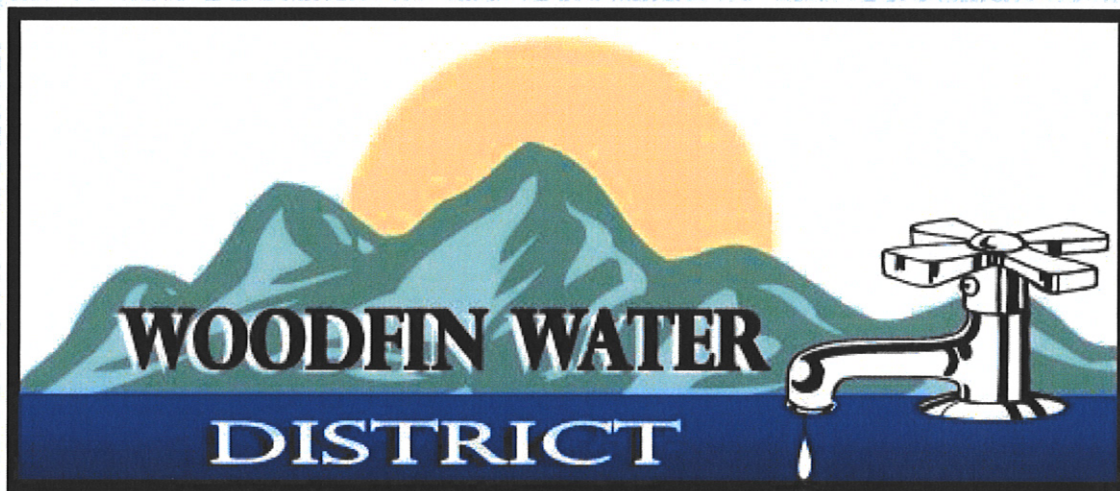


Woodfin Sanitary Water and Sewer District



Annual Budget

Fiscal Year 2025

**Woodfin Sanitary Water and Sewer District
Proposed Fiscal Year 2025 Budget
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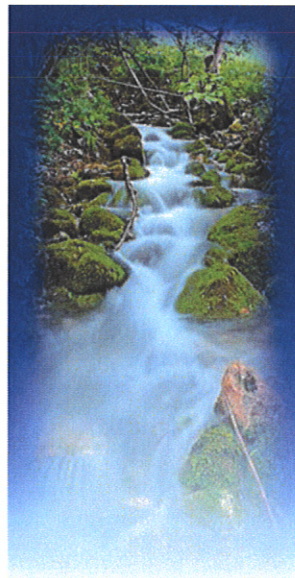


Introduction

Woodfin Sanitary Water and Sewer
District
Fiscal Year 2025 Budget

Board of Trustees

Gordon Maybury - Chair
Larry Hopkins - Vice-Chair
Lauren Edgerton - Secretary



Woodfin Sanitary Water and Sewer
District
Fiscal Year 2025 Budget
Appointed Staff & Officials

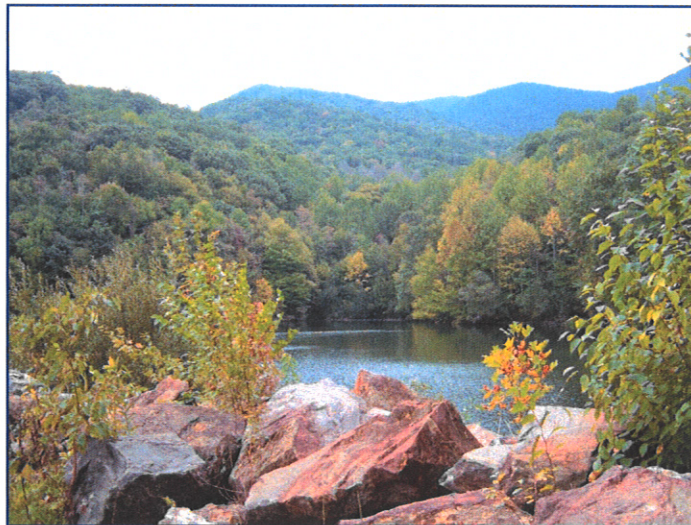
Jackie Bryson - MSD Representative

District Administration

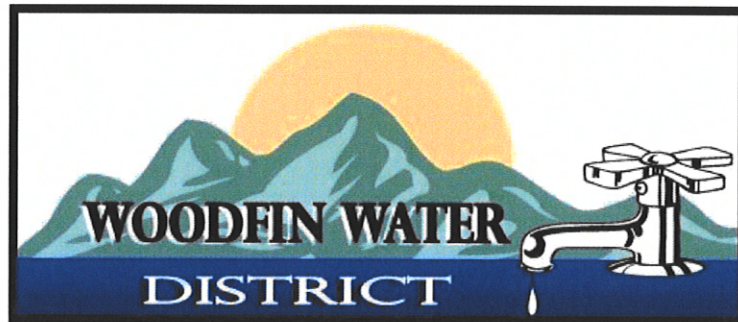
Joseph Martin - Executive Director

System Operations

Sam Chattin - Distribution System Supervisor
Chandler Henn - Water Treatment System Supervisor



Woodfin Sanitary Water and Sewer District



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.



April 15, 2024

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 2025. This year's proposed budget primarily addresses revenue and expenditure issues that are expected from recent City of Asheville severe rate increases.

For fiscal year 2025, I have proposed an expenditure level of **\$2,498,035**. This is against projected available resources of **\$5,931,300**, leaving the District with a reserve fund level of **\$3,433,265**. This year's budget increases both revenue and expenditures significantly to compensate for a 33% increase in the wholesale water charges levied by the City of Asheville for repurchased water. Because the District restructured rates several years ago to better allocate costs to customer areas that generated those costs, the bulk of rate increases for District customers will be experienced by those in Zones three and four, both of which are served virtually exclusively with water purchased from the City. However, because of large inflationary increases in District materials, all District customers will experience rate increases of at least four percent.

With the expected transition to new leadership during the budgeting process, considerable funds (approximately \$215,000) have been left unexpended to allow some flexibility for the Board and new Executive Director to address capital and other needs as agreed. All personnel will receive 5% cost of living increases in order to help the District remain competitive with competing labor forces for personnel. One authorized distribution tech position has been left vacant for FY 2025 pending need and revenue review as the year progresses.

As I anticipate this to be my final budget message to the Board of Trustees over the last twenty years, I would like to, as always, thank the staff for their assistance in the construction of this budget proposal, and to communicate that it has been my extreme honor to have had the privilege to lead such a fine organization as the Woodfin Sanitary Water & Sewer District over that time. I feel confident that the organization is well-equipped to thrive long into the future.

Sincerely,

A handwritten signature in black ink, appearing to read "Dr. Joseph Martin", is positioned above the printed name.

Dr. Joseph Martin
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.

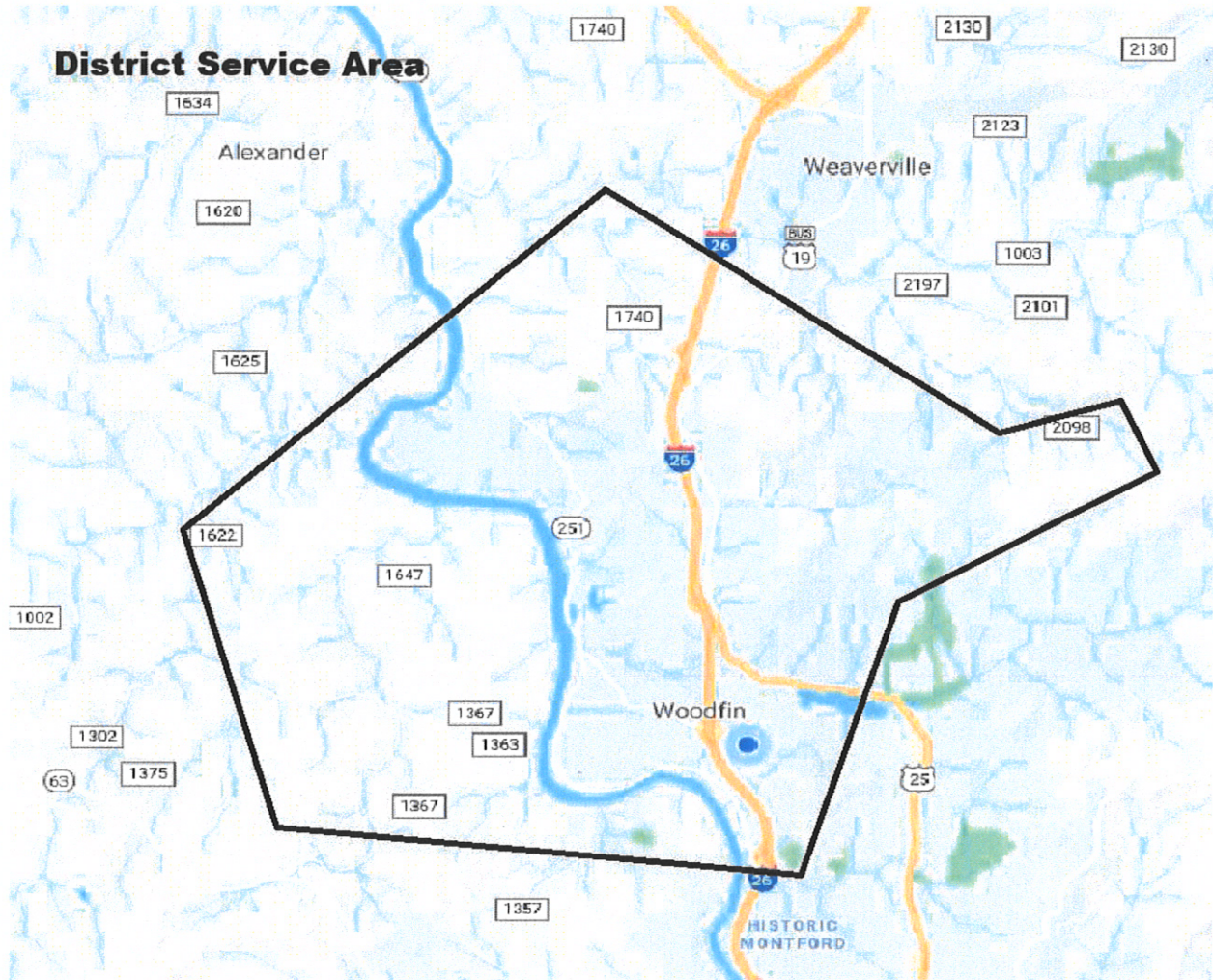
The District operates under a three-member Board of Trustees, elected at large for concurrent 2-year terms from within the District's boundaries. The Board is responsible for appointing an Executive Director, who serves at the pleasure of the Board and is charged with handling the day-to-day operations 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



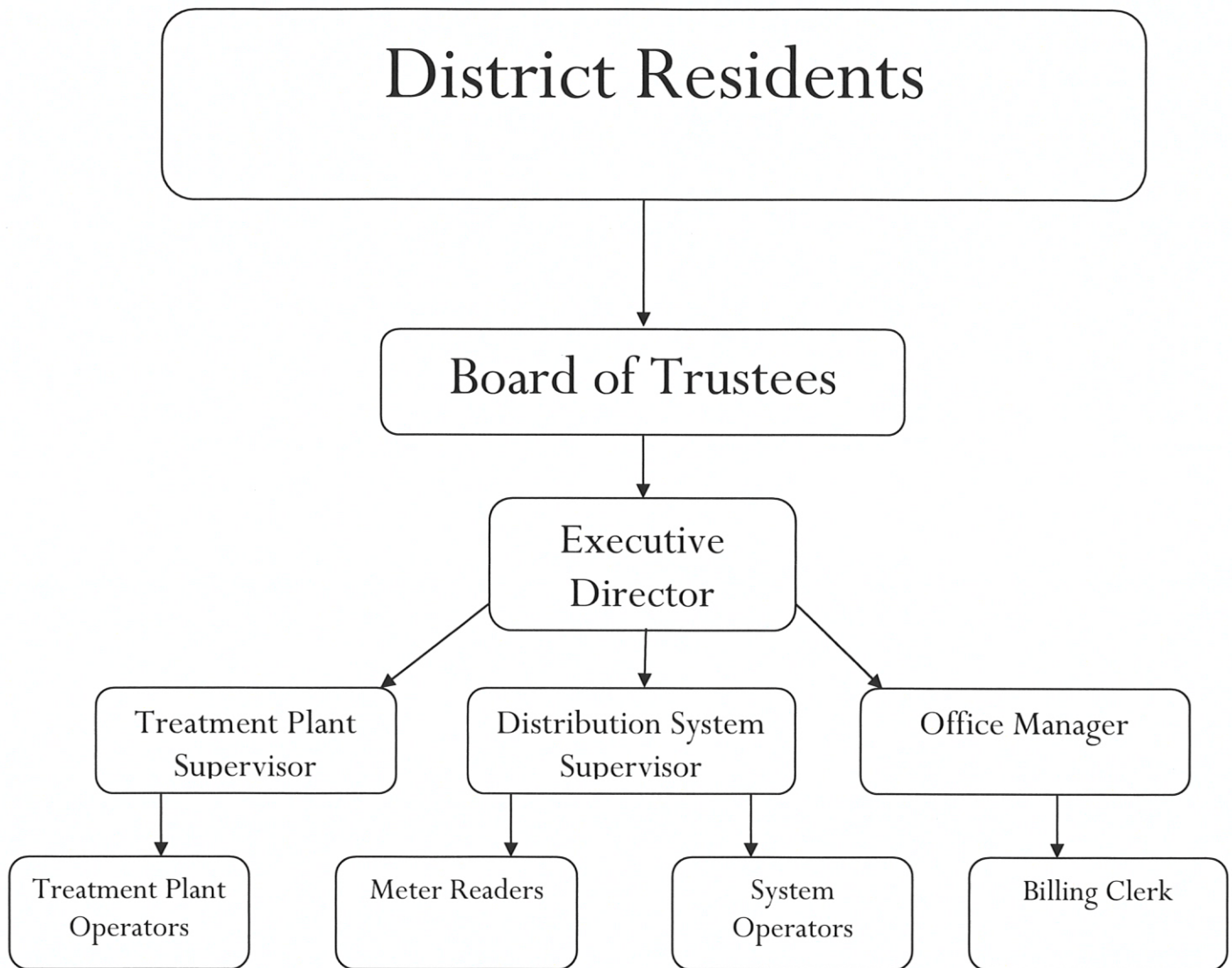
services for the Town of Weaverville to collect recycling fees for those residents who are District customers.

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 2025 Highlights

For fiscal year 2025, the District's budget for all expenditures is **\$2,498,035**. This figure represents an approximate 5.9% increase from FY 2024's budget of \$2,359,847. Excluding capital expenditures, operating expenses increased 13% year over year, reflecting the effects of extremely high inflation over the last several years. Expected resources for FY 2025 total **\$5,931,300**, leaving the District with a net reserve fund balance of **\$3,433,265**. The District's invested funds and cash on hand more than adequately maintain an acceptable amount of reserve funding for operational expenses – approximately 150% of annual operation costs, excluding capital projects. When considered against the District's expected revenues for FY 2025, revenue exceeds operations by nearly \$700,000. Projected revenue exceeds all expenditures, including capital projects, leaving the budget balanced without the use of reserve assets.

No new personnel positions are funded for FY 2025; one authorized position has been left vacant pending verification of future need and consideration of revenue generation. The District's major capital projects for FY 2025 will focus on pipe-laying projects, the purchase of a new fleet truck, and replacement of meters for better revenue generation. All other expenses are customary and incidental to the operations of the District. A significant level of expenditures relative to revenue has been left unallocated in order to provide some flexibility for both a relatively new Board of Trustees and a new Executive Director to better determine future needs and allocate those funds accordingly.

Resources Highlights

The expected income revenue generated for FY 2025 totals **\$2,712,800**, an approximate 14.2% increase from budgeted FY 2024 revenue. The District has largely avoided rate increases for its customers over the past twenty years, but recent challenges has reduced the ability of the District



to absorb costs. In the last several years, the District has faced an increasingly challenging labor market, extreme inflationary pressures on everything from replacement materials to utilities to labor expenses, and significant (33% for FY 2025 alone) cost increases on repurchased water from the City of Asheville. As the District shifted to a zoned rate system several years ago, some of these costs are allocated across the board in rate increases while others are placed more specifically in the zones that generate those costs.

Even with these new challenges, 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 2025 largely mirror those of FY 2024, adjusted for inflation. All expenditures within the FY 2025 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 2025. The largest single increase in expenditures is for repurchased water from the City of Asheville, anticipated to increase in cost by approximately \$60,000 from FY 2024 budgeted levels.

For FY 2025, employees will receive an across-the-board increase of five percent, with some additional increase possible for personnel as they obtain additional training and experience in order to maintain an adequate and qualified workforce.

Expenditure categories contained within the FY 2025 budget include: Administration (24% of the FY 2025 budget), Production (30%), Distribution (27%), and Capital Improvements (19%). Capital expenditures as a percentage of the budget may increase depending on how unallocated funds are expended during the fiscal year.

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 2025 Proposed	FY 2024 Projected	FY 2024 Budgeted	FY 2023 Budgeted
Resources				
Existing Funds				
General Fund	1,100,000	949,481	930,000	1,000,000
Invested Assets	2,118,500	2,118,498	2,111,000	2,053,100
Total Existing Funds	3,218,500	3,067,979	3,041,000	3,053,100
Projected Revenue				
Water Sales	2,275,000	1,857,830	1,950,000	1,985,000
Development Fees	175,000	225,000	175,000	175,000
Charges for Services	169,800	175,530	159,250	147,300
Interest Income	50,000	51,850	75,000	11,000
Misc. Income	43,000	41,000	15,000	15,000
Total Projected Revenue	2,712,800	2,349,210	2,374,250	2,333,300
Total Resources	5,931,300	5,417,189	5,415,250	5,304,900
Expenditures				
Personnel/Benefits	1,044,815	852,938	935,300	799,900
Admin & Operations	275,195	299,477	236,904	218,063
Supplies & Materials	536,500	515,680	458,500	405,500
Outside Services	179,150	288,195	165,902	312,536
Capital Projects	462,375	264,203	563,210	668,016
Total Expenditures	2,498,035	2,220,493	2,359,847	2,403,515



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. In recent years, water sales and new connection fees have been created as single categories due to the changing nature of District billing and administration.

Income Category	FY 2025 Proposed	FY 2024 Projected	FY 2024 Budgeted	Annual increase/ decrease
Interest Income	50,000	51,850	75,000	(25,000)
Misc. Income	43,000	41,000	15,000	28,000
Returned Check Fees	1,800	1,540	1,250	550
MSD Contract Services	57,000	55,610	47,000	10,000
Water Sales	2,275,000	1,857,830	1,950,000	325,000
New Connection Fees	175,000	225,000	175,000	0
New Service Fees	58,000	60,850	60,000	(2,000)
Reconnect Fees	20,000	16,840	22,000	(2,000)
Late Fees	33,000	39,050	29,000	4,000
Total Annual Revenue	2,712,800	2,349,210	2,374,250	338,550



Summary of Expenditures by Category

Category	FY 2025	FY 2024 Projected	FY 2024 Budgeted	FY 2023 Budgeted
Salary & Wages	690,745	576,135	637,901	525,825
Bonus Pay	12,908	10,738	12,379	11,258
Payroll Taxes	54,594	45,355	50,511	41,851
Overtime	10,000	8,807	10,000	10,000
Uniforms	1,125	2,727	1,475	1,050
Health Insurance	173,827	132,000	135,179	115,752
Retirement Contributions	97,866	75,121	85,605	66,661
Training	3,750	2,055	2,250	2,500
Board Expenses	16,000	36,100	18,000	15,000
Communication Services	20,540	18,390	19,980	17,964
Utilities	54,680	53,093	52,429	42,074
Vehicle Repairs & Maintenance	8,000	7,521	7,250	4,750
Contracted Services	116,750	226,845	109,202	175,336
Parts & Supplies	151,000	150,880	134,000	126,000
Liability & WC Insurance	53,500	51,460	41,500	45,500
Financial Services	55,200	55,700	50,200	42,000
Leased Equipment	5,000	3,350	5,000	5,000
Technical Services	2,200	2,300	1,500	2,200
Water Purchases	360,000	340,000	300,000	255,000
Postage & Office Supplies	7,500	7,800	6,500	6,000
Travel & Vehicle Reimbursement	6,340	5,380	6,840	6,340
Equipment Repairs & Maintenance	10,000	17,980	5,000	5,000
Facility Repairs & Maintenance	6,000	6,850	5,720	4,250
Membership Fees & Dues	7,345	6,250	6,925	7,570
Audit & Legal Expenses	21,100	19,850	18,100	16,100
Miscellaneous Expenses	1,600	2,008	1,100	1,100
Rebate & Low-Income Programs	3,750	5,000	3,750	3,750
Street Permits & Repairs	60,250	63,000	45,250	45,250
Consumable Fuels	18,000	17,000	18,000	18,000
State Permits & Fees	6,090	6,595	5,060	4,540
Capital Projects	462,375	264,203	563,210	568,016
Total Expenditures	2,498,035	2,513,623	2,359,847	2,403,515



Summary of Expenses by Department

Department	FY 2025 Proposed	FY 2024 Projected	FY 2024 Budgeted	FY 2023 Budgeted
Administration				
Personnel & Benefits	359,167	259,418	280,389	273,619
Administration & Operations	114,595	129,538	99,990	99,285
Supplies & Materials	7,500	7,800	6,500	6,000
Outside Services	124,670	236,350	115,406	264,116
Total Administration	605,932	633,106	502,285	643,020
Production				
Personnel & Benefits	258,186	223,450	248,621	205,728
Administration & Operations	37,235	46,356	36,374	29,598
Supplies & Materials	436,000	418,880	359,000	306,000
Outside Services	21,480	15,845	20,496	18,420
Total Production	752,901	704,531	664,491	559,746
Distribution				
Personnel & Benefits	427,462	370,070	406,290	320,552
Administration & Operations	123,365	123,583	100,570	89,180
Supplies and Materials	93,000	89,000	93,000	93,000
Outside Services	33,000	36,000	30,000	30,000
Total Distribution	676,827	618,653	629,860	532,731
Construction				
Personnel & Benefits	253,625	175,393	219,259	235,266
Administration & Operations	28,250	12,010	28,250	28,250
Supplies and Materials	79,500	17,000	204,500	79,500
Outside Services	15,000	4,700	15,000	15,000
Total Construction	376,375	274,252	467,009	358,016



Authorized Full-Time Personnel by Position

Position Title	FY 2025	FY 2024	FY 2023	FY 2022
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	1	2
Dist. System Operator	7	7	6	5
Billing Clerk	1	1	1	1
Meter Reader	1	1	1	1



**RATE AND FEE SCHEDULE
EFFECTIVE JULY 1, 2024**

Water Rates: Residential per housing unit (Bimonthly)

- Zone 1: \$38.00 first 3,000 gallons - \$3.75 per thousand gallons thereafter
- Zone 2: \$45.00 first 3,000 gallons - \$7.25 per thousand gallons thereafter
- Zone 3: \$52.00 first 3,000 gallons - \$9.50 per thousand gallons thereafter
- Zone 4: \$58.00 first 3,000 gallons - \$12.00 per thousand gallons thereafter

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

- Zone 1: \$4.13 per thousand gallons on consumption between 14,960 – 22,440 gallons
\$4.69 per thousand gallons on consumption between 22,440 – 29,920 gallons
\$5.62 per thousand gallons on all consumption beyond 29,920 gallons
- Zone 2: \$7.98 per thousand gallons on consumption between 14,960 – 22,440 gallons
\$9.06 per thousand gallons on consumption between 22,440 – 29,920 gallons
\$10.88 per thousand gallons on consumption beyond 29,920 gallons
- Zone 3: \$10.45 per thousand gallons on consumption between 14,960 – 22,440 gallons
\$11.88 per thousand gallons on consumption between 22,440 – 29,920 gallons
\$14.25 per thousand gallons on consumption beyond 29,920 gallons
- Zone 4: \$13.20 per thousand gallons on consumption between 14,960 – 22,440 gallons
\$15.00 per thousand gallons on consumption between 22,440 – 29,920 gallons
\$18.00 per thousand gallons on consumption beyond 29,920 gallons

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

- Zone 1: \$19.00 per 1,500 gallons – then \$3.75 per thousand gallons thereafter
- Zone 2: \$22.50 per 1,500 gallons – then \$7.25 per thousand gallons thereafter
- Zone 3: \$26.00 per 1,500 gallons – then \$9.50 per thousand gallons thereafter
- Zone 4: \$29.00 per 1,500 gallons – then \$12.00 per thousand gallons thereafter

New Connection Charges

Tap Fees

5/8" Tap: \$2,100	1" Tap: \$2,800	2" Tap: \$4,100	2"+: \$4,100 + \$1,000 per inch
Road Crossing (no cut): \$600		Road Crossing (cut): \$430 + \$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
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Administrative Charges

- | | |
|--|-----------------------------------|
| New Service Connection: \$130 | Rental Account Transfer: \$10 |
| Non-payment Reconnection Fee: \$60 | Vacation connect/disconnect: \$25 |
| Returned check fee: \$35 | After-hours reconnect: \$100 |
| Late Payment Penalty: Greater of \$6 or 10% of water & sewer charges | |

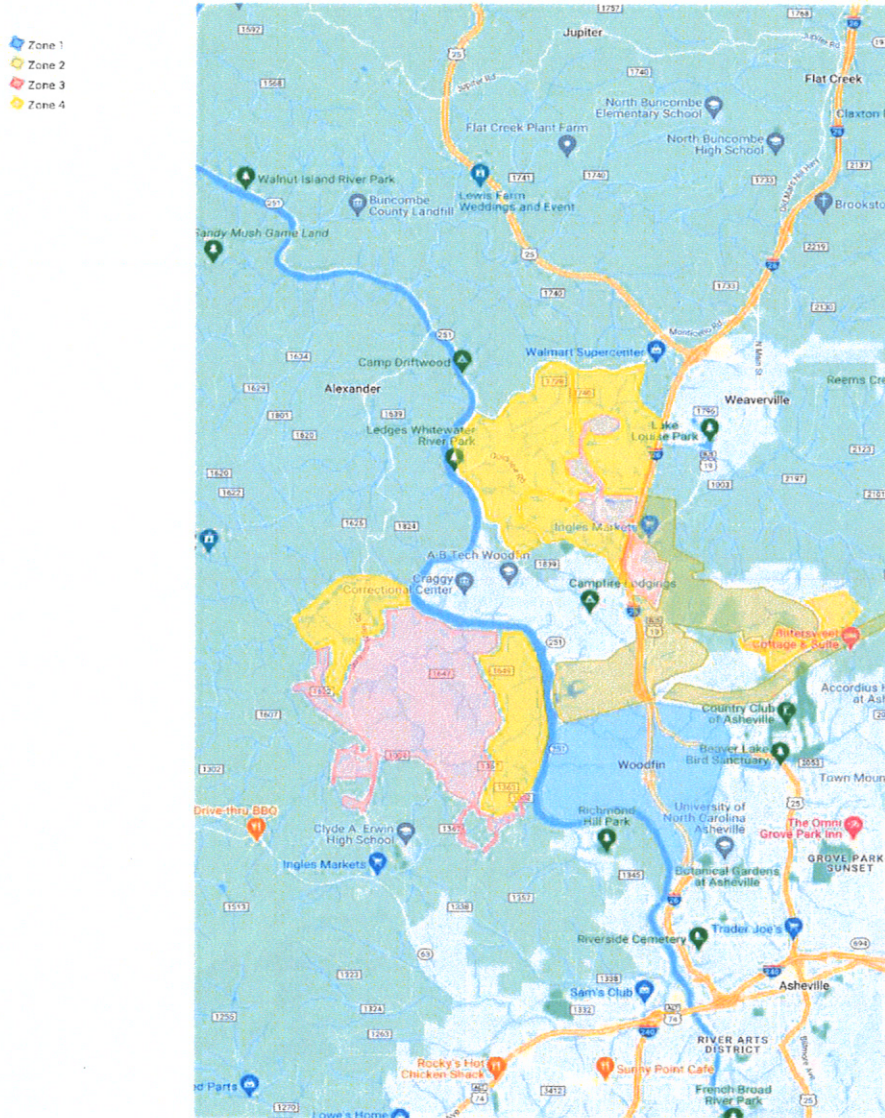


Meter Re-Read (One free annually): \$25 Hydrant bulk water: \$50 + \$12/thousand gallons
 Debit/Credit Card Convenience Fee: \$3 per transaction

Construction Charges

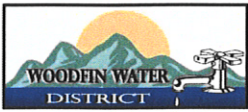
New Construction Application:	\$135	Meter Relocation:	\$1,050 + paving/road crossing fees
Miscellaneous Labor:	\$80/hr	Heavy Equipment:	\$65/hr per individual equipment
Meter testing Fee:	\$50	GIS Recording:	\$.25 per linear foot, minimum \$160
Materials:	Cost + 15%	Document Recording:	\$60 + \$5 per page

Rate Zone Map





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
2025	376,375	5,000	26,000	55,000	462,375
2026	TBD*	TBD	TBD	TBD	TBD
2027	TBD	TBD	TBD	TBD	TBD
2028	TBD	TBD	TBD	TBD	TBD
2029	TBD	TBD	TBD	TBD	TBD
Total by Category	\$376,375	\$5,000	\$26,000	\$55,000	\$462,375

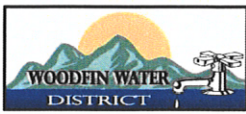
* Note: Due to the reconfiguration of pipeline installation projects from outside contractors to in-house construction, future year CIP expenditures were still to be determined (TBD) at the time of budget completion for FY 2025.

FY 2025 Capital Projects Summary

Expense Category	FY 2025 Proposed	FY 2024 Projected	FY 2024 Budgeted	Annual increase/decrease
Meter Replacement Program	21,000	40,000	50,000	(29,000)
Hydrant Repair/Replace	5,000	0	5,000	0
Treatment Plant Upgrades	5,000	5,000	5,000	0
Pipeline Construction	376,375	209,103	467,010	(90,635)
Field Tool Replacement	5,000	0	6,200	(1,200)
SCADA Upgrades	0	5,100	25,000	(25,000)
Ditch Compactor	0	5,000	5,000	(5,000)
Fleet Truck Replacement	50,000	0	0	50,000
Total CIP Expenses	462,375	264,203	563,210	(100,835)



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 2025 Proposed	FY 2024 Projected	FY 2024 Budgeted	Annual increase/ decrease
Other Pay/Bonus	8,384	6,491	8,022	362
Salaries & Wages	238,426	180,235	202,165	36,261
Auto Expense	3,840	2,880	3,840	0
Federal Taxes	18,881	14,285	16,079	2,802
Medical Insurance	57,787	36,000	25,535	32,252
Retirement	34,189	22,407	27,588	6,601
Employee Training	1,500	0	1,000	500
Board Expenses	16,000	36,100	18,000	(2,000)
Communication Services	4,440	4,200	4,200	240
Utilities	3,120	3,290	2,675	445
Travel	1,000	0	500	500
Postage	2,000	1,800	1,500	500
Office Supplies	5,500	6,000	5,000	500
Professional Services – Auditor	21,000	19,850	18,000	3,000
Professional Svcs – Attorney	100	0	100	0
Contract Services	62,270	175,000	58,706	3,564
Fees/Permits/Dues	7,345	6,250	6,925	420
Insurance/Bonds	53,500	51,460	41,500	12,000
Miscellaneous	500	508	500	0
Financial Services	55,200	55,700	50,200	5,000
Technical Services	2,200	2,300	1,500	700
Leased Equipment	5,000	3,350	5,000	0
Low Income Program	3,500	5,000	3,500	0
Rebate Program	250	0	250	0
Total Administration Expenses	605,932	633,106	502,285	103,647



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 2025 Proposed	FY 2024 Projected	FY 2024 Budgeted	Annual increase/ decrease
Other pay/bonus	1,789	1,715	1,757	32
Salaries & Wages	178,926	148,900	175,703	3,223
Overtime	0	2,807	0	0
Federal Taxes	13,825	11,522	13,576	249
Medical Insurance	38,271	38,000	33,985	4,286
Retirement	24,650	19,776	22,875	1,775
Employee Training	500	355	500	0
Communication Services	3,800	3,370	3,680	120
Utilities	27,480	27,580	28,244	(764)
Uniforms	225	375	225	0
Property Maintenance	1,000	750	750	250
Equipment Maintenance	1,000	10,080	1,000	0
Truck Maintenance	1,000	2,021	250	750
Contracted Services	6,480	5,820	6,496	(16)
Department Supplies	19,000	18,800	16,000	3,000
Chemical Supplies	57,000	60,000	43,000	14,000
Fees/Permits/Dues	2,855	2,455	2,350	505
Sludge Removal	15,000	10,025	14,000	1,000
Asheville Water Purchases	360,000	340,000	300,000	60,000
Miscellaneous	100	100	100	0
Total Production Expenses	752,901	704,531	664,491	88,411



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 2025 Proposed	FY 2024 Projected	FY 2024 Budgeted	Annual increase/ decrease
Other Pay/Bonus	2,734	2,532	2,600	134
Salaries and Wages	273,392	247,000	260,033	13,359
Overtime	10,000	6,000	10,000	0
Federal Taxes	21,889	19,548	20,856	1,033
Medical Insurance	77,769	58,000	75,659	2,110
Retirement	39,028	32,938	35,142	3,886
Mileage	1,500	2,500	2,500	(1,000)
Communication Services	12,300	10,820	12,100	200
Utilities	24,080	22,223	21,510	2,570
Uniforms	900	2,352	1,250	(350)
Employee Training	1,750	1,700	750	1,000
Asphalt Repair	60,000	63,000	45,000	15,000
Property Maintenance	5,000	6,100	5,000	0
Truck Maintenance	7,000	5,500	7,000	0
Equipment Maintenance	9,000	7,900	4,000	5,000
Department Fuel	18,000	17,000	18,000	0
City Permits	250	0	250	0
Department Supplies	75,000	72,000	75,000	0
Fees/Permits/Dues	3,235	4,140	2,710	525
Miscellaneous	1,000	1,400	500	500
Contracted Services	33,000	36,000	30,000	3,000
				0
Total Distribution Expenses	676,827	618,653	629,860	46,965



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 2025 Proposed	FY 2024 Projected	FY 2024 Budgeted	Annual increase/ decrease
Other Pay/Bonus	1,600	1,600	1,238	362
Salaries and Wages	160,039	113,920	123,811	36,228
Overtime	0	5,000	0	0
FICA	12,365	9,220	9,566	2,799
Medicare	0	0	0	0
Medical Insurance	56,673	29,000	67,625	(10,952)
Retirement	22,048	15,535	16,119	5,929
Uniforms	650	748	650	0
Employee Training	250	370	250	0
Asphalt Repair	25,000	12,000	25,000	0
Equipment Maintenance	2,500	0	2,500	0
Department Fuel	4,500	0	4,500	0
Construction Permits	250	10	250	0
Parts and Supplies	75,000	17,000	200,000	(125,000)
Miscellaneous	500	0	500	0
Contracted Services	15,000	4,700	15,000	0
				0
Total Construction Expenses	376,375	209,103	467,010	(90,635)



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	2023 Consumption (in gallons)
1.	Metropolitan Sewerage District	14,604,864
2.	NC Department of Corrections (Craggy Prison)	12,062,996
3.	Asheville Heritage at the Peak	7,488,976
4.	Buncombe County Operations	5,402,700
5.	Lofts at Reynolds Village	5,099,864
6.	Manor Ridge Apartments	4,394,500
7.	AVL Technology	2,756,380
8.	AVL SV Mulberry	1,379,312
9.	Zaragosa Sandoval	1,193,060
10.	Curtis T, LLC	987,360

District Historical Data

Budget by Fiscal Year, 2016-2025

Year	Amount	Year	Amount
2016	\$1,790,701	2021	\$1,939,795
2017	1,983,142	2022	2,169,660
2018	2,157,124	2023	2,403,515
2019	2,486,945	2024	2,359,846
2020	1,966,831	2025	2,498,035



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 funds the replacement of existing analog meters. This year’s replacement is estimated at approximately 400 meters.

Estimated Project Costs:

Water meters & fixtures	300 meters @ \$70/meter	\$21,000
Total Project Cost	300 meters	\$21,000

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 2025. 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	2 @ \$ 450 each	900
Hydrant Replacement	2 @ \$2,000 each	4,000
Related Supplies		100
Total Project Cost:	4 hydrants	\$5,000

Source of Funds:

General reserves & operational revenues



Fleet Truck

Project Description:

This project funds the purchase of a new fleet truck for use in the Distribution system.

Estimated Project Costs:

Fleet truck Replacement	\$50,000
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Total Project Cost:	\$50,000
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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. Total line installation locations and estimates are TBD at the time of this writing.

Estimated Project Costs:

Administrative	\$ 15,250
Construction	361,125
Design	0
Contingencies	0

Total Project Costs: \$376,375

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	\$ 5,000
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Total Project Costs: \$ 5,000

Source of Funds:

General reserves & operational revenues