,446	\$ 160,159
Interest	113,298	79,809	69,540	113,638	101,799	77,865	68,178
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(68,223)	(276,248)	93,358	(803,597)	137,932	389,971	(28,429)
Changes of assumptions	(42,513)	(425,214)	219,455	447,790	140,766	17,857	(156,930)
Benefit payments	(43,161)	(62,688)	(139,473)	(106,642)	(195,026)	(209,860)	(33,326)
Net change in total OPEB liability	139,584	(417,140)	508,005	(139,802)	377,130	422,279	9,652
Total OPEB liability - beginning	3,041,707	3,458,847	2,950,842	3,090,644	2,713,514	2,291,235	2,281,583
Total OPEB liability - ending	\$ 3,181,291	\$ 3,041,707	\$ 3,458,847	\$ 2,950,842	\$ 3,090,644	\$ 2,713,514	\$ 2,291,235
Covered payroll	13,191,654	13,191,654	11,249,347	11,249,347	9,974,969	9,974,969	9,903,685
Total OPEB liability as a percentage of covered payroll	24.12%	23.06%	30.75%	26.23%	30.98%	27.20%	23.14%

Notes to the Schedule:

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:

<u>Fiscal year</u>	<u>Rate</u>
2018	3.56%
2019	3.89%
2020	3.50%
2021	2.21%
2022	2.16%
2023	3.54%
2024	

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## Combining and Individual Fund Statements and Schedules

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# Major Governmental Funds

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The County has the following major governmental funds:

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**General Fund** – This fund accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Tax Revaluation Fund** – This fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54 it is consolidated in the General Fund. The Revaluation Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances is presented for informational purposes only.

## ***Special Revenue Funds:***

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

**Opioid Settlement Fund** – In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The opioid settlement funds may support programs or services that serve persons with Opioid Use Disorder (OUD) or any co-occurring Substance Use Disorder (SUD) or mental health condition.

## ***Capital Project Funds:***

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by other funds.

**Capital Projects Fund** – This fund accounts for the financial resources to be used for acquisition and construction for major capital facilities and capital projects within the County. Currently this fund accounts for capital outlay for the construction of a main EMS station, a new EMS station for the western portion of the County, a new building to house both the Senior Center and Veteran's Services facility, and the installation of air conditioning and insulation in the Rock Gym, all of which are financed by grant monies from the State Capital Infrastructure Fund (SCIF).

**School Improvement Fund** – This fund is used to account for the construction of new school facilities (i.e. School of Innovation and Technology).

**Cherokee County, North Carolina**  
**General Fund - Consolidated**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2024**

	General Fund	Revaluation Fund	Eliminations	Total
<b>REVENUES</b>				
Ad valorem taxes	\$ 25,614,966	\$ -	\$ -	\$ 25,614,966
Local option sales tax	12,765,886	-	-	12,765,886
Other taxes and licenses	1,560,389	-	-	1,560,389
Unrestricted intergovernmental	2,295,918	-	-	2,295,918
Restricted intergovernmental	5,786,385	-	-	5,786,385
Permits and fees	2,440,833	-	-	2,440,833
Sales and services	5,938,582	-	-	5,938,582
Investment earnings	157,806	355	-	158,161
Miscellaneous	238,796	-	-	238,796
Total revenues	56,799,561	355	-	56,799,916
<b>EXPENDITURES</b>				
Current:				
General government	5,682,562	63,983	-	5,746,545
Public safety	15,109,085	-	-	15,109,085
Transportation	1,173,346	-	-	1,173,346
Environmental protection	2,441,203	-	-	2,441,203
Economic and physical development	1,402,220	-	-	1,402,220
Human services	10,536,814	-	-	10,536,814
Cultural and recreational	672,882	-	-	672,882
Intergovernmental:				
Education	8,455,772	-	-	8,455,772
Debt service:				
Principal	420,261	-	-	420,261
Interest	36,766	-	-	36,766
Total expenditures	45,930,911	63,983	-	45,994,894
Excess (deficiency) of revenues over expenditures	10,868,650	(63,628)	-	10,805,022
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	-	125,000	(125,000)	-
Transfers to other funds	(1,367,703)	-	125,000	(1,242,703)
Proceeds from long-term debt	172,945	-	-	172,945
Total other financing sources (uses)	(1,194,758)	125,000	-	(1,069,758)
Net change in fund balances	9,673,892	61,372	\$ -	9,735,264
<b>FUND BALANCES</b>				
Fund balances, beginning	37,622,767	99,921		37,722,688
Fund balances, ending	\$ 47,296,659	\$ 161,293		\$ 47,457,952

**Exhibit 4**

*A legally budgeted Revaluation Fund is consolidated into the General Fund for reporting purposes.*

**Cherokee County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2024**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Ad valorem taxes:			
Current year taxes		\$ 25,385,637	
Penalties and interest		229,329	
Total	<u>\$ 25,014,861</u>	<u>25,614,966</u>	<u>\$ 600,105</u>
Local option sales taxes:			
Article 39 one percent		5,402,067	
Article 40 one-half of one percent		2,898,212	
Article 42 one-half of one percent		2,734,375	
Article 44 one-half of one percent		327,126	
Article 46 one-quarter of one percent		1,404,106	
Total	<u>11,873,472</u>	<u>12,765,886</u>	<u>892,414</u>
Other taxes and licenses:			
Register of deeds - excise tax		647,158	
Car rental tax		6,303	
Local occupancy tax		840,279	
Solid waste disposal tax		28,655	
Franchise tax		35,747	
Civil licenses		2,247	
Total	<u>1,547,309</u>	<u>1,560,389</u>	<u>13,080</u>
Unrestricted intergovernmental:			
Payments in lieu of taxes		2,171,627	
Beer and wine tax		124,291	
Total	<u>2,065,000</u>	<u>2,295,918</u>	<u>230,918</u>
Restricted intergovernmental:			
ABC bottle fees		16,059	
Court facility fees		34,426	
Controlled substance tax		17,885	
Health department state revenues		615,063	
Juvenile Crime Prevention		106,098	
Other grants		606,840	
Transportation ROAP		161,789	
Senior Center		302,120	
Social Services		3,366,890	
Tire disposal tax grant		62,506	
Transportation		347,780	
US Forest Service Timber		148,929	
Total	<u>6,726,989</u>	<u>5,786,385</u>	<u>(940,604)</u>

**Cherokee County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2024**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Permits and fees:			
Building permits		433,165	
Fire arm permits		34,540	
Fire inspections		11,212	
Landfill user fees		1,397,926	
Register of deeds		230,045	
Water and septic permits		333,945	
Total	2,240,582	2,440,833	200,251
Sales and services:			
Ambulance fees		2,690,977	
Aviation gas sales		130,552	
Health department fees		633,285	
Landfill tipping fees		390,985	
Jet fuel sales		290,470	
Other sales		166,128	
Personnel fees		126,862	
Rents, concessions, and fees		62,004	
Sheriff & jail fees		1,204,535	
Transportation fees		242,783	
Vehicle tax collection fees		1	
Total	4,743,240	5,938,582	1,195,342
Investment earnings	51,500	157,806	106,306
Miscellaneous:			
ABC Store distributions		154,833	
Insurance proceeds		53,179	
Other		30,784	
Total	123,700	238,796	115,096
Total revenues	54,386,653	56,799,561	2,412,908
<b>EXPENDITURES</b>			
General government:			
Governing body:			
Salaries and employee benefits		297,633	
Operating expenditures		80,119	
Total	398,800	377,752	21,048
Administration:			
Salaries and employee benefits		263,007	
Operating expenditures		4,090	
Total	272,226	267,097	5,129
Board of Elections:			
Salaries and employee benefits		285,608	
Operating expenditures		91,443	
Total	422,448	377,051	45,397



**Cherokee County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2024**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Information technology:			
Salaries and employee benefits		425,260	
Operating expenditures		288,290	
Capital outlay		80,495	
Total	<u>983,397</u>	<u>794,045</u>	<u>189,352</u>
Finance:			
Salaries and employee benefits		493,888	
Operating expenditures		151,303	
Total	<u>783,016</u>	<u>645,191</u>	<u>137,825</u>
Tax assessor:			
Salaries and employee benefits		465,764	
Operating expenditures		155,518	
Capital outlay		35,650	
Total	<u>671,663</u>	<u>656,932</u>	<u>14,731</u>
Tax collector:			
Salaries and employee benefits		176,517	
Operating expenditures		145,264	
Total	<u>345,362</u>	<u>321,781</u>	<u>23,581</u>
Land records (GIS):			
Salaries and employee benefits		179,057	
Operating expenditures		16,300	
Total	<u>212,700</u>	<u>195,357</u>	<u>17,343</u>
Register of deeds:			
Salaries and employee benefits		194,968	
Operating expenditures		355,200	
Total	<u>727,439</u>	<u>550,168</u>	<u>177,271</u>
Public buildings:			
Salaries and employee benefits		473,847	
Operating expenditures		218,635	
Capital outlay		216,215	
Total	<u>1,210,603</u>	<u>908,697</u>	<u>301,906</u>
Court facilities:			
Operating expenditures		40,334	
Total	<u>48,890</u>	<u>40,334</u>	<u>8,556</u>
Central services:			
Salaries and employee benefits		12,739	
Operating expenditures		535,418	
Total	<u>577,800</u>	<u>548,157</u>	<u>29,643</u>
Total general government	<u>6,654,344</u>	<u>5,682,562</u>	<u>971,782</u>

**Cherokee County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2024**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Public safety:			
Sheriff:			
Salaries and employee benefits		3,389,725	
Operating expenditures		889,025	
Capital outlay		379,953	
Total	4,589,555	4,658,703	(69,148)
Jail:			
Salaries and employee benefits		1,785,338	
Operating expenditures		1,594,989	
Capital outlay		193,149	
Total	3,574,617	3,573,476	1,141
Ambulance service:			
Salaries and employee benefits		3,687,861	
Operating expenditures		590,666	
Capital outlay		135,895	
Total	5,835,694	4,414,422	1,421,272
911 addressing:			
Salaries and employee benefits		94,773	
Operating expenditures		14,744	
Capital outlay		35,650	
Total	153,275	145,167	8,108
Emergency communications:			
Salaries and employee benefits		693,779	
Operating expenditures		73,422	
Capital outlay		281,579	
Total	1,332,246	1,048,780	283,466
Emergency management:			
Salaries and employee benefits		242,551	
Operating expenditures		79,253	
Total	440,404	321,804	118,600
Code enforcement:			
Salaries and employee benefits		476,337	
Operating expenditures		31,567	
Total	533,935	507,904	26,031
Medical examiner:			
Operating expenditures		52,750	
Total	60,000	52,750	7,250
Animal control:			
Operating expenditures		260,239	
Total	262,034	260,239	1,795

**Cherokee County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2024**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Special appropriations:			
NC Forest Service - fire protection		77,907	
Fire department rescue		47,933	
Total	149,118	125,840	23,278
Total public safety	16,930,878	15,109,085	1,821,793
Transportation:			
Airport:			
Salaries and employee benefits		139,997	
Operating expenditures		393,889	
Capital outlay		20,251	
Total	631,938	554,137	77,801
Public transportation:			
Salaries and employee benefits		474,289	
Operating expenditures		144,920	
Total	1,145,373	619,209	526,164
Total transportation	1,777,311	1,173,346	603,965
Environmental protection:			
Solid waste:			
Salaries and employee benefits		1,224,311	
Operating expenditures		729,871	
Capital outlay		487,021	
Total	3,229,910	2,441,203	788,707
Total environmental protection	3,229,910	2,441,203	788,707
Economic and physical development:			
Economic development:			
Operating expenditures		100,485	
Total	100,985	100,485	500
Cooperative extension:			
Salaries and employee benefits		181,281	
Operating expenditures		44,943	
Total	260,456	226,224	34,232
Soil and water conservation:			
Salaries and employee benefits		126,481	
Total	127,891	126,481	1,410
Special appropriations:			
Cherokee County Board of Tourism		816,639	
Soil and Water Conservation District		127,391	
Hiawassee River Coalition		5,000	
Total	958,391	949,030	9,361
Total economic and physical development	1,447,723	1,402,220	45,503

**Cherokee County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2024**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Human services:			
Health department:			
Administration:			
Salaries and employee benefits		627,977	
Operating expenditures		242,568	
Capital outlay		27,015	
Total		<u>897,560</u>	
Women, infants, and children:			
WIC - Breastfeeding		38,994	
WIC - Administration		21,175	
WIC - Client services		131,150	
WIC - Nutritional education		40,993	
Total		<u>232,312</u>	
Environmental health:			
Salaries and employee benefits		427,995	
Operating expenditures		28,988	
Total		<u>456,983</u>	
Food and lodging:			
Salaries and employee benefits		218,168	
Operating expenditures		4,124	
Total		<u>222,292</u>	
Health programs:			
Health promotion:			
Salaries and employee benefits		26,797	
Operating expenditures		8,064	
Total		<u>34,861</u>	
Preparedness and planning:			
Salaries and employee benefits		26,999	
Total		<u>26,999</u>	
Immunization:			
Salaries and employee benefits		111,918	
Operating expenditures		206,762	
Total		<u>318,680</u>	
Communicable disease:			
Salaries and employee benefits		126,561	
Operating expenditures		4,535	
Total		<u>131,096</u>	
Andrews clinic:			
Salaries and employee benefits		74,316	
Operating expenditures		10,330	
Total		<u>84,646</u>	
Infant mortality reduction:			
Operating expenditures		949	
Total		<u>949</u>	

**Cherokee County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2024**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Maternal health:			
Operating expenditures		5,858	
Total		5,858	
Breast feeding peer counseling:			
Salaries and employee benefits		8,254	
Operating expenditures		277	
Total		8,531	
Family planning:			
Salaries and employee benefits		211,486	
Operating expenditures		36,753	
Total		248,239	
Child health:			
Salaries and employee benefits		34,849	
Operating expenditures		13,889	
Total		48,738	
School nurse initiative:			
Operating expenditures		100,000	
Total		100,000	
Medication management:			
Salaries and employee benefits		20,987	
Total		20,987	
Total health programs		1,029,584	
Total health department	3,363,839	2,838,731	525,108
Social services:			
Administration:			
Salaries and employee benefits		4,882,818	
Operating expenses		533,263	
Capital outlay		80,296	
Total		5,496,377	
Programs:			
Operating expenses		1,212,140	
Total		1,212,140	
Total social services	8,467,502	6,708,517	1,758,985
Senior citizens program:			
Salaries and employee benefits		366,707	
Operating expenses		205,198	
Total	663,363	571,905	91,458
Mental health:			
Operating expenses		75,000	
Total	75,000	75,000	-

**Cherokee County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2024**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Veterans service officer:			
Salaries and employee benefits		123,722	
Operating expenses		9,227	
Total	135,732	132,949	2,783
Special appropriations:			
Industrial Opportunities, Inc.		60,000	
State of Franklin Health Council		14,000	
H.A.V.E.N. Children's Advocacy Center		10,000	
Juvenile Crime Prevention Programs		125,712	
Total	291,311	209,712	81,599
Total human services	12,996,747	10,536,814	2,459,933
Cultural and recreational:			
Library:			
Operating expenditures		192,645	
Total	192,645	192,645	-
Parks and recreation:			
Salaries and employee benefits		192,246	
Operating expenditures		220,814	
Capital outlay		11,314	
Total	507,332	424,374	82,958
Museum:			
Salaries and employee benefits		55,863	
Total	55,961	55,863	98
Total cultural and recreation	755,938	672,882	83,056
Education:			
Public schools:			
Public schools - current		6,906,891	
Public schools - capital outlay		498,010	
Public schools - SRS USFS Timber		126,590	
Total	9,345,612	7,531,491	1,814,121
Community college:			
Community college - current		924,281	
Total	924,281	924,281	-
Total education	10,269,893	8,455,772	1,814,121
Debt service:			
Principal retirements		420,261	
Interest and fees		36,766	
Total debt service	489,505	457,027	32,478
Contingency	-	-	-
Total expenditures	54,552,249	45,930,911	8,621,338
Revenues over (under) expenditures	(165,596)	10,868,650	11,034,246

**Cherokee County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2024**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers to other funds:			
Revaluation Fund	(125,000)	(125,000)	-
Airport Improvement Fund	(40,000)	-	40,000
Capital Projects Fund	(1,681,345)	(1,242,703)	438,642
Total net transfers	<u>(1,846,345)</u>	<u>(1,367,703)</u>	<u>478,642</u>
 IT subscription agreements	 60,000	 -	 (60,000)
Proceeds from long-term debt issued	-	172,945	172,945
Increase in fund balance	<u>(5,905,015)</u>	<u>-</u>	<u>5,905,015</u>
Total other financing sources (uses)	<u>(7,691,360)</u>	<u>(1,194,758)</u>	<u>6,496,602</u>
 Revenues and other sources over (under) expenditures	 (7,856,956)	 9,673,892	 17,530,848
 Appropriated fund balance	 <u>7,856,956</u>	 <u>-</u>	 <u>(7,856,956)</u>
 Net change in fund balance	 <u>\$ -</u>	 9,673,892	 <u>\$ 9,673,892</u>
 Fund balance, beginning		 <u>37,622,767</u>	
Fund balance, ending		<u><u>\$ 47,296,659</u></u>	

**Cherokee County, North Carolina**  
**Revaluation Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2024**

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ 130	\$ 355	\$ 225
Total revenues	<u>130</u>	<u>355</u>	<u>225</u>
<b>EXPENDITURES</b>			
Current:			
General government:			
Salaries and employee benefits		62,646	
Operating expenditures		1,337	
Total expenditures	<u>125,130</u>	<u>63,983</u>	<u>61,147</u>
Revenues over (under) expenditures	(125,000)	(63,628)	61,372
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from other funds:			
General Fund	125,000	125,000	-
Total other financing sources (uses)	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Revenues and other sources over (under) expenditures	-	61,372	61,372
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	61,372	<u>\$ 61,372</u>
Fund balance, beginning		<u>99,921</u>	
Fund balances, ending		<u>\$ 161,293</u>	



**Cherokee County, North Carolina**  
**Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2024**

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<b>REVENUES</b>					
Restricted intergovernmental:					
State Capital Infrastructure Fund (SCIF) grant					
Emergency Medical Service (EMS) Station #1	\$ 1,240,000	\$ 1,240,000	\$ -	\$ 1,240,000	\$ -
Emergency Medical Service (EMS) Station #2	12,900	-	3,864	3,864	(9,036)
Senior Center / Veterans Services Facility	3,350,000	-	-	-	(3,350,000)
Rock Gym Air Conditioning and Insulation	41,000	41,000	-	41,000	-
Investment earnings	-	1,341	4,294	5,635	5,635
Total revenues	<u>4,643,900</u>	<u>1,282,341</u>	<u>8,158</u>	<u>1,290,499</u>	<u>(3,353,401)</u>
Expenditures:					
Public safety:					
Emergency Medical Services (EMS) Station #1 Project:					
Construction	2,443,365	1,392,977	997,235	2,390,212	53,153
Planning and design	48,750	40,177	-	40,177	8,573
Emergency Medical Services (EMS) Station #2 Project:					
Planning and design	12,900	-	3,864	3,864	9,036
Human services:					
Senior Center Veterans Services Facility Project:					
Construction	3,350,000	-	-	-	3,350,000
Planning and design	83,761	-	231	231	83,530
Land	245,469	-	245,468	245,468	1
Contingency	100,000	-	-	-	100,000
Cultural and recreation:					
Rock Gym Air Conditioning and Insulation	41,000	41,000	-	41,000	-
Total expenditures	<u>6,325,245</u>	<u>1,474,154</u>	<u>1,246,798</u>	<u>2,720,952</u>	<u>3,604,293</u>
Revenues over (under) expenditures	(1,681,345)	(191,813)	(1,238,640)	(1,430,453)	250,892
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer from other funds:					
General Fund					
Emergency Medical Service (EMS) Station #1	1,252,115	196,913	997,235	1,194,148	(57,967)
Senior Center / Veterans Services Facility	429,230	-	245,468	245,468	(183,762)
Transfer to other funds:					
General Fund					
Landfill Phase 5 Construction Project	-	(82,982)	-	(82,982)	(82,982)
Total other financing sources (uses)	<u>1,681,345</u>	<u>113,931</u>	<u>1,242,703</u>	<u>1,356,634</u>	<u>(324,711)</u>
Revenues and other sources over (under) expenditures	-	(77,882)	4,063	(73,819)	(73,819)
Appropriated fund balance	-	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ (77,882)</u>	<u>4,063</u>	<u>\$ (73,819)</u>	<u>\$ (73,819)</u>
Fund balance, beginning			5,100		
Fund balance, ending			<u>\$ 9,163</u>		

**Cherokee County, North Carolina**  
**School Improvement Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2024**

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<b>REVENUES</b>					
Restricted intergovernmental:					
Needs-Based Public School Capital Fund	\$ 15,000,000	\$ 13,941,843	\$ 560,239	\$ 14,502,082	\$ (497,918)
Repair and Renovation Lottery Fund	1,188,700	-	46,700	46,700	(1,142,000)
Investment earnings	-	2,542	-	2,542	2,542
Total revenues	<u>16,188,700</u>	<u>13,944,385</u>	<u>606,939</u>	<u>14,551,324</u>	<u>(1,637,376)</u>
Expenditures:					
Education:					
School of Innovation & Technology Project:					
Construction	17,017,002	16,429,667	101,950	16,531,617	485,385
Planning and design	1,482,998	1,450,082	32,286	1,482,368	630
Furniture and equipment	1,500,000	709,375	712,750	1,422,125	77,875
Land acquisition	822,300	822,300	-	822,300	-
Total School of Innovation & Technology Project	<u>20,822,300</u>	<u>19,411,424</u>	<u>846,986</u>	<u>20,258,410</u>	<u>563,890</u>
Andrews Middle School Roof Replacement:					
Construction	1,112,900	-	-	-	1,112,900
Planning and design	75,800	-	46,700	46,700	29,100
Total Andrews Middle School Roof Replacement	<u>1,188,700</u>	<u>-</u>	<u>46,700</u>	<u>46,700</u>	<u>1,142,000</u>
Total expenditures	<u>22,011,000</u>	<u>19,411,424</u>	<u>893,686</u>	<u>20,305,110</u>	<u>1,705,890</u>
Revenues over (under) expenditures	(5,822,300)	(5,467,039)	(286,747)	(5,753,786)	68,514
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer from other funds:					
General Fund	5,822,300	5,822,300	-	5,822,300	-
Total other financing sources (uses)	<u>5,822,300</u>	<u>5,822,300</u>	<u>-</u>	<u>5,822,300</u>	<u>-</u>
Revenues and other sources over (under) expenditures	-	355,261	(286,747)	68,514	68,514
Appropriated fund balance	-	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 355,261</u>	<u>(286,747)</u>	<u>\$ 68,514</u>	<u>\$ 68,514</u>
Fund balance, beginning			355,261		
Fund balance, ending			<u>\$ 68,514</u>		

**Cherokee County, North Carolina**  
**Opioid Settlement Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2024**

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
<b>REVENUES</b>					
Restricted intergovernmental:					
Opioid Settlement Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	754	3,217	3,971	3,971
Total revenues	-	754	3,217	3,971	3,971
<b>EXPENDITURES</b>					
Human services:					
Other operating expenses	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	-	-	-	-	-
Revenues over (under) expenditures	-	754	3,217	3,971	(3,971)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer from other funds:					
General Fund	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Appropriated fund balance	-	-	-		-
Revenues and other sources over (under) expenditures	\$ -	\$ 754	3,217	\$ 3,971	\$ (3,971)
Fund balance, beginning			754		
Fund balance, ending			\$ 3,971		

# Nonmajor Governmental Funds

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The County has the following nonmajor governmental funds:

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## ***Special Revenue Funds:***

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**Emergency Telephone System Fund** – This fund was established in accordance with North Carolina law to account for the accumulation of telephone surcharges to be used for emergency telephone systems.

**Fire District Fund** – This fund accounts for the ad valorem tax levies of the fire districts in Cherokee County.

**Bear Paw Service District** – This fund is established to account for the ad valorem tax levies of the Bear Paw Service District.

**Representative Payee Fund** – This fund accounts for monies held by the Social Services Department for the benefit of certain individuals in the County.

**Fines and Forfeitures Fund** – This fund accounts for legal fines and forfeitures collected by the County that are required to be remitted to the Cherokee County Board of Education.

**Deed of Trust Fee Fund** – This fund accounts for five dollars of each fee collected by the Register of Deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

**Sheriff Grant Fund** – This fund accounts for grant funds received for the Sheriff's Office and the related expenditures.

## ***Capital Project Fund:***

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by other funds.

**Airport Improvement Projects Fund** - This fund is used to account for the construction of major capital outlay projects for the Western Carolina Regional Airport.

**Cherokee County, North Carolina**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2024**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 407,197	\$ 58,137	\$ 465,334
Restricted cash and cash equivalents	156,121	-	156,121
Receivables, net			
Taxes	74,309	-	74,309
Accounts	16,801	49,923	66,724
Total assets	<u>654,428</u>	<u>108,060</u>	<u>762,488</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	71,833	3,309	75,142
Unearned revenue	152,476	-	152,476
Total liabilities	<u>224,309</u>	<u>3,309</u>	<u>227,618</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes receivable	74,309	-	74,309
Total deferred inflows of resources	<u>74,309</u>	<u>-</u>	<u>74,309</u>
Fund balances:			
Restricted:			
Stabilization by State statute	16,801	49,923	66,724
Public safety	293,736	-	293,736
Transportation	-	54,828	54,828
Human services	45,273	-	45,273
Unassigned	-	-	-
Total fund balances	<u>355,810</u>	<u>104,751</u>	<u>460,561</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 654,428</u>	<u>\$ 108,060</u>	<u>\$ 762,488</u>

**Cherokee County, North Carolina**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2024**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Ad valorem taxes	\$ 2,495,224	\$ -	\$ 2,495,224
Restricted intergovernmental	516,538	39,882	556,420
Permits and fees	6,380	-	6,380
Sales and services	113,723	-	113,723
Investment earnings	810	-	810
Total revenues	<u>3,132,675</u>	<u>39,882</u>	<u>3,172,557</u>
<b>EXPENDITURES</b>			
Current:			
General government	462,360	-	462,360
Public safety	2,459,606	-	2,459,606
Transportation	-	45,132	45,132
Human services	260,186	-	260,186
Total expenditures	<u>3,182,152</u>	<u>45,132</u>	<u>3,227,284</u>
Excess (deficiency) of revenues over expenditures	<u>(49,477)</u>	<u>(5,250)</u>	<u>(54,727)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(49,477)	(5,250)	(54,727)
Fund balances, beginning	<u>405,287</u>	<u>110,001</u>	<u>515,288</u>
Fund balances, ending	<u><u>\$ 355,810</u></u>	<u><u>\$ 104,751</u></u>	<u><u>\$ 460,561</u></u>

**Cherokee County, North Carolina**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**June 30, 2024**

	Emergency Telephone System Fund	Fire District Fund	Bear Paw Service District Fund	Representative Payee Fund	Fines and Forfeitures Fund	Deed of Trust Fund	Sheriff Grant Fund	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 313,035	\$ 29,111	\$ 710	\$ 45,273	\$ 18,598	\$ 470	\$ -	\$ 407,197
Restricted cash and cash equivalents	-	-	-	-	-	-	156,121	156,121
Receivables, net								
Taxes	-	70,912	3,397	-	-	-	-	74,309
Accounts	16,801	-	-	-	-	-	-	16,801
Total assets	329,836	100,023	4,107	45,273	18,598	470	156,121	654,428
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable and accrued liabilities	19,299	29,111	710	-	18,598	470	3,645	71,833
Unearned revenue	-	-	-	-	-	-	152,476	152,476
Total liabilities	19,299	29,111	710	-	18,598	470	156,121	224,309
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Property taxes receivable	-	70,912	3,397	-	-	-	-	74,309
Total deferred inflows of resources	-	70,912	3,397	-	-	-	-	74,309
Fund balances:								
Restricted:								
Stabilization by State statute	16,801	-	-	-	-	-	-	16,801
Public safety	293,736	-	-	-	-	-	-	293,736
Human services	-	-	-	45,273	-	-	-	45,273
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	310,537	-	-	45,273	-	-	-	355,810
Total liabilities, deferred inflows of resources, and fund balances	\$ 329,836	\$ 100,023	\$ 4,107	\$ 45,273	\$ 18,598	\$ 470	\$ 156,121	\$ 654,428

**Cherokee County, North Carolina**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2024**

	Emergency Telephone System Fund	Fire District Fund	Bear Paw Service District Fund	Representative Payee Fund	Fines and Forfeitures Fund	Deed of Trust Fund	Sheriff Grant Fund	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>								
Ad valorem taxes	\$ -	\$ 2,152,967	\$ 342,257	\$ -	\$ -	\$ -	\$ -	\$ 2,495,224
Restricted intergovernmental	201,612	-	-	267,402	-	-	47,524	516,538
Permits and fees	-	-	-	-	-	6,380	-	6,380
Sales and services	-	-	-	-	113,723	-	-	113,723
Investment earnings	810	-	-	-	-	-	-	810
Total revenues	202,422	2,152,967	342,257	267,402	113,723	6,380	47,524	3,132,675
<b>EXPENDITURES</b>								
Current:								
General government	-	-	342,257	-	113,723	6,380	-	462,360
Public safety	259,115	2,152,967	-	-	-	-	47,524	2,459,606
Human services	-	-	-	260,186	-	-	-	260,186
Total expenditures	259,115	2,152,967	342,257	260,186	113,723	6,380	47,524	3,182,152
Excess (deficiency) of revenues over expenditures	(56,693)	-	-	7,216	-	-	-	(49,477)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers from other funds	-	-	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	(56,693)	-	-	7,216	-	-	-	(49,477)
Fund balances, beginning	367,230	-	-	38,057	-	-	-	405,287
Fund balances, ending	\$ 310,537	\$ -	\$ -	\$ 45,273	\$ -	\$ -	\$ -	\$ 355,810



**Cherokee County, North Carolina**  
**Emergency Telephone System Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2024**

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Restricted intergovernmental	\$ 250,907	\$ 201,612	\$ (49,295)
Investment earnings	150	810	660
Total revenues	<u>251,057</u>	<u>202,422</u>	<u>(48,635)</u>
<b>EXPENDITURES</b>			
Public safety			
Operating expenditures		179,714	
Capital outlay		79,401	
Total expenditures	<u>447,677</u>	<u>259,115</u>	<u>188,562</u>
Revenues over (under) expenditures	(196,620)	(56,693)	139,927
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from other funds		-	
Transfer to other funds		-	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	(196,620)	(56,693)	139,927
Appropriated fund balance	<u>196,620</u>	<u>-</u>	<u>(196,620)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	(56,693)	<u>\$ (56,693)</u>
Fund balance, beginning		<u>367,230</u>	
Fund balance, ending		<u>\$ 310,537</u>	

**Cherokee County, North Carolina**  
**Fire District Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2024**

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Ad valorem taxes	\$ 2,175,000	\$ 2,152,967	\$ (22,033)
Total revenues	<u>2,175,000</u>	<u>2,152,967</u>	<u>(22,033)</u>
<b>EXPENDITURES</b>			
Public safety:			
Collection Fees		8,073	
Bellview Fire District		110,424	
Brasstown Fire District		16,438	
Culberson Fire District		108,772	
Grape Creek Fire District		47,473	
Hanging Dog Fire District		84,916	
Hiwassee Fire District		296,728	
Wolf Creek Fire District		81,395	
Martins Creek Fire District		99,261	
Peachtree Fire District		249,803	
Murphy Rural Fire District		397,786	
Ranger Fire District		223,269	
Topton Fire District		2,933	
Unaka Fire District		40,131	
Valleytown Fire District		363,836	
Violet Fire District		21,729	
Total expenditures	<u>2,175,000</u>	<u>2,152,967</u>	<u>22,033</u>
Revenues over (under) expenditures	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from other funds		-	
Transfer to other funds		-	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	-	-	-
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning		-	
Fund balance, ending		<u>\$ -</u>	

**Cherokee County, North Carolina**  
**Bear Paw Service District**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2024**

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Ad valorem taxes	\$ 343,000	\$ 342,257	\$ (743)
Total revenues	<u>343,000</u>	<u>342,257</u>	<u>(743)</u>
<b>EXPENDITURES</b>			
General government:			
Collection fees		226	
Bear Paw Service District		342,031	
Total expenditures	<u>343,000</u>	<u>342,257</u>	<u>743</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>\$ -</u></u>
Fund balance, beginning		-	
Fund balance, ending		<u><u>\$ -</u></u>	

**Cherokee County, North Carolina**  
**Representative Payee Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2024**

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Restricted intergovernmental	\$ 270,000	\$ 267,402	\$ (2,598)
Total revenues	<u>270,000</u>	<u>267,402</u>	<u>(2,598)</u>
<b>EXPENDITURES</b>			
Current:			
Human services			
Payments made for the benefit of beneficiaries	270,000	260,186	9,814
Total expenditures	<u>270,000</u>	<u>260,186</u>	<u>9,814</u>
Excess (deficiency) of revenues over expenditures	-	7,216	7,216
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	-	7,216	7,216
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	7,216	<u>\$ 7,216</u>
Fund balance, beginning		<u>38,057</u>	
Fund balance, ending		<u>\$ 45,273</u>	

**Cherokee County, North Carolina**  
**Fines and Forfeitures Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2024**

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Sales and services			
Penalties, fines and forfeitures	\$ 150,000	\$ 113,723	\$ (36,277)
Total revenues	<u>150,000</u>	<u>113,723</u>	<u>(36,277)</u>
<b>EXPENDITURES</b>			
Current:			
General government			
Payments of penalties, fines and forfeitures to the Cherokee County Board of Education	150,000	113,723	36,277
Total expenditures	<u>150,000</u>	<u>113,723</u>	<u>36,277</u>
Excess (deficiency) of revenues over expenditures	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	-	-	-
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning		<u>-</u>	
Fund balance, ending		<u>\$ -</u>	

**Cherokee County, North Carolina**  
**Deed of Trust Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2024**

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Permits and fees			
Register of deeds	\$ 8,000	\$ 6,380	\$ (1,620)
Total revenues	<u>8,000</u>	<u>6,380</u>	<u>(1,620)</u>
<b>EXPENDITURES</b>			
Current:			
General government			
Payments of fees collected to the			
State of North Carolina	8,000	6,380	1,620
Total expenditures	<u>8,000</u>	<u>6,380</u>	<u>1,620</u>
Excess (deficiency) of revenues over expenditures	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	-	-	-
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning		<u>-</u>	
Fund balance, ending		<u>\$ -</u>	

**Cherokee County, North Carolina**

**Sheriff Grant Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
From Inception and for the Fiscal Year Ended June 30, 2024**

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>					
Restricted intergovernmental:					
N.C. Department of Public Safety	\$ 84,270	\$ 84,270	\$ -	\$ 84,270	\$ -
Dogwood Health Trust	400,000	-	47,524	47,524	(352,476)
Investment earnings	52	51	-	51	(1)
Total revenues	<u>484,322</u>	<u>84,321</u>	<u>47,524</u>	<u>131,845</u>	<u>(352,477)</u>
<b>EXPENDITURES</b>					
Public safety:					
Enforcing the Law					
Other operating expenses	20,531	20,530	-	20,530	(1)
Capital outlay	63,791	63,791	-	63,791	-
Medication-Assisted Treatment (MAT) Access					
Professional services	190,000	-	47,524	47,524	(142,476)
Medication	150,000	-	-	-	(150,000)
Supplies	45,000	-	-	-	(45,000)
Training	15,000	-	-	-	(15,000)
Total expenditures	<u>484,322</u>	<u>84,321</u>	<u>47,524</u>	<u>131,845</u>	<u>352,477</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer from other funds:					
General Fund	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated fund balance	-	-	-	-	-
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ -</u>		

**Cherokee County, North Carolina**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - Capital Project Funds**  
**June 30, 2024**

	Airport Improvement Project Fund	Total Nonmajor Capital Projects Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 58,137	\$ 58,137
Receivables, net		
Accounts	49,923	49,923
Total assets	<u>108,060</u>	<u>108,060</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable and accrued liabilities	3,309	3,309
Total liabilities	<u>3,309</u>	<u>3,309</u>
Fund balances:		
Restricted:		
Stabilization by State statute	49,923	49,923
Transportation	54,828	54,828
Unassigned	-	-
Total fund balances	<u>104,751</u>	<u>104,751</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 108,060</u>	<u>\$ 108,060</u>



**Cherokee County, North Carolina**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds - Capital Project Funds**  
**June 30, 2024**

	Airport Improvement Project Fund	Total Nonmajor Capital Projects Funds
<b>REVENUES</b>		
Restricted intergovernmental	\$ 39,882	\$ 39,882
Total revenues	39,882	39,882
<b>EXPENDITURES</b>		
Current:		
Transportation	45,132	45,132
Total expenditures	45,132	45,132
Revenues over (under) expenditures	(5,250)	(5,250)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfer from General Fund	-	-
Transfer to General Fund	-	-
Total other financing sources (uses)	-	-
Net change in fund balances	(5,250)	(5,250)
 Fund balances, beginning	 110,001	 110,001
Fund balances, ending	\$ 104,751	\$ 104,751

**Cherokee County, North Carolina**  
**Airport Improvement Project Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2024**

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
<b>REVENUES</b>					
Restricted intergovernmental:					
Grant-36237.41.12.3	\$ 11,976	\$ 11,976	\$ -	\$ 11,976	\$ -
Grant-36237.41.13.1	158,962	158,962	-	158,962	-
Grant-36237.41.13.2	15,188	10,125	-	10,125	(5,063)
Grant-36237.41.16.1	143,660	141,660	84	141,744	(1,916)
Grant-36244.55.4.1	990,000	-	39,798	39,798	(950,202)
Grant-36237.41.17.1	52,015	52,014	-	52,014	(1)
Total revenues	<u>1,371,801</u>	<u>374,737</u>	<u>39,882</u>	<u>414,619</u>	<u>(957,182)</u>
<b>EXPENDITURES</b>					
Transportation:					
Approach survey and obstruction evaluation 41.12.3	13,307	13,307	-	13,307	-
Airport layout plan update 41.13.1	176,625	176,625	-	176,625	-
Airport tower obstruction 41.13.2	16,876	11,250	-	11,250	5,626
Airfield lighting system (design/bid phase) 41.16.1	143,660	141,660	84	141,744	1,916
New airfield edge lighting, signage, and nav aids 55.4.1	1,100,000	-	45,048	45,048	1,054,952
Resurface taxiway project 41.17.1	57,795	57,794	-	57,794	1
Total expenditures	<u>1,508,263</u>	<u>400,636</u>	<u>45,132</u>	<u>445,768</u>	<u>1,062,495</u>
Revenues over (under) expenditures	(136,462)	(25,899)	(5,250)	(31,149)	(105,313)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer from General Fund					
Grant-36237.41.12.3	1,331	1,331	-	1,331	-
Grant-36237.41.13.1	17,663	17,663	-	17,663	-
Grant-36237.41.13.2	1,688	1,125	-	1,125	563
Grant-36237.55.4.1	110,000	110,000	-	110,000	-
Grant-36237.41.17.1	5,780	5,780	-	5,780	-
Total other financing sources (uses)	<u>136,462</u>	<u>135,899</u>	<u>-</u>	<u>135,899</u>	<u>563</u>
Revenues and other sources over (under) expenditures	-	110,000	(5,250)	104,750	(104,750)
Appropriated fund balance	-	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 110,000</u>	<u>(5,250)</u>	<u>\$ 104,750</u>	<u>\$ (104,750)</u>
Fund balance, beginning			<u>110,001</u>		
Fund balance, ending			<u>\$ 104,751</u>		

# Custodial Funds

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Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria.

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- **Municipal Tax Fund** - which accounts for vehicle property taxes that are billed and collected by the County for the municipality within the County but that are not revenues to the County.
- **Jail Inmate Pay Fund** - which accounts for funds held by the County on the behalf of inmates while they are incarcerated.
- **Sheriff's Civil Executions Fund** - which accounts for monies collected by the Sheriff's Office for civil judgments.

**Cherokee County, North Carolina**  
**Combining Statement of Fiduciary Net Position**  
**Custodial Funds**  
**June 30, 2024**

	Municipal Tax Fund	Jail Inmate Pay Fund	Sheriff's Civil Executions Fund	Custodial Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,388	\$ 54,516	\$ -	\$ 64,904
<b>LIABILITIES AND NET POSITION</b>				
<b>LIABILITIES</b>				
Due to other governments	10,388	-	-	10,388
Total liabilities	10,388	-	-	10,388
<b>NET POSITION</b>				
Restricted for:				
Individuals, organizations, and other governments	-	54,516	-	54,516
Total fiduciary net position	\$ -	\$ 54,516	\$ -	\$ 54,516

**Cherokee County, North Carolina**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Custodial Funds**  
**For the Year Ended June 30, 2024**

	Municipal Tax Fund	Jail Inmate Pay Fund	Sheriff's Civil Executions Fund	Custodial Funds
<b>ADDITIONS</b>				
Ad valorem taxes collected for other governments	\$ 125,195	\$ -	\$ -	\$ 125,195
Collection on behalf of inmates	-	347,681	-	347,681
Collections for civil judgments	-	-	2,101	2,101
Total additions	<u>125,195</u>	<u>347,681</u>	<u>2,101</u>	<u>474,977</u>
<b>DEDUCTIONS</b>				
Tax distributions to other governments	125,195	-	-	125,195
Payments on behalf of inmates	-	355,896	-	355,896
Payments to satisfy civil judgments	-	-	2,101	2,101
Total deductions	<u>125,195</u>	<u>355,896</u>	<u>2,101</u>	<u>483,192</u>
Net increase (decrease) in fiduciary net position	-	(8,215)	-	(8,215)
Net position, beginning	<u>-</u>	<u>62,731</u>	<u>-</u>	<u>62,731</u>
Net position, ending	<u><u>\$ -</u></u>	<u><u>\$ 54,516</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 54,516</u></u>

## Other Schedules

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This section contains additional information required on property taxes and transfers.

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Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy - County-Wide Levy

Schedule of Transfers

**Cherokee County, North Carolina**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2024**

<u>Fiscal Year</u>	<u>Uncollected Beginning Balance</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Ending Balance</u>
2023-2024	\$ -	\$ 25,646,789	\$ 25,066,266	\$ 580,523
2022-2023	483,444	-	351,875	131,569
2021-2022	82,528	-	50,772	31,756
2020-2021	37,993	-	20,830	17,163
2019-2020	32,668	-	14,681	17,987
2018-2019	23,238	-	9,179	14,059
2017-2018	18,570	-	6,320	12,250
2016-2017	14,748	-	4,440	10,308
2015-2016	11,349	-	3,290	8,059
2014-2015	9,586	-	2,444	7,142
2013-2014	15,759	-	15,759	-
	<u>\$ 729,883</u>	<u>\$ 25,646,789</u>	<u>\$ 25,545,856</u>	830,816
Less: allowance for uncollectible accounts:				
General Fund				<u>(198,524)</u>
Ad valorem taxes receivable - net:				
General Fund				<u>\$ 632,292</u>
 <u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				\$ 25,614,966
Reconciling items:				
Interest collected				(175,139)
Release and adjustments				93,531
Taxes written off				12,498
Total reconciling items				<u>(69,110)</u>
Total collections and credits				<u>\$ 25,545,856</u>

**Cherokee County, North Carolina**  
**Analysis of Current Tax Levy**  
**County-Wide Levy**  
**For the Fiscal Year Ended June 30, 2024**

	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	\$ 4,095,609,508	0.610	\$ 24,983,218	\$ 22,598,332	\$ 2,384,886
Penalties	-		23,301	23,301	-
Total	<u>4,095,609,508</u>		<u>25,006,519</u>	<u>22,621,633</u>	<u>2,384,886</u>
Discoveries:					
Current year taxes	<u>104,962,295</u>	0.610	<u>640,270</u>	<u>640,270</u>	<u>-</u>
Total	<u>104,962,295</u>		<u>640,270</u>	<u>640,270</u>	<u>-</u>
Releases:					
Penalties	-		(3,310)	(3,310)	-
Taxes	<u>(9,620,328)</u>	0.610	<u>(58,684)</u>	<u>(28,806)</u>	<u>(29,878)</u>
Total property valuation	<u><u>\$ 4,190,951,475</u></u>		<u><u>(61,994)</u></u>	<u><u>(32,116)</u></u>	<u><u>(29,878)</u></u>
Net levy			25,584,795	23,229,787	2,355,008
Unpaid (by taxpayer) taxes at June 30, 2024			<u>580,523</u>	<u>578,014</u>	<u>2,509</u>
Current year's taxes collected			<u><u>\$ 25,004,272</u></u>	<u><u>\$ 22,651,773</u></u>	<u><u>\$ 2,352,499</u></u>
Current levy collection percentage			<u><u>97.73%</u></u>	<u><u>97.51%</u></u>	<u><u>99.89%</u></u>



**Cherokee County, North Carolina**  
**Schedule of Transfers**  
**For the Fiscal Year Ended June 30, 2024**

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Operating Transfers From/To Other Funds	Transfers	
	From	To
General Fund	1,242,703	
Capital Projects Fund		1,242,703
General Fund	125,000	
Revaluation Fund		125,000
	<u>1,367,703</u>	<u>1,367,703</u>

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## **Compliance Section**

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# Turner & Company CPAs P.A.

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## **Independent Auditors' 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***

To the Board of County Commissioners  
Cherokee County, North Carolina

We have audited, 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, the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Cherokee County, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprises the County's basic financial statements, and have issued our report thereon dated October 29, 2025. The financial statements of the Cherokee County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

### ***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing 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 the 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 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 weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs we identified a certain deficiency as item 2024-001 that we consider to be a material weakness.

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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*.

### ***Cherokee County's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. 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.

*Turner & Company CPAs P.A.*

Turner & Company CPAs P.A.  
Murphy, North Carolina  
October 29, 2025

# Turner & Company CPAs P.A.

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## **Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; With OMB Uniform Guidance and the State Single Audit Implementation Act**

To the Board of Commissioners  
Cherokee County, North Carolina

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Cherokee County, North Carolina, 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 County's major federal programs for the year ended June 30, 2024. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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, 2024.

#### ***Basis for Opinion on Each Major Federal Program***

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 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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

#### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

***Report on 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charges with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

A handwritten signature in dark ink that reads "Turner & Company CPAs P.A." in a cursive, slightly slanted script.

Turner & Company CPAs P.A.

Murphy, North Carolina

October 29, 2025

# Turner & Company CPAs P.A.

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## **Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; With OMB Uniform Guidance and the State Single Audit Implementation Act**

To the Board of Commissioners  
Cherokee County, North Carolina

### **Report on Compliance for Each Major State Program**

#### ***Opinion on Each Major State Program***

We have audited Cherokee 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 County's major State programs for the year ended June 30, 2024. The County's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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, 2024.

#### ***Basis for Opinion on Each Major State Program***

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 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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's State programs.

#### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

***Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*Turner & Company CPAs P.A.*

Turner & Company CPAs P.A.

Murphy, North Carolina

October 29, 2025

**Cherokee County, North Carolina**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2024**

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**I. Summary of Auditors' Results**

**Financial Statements**

Type of report the auditors' issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- |                                    |                   |                            |
|------------------------------------|-------------------|----------------------------|
| • Material weakness(es) identified | <u>  X  </u> yes  | <u>      </u> no           |
| • Significant deficiency(s)        | <u>      </u> yes | <u>  X  </u> none reported |

Noncompliance material to financial statements noted	<u>      </u> yes	<u>  X  </u> no
--	-------------------	-----------------

**Federal Awards**

Internal control over major federal programs:

- |                                |                   |                            |
|--------------------------------|-------------------|----------------------------|
| • Material weakness identified | <u>      </u> yes | <u>  X  </u> no            |
| • Significant deficiency(s)    | <u>      </u> yes | <u>  X  </u> none reported |

Type of auditors' 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)?	<u>      </u> yes	<u>  X  </u> no
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Identification of major Federal Programs:

<u>Name of Federal Program or Cluster</u>	<u>ALN#</u>
Medical Assistance Program (Title XIX Medicaid)	93.778
Foster Care Title IV-E	93.658

Dollar threshold used to distinguish between Type A and Type B programs:	<u>  \$      750,000  </u>
--	----------------------------

Auditee qualified as low-risk auditee	<u>      </u> yes	<u>  X  </u> no
---------------------------------------	-------------------	-----------------

**State Awards**

Internal control over major State programs:

- |                                |                   |                            |
|--------------------------------|-------------------|----------------------------|
| • Material weakness identified | <u>      </u> yes | <u>  X  </u> no            |
| • Significant deficiency(s)    | <u>      </u> yes | <u>  X  </u> none reported |

Type of auditors' 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	<u>      </u> yes	<u>  X  </u> no
--	-------------------	-----------------

Dollar threshold used to determine a State major program:	<u>  \$      500,000  </u>
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<u>Program Name</u>
Medical Assistance Program (Medicaid; Title XIX)
Public School Building Capital Fund - Needs Based Lottery Proceeds



**Cherokee County, North Carolina**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2024**

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**II. Financial Statement Findings**

**Finding: 2024-001**

**MATERIAL WEAKNESS**

Criteria: G.S. 159-34(a) states that each unit of local government shall have its accounts audited as soon as possible after the close of each fiscal year.

Condition: The audited financial statements were not submitted by the original due date of October 31, 2024.

Effect: Pertinent information may be inaccessible by various external groups such as the North Carolina General Assembly, federal and state funding agencies, and other public associations.

Cause: The Cherokee County audit report late submission was largely due to considerable staff turnover and increased workloads. In the prior fiscal year, the Finance Office turned over an accountant position and human resources position multiple times each. This turnover and subsequent vacancy has continued to put strain on the existing employees and increased their workload. The Finance Office being short staffed, coupled with increasing amounts of grants, greater demand of County services, and the implementation of multiple significant GASB statements delayed the submission of the prior year's audit, which has compounded and further delayed the submission of the current year's audit.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2023-001.

Recommendation: The County should implement procedures to ensure that required reporting is completed timely.

Views of responsible officials and planned corrective actions: The County agrees with this finding.

**III. Federal Award Findings and Questioned Costs**

None reported.

**IV. State Award Findings and Questioned Costs**

None reported.



# CHEROKEE COUNTY

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

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## **County Administration**

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

## **Board of Commissioners**

*Dr. Dan Eichenbaum, Chairman*  
*Cal Stiles, Vice-Chairman*  
*Ben Adams, Member*  
*Alan Bryant, Member*  
*Mark Stiles, Member*

## **Corrective Action Plan For the Fiscal Year Ended June 30, 2024**

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### **II. Financial Statement Findings**

#### **Finding: 2024-001**

Name of contact person: Candy R. Anderson, CPA, CGMA, Chief Financial Officer

Corrective Action: The County has continued to improve existing procedures to ensure that financial data that is collected and reviewed is reported timely. An additional staff position has been added to the Finance Department to assist with the existing workload. The County has filled the vacant accountant position. Also, the County has hired, on a part-time basis, a retired former employee of the Cherokee County Finance Office with 25 years of experience to assist in catching up the workload. Staff training is ongoing.

Proposed Completion Date: Ongoing

### **III. Federal Award Findings and Questioned Costs**

None reported.

### **IV. State Award Findings and Questioned Costs**

None reported.



# CHEROKEE COUNTY

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

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## **County Administration**

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

## **Board of Commissioners**

*Dr. Dan Eichenbaum, Chairman*  
*Cal Stiles, Vice-Chairman*  
*Ben Adams, Member*  
*Alan Bryant, Member*  
*Mark Stiles, Member*

## **Summary Schedule of Prior Year Audit Findings For the Fiscal Year Ended June 30, 2024**

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Finding: 2023-001

Status: This finding is repeated as 2024-001

**Cherokee County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2024**

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
<b>Federal Awards:</b>					
<b><u>U.S. Department of Agriculture</u></b>					
Passed-through the N.C. Department of Health and Human Services:					
Division of Social Services:					
Administration:					
SNAP Cluster					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	XXXX	\$ 338,371	\$ -	\$ -
Passed-through the N.C. Department of Health and Human Services:					
Division of Public Health:					
Administration:					
Special Supplemental Nutrition Program for Women, Infants, & Children (Note 5)	10.557	XXXX	121,816	-	-
<b>Total U.S. Department of Agriculture</b>			<b>460,187</b>	<b>-</b>	<b>-</b>
<b><u>U.S. Department of Transportation</u></b>					
Passed-through the N.C. Department of Transportation:					
Airport Improvement Program					
Project 36237.41.16.1	20.106	XXXX	84	-	-
Total Airport Improvement Program			84	-	-
Formula Grants for Other than Urbanized Areas					
Project 36233.22.25.1	20.509	XXXX	125,978	7,872	-
Total Formula Grants for Other than Urbanized Areas			125,978	7,872	-
<u>Transit Services Programs Cluster:</u>					
Enhanced Mobility of Seniors and Individuals with Disabilities					
Project 51001.30.12.2	20.513	XXXX	44,200	-	-
Total Transit Services Programs Cluster			44,200	-	-
State and Community Highway Safety					
Governor's Highway Safety Program Project 24-06-46	20.600	XXXX	8,822	-	-
<b>Total U.S. Department of Transportation</b>			<b>179,084</b>	<b>7,872</b>	<b>-</b>
<b><u>U. S. Department of Homeland Security</u></b>					
Passed-through N.C. Department of Public Safety:					
Division of Emergency Management					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	XXXX	21,926	-	-
Emergency Management Performance Grants (EMPG)	97.042	XXXX	39,698	-	-
<b>Total U. S. Department of Homeland Security</b>			<b>61,624</b>	<b>-</b>	<b>-</b>
<b><u>U.S. Department of Health &amp; Human Services</u></b>					
<b><u>Administration on Aging</u></b>					
Passed-through Southwest Commission Council of Governments:					
Division of Aging and Adult Services:					
<u>Aging Cluster:</u>					
Special Programs for the Aging - Title III B					
Grants for Supportive Services and Senior Centers	93.044	XXXX	107,561	5,661	-
Grants for Supportive Services and Senior Centers - ARPA	93.044	XXXX	12,500	-	-
			120,061	5,661	-
Special Programs for the Aging - Title III C					
Nutrition Services	93.045	XXXX	232,444	12,234	-
Nutrition Services - ARPA	93.045	XXXX	9,763	-	-
			242,207	12,234	-
Nutrition Services Incentive Program	93.053	XXXX	21,923	-	-
Total Aging Cluster			384,191	17,895	-
Passed-through the N.C. Department of Health and Human Services:					
Division of Social Services:					
TANF - Work First	93.558	XXXX	285,093	-	-
MaryLee Allen Promoting Safe and Stable Families Program	93.556	XXXX	13,104	-	-

**Cherokee County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2024**

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
<u>Foster Care and Adoption Cluster (Note 4 and 5)</u>					
Foster Care Title IV-E	93.658	XXXX	441,336	311,111	-
Foster Care Title IV-E - Benefit Payments	93.658	XXXX	187,616	52,198	-
Adoption Assistance	93.659	XXXX	29,775	-	-
Total Foster Care and Adoption Cluster (Note 4 and 5)			658,727	363,309	-
Child Support Enforcement	93.563	XXXX	148,026	-	-
Refugee and Entrant Assistance - State					
Replacement Designee Administered Programs	93.566	XXXX	45	(22)	-
Low-Income Home Energy Assistance:					
Crisis Intervention Program	93.568	XXXX	1,951	-	-
Weatherization Assistance and Heating and Air Repair	93.568	XXXX	35,953	-	-
COVID-19 Weatherization Assistance and Heating and Air Repair	93.568	XXXX	(8)	-	-
Total Low-Income Home Energy Assistance			37,896	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood:					
Administrative and Services	93.674	XXXX	14,250	3,563	-
Benefit Payments	93.674	XXXX	985	-	-
Total John H. Chafee Foster Care Program for Successful Transition to Adulthood			15,235	3,563	-
Stephanie Tubbs Jones Child Welfare Services Program:					
- Permanency Planning - Families for Kids	93.645	XXXX	2,215	2,738	-
Social Service Block Grant - Other Service and Training	93.667	XXXX	100,270	36,840	-
Social Services Block Grant:					
State In Home Service Fund	93.667	XXXX	10,895	-	-
State Adult Day Care	93.667	XXXX	11,003	2,842	-
State Child Protective Services	93.667	XXXX	36,407	-	-
Total Social Service Block Grant			58,305	2,842	-
Division of Child Development and Early Education:					
Subsidized Child Care (Note 5)					
<u>Child Care Development Fund Cluster:</u>					
Division of Social Services:					
Child Care Development Mandatory and Match Fund - Administration	93.596	XXXX	75,298	-	-
Passed-through the N.C. Department of Health and Human Services:					
Division of Medical Assistance:					
Division of Social Services:					
Administration:					
Medical Assistance Program (Note 5)	93.778	XXXX	1,088,624	61,616	-
Total Medical Assistance Program			1,088,624	61,616	-
Division of Social Services:					
Administration:					
Children's Health Insurance Program - N.C. Health Choice (Note 5)	93.767	XXXX	16,475	61,044	-
Total Children's Health Insurance Program - N.C. Health Choice			16,475	61,044	-
Passed-through the N.C. Department of Health and Human Services:					
Division of Public Health:					
Public Health Emergency Preparedness	93.069	XXXX	27,464	-	-
Project Grants & Cooperative Agreements for Tuberculosis Control Programs	93.116	XXXX	50	-	-
Family Planning Services	93.217	XXXX	31,972	-	-
Immunization Cooperation Agreements	93.268	XXXX	9,220	-	-
COVID-19 - Immunization Cooperation Agreements	93.268	XXXX	12,219	-	-
Total Immunization Cooperation Agreements			21,439	-	-
Temporary Assistance for Needy Families	93.558	XXXX	1,896	-	-

**Cherokee County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2024**

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
HIV Care Formula Grants - Ryan White Care Act	93.917	XXXX	1,033	-	-
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967	XXXX	57,886	-	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	XXXX	100	-	-
Preventive Health and Health Services Block Grant	93.991	XXXX	30,431	-	-
Maternal and Child Health Services Block Grant	93.994	XXXX	31,674	4,349	-
Passed-through the N.C. Department of Health and Human Services: Division of Insurance:					
Medicare Improvements for Patients Providers Act	93.071	XXXX	3,838	-	-
CDAP - State Health Insurance Assistance Program	93.324	XXXX	10,601	-	-
<b>Total U.S. Department of Health and Human Services</b>			<b>3,101,888</b>	<b>554,174</b>	<b>-</b>
<b>Total federal awards</b>			<b>3,802,783</b>	<b>562,046</b>	<b>-</b>
<b>State Awards:</b>					
<b><u>N.C. Department of Administration</u></b>					
Veterans Service		XXXX	-	2,174	-
<b>Total N.C. Department of Administration</b>			<b>-</b>	<b>2,174</b>	<b>-</b>
<b><u>N.C. Department of Environmental Quality</u></b>					
Division of Waste Management					
Scrap Tire Program		XXXX	-	6,941	-
Underground Storage Tank Fund		XXXX	-	2,522	-
<b>Total N.C. Department of Environmental Quality</b>			<b>-</b>	<b>9,463</b>	<b>-</b>
<b><u>N.C. Department of Health and Human Services</u></b>					
Division of Aging and Adult Services					
Senior Center General Purpose Funding		XXXX	-	3,718	-
Division of Social Services					
Administration					
State Child Welfare - State Protective Services		XXXX	-	52,849	-
Direct Benefit Payments					
State Foster Home		XXXX	-	48,613	-
Foster Care at Risk Maximization		XXXX	-	5,836	-
State Foster Home Fund (SFHF) Maximization		XXXX	-	62,214	-
Extended Foster Care Maximization Non IV-E programs		XXXX	-	12,150	-
<b>Total Division of Social Service</b>			<b>-</b>	<b>181,662</b>	<b>-</b>
Division of Public Health					
Child Health		XXXX	-	3,040	-
DPH Aid-to-Counties		XXXX	-	89,813	-
Family Planning - State		XXXX	-	13,276	-
Food and Lodging Fees		XXXX	-	16,061	-
General Communicable Disease Control		XXXX	-	11,066	-
Healthy Communities		XXXX	-	3,747	-
Maternal Health		XXXX	-	5,858	-
Nurse Family Partnership		XXXX	-	6,289	-
School Health Center		XXXX	-	44,440	-
School Nurse Funding Initiative		XXXX	-	100,000	-
State Fiscal Recovery Funds		XXXX	-	106,505	-
Tuberculosis Control		XXXX	-	1,680	-
Women Health Service Fund		XXXX	-	5,714	-
<b>Total Division of Public Health</b>			<b>-</b>	<b>407,489</b>	<b>-</b>
<b>Total N. C. Department of Health and Human Services</b>			<b>-</b>	<b>592,869</b>	<b>-</b>
<b><u>N.C. Office of State Budget and Management</u></b>					
State Capital and Infrastructure Fund (SCIF) Directed Grant		XXXX	-	3,864	-

**Cherokee County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2024**

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
Passed-through the Southwestern Commission Council of Government					
State Directed Grant (Session Law 2022-74)		XXXX	-	75,000	-
<b>Total N.C. Office of State Budget and Management</b>			-	<b>78,864</b>	-
<b><u>N.C. Department of Public Instruction</u></b>					
Public School Building Capital Fund - Repair and Renovation Lottery Fund		XXXX	-	46,700	46,700
Public School Building Capital Fund - Needs Based Lottery Proceeds		XXXX	-	1,272,903	1,272,903
<b>Total N.C. Department of Public Instruction</b>			-	<b>1,319,603</b>	<b>1,319,603</b>
<b><u>N.C. Department of Public Safety</u></b>					
Division of Juvenile Justice and Delinquency Prevention					
Juvenile Crime Prevention Programs		XXXX	-	106,098	98,127
<b>Total N.C. Department of Public Safety</b>			-	<b>106,098</b>	<b>98,127</b>
<b><u>N.C. Department of Transportation</u></b>					
State Aid to Airports					
Project 36244.55.4.1		XXXX	-	40,542	-
Public Transportation Division					
FY24 Rural State Operating Grant (36223.168.1.2)		XXXX	-	38,000	-
Rural Operating Assistance Program (ROAP)					
- ROAP Elderly and Disabled Transportation Assistance Program		XXXX	-	74,645	-
- ROAP Rural General Public Program		XXXX	-	76,872	-
- ROAP Work First Transitional - Employment		XXXX	-	10,272	-
Total ROAP Cluster			-	161,789	-
<b>Total N.C. Department of Transportation</b>			-	<b>240,331</b>	-
<b>Total State awards</b>			-	<b>2,349,402</b>	<b>1,417,730</b>
<b>Total federal and State awards</b>			<b>\$ 3,802,783</b>	<b>\$ 2,911,448</b>	<b>\$ 1,417,730</b>

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 Cherokee County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2024. 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 Cherokee County, it is not intended to and does not present the financial position, changes in net position or cash flows of Cherokee County.

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

Cherokee 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 N.C. Department of Health and Human Services and are treated separately for state audit requirement purposes: Foster Care and Adoption.

Note 5: Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State moneys. 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 that do not appear in the basic financial statements because they are not revenues and expenditures of the County.

Program Title	ALN No.	Federal	State
Special Supplemental Nutrition Program for Women Infant and Children	10.557	500,003	-
Supplemental Nutrition Assistance Program	10.551	8,406,130	-
AFDC Payments and Penalties	93.560	(6)	(2)
Temporary Assistance for Needy Families - Payments and Penalties	93.558	32,574	-
Temporary Assistance for Needy Families - Special Children Adoption	93.558	84,848	-
Temporary Assistance for Needy Families - PEAFF	93.558	(20)	-
Adoption Assistance	93.659	378,142	98,537
Medical Assistance Program	93.778	59,555,385	23,990,669
Children's Health Insurance Program	93.767	(265)	(203)
Child Welfare Services Adoption		-	148,767
State / County Special Assistance Program (Domiciliary Care)		-	182,599