



KINGS MOUNTAIN

— **NORTH CAROLINA** —

FY 2024 – 2025
Budget Presentation

Budget Objectives-General Fund

- ❖ No significant changes regarding types and levels of service the City offers
- ❖ Fair and reasonable fees for acceptable levels of service
- ❖ Not utilizing fund balance to cover significant recurring operational expenditures
- ❖ To reduce the operating transfer from the Electric fund to the General Fund by 10% as required by Board Resolution, and consistent with LGC requirement
- ❖ To aggressively plan for and address capital needs in a fiscally responsible manner. To stress reinvestment in our systems and facilities.

Budget Objectives - Utility Funds

Goal: To adequately meet our financial needs. Meeting needs entails providing sufficient resources to *operate, maintain and reinvest* in our systems.

❖ Electric

❖ Water/Wastewater

❖ Stormwater

❖ Natural Gas

Budget Objectives-All funds

- ❖ 2.5% annual wage / across the board (ATB) increase for all employees

- ❖ Evaluate 1/3 of our positions and implement recommended market adjustments-every position gets evaluated at least once every 3 years
 - 2023-24 – Public Safety (Police, Fire) Directors
 - 2024-25 – Public Works, Water Resources
 - 2025-26 – Energy Services, Administrative Functions

- ❖ To avoid Health Insurance premium increases for employees while maintaining multiple plan options

Budget Highlights-General Fund

- ❖ No current year property tax increase proposed-maintain current 48 cent rate per \$100
- ❖ 2.5% ATB Salary increase budgeted-ALL FUNDS
- ❖ Several net full-time (4) positions added to the General Fund, several existing positions repurposed (will be discussed at the departmental level)
- ❖ Removed/eliminated “miscellaneous” and “contingency” line items-will amend budgets if necessary (stressing greater accuracy and precision in budgeting)

Budget Highlights-General Fund (cont.)

- ❖ Adjusted cost allocations to ensure all enterprise funds are paying their fair share
- ❖ Downtown MSD (KM Forward Contract)
 - ❖ MSD Tax +\$75K contractually + \$25K earned - 501 (c)(3) via contract-Same as last year
- ❖ Proposing capital of \$1.9M in the 24-25 General Fund budget as well as committing an additional \$4.5M in fund balance and other reserves for capital projects
 - ❖ High priority Streetscape, Parks, Moss Lake recreation improvements, among other things
 - ❖ Proposed capital is dependent on the resources generated from fee levels proposed

Budget Highlights-Enterprise Funds

Electric and Natural Gas Funds

- ❖ No proposed fund balance appropriation to balance the operating budgets
- ❖ Capital budgets for equipment and system infrastructure maintenance are comparable with last year's amounts-continued effort to reinvest in our systems
- ❖ New rates proposed for **Electric** based upon a cost of service study-total revenues budgeted from user fees under the new proposed rate structure will be less than revenues budgeted at 7/1/23
- ❖ No proposed changes to Natural Gas rate structure

Budget Highlights-Enterprise Funds (Cont.)

Water and Sewer

- ❖ 9.75% proposed ATB rate increases
- ❖ Note prior to fiscal year 23-24, the last fee increase was FY16-17-still playing “catch-up”
- ❖ Still competitive and/or lower than surrounding communities
- ❖ Will most likely require additional increases in 25-26 –*unfortunately, historically, we have not generated enough revenues to adequately maintain and reinvest in the system*

Budget Highlights-Enterprise Funds (Cont.)

Stormwater

- ❖ No fee changes proposed
- ❖ No increase in number of employees
- ❖ Still working to further Organizational capacity and remain in full compliance with NCDEQ permit requirements

General Fund

General Fund Functions

- ❖ Non- Departmental
- ❖ Administration/Finance/Customer Service (Billing)
- ❖ Human Resources
- ❖ Elections
- ❖ Police
- ❖ Fire & EMS
- ❖ Public Works - Admin/Garage/Streets & Grounds/Solid Waste/Cemetery
- ❖ Planning/Development Services
- ❖ Moss Lake
- ❖ Inspections and Codes
- ❖ Lawrence Patrick Senior Center
- ❖ Mauney Memorial Library
- ❖ Information Technology (IT)
- ❖ Marketing, Tourism, Events
- ❖ Parks & Recreation

General Fund Revenue Sources

- ❖ Property taxes
- ❖ Local option sales taxes
- ❖ Fees (Solid Waste, Permits)
- ❖ Franchise/other taxes
- ❖ Debt proceeds for capital
- ❖ Fund balance appropriations if necessary
- ❖ Transfers in



General Fund Overview

	<u>Proposed 24-25</u>	<u>Adopted 23-24</u>	<u>Change</u>
Recurring expenditures	\$ 21,126,842	\$ 18,821,120	\$ 2,260,722 a
Capital outlay	1,927,000	7,077,456	(5,150,456) b
Transfers out for capital expend.	1,007,500	-	1,052,500 b
Total expenditures after Manager review	\$ 24,016,342	\$ 25,898,576	\$ (1,837,234)
Operating Revenues	\$ 20,832,842	\$ 18,808,126	\$ 2,069,716 c
<i>Other Sources:</i>			
Debt proceeds	771,000	4,140,450	(3,369,450) d
Fund balance appropriations	1,197,500	-	1,197,500
Transfers from Electric-operations	1,215,000	1,350,000	(135,000) e
Transfers-non-recurring COVID-19 ARPA	-	-	-
Transfers reserve fund-capital	-	1,600,000	(1,600,000) f
Total other revenues:	3,183,500	7,090,450	(3,906,950)
Total revenues	\$ 24,061,342	\$ 25,898,576	\$ (1,837,234)

- a** See reconciliation that follows.
- b** Will be discussed in greater detail- Note we will budget, in a **project fund**, an additional \$4.55M in capital. It will be funded \$3.5M from Capital Reserve and Economic Dev Funds, and \$1.05M from General Fund transfers noted above.
- c** Increased property taxes, sales tax growth, fee increases for solid waste, permits and fees, and Moss Lake fees.
- d** 25-26 debt service for debt issued in 24-25 will be roughly \$135,000-assuming a 6 year average term, 5% APR.
- e** Max 24-25 per Ordinance is \$1,215,000. We must reduce 10% per year, minimum, going forward. Max transfer is \$1,093,500 for 25-26.
- f** Transfer in 23-24 is for additional paving in excess of annual Powell Bill funds available.

General Fund Analysis

2023-24 Original Budget **\$ 25,898,576**

Changes:

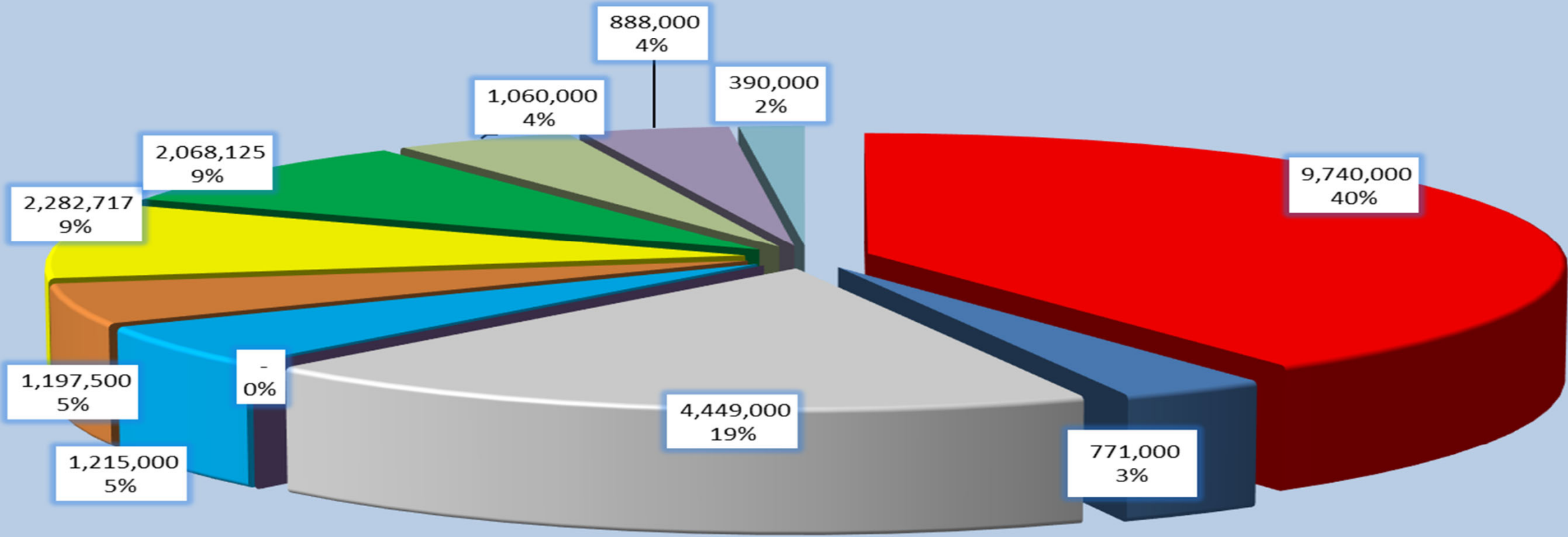
2.5% ATB increase for 24-25 (SOP)	\$ 325,500
New Full-time Positions with benefits (4)	\$ 372,000
Debt service increase for debt issued in 23-24	\$ 690,000
Increase (decrease) in capital outlay budgeted in the General Fund Operations (all other than listed above)	\$ (4,142,956)
	<u>\$ 918,222</u>

2024-25 Proposed Budget **\$ 24,061,342**

% Change in General Fund Budget-Total ***-7.1%***

General Fund Revenues 2024-25 Proposed Budget

Total \$24.06M



- Property Taxes
- Debt proceeds
- Local Option Sales Tax
- Transfers In-Capital
- Transfers In-Electric
- Fund Balance Appropriation
- All Other
- Solid waste fees
- Franchise Tax
- Moss Lake Fees
- Building and Zoning Fees

General Fund Revenues

	<u>24-25 Proposed</u>		<u>23-24 Adopted</u>	
Property Taxes	\$ 9,740,000	40%	\$ 9,050,760	35%
Debt proceeds	\$ 771,000	3%	\$ 4,140,450	16%
Local Option Sales Tax	\$ 4,449,000	18%	\$ 4,083,865	16%
Transfers In-Capital	\$ -	0%	\$ 1,600,000	6%
Transfers In-Electric	\$ 1,215,000	5%	\$ 1,350,000	5%
Fund Balance Appropriated	\$ 1,197,500	5%	\$ -	0%
All Other	\$ 2,282,717	9%	\$ 2,069,001	8%
Solid waste fees	\$ 2,068,125	9%	\$ 1,837,500	7%
Franchise Tax	\$ 1,060,000	4%	\$ 1,060,000	4%
Moss Lake Fees	\$ 888,000	4%	\$ 374,500	1%
Building and Zoning Fees	\$ 390,000	2%	\$ 332,500	1%
	<u><u>\$ 24,061,342</u></u>	100%	<u><u>\$ 25,898,576</u></u>	100%

General Fund-Revenues

Property Taxes

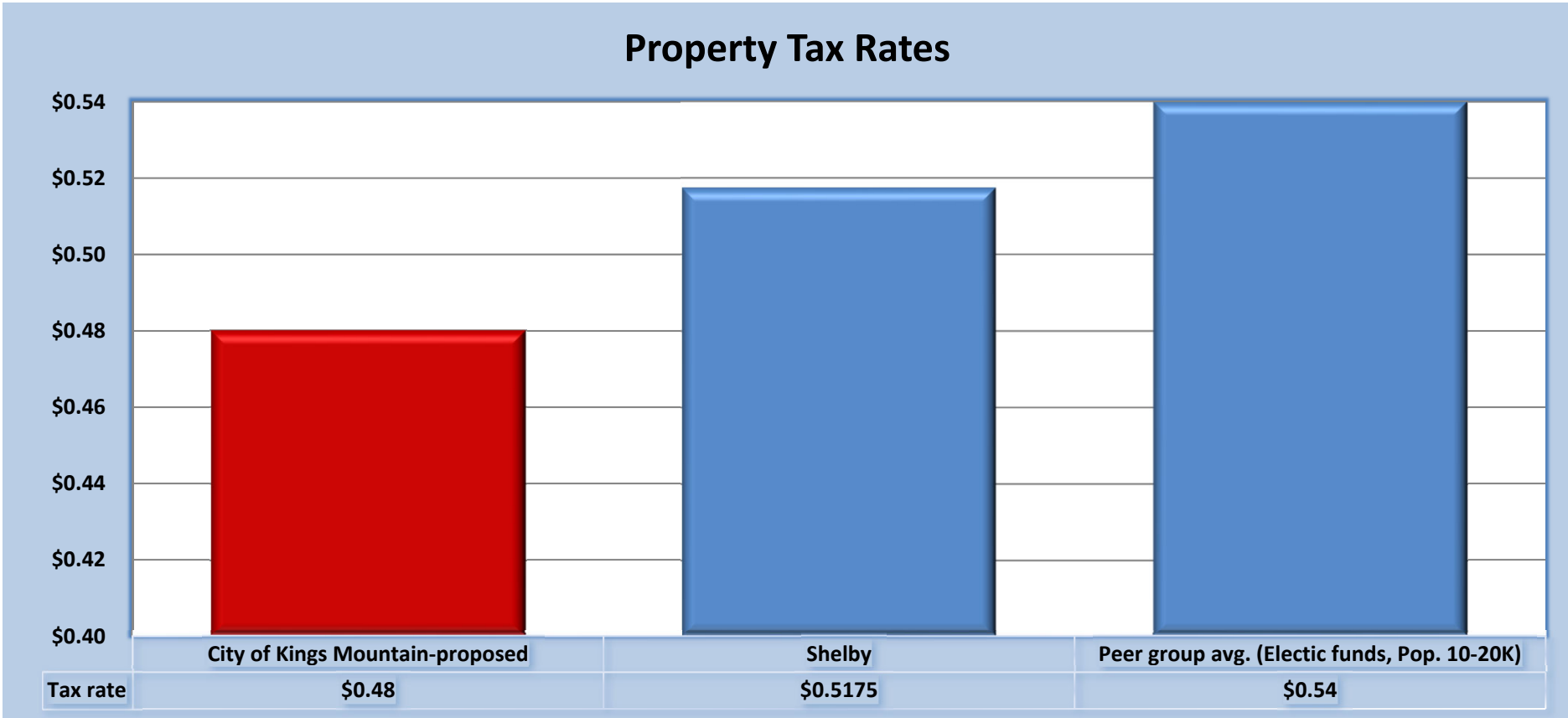
- ❖ For a local government property taxes are considered a general revenue to be used for services that are not paid for by specific user fees-public safety, public works, streets, administration, etc.
- ❖ Transparency-using the “proper” revenue stream
- ❖ Local taxes are deductible for income tax purposes in certain situations
- ❖ Property taxes are less “regressive” than some other “flat” fees (tag fees)

General Fund-Revenues

Tax Rate

- ❖ Property tax rate proposed is .48, **No change from 23-24**
- ❖ Inflation since the last Cleveland County tax revaluation (1/2021) is roughly 17.9%- next revaluation is 1/2025. Note our tax rate increase over that time (all last year) was 11.6%, so we are not keeping up with inflation with regards to our tax receipts
- ❖ A property tax rate of .48 is roughly 11% below our peer group average of .54
- ❖ 1-cent of property tax (gross) is roughly \$220,000, \$202,000 net

Tax rate: How do we compare?



*Note: Cities of 10-20K with an electric fund within 100 miles of Kings Mountain
Few if any of our peer group pay almost 100% of the cost of Library and Senior Services*

“In comparison, KM offers much more”

Tax rate: How do we compare?

Peer Group

<u>Unit</u>	<u>Population</u>	<u>Tax Rate</u>
Lincolnton	11,134	0.50
Newton	13,173	0.45
Morganton	17,431	0.50
Albemarle	16,437	0.61
Lexington	19,660	0.65
Average	15,567	0.54

KM 2024	0.48
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Lincolnton, Newton, and Morganton all experienced revaluations related to this (23-24) budget year.

General Fund-Revenues

Building Permits

- ❖ Last year we implemented various changes to get us closer to industry standards
- ❖ Competitive with surrounding units
- ❖ Not adding additional “new” fees, simply adjusting current calculations
- ❖ Calculation designed to recoup 95% of Codes Department costs related to building inspections
- ❖ Growth pays for growth

Building Permits – Rate Structure (2024)

- The national average per sq. ft. for construction is evaluated and reported biannually by the International Code Council (ICC). As the national average increases, the permit fee will adjust to stay comparable with the current market without having to adjust the fee multiplier.
- Adopted the construction cost data, as published by ICC, into the fee schedule so that the fee automatically readjusts. The ICC data is published in February and August of each year; however, we recommended just updating once a year in accordance with February's published data.
- Using the Building Valuation Data will make a fair playing field for all contractors in cases where a “low ball” construction cost is given on the permit application. In cases where the permit applicant lists a construction cost greater than the BVD, the higher cost will be used in calculating the fee.

Building Permits – 2025 Recalculation

Example:

- Sq. ft. 2,000
- A-2 (Restaurant) IIB (Construction type)
- Project cost listed on permit application: \$400,000
- Project cost per ICC Building Valuation Data: 2,000 sq. ft. x \$249.54 = \$499,080

CURRENT PERMIT FEE

$$\text{Permit Fee: } \$499,080 \times .0033 = \mathbf{\$1,646}$$

\nearrow *current multiplier*

PROPOSED PERMIT FEE

$$\text{Permit Fee: } \$499,080 \times .004 = \mathbf{\$1,996}$$

\nearrow *proposed multiplier*

$$\text{PERMIT FEE MULTIPLIER} = \frac{\text{Department's Budget x (\%)}}{\text{Total Annual Construction Value}}$$

Building Permits – Comparative Data

KINGS MOUNTAIN **\$1,646** current fee
\$1,996 proposed fee

CATAWBA COUNTY (includes City of Hickory) **\$1,100**

CLEVELAND COUNTY **\$1,234**

CABARRUS COUNTY (includes: Concord and Kannapolis) **\$1,544**

SHELBY **\$1,645**

GASTON COUNTY (includes: Gastonia, Cramerton, Mount Holly, Belmont, Bessemer City, Cherryville, Delview, Dallas, High Shoals, Lowell, McAdenville, Ranlo, Stanley and Spencer Mountain) **\$2,241**

MECKLENBURG COUNTY (includes: Charlotte, Huntersville, Matthews, Pineville, Mint Hill, Cornelius) **\$2,480**

Budget Highlights-General Fund-Revenues

Solid Waste Fees

- ❖ Solid waste rate change proposed for both residential (see below) and commercial (15% ATB)
- ❖ Residential bill would go from \$15.00 to \$16.50-necessary to provide existing level of services and better cover cost of services provided (10%)
- ❖ Proposed rate is extremely competitive vs **private sector** and public sector for those units not heavily supplementing cost with other revenue streams
- ❖ We are reinvesting in capital for the solid waste/leaf program

Solid Waste Fees – Comparative Data

Residential Rate (fixed monthly)

COKM Old	\$	15.00
COKM New Proposed	\$	16.50

		<u>2023 Data</u>
Shelby	\$	13.23
Gastonia (includes leaf collect.)	\$	13.08
Dallas	\$	14.00
Cherryville	\$	15.00
Republic - Cleve. County 6/22	\$	<u>25.00</u>
Average of comparables	\$	16.06

Moss Lake New Fee Schedule-Adopted 5-28

Yearly Lease(s) (Fiscal Year, July-June):

Lease fees are for **all** lots (excluding those subject to the Clinestead settlement) adjoining the City's control strip. Fees are based upon shoreline linear feet, as indicated in Cleveland County's Geographic Information System (GIS), as follows:

Linear Feet	Fee
50 or less	\$ 575
51-100	\$ 625
101-300	\$ 710
301-1,000	\$ 830
1001+	\$ 985

All lease fees for a given fiscal year are due and payable by January 1st.

Failure to pay by January 15th will result in a \$50 late fee and a 1.5% per month penalty, accrued on the first day of each preceeding month.

After January 31, any unpaid leases can result in the City removing lessee shoreline improvements (ramps, piers, seawalls, etc.).

Lease fees will be automatically adjusted on a bi-annual basis (first adjustment, fiscal year 26-27) by the lesser of 5%, or the change in the Consumer Price Index (CPI) All Items, for the preceeding two calendar years.

Moss Lake New Fee Schedule-Adopted 5-28

Boating Permit Fees (1):

Boat Permits, Annual (including jet skis)	\$200.00
Boat Permits, Daily (including jet skis)	\$40.00
Non-motorized Boat Permits (2)	Free
Civil penalty-no permit	\$25 each occurrence

Camping Fees (3):

Camping Daily Permit	\$35.00
Camping Weekly Permit	\$175.00

Other Permits/Fees:

Picnic Shelter 1 hour	N/A
Picnic Shelter Day (1)	\$60.00
Slip Fee In Group Pier Facility (4)	\$75/Slip
Residential Pump Permit-Annual	\$650.00

Moss Lake New Fee Schedule-Adopted 5-28

Footnotes:

- (1) Residents in the corporate limits of Kings Mountain who pay City taxes on real property and/or personal property will receive a **50% discount on all boating and picnic shelter** permits. **Lake residents (paying a lease) will receive a 25% discount** on all boating permits.
- (2) No fees will be assessed for non-motorized craft including paddle boats, canoes, kayaks, and paddle boards. Any craft that either has an engine, or may have an engine installed, will be subject to regular boating permit fees.
- (3) Payment is due in full at the time of reservation. Cancellation of reservations at least 3 days prior to the check in time of 3:00 p.m. can be rescheduled for different available dates. Cancellation of reservations less than 3 days prior to the check in time of 3:00 p.m. will be subject to a forfeiture of all fees paid.

For actual arrivals, check in time shall be 3 p.m. unless prior arrangements are made with the campground attendant.

- (4) Slip Fees associated with a Group pier facility are available to the homeowners association that has all of its lots in a residential subdivision or planned development or condominium complex fronting Moss Lake and the homeowners association executes the lease and pays all fees.

Moss Lake New Fee Schedule-Adopted 5-28

Additional items:

-No new ramps permitted.

-The City reserves the right to issue civil penalties for utilization of unpermitted irrigation pumps of up to \$250 per occurrence.

-Dredging and/or shoreline and control strip modification, re-construction, and alteration:
Site Plan Review – City’s current rate
Construction Observation/Review – City’s current rate

-An enforcement grace period of 3 months (7/1 through 10/1) will be given for property owners to obtain annual boat permits, as these permits will no longer be included with annual lease “packages”.

-All fees generated from the fees in this schedule will be utilized for operating and capital purposes related specifically to the John H. Moss Reservoir

Moss Lake Property Values

	<u>Avg. per Property</u>	<u>Total</u>
Avg Value Land	\$ 134,015	\$ 100,645,608
Avg Value Building	\$ 322,094	\$ 177,151,815
	\$ 456,110	\$ 277,797,423
City prop tax equivalent (.48)	\$ 2,212	\$ 1,347,318
County tax levy (.545)	\$ 2,486	\$ 1,513,996

This is real property values-does not include personal property (cars, boats, etc.)

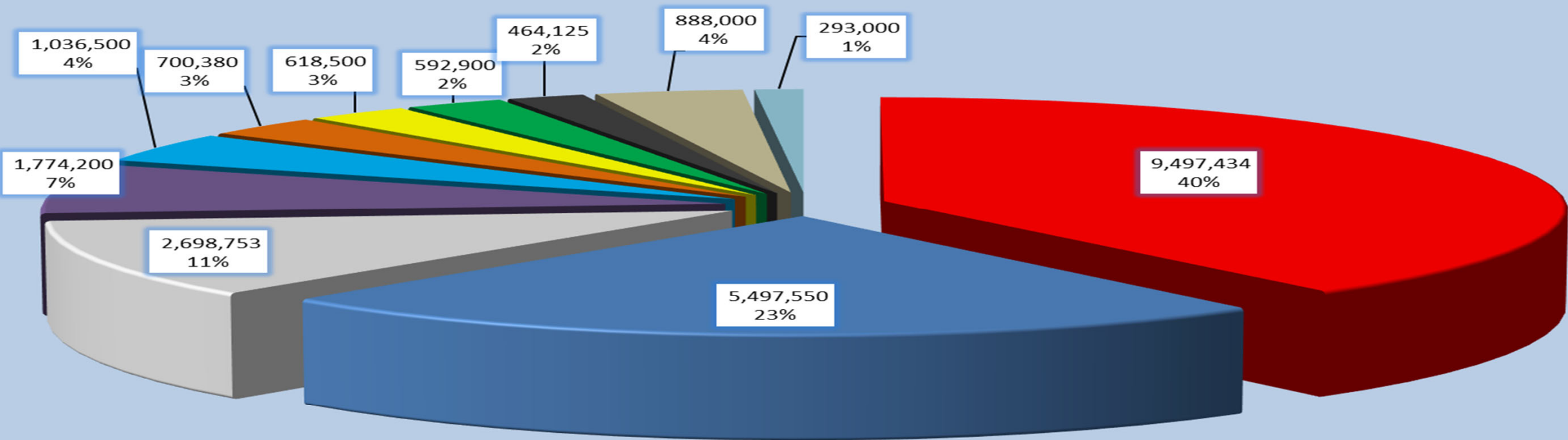
Moss Lake Land Lease Fees – FYE 23 Actual

6/30/23 Revenue	Lake Residents- Gross	Lake Residents- Discount	Lake Residents- Net	Non- Lake Residents	Total
Leases	\$ 351,450	\$ (203,080)	\$ 148,370	\$ -	\$ 148,370
Pumps	\$ 28,600	\$ -	\$ 28,600	\$ -	\$ 28,600
Boats	\$ 57,840	\$ (37,515)	\$ 20,325	\$ 128,152	\$ 148,477
Camping	\$ -	\$ -	\$ -	\$ 74,100	\$ 74,100
	<u>\$ 437,890</u>	<u>\$ (240,595)</u>	<u>\$ 197,295</u>	\$ 202,252	<u>\$ 399,547</u>
		-55%			
Revenue-if remove bundling/discount	\$ 437,890	\$ -	\$ 437,890	\$ 202,252	\$ 640,142

Moss Lake Fees-Summary Illustration

	# Billed FYE		Billing-Old		Estimated
	23	Old Fee	Fee	New Fees	Potential
					Billing
Land Lease	551	\$ 575	\$ 316,825	Variable	\$ 502,225
Land-No Activity	156	\$ -	\$ -	Variable	\$ -
Piers/Docks	522	\$ 50	\$ 26,100	\$ -	\$ -
Group Piers	71	\$ 75	\$ 5,325	\$ 75.00	\$ 5,325
Ramps	64	\$ 50	\$ 3,200	\$ -	\$ -
Total Leases			\$ 351,450	Variable	\$ 507,550
Pumps	143	\$ 200	\$ 28,600	\$ 650	\$ 92,950
Annual Boat Permits (Residents)	723	\$ 80	\$ 57,840	\$ 150	\$ 108,450
Total Residents/Owners Annual Revenue			\$ 437,890		\$ 708,950
		22-23 Revenue	\$ 176,970		\$ 176,970
Non Lake Residents Boats-Annual Inside	94	\$ 40	\$ 3,760	\$ 100	\$ 9,400
Non Lake Residents Boats-Annual Outside	1,177	\$ 80	\$ 94,160	\$ 200	\$ 235,400
Non Lake Residents Boats-Daily Inside	61	\$ 8	\$ 488	\$ 20	\$ 1,220
Non Lake Residents Boats-Daily Outside	1,859	\$ 16	\$ 29,744	\$ 40	\$ 74,360
Total Boats Non-Residents			\$ 128,152		\$ 320,380
		22-23 Revenue	\$ 128,152		\$ 128,152
Camping-Daily	1,400	\$ 20	\$ 28,000	\$ 35	\$ 49,000
Camping-Weekly	461	\$ 100	\$ 46,100	\$ 175	\$ 80,675
Total Camping			\$ 74,100		\$ 129,675
		22-23 Revenue	\$ 74,100		\$ 74,100
MAX Potential Revenue- NO Early Pmt. Discounts/ Bundling			\$ 640,142		\$ 1,159,005
Total 22-23 Revenue			\$ 399,547		\$ 399,547

General Fund Total Expenditures 2024-25 Proposed Budget Total \$24.06M



- Police/Fire
- Public Works (Streets/Solid Waste/Garage)
- Non-Departmental/Admin/HR/Elections
- Library/Senior Center
- Planning & Development Services
- Parks and Recreation
- Marketing, Tourism, Events
- Inspections & Codes
- IT
- Moss Lake
- Cemetary/Perpetual care

General Fund Expenditures

	<u>24-25 Proposed</u>		<u>23-24 Adopted</u>	
Police/Fire	\$ 9,497,434	39%	\$ 10,484,000	40%
Public Works (Streets/Solid Waste/ Garage)	\$ 5,497,550	23%	\$ 7,585,361	29%
Non-Departmental/Admin/HR/Elections	\$ 2,698,753	11%	\$ 2,011,805	8%
Library/Senior Center	\$ 1,774,200	7%	\$ 1,674,550	6%
Planning & Development Services	\$ 1,036,500	4%	\$ 1,164,500	4%
Parks and Recreation	\$ 700,380	3%	\$ 665,000	3%
Marketing, Tourism, Events	\$ 618,500	3%	\$ 558,500	2%
Inspections & Codes	\$ 592,900	2%	\$ 554,000	2%
IT	\$ 464,125	2%	\$ 445,860	2%
Moss Lake	\$ 888,000	4%	\$ 437,000	2%
Cemetary/Perpetual care	\$ 293,000	<u>1%</u>	\$ 318,000	<u>1%</u>
	<u>\$ 24,061,342</u>	100%	<u>\$ 25,898,576</u>	100%
Total capital included above	<u>\$ 2,934,500</u>	13%	<u>\$ 7,077,456</u>	27%

2024-25 Capital Outlay-General Fund

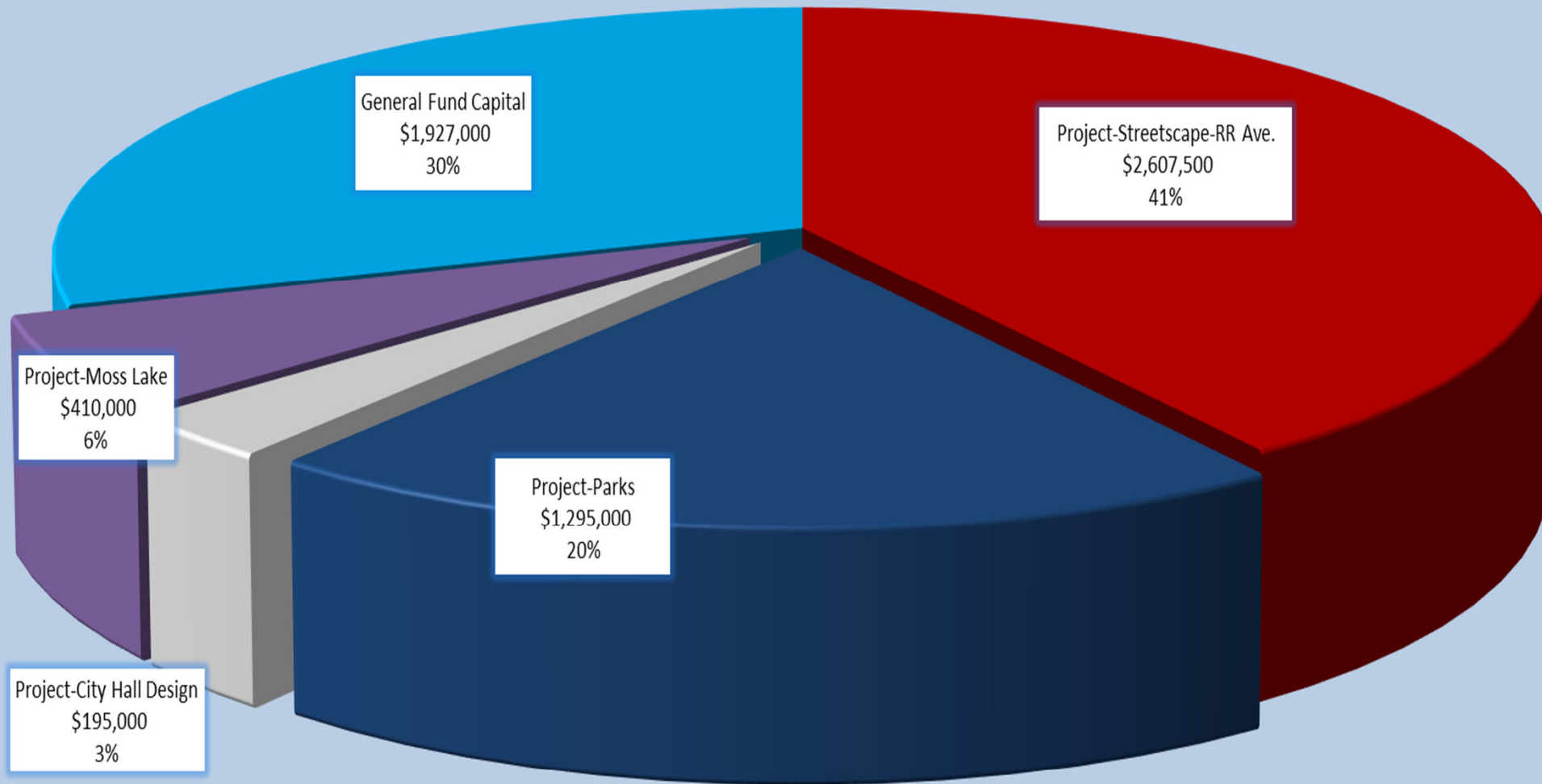
General Fund

Transfer to Capital Reserve for Projects - Fund Balance	\$	597,500
Transfer to Capital Reserve for Projects - Moss Lake Fees	\$	<u>410,000</u>
Sub-total	\$	1,007,500
Customer Portal Software-Northstar	\$	125,000
Capital Improvement Plan	\$	100,000
Time and Attendance Software	\$	35,000
Service Truck - Garage	\$	110,000
Shop Remodel - Garage	\$	10,000
Police-Vehicles	\$	111,000
Police-Building Project	\$	29,000
Police-Software Upgrades	\$	90,000
Fire - Pick-up Truck	\$	60,000
Fire-Generator Station 2	\$	68,000
Public Works Building Renovations-Roof	\$	150,000

2024-25 Capital Outlay-General Fund (cont.)

Public Works-Small Truck	\$	48,000
Streets-Asphalt Repair Truck	\$	295,000
Streets-Kubota with Side Flail Mower	\$	127,000
Streets/Grounds-Service Truck	\$	68,000
Streets/Grounds-Shed/Depot/Sims Street Bathroom Repairs	\$	23,000
Cemetery-Auto Gate Openers	\$	25,000
GIS Mapping/Workorder Project	\$	150,000
Senior Ctr-HVAC	\$	13,000
Senior Ctr-Parking Lot Repaving	\$	65,000
Moss Lake- Office roof	\$	25,000
Parks-YMCA Roof	\$	120,000
IT-Server Hardware	\$	80,000
Sub-total	\$	<u>1,927,000</u>
Grand Total General Fund	\$	<u>2,934,500</u>
Total financed	\$	771,000
Cash from fund balance	\$	1,197,500
Total paid in cash from operations	\$	<u>966,000</u>
Total capital budget	\$	<u>2,934,500</u>

Governmental Capital Outlay-All Funds- 2024-25 Proposed Budget - \$6,434,500



2024-25 Capital Outlay-General Government Projects

Streetscape Project:

Phase II: Railroad Avenue; 1490 lin. ft. @ \$1,750/lin. Ft. **\$2,607,500**

Parks Projects:

Ramseur Park: Planning and minor improvements **\$50,000**

Watterson Park: Pave parking area
 Pave walking track (1/4 mi.)
 Picnic station (4)
 Dog park
 Story-walk signs
 Fitness course **\$265,000**

Davidson Park: Basketball court
 Play structure/campus (demo old @ YMCA)
 Pickleball
 Splash Pad
 Shelter
 Walking trail **\$980,000**

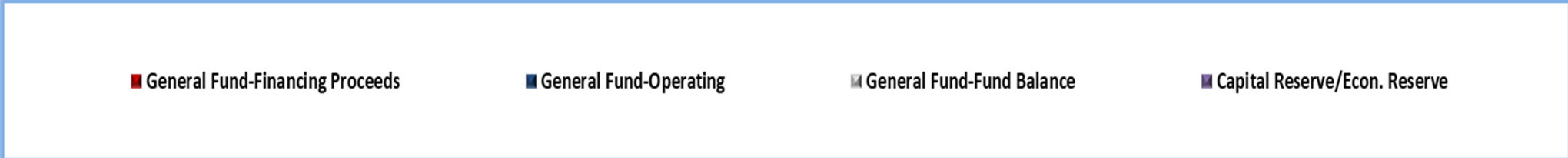
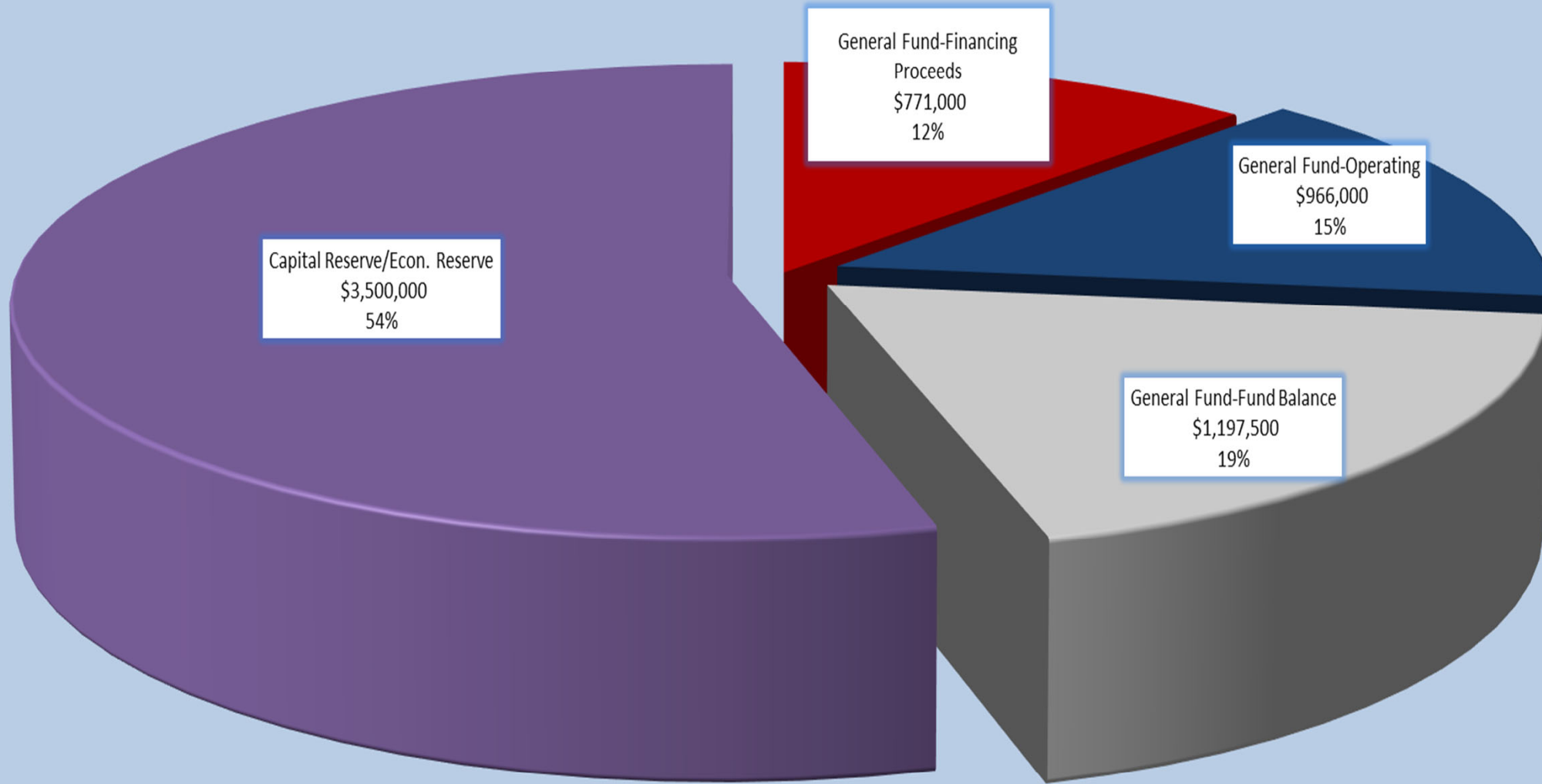
Total Parks: **\$1,295,000**

City Hall Building:

FY24-25 = Design and Prep./Bidding: **\$195,000**

Moss Lake Beach Improvements: **\$410,000**

Governmental Capital Outlay-All Funds- "Revenue" Sources 2024-25 Proposed Budget-\$6,434,500



Notes Applicable to All General Fund Departments:

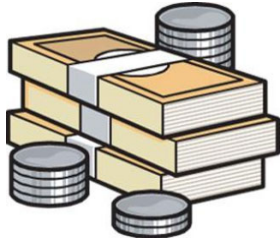
- * Salaries – **2.5%** across the board (ATB) increase budgeted
- * LGERS expense increased slightly
- * Medical per employee was increased 5% given claims projection for next year
- * 4 “new” net full-time positions were budgeted in the General Fund, though some shifting of positions occurred and will be noted as we discuss budget for the various individual departments

00-Non-Departmental

Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ 189,800	\$ 199,720	\$ 204,880
OPERATING	\$ 602,500	\$ 726,200	\$ 762,700
CAPITAL	\$ -	\$ -	\$ 597,500
CHGS TO OTHER FUNDS	\$ (135,000)	\$ (300,000)	\$ (330,540)
TOTAL	\$ 657,300	\$ 625,920	\$ 1,234,540

Budget Highlights:

- Personnel-Medical charges (current employees (Council)) were up slightly for this budget year based upon the 24-25 claims projection prepared by our third party consultant.
- Change in operations is due primarily to increased retiree medical costs as we simply have more retirees receiving the benefit in 24-25 and increased claims cost/charges as noted above.
- Capital consists of a transfer to the capital project/reserve fund to finance various projects as previously noted.
- Charges to other funds were recomputed and the Enterprise Funds are receiving a larger share of allocable cost. This is evaluated and readjusted annually.



02-Administration/Finance/Customer Service (Billing)

Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ 1,264,200	\$ 1,261,000	\$ 1,443,000
OPERATING	\$ 791,000	\$ 917,393	\$ 983,893
CAPITAL	\$ 200,000	\$ 265,000	\$ 225,000
CHGS TO OTHER FUNDS	\$ (1,230,465)	\$ (1,459,758)	\$ (1,597,129)
TOTAL	\$ 1,024,735	\$ 983,635	\$ 1,054,764

Budget Highlights:

- Total personnel expenditures increased due to increased medical, the 2.5% ATB increase, and wage and rate adjustments as a result of the 23-24 rate study update. Furthermore, a low level customer service representative position was repurposed to a higher rate Budget/Finance position. The total positions budgeted in this department in 24-25 did not change from 23-24.
- Operations are up across the board given inflationary factors. Note also, all General Fund legal is now budgeted in this department and will be allocated to the other funds as applicable.
- Capital is set aside for customer portal software (\$125,000) and a planned long-term capital improvement plan (\$100,000).
- Charges to other funds were recomputed based upon current budget. This is evaluated and readjusted annually.



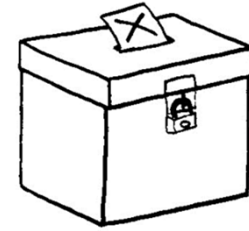
03-Human Resources

Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ 358,200	\$ 384,000	\$ 389,000
OPERATING	\$ 582,500	\$ 133,000	\$ 149,500
CAPITAL	\$ -	\$ 10,000	\$ 35,000
CHGS TO OTHER FUNDS	\$ (120,175)	\$ (131,750)	\$ (172,050)
TOTAL	\$ 820,525	\$ 395,250	\$ 401,450

Budget Highlights:

- Personnel change due to wage study impact and ATB increase discussed previously. No change in positions from the prior year.
- The operating budget increased primarily for professional services related to implementation and administration of an employee mental health program.
- Capital is for time and attendance software.
- Charges to other funds were recomputed based upon current year's budget.

04 – Elections Board



Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ -	\$ -	\$ -
OPERATING	\$ 6,000	\$ 7,000	\$ 8,000
CAPITAL	\$ -	\$ -	\$ -
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 6,000	\$ 7,000	\$ 8,000

Budget Highlights:

- No significant items of note.



05 - Garage

Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ 337,500	\$ 378,000	\$ 398,000
OPERATING	\$ 101,000	\$ 110,400	\$ 121,000
CAPITAL	\$ -	\$ -	\$ 120,000
CHGS TO OTHER DEPTS.	\$ (38,000)	\$ (140,600)	\$ (143,000)
TOTAL	\$ 400,500	\$ 347,800	\$ 496,000

Budget Highlights:

- Personnel change due to ATB increase discussed on previous slides. No change in positions from the prior year.
- Slight operating increases across the board for inflation.
- Capital is for a shop truck \$110k and building renovations/improvements \$10k.
- Charges increased for increased personnel costs and charges for fleet management allocated to the Enterprise funds.



06-Police

Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ 4,264,500	\$ 4,597,500	\$ 4,978,000
OPERATING	\$ 810,250	\$ 873,950	\$ 1,058,350
CAPITAL	\$ 275,000	\$ 324,000	\$ 230,000
CHGS TO OTHER DEPTS	\$ -	\$ -	\$ -
TOTAL	\$ 5,349,750	\$ 5,795,450	\$ 6,266,350

- Personnel change due to wage study impact and ATB increases discussed previously. Note two additional full-time positions were added (SRO, FT position approved mid year 23-24).
- Increase in operations represents inflationary increases combined with debt service payment increases (\$150K) for 23-24 capital purchases.
- Capital budgeted for vehicles \$111k (3 replacements), computer software upgrades \$90k, and building renovations \$29k.

07-Fire



Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ 1,829,300	\$ 1,914,000	\$ 2,267,000
OPERATING	\$ 471,000	\$ 424,550	\$ 836,084
CAPITAL	\$ -	\$ 2,350,000	\$ 128,000
CHGS TO OTHER DEPTS	\$ -	\$ -	\$ -
TOTAL	\$ 2,300,300	\$ 4,688,550	\$ 3,231,084

Budget Highlights:

- Personnel change due to wage study impact and ATB increases discussed on previous slides. One part time position was converted to full time (admin). No total change in number of positions from the prior year.
- Operating budget increased primarily for debt payments (\$330k) for trucks “purchased” in 23-24. Remainder is simply inflationary increases.
- Capital is for a new pick-up (\$60k) and a generator (\$68k) for Station 2.

08-Public Works Administration

Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ 260,600	\$ 429,000	\$ 307,500
OPERATING	\$ 109,000	\$ 135,000	\$ 102,800
CAPITAL	\$ 200,000	\$ 210,000	\$ 198,000
CHGS TO OTHER FUNDS	\$ (19,000)	\$ (158,895)	\$ (30,000)
TOTAL	\$ 550,600	\$ 615,105	\$ 578,300

Budget Highlights:

- Personnel change partially due to wage study impact and ATB increases discussed on previous slides. The City Engineer position was moved from this department to Development Services. Also, several (2) part-time positions were added (admin, custodian, as cleaning services now being handled in-house rather than by contract).
- Operations decrease due to shift of costs to personnel related to moving custodial services in-house.
- Capital-\$150k is for PW/Energy Services building roof, \$48k is for a truck.
- Charges to other funds allocate a portion of the janitorial services to the Enterprise funds. Note the large decrease from last year is due to the fact the City Engineer is no longer in this department (75% total cost allocated to Enterprise activities last year).



09-Streets/Grounds/Building Maint.

Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ 1,234,000	\$ 1,361,500	\$ 1,454,000
OPERATING	\$ 367,000	\$ 399,500	\$ 644,150
CAPITAL	\$ 86,000	\$ 2,641,456	\$ 513,000
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ (64,000)
TOTAL	\$ 1,687,000	\$ 4,402,456	\$ 2,547,150

Budget Highlights:

- Personnel change due to ATB increases discussed on previous slides. Note one full-time operator position was also added.
- Operations-large increase is due to debt service (\$222k) for rolling stock added in 23-24, remainder of increase is simply inflation.
- Capital is detailed on Slide 32. Majority (\$422K) is for an asphalt repair truck and Kubota side flail mower.
- Charges to other funds are to allocate costs related to an operator to the Water Fund for services performed on their behalf. This basically off-sets the cost of the additional operator added.

10-Solid Waste



Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ 656,300	\$ 683,000	\$ 730,000
OPERATING	\$ 889,900	\$ 880,000	\$ 1,146,100
CAPITAL	\$ 537,000	\$ 657,000	\$ -
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 2,083,200	\$ 2,220,000	\$ 1,876,100

Budget Highlights:

- Personnel change due to ATB increases discussed previously. No change in number of positions from the prior year.
- Operations are up due to increased debt service payments (\$117k) for 23-24 purchases, as well as significant increases in the maintenance line item for several major scheduled repairs. The remainder of the change is due to increased tipping fees given volume of refuse transported to the landfill.
- Capital in 23-24 was for one automated refuse truck (\$427k) and one rear load refuse truck (\$230k). No major purchases are planned in 24-25.



11-Cemetery

Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ 146,600	\$ 174,500	\$ 208,500
OPERATING	\$ 39,000	\$ 38,500	\$ 54,500
CAPITAL	\$ -	\$ 100,000	\$ 25,000
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 185,600	\$ 313,000	\$ 288,000

Budget Highlights:

- Personnel change due to ATB increases discussed on previous slides. No change in number of positions from the prior year.
- Operations are flat excluding \$13.5k increase for debt service on 23-24 dump truck purchase.
- Capital is for automated gate openers.



12-Planning/Development Services

Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ 502,500	\$ 575,000	\$ 856,000
OPERATING	\$ 357,000	\$ 418,500	\$ 423,000
CAPITAL	\$ 25,000	\$ 280,000	\$ 150,000
CHGS TO OTHER FUNDS	\$ -	\$ (109,000)	\$ (392,500)
TOTAL	\$ 884,500	\$ 1,164,500	\$ 1,036,500

Budget Highlights:

- Personnel change due to major wage study impacts and ATB increases discussed previously. Note the City Engineer was **transferred** to this department so one full-time high level position was "added".
- Operating costs-Note cost for KM Forward Downtown Contract is included here (MSD tax plus \$100k grant/match).
- Capital is for a software project (mapping/work orders) \$150K.
- Cost redistributions (charges to other funds) are for a portion of the Development Services Director's salary and benefits, City Engineer's salary and benefits, as well as an allocation for the software project and recurring software maintenance costs.

INSPECTION

Passed

Failed

13-Inspections and Codes

Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ 336,200	\$ 362,000	\$ 412,500
OPERATING	\$ 167,000	\$ 160,000	\$ 180,400
CAPITAL	\$ -	\$ 32,000	\$ -
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 503,200	\$ 554,000	\$ 592,900

Budget Highlights:

- Personnel change due to step increases and ATB increases discussed on previous slides. No change in number of positions from the prior year.
- Operating request is up due to general inflationary increases and for contracted services regarding a contract/part-time inspector.

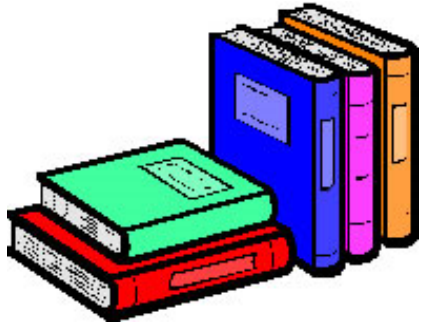
14-Senior Center

Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ 456,800	\$ 479,500	\$ 502,000
OPERATING	\$ 288,025	\$ 315,000	\$ 316,500
CAPITAL	\$ 85,000	\$ 43,000	\$ 78,000
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 829,825	\$ 837,500	\$ 896,500

Budget Highlights:

- Personnel change due to ATB increases discussed on previous slides. No change in number of positions from the prior year.
- Operations are relatively flat.
- Capital is for HVAC replacement (\$13k) and lot paving (\$65k).





15-Library

Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ 461,800	\$ 507,000	\$ 551,500
OPERATING	\$ 329,000	\$ 330,050	\$ 326,200
CAPITAL	\$ -	\$ -	\$ -
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 790,800	\$ 837,050	\$ 877,700

Budget Highlights:

- Personnel change due ATB increases discussed previously. No change in number of positions from the prior year.
- Operating expenditures are flat.



16-Marketing, Tourism, Events



Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ 241,400	\$ 274,500	\$ 304,500
OPERATING	\$ 337,000	\$ 284,000	\$ 314,000
CAPITAL	\$ 34,500	\$ -	\$ -
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 612,900	\$ 558,500	\$ 618,500

Budget Highlights:

- Personnel change due to ATB increases discussed on previous slides. No change in number of positions from the prior year. One position was reassigned and reimaged from MTE to a full-time communications specialist.
- “Event specific” line item budget basically held flat-focus on “quality over quantity”. Operations line item for marketing was increased to expand focus from events to include more marketing and tourism promotion.



17-Moss Lake

Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ 227,900	\$ 260,000	\$ 269,000
OPERATING	\$ 159,000	\$ 132,000	\$ 139,000
CAPITAL	\$ 27,500	\$ 45,000	\$ 435,000
DREDGING-MOSS LAKE COMMISSION	\$ -	\$ -	\$ 45,000
TOTAL	\$ 414,400	\$ 437,000	\$ 888,000

Budget Highlights:

- Personnel change due to ATB increases discussed on previous slides. No change in number of positions from the prior year.
- Operating contingency removed from the budget. Will amend budget if needs arise. Operations are basically flat.
- Capital allows for transferring fees generated in excess of annual operating requirements (from new fee structure) to the capital project/reserve fund for beach enhancements/capital improvements at Moss Lake.
- Dredging-Moss Lake Commission-funds set aside to be used, at the discretion of the Commission, for dredging problematic areas.

18-Transfer to Perpetual Care

Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ -	\$ -	\$ -
OPERATING	\$ 5,000	\$ 5,000	\$ 5,000
CAPITAL	\$ -	\$ -	\$ -
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 5,000	\$ 5,000	\$ 5,000

Budget Highlights:

- A portion of Cemetery Plot Sales are transferred to the Perpetual Care Fund annually for cemetery upkeep.



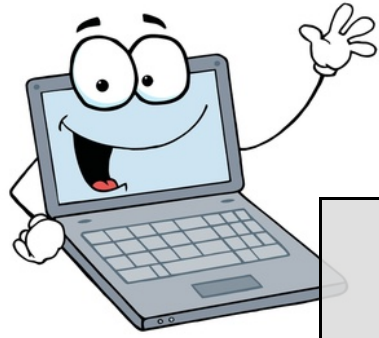
19 – Parks and Recreation



Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ -	\$ -	\$ -
OPERATING	\$ 554,000	\$ 565,000	\$ 580,380
CAPITAL	\$ 50,000	\$ 100,000	\$ 120,000
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 604,000	\$ 665,000	\$ 700,380

Budget Highlights:

- YMCA contact (\$478k) and maintenance is budgeted here as well as a park maintenance line item (\$91K-previously in PW's).
- Capital is for a roof replacement at the City owned "YMCA" building.



20-Information Technology (IT)

Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ 280,900	\$ 310,000	\$ 445,000
OPERATING	\$ 380,000	\$ 413,100	\$ 403,250
CAPITAL	\$ -	\$ 20,000	\$ 80,000
CHGS TO OTHER FUNDS	\$ (264,360)	\$ (297,240)	\$ (464,125)
TOTAL	\$ 396,540	\$ 445,860	\$ 464,125

Budget Highlights:

- Personnel change due to ATB increases discussed on previous slides as well as the addition of one full-time network administrator position.
- Operations are flat.
- Capital is for server hardware.
- Admin. allocation percentages change based upon incidents and increased operating costs, thus the increase in charges to the other funds.

Additional items of note....

- ❖ Our Electric System is in need of capacity expansion and wholesale rehabilitation so its capital needs over the next ten years will be significantly more than what had been reinvested in the system over the previous ten years.
- ❖ This means any additional **operating needs of the General Fund must be financed with General Fund revenues, not additional transfers from the Electric Fund.**
- ❖ We agreed to reduce transfers from the Electric Fund in order to obtain debt financing. Our Resolution stated we will reduce the transfer 10% a year until we are in compliance with best practice.

*Best Practice -5% of gross annual revenues of the electric system or 3% of gross capital assets, whichever is greater

General Government Future Needs

“50,000 foot view”

- ❖ Public Works/City Hall/HR building renovations/expansions
- ❖ Potential garage expansion/replacement
- ❖ Replace/refurbish Water Resources Deal Street facility
- ❖ Future satellite Police/Fire locations due to annexation and development
- ❖ Street infrastructure/paving/streetscape (Downtown)
- ❖ Parks/recreation facilities/greenways and trails
- ❖ Solid waste-capital required for service provision/expansion
- ❖ Additional staffing needs due to growth in **numerous** departments

Powell Bill Fund

Powell Bill Fund



Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ -	\$ -	\$ -
OPERATING	\$ 418,000	\$ 350,000	\$ 352,000
CAPITAL	\$ -	\$ -	\$ -
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 418,000	\$ 350,000	\$ 352,000

Budget Highlights:

- The current budget returns to the concept of a balanced budget based upon annual Powell Bill revenues (no appropriation of Fund Balance.) The 24-25 Powell Bill Paving/resurfacing budget is \$304k.
- Note we budgeted an additional \$1.6M for paving in 23-24, budgeted in the General Fund (financed by capital reserve funds).

E911 Special Revenue Fund

29-Emergency 911 Fund



Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ -	\$ -	\$ -
OPERATING	\$ 80,000	\$ 90,000	\$ 90,000
CAPITAL	\$ -	\$ 25,000	\$ 25,000
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 80,000	\$ 115,000	\$ 115,000

Budget Highlights:

- Current E911 allocation for the City is \$99,700.
- These funds are accounted for in a separate fund. The fund is self-sufficient and dollars can only be used for certain approved operating and capital needs related to the 911 system. Funds **cannot** be used to pay personnel.

Economic Incentives Special Revenue Fund

Economic Incentives SRF



Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ -	\$ -	\$ -
OPERATING	\$ 1,050,000	\$ 455,000	\$ 825,000
CAPITAL (Transfer out)	\$ -	\$ -	\$ 1,000,000
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 1,050,000	\$ 455,000	\$ 1,825,000

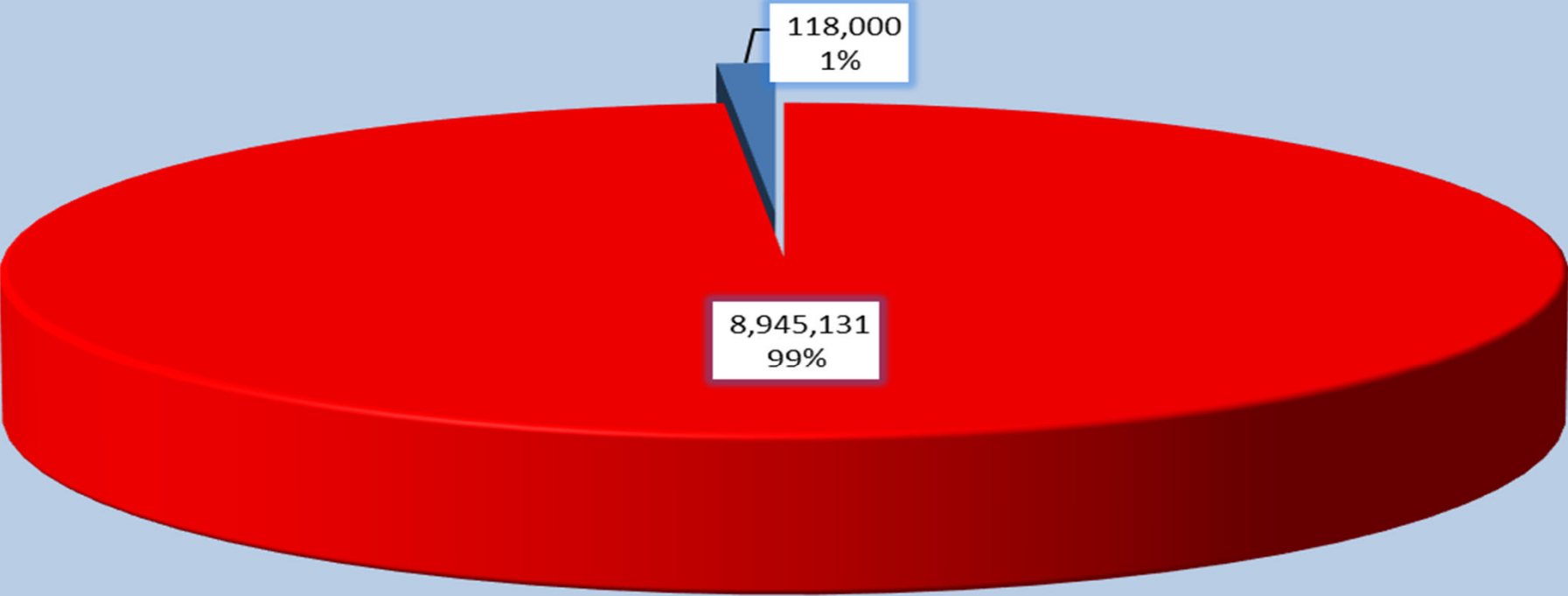
Budget Highlights:

- This fund was created to account for economic/industrial incentive agreements.
- Primary revenue is the portion of property taxes subject to “incentive” refunds/ payments.
- The operating portion of the fund is self-balancing, i.e. property tax revenues budgeted equal incentive payments due **assuming payments are earned**.
- Transfer out (fund balance) of \$1M is to aid in funding capital projects previously discussed. This \$1M is intended to be an internal loan to be repaid from future General Fund reserves.

Water Sewer Fund

Water Fund Revenues 2024-25 Proposed Budget

■ Revenue-Fees/Operations ■ Fund Balance



Water/Sewer Revenues

Revenue Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
WATER SALES	\$ 4,450,000	\$ 4,895,000	\$ 5,570,000
SEWER SALES	\$ 2,300,000	\$ 2,530,000	\$ 2,880,000
APPROPRIATED FUND BALANCE	\$ 1,642,100	\$ 2,264,531	\$ 118,000
ALL OTHER OPERATING	\$ 367,000	\$ 874,500	\$ 490,131
MISCELLANEOUS	\$ 5,000	\$ 5,000	\$ 5,000
TOTAL	\$ 8,764,100	\$10,569,031	\$ 9,063,131

- ❖ 9.75% proposed ATB rate increase for Water and Sewer
- ❖ Prior to FY 23/24, the last rate increase was FY16-17, which was required by the LGC for debt approval
- ❖ Still playing catch-up with increased costs/inflation
- ❖ Following the increase the City will still be competitive, and in many cases lower, than surrounding communities
- ❖ Will require additional increases in 25-26-*historically we have not generated enough revenues to adequately maintain and re-invest in the system*
- ❖ \$35 residential bill will experience an increase of \$3.41 per month

Water/Sewer – Comparative Data

RESIDENTIAL WATER BILL ASSUMING 5,000 GALLONS MTHLY

KM OLD RATE	KM NEW RATE	SHELBY	TWO RIVERS *	CHERRYVILLE	STATE MEDIAN
\$29.29	\$32.15	\$27.60	\$28.81	\$43.00	\$39.10

RESIDENTIAL SEWER BILL ASSUMING 5,000 GALLONS MTHLY

KM OLD RATE	KM NEW RATE	SHELBY	TWO RIVERS *	CHERRYVILLE	STATE MEDIAN
\$33.87	\$37.17	\$44.30	\$41.50	\$43.00	\$48.00

TOTAL WATER/SEWER BILL ASSUMING 5,000 GALLONS MTHLY

KM OLD RATE	KM NEW RATE	SHELBY	TWO RIVERS *	CHERRYVILLE	STATE MEDIAN
\$63.16	\$69.32	\$71.90	\$70.31	\$86.00	\$87.10

Comparables are 2023 rates

*2023 rate adjusted for their proposed 7.5% 2024 increase

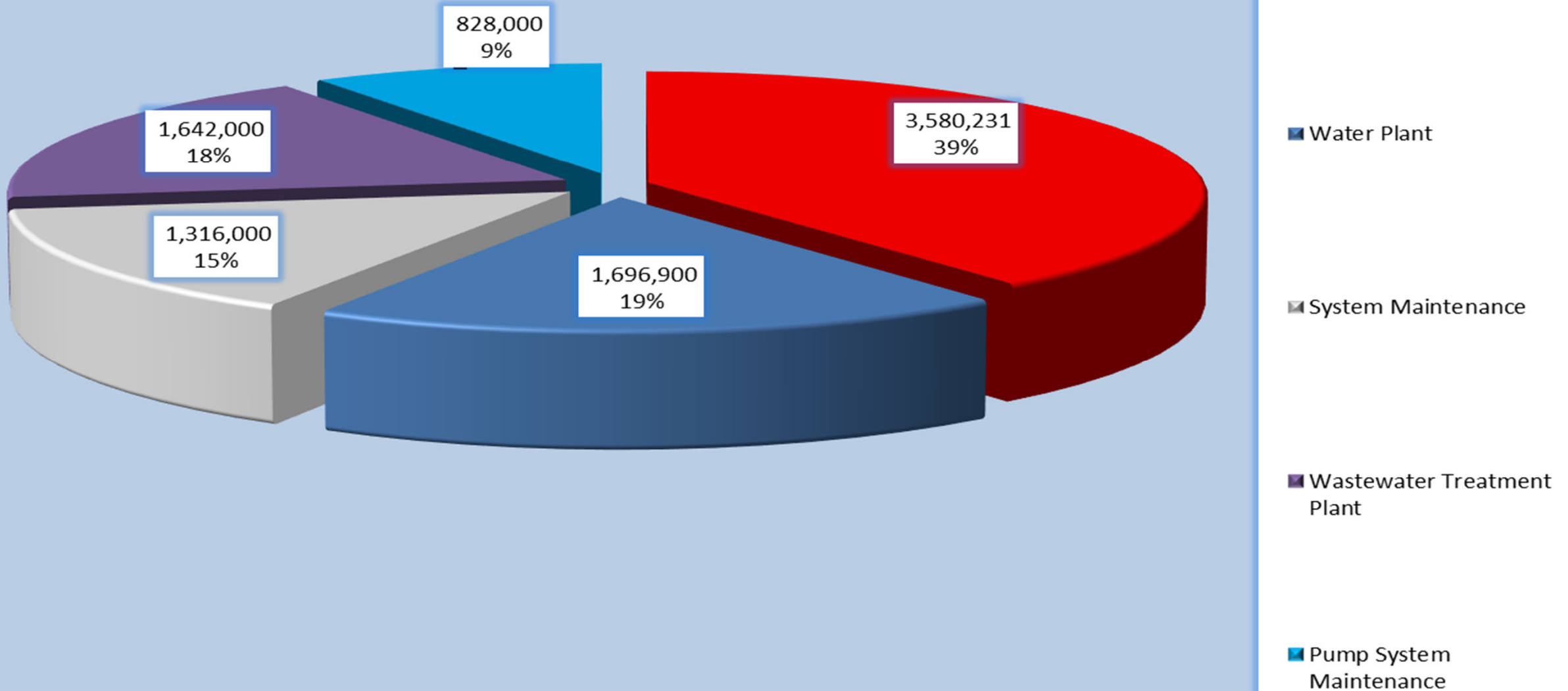


Water/Sewer Department

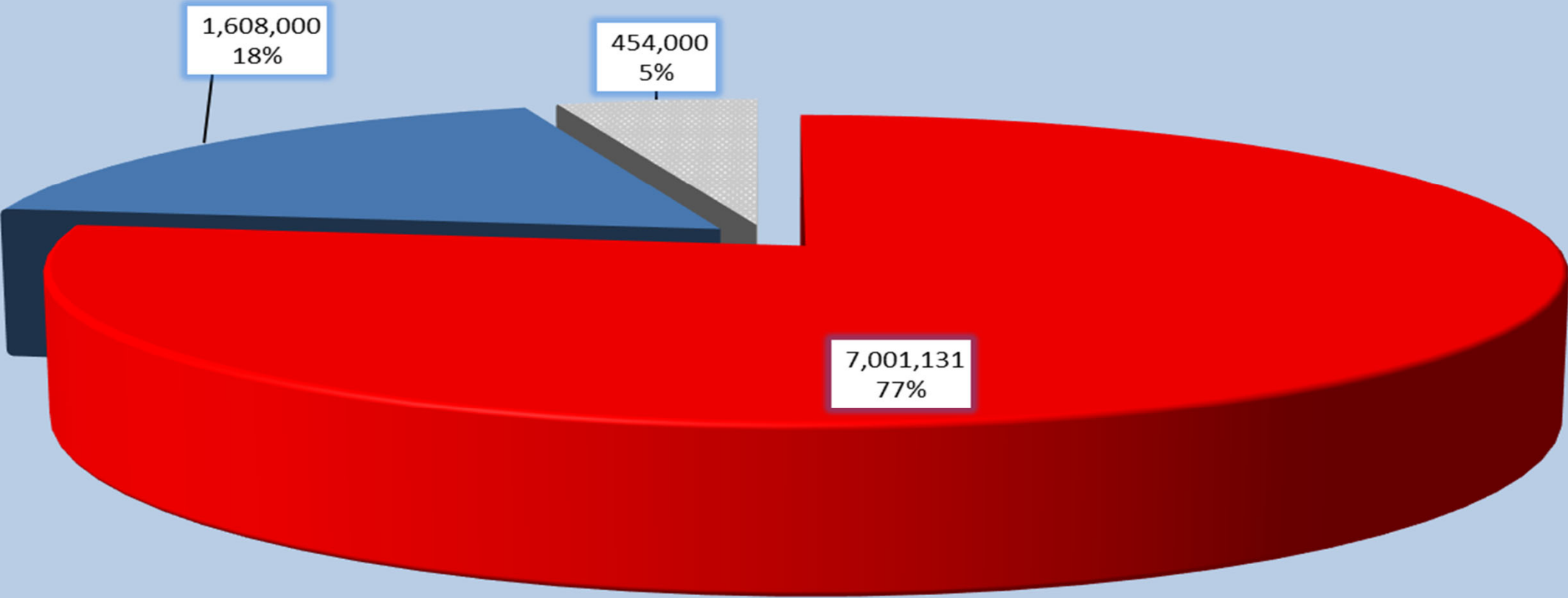
The divisions listed below are associated with the Water/Sewer Fund. These divisions are funded entirely by Water/Sewer sales and other related revenues.

- ❖ **Water Resources**
- ❖ **Water Plant**
- ❖ **System Maintenance**
- ❖ **Wastewater Treatment Plant**
- ❖ **Pump Maintenance**

Water Fund Expenditures by Department 2024-25 Proposed Budget



Water Fund Expenditures 2024-25 Proposed Budget



2024-25 Capital Outlay-Water/Sewer

Water Sewer Fund

Media Filter Replacement	\$	154,000
Chemical Feed Pump	\$	15,000
Small Truck-Ford Maverick	\$	35,000
Flat-bed Service Truck	\$	95,000
Belt Press	\$	30,000
RAS Flow Measuring Devices	\$	35,000
Electric Golf Cart	\$	15,000
Dump Bed Replacement	\$	45,000
Blower Replacement	\$	30,000
	\$	454,000

- Note we have in excess of \$80M in Water and Sewer Capital Projects currently underway or nearing commencement (Bethlehem Sewer ARPA, Beason Creek EDA, Potts Creek ARPA)



31-Water Resources

Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ 288,900	\$ 329,000	\$ 646,000
OPERATING	\$ 2,980,000	\$ 3,095,231	\$ 2,934,231
CAPITAL	\$ 375,000	\$ 150,000	\$ -
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 3,643,900	\$ 3,574,231	\$ 3,580,231

Budget Highlights:

- Personnel change due to ATB increases discussed previously as well as the transfer of an additional position from the System Maintenance (33) division. We also added a full time position for a special projects coordinator.
- *Note Water/Sewer in total has three more budgeted positions in 24-25 than they had in 23-24 (30 versus 27).*
- Operating-Debt payments related to all the DEQ loans are budgeted in this department (total approximately \$1,523,000 annually). Note charges for administrative services changed based upon our updated study/General Fund budget. Overall, total operating budget is basically flat.

32-Water Plant



Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ 321,200	\$ 448,500	\$ 405,400
OPERATING	\$ 876,000	\$ 1,050,800	\$ 1,122,500
CAPITAL	\$ 270,000	\$ -	\$ 169,000
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 1,467,200	\$ 1,499,300	\$ 1,696,900

Budget Highlights:

- Note the department in total has the same number of budgeted positions in 24-25 as they had in 23-24. The employee mix changed due to retirements, turnover, etc. so basically fewer long-tenured employees results in lower costs as newer, less-experienced, employees are hired at lower rates.
- Change in operations is due to an increase in non-capital repairs and chemicals for water treatment.
- Capital is for filter media replacement (\$154k) and replacing a chemical feed pump (\$15k).



33-System Maintenance

Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ 447,100	\$ 529,500	\$ 705,000
OPERATING	\$ 516,000	\$ 524,500	\$ 481,000
CAPITAL	\$ 100,000	\$ 135,000	\$ 130,000
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 1,063,100	\$ 1,189,000	\$ 1,316,000

Budget Highlights:

- Personnel change due to ATB increases discussed on previous slides. Transferred 2 positions from other water/sewer divisions, so there are two additional positions in this division in 24-25 versus 23-24.
- Operations are down slightly (will do paving cut repairs in-house utilizing public works).
- Capital outlay is for several trucks.

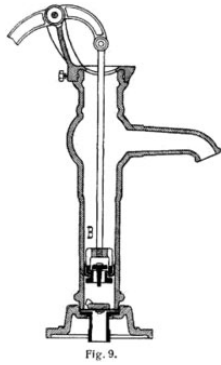
34-Wastewater Treatment Plant



Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ 433,800	\$ 477,000	\$ 483,000
OPERATING	\$ 817,000	\$ 884,500	\$ 1,004,000
CAPITAL	\$ 50,000	\$ 125,000	\$ 155,000
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 1,300,800	\$ 1,486,500	\$ 1,642,000

Budget Highlights:

- Personnel change due to ATB increases discussed on previous slides. No change in number of positions from the prior year in this division.
- Operations increased due to significant price increases for lab services and chemicals, as well as overall inflationary increases in other line items.
- Capital is detailed on slide #78.



36-Pump System Maintenance

Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ 432,100	\$ 374,500	\$ 296,000
OPERATING	\$ 527,000	\$ 525,500	\$ 532,000
CAPITAL	\$ 330,000	\$ 1,920,000	\$ -
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 1,289,100	\$ 2,820,000	\$ 828,000

Budget Highlights:

- Personnel change due to change in employee mix. Transferred three positions out of this division, budgeted two new positions. Net impact, one fewer position budgeted in this division for 24-25.
- Operating budget is flat.
- Capital in 23-24 was for Beason Creek Grant match/project.

Stormwater Fund

62-Stormwater Fund



Budget Highlights:

- No fund balance appropriated to balance the budget.
- No proposed rate changes.
- In 23-24 residential rates went from \$2.50 to \$4.00 monthly, commercial \$2.50 to \$4.00 X square footage, monthly. There had been no fee adjustments since 2012.

62-Stormwater Fund



Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ 303,500	\$ 473,785	\$ 490,000
OPERATING	\$ 134,840	\$ 136,000	\$ 198,550
CAPITAL	\$ 21,660	\$ 126,215	\$ 101,450
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 460,000	\$ 736,000	\$ 790,000

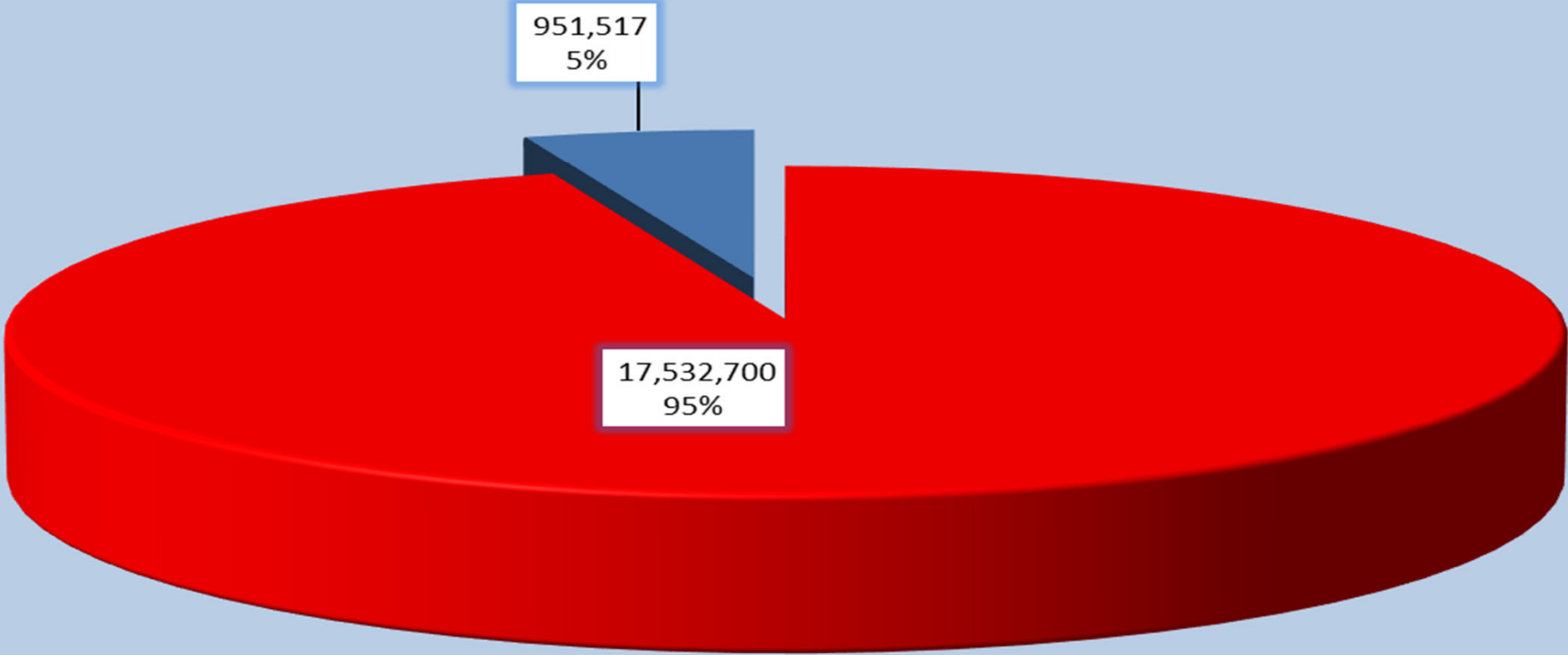
Budget Highlights (cont):

- Added two additional positions in 23-24, none in 24-25.
- Operations up due to increased admin. charges and increases in supplies for operations.
- Capital consists primarily of a new dump truck (\$85k).
- **All increased operating and capital costs are necessary to bring our system into compliance with our NCDEQ permit.**

Energy Services- Electric Fund

Electric Fund Revenues 2024-25 Proposed Budget

■ Sales of Electricity ■ All Other Revenues



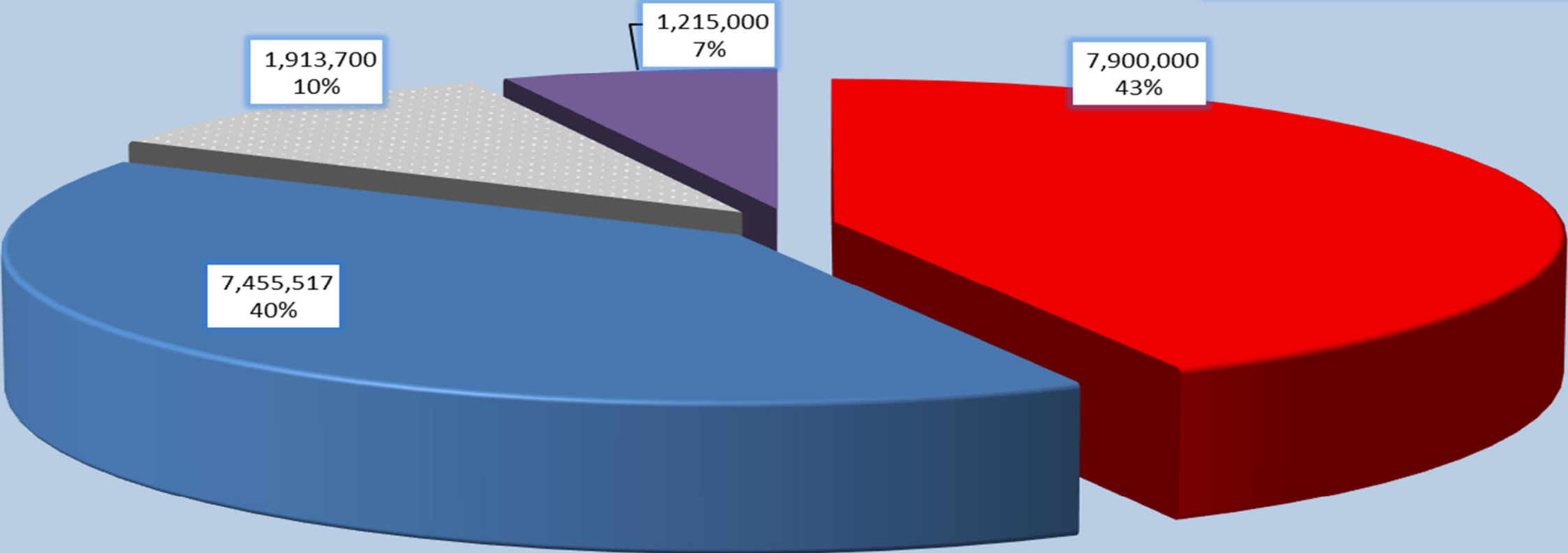
Electric Revenues

Revenue Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
ELECTRIC SALES	\$ 14,626,000	\$18,182,700	\$17,532,700
ALL OTHER OPERATING	\$ 228,397	\$ 220,403	\$ 951,517
PROCEEDS FROM DEBT	\$ 395,000	\$ 650,000	\$ -
APPROPRIATED FUND BALANCE	\$ 1,088,641	\$ 395,000	\$ -
TOTAL	\$ 16,338,038	\$19,448,103	\$18,484,217

- ❖ A cost of service study has been completed and results communicated to Council at the April 30th meeting.
- ❖ Budget was prepared assuming adoption of the rates proposed in the cost of service study.
- ❖ As indicated above, total revenues from sales are less **in total** than amounts budgeted based upon rates in effect at 7-1-23. Sales volume (kwh's) is basically flat.
- ❖ No fund balance is utilized to balance the 24-25 budget.

Electric Division Expenditures 2024-25 Proposed Budget

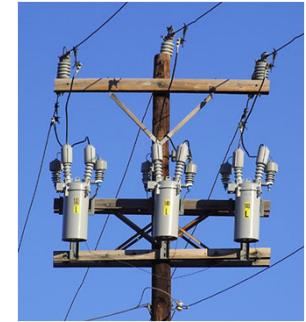
- Purchased Power
- Operating
- Capital
- Transfers



Electric Division-Capital Outlay

Line Expansion	\$	360,000
Cannon 35 Project	\$	275,000
Pole Assessment Project	\$	240,000
PW Grounds Project	\$	150,300
Subdivision Expansions	\$	150,000
Trencher	\$	42,000
EV Grant Match	\$	176,400
EV's for Meter Readers-Tesla Model Y	\$	120,000
Ami Meters	\$	110,000
Led Lighting Upgrades	\$	60,000
4 X 4 Pickup Replacement (2)	\$	80,000
Chesterfeild Upgrade Project	\$	110,000
Carolina Garden Apartments Upgrade Project	\$	20,000
Led Lighting Of I-85 Area	\$	20,000
	\$	<u>1,913,700</u>

Electric Division Expenditures



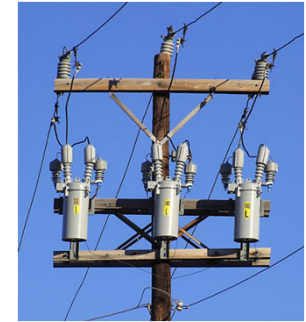
Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Orig. Bud 24-25
PERSONNEL	\$ 1,434,605	\$ 1,879,500	\$ 1,903,000
OPERATING	\$13,129,520	\$15,312,742	\$14,589,400
CAPITAL	\$ 1,715,500	\$ 2,197,750	\$ 1,913,700
METER SERVICES	\$ 58,413	\$ 58,111	\$ 78,117
TOTAL	\$16,338,038	\$19,448,103	\$18,484,217

-**Personnel** change is due to ATB increases applicable to all departments. Electric is up net 1 position for **meter services** (included in that line item, net of charges to Gas and Water for meter reading services).

-**Operating** budget is discussed on the next slide.

-**Capital** was detailed on a previous slide.

Electric Division

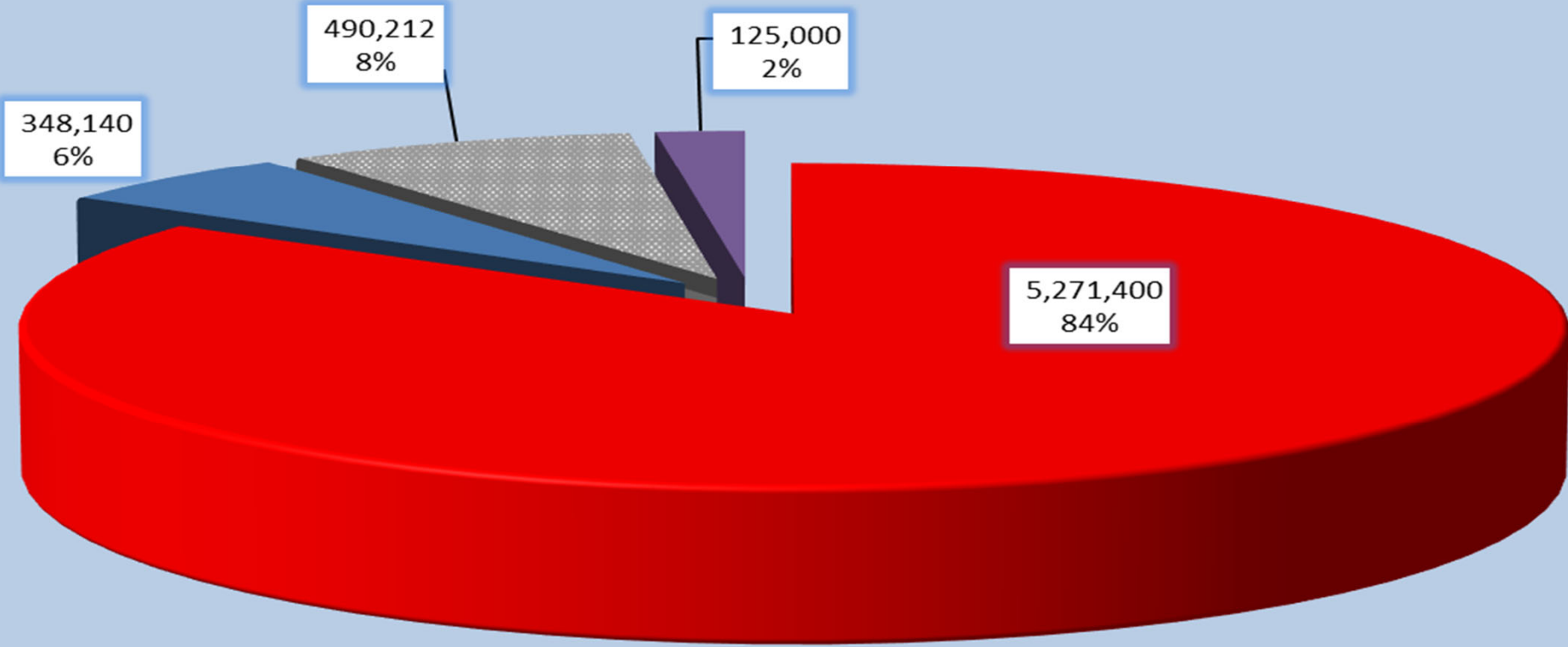


- Operating** budget decreased by \$700k from \$15.3M to \$14.6M
- Purchased power costs decreased significantly from prior year original budget (\$2.1M). Note the 23-24 budget was amended (reduced) mid year by \$1.75M, in conjunction with reducing the PPA's, as gas/power prices stabilized. Projected actual purchased power costs for 23-24 is approximately \$8M. Budgeted purchased power costs for 24-25 is \$7.9M based upon projections prepared by our utility rate consultants. Volume is basically flat.
- The significant decrease in purchased power was offset by increases in supplies to replenish/build inventory (\$300k), increases in admin charges from other funds due to increased costs in those departments/funds (\$225k), and increases in repairs and maintenance, as well as contracted services related to system maintenance (\$740k).
- Transfers (included in the operating budget) were reduced 10% over 23-24 levels, to \$1.215M, as required by City ordinance. Moving forward, we must reduce transfers by 10% a year until we are in compliance with best practice, as previously discussed.

Energy Services- Natural Gas Fund

Natural Gas Revenues 2024-25 Proposed Budget

■ Sales of Natural Gas ■ NTE/CPP Charge ■ Fund Balance Appropriation ■ All Other Revenues

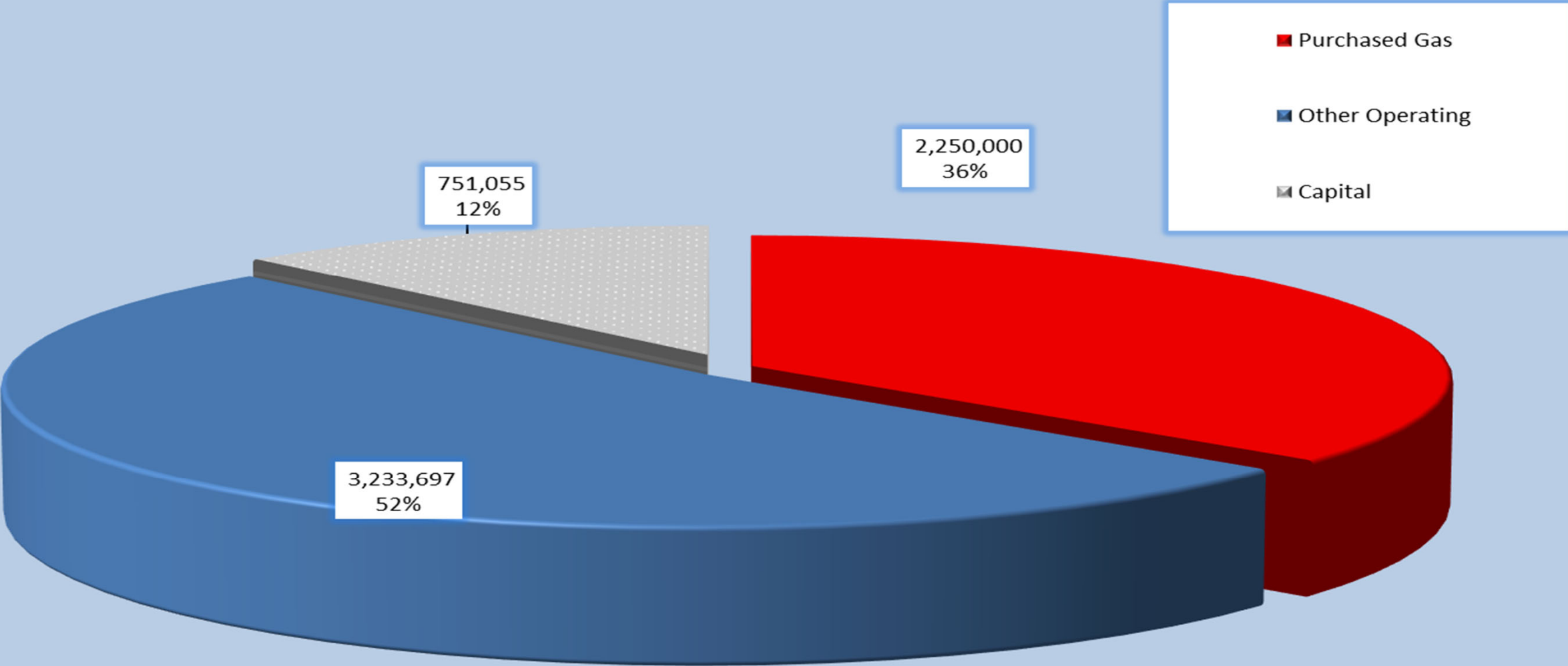


Natural Gas Revenues

Revenue Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
NATURAL GAS SALES	\$ 5,623,100	\$ 6,781,400	\$ 5,271,400
METERING CHARGE -CPP	\$ 300,000	\$ 338,000	\$ 348,140
ALL OTHER OPERATING	\$ 18,500	\$ 27,500	\$ 125,000
APPROPRIATED FUND BALANCE	\$ 716,420	\$ 371,850	\$ 490,212
TOTAL	\$ 6,658,020	\$ 7,518,750	\$ 6,234,752

- ❖ No base rate increases proposed.
- ❖ A cost of service study most likely will be completed in 24-25 and will require Council adoption.
- ❖ Decrease in sales is due to decreased commodity gas costs, NOT volume changes. Note discussion of gas costs on the expenditure slide that follows.
- ❖ Unlike electric, gas bills are computed based on a commodity cost (**automatically adjusted monthly based upon our cost of gas**) plus fixed base rates that only change when and if new rates are approved by Council.

Natural Gas Expenditures 2024-25 Proposed Budget



Natural Gas Division-Capital Outlay

Steel Main Improvement	\$	100,000
Capital Projects Expansion	\$	160,000
Meter Change Out Program	\$	75,000
Scada Installation	\$	10,000
Pickup-Replacement	\$	60,000
Regulator Station Improvement	\$	160,000
Hydro Vac	\$	40,095
Tow Behind Compressor	\$	30,000
Gage Road Regulator Station Installation	\$	115,960
	\$	<u>751,055</u>

Natural Gas Division



Expense Category	Orig. Bud 22-23	Orig. Bud 23-24	Requested 24-25
PERSONNEL	\$ 1,213,545	\$ 1,277,300	\$ 1,312,180
OPERATING	\$ 5,065,475	\$ 5,513,450	\$ 4,171,517
CAPITAL	\$ 379,000	\$ 728,000	\$ 751,055
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 6,658,020	\$ 7,518,750	\$ 6,234,752

-**Personnel** change due to ATB increases, same as all other departments. No change in number of budgeted positions.

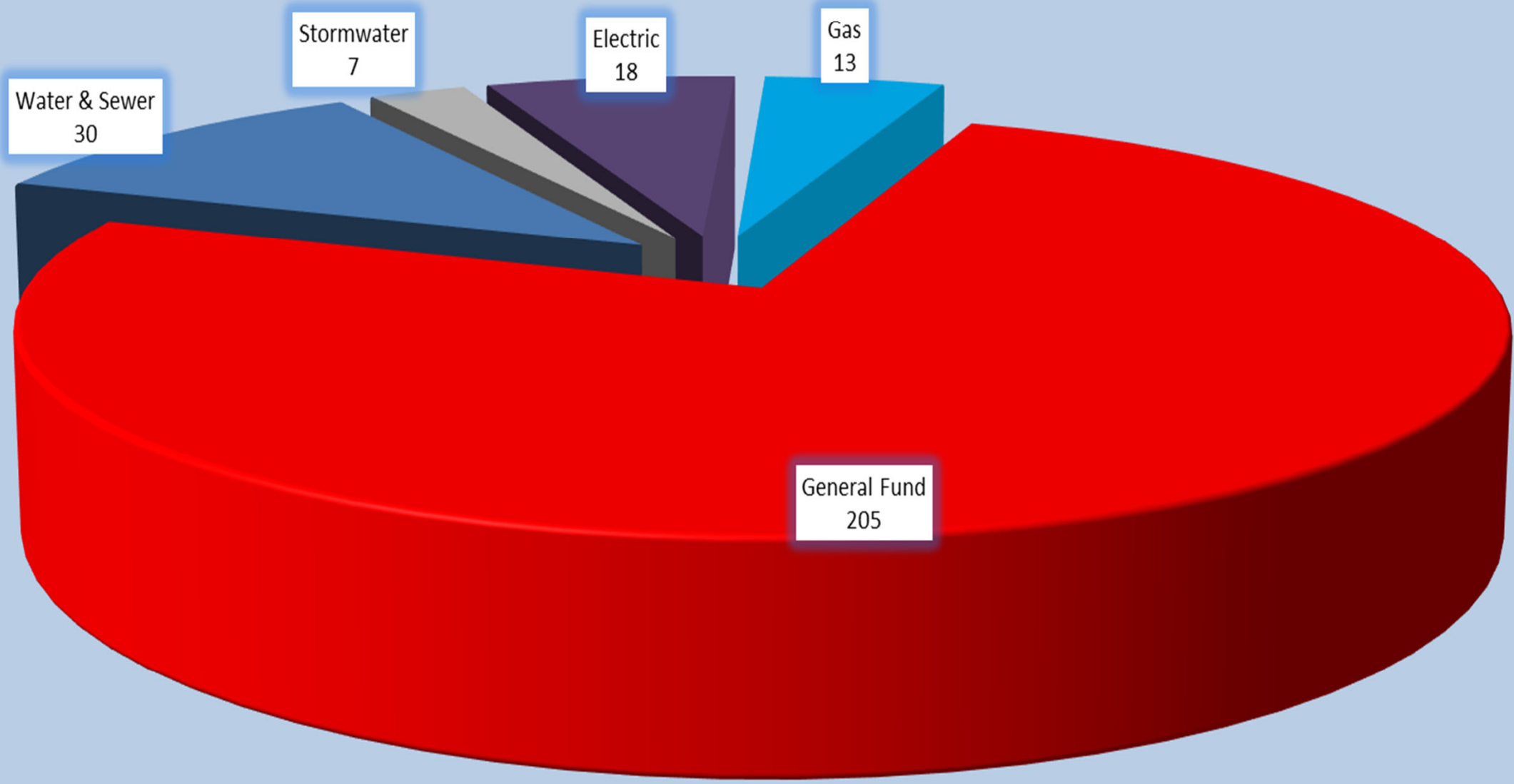
-**Operating** change is primarily due to decreases in purchased gas costs for resale (\$1.65M). Note the 23-24 budget was amended (reduced) by \$1.5M to \$2.4M. Total purchased gas costs budgeted in 24-25 totals \$2.25M. Volume is basically flat.

-The decrease in purchased gas was somewhat offset by an increase in other operating line items (\$300k total). This increase consisted primarily of increases in admin charges and in operating supplies and contracted services for system repairs and maintenance.

-**Capital**-see breakout on previous slide.

Personnel – City Wide

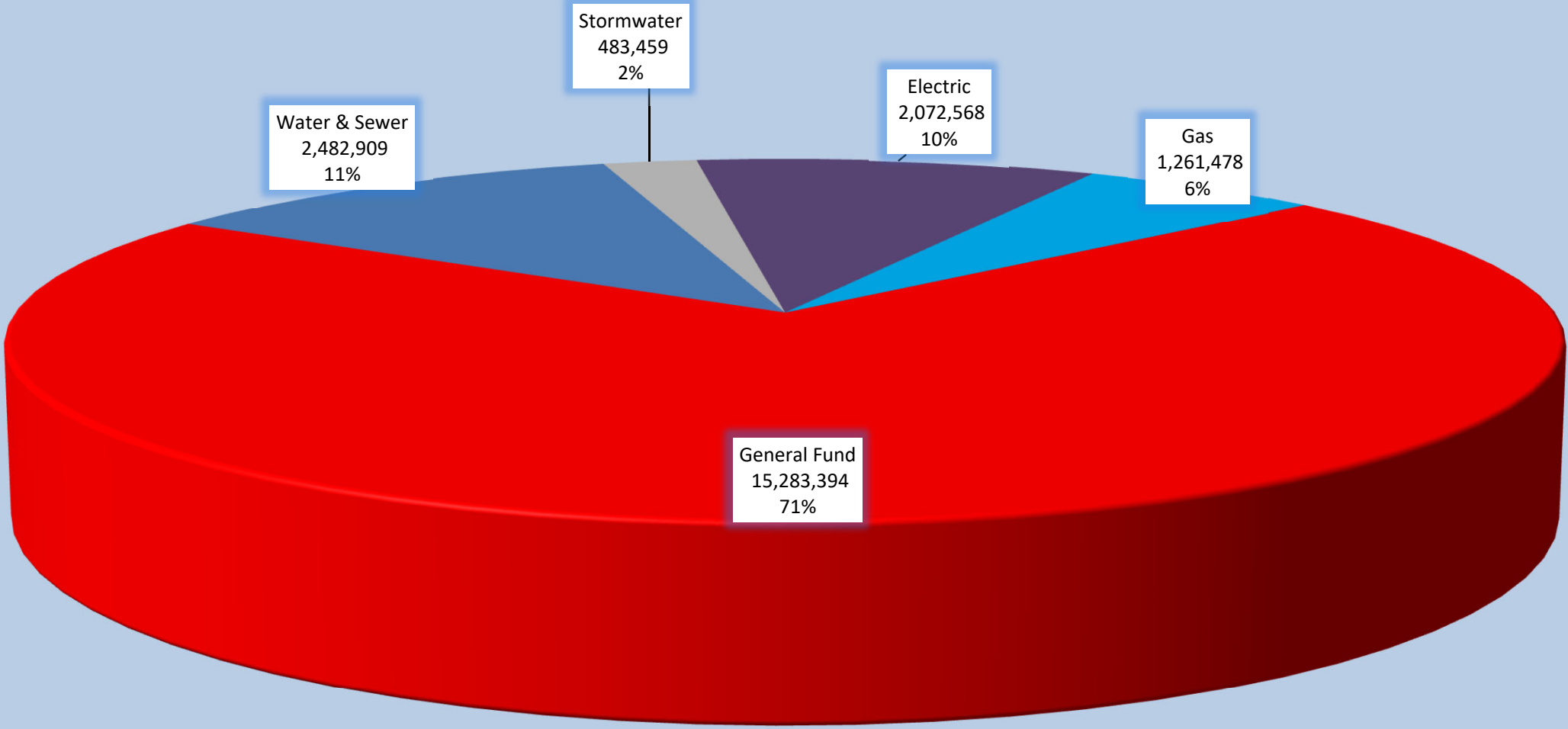
24-25 FT/PT Positions



Personnel-Full and PT

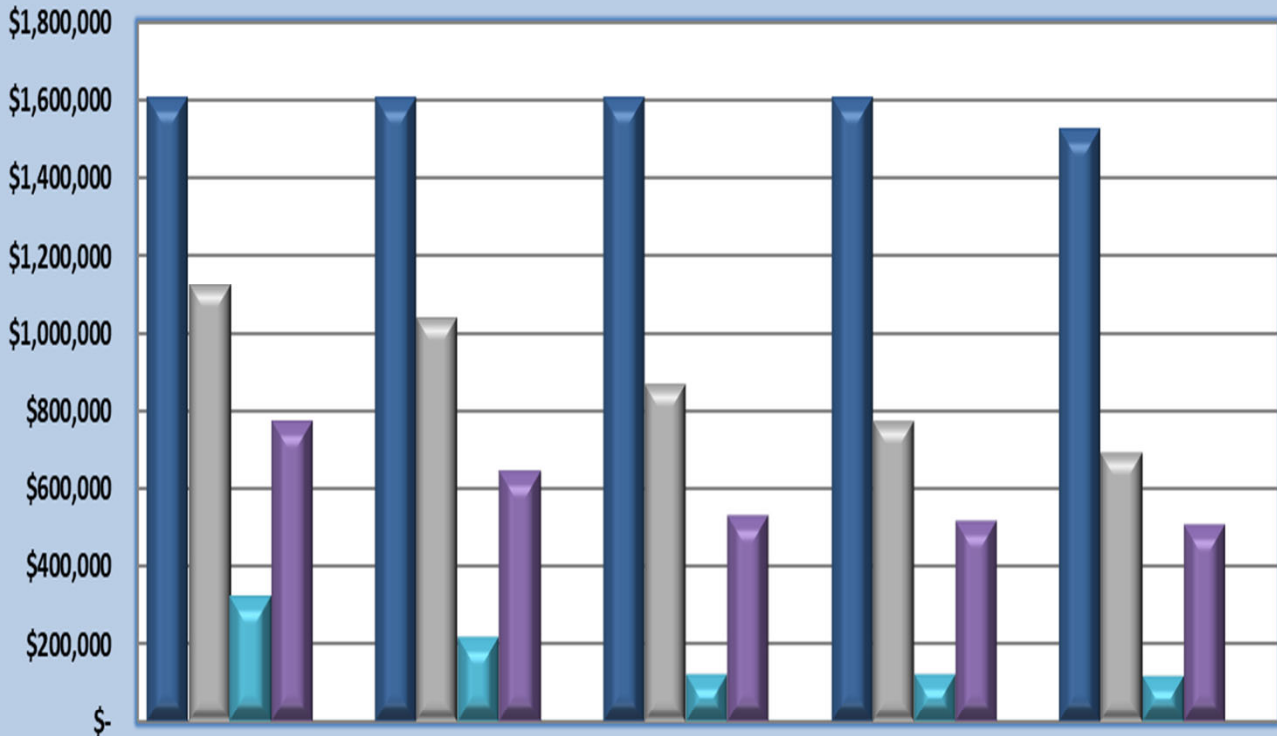
	<u>Total 24-25</u>	<u>Total 23-24</u>	<u>24-25 Changes</u>
General Fund			
00 Non-Departmental	8	8	
02 Administration, Finance and Cust. Svc (Billing)	13	13	Repurposed CSR
03 Human Resources	4	4	
05 Garage	5	5	
06 Police Department	63	61	Added FT Officer (mid-year), Added SRO
07 Fire Department	29	29	Converted 1 PT to FT (Admin) Moved City Engineer to Dept 12, added PT
08 Public Works Administration	6	5	Custodian and 1 PT Admin.
09 Streets and Grounds	24	23	Added 1 FT Operator
10 Solid Waste	11	11	
11 Cemetery	2	2	
12 Planning/Development Services	7	6	City Engineer transferred from 08.
13 Inspections and Codes	4	4	
14 Senior Center	10	10	
15 Library	8	8	
16 Marketing, Tourism, Events	3	3	Repurposed 1 FT employee to Comm. Specialist
17 Moss Lake	4	4	
20 Information Technology	4	3	Added 1 FT Position
Total General Fund	205	199	
Water/Sewer	30.0	27.0	Added 3 FT Positions
Stormwater	7.0	7.0	
Energy Services:			
Electric	18.0	17.0	Added 1 FT meter reader
Gas	13.0	13.0	
Total Energy Services	31	30	
Grand Total	273	263	

Personnel Costs (Salary/taxes/retirement/medical)



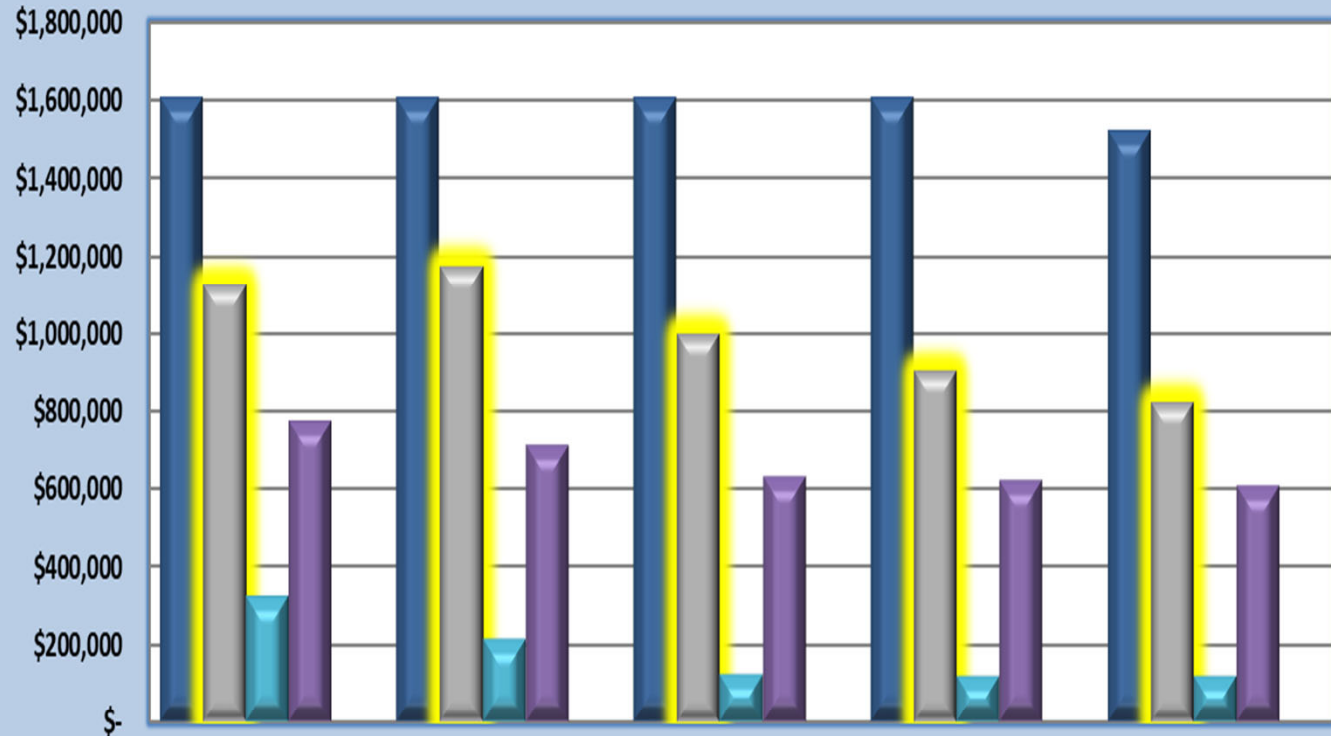
Debt – All Funds

Debt Service by Fund-*BEFORE* 24-25 Debt Issuances



	6/30/2025	6/30/2026	6/30/2027	6/30/2028	6/30/2029
Water	1,604,051	1,604,051	1,604,051	1,604,051	1,522,629
General Fund	1,123,092	1,037,984	863,898	770,635	688,787
Gas	322,773	214,686	122,664	119,832	116,999
Electric	769,401	645,036	529,170	516,949	504,728
Stormwater	-	-	-	-	-

Debt Service by Fund-*AFTER* 24-25 Debt Issuances



	6/30/2025	6/30/2026	6/30/2027	6/30/2028	6/30/2029
Water	1,604,051	1,604,051	1,604,051	1,604,051	1,522,629
General Fund	1,123,092	1,172,984	998,898	905,635	823,787
Gas	322,773	214,686	122,664	119,832	116,999
Electric	769,401	711,013	631,055	618,834	606,613
Stormwater	-	-	-	-	-

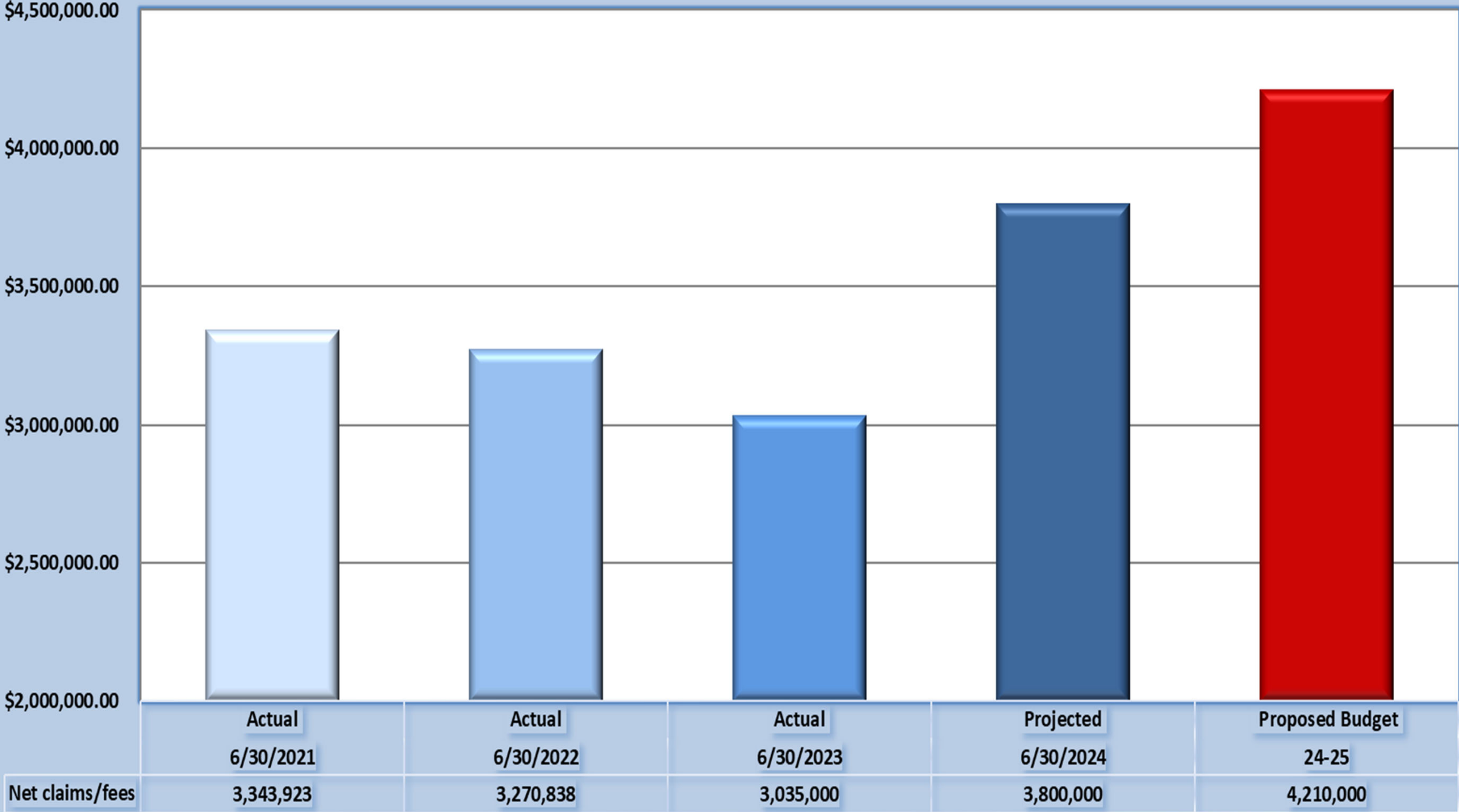
Healthcare Benefits

Healthcare Benefits Summary

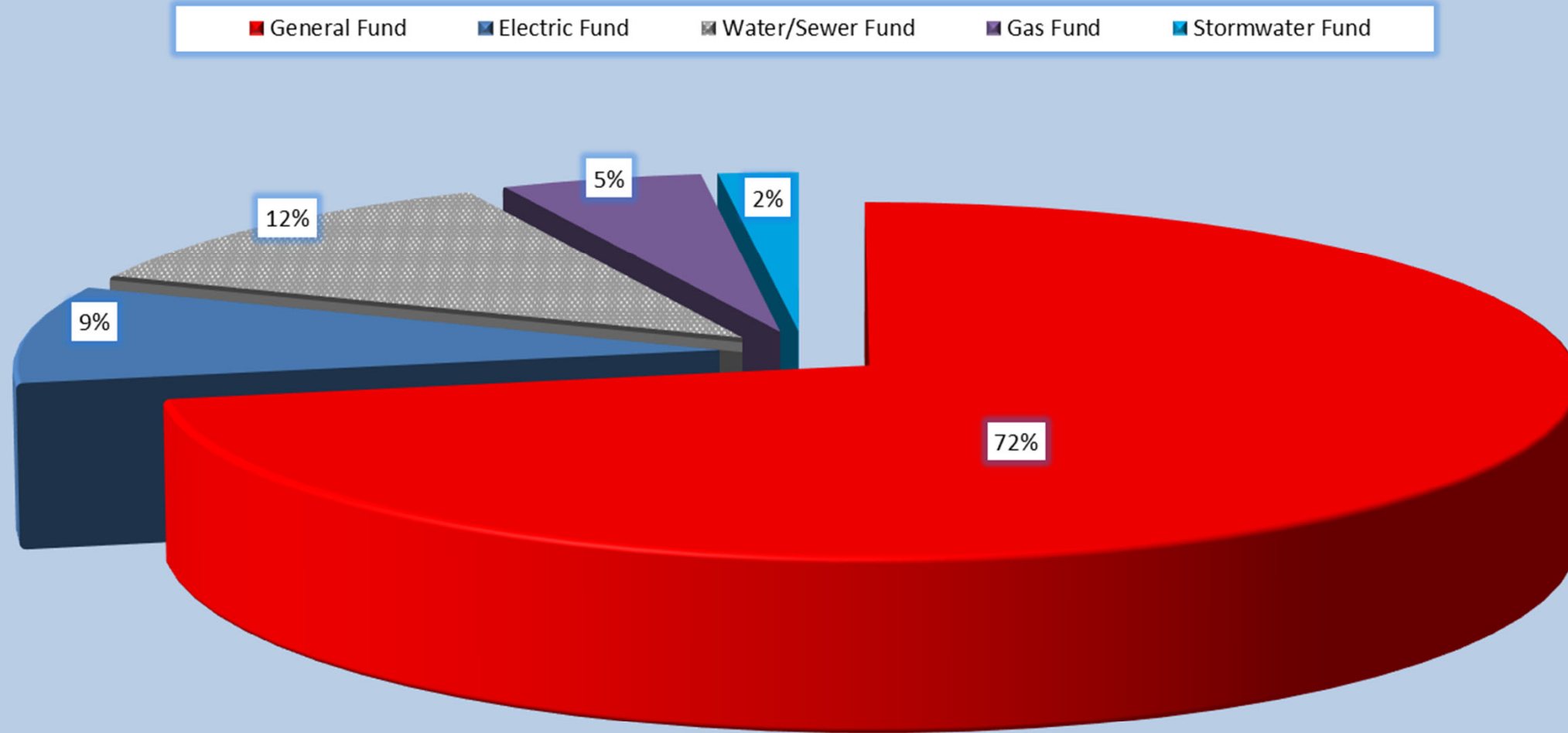
- ❖ **No** proposed medical plan changes (Gold, Silver, Bronze)
- ❖ **No** increase in employee cost for medical
- ❖ Will present additional detailed information at our open enrollment meetings

Medical Insurance Fund

Medical Insurance Fund - Net Expenditures

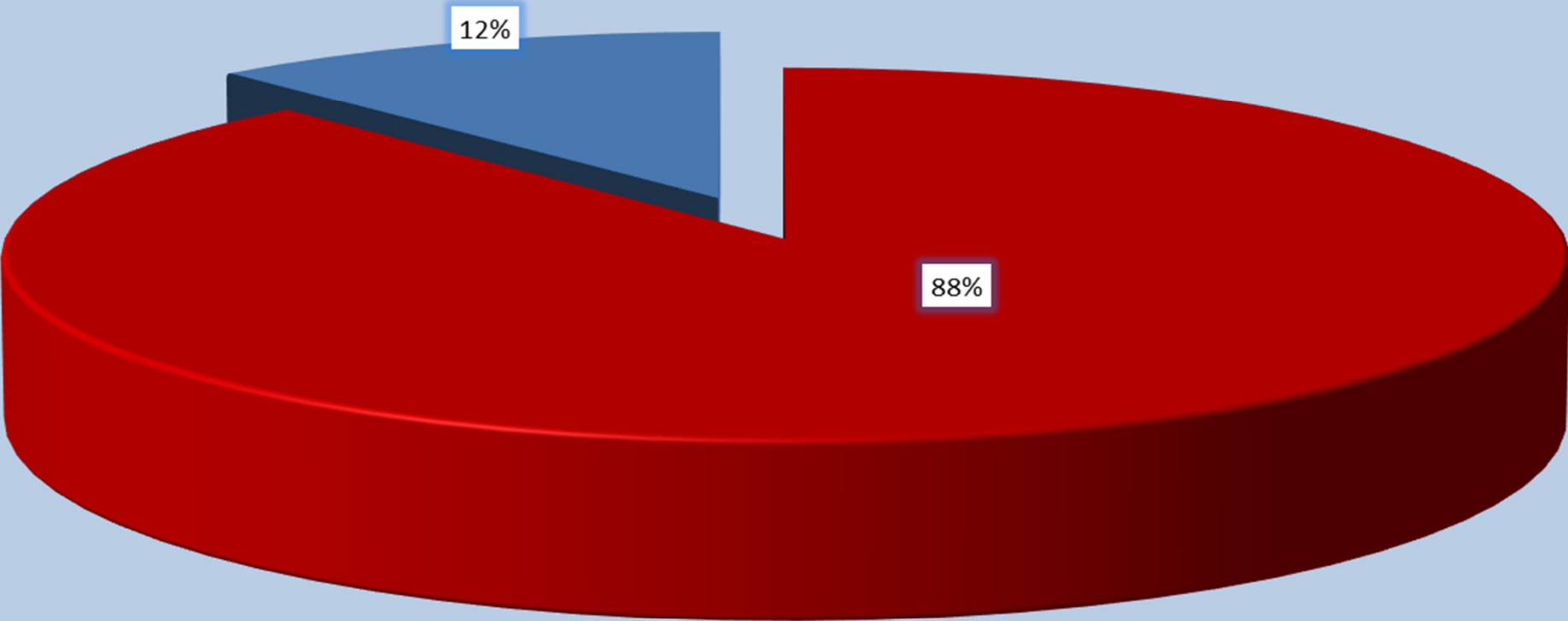


Health Insurance Fund-"Revenues" by Fund 2024-25 Proposed Budget



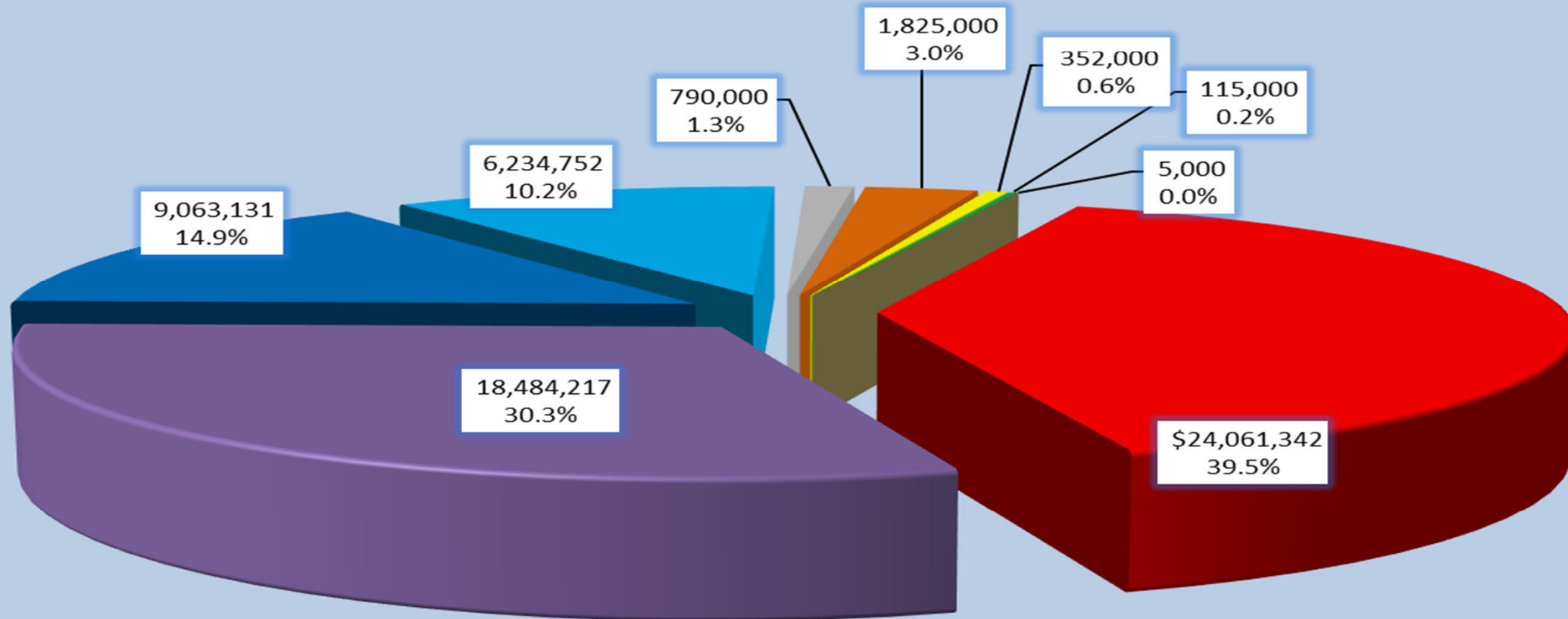
Health Insurance Fund "Revenues" 2024-25 Proposed Budget

■ City Portion ■ Employee Portion



Summary

2024-25 Totals-Annually Budgeted Funds



■ General Fund ■ Electric ■ Water & Sewer ■ Gas ■ Stormwater ■ Econ. Incentives Fund ■ Powell Bill ■ E911 ■ Perpetual Care

Totals- Annually Budgeted Funds

	2024-25 Proposed	2023-24 Adopted	Increase (Decrease)	%	Notes
General Fund	\$ 24,061,342	\$ 25,898,576	\$ (1,837,234)	-7%	See slides for additional analysis-"Capital driven"
Electric	\$ 18,484,217	\$ 19,448,103	(963,886)	-5%	Decrease primarily driven by decrease in purchased power costs, offset by increases in system infrastructure maintenance
Water & Sewer	\$ 9,063,131	\$ 10,569,031	(1,505,900)	-14%	See slides for additional analysis-"Capital driven". 9.75% ATB rate increase
Gas	\$ 6,234,752	\$ 7,503,110	(1,268,358)	-17%	See slides for additional analysis-"Capital driven", gas prices are down, thus so are revenues and cost of gas purchased-volume is basically unchanged
Stormwater	\$ 790,000	\$ 736,000	54,000	7%	Inflationary changes-no change in fee structure
Incentives	\$ 1,825,000	\$ 455,000	1,370,000	301%	New incentives potentially re Utz and Choate Bld. Transferring \$1M for capital
Powell Bill	\$ 352,000	\$ 350,000	2,000	1%	Flat
E911	\$ 115,000	\$ 115,000	-	0%	Flat
Perpetual Care	\$ 5,000	\$ 5,000	-	0%	Flat
Total	\$ 60,930,442	\$ 65,079,820	\$ (4,149,378)	-6%	