

Woodfin Sanitary Water & Sewer District
FY 2026 Proposed Budget
May 1, 2025

Woodfin Sanitary Water and Sewer District Proposed Fiscal Year 2026 Budget Table of Contents

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Introduction



Elected Officials

Board of Trustees

Gordon Maybury – Chair

Larry Hopkins – Vice-Chair Lauren

Vacant Seat – Secretary



District Staff

Seth Eckard – Executive Director

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.**



May 1, 2025

Honorable Board of Trustees members:

I am pleased to present the proposed Fiscal Year 2026 Budget for the Woodfin Sanitary Water and Sewer District. This budget reflects a proactive response to both operational pressures and long-term strategic needs, particularly in light of the City of Asheville's significant wholesale rate increase and the implementation of our new 10-year Capital Improvement Plan (CIP).

The proposed expenditure level for FY 2026 is **\$2,843,074**, supported by projected available resources totaling **\$6,115,800**. This leaves the District with a healthy reserve balance of **\$3,272,726**. The increase in both revenue and expenditures is primarily driven by a **33% increase in wholesale water charges** from the City of Asheville, necessitating adjustments to maintain fiscal balance and service reliability.

The District continues to recover from Hurricane Helene, which struck in September 2024 and stands as the most severe natural disaster in recent western North Carolina history. Thanks to the hard work of District staff, full operational capacity was restored within two months. However, a multi-year infrastructure recovery effort lies ahead. FEMA has tentatively approved \$3 million in reimbursements for eligible capital repairs and debris removal. These recovery projects fall outside the scope of the general operating budget and will be managed through a dedicated Hurricane Helene Project Ordinance, funded by FEMA and a bridge loan from the North Carolina Department of Environmental Quality.

Looking forward, the District has partnered with McGill Associates to develop a comprehensive 10-year Capital Improvement Plan. This initiative will guide investment in critical infrastructure, improve operational efficiency, and ensure compliance with evolving regulatory standards.

To remain competitive in a tight labor market and to recognize the contributions of our dedicated staff, this budget includes a 5% cost-of-living adjustment for all personnel. One authorized Distribution Technician position will remain vacant in FY 2026, pending ongoing assessment of operational needs and revenue performance.

I would like to express my deep appreciation for the continued dedication of our employees, whose hard work and responsible management make this budget possible. I am also grateful for the support and expertise of Dr. Joseph Martin, Finance Director, in preparing this proposal. Finally, I thank Chairman Maybury and the entire Board of Trustees for your leadership and guidance as we work together to deliver the highest level of service within our financial means.

Respectfully submitted,

Seth Eckard, ICMA-CM
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.

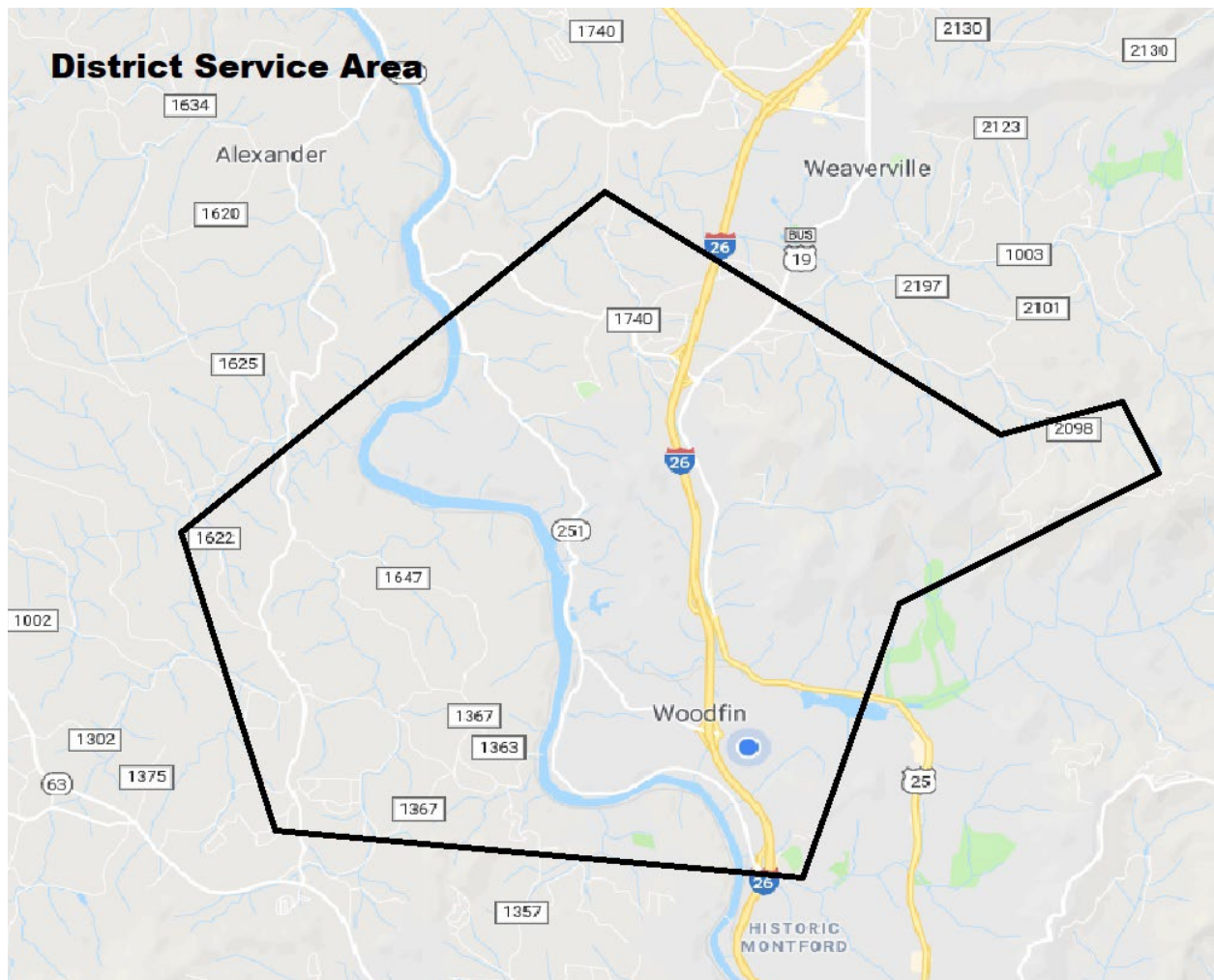
The District operates under a three-member Board of Trustees, elected at large for concurrent 2-year terms from within the District's boundaries. The Board is responsible for appointing an Executive Director, who serves at the pleasure of the Board and is charged with handling the day-to-day operations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



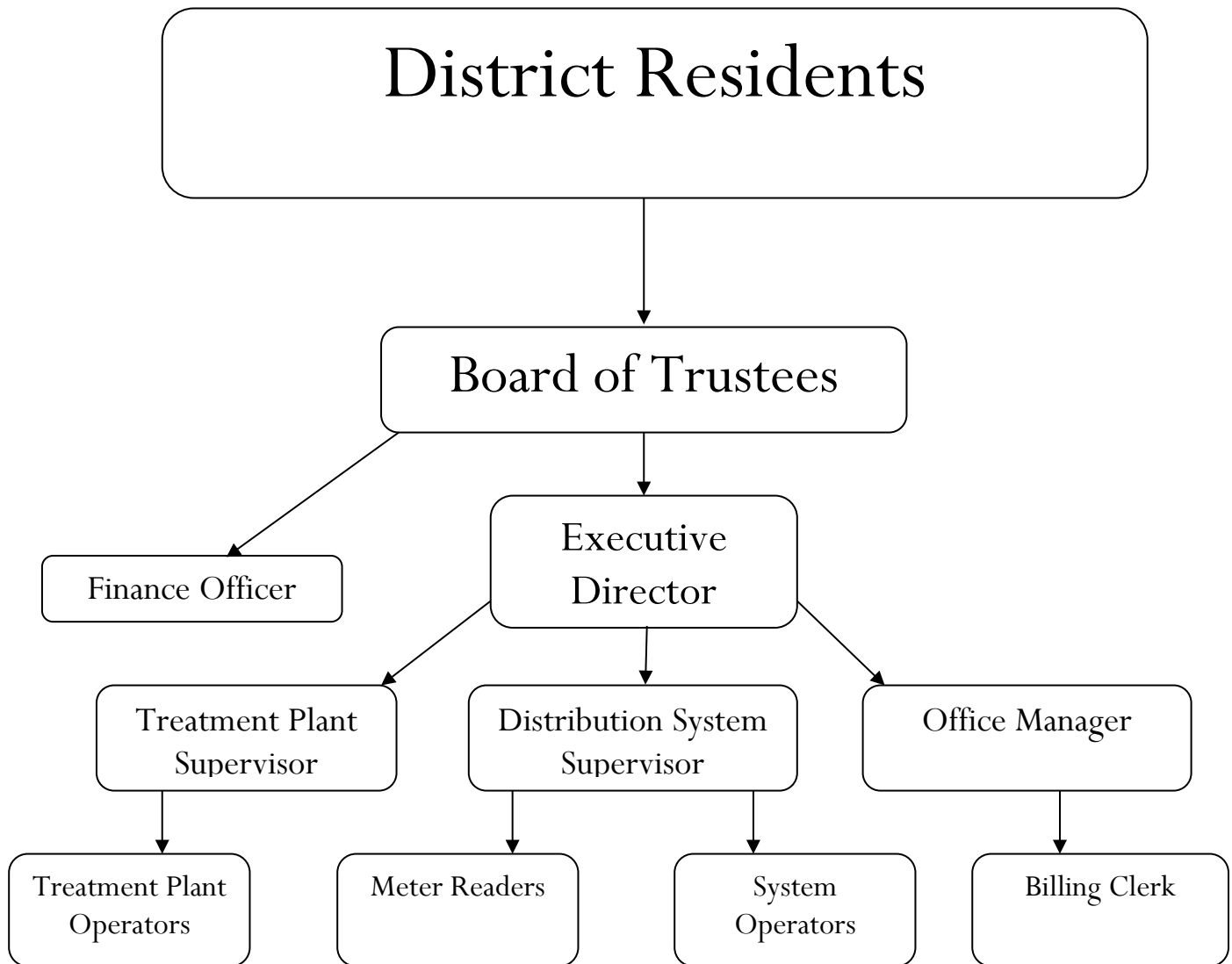
services for the Town of Weaverville to collect recycling fees for those residents who are District customers.

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 responsible for implementation of the budget and 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 Board of Trustees appoints an official to act as the District’s Finance Officer in accordance with North Carolina General Statute 159-24, who 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 2026 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 budgeted line items for FY 2026.

FY 2026 Highlights

For fiscal year 2026, the District's budget for all expenditures is **\$2,843,074**. This figure represents an approximate 13.8% increase from FY 2025's budget of \$2,498,035. Excluding capital expenditures, operating expenses increased 26% year over year. Expected resources for FY 2026 total **\$6,115,800**, leaving the District with a net reserve fund balance of **\$3,272,726**. The District's invested funds and cash on hand more than adequately maintain an acceptable amount of reserve funding for operational expenses – approximately 127% of annual operation costs, excluding capital projects. When considered against the District's expected revenues for FY 2026, revenue exceeds operations by just over \$7,000. 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 2026; one authorized position has been left vacant pending verification of future need and consideration of revenue generation. Two positions have been eliminated from the District's construction crew, and the remaining position has been transferred to the distribution crew. The District's major capital projects for FY 2026 will focus on upgrades in the Distribution and Production departments and explore the most cost-effective way to repair the water storage tanks. All other expenses are customary and incidental to the district's operations.

Resources Highlights

The expected income revenue generated for FY 2026 totals **\$2,850,800**, an approximate 5.1% increase from budgeted FY 2025 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 (66% over the previous two years) 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.

Recourse Assumptions

The FY 2026 budget and Capital Improvement Plan (CIP) incorporate a projected 1% annual growth rate in new water connections. This modest growth estimate reflects the limited availability of developable land within the District and the inability to expand our service area due to surrounding jurisdictions (City of Asheville and Town of Weaverville). Revenue projections are based on historical consumption and collection trends, adjusted to exclude one-time anomalies to ensure realistic forecasting.

Given current national economic uncertainty, particularly in financial markets, our projection for investment income is conservative. We are assuming a 4% rate of return on investments, anticipating the possibility of further interest rate reductions during the fiscal year.

To maintain financial sustainability and continue funding our long-term infrastructure needs, we propose an overall revenue increase of slightly more than 5% through rate and fee adjustments. Considering Woodfin Water currently offers some of the most affordable rates in the region, we do not anticipate any meaningful decline in consumption due to rate increases (i.e., negative elasticity).

Expenditure Highlights

Expenditures in FY 2026 largely mirror those of FY 2025, adjusted for inflation. All expenditures within the FY 2026 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 2026. The largest single increase in expenditures is for repurchased water from the City of Asheville, anticipated to increase in cost by approximately \$140,000 from FY 2025 budgeted levels.

For FY 2026, 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 2026 budget include: Administration (24% of the FY 2026 budget), Production (33%), Distribution (33%), and Capital Improvements (10%).



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.

Expenditure Assumptions

We have assumed a general inflation rate of 3% for operational costs, consistent with the national inflation rate over the past year, and applied this to anticipated increases in materials, supplies, and contracted services.

Due to the competitive regional labor market and high cost of living in Buncombe County, we propose a 5% cost-of-living adjustment (COLA) for all full-time employees. This adjustment helps us retain skilled personnel and remain competitive with neighboring utilities and municipalities.

The City of Asheville has announced a 33% increase in wholesale water rates, which we have incorporated for both FY 2026 and FY 2027. Starting in FY 2028, we have assumed annual increases between 5% and 7% for wholesale water purchases based on prior trends and market forecasts.

For capital planning purposes, we have used a 5% annual construction inflation factor to estimate project costs over the next 10 years. Although there is potential for further inflation driven by federal tariff policies under the Trump Administration, the lack of clear guidance or quantifiable impacts has led us to exclude tariff-related inflation from the current budget cycle. We will continue to monitor these developments and adjust future budgets accordingly.



Summary of Resources & Expenditures

Category	FY 2026 Proposed	FY 2025 Projected	FY 2025 Budgeted	FY 2024 Budgeted
Resources				
Existing Funds				
General Fund	800,000	1,077,726	1,100,000	1,000,000
Invested Assets	2,465,000	2,187,975	2,118,500	2,053,100
Total Existing Funds	3,265,000	3,265,701	3,218,500	3,053,100
Projected Revenue				
Water Sales	2,330,000	2,195,000	2,275,000	1,950,000
Development Fees	220,000	320,000	175,000	175,000
Charges for Services	178,800	168,730	169,800	159,250
Interest Income	100,000	109,000	50,000	75,000
Misc. Income	22,000	21,000	43,000	15,000
Total Projected Revenue	2,850,800	2,813,730	2,712,800	2,374,250
Total Resources	6,115,800	6,079,431	5,931,300	5,304,900
Expenditures				
Personnel/Benefits	1,292,624	952,621	1,044,815	935,300
Admin & Operations	320,700	318,229	275,195	236,904
Supplies & Materials	693,000	556,079	536,500	458,500
Outside Services	265,750	259,075	179,150	165,902
Capital Projects	271,000	385,495	462,375	563,210
Total Expenditures	2,843,074	2,471,499	2,498,035	2,359,847



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 2026 Proposed	FY 2025 Projected	FY 2025 Budgeted	Annual increase/ decrease
Interest Income	100,000	109,000	50,000	50,000
Misc. Income	22,000	21,000	43,000	(21,000)
Returned Check Fees	1,800	1,820	1,800	0
MSD Contract Services	60,000	53,640	57,000	3,000
Water Sales	2,330,000	2,195,000	2,275,000	55,000
New Connection Fees	220,000	320,000	175,000	45,000
New Service Fees	66,000	65,970	58,000	8,000
Reconnect Fees	20,000	16,640	20,000	0
Late Fees	31,000	30,660	33,000	(2,000)
Total Annual Revenue	2,850,800	2,813,730	2,712,800	138,000



Summary of Expenditures by Category

Category	FY 2026	FY 2025 Projected	FY 2025 Budgeted	FY 2024 Budgeted
Salary & Wages	868,875	611,624	690,745	637,901
Bonus Pay	13,264	12,780	12,908	12,379
Payroll Taxes	68,248	51,042	54,594	50,511
Overtime	10,000	42,813	10,000	10,000
Uniforms	3,225	3,110	1,125	1,475
Health Insurance	196,705	138,290	173,827	135,179
Retirement Contributions	128,557	87,762	97,866	85,605
Training	3,750	5,200	3,750	2,250
Board Expenses	40,000	12,500	16,000	18,000
Communication Services	20,140	20,853	20,540	19,980
Utilities	54,680	48,920	54,680	52,429
Vehicle Repairs & Maintenance	14,500	8,625	8,000	7,250
Contracted Services	202,250	196,660	116,750	109,202
Parts & Supplies	164,000	189,530	151,000	134,000
Liability & WC Insurance	56,500	53,106	53,500	41,500
Financial Services	56,300	53,625	55,200	50,200
Leased Equipment	5,000	3,410	5,000	5,000
Technical Services	2,200	5,380	2,200	1,500
Water Purchases	500,000	340,000	360,000	300,000
Postage & Office Supplies	11,000	12,674	7,500	6,500
Travel & Vehicle Reimbursement	10,340	7,840	6,340	6,840
Equipment Repairs & Maintenance	10,000	15,030	10,000	5,000
Facility Repairs & Maintenance	7,500	7,350	6,000	5,720
Membership Fees & Dues	7,920	7,665	7,345	6,925
Audit & Legal Expenses	26,500	20,500	21,100	18,100
Miscellaneous Expenses	1,600	3,085	1,600	1,100
Rebate & Low-Income Programs	3,750	3,500	3,750	3,750
Street Permits & Repairs	60,250	102,000	60,250	45,250
Consumable Fuels	18,000	13,875	18,000	18,000
State Permits & Fees	7,020	7,255	6,090	5,060
Capital Projects	271,000	385,495	462,375	563,210
Total Expenditures	2,843,074	2,471,499	2,498,035	2,359,847



Summary of Expenses by Department

Department	FY 2026 Proposed	FY 2025 Projected	FY 2025 Budgeted	FY 2024 Budgeted
Administration				
Personnel & Benefits	332,982	259,418	359,167	280,389
Administration & Operations	150,630	129,538	114,595	99,990
Supplies & Materials	11,000	7,800	7,500	6,500
Outside Services	180,750	236,350	124,670	115,406
Total Administration	675,362	633,106	605,923	502,285
Production				
Personnel & Benefits	291,250	223,450	258,186	248,621
Administration & Operations	38,570	46,356	37,235	36,374
Supplies & Materials	579,000	418,880	436,000	359,000
Outside Services	40,000	15,845	21,480	20,496
Total Production	948,820	704,531	752,901	664,491
Distribution				
Personnel & Benefits	668,392	370,070	427,462	406,290
Administration & Operations	131,500	123,583	123,365	100,570
Supplies and Materials	103,000	89,000	93,000	93,000
Outside Services	45,000	36,000	33,000	30,000
Total Distribution	947,892	618,653	676,827	629,860
Construction				
Personnel & Benefits	0	175,393	253,625	219,259
Administration & Operations	0	12,010	28,250	28,250
Supplies and Materials	0	17,000	79,500	204,500
Outside Services	0	4,700	15,000	15,000
Total Construction	0	274,252	376,375	467,009



Authorized Full-Time Personnel by Position

Position Title	FY 2026	FY 2025	FY 2024	FY 2023
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	1
Dist. System Operator	5	7	7	6
Billing Clerk	1	1	1	1
Meter Reader	1	1	1	1



RATE AND FEE SCHEDULE EFFECTIVE JULY 1, 2025

Water Rates: Residential per housing unit (Bimonthly)

Zone 1: \$40.00 first 3,000 gallons - \$3.75 per thousand gallons thereafter
Zone 2: \$47.50 first 3,000 gallons - \$7.25 per thousand gallons thereafter
Zone 3: \$55.00 first 3,000 gallons - \$9.50 per thousand gallons thereafter
Zone 4: \$62.00 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: \$20.00 per 1,500 gallons – then \$3.75 per thousand gallons thereafter
Zone 2: \$23.75 per 1,500 gallons – then \$7.25 per thousand gallons thereafter
Zone 3: \$27.50 per 1,500 gallons – then \$9.50 per thousand gallons thereafter
Zone 4: \$31.00 per 1,500 gallons – then \$12.00 per thousand gallons thereafter

New Connection Charges

Tap Fees

5/8" Tap: \$2,200	1" Tap: \$3,000	2" Tap: \$4,200	2"+: \$4,200 + \$1,000 per inch
Road Crossing (no cut): \$600		Road Crossing (cut): \$430 + \$95/SF Paving	

System Reduction Fees Zones 1 & 2

5/8" Tap: \$2,000	1" Tap: \$3,000	2" Tap: \$4,200	2"+: \$4,200 + \$1,000 per inch
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System Reduction Fees Zones 3 & 4

5/8" Tap: \$2,500	1" Tap: \$3,500	2" Tap: \$4,700	2"+: \$4,700 + \$1,000 per inch
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Administrative Charges

New Service Connection: \$130

Rental Account Transfer: \$10

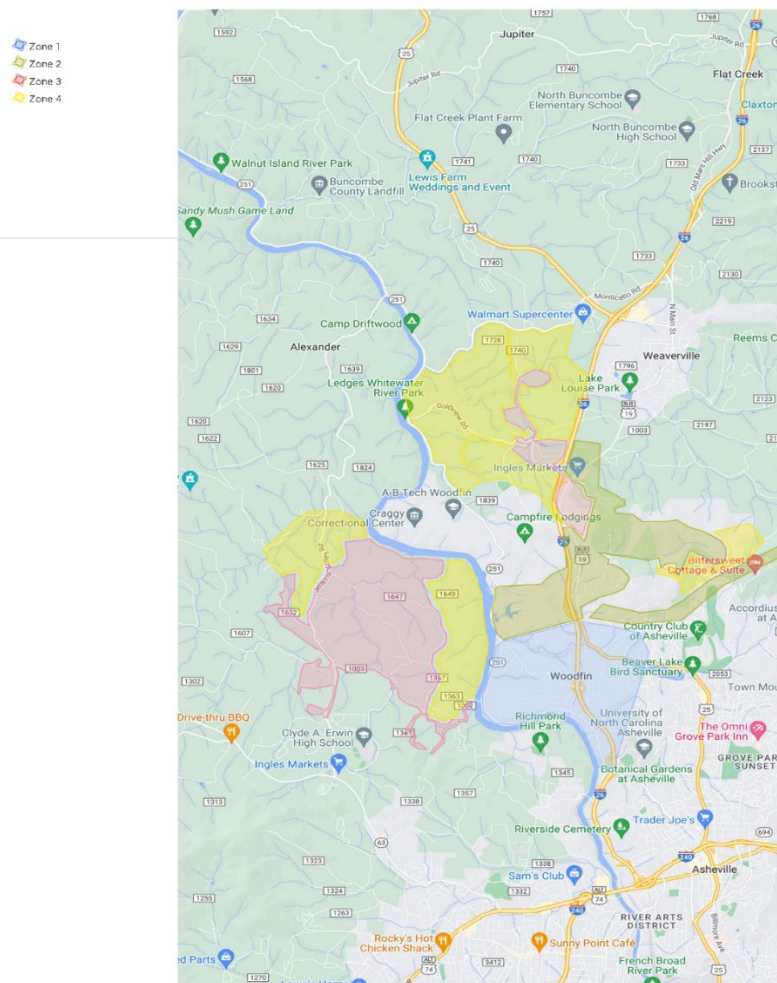


Non-payment Reconnection Fee: \$60	Vacation connect/disconnect: \$25
Returned check fee: \$35	After-hours reconnect: \$100
Late Payment Penalty: Greater of \$6 or 10% of water & sewer charges	
Meter Re-Read (One free annually): \$25	Hydrant bulk water: \$50 + \$12/thousand gallons
Debit/Credit Card Convenience Fee: \$3 per transaction	

Construction Charges

New Construction Application: \$150	Meter Relocation: \$1,550 + paving/road crossing fees
Miscellaneous Labor: \$80/hr	Heavy Equipment: \$75/hr per individual equipment
Meter testing Fee: \$60	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
2026	149,000	57,000	20,000	45,000	271,000
2027	TBD*	TBD	TBD	TBD	TBD
2028	TBD	TBD	TBD	TBD	TBD
2029	TBD	TBD	TBD	TBD	TBD
2030	TBD	TBD	TBD	TBD	TBD
Total by Category	\$149,000	\$57,000	\$20,000	\$45,000	\$271,000

* 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 2026.

FY 2026 Capital Projects Summary

Expense Category	FY 2026 Proposed	FY 2025 Projected	FY 2025 Budgeted	Annual increase/decrease
Meter Replacement Program	25,000	25,000	21,000	(29,000)
Hydrant Repair/Replace	24,000	5,000	5,000	19,000
Treatment Plant Upgrades	57,000	5,800	5,000	52,000
Pipeline Construction	0	276,380	376,375	(376,375)
Field Tool Replacement	10,000	5,000	5,000	5,000
Website Improvements	20,000	0	0	20,000
Flagging Machine	35,000	0	0	35,000
Fleet Truck Replacement	0	0	50,000	50,000
Asheville Interconnect	100,000	0	0	100,000
Total CIP Expenses	271,000	385,495	462,375	(191,375)



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 2026 Proposed	FY 2025 Projected	FY 2025 Budgeted	Annual increase/ decrease
Other Pay/Bonus	6,849	6,850	8,384	(1,535)
Salaries & Wages	227,510	227,510	238,426	(10,916)
Auto Expense	3,840	3,840	3,840	0
Federal Taxes	17,929	17,929	18,881	(952)
Medical Insurance	45,423	31,000	57,787	(12,364)
Retirement	33,771	31,967	34,189	(417)
Employee Training	1,500	0	1,500	0
Board Expenses	40,000	12,500	16,000	24,000
Communication Services	3,500	4,520	4,440	(940)
Utilities	3,120	3,675	3,120	0
Travel	5,000	0	1,000	4,000
Postage	2,000	1,570	2,000	0
Office Supplies	9,000	11,104	5,500	3,500
Professional Services – Auditor	21,500	20,500	21,000	500
Professional Svcs – Attorney	5,000	0	100	4,900
Contract Services	117,250	110,360	62,270	54,980
Fees/Permits/Dues	7,920	7,665	7,345	575
Insurance/Bonds	56,500	53,106	53,500	3,000
Miscellaneous	500	285	500	0
Financial Services	56,300	53,625	55,200	1,100
Technical Services	2,200	5,380	2,200	0
Leased Equipment	5,000	3,410	5,000	0
Low Income Program	3,500	3,500	3,500	0
Rebate Program	250	0	250	0
				0
Total Administration Expenses	675,362	610,295	605,932	69,430



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 2026 Proposed	FY 2025 Projected	FY 2025 Budgeted	Annual increase/ decrease
Other pay/bonus	2,043	3,308	1,789	254
Salaries & Wages	204,339	163,114	178,926	25,413
Overtime	0	14,813	0	0
Federal Taxes	15,788	13,864	13,825	1,964
Medical Insurance	38,615	38,365	38,271	343
Retirement	29,740	23,361	24,650	5,090
Employee Training	500	3,500	500	0
Communication Services	4,640	3,333	3,800	840
Utilities	27,480	25,620	27,480	0
Uniforms	225	375	225	0
Property Maintenance	1,000	750	1000	0
Equipment Maintenance	1,000	8,000	1,000	0
Truck Maintenance	1,000	0	1000	0
Contracted Services	15,000	25,000	6,480	8,520
Department Supplies	19,000	17,530	19,000	0
Chemical Supplies	60,000	52,000	57,000	3,000
Fees/Permits/Dues	3,350	2,255	2,855	495
Sludge Removal	25,000	15,000	15,000	10,000
Asheville Water Purchases	500,000	340,000	360,000	140,000
Miscellaneous	100	100	100	0
Total Production Expenses	948,820	750,289	752,901	195,919



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 2026 Proposed	FY 2025 Projected	FY 2025 Budgeted	Annual increase/ decrease
Other Pay/Bonus	4,370	2,622	2,734	1,636
Salaries and Wages	437,026	221,000	273,392	163,634
Overtime	10,000	28,000	10,000	0
Federal Taxes	34,532	19,249	21,889	12,643
Medical Insurance	112,668	68,925	77,769	34,898
Retirement	65,046	32,434	39,028	26,019
Mileage	1,500	4,000	1,500	0
Communication Services	12,000	13,000	12,300	(300)
Utilities	24,080	19,625	24,080	0
Uniforms	3,000	2,735	900	2,100
Employee Training	1,750	1,700	1,750	0
Asphalt Repair	60,000	102,000	60,000	0
Property Maintenance	6,500	6,600	5,000	1,500
Truck Maintenance	13,500	8,625	7,000	6,500
Equipment Maintenance	9,000	7,030	9,000	0
Department Fuel	18,000	13,875	18,000	0
City Permits	250	0	250	0
Department Supplies	85,000	120,000	75,000	10,000
Fees/Permits/Dues	3,670	5,000	3,235	435
Miscellaneous	1,000	2,700	1,000	0
Contracted Services	45,000	46,300	33,000	12,000
				0
Total Distribution Expenses	947,892	725,420	676,827	271,066



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. Construction expenditures for FY 2026 have been eliminated in anticipation of a revised Capital Improvements Plan to address line construction beyond the capacity of District staff.

Expense Category	FY 2026 Proposed	FY 2025 Projected	FY 2025 Budgeted	Annual increase/ decrease
Other Pay/Bonus	0	3,729	1,600	(1,600)
Salaries and Wages	0	140,000	160,039	(160,039)
Overtime	0	25,000	0	0
FICA	0	12,908	12,365	(12,365)
Medicare	0	0	0	0
Medical Insurance	0	36,750	56,673	(56,673)
Retirement	0	21,749	22,048	(22,048)
Uniforms	0	600	650	(650)
Employee Training	0	50	250	(250)
Asphalt Repair	0	0	25,000	(25,000)
Equipment Maintenance	0	0	2,500	(2,500)
Department Fuel	0	0	4,500	(4,500)
Construction Permits	0	0	250	(250)
Parts and Supplies	0	594	75,000	(75,000)
Miscellaneous	0	0	500	(500)
Contracted Services	0	35,000	15,000	(15,000)
				0
Total Construction Expenses	0	276,380	376,375	(376,375)



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	2024 Consumption (in gallons)
1.	Metropolitan Sewerage District	50,726,368
2.	NC Department of Corrections (Craggy Prison)	10,097,252
3.	Asheville Heritage at the Peak	7,273,552
4.	Buncombe County Operations	5,950,800
5.	Lofts at Reynolds Village	4,962,232
6.	Manor Ridge Apartments	4,529,888
7.	Aiken AVL, LLC	2,153,492
8.	IMC Investments	1,567,060
9.	Asheville SV, LLC	1,240,932
10.	Carolyn Hargas	1,146,684

District Historical Data

Budget by Fiscal Year, 2017-2026

Year	Amount	Year	Amount
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
2021	1,939,795	2026	2,843,074



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 300 meters.

Estimated Project Costs:

Water meters & fixtures	300 meters @ \$75/meter	\$22,500
Related supplies		2,500

Total Project Cost	300 meters	\$25,000
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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 2026. 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 @ \$1,000 each	1,000
Hydrant Replacement	4 @ \$5,000 each	20,000
Related Supplies		3,000

Total Project Cost:	4 hydrants	\$24,000
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Source of Funds:

General reserves & operational revenues



Website Upgrades

Project Description:

This project funds improvements and redesign of the District's website.

Estimated Project Costs:

Website Design	\$20,000
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Total Project Cost:	\$20,000
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Source of Funds:

General reserves & operational revenues

Water Treatment Plant Upgrades

Project Description:

This project funds replacement and upgrades for the water treatment plant's treatment, monitoring and pumping equipment and security needs.

Estimated Project Costs:

General equipment replacement	\$ 57,000
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Total Project Costs:	\$ 57,000
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Source of Funds:

General reserves & operational revenues



Asheville Interconnect

Project Description:

This project allocates funds for design, planning and easement acquisition necessary to facilitate an interconnect between the District's Baird Cove storage tank and the City of Asheville's Summit Tower storage tank to assist water storage capacities for both systems in case of emergency.

Estimated Project Costs:

Administrative	\$ 50,000
Construction	0
Design	50,000
Contingencies	0

Total Project Costs: **\$100,000**

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	\$ 10,000
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Total Project Costs: **\$ 10,000**

Source of Funds:

General reserves & operational revenues

Flagging Machine

Project Description:

This project funds the purchase of a flagging machine for use in the distribution system during repairs and maintenance to improve personnel safety and reduce the need for flagging personnel.

Estimated Project Costs:



Field Tool Replacement	\$ 35,000
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Total Project Costs:	\$ 35,000
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Source of Funds:

General reserves & operational revenues