



Town of Biltmore Forest
Fiscal Year 2024-2025
Budget Message

Presented Tuesday, May 21, 2024

Prepared for the Citizens of the Town of Biltmore Forest
and General Public

The Honorable Mayor George F. Goosmann, III
Mayor Pro-tem Doris P. Loomis
Commissioner Fran G. Cogburn
Commissioner E. Glenn Kelly

Prepared by:
Jonathan B. Kanipe
Town Manager

Introduction

The proposed FY24-25 budget provides the Town a significant opportunity to elevate our public services with no tax increase. The proposal includes significant infrastructure improvements and continued improvements in equipment for the Police and Public Works Departments. This budget proposal does include a significant structural change to the Town's water rates. These recommended changes include meter access increases and volumetric usage increases for some customers. These recommended increases are the result of the changes and increased costs for wholesale customers on the City of Asheville water system.

The information included in this budget message is provided for the Board and citizens to review and consider. This budget proposal provides an honest reflection of the Town's service provision and our ability to meet the high level of expectations for our residents.

General Fund

Revenues

Property Tax – Real Estate

Property tax revenue comprises the bulk of the Town's total general fund revenue. For the coming year, property tax collection will account for 46 percent of the Town's total revenue. This percentage continues to be slightly lower than prior years due to fund balance allocation for the large stormwater project. This fund balance appropriation accounts for 18.4 percent of the total revenue in the general fund.

Ad valorem property tax revenue will continue to grow in the coming fiscal year at a rate of 2.4 percent. The estimated assessed value for FY25 (tax year 2024) represents growth of 1.99 percent from last year. This growth equals \$17,211,528 in added value from tax year 2023 to 2024. Increases in the Town's assessed valuation allow the Town to continue providing, and expanding, high level services without a property tax increase. **As a result, my recommendation is for the tax rate in fiscal year 2025 to remain at thirty-four and one-half cents per \$100 valuation.**

<u>FY 25 Estimated Property Tax Information</u>	
Total Valuation (excluding motor vehicles):	\$881,988,781
Property Tax Collection Percentage (from FY23):	99.98%
Proposed Tax Rate:	\$0.345/\$100 valuation

One penny brings the Town \$88,181.24. This is \$1,755 per penny more than last year's assessed value. Per state law, the Town *must* budget based upon the prior year's tax collection percentage. I am pleased to report that this year's tax collection percentage rose once again by 0.04 percent to 99.98 percent. This percentage is exceptionally high and is a testament to the work done by our Tax Collector and front office staff.

Property Tax – Motor Vehicles

Motor vehicle valuations are not included within the above assessed valuation. These payments are collected by the State and disbursed to the Town monthly. Collection percentages have

increased statewide since the State combined motor vehicle taxation with registration. The Town's collection percentage is 100 percent, and we anticipate remaining at that level. For FY25, the Town's total motor vehicle valuation increased by 3.6 percent to \$35,663,779. This will result in a minimal projected increase in this line item for FY25.

Sales Tax

Sales tax revenue has started to level off as inflation slows purchasing within the state and nation. However, the Town's sales tax revenue remains high and is forecast to grow by approximately two (2) percent in the coming year. This continued growth is attributed to the commercial and retail services located within Buncombe County, which has inoculated the Town and county from some deeper declines in sales tax from non-urban areas. The estimated revenue shown projects growth based on current year revenue and, as a result, is slightly more conservative than other local governments are forecasting.

Franchise and Utility Taxes

Franchise and utility taxes, while difficult to judge based on weather conditions for the coming year, are anticipated to increase in the coming year. The Town anticipates this increase being modest at two (2) percent versus the current year. Traditional video and telecommunications usage continues to lag significantly behind streaming services and the overall tax revenue received from these sources is forecast to decrease again in the coming year.

Investment Earnings

Interest rates remained high in FY24. It is anticipated that there will be some decline in these rates during FY25, but the Town's overall earnings within this sector should continue to improve. Significant earnings due to the Town's strong investment in the NC Capital Management Trust (NCCMT) have been realized over the past several years, further strengthening the Town's fund balance.

Intergovernmental Loans

We do not forecast any intergovernmental loans for the coming year. The last intergovernmental loan received by the Town was the Stream Restoration Loan from the Department of Environmental Quality in 2021.

Powell Bill Fund Revenue

Powell Bill revenues exceeded expectations by approximately \$7,000 in FY24. As noted in the North Carolina League of Municipalities' annual revenue projection memo,

“The FY24 distribution started with the same base amount, \$154.875 million, as FY22’s distribution. However, when the State of N.C. passed its budget after the October distribution was finalized, the total amount of Powell Bill funds appropriated increased to \$170.375 million. As a result, the distribution received in January 2024 was higher than that of October’s in order to total the budgeted amount.”¹

¹ Nida, Chris. NC League of Municipalities FY24-25 Revenue Projections Memo. March 2024.

The League’s memo states another increase is expected, but also noted the potential for the Legislature to roll back this increase in the coming budget. Due to this potential volatility, the Town forecasts this revenue to remain constant with last year.

Zoning Permit Revenue

FY24 zoning permit revenue has returned to prior year levels as significant residential construction continued and large-scale commercial work at Carolina Day School moved forward. We anticipate the new construction and remodeling sector within Biltmore Forest to remain constant for next year and believe that at least one commercial project along Hendersonville Road is likely to begin. For this reason revenues are conservatively projected to remain level.

Fund Balance Appropriation

Last year, the Town budgeted a significant fund balance appropriation for a large stormwater project. The project was not awarded for construction until March and the Notice to Proceed was issued for May 20, 2024. As a result, the proposed FY25 budget includes another request for fund balance appropriation – in essence, to roll funds not expended in FY24 over to the following year. The Town’s fund balance remains strong, with the FY24 financial statements showing an increase of \$675,000 from FY23 to FY24. The Town’s fund balance percentage, seventy-five percent of the total general fund balance, remains much higher than the Town’s fund balance policy which requires 20-35 percent of fund balance being reserved.

General Fund Revenue Takeaways

The Town’s general fund revenue sources remain robust. The Town has a strong and resilient real estate market that continues to grow and there is not a foreseeable turndown in these revenues anticipated. The budget for FY26 is likely to show continued growth in the real estate market as Buncombe County is scheduled to have a revaluation in calendar year 2025. Investment earnings continue to remain strong, and even with fund balance being allocated for stormwater projects, our investment proceeds will remain high. The Town’s state-distributed revenues (sales tax, utility taxes) should remain at consistent levels as well. In total, the Town’s general fund revenue provides substantial and robust funding for the Town and will continue to do so in FY25.



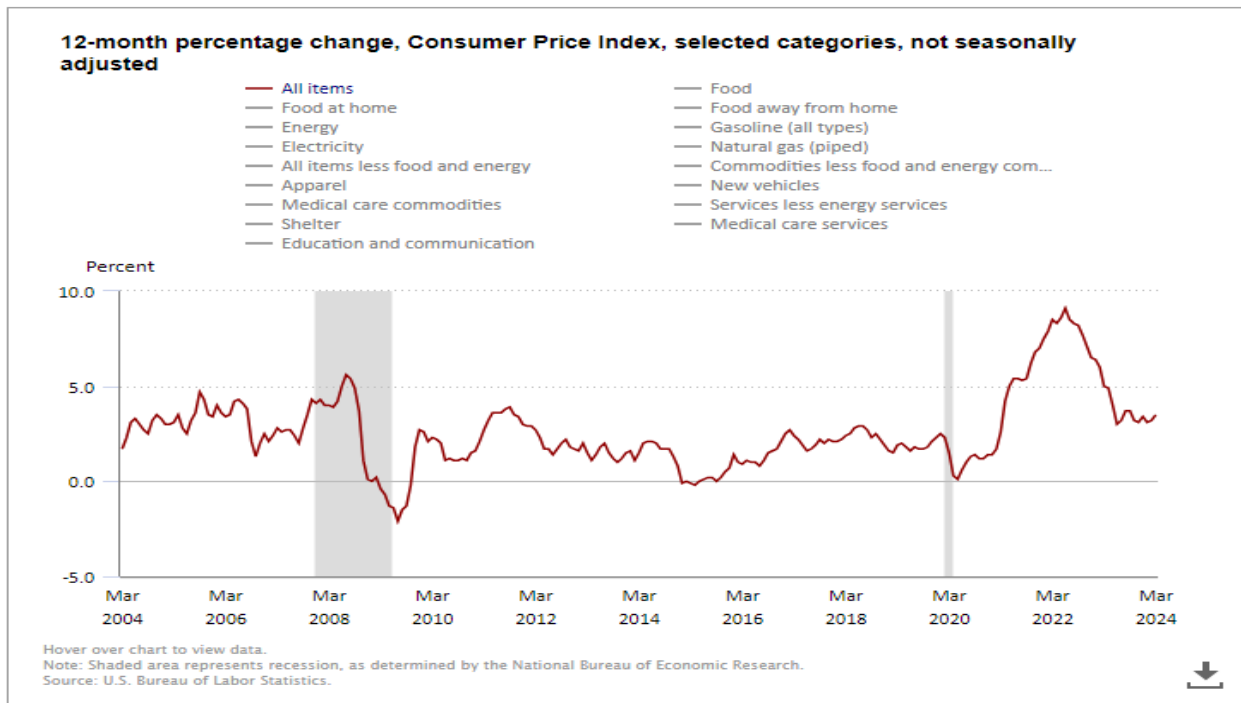
General Fund

Expenditures

Town Wide Expenditures

Salaries

The Federal Reserve’s benchmark interest rates remain at high levels which leads to the Consumer Price Index (CPI) remaining high as well. The town historically considers cost-of-living adjustments (COLA) on a year over year basis in March. The CPI in March 2024 was 3.8 percent, when not including volatile energy and food items. The Board approved a 5.8 percent COLA during last year’s budget cycle in line with the CPI, and my recommendation for the coming year is to tie the Town’s COLA once again to the March 2024 CPI. This would result in a 3.8 percent COLA for all full-time employees.



As shown on the 20-year CPI chart above, inflation dropped dramatically since its height in 2022. The Town’s focus on retaining employees and ensuring they are paid equitably and fairly remains, and this COLA increase, combined with a renewed merit pool in FY25, continues prioritizing these current employees. Hiring and recruitment remain difficult and employer offerings, beyond salary, are more important than ever. This will be exhibited in the discussion of new benefits proposed for employees within the revised personnel policy.

The proposed merit pool for FY25 is utilized to reward excellent performance within each department. The department heads will perform evaluations and consider advancements within

salaries based on performance and growth. My recommendation and the proposed budget will provide each department a merit pool of 2.0 percent from which to reward employees.²

Town Provided Benefits

Improvements as Part of Proposed Personnel Policy Changes

The Town continues to provide a robust and comprehensive benefit package. The benefit package related to health, dental, and vision insurance is an incentive for recruiting new employees and helps with employee retention. Post-Covid, however, many local governments have expanded their benefit offerings with a focus on current employees. The Town has conducted a full review of the personnel policy for the first time in 25 years. This review included two meetings with staff to advocate for new benefits and provide feedback on existing benefits. The highest ranked improvements sought by existing staff are changes in vacation accrual, improvements in existing personal day offerings, the potential for longevity pay, and an opportunity for a fitness facility at the Town or some subsidy for fitness plans. The Town can offer these increased benefits at a relatively low cost with a high return on investment – increased employee happiness, recognition of their feedback and opinion on employee benefits, and recognition of their continued service to the Town.

A full longevity program for all full-time employees will result in a modest cost to the Town of \$14,250. A subsidized corporate membership with the YMCA-WNC will result in a *maximum* cost to the Town of \$12,000. Improvements in vacation accrual will have minimal fiscal impact and align the Town with more accepted practices within local governments. The most significant benefit of these improvements is somewhat intangible – it is the belief and trust of our employees when possible, existing, and future, that the Town will provide them with every possible benefit. The revised personnel policy is being presented separately, but this budget proposal includes a full recommendation to implement these policies from a fiscal perspective.

² Note: Some salaries within departments may appear to be higher than a combined 5.8 percent across the Board from FY24's initial salaries. This is due in large part to mid-year salary increases from probationary increases or promotions within departments. Additionally, staff salary division between the Water Fund and General Fund (some Administrative and some Public Works staff) were adjusted as well. A full review of these salary comparisons was performed which showed that the actual difference in salaries from proposed FY24 to proposed FY25 was 6.37 percent, and the increase from actual FY24 to proposed FY25 was 5.75 percent – which is in line with the overall potential adjustment of a combined 3.8 percent COLA and 2 percent merit pool.



Health Care – State Health Plan

The Town's health insurance will continue to be provided through the NC State Health Plan. The NCSHP provides effective and quality health insurance benefits to full-time employees. The State Health Plan will not announce changes in fees until October 2024 and any increases will occur in January 2025. This budget proposal includes a five (5) percent increase in the coming year. While benefits within the plan are not changing, the plan carrier will change. The NCSHP will now be administered by Aetna and not Blue Cross Blue Shield, effective January 2025. The State Treasurer's office has ensured plan members there will be no reduction in coverage, however, we will monitor changes to the plan and feedback from employees once this new provider begins service.

Vision and Dental Insurance

There are no changes recommended for the Town's vision, dental, and short-term disability benefits in FY25. These are all offered to the Town through the NCLM.

LGERS Retirement and 401(k) Benefits

The NC Local Government Employees' Retirement System (LGERS) is the pension fund for all town employees. This pension system is managed by the North Carolina Treasurer's Office. The LGERS and State Retirement System Board aggressively modified rates over the past several years to ensure the plan remains in good fiscal standing. The retirement rate in FY25 increases for all employee classes. Sworn law enforcement officers will receive a contribution of 21.72 percent to their pension. This is an increase of 0.96 percent over the previous year. Non-sworn employees will receive a contribution of 20.28 percent, an increase of 0.75 percent over the prior year. Please note, of that total percentage, it is estimated that approximately 6 percent is contributed to the employees' retirement health plan. This funding is required by state law. The proposed FY25 budget also continues the Town's annual contribution of five (5) percent to employee's 401(k) plan.

Department Specific Expenditures

Administration

In 2023, the Board of Commissioners approved the creation of two new full-time positions within the administration department. These positions were for a Town Planner and Customer Service Representative (CSR). Each position has provided substantial benefit for the Town and increased the level of service for our citizens. This continued improvement is vital for the Town to remain innovative and efficient, both in our forward-facing positions but also within our back-office operations. The CSR position has allowed the Town to further segregate financial duties among our staff and should result in continued improvements within our annual financial reporting to the Local Government Commission. The Town Planner position has allowed for significantly better review of zoning applications and land use plans, has alleviated code enforcement issues on a timelier basis, and provided a single point of contact for contractors and homeowners interested in pursuing work within the Town. The Town is staffed adequately currently and there are no requests for new positions within this budget. Aside from salaries and benefits, the majority of budgeted items within the administration department are for the Town's financial needs (audit and financial software) and staff and board development.

Police Department

The Board continues to prioritize the Police Department and the safety and security of our residents and businesses. The Police Department does a fantastic job providing true community service to Biltmore Forest. These efforts will be enhanced in FY25 with the full implementation of the Flock Security Camera system throughout the Town. The Board approved this agreement with Flock at their March 2024 board meeting, and the funding for FY25 is included within this proposed budget.

The Town will continue improving technological needs within the Department in the coming year. We have utilized computer aided dispatch (CAD) for some time and the proposed budget recommends a mobile version within each patrol car in the FY25 budget.

The Board approved the purchase of new service weapons for the Police Department during last year's budget. The focus for the coming year is on providing new rifles for each officer and ensuring these are at their most effective. These rifles are approximately \$1,600 per unit and are included within the proposed budget. In addition to these items, pay for part-time officers will be increased to \$25.00 per hour, once again keeping in line with the current market rate.

Public Works Department

Public Works continues to focus on park improvements throughout the Town. We have utilized American Recovery Program (ARP) funding to create a new trail within Brooklawn Park, have made significant improvements and are awaiting more within Greenwood Park, and will be renewing the playground equipment in Rosebank Park in the coming year. The ARP funding has allowed opportunities to invest in these public spaces over the past four years that otherwise would not have been viable. The full ARP funding - \$451,000 – equates to just over five (5) cents on the tax rate. Maintenance needs within the parks will increase as part of these improvements, and the proposed budget for FY25 reflects these increased needs.

Streets Department

The largest expenditures within the Streets department for FY25 are comprised of stormwater needs. The bulk of these funds are for the stormwater project at Lone Pine, Stuyvesant, and Vanderbilt Roads. The project was anticipated to be constructed in FY24, but delays prevented this from happening. The Board awarded the project to Hyatt Pipeline at their March 2024 meeting and work should commence by the end of May 2024. The project is scheduled to take 9 months for full completion and will impact the above roads and Rosebank Park. Associated fees for engineering and other professional services related to this project are included in the FY25 budget.

Additional funding is included for further engineering associated with this project as well as other storm water or street engineering needs. All roadways within this project will be milled and resurfaced, and continued striping improvements throughout the Town are included within the overall budget. The proposed budget also includes funding for more routine repairs and emergency repairs as well.

Sanitation and Recycling

The proposed FY25 budget includes upgrades to the Town's garbage truck fleet. The Town continues to experience high maintenance costs and repairs with the trucks and is working with Enterprise Fleet Management to coordinate the acquisition of at least one truck. It is possible that we will acquire two within the coming year, and the proposed budget reflects funding at this level. The Town's rear yard solid waste and recycling collection is an exceptionally high-level of service to residents. From my discussion throughout the State, the Town is the only municipality that continues to provide this level of service, and it is something that brings pride to our staff. Unlike most local governments, the Town's solid waste department is funded through taxes and not user fees. Solid waste and recycling services account for just over 6.63 cents of the total tax rate.

This department also includes funding the brush and leaf removal within Town. The Town provides brush removal service year-round and leaf removal, from the street, from November through January. These services allow residents to maintain clean and debris free yards and the coming budget continues this service level.

General Government

The Town’s general government department provides funding for projects and expenditures that cross departmental boundaries. The Town’s property/liability and workers compensation insurance fees are included within this budget, as are the Town’s utility bills, technology funding, and professional service fees. Several years ago, the Town also began incorporating funding for annual tree removal and wildlife management. Funding remains relatively consistent for each of these line items.

The proposed budget for FY25 includes just over \$260,000 in contingency funding. These funds reflect the Town’s strong financial position as well as provide an avenue for potential land acquisition costs associated with any new facility construction. While we do not have a firm number at this time for anything that may be available for purchase, the Board should feel confident that we have direct access accounted for within the FY25 budget if needed. Professional architectural services for the facility design work is also included within the proposed budget, and once a final decision is made about moving forward, design and consulting services would then be moved over to a more direct capital project ordinance.

Debt Service

The Town’s debt service for municipal street repairs and the Police Department interior remodel were paid off in FY24. The Town’s only remaining debt service is the Public Works Building renovation from 2019 and the stream restoration loan in Greenwood Park from the Department of Environmental Quality. These total debt service balances are approximately \$387,000 and \$270,000, respectively. For the future, the Town is well positioned to issue new debt. State law allows a maximum of eight (8) percent of a local government’s assessed property valuation for debt. This equals \$70.5 million for the Town. The Town would never desire to issue that amount of debt, but clearly, we are well positioned to assume more debt for the potential Police Department and Public Works storage facilities if the Board chooses.

Water Fund

City of Asheville Wholesale Water Increases

Impact on Town Water Rates

The City of Asheville conducted a study of their water system and fiscal needs last year. The Town has purchased water from the City for many years and is currently governed by an existing wholesale water agreement. The result of their study are sizable changes to their water rate structure and resulting water rate charges to the Town. These changes will begin in fiscal year 2025 and include a re-ordering of their water charges, such that wholesale customers (like the Town) and other large-scale users will begin paying more over the next three years and likely subsequent years. The increases are a phased-in approach but will result in substantive increases for the Town. The City's rationale and recommendation from staff is shown below. The Asheville City Council has already adopted these proposed changes for FY25.

Study Results Overview

Financial Sufficiency

- Rate adjustments are needed to fund 5-year capital program needs of \$239 million and to meet financial targets
 - › Revenue bonds anticipated to fund 2/3 capital program

Equity / Cost of Service

- Majority of rate adjustments should be on the volumetric component of the rate structure
- Residential class is subsidizing other customer classes; specifically commercial/manufacturing and wholesale
- Commercial/manufacturing and wholesale customer classes will see higher rate increases relative to other classes
 - › Recommending 3-year phase-in of these rate adjustments

The proposed changes will result in compounded thirty-three (33) percent increases over each of the next three fiscal years, as shown on the next page.

³ Raftelis. City of Asheville Water Department Cost of Service Rates and Financial Plan Results. February 13, 2024. (Provided to Town by City of Asheville Water Department Staff).

*Monthly tier cutoffs are half the bimonthly tier cutoffs.

Volumetric Rate Comparison

Volumetric (per CCF)*	Current	Year 1: FY25	Year 2: FY26	Year 3: FY27
Single Family Residential	\$5.21	\$5.21	\$5.60	\$6.02
Irrigation	\$6.44	\$7.20	\$7.74	\$8.32
Multifamily Residential	\$4.58	\$4.95	\$5.32	\$5.72
Commercial				
Tier 1	\$4.41	\$4.95	\$5.32	\$5.72
Tier 2	\$2.74	\$3.24	\$3.82	\$4.51
Manufacturing				
Tier 1	\$4.41	\$4.95	\$5.32	\$5.72
Tier 2	\$2.50	\$3.04	\$3.71	\$4.51
Wholesale	\$1.23	\$1.64	\$2.18	\$2.89

The chart above shows the 33 percent compounded rate for wholesale customers from FY25-27.

3-Year Phase-In: Typical Customer Bill Impacts

Bimonthly Usage*	Current	FY25	FY26	FY27
Residential - 5/8" 8 CCF	\$54.63	\$55.02	\$59.14	\$63.58
		0.7%	7.5%	7.5%
Commercial - 5/8" 84 CCF	\$383.39	\$428.97	\$461.15	\$495.73
		11.9%	7.5%	7.5%
Commercial - 1" 120 CCF	\$559.60	\$624.16	\$670.97	\$721.30
		11.5%	7.5%	7.5%
Manufacturing - 4" 4,922 CCF	\$16,418.48	\$19,083.36	\$21,781.98	\$24,958.65
		16.2%	14.1%	14.6%
Manufacturing - 8" 26,306 CCF	\$70,518.34	\$84,810.77	\$101,713.92	\$122,177.78
		20.3%	19.9%	20.1%
Wholesale - 8" 18,120 CCF	\$23,220.94	\$30,575.85	\$40,427.88	\$53,513.22
		31.7%	32.2%	32.4%

*Usage based on actual customer data.

The chart above provides a typical water user's rate charges in years FY25-27, compared with the current year charge in FY24.

⁴ Ibid.

⁵ Ibid.

Town Water Rate Study

With such dramatic increases looming, the Town enlisted a consultant to perform a water rate study for the coming fiscal year (and subsequent years) to ensure the water fund was operating in a fiscally responsible manner. The water rate study is scheduled for presentation at the May 2024 Board meeting, but the draft recommendations are included within this proposed budget. Recommendations identified are substantive but equitable for all Town users and will ensure the Town is able to develop a dedicated source of revenue for the water fund absent of volumetric usage increases or decreases.

Recommended Changes to Water Rates

The Town's current water rates are broken down into two categories, and each will be discussed in detail below: base unit charges and volumetric charges.

Base Unit Charges

The Town's base unit charge is currently the same for all users, regardless of meter size. This cost is \$30.46 bi-monthly. Base unit charges are necessary to essentially "reserve" a customer's access to the water system based on the maximum volume allowed by the size of their meter. The utility is agreeing to provide this maximum volume when the meter is installed (whether it is used or not) and these volumes are used when sizing and building the water distribution system. Customers that have larger meter sizes are effectively "reserving" access to more water capacity, and the utility is guaranteeing to provide it, than a customer with a smaller meter. A variable base unit charge based on meter size allows the utility to recoup the costs of providing the allocated capacity in an equitable way.

For practical purposes, the American Water Works Association (AWWA) classifies a residential meter as one that is one inch in size or less. Commercial meters are typically larger than one inch, and are often two to eight inches in diameter. As would be expected in a primarily residential town, the vast majority of the Town's users are on meters that are either 1" or 5/8" in diameter, as shown in the chart below.

Meter Size	Number of Customers
5/8"	321
1"	330
1 1/2"	2
2"	5
8"	1
Irrigation Meters	148
Total	807

Because the Town has historically charged a flat rate for base unit charges, regardless of meter size, the Town's residential users have effectively subsidized the cost for the larger users that require more system capacity. While the base unit charges are proposed to increase for all customers (which is necessary due to the changes to the City of Asheville's water rate structure), the largest increases are

reserved for those with the largest meters who require significantly higher volumes of water. By varying the base unit charge by meter size, the proposed increases reflect the most equitable allocation of costs available to the Town. The proposed base unit charge changes would result in an approximately \$90 per year increase for the Town’s residential customers that make up most of the Town’s system. The increases for users with larger than one inch diameter meters would be much more dramatic but would more accurately reflect the increase in water volume available to each user with a larger meter.

Volumetric Charges

Volumetric charges are what customers pay for their actual water usage. The following table represents the Town’s existing rate structure:

Volume (Gallons)	Rate (per hundred gallons)
0-2,250	\$10.01
2,251 – 60,000	\$6.30
60,001 – 100,000	\$5.85
>100,000	\$3.63

The proposed changes for the volumetric rate are not as dramatic as the base unit charges for the average user. Additionally, the recommendation was to reduce the number of tiers from four to three. The tiers themselves would also change, as reflected in the following proposed volumetric rate structure:

Volume (Gallons)	Rate (per thousand gallons)
0-5,000	\$10.00
5,001 – 40,000	\$9.00
>40,000	\$8.00

The volumetric rate more accurately reflects the utility’s ability to recoup the recurring variable expenses such as wholesale water purchases and demand-based costs. As we discussed potential changes to the volumetric rates with the consultant, several important factors were brought out: the potential for decreasing the number of and restructuring the tiers to reflect typical usage blocks more accurately, and to establish fair and equitable charges for customers based on their usage, and to encourage water conservation. Since the user can conserve water and not use as much if they choose, the volumetric charge has the ability to be controlled to an extent by the customer, and as such is considered a more variable source of revenue.

The proposed base unit charge and volumetric rates are proposed to be implemented in in FY24-25, and the consultant’s modelling also proposes increases of approximately nine (9) percent per year to these rates for the next several years to accommodate the compounding increases from the City of Asheville.

Revenue Increases Based on These Changes

The Town would generate an additional \$175,255 from both the base unit charge increase and volumetric increase in FY25. For comparison purposes, in subsequent years, the Town would generate an additional \$55,140 in FY26 and \$114,692 in FY27. These revenue increases allow the Town to compensate for the wholesale increases from the City of Asheville and fund the Town's capital outlay and/or depreciation costs within the water system. In short, these recommendations solidify the Town's water system from a fiscal perspective and ensure its continued viability. There is no doubt these are changes that will be substantive for customers, but the Town needs to make these changes for the Water Fund to remain in good financial standing.

Revenues

The remainder of the Town's revenue items will remain constant for FY25. There is a small increase coming for AMI transmitter fees (from 78 cents per month to 91 cents per month) that will be passed along to the user. The Town has seen increased demand for new water taps, absent new house construction, in the past year and this proposal shows that continuing as well.

Expenditures

In addition to showing an increase in costs paid to the City of Asheville, the proposed budget continues to fund staff salaries (half for each) for five (5) employees – three in Public Works and two from the Administration department. This is allowable based on the time and work done by each staff person on behalf of the Town's water system. MSD charges are passed along to the customer on each water bill and is essentially a wash with revenues brought in for sewer charges.

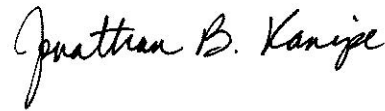
Police Department and Public Works Facility Master Planning Note

The proposed FY25 budget does not include direct funding for the Police Department construction project or Public Works storage facility project. The Board is currently working with DP3 Architects on this design work and potential property acquisition that would be associated with it. If the Town moves forward with either or both projects, funding for that will come in the form of a Capital Project Ordinance (CPO) that is designed to cover this work over several years.

Conclusion

The Town is in excellent fiscal condition. We are fortunate to have a robust fund balance, continued low tax rate relative to other local governments, and exceptionally high level of service for our residents. The proposed FY25 budget continues these efforts and provides enhancement in many areas as well. On behalf of all Town staff members, I appreciate the support of the Citizens, Mayor, and Board of Commissioners and for entrusting the Town and its operations with us. Thank you for your belief in the Town's staff as we continually try to improve how we serve the citizens of Biltmore Forest.

Respectfully Submitted,



Jonathan B. Kanipe
Town Manager

GENERAL FUND EXPENDITURES (Administration & General Government)

GENERAL FUND EXPENDITURES		2021-22	2022-23	2023-24	2024-2025
ADMINISTRATION		BUDGET	BUDGET	BUDGET	RECOMMENDED
10-4200-0200	Salaries	217,543	226,063	321,633	357,385
10-4200-0300	Overtime	85	3,000	3,000	-
10-4200-0500	FICA	15,497	17,293	24,605	27,340
10-4200-0550	Unemployment Insurance			-	-
10-4200-0600	Health Insurance	23,189	24,158	42,598	41,748
10-4200-0650	Dental, Vision, Life Insurance	4,650	4,935	10,500	10,500
10-4200-0675	Health Reimbursement Acct	3,750	3,750	7,500	7,500
10-4200-0700	LGERS Retirement	37,671	41,231	62,815	72,478
10-4200-0800	401k Supplemental Retirement	10,638	11,453	16,232	17,869
10-4200-1000	Accounting & Taxes	51,381	51,400	51,400	60,000
10-4200-1200	Postage, Printing & Stationary	6,204	10,140	10,140	12,500
10-4200-1400	Mileage & Board Salary	21,600	21,600	21,600	21,600
10-4200-1500	Bldg & Grounds Maintenance		20,000	20,000	15,000
10-4200-3300	Supplies & Equipment	8,264	7,722	10,000	15,000
10-4200-5300	Dues & Fees	7,656	5,070	5,070	12,000
10-4200-5700	Miscellaneous	2,986	1,000	1,000	5,000
10-4200-6500	Staff & Board Education	7,357	16,000	21,395	20,000
10-4200-6600	Capital Improvements			-	-
TOTAL		418,470	464,815	629,487	695,921

GENERAL FUND EXPENDITURES		2021-22	2022-23	2023-24	2024-2025
GENERAL GOVERNMENT		BUDGET	BUDGET	BUDGET	RECOMMENDED
10-6600-0400	Outside Professional Services	-	-	45,959	50,000
10-6600-0401	Legal Services	27,278	35,000	35,000	24,000
10-6600-1100	Technology	99,374	92,120	105,937	125,000
10-6600-1300	Municipal Utilities	37,079	25,000	40,000	24,000
10-6600-1500	General Maintenance	35,851	28,200	40,000	40,000
10-6600-2800	Elections		6,000	6,000	1,000
10-6600-3300	Supplies & Equipment				-
10-6600-5400	Insurance	82,911	105,000	110,000	120,000
10-6600-6000	Contingency	-	181,444	50,000	260,708
10-6600-6100	Miscellaneous	11,209	10,000	10,000	5,000
10-6600-6201	Corporate Wellness	900	2,000		12,000
10-6600-6300	Community Events		50,000	55,000	50,000
10-6600-6301	4th of July	6,343	10,000		
10-6600-6302	National Night Out	3,841	7,000		
10-6600-6303	Holiday Lighting	10,843	21,500		
10-6600-6304	Arbor Day Event	205	2,000		
10-6600-6400	Wildlife Management	977	5,000	5,000	5,000
10-6600-6500	Forest Management	32,131	60,000	60,000	60,000
TOTAL		348,941	640,264	562,896	776,708

GENERAL FUND REVENUES

REVENUES		2021-22 BUDGET	2022-23 BUDGET	2023-24 BUDGET	2024-2025 ESTIMATED
10-3010-0000	Ad Valorem Taxes (Property)	2,956,098	2,920,559	2,980,215	3,042,253
10-3010-0100	Ad Valorem Taxes (DMV)	108,759	109,396	122,399	123,040
10-3010-0200	Tax Interest & Penalties	5,314	5,000	5,000	5,000
10-3010-0300	Tax Collection Prior Years			-	-
Total Ad Valorem		3,070,171	3,034,955	3,107,615	3,170,293
10-3020-0000	Franchise & Utilities Tax	221,240	211,384	235,200	233,800
10-3020-0100	Alcohol Beverage Tax	5,594	6,450	6,500	6,750
10-3020-0200	Sales Tax-Article 39	743,407	793,429	835,550	789,576
10-3020-0300	Sales Tax-Article 40	292,188	330,137	358,260	340,912
10-3020-0400	Sales Tax-Article 42	365,732	419,847	443,961	419,097
10-3020-0600	Sales Tax Refund	(22,449)	15,000	15,000	15,000
10-3020-0700	Gasoline Tax Refund	2,315	3,500	5,000	
Total Unrestricted Intergovernmental		1,608,029	1,779,747	1,899,471	1,805,135
10-3030-0000	Solid Waste Disposal Tax	804	975	1,133	1,000
10-3030-0100	Powell Bill	67,822	66,849	67,210	75,000
10-3030-0200	Illicit Substance Tax		-	-	-
Total Restricted Intergovernmental		68,625	67,824	68,343	76,000
10-3040-0000	Zoning Permits	73,729	45,000	30,000	30,000
10-3040-0100	Dog License Fee	1,220	1,300	1,300	1,300
Total Permits & Fees		74,949	46,300	31,300	31,300
10-3050-0000	Interest Earned	7,227	2,000	148,800	233,333
Total Investment Earnings		7,227	2,000	148,800	233,333
10-3060-0100	American Tower Agreement	31,044	45,600	46,365	33,800
10-3060-0200	Miscellaneous	43,174	20,000	20,000	25,000
Total Miscellaneous		74,218	65,600	66,365	58,800
10-3500-0000	Sale of Personal Property	26,020	10,000	10,000	14,970
10-3500-0200	Installment Agreement	-	292,000	-	-
10-3500-0300	Transfer from Fund Balance	-	-	1,213,866	1,213,866
10-3500-0500	Governmental Grant (NCLWF)	-	-	-	30,000
Total Other Financing Source		26,020	302,000	1,223,866	1,258,836
TOTAL General Fund Revenues		4,929,239	5,298,426	6,545,759	6,633,697

GENERAL FUND EXPENDITURES (Police Department & Fire Contract)

GENERAL FUND EXPENDITURES		2021-22	2022-23	2023-24	2024-2025
POLICE DEPARTMENT		BUDGET	BUDGET	BUDGET	RECOMMENDED
10-5100-0200	Salaries	987,949	951,387	1,013,718	1,100,444
10-5100-0300	Overtime	16,585	26,000	30,412	-
10-5100-0400	Separation Allowance	30,617	38,117	16,445	16,445
10-5100-0500	FICA	72,632	72,781	77,549	84,184
10-5100-0550	Unemployment Insurance				-
10-5100-0600	Medical Insurance	146,901	164,272	144,832	141,944
10-5100-0650	Dental, Vision, Life Insurance	19,168	35,558	35,700	35,700
10-5100-0675	Health Reimbursement Account	25,250	25,500	25,500	25,500
10-5100-0700	LGERS Retirement	171,654	185,598	210,651	239,016
10-5100-0800	401K Supplemental Retirement	48,002	48,996	50,686	55,022
10-5100-0900	Short Term Disability				-
10-5100-1500	Maint/Repair -Building & Grounds	1,017	20,000	20,000	10,000
10-5100-1600	Maint/Repair - Equipment	793	1,000	1,000	5,000
10-5100-1700	Maint/Repair - Vehicles	8,374	10,000	10,000	25,000
10-5100-3100	Motor Fuels	21,596	24,600	24,600	18,000
10-5100-3300	Supplies	5,828	20,080	10,080	10,000
10-5100-3600	Uniforms	7,508	15,000	15,000	15,000
10-5100-3700	Software	70,448	18,725	18,725	18,725
10-5100-3800	Technology	51,504	58,740	58,740	102,250
10-5100-5700	Miscellaneous	13,023	8,265	8,265	10,000
10-5100-5800	Physical Exams	951	2,000	2,000	2,500
10-5100-6500	Staff Development	13,144	15,000	15,000	10,000
10-5100-7400	Capital Equipment Purchases	98,891	102,500	169,000	125,000
TOTAL		1,811,835	1,844,119	1,957,903	2,049,731

GENERAL FUND EXPENDITURES		2021-22	2022-23	2023-24	2024-25
FIRE CONTRACT		BUDGET	BUDGET	BUDGET	RECOMMENDED
10-5200-0000	Fire Contract	425,000	425,000	425,000	425,000
TOTAL		425,000	425,000	425,000	425,000

GENERAL FUND EXPENDITURES (Public Works)

GENERAL FUND EXPENDITURES PUBLIC WORKS		2021-22 BUDGET	2022-23 BUDGET	2023-24 BUDGET	2024-2025 RECEOMMENDED
10-5600-0200	Salaries	238,121	244,822	211,888	221,831
10-5600-0300	Overtime	-	5,000	5,000	-
10-5600-0500	FICA	17,194	19,111	16,209	16,970
10-5600-0500	Unemployment Insurance	-	500		-
10-5600-0600	Medical Insurance	34,260	43,484	68,156	41,748
10-5600-0650	Dental, Vision, Life Insurance	3,937	8,883	10,500	10,500
10-5600-0675	Health Reimbursement Account	6,313	6,750	7,500	7,500
10-5600-0700	LGERS Retirement	41,002	44,968	41,382	48,182
10-5600-0800	401K Supplemental Retirement	11,097	12,491	10,594	11,092
10-5600-1000	Outside Services	1,109	10,000	-	-
10-5600-1300	Streetlights Electric	1,773	7,000	7,000	16,800
10-5600-1500	Maint/Repair-Building & Grounds	3,564	9,600	9,600	10,000
10-5600-1600	Maint/Repair - Streetlights	24,696	35,000	35,000	15,000
10-5600-1700	Maint/Repair-Vehicles	5,748	10,000	10,000	16,800
10-5600-3100	Motor Fuels	17,351	20,000	20,000	15,000
10-5600-3300	Supplies	5,779	10,000	10,000	9,600
10-5600-3400	House Number Signs	285	1,000	1,000	1,000
10-5600-3600	Uniforms	3,472	8,650	8,650	10,000
10-5600-3800	Technology	7,115	9,500	9,500	1,680
10-5600-5200	Parks	20,328	60,000	60,000	75,000
10-5600-5202	Stream Restoration Planning Grant	-	-		60,000
10-5600-5800	Physical Exams	-	500	500	1,000
10-5600-5900	Miscellaneous	773	1,000	1,000	5,000
10-5600-6000	Capital Equipment Purchases			8,000	22,800
10-5600-6500	Staff Development	1,386	8,000		6,000
TOTAL		445,302	576,259	551,480	623,503

GENERAL FUND EXPENDITURES (Streets & Transportation and Sanitation & Recycling)

GENERAL FUND EXPENDITURES		2021-22	2022-23	2023-24	2024-2025
STREETS & TRANSPORTATION		BUDGET	BUDGET	BUDGET	RECEOMMENDED
10-5700-1600	Maint/Repair - Equipment	-	-	-	5,000
10-5700-1700	Maint/Repair - Vehicles	5,325	10,000	5,000	1,000
10-5700-2200	Contracts-Paving & Striping	225,735	210,000	255,000	75,000
10-5700-2300	Supplies	10,178	10,000	10,000	9,600
10-5700-2400	Traffic Signs	560	500	500	1,000
10-5700-2500	Storm Water Drainage Repairs	212,276	275,000	1,400,000	1,100,000
10-5700-3800	Technology	2,284	5,000	5,000	-
10-5700-6500	Staff Development	287	1,000	1,000	2,500
10-5700-7400	Capital Equipment Purchases	(0)	5,000	19,200	25,000
10-5700-7500	Engineering	22,610	100,000	50,000	120,000
TOTAL		479,255	616,500	1,745,700	1,339,100

GENERAL FUND EXPENDITURES		2021-22	2022-23	2023-24	2024-2025
SANITATION & RECYCLING		BUDGET	BUDGET	BUDGET	RECEOMMENDED
10-5800-0200	Salaries	123,571	125,190	141,376	142,326
10-5800-0300	Overtime	286	5,000	5,000	-
10-5800-0500	FICA	9,238	9,960	11,198	10,888
10-5800-0550	Unemployment Insurance				-
10-5800-0600	Medical Insurance	20,591	28,989	68,156	25,012
10-5800-0650	Dental, Vision, Life Insurance	1,968	5,922	6,300	6,300
10-5800-0675	Health Reimbursement Account	4,500	4,500	4,500	4,500
10-5800-0700	LGERS Retirement	21,809	23,435	27,611	48,182
10-5800-0800	401K Supplemental Retirement	6,236	6,510	7,069	11,092
10-5800-1700	Maint/Repair - Vehicles	25,461	25,000	40,000	86,400
10-5800-3100	Motor Fuels	22,376	30,000	30,000	24,000
10-5800-3300	Supplies	43,667	1,000	1,000	1,000
10-5800-3600	Uniforms	1,022	1,000	1,000	-
10-5800-3800	Technology	553	600	3,000	1,000
10-5800-5800	Physical Exams	-	500	500	
10-5800-5900	Miscellaneous	532	1,000	1,000	
10-5800-6000	Capital Equipment Purchases	(1)	55,000	80,000	150,000
10-5800-8000	Landfill Tipping Fees	60,122	30,000	50,000	27,000
10-5800-8100	Recycling Disposal Fees	-	6,000	20,000	8,000
10-5800-8200	Brush & Leaf Disposal Fees		31,200	31,200	43,200
10-5800-8300	Dumpster Fees	-	-	-	24,000
TOTAL		341,931	390,806	528,910	612,899

GENERAL FUND EXPENDITURES (Debt Service)

GENERAL FUND EXPENDITURES		2021-22	2022-23	2023-24	2024-2025
DEBT SERVICE		BUDGET	BUDGET	BUDGET	RECEOMMENDED
10-6700-0100	Principal Police Dept Renovations	23,333	23,334	23,334	
10-6700-0200	Principal Street Improvements	6,667	6,667	6,667	
10-6700-0500	Principal Public Works Bldg	84,564	84,211	84,211	84,211
10-6700-0600	NCDEQ Loan Strm Rest			14,600	14,600
10-6700-1100	Interest Police Dept Renovations	2,334	1,445	556	
10-6700-1200	Interest Street Improvements	667	413	159	
10-6700-1500	Interest Public Works Bldg	20,160	17,685	14,855	12,025
10-6700-1600	Interest 2020 Police Cars	1,579	801		
TOTAL		139,303	134,556	144,382	110,836

WATER FUND

WATER FUND		2021-22	2022-23	2023-24	2024-2025
REVENUE		BUDGET	BUDGET	BUDGET	RECEOMMENDED
30-3290-0000	Interest Earned		50	4,000	4,400
30-3350-0000	Commissions (Sewer Collection Fee)		8,000	8,000	8,000
30-3710-0000	Water Charges	434,705	369,000	572,382	641,000
30-3710-0100	Sewer Charges	350,217	248,284	493,425	422,240
30-3710-0200	AMI Transmitter Charges	6,814	7,700	7,700	8,867
30-3730-0000	Water Tap & Connection Fees	4,870	6,000	6,000	10,000
	TOTAL	796,606	639,034	1,091,507	1,094,507
30-3710-0000	Transfers from General Fund	-	-	-	-
	TOTAL	796,606	639,034	1,091,507	1,094,507

WATER FUND		2021-22	2022-23	2023-24	2024-2025
EXPENDITURES		BUDGET	BUDGET	BUDGET	RECEOMMENDED
30-8100-0200	Salaries	108,247	144,572	169,693	199,205
30-8100-0300	Overtime			-	-
30-8100-0400	Professional Services	4,845	5,000	5,000	20,000
30-8100-0500	FICA	8,192	11,060	12,981	15,239
30-8100-0550	Unemployment Insurance			-	-
30-8100-0600	Medical Insurance	16,527	19,326	-	-
30-8100-0650	Dental, Vision, Life Insurance	2,533	3,948	-	-
30-8100-0675	Health Reimbursement Account	2,938	3,000	-	-
30-8100-0700	LGERS Retirement	83,084	26,023	27,611	40,399
30-8100-0800	401K Supplemental Retirement	6,273	7,229	8,485	9,960
30-8100-1200	Postage, Printing & Stationary	4,340	5,000	5,000	2,000
30-8100-1500	General Repairs	-	10,000	25,000	15,000
30-8100-3300	Supplies & Equipment	16,592	15,000	15,000	15,000
30-8100-3800	Technology	2,284	5,000	5,000	-
30-8100-4800	Water Purchases	158,705	179,580	204,750	215,545
30-8100-4900	Sewer Purchases	350,492	185,400	396,000	422,240
30-8100-5000	AMI Transmitter Fees	8,529	7,700	7,700	8,867
30-8100-5700	Miscellaneous	-	6,196	6,196	-
30-8100-6000	Contingency			178,891	
30-8100-6500	Staff Development	4,943	5,000	5,000	2,500
30-8100-7400	Capital Improvement	18,244	29,939	19,200	128,552
	TOTAL	796,767	668,973	1,091,507	1,094,507

2024-2025 BUDGET SUMMARY

GENERAL FUND REVENUE	2024-2025 RECEOMMENDED
Ad Valorem	3,170,293
Unrestricted Intergovernmental	1,805,135
Restricted Intergovernmental	76,000
Permits & Fees	31,300
Investment Earnings	233,333
Miscellaneous	58,800
Other Financing Source	1,258,836
TOTAL General Fund Revenues	6,633,697

GENERAL FUND EXPENDITURES	2024-2025 RECEOMMENDED
Administration	695,921
Police Department	2,049,731
Fire Contract	425,000
Public Works	623,503
Streets & Transportation	1,339,100
Sanitation & Recycling	612,899
General Government	776,708
Debt Service	110,836
TOTAL General Fund Expenditures	6,633,697

GENERAL FUND REVENUES	6,633,697
GENERAL FUND EXPENDITURES	6,633,697

0

WATER FUND REVENUE	2024-25 RECEOMMENDED
Operating Revenues	1,142,795

WATER FUND EXPENDITURES	2024-25 RECEOMMENDED
Operating Expenditures	1,142,795

WATER FUND REVENUE	1,142,795
WATER FUND EXPENDITURES	1,142,795