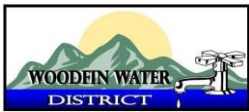


Woodfin Sanitary Water & Sewer District
FY 2024 Proposed Budget
June 19th, 2023

**Woodfin Sanitary Water and Sewer District
Proposed Fiscal Year 2024 Budget
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Introduction



Elected Officials

Board of Trustees

Sarah Gassaway – Chair

Ivo Ballentine – Vice-Chair

Gordon Maybury – Secretary



District Staff

Brian Goldstein – Executive Director/Finance Officer

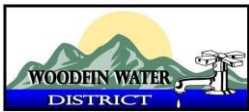
Sam Chattin – Distribution System Supervisor

Chandler Henn – Water Treatment System Supervisor



Our Mission

- **Provide water of the highest quality in a fair, efficient, and responsible manner.**
- **Manage the District's assets in a prudent fashion.**
- **Promote the goals of the District as set by the Board of Trustees.**
- **Maintain an adequate supply of water for current customers while meeting the needs of a growing service area to the greatest extent practical.**



June 19, 2023

Honorable Board of Trustees members:

I am pleased to present the proposed budget for the Woodfin Sanitary Water and Sewer District for the upcoming fiscal year 2024. This year's proposed budget addresses both revenue and expenditure issues that have resulted from the COVID-19 pandemic and associated economic turmoil including high inflation.

For fiscal year 2024, I have proposed an expenditure level of **\$2,359,846**. This is against projected available resources of **\$5,415,250**, leaving the District with a reserve fund level of **\$3,055,404**. This year's budget follows the rate structure that separates District service areas into four zones as implemented in FY2023. The first zone boundaries are the former "Inside District" area and are unchanged. Zone two covers areas outside of District boundaries that receive water produced by the District but are subject to higher maintenance and operational costs such as pumping and electrical charges. Zone three covers areas outside of District boundaries that receive a majority of water repurchased for sale from the City of Asheville. Zone four covers largely undeveloped areas outside of District boundaries that have or will incur significant charges to service and maintain. Within all zones rates increase from FY 2023, depending on zone, anywhere from five to ten percent as a result of the levels of cost inflation the District has experienced in labor, parts and service; some materials used by the District have experienced inflation of over 50% annually. Other District fees such as Tap, system reduction, and construction have also been raised to cover the increased cost associated with these services.

For FY 2024, The District is going to focus on upgrading the distribution system with pipe and valve replacement. The District will again operate a pipe installation crew, which was severely hampered by personnel issues in FY 2022 and FY 2023. Pipe replacement projects such as Squirrel Hill will be conducted. Equipment purchases including a new locator, and a construction compactor, to lessen the need for revisiting paving projects. For personnel, salaries will be increased by 5% across the board with some flexibility of increasing the scope of a distribution technician position, to a site foreman; A continuing tight labor market and rapid economic inflation has created challenges in maintaining appropriate levels of personnel. The cost of materials has increased to record levels. An open distribution tech operations position is anticipated to be filled during the first quarter of FY 2024.

As always, I thank the staff for their assistance in the construction of this budget proposal.

Sincerely,

A handwritten signature in black ink that reads "Brian Goldstein". The signature is written in a cursive style and is placed on a light gray rectangular background.

Brian Goldstein
Executive Director



Overview



About the District

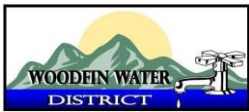
The Woodfin Sanitary Water and Sewer District is a municipal corporation, created by the State of North Carolina in 1931 and organized under Chapter 130A of the General Statutes of North Carolina, to serve the sanitary needs of the areas around North Asheville & Woodfin, North Carolina. The District was created through merging the existing Woodfin Sanitary District (created in 1923) with the Woodfin Water District (created in 1927). This area, now wholly contained within the Town of Woodfin and City of Asheville, stretched from Beaver Lake in the east to the French Broad River in the west, south to the intersection of Riverside Drive and Broadway, and north to Reynolds Mountain. Since its creation, the District has expanded its service area (but not its official corporate boundaries) to include areas of North and West Buncombe County as well as the areas within the corporate limits of the Towns of Woodfin and Weaverville and the City of Asheville.

Under North Carolina General Statutes Chapter 130A, the District is vested with the power to operate and maintain water and wastewater treatment and distribution facilities, collect and dispose of solid waste, maintain fire protection, levy and collect taxes, abate public nuisances, and virtually all other functions of a municipality within the State of North Carolina. In practice, the District only exercises its rights to provide water treatment, production, and distribution services, as all other services are provided by other entities; the District's boundaries and service areas include three separate municipalities, six fire districts and departments, and a metropolitan sewage treatment system.

The District's water production capacity at its founding consisted of a single creek intake in the Beech community and a single storage reservoir atop Reynolds Mountain. Since then, the District's water supply system has evolved to include an impoundment dam, a modern water treatment plant, and several storage reservoirs. The District also maintains a number of interconnections with the City of Asheville for supplemental and emergency water needs. This evolution has mirrored the District's increased distribution service area, which has expanded since 1927 to include large service areas in West Buncombe County and north to the Town of Weaverville, as well as customers in the Reems Creek area. Today, the District services a twenty-four square-mile geographic area, providing water to a population of nearly ten thousand people through 100 miles of water mains. Average daily water consumption is approximately 1 million gallons, twenty-five percent of which is finished water purchased from the City of Asheville for resale.

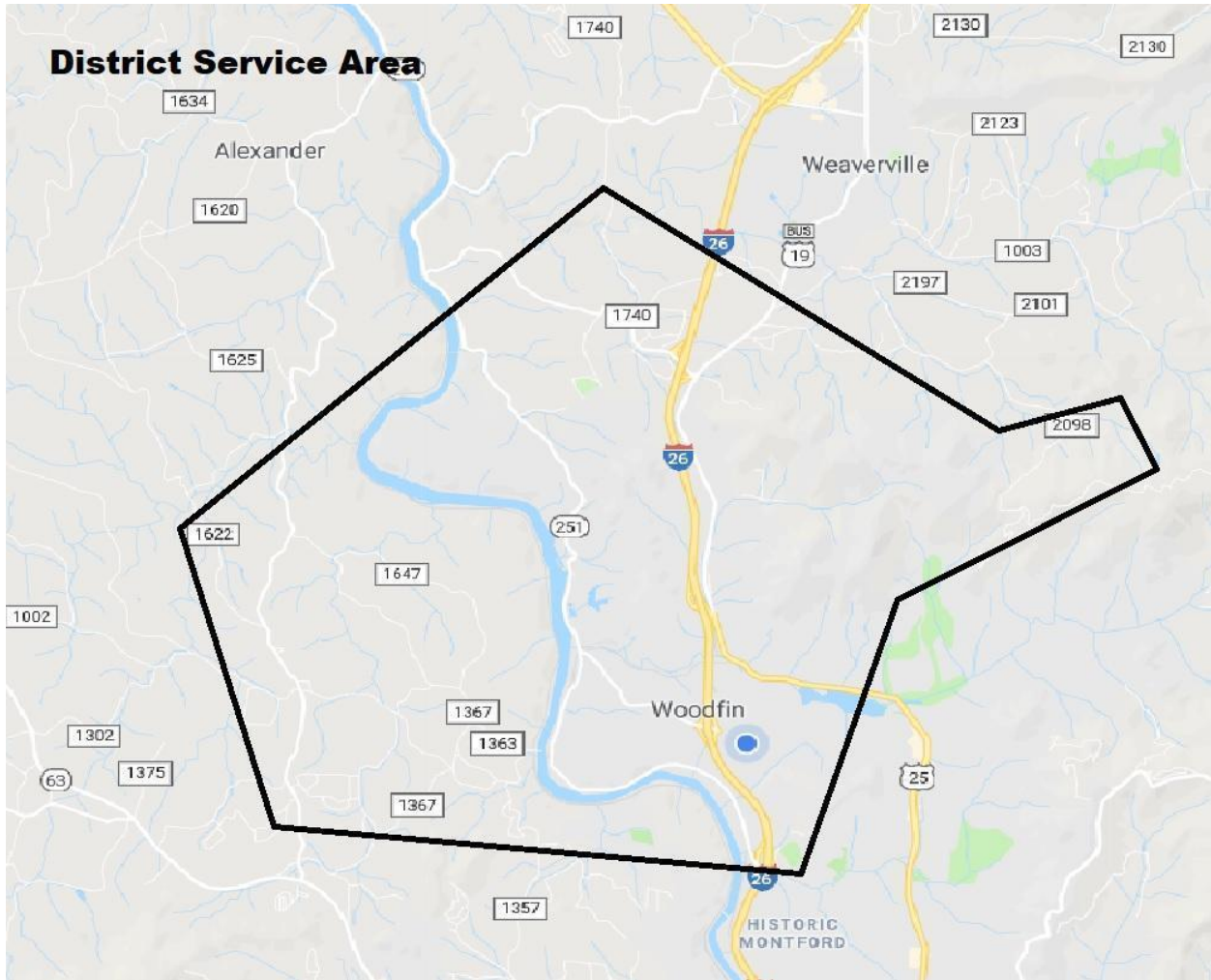
The District operates under a three-member Board of Trustees, elected at large for concurrent 2-year terms from within the District's boundaries. The Board is responsible for appointing an Executive Director, who serves at the pleasure of the Board and is charged with handling the day-to-day operations of the District and implementing Board policies and procedures. The Board also appoints a representative for a three-year term to the governing board of the Metropolitan Sewerage District of Buncombe County (MSDBC); the District turned over its sewer infrastructure to MSD in the early 1990's as part of a consolidation agreement with all other municipalities in Buncombe County. The Board may recall and reappoint its MSD representative at any time.

As part of the consolidation agreement, the District provides billing and collection services for MSD and remits those funds on a regular basis. The District provides similar billing and collection



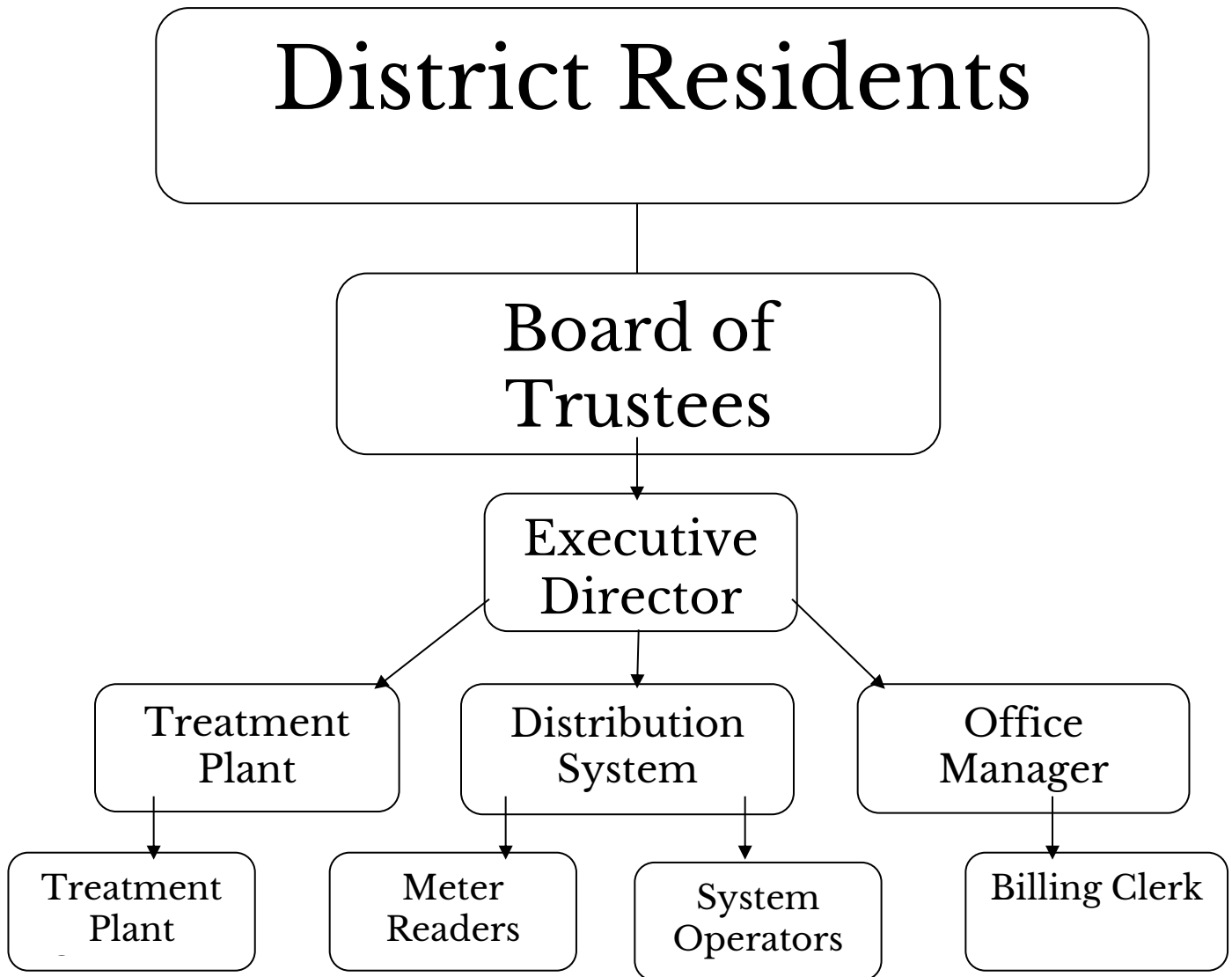
services for the Town of Weaverville to collect recycling fees for those residents who are District customers.

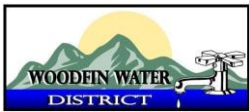
District Service Area Map





Woodfin Sanitary Water and Sewer District Organizational Chart





Strategic Goals

The primary mission of the Woodfin Sanitary Water and Sewer District is to provide high quality water to its customers both within and outside the District's boundaries. In order to meet this mission, the District focuses on the following strategic goals:

- ***Water Resource Management*** – The District recognizes that water is a finite and precious resource and thus endeavors to manage its treatment and distribution of treated water as efficiently as possible through efforts such as encouraging water conservation, identification and repair of water line leaks and breaks, best watershed management practices, and citizen education about the value of potable water.
- ***Fiscal Responsibility*** – The District realizes that meeting its mission depends on prudent and responsible management of its assets and revenue base, and thus strives to maintain fair but adequate pricing, strong revenue collection efforts, identify waste and fraud, create a balanced budget, and reinvesting carefully and prudently in its infrastructure.
- ***Democracy & Transparency*** – The District believes that a democratic and transparent organization provides the best vehicle for fair service delivery to all and maintaining an engaging the community it serves, and to that end provides for open and advertised public meetings, provision of documentation and information on its public website, social media outreach efforts, bilingual educational material, and a well-crafted budget intended to communicate these efforts to the community.
- ***Customer Service*** – The District recognizes that the District's customers are its reason for existence and strives to provide the greatest possible product at the lowest possible cost for its customers.
- ***Workforce Development*** – The District believes that its employees are its greatest asset, and therefore supports efforts to provide employees with the salary, benefits, training and development efforts necessary to ensure a highly-qualified and productive staff for the benefit of the District's customers.



Policies and Process



Budget Document

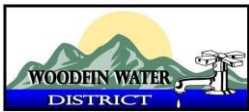
As a municipal corporation, the District is required to follow the same budget requirements and legal obligations of all other municipal corporations within the State of North Carolina, as provided for within the Local Government Budget and Fiscal Control Act (G.S. 159, Article 3). These requirements include:

1. The passage of the annual budget – The District is required to pass an annual budget in order to determine expected revenue and authorize expenditures for the period covering July 1st through June 30th of the following year, otherwise known as the fiscal year. The budget document is named for the calendar year in which the last date of authorized expenditures occurs.
2. The delivery of the budget message – The Director is responsible for delivering the budget message within the proposed budget. The message includes proposed changes to service rates and fees, significant changes in revenues or expenditures, important upcoming projects and purchases, and any other information important for the elected Board to make an informed decision regarding the budget.
3. The crafting of a balanced budget – The District, like all other municipal corporations within the state, is prohibited from passing a budget wherein expenditures exceed revenues without authorization and explanation of funding for such expenditures. This may include issuance of bonds, borrowing of money, drawdown of reserves, or other legal avenues for funding appropriations.
4. The creation of the budget document – The District must create a budget document that may be reviewed and commented upon by any interested party.

Budget Process

In accordance with state law, the District must create a budget for each fiscal year, which begins on July 1. However, the budget document and budget process serves a number of purposes beyond meeting state requirements:

- ***As a financial plan*** – The District’s annual budget serves as a blueprint to maintain financial stability and predictability, through careful estimation of revenue and expenditure totals for the year, selection of capital projects to protect and further the District’s mission, and comparison of income and expenses against past year levels and forecasting future needs.
- ***As a policy tool*** – Through the budget document, the Board of Trustees – the elected representatives of the District’s citizens – are able to exercise policy direction for the District’s staff to implement.
- ***As a communications device*** – The District’s budget, through the open and deliberate process of budgeting, allows for input from interested parties regarding District priorities and upcoming projects.
- ***As an effort towards transparency*** – A carefully crafted budget, with ample opportunity for comment and critique, helps ensure good democratic governance.



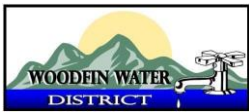
The budget document is created by the Director with the assistance of the District’s staff and presented to the Board of Trustees prior to the start of the fiscal year. The budget must have a public hearing and a majority approval by the Board before it officially goes into effect.

The budget takes into account Board objectives and priorities and provides for the operation of the utility district for the year. Contained within the budget are estimated revenues for the upcoming year, reserve funds on hand, operational expenses, capital projects, and debt service requirements. The District utilizes a mixture of formal and informal calendar planning in order to present a proposed budget to the Board of Trustees in time for any proposed changes to the budget to be made and presented in time for the budget to be passed by July 1st. In cases where a full budget cannot be passed or agreed upon by the July 1st deadline, the Board of Trustees are required to pass a continuing resolution authorizing normal and customary operational expenditures only until such time as the formal budget can be passed. Without this resolution, District staff lacks authorization to continue to pay expenditures necessary to keep the District operational.

Budget Calendar

The District’s budget calendar can be thought of as a circle, in which the process of budgeting never ceases but continues ad infinitum as new information is gathered, expenditures made and revenues received. Nevertheless, there is some structure involved in the creation of the budget document as follows:

<u>Month</u>	<u>Activity</u>
January	Six-month (50%) comparisons of revenue collection and expenditures are made; capital projects are compared to budgeted expectations and adjustments considered.
February	Director discusses upcoming planned capital projects with District staff, reviews operational expenditures against expectations, staff requests for the upcoming budget are considered.
March	Preliminary budget figures for the upcoming budget are compiled; capital projects within the capital improvement plan are added to the proposed budget document; current year expenses and revenues are reviewed for accuracy.
April	A proposed budget is compiled and presented to the Board of Trustees for review and posted on the District’s web site for transparency. The budget is reviewed within the official meeting, comments taken and revisions or changes requested by the Board considered.



May

The proposed budget is presented to the Board of Trustees in resolution form for its first reading. District by-laws require presentation of the proposed budget to the Board no later than the regularly scheduled May meeting of each year. No action is taken by the Board and any public comment is received at this time.

June

The proposed budget is presented in a public hearing, allowing for official comment on the budget. The budget is then presented for its second and final reading. The Board of Trustees votes to approve or reject the budget at this time. In cases of rejection, the Board is responsible for either setting a special meeting to consider a revised version of the budget, or passing a continuing resolution allowing for customary expenditures into the new fiscal year, and must reconsider the budget at its next meeting.

Budget Basis

Because the District provides only water services, the District maintains a single fund – an “enterprise” fund (so-named because all revenue collected is earmarked for a specific municipal function) that the District refers to as its General Fund. The annual budget document is passed by Resolution by the District’s Board of Trustees authorizing a single bottom-line limit for expenditures (also known as appropriations). The Executive Director is authorized to expend funds for the operations, maintenance, and capital improvement projects of the District up to this bottom-line limit. Once this limit has been reached, District staff lacks any further authorization to make expenditures on behalf of the District. The Director, serving as the District’s Finance Officer, is responsible for verifying expenditures are in-line with budgetary authorizations in both amount and purpose. The Executive Director has the authority to reallocate line item and department funds as necessary for the operations of the District, so long as reallocations do not alter the District’s budget to include programs inappropriate for the District nor exceed the authorized bottom-line budget figure. District budget figures are reported to the Board of Trustees on a monthly basis.

Budget Amendments

In a typical fiscal year, the District will reach the end of the fiscal year (June 30th) without having expended all funds authorized during the year. On occasion, however, situations arise in which District staff becomes aware that anticipated expenses will exceed budgeted appropriations, new or emergency projects or repairs will arise unexpectedly, or anticipated revenue will not be realized – or, less commonly, that revenue will greatly exceed budgeted levels. In these situations, District staff provides amendments to the authorized budget to be considered by and voted upon by the Board of Trustees. These amendments, which generally increase authorized expenditures, become part of the overall authorized District budget. Because of the District’s planning and forecasting



process, the need for budget amendments is minimal and typically occurs no more than once or twice during a fiscal year.

Budget Accounting

For purposes of day-to-day budgeting and financial reporting, the District utilizes what is known as a modified accrual budgeting basis. In a modified accrual system, District revenue is realized when it is received – i.e., when customers remit funds to pay current water bills – while expenses are reported when they are realized, rather than when they are paid. With this method, District staff and the Board of Trustees are able to track the actual expenditure level of the District on a regular basis, rather than simply tracking bills as they are paid. For monthly reporting purposes, the Board of Trustees receives reports on revenue as it is accrued, since virtually all District revenue is eventually received due to the nature of the product being sold.

Auditing

On an annual basis, and by state law, the District’s financial statements are prepared by staff and audited through an independent auditing agency selected by the Board of Trustees. The audit uses Generally Accepted Accounting Principles (GAAP) to review the District’s overall financial health, determine whether expenditures have been made lawfully, and provide a system of checks and balances between District staff and the Board of Trustees. The audit includes financial items such as depreciation, amortization, and other adjustments and inclusions that have less applicability for day-to-day operations but provide a “big picture” framework for the Board of Trustees and the State’s Local Government Commission to help determine whether the District is meeting its obligations and ensuring its long-term viability.

Financial Policies

The District utilizes written financial policies to safeguard District finances and ensure Board of Trustee policies are being met. These policies include:

- ***Internal Controls*** – Internal controls provide mechanisms to safeguard District cash and receivables through such methods as requiring reconciliation of accounts, ensuring all cash disbursements contain at least two authorized signatures, and providing for maintaining of records and receipts for later auditing and verification.
- ***Investment Policy*** – The District’s investment policy provides a blueprint for District staff to properly protect District cash reserves and invest in a manner such that those reserves will be protected for the future while returning maximum value relative to risk. Invested reserves must meet minimum standards set by the State of North Carolina.



Budget Summary



Fund Information

As a special unit of government charged with a specific focus (water treatment & distribution), all of the financial resources of the District are accounted for in a single enterprise fund. Enterprise funds are used to account for operations that are primarily financed by user fees and expenditures made for the defined purposes of those operations. The District considers its enterprise fund to be the **General Fund**. All revenue and expenses of the District are accounted for within the General Fund at this time. Exceptions to this might be cases in which the District has issued debt or grants or loans received from other entities for specific project purposes; in those cases, separate funds to account for that income and expenses related to those projects may be established.

Within the General Fund, the District accounts for three operational subdivisions as well as planned capital projects for the budget year. Funding for all of the District's operations and capital projects in Fiscal Year 2023 are accomplished through user fees and existing District reserves; the District carries no debt and has no plans of issuing debt or receiving any grants or loans to fund budget items for FY 2023.

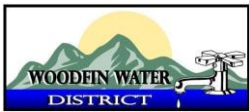
FY 2024 Highlights

For fiscal year 2024, the District's budget for all expenditures is **\$2,359,846**. This figure represents an approximate 1.9% decrease from FY 2023's amended budget of \$2,403,515. Excluding capital expenditures, operating expenses increased 4.4% year over year, reflecting the effects of extremely high inflation over the past year. Expected resources for FY 2024 total **\$5,415,250**, leaving the District with a net reserve fund balance of **\$3,055,404**. The District's invested funds and cash on hand more than adequately maintain an acceptable amount of reserve funding for operational expenses – approximately 170% of annual operation costs, excluding capital projects. This is a slight decrease in cash reserves from FY 2023; however, net District assets are expected to increase by year's end as nearly 25% of the budget is used for capital projects. Projected revenue exceeds all expenditures, leaving the budget balanced without the use of reserve assets.

No new personnel positions are funded for FY 2024; in fact, it is anticipated that one approved position will remain vacant for part of the year due to the extremely difficult local labor market. The District's major capital projects for FY 2024 center on improving pipe-laying projects, the purchase of a small piece of heavy equipment, and the continuation of the automated meter reading system. All other expenses are customary and incidental to the operations of the District.

Resources Highlights

The expected income revenue generated for FY 2024 totals **\$2,374,250**, an approximate 1.8% increase from budgeted FY 2023 revenue. The District has largely avoided rate increases for its customers over the past twenty years but the COVID-19 pandemic and the rapid pace of inflation encouraged a revamping of the District's rate structure in FY 2023. In past years, rates were classified as either "Inside District" or "Outside District", in conjunction with the District's municipal boundaries. As the District has grown, however, the binary selection meant that costs



could not be properly allocated towards geographic areas from which they were generated. As a result, four new rate zones were created. Zone 1 maintains the historical “Inside District” boundaries, while Zones 2-4 divide “Outside District” customers in a manner that more accurately accounts for costs and revenue necessity. Due to these changes, and natural increases attributable to rapid inflation, new rates may differ anywhere from five to fourteen percent from FY 2023. While rate increases are always difficult, the rate structure and increases are necessary to keep the District financially healthy, as inflation has increased some District costs by over twenty percent and introduced more difficulties in finding and maintaining adequate personnel.

Despite the new rate fee schedule for FY 2024, the District’s water rates continue to remain among the lowest in all of Western North Carolina; since 2004, average water rates for District and out-of-District customers have increased below the rate of inflation and far lower than that of any other water system in the region, many of whom have enacted single-year rate increases higher than the District’s cumulative increases over the past twenty years.

Expenditure Highlights

Expenditures in FY 2024 are somewhat similar to that of FY 2023, with the caveat that rampant inflation necessitated repricing of some expenditure categories. All expenditures within the FY 2024 budget are accomplished through generated revenue, as the District continues to pursue a “pay as you go” philosophy towards capital projects and the accumulation of debt. The District remains debt-free for FY 2024.

For FY 2024, employees will receive an across-the-board increase of five percent, with an additional increase for making a distribution operator into a Site Foreman.

Expenditure categories contained within the FY 2024 budget include: Administration (25% of the FY 2024 budget), Production (24%), Distribution (24%), and Capital Improvements (25%).

Expenditures on the following pages are broken down by functional area as well as anticipated department needs; all figures are rounded to the nearest dollar. While the budget is passed as a whole, bottom-line figure, it is useful to enumerate expenses attributable to various District functions as a way of controlling costs, exploring opportunities for saving resources, and tracking increases that may be important in future budget years.



Summary of Resources & Expenditures

Category	FY 2024 Proposed	FY 2023 Projected	FY 2023 Budgeted	FY 2022 Budgeted
Resources				
Existing Funds				
General Fund	930,000	1,053,207	1,000,000	1,200,000
Invested Assets	2,111,000	2,059,920	2,053,100	2,049,600
Total Existing Funds	3,041,000	3,113,127	3,053,100	3,249,600
Projected Revenue				
Water Sales	1,950,000	1,882,790	1,985,000	1,613,000
Development Fees	175,000	241,000	175,000	255,000
Charges for Services	159,250	163,529	147,300	121,300
Interest Income	75,000	52,000	11,000	32,000
Misc. Income	15,000	105,000	15,000	34,000
Total Projected Revenue	2,374,250	2,444,319	2,333,300	2,055,300
Total Resources	5,415,250	5,557,446	5,304,900	5,304,900
Expenditures				
Personnel/Benefits	935,300	866,159	799,900	846,477
Admin & Operations	236,934	227,324	218,063	222,668
Supplies & Materials	458,500	469,824	405,500	340,750
Outside Services	165,902	315,370	312,536	144,360
Capital Projects	563,210	634,948	668,016	615,405
Total Expenditures	2,359,846	2,513,625	2,403,515	2,169,660



Summary of Revenue by Category

Annual revenue includes water sales from within and outside District boundaries, billing services for other government organizations, development fees, charges for connecting and disconnecting service, and miscellaneous other minor sources of income. For FY 2024 and beyond, New connection Fees will be combined into a single category due to reconfiguration of Tap fees.

Income Category	FY 2024 Proposed	FY 2023 Projected	FY 2023 Budgeted	Annual increase/ decrease
Interest Income	75,000	52,000	11,000	64,000
Misc. Income	15,000	105,000	15,000	0
Returned Check Fees	1,250	1,500	300	950
MSD Contract Services	47,000	47,500	44,000	3,000
Water Sales	1,950,000	1,882,790	1,985,000	(35,000)
New Connection Fees	175,000	196,000	55,000	120,000
Outside Tap Fees	0	45,000	120,000	(120,000)
New Svc Fees	60,000	62,557	52,000	(8,000)
Reconnect Fees	22,000	19,480	22,000	0
Late Fees	29,000	32,492	29,000	0
Total Annual Revenue	2,374,250	2,444,319	2,333,300	40,950



Summary of Expenditures by Category

Category	FY 2024	FY 2023 Projected	FY 2023 Budgeted	FY 2022 Budgeted
Salary & Wages	637,900	609,401	525,825	549,591
Bonus Pay	12,379	8,212	11,258	11,496
Payroll Taxes	50,511	52,839	41,851	43,688
Overtime	10,000	11,457	10,000	10,000
Uniforms	1,475	1,659	1,050	1,050
Health Insurance	135,178	117,584	115,752	162,667
Retirement Contributions	85,605	63,547	66,661	65,484
Training	2,250	1,460	2,500	2,500
Board Expenses	18,000	12,719	15,000	15,000
Communication Services	19,980	21,167	17,964	17,184
Utilities	52,429	48,142	42,074	39,534
Vehicle Repairs & Maintenance	7,250	10,100	4,750	6,250
Contracted Services	109,202	270,055	175,336	84,310
Parts & Supplies	134,000	174,036	126,000	99,000
Liability & WC Insurance	41,500	38,000	45,500	55,500
Financial Services	50,200	41,035	42,000	52,200
Leased Equipment	5,000	2,984	5,000	6,100
Technical Services	1,500	1,296	2,200	1,750
Water Purchases	300,000	270,000	255,000	225,000
Postage & Office Supplies	6,500	9,468	6,000	2,750
Travel & Vehicle Reimbursement	6,840	4,560	6,340	6,340
Equipment Repairs & Maintenance	5,000	7,877	5,000	8,500
Facility Repairs & Maintenance	5,720	8,410	4,250	4,250
Membership Fees & Dues	6,445	7,500	7,570	7,570
Audit & Legal Expenses	18,100	16,000	16,100	17,600
Miscellaneous Expenses	1,100	2,100	1,100	1,100
Rebate & Low-Income Programs	3,750	3,500	3,750	3,750
Street Permits & Repairs	45,250	42,450	45,250	35,250
Consumable Fuels	18,000	16,320	18,000	14,000
State Permits & Fees	5,060	5,723	4,540	4,840
Capital Projects	563,209	634,947	568,016	500,404
Total Expenditures	2,359,846	2,513,624	2,403,515	2,054,660



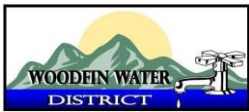
Summary of Expenses by Department

Department	FY 2024 Proposed	FY 2023 Projected	FY 2023 Budgeted	FY 2022 Budgeted
Administration				
Personnel & Benefits	280,389	202,998	273,619	289,580
Administration & Operations	99,990	87,222	99,285	97,830
Supplies & Materials	6,500	9,468	6,000	2,750
Outside Services	115,406	260,510	264,116	77,260
Total Administration	502,284	560,198	643,020	467,420
Production				
Personnel & Benefits	248,619	226,907	205,728	154,946
Administration & Operations	36,374	33,381	29,598	28,644
Supplies & Materials	359,000	333,286	306,000	249,500
Outside Services	20,496	24,903	18,420	22,000
Total Production	664,490	618,477	559,746	455,090
Distribution				
Personnel & Benefits	406,291	443,478	320,552	333,167
Administration & Operations	100,000	106,721	89,180	69,090
Supplies and Materials	93,000	127,070	93,000	52,000
Outside Services	30,000	29,957	30,000	30,000
Total Distribution	629,862	707,226	532,731	484,257
Construction				
Personnel & Benefits	219,259	125,302	235,266	283,777
Administration & Operations	28,250	5,000	28,250	18,250
Supplies and Materials	204,500	52,950	79,500	71,000
Outside Services	15,000	91,000	15,000	0
Total Construction	467,009	274,252	358,016	373,027



Authorized Full-Time Personnel by Position

Position Title	FY 2024	FY 2023	FY 2022	FY 2021
Executive Director	1	1	1	1
WTP Supervisor	1	1	1	1
Dist. System Supervisor	1	1	1	1
Office Manager	1	1	1	1
WTP Operator	2	2	2	2
Dist. System Operator	6	6	5	4
Billing Clerk	1	1	1	1
Meter Reader	1	1	1	1



**RATE AND FEE SCHEDULE
EFFECTIVE JULY 1, 2023**

Water Rates: Residential per housing unit (Bimonthly)

- Zone 1: \$36.00 first 3,000 gallons - \$3.60 per thousand gallons thereafter
- Zone 2: \$42.50 first 3,000 gallons - \$7.00 per thousand gallons thereafter
- Zone 3: \$46.00 first 3,000 gallons - \$7.50 per thousand gallons thereafter
- Zone 4: \$48.50 first 3,000 gallons - \$9.00 per thousand gallons thereafter

Seasonal Conservation Rate Surcharge (meter readings between June 1 & November 30)

- Zone 1: \$3.96 per thousand gallons on consumption between 14,960 – 22,440 gallons
\$4.50 per thousand gallons on consumption between 22,440 – 29,920 gallons
\$5.40 per thousand gallons on all consumption beyond 29,920 gallons
- Zone 2: \$7.70 per thousand gallons on consumption between 14,960 – 22,440 gallons
\$8.75 per thousand gallons on consumption between 22,440 – 29,920 gallons
\$10.50 per thousand gallons on consumption beyond 29,920 gallons
- Zone 3: \$8.25 per thousand gallons on consumption between 14,960 – 22,440 gallons
\$9.38 per thousand gallons on consumption between 22,440 – 29,920 gallons
\$11.25 per thousand gallons on consumption beyond 29,920 gallons
- Zone 4: \$9.90 per thousand gallons on consumption between 14,960 – 22,440 gallons
\$11.25 per thousand gallons on consumption between 22,440 – 29,920 gallons
\$13.50 per thousand gallons on consumption beyond 29,920 gallons

Water Rates: Multi-Family per housing unit, Commercial & Industrial (Monthly)

- Zone 1: \$18.00 per 1,500 gallons – then \$3.60 per thousand gallons thereafter
- Zone 2: \$21.25 per 1,500 gallons – then \$7.00 per thousand gallons thereafter
- Zone 3: \$23.00 per 1,500 gallons – then \$7.50 per thousand gallons thereafter
- Zone 4: \$24.25 per 1,500 gallons – then \$9.00 per thousand gallons thereafter

New Connection Charges

Tap Fees

5/8" Tap: \$2,050 1" Tap: \$2,750 2" Tap: \$4,050 2"+: \$4,050 + \$1,000 per inch
 Road Crossing (no cut): \$600 Road Crossing (cut): \$600 + \$95/SF Paving

System Reduction Fees

5/8" Tap: \$2,000 1" Tap: \$3,000 2" Tap: \$4,200 2"+: \$4,200 + \$1,000 per inch

Administrative Charges

- New Service Connection: \$125
- Rental Account Transfer: \$10
- Non-payment Reconnection Fee: \$60
- Vacation connect/disconnect: \$20
- Returned check fee: \$35
- After-hours reconnect: \$100
- Late Payment Penalty: Greater of \$6 or 10% of water & sewer charges



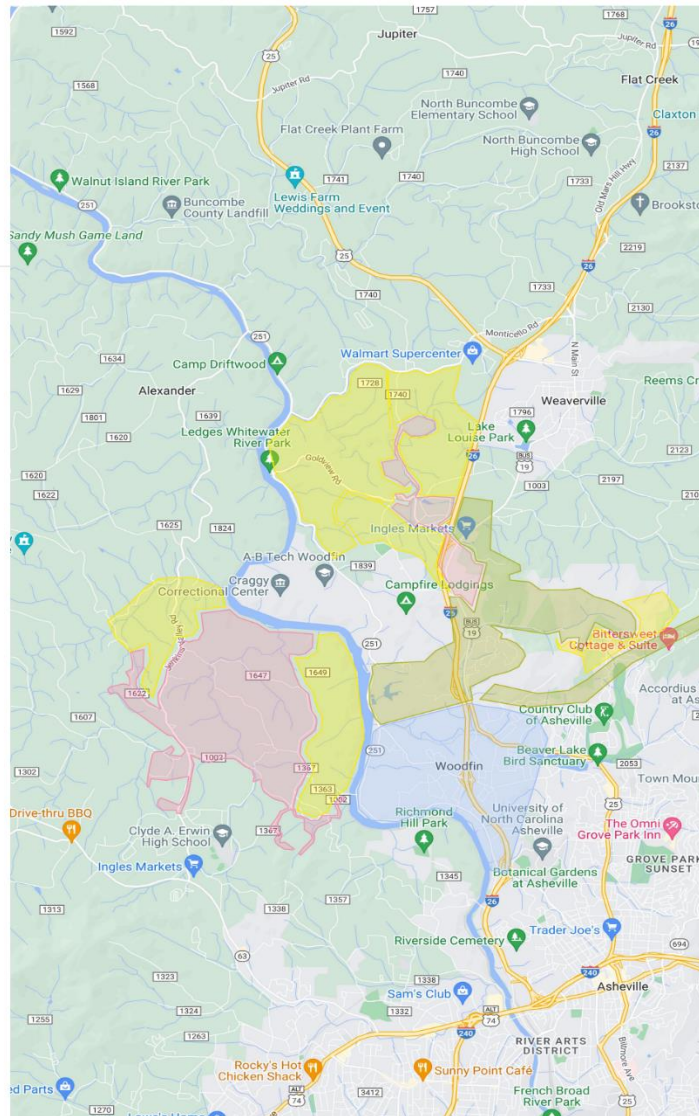
Meter Re-Read (One free annually): \$25 Hydrant bulk water: \$50 + \$10/thousand gallons
Debit/Credit Card Convenience Fee: \$3 per transaction

Construction Charges

New Construction Application:	\$130	Meter Relocation:	\$1,000 + paving/road crossing fees
Miscellaneous Labor:	\$80/hr	Heavy Equipment:	\$65/hr per individual equipment
Meter testing Fee:	\$50	GIS Recording:	\$.25 per linear foot, minimum \$160
Materials:	Cost + 15%	Document Recording:	\$60 + \$5 per page

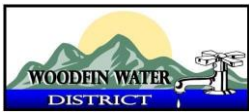
Rate Zone Map

- Zone 1
- Zone 2
- Zone 3
- Zone 4





Capital Improvements & Debt



Capital Improvement Plan & Policy

The Woodfin Sanitary Water & Sewer District's Five-Year Capital Improvements Plan is a tool developed by the District in order to help plan, in an orderly fashion, improvements and upgrades to the District's system that are financially, or *capitally*, intensive in nature. By creating a Capital Improvements Plan (CIP), the District can better utilize its revenues, apply for state and federal assistance for projects, and anticipate future disruptions to the system. As the first District water lines approach one hundred years of age, and the system continues to realize growing pains, attention is required to infrastructure that is considered a long-term investment yet as a whole expensive enough to warrant a multi-year budgeting strategy.

The objectives of the Five-Year Capital Improvements Plan are:

A. Provide for an orderly manner of long-range financial planning and management – The District's primary responsibility lies with its existing customers within and outside District boundaries. The District's infrastructure continues to age, and a lack of viable planning for replacing that infrastructure could compromise the District's financial position.

B. Encourage a transparent method for planning system improvements – The hallmark of good government is its willingness to provide a system of transparency and openness regarding its operations. This helps ensure that all of the District's citizens are being treated fairly and have an ongoing ability to examine and comment on future District improvements.

C. Ensure adequate revenue collection and protection – Recognizing that capital improvements are expensive and instrumental to the operations of the District, it is imperative that the District have a firm grasp on the level of funding necessary to operate the system and pay for needed improvements.

Planning and Implementation Process

The planning and implementation process for the CIP utilizes the following format:

- **Project Definition** – In order to create the plan, and to provide for its continual evolution, projects must be identified for inclusion. For a project to be considered capital in nature, and therefore included in the CIP, it must be
 - A permanent purchase or useful for perpetuity,
 - Identifiable by one-time purchasing costs, and
 - Significantly expensive in cost.

Projects of this nature are usually unsuitable for inclusion in the District's normal operating budget, and therefore fit the criteria for inclusion.

- **Project Identification and Selection** – Once a project has been accepted as meeting the criteria for inclusion in the District's CIP, it must be considered within the context of the District's overall operations – available revenue sources, applicability to operating costs, benefits to the District's customers versus cost, and timeliness are all factors used to



finalize projects for inclusion in the CIP. Since revenue in any given year is limited, and project need is usually greater than available revenue, this step must be carefully considered. Other steps considered within this construct include the necessity of obtaining easements or property, confidence in cost estimates, availability of qualified firms or personnel to construct improvements, and so on.

- **Plan Passage** – Once the yearly CIP is created, it is presented to the District’s Board of Trustees for passage. Projects included in any given year of the CIP are funded as a subset of the District’s overall budget. Funding for projects can be from general District revenues or reserves, special assessment, private, state and federal grants and/or loans, or any combination of the above.
- **Implementation** – After passage, projects are implemented individually, depending on criteria such as immediate District needs, statutory requirements for bidding, and similar considerations. Implementation of projects commonly occurs as follows:
 - Design and approval – Improvements such as water line construction or treatment plant alterations generally require design by a licensed engineer and approval from the State before they can begin. Most projects of this nature are designed through a private engineering firm retained by the District for such work. Depending on the scope of the project, this step may also include assorted items such as outside consultations, meetings with affected customers, negotiation for easements or property purchases.
 - Bid, Award, and Contract – Depending on the project, a bidding process may be required or, alternatively, desired in order to procure the greatest cost savings and consideration of qualified providers. This also helps ensure cost efficiency for the District and that awarding of contracts or projects are based on ability to perform.
 - Construct and Complete – Once a supplier or contractor has been selected, District personnel work with consultants, engineers, state officials, or other individuals to verify performance as contracted and within funds budgeted for the improvement.

Future Preparations

The District’s Capital Improvements Plan is designed to be constantly evolving; to that end, preparation for future capital improvement plans are ongoing – new projects continue to be identified based on current needs; incomplete projects may be reinserted into future plans; projects no longer considered necessary may be dropped. Thus, planning and developing the CIP is a continual process. Finally, it is important to note that the Capital Improvements Plan is just that – a plan. Projects may be accelerated, deferred, or unfunded depending upon revenue conditions, emergency situations, immediate District needs, and a host of other conditions that may affect the District’s ability to fully implement the CIP as presented.



Debt Policy

The District retired the last of its outstanding debt in 2012. Since then, the District has paid for all operations and improvements to the system on a “pay as you go” method. Because of this philosophy, and the existence of state guidelines that already limit the issuance of debt to permanent improvements to the system of a capital nature, the District has not foreseen the need to implement an official debt policy. Should the need arise, however, in the future, the District will proceed with debt issuance the way all other major initiatives are approached: with deliberation, transparency, and an eye towards the future needs and security of the District.

Summary of 5-year CIP

Expenditures by Category

Year	Distribution System Projects	Treatment System Projects	Buildings and Improvements	Vehicles and Equipment	Current Total
2024	467,010	5,000	80,000	11,200	563,210
2025	TBD*	TBD	TBD	TBD	TBD
2026	TBD	TBD	TBD	TBD	TBD
2027	TBD	TBD	TBD	TBD	TBD
2028	TBD	TBD	TBD	TBD	TBD
Total by Category	\$467,010	\$5,000	\$80,000	\$11,200	\$568,016

* Note: Due to the reconfiguration of pipeline installation projects from outside contractors to in-house construction, future year CIP expenditures were still to be determined (TBD) at the time of budget completion for FY 2023.

FY 2024 Capital Projects Summary

Expense Category	FY 2024 Proposed	FY 2023 Projected	FY 2023 Budgeted	Annual increase/decrease
Meter Replacement Program	50,000	140,000	100,000	(50,000)
Hydrant Repair/Replace	5,000	5,000	5,000	0
Treatment Plant Upgrades	5,000	80,000	5,000	(75,000)
Pipeline Construction	467,010	274,253	358,016	108,993
Field Tool Replacement	6,200	5,000	5,000	1,200
SCADA Upgrades	25,000	27,000	25,000	0
Construction Skid-steer	0	67,775	70,000	(70,000)
Fleet Truck Replacement	0	49,600	25,000	(25,000)
Ditch Compactor	5,000	0	0	5,000
Total CIP Expenses	563,210	634,948	668,016	(104,806)



Department Information



Administration

Administration functions cover the general day-to-day operational functions of the District, which include such items as customer billing, arranging water connections and disconnections, and setting up new accounts. It covers the salaries of personnel required to formulate budgets, run the daily operations of the District, and collect and process billing payments.

Expense Category	FY 2024 Proposed	FY 2023 Projected	FY 2023 Budgeted	Annual increase/ decrease
Other Pay/Bonus	8,022	3,924	7,815	207
Salaries & Wages	202,165	150,360	181,457	20,708
Auto Expense	3,840	1,920	3,840	0
FICA	16,079	9,566	14,479	1,600
Medicare	0	2,237	0	0
Medical Insurance	25,535	18,048	45,003	(19,468)
Retirement	27,588	18,514	23,366	4,222
Employee Training	1,000	350	1,500	(500)
Board Expenses	18,000	12,719	15,000	3,000
Communication Services	4,200	5,262	4,200	0
Electric	2,675	2,695	2,950	(275)
Travel	500	50	1,000	(500)
Postage	1,500	1,268	1,500	0
Office Supplies	5,000	8,200	4,500	500
Professional Services – Auditor	18,000	16,000	16,000	2,000
Professional Svcs – Attorney	100	0	100	0
Contract Services	58,706	215,195	214,916	(156,210)
Fees/Permits/Dues	6,925	6,576	6,445	480
Insurance/Bonds	41,500	38,000	45,500	(4,000)
Miscellaneous	500	500	500	0
Financial Services	50,200	41,035	42,000	8,200
Technical Services	1,500	1,296	2,200	(700)
Leased Equipment	5,000	2,984	5,000	0
Low Income Program	3,500	3,500	3,500	0
Rebate Program	250	0	250	0
				0
Total Administration Expenses	502,285	560,199	643,021	(140,736)



Production

Water production refers to the process of filtering, disinfecting, and treating water from its source to provide water that meets all state and federal standards. Costs involved in this area include items such as chemicals, salaries of water treatment plant operators, and equipment and maintenance. Also included in the cost of raw water are purchases made from the City of Asheville to supplement the District's water supplies.

Expense Category	FY 2024 Proposed	FY 2023 Projected	FY 2023 Budgeted	Annual increase/ decrease
Other pay/bonus	1,757	1,377	1,229	528
Salaries & Wages	175,703	164,171	147,904	27,799
Overtime	0	1,457	0	0
FICA	13,576	12,776	9,496	4,080
Medicare	0	0	0	0
Medical Insurance	33,985	26,686	31,679	2,306
Retirement	22,875	20,041	15,020	7,855
Employee Training	500	250	250	250
Communication Services	3,680	2,828	3,464	216
Electric	28,244	24,892	22,144	6,100
Uniforms	225	150	150	75
Property Maintenance	750	750	750	0
Equipment Maintenance	1,000	2,277	1,000	0
Truck Maintenance	250	100	250	0
Contracted Services	6,496	11,008	4,420	2,076
Propane	0	0	0	0
Department Supplies	16,000	16,286	14,000	2,000
Chlorine	0	0	0	0
Caustic Soda	43,000	47,000	37,000	6,000
Alum	0	0	0	0
Fees/Permits/Dues	2,350	2,434	1,890	460
Sludge Removal	14,000	13,895	14,000	0
Asheville Water Purchases	300,000	270,000	255,000	45,000
Miscellaneous	100	100	100	0
Total Production Expenses	664,490	618,477	559,746	104,744



Distribution

Water distribution costs are those incurred by the District to distribute treated water to the customer. Repairs to water main lines, connections for new customers, and replacement of water fixtures such as valves would be considered water distribution costs, as would the salaries of personnel employed for these purposes.

Expense Category	FY 2024 Proposed	FY 2023 Projected	FY 2023 Budgeted	Annual increase/ decrease
Other Pay/Bonus	2,600	2,911	2,215	386
Salaries and Wages	260,033	294,870	221,465	38,568
Overtime	10,000	10,000	10,000	0
FICA	20,856	23,545	17,877	2,980
Medicare	0	0	0	0
Medical Insurance	75,659	72,850	39,070	36,589
Retirement	35,142	36,934	28,275	6,867
Mileage	2,500	2,590	1,500	1,000
Communication Services	12,100	13,077	10,300	1,800
Electric	21,510	20,555	16,980	4,530
Uniforms	1,250	1,509	900	350
Employee Training	750	860	750	0
Heating	0	0	0	0
Asphalt Repair	45,000	42,200	45,000	0
Property Maintenance	5,000	7,660	3,500	1,500
Truck Maintenance	7,000	10,000	4,500	2,500
Equipment Maintenance	4,000	5,600	4,000	0
Department Fuel	18,000	16,320	18,000	0
City Permits	250	250	250	0
Department Supplies	75,000	110,750	75,000	0
Fees/Permits/Dues	2,710	3,289	2,650	60
Miscellaneous	500	1,500	500	0
Contracted Services	30,000	29,957	30,000	0
				0
Total Distribution Expenses	629,862	707,227	532,732	97,130



Construction

Construction costs are all allocated to capital improvements as contained within the annual budget, and include all salaries, benefits, parts and services required to construct capital improvements. Expense categories are similar to that of the Distribution system categories.

Expense Category	FY 2024 Proposed	FY 2023 Projected	FY 2023 Budgeted	Annual increase/ decrease
Other Pay/Bonus	1,238	2,672	1,487	-249
Salaries and Wages	123,811	77,000	148,709	-24,898
Overtime	0	4,516	0	0
FICA	9,566	6,272	11,490	-1,924
Medicare	0	0	0	0
Medical Insurance	67,625	23,860	55,573	12,052
Retirement	16,119	10,103	17,107	-988
Uniforms	650	450	650	0
Employee Training	250	430	250	0
Asphalt Repair	25,000	5,000	25,000	0
Equipment Maintenance	2,500	0	2,500	0
Department Fuel	4,500	1,000	4,500	0
Construction Permits	250	0	250	0
Parts and Supplies	200,000	51,950	75,000	125,000
Miscellaneous	500	0	500	0
Contracted Services	15,000	91,000	15,000	0
				0
Total Construction Expenses	467,010	274,253	358,016	108,993



Statistical Information



Community Demographics

Because the District’s service area extends over part, but not all, of three municipal corporations (the City of Asheville and the Towns of Woodfin and Weaverville), as well as a portion of unincorporated Buncombe County, providing an accurate count of population and demographics is difficult and would require considerable effort deciphering US Census tracts that correlated with the service area of the District. For that reason, specific demographic data is not included within this budget document. More information on general community demographics can be found on Buncombe County’s website at www.buncombecounty.org, the City of Asheville’s website at www.ashevillenc.gov, the Town of Weaverville’s website at www.weavervillenc.org, and the Town of Woodfin’s website at www.woodfin-nc.gov.

Top Users

The District’s top ten customers, by consumption level:

Rank	Name	2022 Consumption (in gallons)
1.	Metropolitan Sewerage District	16,014,408
2.	NC Department of Corrections (Craggy Prison)	10,732,304
3.	Heritage at the Peak	7,361,068
4.	Manor Ridge Apartments EWT-24	5,467,688
5.	Lofts at Reynolds Village	5,378,120
6.	Buncombe County Operations	4,195,800
7.	La Caretta Restaurant	1,273,096
8.	AVL Technologies	1,232,704
9.	Inglewood MH Park	1,112,276
10.	Curtis T LLC Brookdale MH Park	1,051,688

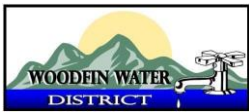
District Historical Data

Budget by Fiscal Year, 2014-2023

Year	Amount	Year	Amount
2014	\$1,634,196	2019	\$1,966,831
2015	1,790,701	2020	1,939,795
2016	1,983,142	2021	2,169,660
2017	2,157,124	2022	2,190,515
2018	2,486,945	2023	2,403,515



Glossary & Appendix



Definition of Terms

Accrual basis: Accrual basis accounting recognizes transactions when they occur, regardless of the timing of related cash flows. The application of accrual accounting techniques prevents distortions in financial statement representations due to shifts in the timing of cash flows and related economic activity at the end of a fiscal period.

Capital project: A capital project is generally considered a high-dollar activity or purchase by the District that has a long estimated useful life, may be permanent, and is considered an asset rather than an operational cost.

Depreciation: Depreciation is the accrual accounting concepts using various methods to expense capitalized costs of an asset over its estimated useful life.

Enterprise fund: A fund established to account for operations that are financed and operated in a manner similar to a private business, wherein the cost of providing services are recovered through user charges and other fees specifically related to the activity and to be used only for those purposes.

Expenditure: The cost of goods and services delivered without regard to payment.

Fiscal year: The twelve-month period to which the authorized budget applies. The District's fiscal year runs from July 1st through June 30th each year as set by state law.

Full-time equivalent (FTE): A method to determine the total number of positions authorized based on one full year of work activity (2,080 hours).

Generally Accepted Accounting Principles (GAAP): Conventions, rules and procedures that serve as the basis for the fair presentation of financial statements and budgeting principles.

General fund: The District's enterprise fund, used to fund all financial activity except those specifically excluded by law (such as debt or loan & grant proceeds).

Operating budget: The authorized revenue projections and expenditures as passed by the District's Board of Trustees.

Revenue: The charges and fees collected by the District used to fund operations.



Summary of Capital Projects

*Note: All Capital Improvement Projects derived from District’s proposed Five-Year Capital Improvements Plan.

Meter Replacement Program

Project Description:

This project shifts the focus of the District’s meter replacement program from analog, manually-read meters to a fixed automated meter reading (AMR) system. This year’s replacement is estimated at approximately 200 meters.

Estimated Project Costs:

Water meters & fixtures	200 AMR meters @ \$250/meter	\$50,000
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Total Project Cost	200 meters	\$50,000
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Source of Funds:

General reserves & operational revenues

Hydrant Repair & Replacement

Project Description:

This project will continue to fund repair and upgrades to the District’s hydrants in FY 2024. Hydrant repair and replacement at this point is limited to those damaged during the fiscal year or impractical to operate/repair due to age, location and other factors.

Estimated Project Costs:

Hydrant Repair	4 @ \$ 400 each	1,600
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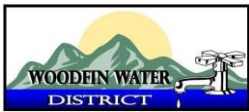
Hydrant Replacement	2 @ \$1,650 each	3,300
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Related Supplies		100
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Total Project Cost:	6 hydrants	\$5,000
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Source of Funds:

General reserves & operational revenues



Ditch Compactor

Project Description:

This project funds the purchase of a Ditch Compactor for use in the District's repair work.

Estimated Project Costs:

Ditch Compactor	\$5,000
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Total Project Cost:	\$5,000
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Source of Funds:

General reserves & operational revenues

Water Treatment Plant Upgrades

Project Description:

This project will continue to fund replacement and upgrades for the water treatment plant's treatment, monitoring and pumping equipment.

Estimated Project Costs:

General equipment replacement	\$ 5,000
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Total Project Costs:	\$ 5,000
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Source of Funds:

General reserves & operational revenues



Pipeline Installation

Project Description:

This project constructs new and replacement District water line installation. Estimated total line installation for FY 2024 is 3,400 feet of 2-inch line as follows:

Squirrel Hill 500' 2" PVC; Graystone Connection 300' 2" PVC; Fern Glade Rd area 600' 2" PVC; Old Weaverville Road 2000' 2"PVC

Estimated Project Costs:

Administrative	\$ 0
Construction	467,010
Design	0
Contingencies	0

Total Project Costs: \$467,010

Source of Funds:

General reserves & operational revenues

Field Tool Replacement

Project Description:

This project funds the purchase of replacement field tools used in the Distribution system.

Estimated Project Costs:

Field Tool Replacement	\$ 6,200
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Total Project Costs: \$ 6,200

Source of Funds:

General reserves & operational revenues