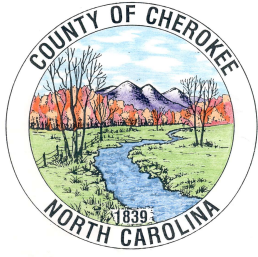


# CHEROKEE COUNTY



## RECOMMENDED BUDGET FISCAL YEAR 2026-2027



# CHEROKEE COUNTY

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

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

***Board of Commissioners***  
*Alan Bryant, Chairman*  
*Ben Adams, Vice-Chairman*  
*Dr. Jeana Conely, Member*  
*Dr. Sue Ledford, Member*  
*Mark Stiles, Member*

**May 4, 2026**

## **CHEROKEE COUNTY BUDGET MESSAGE Fiscal Year 2026-2027**

### **Executive Summary**

It is an honor to present to you the Cherokee County fiscal year 2026-2027 Recommended Budget. This Recommended Budget reflects a balanced approach to maintaining core County services while responding to rising operational costs, workforce needs, and external funding changes. This budget prioritizes employee retention, public safety, and service delivery without increasing the property tax rate. Strategic use of expenditure controls, conservative revenue projections, and targeted investments allows the County to absorb cost pressures while maintaining financial stability.

In accordance with North Carolina General Statute §159-11, the Cherokee County Fiscal Year (FY) 2026-2027 recommended budget is respectfully submitted for your review and consideration. The recommended budget sets forth a plan of operation for all county departments, programs, and capital projects for the coming fiscal year. This recommended budget is balanced in accordance with the Local Government Budget and Fiscal Control Act with total revenues and expenditures for all funds totaling \$66,841,070.

### **Introduction**

Cherokee County's FY 2026-2027 recommended budget is designed to function as a plan in guiding departmental operations and funding partner agencies to accomplish the goals and objectives communicated by the Board of Commissioners.

## ***Key Highlights:***

- **Taxpayer Impact**
  - No property tax rate increase (61¢)
  - No fee increases
- **Workforce Investment**
  - 3% COLA for employees (\$587,452)
  - Increase in health insurance contribution (\$343,440)
  - LGERS rate increases (state-mandated) - 14.43% to 15.1% for general employees and 16.08% to 17.1% for law enforcement officers (\$135,825).
- **Service & Operational Pressures**
  - Loss of \$575,000 in federal inmate revenue (net impact after expense reductions \$271,461)
  - HR1 impacts to DSS (\$335,935)
- **Community Investment**
  - \$534,934 increase in education funding (7%)
  - \$112,787 increase in partner agency funding
- **Financial Strategy**
  - \$400,000 contingency (below historical need)
  - \$999,931 use of fund balance for one-time capital purchases
  - Budget balanced with \$1.6M in offsetting resources

The FY 2026–2027 Recommended Budget reflects a disciplined financial strategy that absorbs cost increases through operational efficiencies and revenue growth, avoiding the need for a tax rate increase while maintaining service levels.

We continue to monitor legislative changes coming out of both the Federal Government and our State Legislature that could impact our local budgeted revenues and expenditures and will communicate such information to the Board to address any necessary changes prior to their adoption of the FY2027 Budget Ordinance. We also continue to review current and future forecasted economic indicators that could have significant impact on the FY2027 budget.

An expenditure schedule by function and department for the FY 2026-2027 recommended budget is provided at the end of this message as Attachment A.

## **Total County Funds**

The FY 2026-2027 recommended budget for all Cherokee County Funds has an annual budget totaling \$66,841,070. The County has established an annual budget for eight separate funds. These funds can be further paired into the following fund groupings:

**Cherokee County  
Budget by Fund  
Fiscal Year 2026-2027**

<b>General Fund</b>	<u>\$61,603,200</u>	<u>92.2%</u>
<b>Special Revenue Funds:</b>		
Revaluation Reserve Fund	1,530,545	2.3%
911 Fund	194,195	0.3%
Deed Trust Fund	8,000	0.0%
Fines and Forfeitures Fund	120,000	0.2%
Representative Payee Fund	290,000	0.4%
Fire Districts	2,722,600	4.1%
Bear Paw Service District	<u>372,530</u>	<u>0.5%</u>
Total Special Revenue Funds	\$ 5,237,870	7.8%
 <b>County Total</b>	 <u><u>\$66,841,070</u></u>	 <u><u>100%</u></u>

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

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

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

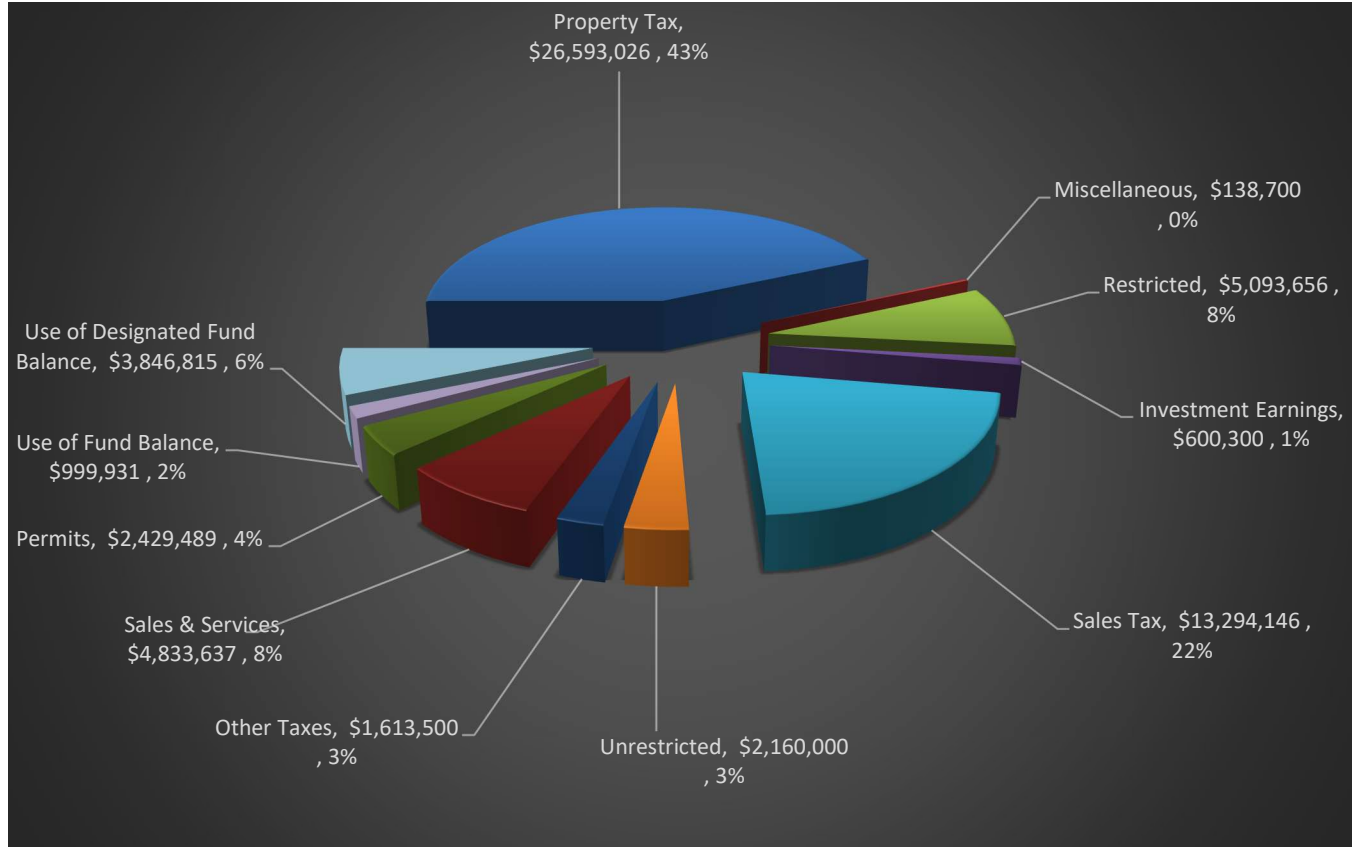
**Enterprise Funds-** Enterprise Funds are used to report any activity for which a fee is charged to external users for goods or services. Cherokee County does not currently have an active enterprise fund.

**General Fund Revenues by Category**

The General Fund, with estimated revenues totaling \$61,603,200, derives its revenues from a variety of sources as shown below:

**Cherokee County  
Sources of County Revenue  
FY 2026-2027**

	<b>Recommended</b>	<b>% of Total</b>
Property Tax	26,593,026	43.2%
Miscellaneous	138,700	0.2%
Restricted	5,093,656	8.3%
Investment Earnings	600,300	1.0%
Sales Tax	13,294,146	21.6%
Unrestricted	2,160,000	3.5%
Other Taxes	1,613,500	2.6%
Sales & Services	4,833,637	7.9%
Permits	2,429,489	3.9%
Use of Fund Balance	999,931	1.6%
Use of Designated Fund Balance	3,846,815	6.2%
	<b>\$61,603,200</b>	<b>100.0%</b>



Cherokee County’s two primary revenue sources—ad valorem property taxes and sales taxes—collectively account for nearly two-thirds of total General Fund revenues.

Ad valorem property tax remains the County’s largest and most stable revenue source. For FY 2026-2027, the ad valorem property tax rate of 61 cents **per \$100 of valuation** is projected to generate \$26,593,026, representing 43.2% of the total General Fund revenues. This estimate includes current and prior years collections for both real and personal property, as well as applicable interest and penalties. As Cherokee County continues to experience increased demand for services across all departments, maintaining a reliable and sufficient revenue base remains essential.

The Tax Collection Office continues to enhance collection practices and pursue operational efficiencies. Given that property tax is the only significant revenue source directly controlled at the local level, sustaining a strong collection rate is critical to ensuring fairness and equity in the tax system. The FY 2027 revenue projection is based on a FY 2025 actual collection rate of 98.19% for real and personal property taxes and 99.88% for motor vehicle taxes.

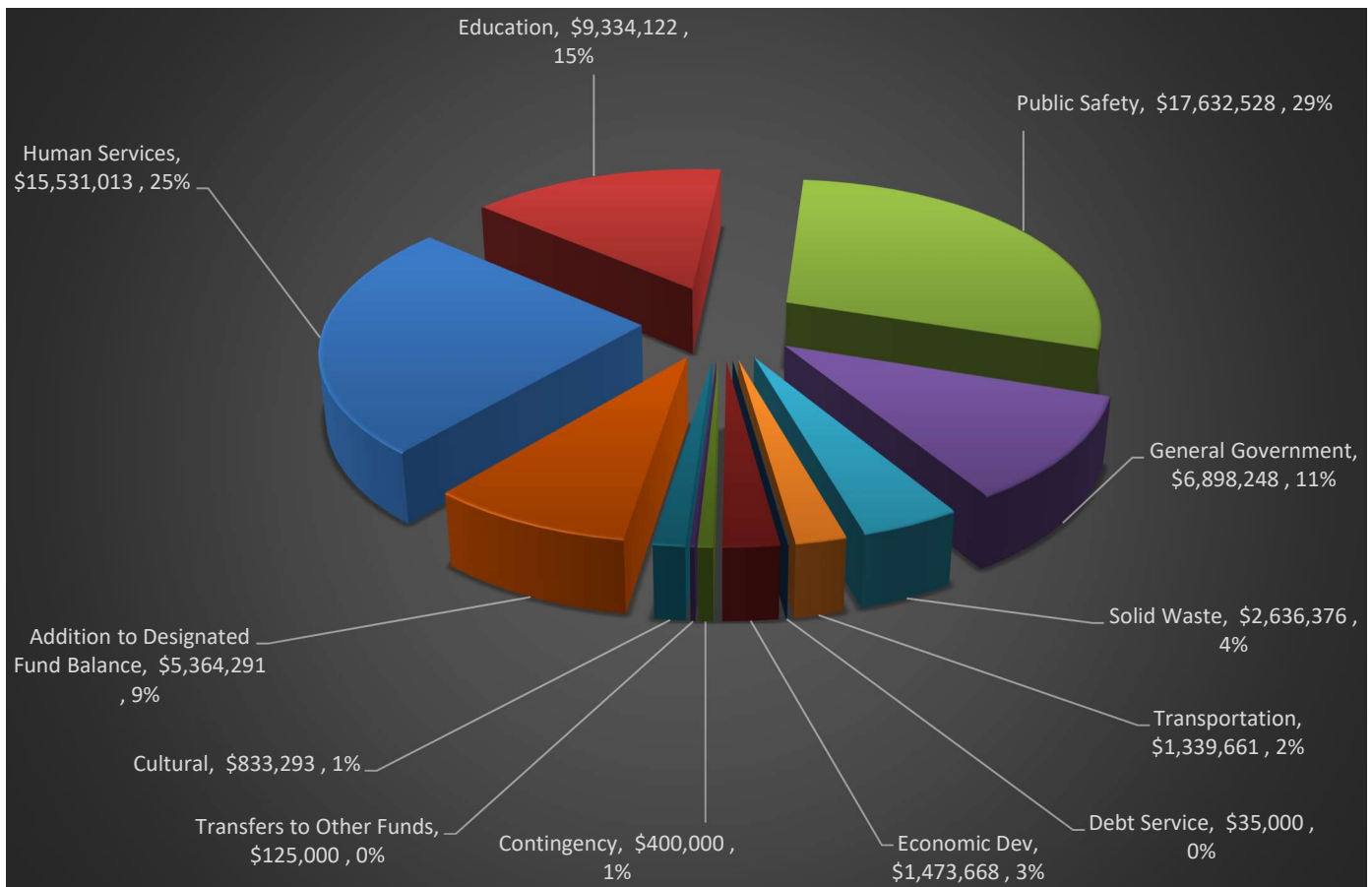
Sales tax revenues represent the County’s second-largest unrestricted revenue source. Over the past three years, sales tax growth has remained consistent, reflecting both regional economic activity and consumer spending trends. For FY 2027, sales tax revenues are conservatively projected at \$13,294,146, or 21.6% of total General Fund revenues. While the County continues to benefit from positive growth in this category, budget projections remain cautious to account for potential economic fluctuations.

**General Fund Expenditures by Category**

The General Fund budget totaling \$61,603,200 is comprised of separate expenditure categories as shown below:

**Cherokee County  
Expenditures by Function  
FY 2026-2027**

	<b>Recommended</b>	<b>% of Total</b>
Human Services	15,531,013	25.2%
Education	9,334,122	15.2%
Public Safety	17,632,528	28.6%
General Government	6,898,248	11.2%
Solid Waste	2,636,376	4.3%
Transportation	1,339,661	2.2%
Debt Service	35,000	0.1%
Economic Dev	1,473,668	2.4%
Contingency	400,000	0.6%
Transfers to Other Funds	125,000	0.2%
Cultural	833,293	1.3%
Addition to Designated Fund Balance	5,364,291	8.7%
	61,603,200	100%



The following information details some of the more notable changes presented in the FY 2026-2027 recommended budget:

We are recommending \$400,000 appropriated as Contingency to address unexpected expenses. This amount of contingency appropriation is low based on the fact that contingency has historically been fully utilized well before the end of the fiscal year.

**Operations and Capital**

**Personnel –**

For Fiscal Year 2026–2027, the recommended budget includes a 3% Cost of Living Adjustment (COLA) for all employees employed as of May 4, 2026. Establishing this eligibility date helps mitigate pay plan compression by ensuring that recent hires do not immediately overlap with longer-tenured employees in the pay structure. A 3% COLA is approximately equivalent to a step-and-a-half progression within the County’s pay grade system.

The last countywide compensation adjustment occurred in FY 2024–2025 as part of a comprehensive pay plan update. Since that time, inflationary pressures have continued to impact employees’ purchasing power. Over the long term, increases in the cost of living have outpaced wage growth, reinforcing the need for periodic adjustments to maintain competitive compensation.

As a service-driven organization, Cherokee County’s employees are its most valuable asset in delivering essential services and ensuring public safety. This recommended COLA represents a continued investment in the

workforce and supports the County's ability to recruit and retain qualified personnel in an increasingly competitive labor market.

Sustaining a competitive compensation structure requires an ongoing commitment to regular cost-of-living adjustments, step increases to address pay compression, and recognition of employee longevity. These strategies are critical to maintain organizational stability, service quality, and operational effectiveness for the citizens of Cherokee County.

### ***New Positions Recommended –***

#### **DSS**

We are recommending the addition of three Income Maintenance Caseworkers to manage the increase in service demands mandated by HR1.

#### **Parks & Recreation**

We are recommending the addition of one full-time position and one part-time position to achieve the staffing level necessary to appropriately manage our Parks & Recreation facilities and grounds. If approved this would provide a staff of four full-time employees and two part-time employees. It is the goal of Parks & Recreation to ultimately achieve a Level 2 maintenance standard by FY28. This staffing level is arrived at by applying Association of Professional Property Managers standards to our department which factors acreage, facility types and square footage under our control and maintenance. With this staffing level, our Parks & Recreation will achieve a Level 3 maintenance standard for FY27 with the expectation to achieve Level 2 status in FY28. Our current state is a mixture of Level 3 (moderate level of maintenance) and Level 4 (low maintenance level) standards.

### ***Health Insurance and Retirement –***

Over the past 16 years, Cherokee County has increased its monthly contribution toward employee health insurance premiums by only 39%, representing an average annual increase of approximately 2.4%. This measured growth reflects the County's longstanding commitment to managing benefit costs responsibly while continuing to provide quality healthcare coverage to employees.

However, in recent years, the County's self-funded health plan has experienced increased financial pressure due to higher-cost claims, greater frequency of large claims, and overall rising medical expenditures. As a result, an increase in the County's contribution is necessary to maintain the stability and sustainability of the plan.

Even with this adjustment, the County's cumulative increase remains significantly lower than what would likely have been experienced under a fully insured plan in the private market over the same period. This demonstrates the continued value and cost-effectiveness of the County's self-funded approach.

### **Operational –**

HR1 impact – Beginning October 1, 2026, the reimbursement for all FNS (SNAP) activities (applies to all FNS eligibility and enrollment services) for October services submitted for claims in November will be cut in half from 50% to 25%. The result for Cherokee County is a reduction in reimbursement of \$156,488 for FY27 October through June, which equates to a full 12-month reduction of \$208,651. HR 1 requires many additional reviews (ex. work requirements for expansion population) that must be processed by staff thus the need for the three additional Income Maintenance Caseworker positions to handle an expanded caseload coupled with additional review requirements. These changes significantly increase workload while simultaneously reducing federal reimbursement, creating both operational and financial pressure on the County.

## **Major Capital Items –**

### **The more notable capital items in the FY27 recommended budget are:**

- \$340,000 for one ambulance remount to maintain our replacement schedule.
- \$112,000 for a Roll-Off Truck for managing our extensive recycling roll-off containers .
- \$57,800 for Bobcat Tractor for Solid Waste operations at landfill and convenience site locations.
- \$66,500 for Phase 2 of the Hot House Road repairs and maintenance.
- \$85,574 to replace two servers that run County Finance systems and are at end of service life.
- \$57,900 for License Plate Readers for Sheriff's Office operations.

An amount of \$999,931 has been appropriated from Unassigned Available Fund Balance to cover 55% of the \$1,828,317 overall recommended capital for FY27.

### ***Fleet Leasing –***

For Fiscal Year 2026–2027, it is recommended that Cherokee County transition from direct capital purchases of vehicles within the Sheriff's Office and Department of Social Services to an open-ended lease and fleet management program through Enterprise Fleet Management.

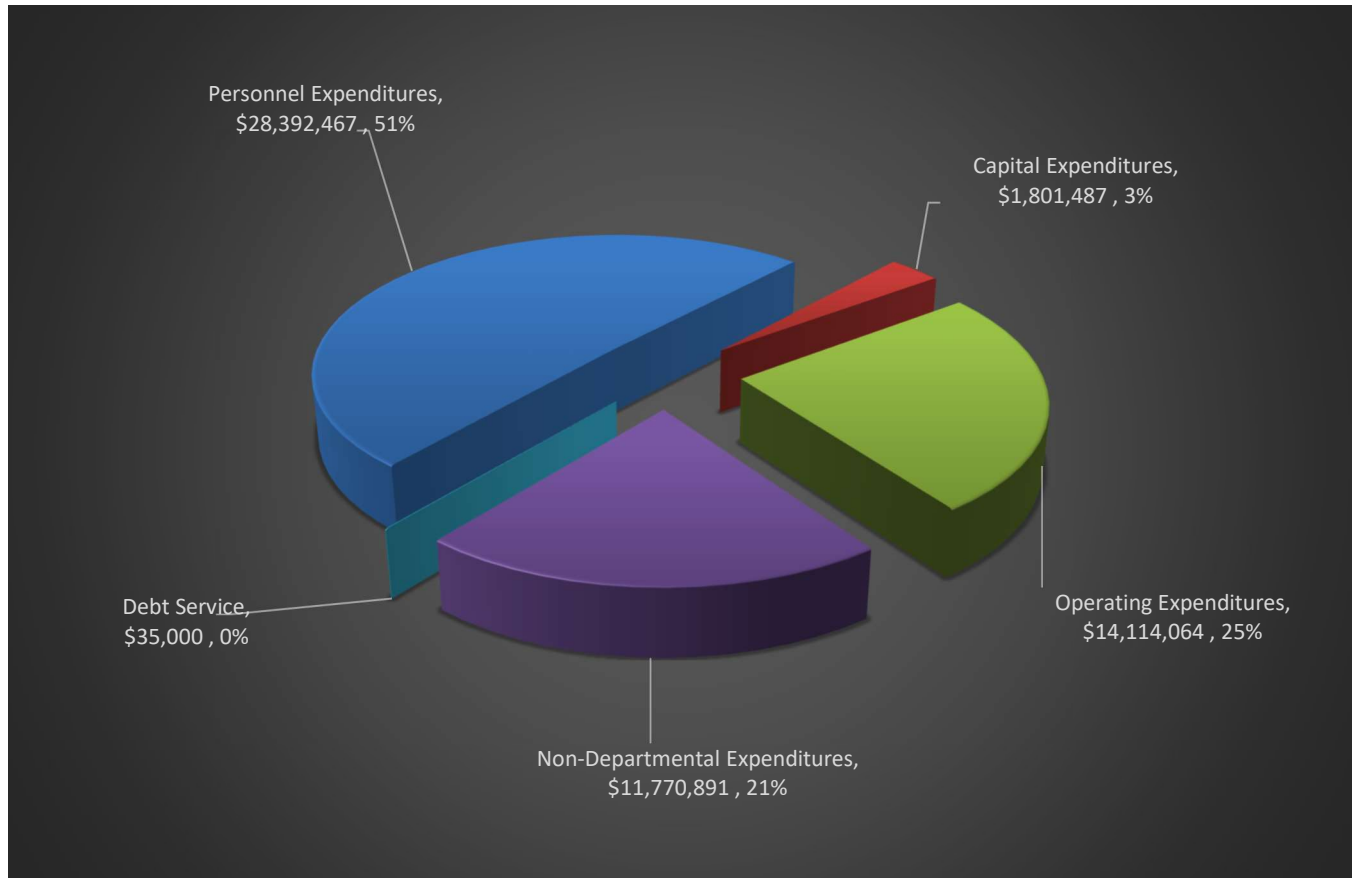
This approach is intended to leverage the County's purchasing power, implement more strategic lifecycle management, and optimize resale value, thereby reducing the total cost of ownership and minimizing ongoing operational expenses. Under this program, the County would systematically replace the Sheriff's Office and DSS fleet over a five-year period, resulting in a newer, lower-mileage fleet.

Projected benefits include improved reliability, reduced downtime, and measurable cost savings. Specifically, the program is expected to reduce fuel costs by approximately 30% and lower average maintenance costs by 26% per vehicle. Over a 10-year period, the program is estimated to generate net savings of \$295,962.

This transition represents a more sustainable and cost-effective long-term strategy for managing the County's fleet assets while supporting operational efficiency and service delivery. While the program is expected to generate long-term savings and improve fleet reliability, it shifts the County from asset ownership to a lease-based model requiring ongoing appropriations and adherence to replacement schedules, with savings dependent on market conditions and actual vehicle utilization. We will actively monitor this program to ensure it is delivering the projected financial and operational benefits.

## General Fund Expenditures by Type

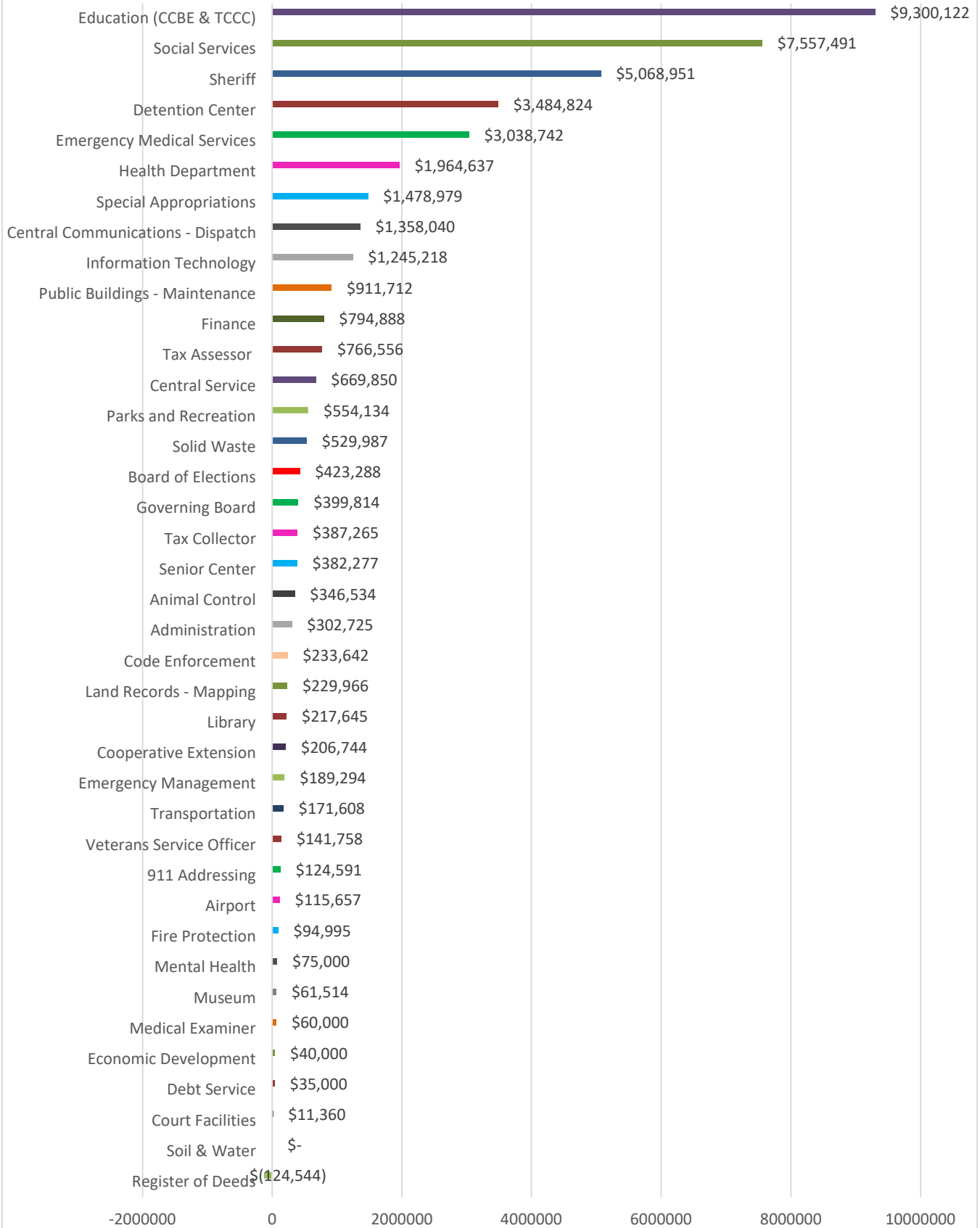
The majority of the County's General Fund expenditures are for personnel at 46%. Below is a breakdown of General Fund expenditures by type excluding increases to Fund Balance and Transfers to Other Funds.



## Net Departmental Budgeted Cost

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

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



**Other Funds**

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

Bear Paw Service District will notify us in June as to their Board’s approval of their FY 2026-2027 service district tax rate.

The table below does not reflect an increase in any of the millage rates for FY2027. Any increases in fire tax district rates should occur only after conversations between the Board of Commissioners and the respective Volunteer Fire Department after community meetings are held to educate and inform taxpayers on the justifications and to gauge community support. Three VFDs are seeking millage rate increases for FY27 – Peachtree, Ranger and Valletown – and they will be scheduled for budget hearings.

**Cherokee County  
Special Tax Districts  
FY 2025-2026**

<b>Fire Districts - Fund # 28</b>	Tax Rates	Estimated
Rural Fire District	2026-27	Revenues
Fire District – Collection Fees	-	9,000
Bellview	0.049	115,000
Brasstown	0.041	18,000
Culberson	0.090	185,500
Grape Creek	0.060	51,500
Hanging Dog	0.059	91,500
Hiwassee Dam	0.095	459,500
Hot House/Wolfcreek	0.090	227,000
Martins Creek	0.034	106,500
Murphy Rural	0.099	428,500
Peachtree	0.090	360,000
Ranger	0.047	242,000
Tipton Creek	0.041	3,100
Unaka	0.038	43,000
Valletown	0.054	348,500
Violet	0.095	34,000
<b>Total Fire Districts</b>		<b>2,722,600</b>
<b>Bear Paw Service District - Fund # 29</b>		
Bear Paw Service District	0.400	372,530

## **Conclusion**

Thank you to the Board of Commissioners for their support and guidance over the current year and toward the FY2027 budget development process. I want to express my appreciation to our outstanding County staff for their assistance in the preparation of the FY 2026-2027 recommended budget and for their constant dedication to the citizens and visitors we serve. As always, a very special note of appreciation to Candy Anderson, our Chief Financial Officer, for her sound counsel and the many hours spent gathering and analyzing the vast amount of data necessary to perform this task responsibly and effectively.

The Fiscal Year 2026–2027 Recommended Budget reflects Cherokee County’s continued commitment to fiscal responsibility, operational efficiency, and high-quality service delivery. It balances immediate needs with long-term sustainability, and ensures the County remains well-positioned to meet future challenges while maintaining essential services without increasing the property tax rate.

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

Respectfully Submitted,

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

Randy Wiggins  
Cherokee County Manager

**Attachment A**

**Cherokee County  
Budget by Department  
Fiscal Year 2026-2027**

<u>General Fund</u>	<u>FY 2026-2027 Budget</u>
PARKS & RECREATION	554,134
MUSEUM	61,514
LIBRARY	217,645
<b>TOTAL CULTURAL &amp; RECREATION</b>	<b>833,293</b>
LONG TERM DEBT SERVICE	35,000
<b>TOTAL DEBT SERVICE</b>	<b>35,000</b>
COOPERATIVE EXTENSION	221,444
ECONOMIC DEVELOPMENT	40,750
SOIL & WATER	155,737
SPECIAL APPROPRIATIONS	1,055,737
<b>TOTAL ECONOMIC DEVELOPMENT</b>	<b>1,473,668</b>
SCHOOLS	8,325,979
COMMUNITY COLLEGE	1,008,143
<b>TOTAL EDUCATION</b>	<b>9,334,122</b>
GOVERNING BOARD	399,814
ADMINISTRATION	302,725
INFORMATION TECHNOLOGY	1,245,218
FINANCE	794,888
TAX ASSESSOR	766,556
LAND RECORDS	230,116
TAX COLLECTOR	387,265
COURT FACILITIES	41,360
BOARD OF ELECTIONS	423,288
REGISTER OF DEEDS	725,456
PUBLIC BUILDINGS/MAINTENANCE	911,712
CENTRAL SERVICE	669,850
<b>TOTAL GOVERNMENTAL</b>	<b>6,898,248</b>

MENTAL HEALTH	75,000
HEALTH DEPARTMENT	3,344,309
SOCIAL SERVICES	11,106,829
VETERANS SERVICES	143,758
SENIOR CENTER	641,365
SPECIAL APPROPRIATIONS	219,752
<b>TOTAL HEALTH &amp; HUMAN SERVICES</b>	<b>15,531,013</b>
CONTRIBUTIONS TO OTHER FUNDS -	125,000
<b>TOTAL TRANSFERS TO OTHER FUNDS</b>	<b>125,000</b>
SHERIFF	5,167,751
DETENTION CENTER	4,034,824
911 ADDRESSING	124,591
CENTRAL DISPATCH	1,358,040
EMERGENCY MANAGEMENT	209,919
EMERGENCY MEDICAL SERVICE	5,438,742
FIRE PROTECTION	104,995
ANIMAL CONTROL	346,534
CODE ENFORCEMENT	583,642
MEDICAL EXAMINER	60,000
SPECIAL APPROPRIATIONS	203,490
<b>TOTAL PUBLIC SAFETY</b>	<b>17,632,528</b>
<b>TOTAL SOLID WASTE</b>	<b>2,636,376</b>
TRANSPORTATION	759,864
AIRPORT OPERATIONS	579,797
<b>TOTAL TRANSPORTATION</b>	<b>1,339,661</b>
<b>CONTINGENCY</b>	<b>400,000</b>
<b>ADDITION TO RESTRICTED/DESIGNATED FUND BALANCE</b>	<b>5,364,291</b>
<b>TOTAL GENERAL FUND</b>	<b>61,603,200</b>