



KINGS MOUNTAIN

— **NORTH CAROLINA** —

FY 2025 – 2026
Budget Presentation

Budget Objectives-General Fund..

- ❖ No significant changes regarding types of service the City offers
- ❖ Fair and reasonable fees for services provided
- ❖ **NO** change to the current tax rate of 48 cents
- ❖ Not utilizing fund balance to cover recurring operational expenditures
- ❖ To reduce the operating transfer from the Electric fund to the General Fund by 33% to get in compliance with LGC best practice
- ❖ To aggressively plan for and address capital needs in a fiscally responsible manner.
To stress reinvestment in our systems and facilities
- ❖ **To increase our borrowing capacity with regards to revenue (property tax) backed debt-this will allow us to finance future capital projects using our taxing authority/revenue stream as collateral**

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 rate change proposed-maintain current 48 cent rate per \$100**
- ❖ 2.5% ATB Salary increase budgeted-ALL FUNDS
- ❖ Provided resources to conduct wage and rate market study for 1/3 of our workforce (Energy Services, Administrative Services)
- ❖ Minimal positions (1 net) added to the General Fund, several existing positions repurposed (will be discussed at the departmental level)
- ❖ ***Proposed 25-26 Electric transfer is reduced by roughly 1/3 over 24-25 levels to get us in compliance with LGC best practice***

Budget Highlights-General Fund.. (cont.)

- ❖ Adjusted cost redistributions to ensure all enterprise funds are paying their fair share
- ❖ Proposing capital spending of \$1.96M in the 25-26 General Fund budget-**all paid for via current year revenues** or restricted fund balances (Lake, Police)
 - ❖ High priority on deferred maintenance items that need to be addressed
 - ❖ 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 portion of these budgets
- ❖ Capital budgets for equipment and system infrastructure maintenance are comparable with last year's amounts-continued effort to reinvest in our systems
- ❖ No proposed changes to Electric rates, Natural Gas rate structure
- ❖ ***Proposed 25-26 Electric transfer is reduced by roughly 1/3 over 24-25 levels to get us in compliance with LGC best practice***

Budget Highlights-Enterprise Funds.. (Cont.)

Water and Sewer

- ❖ 12.5% proposed ATB rate increases-3rd year of a planned three year rate adjustment. Monthly minimums for residential water will increase \$2.06 monthly, for sewer \$2.44 monthly
- ❖ 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 the future – *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 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 /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 (YMCA Contract)

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 25-26</u>	<u>Adopted 24-25</u>	<u>Change</u>
Recurring expenditures	\$ 22,397,930	\$ 21,126,842	\$ 1,271,088 a
Capital outlay	1,963,080	1,927,000	36,080 b
Transfers out to capital reserve	475,000	1,007,500	(532,500) b
Total expenditures after Manager review	\$ 24,836,010	\$ 24,061,342	\$ 774,668
Operating Revenues	\$ 23,692,620	\$ 20,877,842	\$ 2,814,778 c
<i>Other Sources:</i>			
Debt proceeds	232,000	771,000	(539,000) d
Fund balance appropriations	111,390	1,197,500	(1,086,110) b
Transfers from Electric	800,000	1,215,000	(415,000) e
Total other revenues:	1,143,390	3,183,500	(2,040,110)
Total revenues	\$ 24,836,010	\$ 24,061,342	\$ 774,668

- a** See reconciliation that follows.
- b** Will be discussed in greater detail- Note in 25-26 we are utilizing virtually no fund balance to cover ANY expenditures, including the transfer to our reserve fund. What fund balance we are utilizing is "restricted" (Lake/Police).
- c** Property tax and sales tax growth, primarily.
- d** Minimal debt issued in 25-26.
- e** This level of reduction should get us in compliance with LGC best practice.

General Fund Analysis

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

Changes:

2.5% ATB increase for 25-26 (SOP)	\$ 350,000	
Medical Insurance increase	\$ 320,000	
Retirement (LGERS) increase	\$ 140,000	
24-25 Wage and Rate Impact	\$ 190,000	
Increase (Decrease) in capital expenditures-General Fund	\$ 36,080	
Increase (Decrease) in transfers to other funds	\$ (532,500)	
Operations (all other than listed above)	<u>\$ 271,088</u>	1.1%

2025-26 Proposed Budget **\$ 24,836,010**

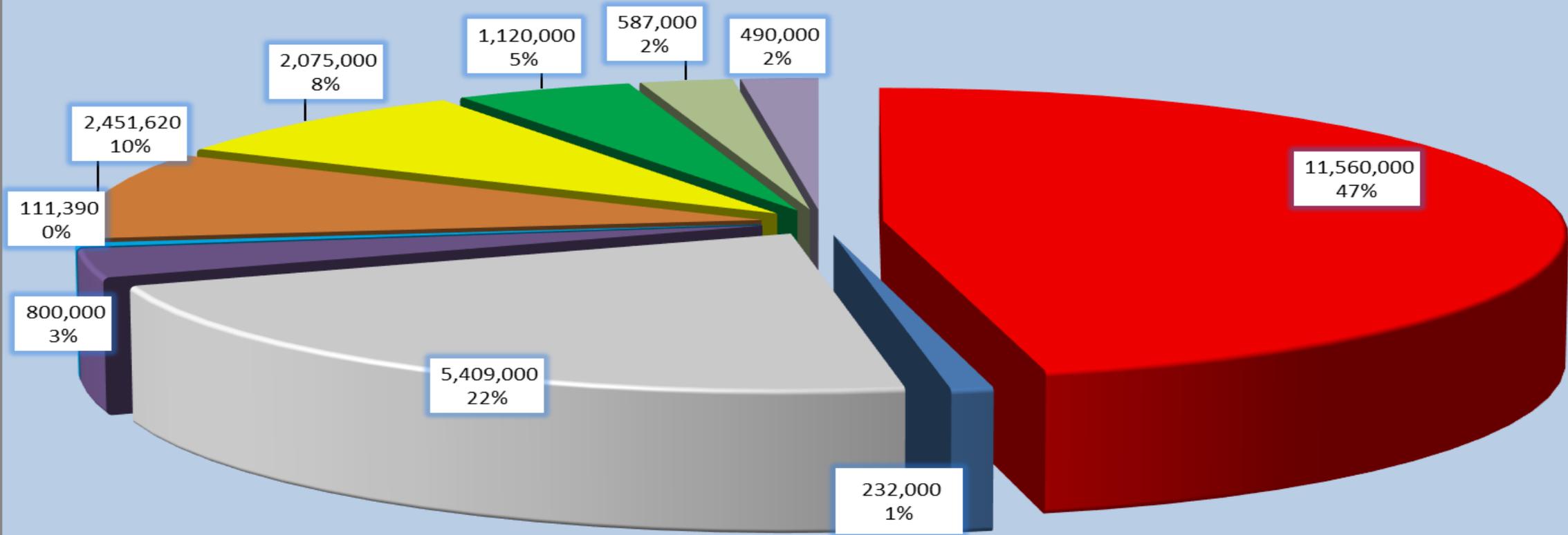
% Change in General Fund Budget-Total **3.2%**

% Change in General Fund Budget-Recurring (operating) **6.0%**

% Change in General Fund Recurring Revenues **13.5%**

General Fund Revenues 2025-26 Proposed Budget

Total \$24.84M



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

General Fund Revenues

	<u>25-26 Proposed</u>		<u>24-25 Adopted</u>	
Property Taxes	\$ 11,560,000	47%	\$ 9,740,000	40%
Debt proceeds	\$ 232,000	1%	\$ 771,000	3%
Local Option Sales Tax	\$ 5,409,000	22%	\$ 4,449,000	18%
Transfers In-Electric	\$ 800,000	3%	\$ 1,215,000	5%
Fund Balance Appropriated	\$ 111,390	0%	\$ 1,197,500	5%
All Other	\$ 2,451,620	10%	\$ 2,282,717	9%
Solid waste fees	\$ 2,075,000	8%	\$ 2,068,125	9%
Franchise Tax	\$ 1,120,000	5%	\$ 1,060,000	4%
Moss Lake Fees	\$ 587,000	2%	\$ 888,000	4%
Building and Zoning Fees	\$ 490,000	<u>2%</u>	\$ 390,000	<u>2%</u>
	<u>\$ 24,836,010</u>	100%	<u>\$ 24,061,342</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

Property Taxes

- ❖ Based upon a valuation at January 1, levied in July, due without penalty/interest early January of the next year
- ❖ Cleveland/Gaston Counties are on 4 year revaluation cycles. 2025 was the most recent valuation cycle for Cleveland County (impacts this upcoming budget year), 2027 for Gaston County
- ❖ Counties determine revaluation frequency (no longer than every 8 years) and are responsible for property valuation-power granted by NC General Statutes)

General Fund-Revenues

Property Taxes

- ❖ Is your Cleveland County home more valuable than it was in January 2021?
- ❖ It was revalued in January 2025...
- ❖ In reality, most residential property tax bills remained unchanged, **from a valuation standpoint**, for a period of four years
- ❖ Your tax bill is **valuation x rate**

Valuation/Revaluation Summary

	Cleveland Co. Total Valuation	Gaston Co. Total Valuation	Grand Total Valuation
24-25	\$ 1,648,001,530	\$ 377,088,641	\$ 2,025,090,171
25-26	\$ 2,119,273,886	\$ 377,088,641	\$ 2,496,362,527
\$ Change	\$ 471,272,356	\$ -	\$ 471,272,356
% Change	28.6%	0.0%	23.3%

General Fund-Revenues

Property Taxes

- ❖ Note we generate roughly 1/3 of our taxes from residential customers, the remainder from commercial/industrial customers
- ❖ Understanding what revenue neutral is-dispelling myths

Valuation December 2024	Change in Valuation- Increase (Decrease)	Valuation Jan 2025	Additional Mthly Tax- Current Rate	Additional Mthly Tax-Rev. Neutral **	Revenue Neutral Monthly Savings For the Taxpayer
\$ 100,000	50%	\$ 150,000	\$ 20.00	\$ 17.50	\$ (2.50)
\$ 150,000	50%	\$ 225,000	\$ 30.00	\$ 26.25	\$ (3.75)
\$ 200,000	50%	\$ 300,000	\$ 40.00	\$ 35.00	\$ (5.00)
\$ 250,000	50%	\$ 375,000	\$ 50.00	\$ 43.75	\$ (6.25)
\$ 300,000	50%	\$ 450,000	\$ 60.00	\$ 52.50	\$ (7.50)
\$ 500,000	50%	\$ 750,000	\$ 100.00	\$ 87.50	\$ (12.50)

**** REVENUE NEUTRAL RESULTS IN A 12.5% REDUCTION TO THE TAX RATE.**

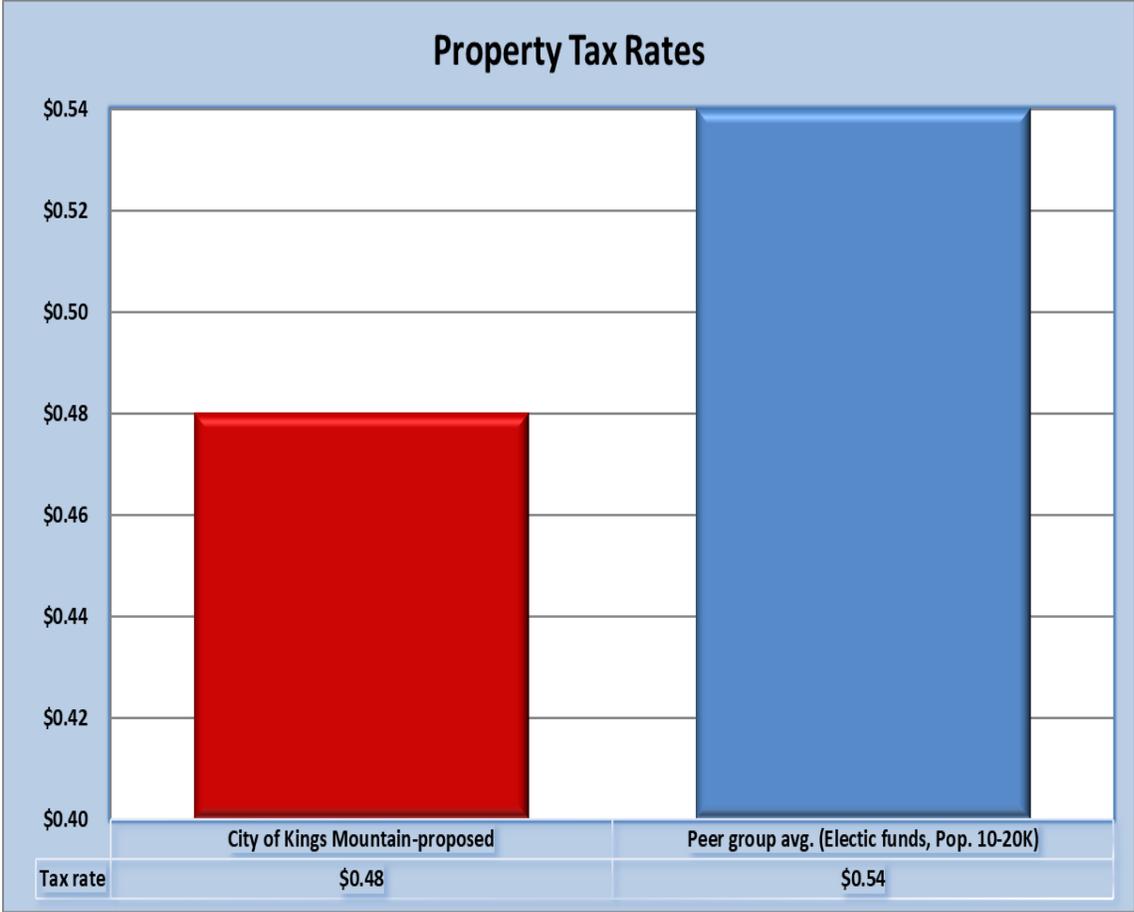
**** REDUCES THE CITY'S TAX REVENUE BY \$1.5M vs MAINTAINING THE CURRENT RATE.**

General Fund-Revenues

Tax Rate

- ❖ Property tax rate proposed is .48, **No change from 24-25**
- ❖ Inflation since the last Cleveland County tax revaluation (1/2021) is roughly 21%. 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 \$260,000, \$241,000 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

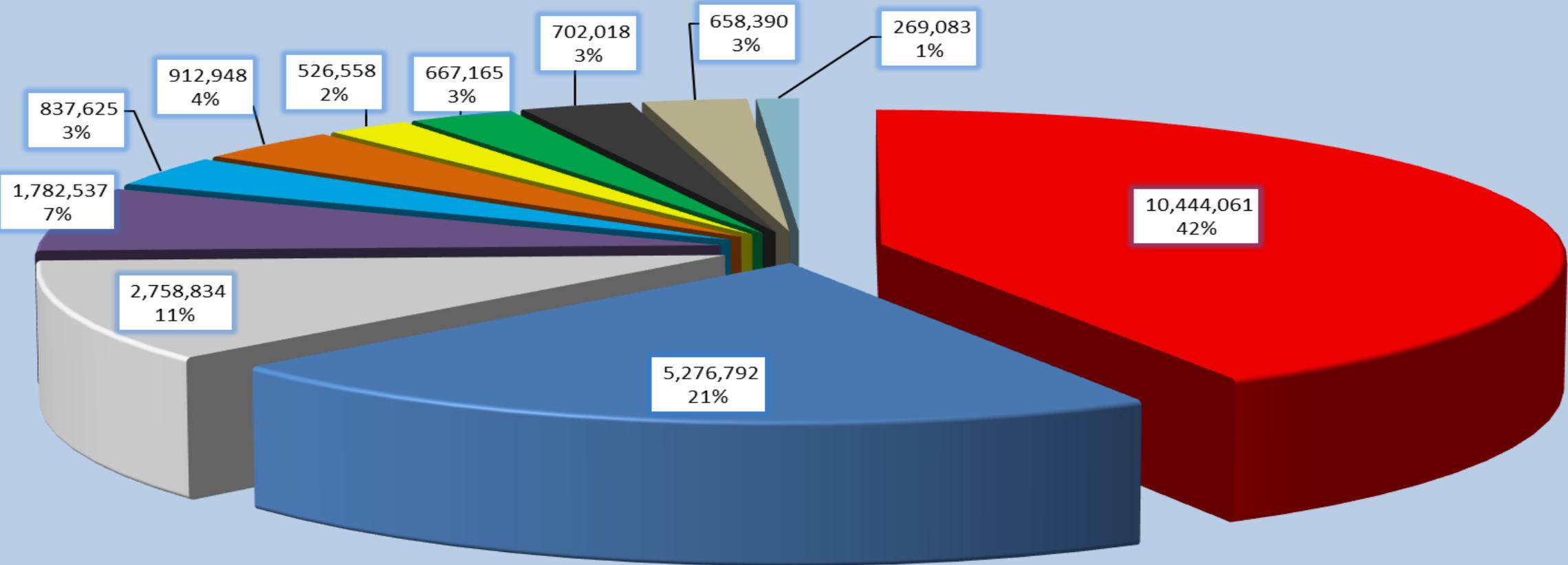
<u>Unit</u>	<u>Population</u>	<u>Tax Rate</u>
Lincolnton	11,134	0.50
Newton	13,173	0.45
Morganton	17,431	0.50
Albemarle	16,437	0.61
Lexington	19,660	0.65
Average	15,567	0.54

KM 2025 Proposed 0.48

Lincolnton, Newton, Morganton and Albemarle all had revaluations related to (23-24) budget year.

General Fund Total Expenditures 2025-26

Proposed Budget Total \$24.84M



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

General Fund Expenditures

	<u>25-26 Proposed</u>		<u>24-25 Adopted</u>	
Police/Fire	\$ 10,444,061	42%	\$ 9,497,434	39%
Public Works (Streets/Solid Waste/ Garage)	\$ 5,276,792	21%	\$ 5,497,550	23%
Non-Departmental/Admin/HR/Elections	\$ 2,758,834	11%	\$ 2,698,753	11%
Library/Senior Center	\$ 1,782,537	7%	\$ 1,774,200	7%
Planning & Development Services	\$ 837,625	3%	\$ 1,036,500	4%
Parks and Recreation	\$ 912,948	4%	\$ 700,380	3%
Marketing, Tourism, Events	\$ 526,558	2%	\$ 618,500	3%
Inspections & Codes	\$ 667,165	3%	\$ 592,900	2%
IT	\$ 702,018	3%	\$ 464,125	2%
Moss Lake	\$ 658,390	3%	\$ 888,000	4%
Cemetary/Perpetual care	\$ 269,083	<u>1%</u>	\$ 293,000	<u>1%</u>
	<u>\$ 24,836,010</u>	100%	<u>\$ 24,061,342</u>	100%
Total capital/transfers included above	<u>\$ 2,438,080</u>	10%	<u>\$ 2,934,500</u>	12%

Notes Applicable to All General Fund Departments..

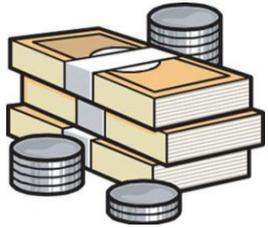
- * Salaries – **2.5%** across the board (ATB) increase budgeted
- * LGERS expense increased 6.5%
- * Medical per employee was increased 14% given claims projections for next year and premium increases due to poor claims history
- * 1 “new” net position was budgeted in the General Fund, though some shifting of positions occurred and will be noted as we discuss budget for the various individual departments

00-Non-Departmental

Expense Category	Orig. Bud 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ 199,720	\$ 204,880	\$ 220,512
OPERATING	\$ 726,200	\$ 762,700	\$ 897,350
CAPITAL	\$ -	\$ 597,500	\$ 475,000
CHGS TO OTHER FUNDS	\$ (300,000)	\$ (330,540)	\$ (404,180)
TOTAL	\$ 625,920	\$ 1,234,540	\$ 1,188,682

Budget Highlights:

- Personnel-Medical insurance premium charges (current employees (Council)) were up this budget year based upon the 25-26 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 25-26 and increased claims cost/charges as noted above.
- Capital consists of a transfer to the capital reserve fund to finance various future capital needs. Note unlike last year this transfer is coming from "operations", not fund balance.
- Charges to other funds were recomputed. This is evaluated and readjusted annually. Note the increase is due to increased personnel and operating costs noted above.



02-Administration/Finance/Customer Service (Billing)

Expense Category	Orig. Bud 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ 1,261,000	\$ 1,443,000	\$ 2,001,935
OPERATING	\$ 917,393	\$ 983,893	\$ 1,142,302
CAPITAL	\$ 265,000	\$ 225,000	\$ 125,000
CHGS TO OTHER FUNDS	\$ (1,459,758)	\$ (1,597,129)	\$ (2,157,697)
TOTAL	\$ 983,635	\$ 1,054,764	\$ 1,111,541

Budget Highlights:

- There are 2 additional employees budgeted in this department versus last year, both reclassified from other departments (Assistant City Mgr., Communications Specialist), as well as salary increases related to upper Management changes/turnover. The remainder of the increase in personnel expenditures is due to increased medical insurance (14% increase in our premium charge), the 2.5% ATB salary increase, and LGERS (retirement) contribution increase (6.5% increase in our contribution rate).
- Operations are up across the board given inflationary factors. Note also, the Communications Specialist operating budget (\$43k) is now included in this department as well as resources for consulting regarding FEMA reporting/reimbursement requests (\$75k).
- Capital is set aside for a facilities master plan and other consulting services concerning long-term capital planning.
- Charges to other funds were recomputed based upon current budget. This is evaluated and readjusted annually. Note the increase is due to increased personnel and operating costs noted above.



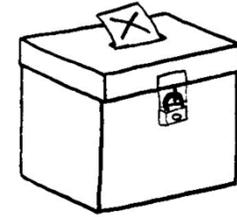
03-Human Resources

Expense Category	Orig. Bud 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ 384,000	\$ 389,000	\$ 406,415
OPERATING	\$ 143,000	\$ 149,500	\$ 194,400
CAPITAL	\$ -	\$ 35,000	\$ -
CHGS TO OTHER FUNDS	\$ (131,750)	\$ (172,050)	\$ (150,204)
TOTAL	\$ 395,250	\$ 401,450	\$ 450,611

Budget Highlights:

- Personnel change due to increases discussed previously (ATB salary, medical, and LGERS). No change in number of positions versus the prior year.
- The operating budget increased primarily for professional services/software subscriptions and maintenance related to applicant tracking and ADP automated timekeeping.
- Charges to other funds were recomputed based upon current year's budget. Note charges to other funds are based purely upon total number of employees in that fund as a % of total employees.

04 – Elections Board



Expense Category	Orig. Bud 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ -	\$ -	\$ -
OPERATING	\$ 7,000	\$ 8,000	\$ 8,000
CAPITAL	\$ -	\$ -	\$ -
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 7,000	\$ 8,000	\$ 8,000

Budget Highlights:

- No significant items of note.



05 - Garage

Expense Category	Orig. Bud 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ 378,000	\$ 398,000	\$ 440,144
OPERATING	\$ 110,400	\$ 121,000	\$ 165,975
CAPITAL	\$ -	\$ 120,000	\$ 120,000
CHGS TO OTHER DEPTS.	\$ (140,600)	\$ (143,000)	\$ (145,000)
TOTAL	\$ 347,800	\$ 496,000	\$ 581,119

Budget Highlights:

- Personnel change due to increases (ATB, Medical, LGERS) discussed on previous slides as well as the full year impact of wage study increases implemented mid year 24-25. No change in positions from the prior year.
- Operating increases across the board for inflationary factors as well as debt service of \$25k for last year's shop truck purchase/financing.
- Capital is for building renovations/repairs (roof, gutters).
- Charges to other departments are for shop labor hours and fleet management allocated to the Enterprise funds.



06-Police

Expense Category	Orig. Bud 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ 4,597,500	\$ 4,978,000	\$ 5,354,458
OPERATING	\$ 873,950	\$ 1,058,350	\$ 1,251,350
CAPITAL	\$ 324,000	\$ 230,000	\$ 359,200
CHGS TO OTHER DEPTS	\$ -	\$ -	\$ -
TOTAL	\$ 5,795,450	\$ 6,266,350	\$ 6,965,008

Budget Highlights:

- Personnel change is primarily due to ATB increases discussed previously (ATB salary, medical, and LGERS increases). Two additional full-time positions were added due to the receipt of a COPS Grant (mid year 24-25) and two part time positions were combined to create an additional FT position.
- Increase in operations represent inflationary increases combined with debt service payment increases (\$170k) for 24-25 capital purchases/leases.
- Capital budgeted for; vehicles \$232k (4 replacements), computer software upgrades \$37k, building renovations \$30k, Axon cams/equipment \$30k, and replacement of two retiring K-9's \$30k.

07-Fire



Expense Category	Orig. Bud 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ 1,914,000	\$ 2,267,000	\$ 2,431,538
OPERATING	\$ 424,550	\$ 836,084	\$ 861,135
CAPITAL	\$ 2,350,000	\$ 128,000	\$ 186,380
CHGS TO OTHER DEPTS	\$ -	\$ -	\$ -
TOTAL	\$ 4,688,550	\$ 3,231,084	\$ 3,479,053

Budget Highlights:

- Personnel change due to ATB increases discussed on previous slides. No change in number of positions from the prior year.
- Operating budget increased simply for various inflationary increases.
- Capital is primarily for equipment installation/mounting for new trucks received/to be received next year (\$100k). The remaining capital is for various smaller items (technical rescue gear, GIS Cradle Points for trucks, etc.).

08-Public Works Admin./Buildings and Grounds

Expense Category	Orig. Bud 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ 429,000	\$ 307,500	\$ 811,311
OPERATING	\$ 135,000	\$ 102,800	\$ 123,000
CAPITAL	\$ 210,000	\$ 198,000	\$ 250,000
CHGS TO OTHER FUNDS	\$ (158,895)	\$ (30,000)	\$ (262,500)
TOTAL	\$ 615,105	\$ 578,300	\$ 921,811

Budget Highlights:

- Personnel changes: Moved building maintenance employees to this department (3 FT), moved the City Engineer and Capital Projects Manager position to this department. All these changes were simply reclassing employees from one department to another for ease of tracking, monitoring and cost reallocation. The remainder of the change (increase) in personnel is due to ATB increases discussed previously (ATB salary, medical, and LGERS increases). Total employees budgeted in 25-26 total 11, up from 6 budgeted in fiscal year 24-25.
- Operating increases were primarily inflationary increases (utilities, liability insurance, etc.) and costs driven by additional employees being added to this department (supplies, etc.).
- Capital-\$250k is for PW/Energy Services building and property renovations.
- Charges to other funds allocate a portion of the janitorial services, City Engineer, and Project Manager to the various Enterprise funds. Note the large change from last year is due to the reclass of engineering and project management to this department.

09-Streets



Expense Category	Orig. Bud 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ 1,361,500	\$ 1,454,000	\$ 1,264,470
OPERATING	\$ 399,500	\$ 644,150	\$ 612,375
CAPITAL	\$ 2,641,456	\$ 513,000	\$ 15,000
CHGS TO OTHER FUNDS	\$ -	\$ (64,000)	\$ (64,000)
TOTAL	\$ 4,402,456	\$ 2,547,150	\$ 1,827,845

Budget Highlights:

- A portion of the personnel change was an increase due to ATB increases discussed on previous slides. Note however 4 employees total were moved to other departments (Public Works -08-see additional explanation there) and one seasonal position was eliminated. Total employees budgeted in 25-26 total 19, down from 24 in fiscal year 24-25.
- Operations-decrease is due to decreased equipment operating/repair costs as a result of capital spent on new rolling stock over the past several years.
- Capital is for installation of a pole barn for equipment storage.
- Charges to other funds are to allocate costs related to an operator to the Water Fund for services performed on their behalf.

10-Solid Waste



Expense Category	Orig. Bud 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ 683,000	\$ 730,000	\$ 816,017
OPERATING	\$ 880,000	\$ 1,146,100	\$ 1,130,000
CAPITAL	\$ 657,000	\$ -	\$ -
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 2,220,000	\$ 1,876,100	\$ 1,946,017

Budget Highlights:

- Personnel change due to ATB increases discussed previously as well as impacts of the 24-25 wage and rate study (these employees were well below market.) No change in number of positions from the prior year.
- Operations are fairly flat. Tipping fees per ton decreased as a result of our contract with Gaston County which offset other normal inflationary increases.
- Capital in 23-24 was for one automated refuse truck (\$427k) and one rear load refuse truck (\$230k). No major purchases are planned for several years as significant investment has been made for several consecutive years prior to fiscal year 24-25.



11-Cemetery

Expense Category	Orig. Bud 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ 174,500	\$ 208,500	\$ 197,958
OPERATING	\$ 43,500	\$ 59,500	\$ 71,125
CAPITAL	\$ 100,000	\$ 25,000	\$ -
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 318,000	\$ 293,000	\$ 269,083

Budget Highlights:

- No change in the number of positions from the prior year, however employee “mix” changed, resulting in some cost savings on that particular position which offset other cost increases.
- Operations are flat excluding increase in building maintenance for paint and flooring.
- Note cemetery fees do not cover actual operating costs or provide any resources for perpetual care of the cemetery.



12-Planning/Development Services

Expense Category	Orig. Bud 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ 575,000	\$ 856,000	\$ 501,075
OPERATING	\$ 418,500	\$ 423,000	\$ 430,300
CAPITAL	\$ 280,000	\$ 150,000	\$ -
CHGS TO OTHER FUNDS	\$ (109,000)	\$ (392,500)	\$ (93,750)
TOTAL	\$ 1,164,500	\$ 1,036,500	\$ 837,625

Budget Highlights:

- Personnel change primarily due to two high level employees (Assistant Manager and City Engineer) being transferred/accounted for in other departments.
- Operating costs-Note cost for KM Forward Downtown Contract is included here (MSD tax plus \$100k grant/match).
- Cost redistributions (charges to other funds) are an allocation for recurring software maintenance costs (GIS primarily). Note the decrease in the cost redistribution corresponds to the personnel changes noted above.

INSPECTIONPassed Failed

13-Inspections and Codes

Expense Category	Orig. Bud 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ 362,000	\$ 412,500	\$ 447,915
OPERATING	\$ 160,000	\$ 180,400	\$ 184,250
CAPITAL	\$ 32,000	\$ -	\$ 35,000
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 554,000	\$ 592,900	\$ 667,165

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 flat.
- Capital request is for a vehicle replacement.

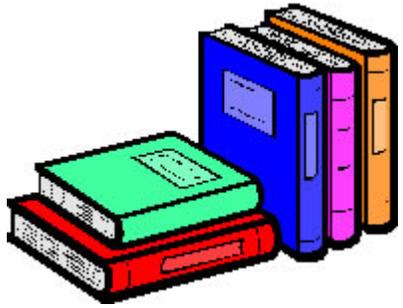


14-Senior Center

Expense Category	Orig. Bud 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ 479,500	\$ 502,000	\$ 522,233
OPERATING	\$ 315,000	\$ 316,500	\$ 360,025
CAPITAL	\$ 43,000	\$ 78,000	\$ 16,500
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 837,500	\$ 896,500	\$ 898,758

Budget Highlights:

- Personnel change due to ATB increases discussed on previous slides. No change in number of positions from the prior year.
- Operations increase due primarily to scheduled computer replacements (15) in the Center's computer lab. Other changes are simply inflationary increases.
- Capital is for HVAC replacement.



15-Library

Expense Category	Orig. Bud 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ 507,000	\$ 551,500	\$ 555,604
OPERATING	\$ 330,050	\$ 326,200	\$ 328,175
CAPITAL	\$ -	\$ -	\$ -
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 837,050	\$ 877,700	\$ 883,779

Budget Highlights:

- Personnel change due to ATB increases discussed previously. Note one full time position was eliminated in favor of two part-time positions.
- Operating expenditures are flat.

16-Marketing, Tourism, Events



Expense Category	Orig. Bud 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ 274,500	\$ 304,500	\$ 193,458
OPERATING	\$ 284,000	\$ 314,000	\$ 333,100
CAPITAL	\$ -	\$ -	\$ -
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 558,500	\$ 618,500	\$ 526,558

Budget Highlights:

- Personnel changes: the Communications Specialist position was transferred to another department (02), and certain overtime was eliminated and the dollars moved to the contracted services line item in the operating budget.
- Operating budget in total was basically flat. **All major events budgeted in 24-25 were budgeted in 25-26.**

17-Moss Lake



Expense Category	Orig. Bud 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ 260,000	\$ 269,000	\$ 291,400
OPERATING	\$ 132,000	\$ 184,000	\$ 176,990
CAPITAL	\$ 45,000	\$ 435,000	\$ 190,000
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 437,000	\$ 888,000	\$ 658,390

Budget Highlights:

- Personnel change due to ATB increases discussed on previous slides. No change in number of positions from the prior year.
- Operations is basically flat. Inside the operating budget, \$45k (same as last year) is set aside in a line item for the Moss Lake Commission to use at their discretion to address problematic areas (debris removal/clean-up, dredging, etc.).
- Last year \$410,000, representing estimated Lake fees in excess of the operating budget, was budgeted as a transfer to a reserve fund to be used for future Lake capital. Note this amount was amended (reduced) after the fee schedule was amended. **The actual transfer will be limited to actual revenues collected related to the Lake less actual costs incurred.** This will be significantly less than 24-25 original budget.
- Current year capital represents actual capital to be spent at the Lake to address our immediate needs (Building/facilities repairs \$100k, new truck \$60k, pier renovation/repair \$25k, cameras for boathouse \$5k).

19 – Parks and Recreation



Expense Category	Orig. Bud 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ -	\$ -	\$ -
OPERATING	\$ 565,000	\$ 580,380	\$ 662,948
CAPITAL	\$ 100,000	\$ 120,000	\$ 250,000
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 665,000	\$ 700,380	\$ 912,948

Budget Highlights:

- YMCA contract (\$488k) and maintenance is budgeted here as well as a park maintenance line item (\$150k).
- Capital is for various "YMCA" (City owned building) "capital" (HVAC, boiler repairs, etc.)



20-Information Technology (IT)

Expense Category	Orig. Bud 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ 310,000	\$ 445,000	\$ 461,915
OPERATING	\$ 413,100	\$ 403,250	\$ 526,120
CAPITAL	\$ 20,000	\$ 80,000	\$ 416,000
CHGS TO OTHER FUNDS	\$ (297,240)	\$ (464,125)	\$ (702,018)
TOTAL	\$ 445,860	\$ 464,125	\$ 702,018

Budget Highlights:

- Personnel change due to ATB increases discussed on previous slides. No additional positions budgeted.
- Operations change due to addition of real time security intrusion monitoring (\$50k annually) and the fact that all non-cell phone charges and internet charges are now being charged here (\$50k) then allocated out via the charges to other funds line item noted above. Otherwise operating line items are relatively flat save for inflationary increases.
- Capital is for a variety of items: Exchange migration \$127k, servers and cameras \$104K, Endpoint Detection and Response/Managed Detection and Response solutions \$70k, WAN overhaul/simplification \$72k, as well as other miscellaneous upgrades of \$43k.
- Admin. allocation percentages change based upon incidents and increased departmental costs, thus the increase in charges to the other funds.

2025-26 Capital Outlay-General Fund

General Fund

Transfer to Capital Reserve	\$	<u>475,000</u>
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Sub-total	\$	475,000
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Administration-Facilities Master/Capital Improvement Plan	\$	125,000
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Garage-Building Repairs-Roof, Gutters	\$	120,000
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Police-Vehicles (4)	\$	232,000
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Police-Building Project	\$	30,000
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Police-Cams/Equip.	\$	30,000
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Police-Software Upgrades	\$	37,200
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Police-Canines (2)	\$	30,000
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Fire - Equip New Trucks (Ladder/Dasher)	\$	100,000
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Fire - Cradle Points/Antennas	\$	21,000
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Fire - Facilities Planning	\$	35,000
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Fire - Miscellaneous Small Items	\$	30,380
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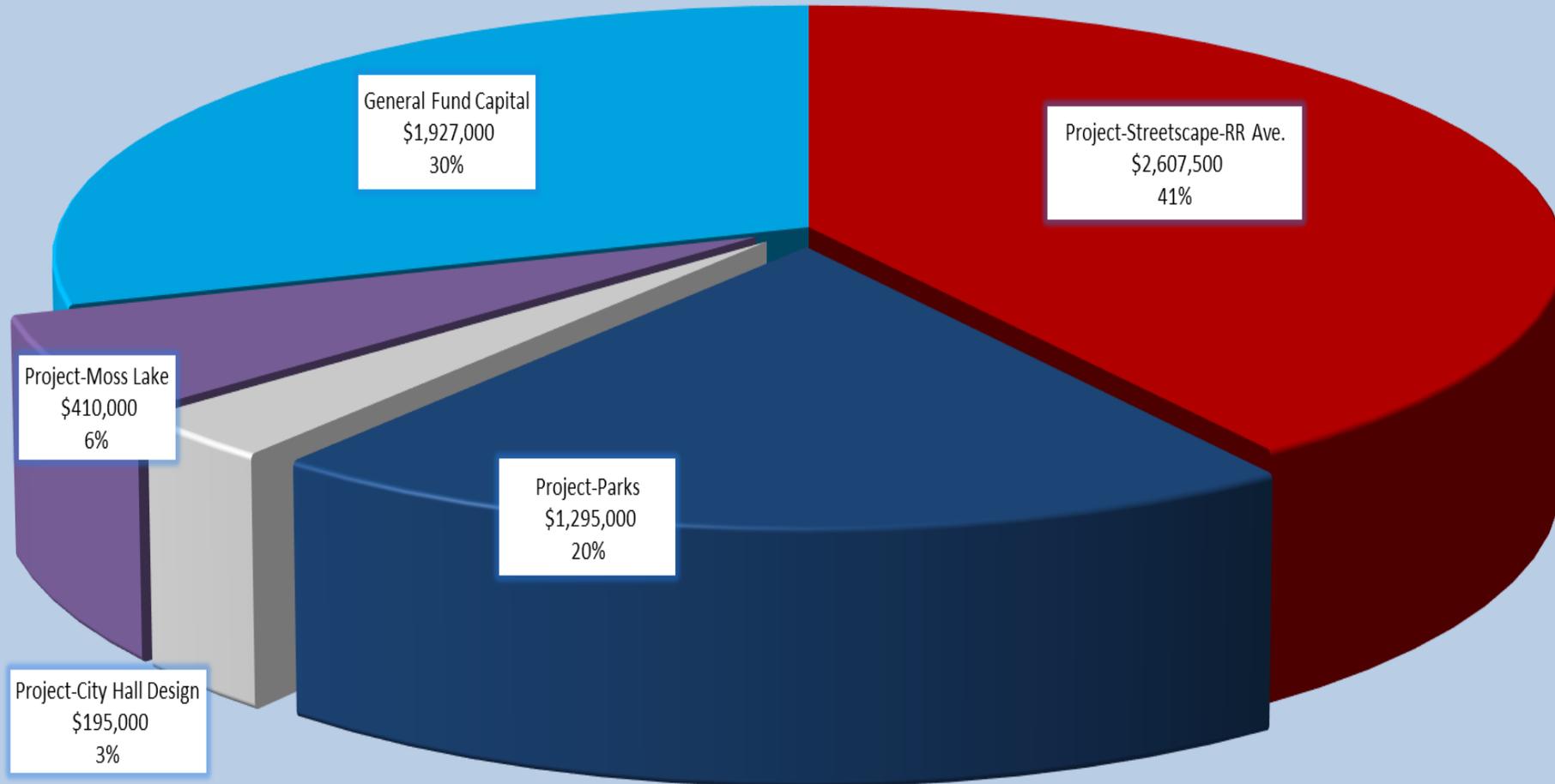
Public Works-Building/Property Renovations	\$	250,000
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Streets-Equipment Shed/Pole Barn	\$	15,000
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2025-26 Capital Outlay-General Fund (cont.)

Codes-Vehicle	\$	35,000
Senior Ctr-HVAC	\$	16,500
Moss Lake-Office Repairs	\$	100,000
Moss Lake-Vehicle	\$	60,000
Moss Lake-Misc (pier renovation, security cameras)	\$	30,000
Parks-YMCA -various (Building/boiler/HVAC/etc..)	\$	250,000
IT-Exchange Server Migration	\$	127,000
IT-Cameras/Server Hardware	\$	104,000
IT-WAN Project	\$	72,000
IT-EDR/MDR Solution (Security/Intrusion)	\$	70,000
IT-Misc. (Cloud back-up)	\$	43,000
Sub-total	\$	<u>1,963,080</u>
Grand Total General Fund	\$	<u><u>2,438,080</u></u>

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



Governmental Capital Projects Update

CAPITAL PROJECT	BUDGETED 24-25	YTD ACTUAL	ENCUMBRANCE	REMAINING
STREETSCAPE	\$2,687,267	\$ 392,686	\$ 121,160	\$ 2,173,421
PARK PROJECTS	\$1,295,000	\$ 157,730	\$ 801,600	\$ 335,670
CITY HALL ENGINEERING & DESIGN	\$ 195,000	\$ 47,183	\$ -	\$ 147,817
MOSS LAKE PROJECTS (Restricted)	\$ 296,000	\$ 25,078	\$ 19,324	\$ 251,599
TOTAL	\$4,473,267	\$ 622,677	\$ 942,084	\$ 2,908,507

- Revenue to fund these projects was in, or was transferred to, the Governmental Capital Reserve Fund at the beginning of FY 2025.
- Note that this is a multiyear fund, therefore budgeted amounts will carry forward unless amended by Council.
- Time for a "reset"???

Governmental Capital Projects-Proposed "Reset"

CAPITAL PROJECT	REMAINING 4/30/25	"REALLOCATION"	REMAINING BUDGET
STREETSCAPE/ <i>DOWNTOWN BEAUTIFICATION</i>	\$ 2,173,421	\$ (1,673,421)	\$ 500,000
PARK PROJECTS	\$ 335,670	\$ 964,330	\$ 1,300,000 !
CITY HALL ENGINEERING & DESIGN	\$ 147,817	\$ (147,817)	\$ -
<i>FUTURE GENERAL GOV'T CAPITAL</i>	\$ -	\$ 856,908	\$ -
MOSS LAKE PROJECTS (Restricted)	\$ 251,599	\$ -	\$ 251,599
TOTAL	\$ 2,908,507	\$ -	\$ 2,051,599

! Allows us to complete Phase 1 Davidson Park ASSUMING we get grant awards applied for (City's cost)

General Government Future Needs..

“50,000 foot view”

- ❖ Public Works/City Hall building renovations/expansions
- ❖ Potential garage expansion/replacement
- ❖ Replace/refurbish Water Resources Deal Street facility
- ❖ 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 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ -	\$ -	\$ -
OPERATING	\$ 350,000	\$ 352,000	\$ 630,000
CAPITAL	\$ -	\$ -	\$ -
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 350,000	\$ 352,000	\$ 630,000

Budget Highlights:

- The current budget is based upon receipt of \$430,000 in Powell Bill Funds and utilization of \$200,000 of Powell Bill Fund balance.
- The operating budget consists of \$567k for paving, \$50k for sidewalks, and \$13k for all other items-**98% of our budget is allocated to street resurfacing and sidewalks.**
- 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 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ -	\$ -	\$ -
OPERATING	\$ 90,000	\$ 90,000	\$ 90,000
CAPITAL	\$ -	\$ 25,000	\$ 22,200
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 90,000	\$ 115,000	\$ 112,200

Budget Highlights:

- Current E911 allocation for the City is \$112,200.
- 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 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ -	\$ -	\$ -
OPERATING	\$ 455,000	\$ 825,000	\$ 935,000
CAPITAL (Transfer out)	\$ -	\$ 1,000,000	\$ -
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 455,000	\$ 1,825,000	\$ 935,000

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**.

Water Sewer Fund

Water/Sewer Revenues

Revenue Category	Orig. Bud 23-24	Orig. Bud 24-25	Requested 25-26
WATER SALES	\$ 4,895,000	\$ 5,570,000	\$ 6,344,750
SEWER SALES	\$ 2,530,000	\$ 2,880,000	\$ 3,228,750
APPROPRIATED FUND BALANCE	\$ 2,264,531	\$ 118,000	\$ -
ALL OTHER OPERATING	\$ 874,500	\$ 490,131	\$ 565,536
PROCEEDS FROM DEBT	\$ -	\$ -	\$ -
MISCELLANEOUS	\$ 5,000	\$ 5,000	\$ -
TOTAL	\$10,569,031	\$ 9,063,131	\$10,139,036

- ❖ 12.5% 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.
- ❖ *Historically we have not generated enough revenues to adequately maintain and re-invest in the system-will need to re-evaluate again next year.*
- ❖ \$50 residential bill will experience an increase of \$6.25 per month, 21 cents daily.

Water/Sewer – Comparative Data

RESIDENTIAL WATER BILL ASSUMING 5,000 GALLONS MTHLY

KM NEW RATE	SHELBY	TWO RIVERS	CHERRYVILLE	STATE MEDIAN
\$36.17	\$29.86	\$32.66	\$43.00	\$42.50

RESIDENTIAL SEWER BILL ASSUMING 5,000 GALLONS MTHLY

KM NEW RATE	SHELBY	TWO RIVERS	CHERRYVILLE	STATE MEDIAN
\$41.82	\$46.85	\$45.36	\$43.00	\$53.11

TOTAL WATER/SEWER BILL ASSUMING 5,000 GALLONS MTHLY

KM NEW RATE	SHELBY	TWO RIVERS	CHERRYVILLE	STATE MEDIAN
\$77.99	\$76.71	\$78.02	\$86.00	\$95.61

All comparables are based upon 24-25 rates-not sure of planned changes for 25-26

Updated 4-18-25

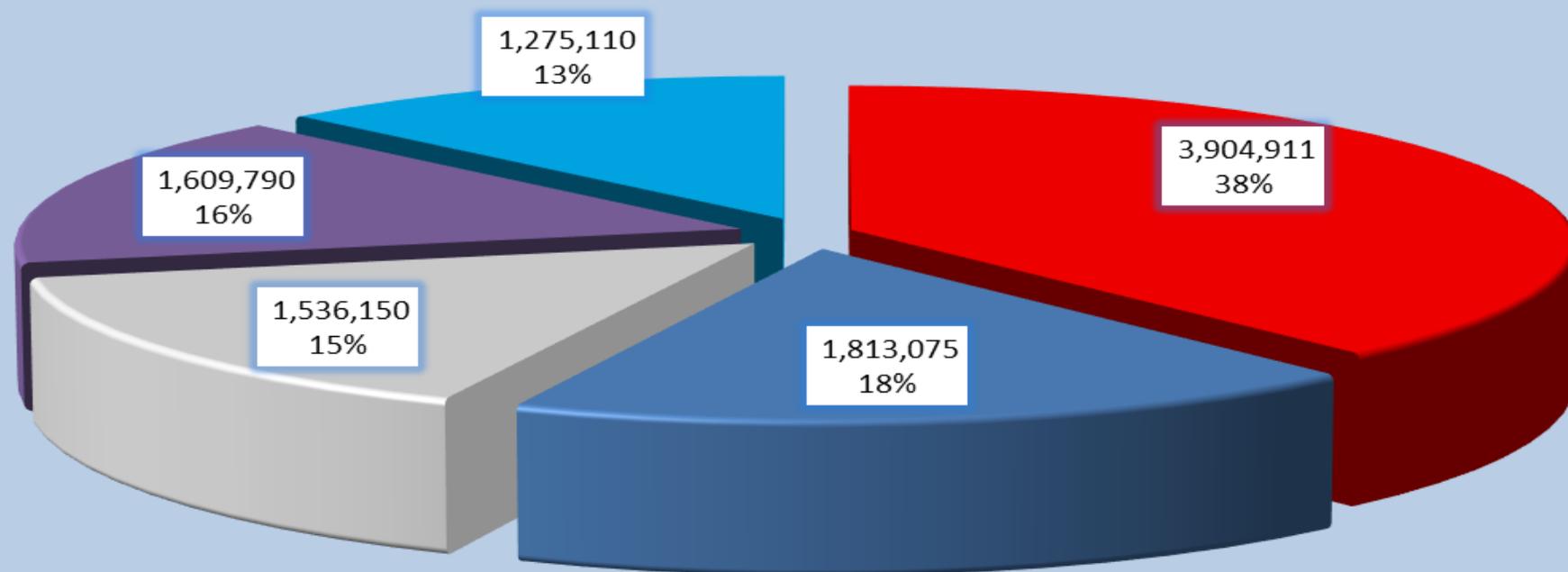


Water/Sewer Department

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

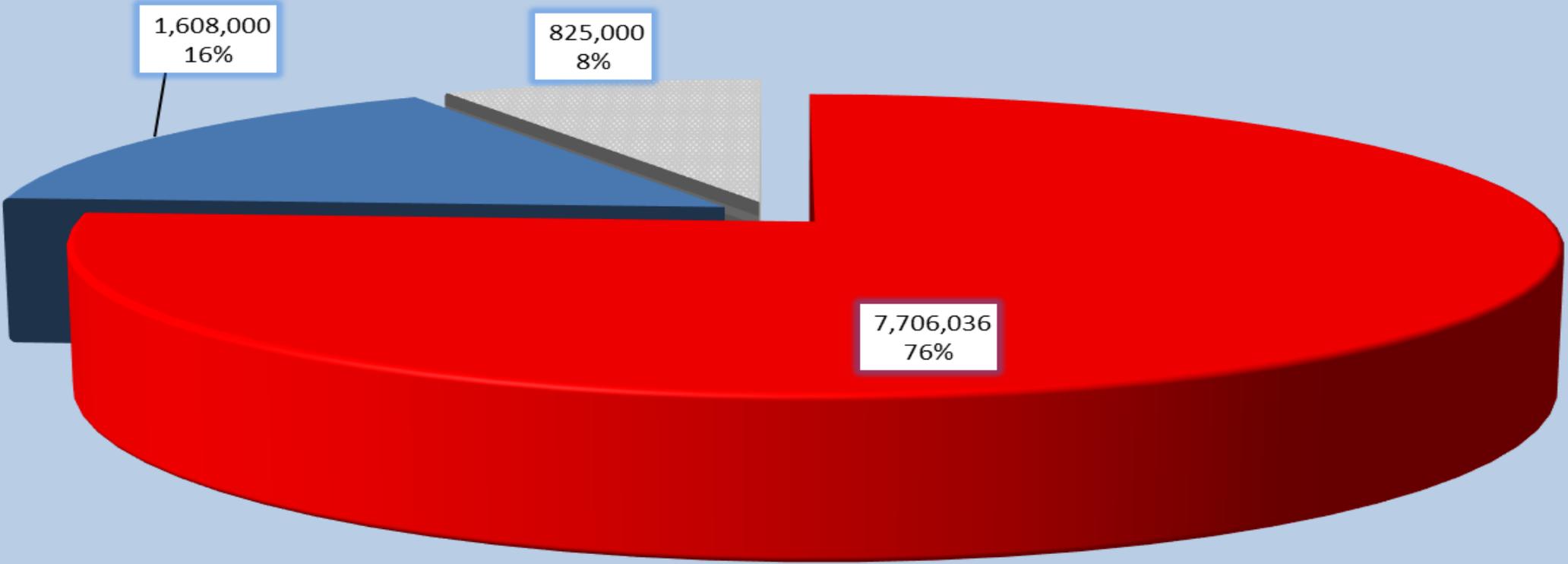
- ❖ **Water Resources**
- ❖ **Water Plant**
- ❖ **System Maintenance**
- ❖ **Wastewater Treatment Plant**
- ❖ **Pump Maintenance**

Water Fund Expenditures by Department 2025-26 Proposed Budget



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

Water Fund Expenditures 2025-26 Proposed Budget





31-Water Resources

Expense Category	Orig. Bud 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ 329,000	\$ 646,000	\$ 631,075
OPERATING	\$ 3,095,231	\$ 2,934,231	\$ 3,223,836
CAPITAL	\$ 150,000	\$ -	\$ 50,000
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 3,574,231	\$ 3,580,231	\$ 3,904,911

Budget Highlights:

- Personnel change due to ATB increases discussed previously offset by a change in employee mix. 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.
- *Note Water/Sewer in total has the same budgeted positions in 25-26 that they had in 24-25 (30).*
- 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 simply increased roughly 10% due to normal inflationary factors.
- Capital is for Moss Lake Spillway joint repairs.

32-Water Plant



Expense Category	Orig. Bud 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ 448,500	\$ 405,400	\$ 455,075
OPERATING	\$ 1,050,800	\$ 1,122,500	\$ 1,258,000
CAPITAL	\$ -	\$ 169,000	\$ 100,000
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 1,499,300	\$ 1,696,900	\$ 1,813,075

Budget Highlights:

- Personnel change due to ATB increases discussed previously as well as impacts of the 24-25 wage and rate study (theses employees were well below market.) No change in number of positions from the prior year.
- Change in operations is due to an increase chemicals and electricity (Duke) for water treatment.
- Capital is for a sludge pump (\$40k) and replacing chemical feed pumps (6) (\$60k).

33-System Maintenance



Expense Category	Orig. Bud 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ 529,500	\$ 705,000	\$ 785,150
OPERATING	\$ 524,500	\$ 481,000	\$ 556,000
CAPITAL	\$ 135,000	\$ 130,000	\$ 195,000
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 1,189,000	\$ 1,316,000	\$ 1,536,150

Budget Highlights:

- Personnel change due to ATB increases discussed previously as well as impacts of the 24-25 wage and rate study (theses employees were well below market.) No change in number of positions from the prior year.
- Operations are up primarily due to increases in line maintenance over 24-25 amounts.
- Capital outlay is for slip-line rehab on Church Street (\$100k) and for a service truck (\$95k).

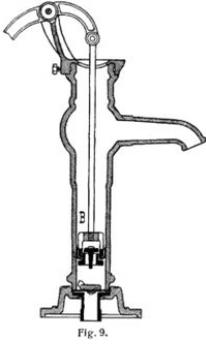
34-Wastewater Treatment Plant



Expense Category	Orig. Bud 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ 477,000	\$ 483,000	\$ 587,290
OPERATING	\$ 884,500	\$ 1,004,000	\$ 872,500
CAPITAL	\$ 125,000	\$ 155,000	\$ 150,000
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 1,486,500	\$ 1,642,000	\$ 1,609,790

Budget Highlights:

- Personnel change due to ATB increases discussed on previous slides. Again, these positions were impacted by the 24-25 rate study. No change in number of positions from the prior year in this division.
- Operations budget decreased due to significant decreases in treatment supplies and chemicals (less I&I, less treatment volume, also budget in the PY was bumped up due to volatility/supply chain issues and we will not spend amounts budgeted for chemicals and supplies).
- Capital is for creek bank repairs (\$100k) and a new truck (\$50k).



36-Pump System Maintenance

Expense Category	Orig. Bud 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ 374,500	\$ 296,000	\$ 327,110
OPERATING	\$ 525,500	\$ 532,000	\$ 618,000
CAPITAL	\$ 1,920,000	\$ -	\$ 330,000
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 2,820,000	\$ 828,000	\$ 1,275,110

Budget Highlights:

- Personnel change due to ATB increases discussed on previous slides. Again, these positions were impacted by the 24-25 rate study. No change in number of positions from the prior year in this division.
- Operating budget was increased for additional supplies and for additional repairs and maintenance.
- Capital in 23-24 was for Beason Creek Grant match/project.
- 25-26 capital is for two trucks (\$130k) and a comprehensive system analysis/study (\$200k).

2025-26 Capital Outlay-Water/Sewer

Water Sewer Fund

Moss Lake Spillway Repairs	\$	50,000
Chemical Feed Pumps (6)-Water Plant	\$	60,000
Sludge Pumps-Water Plant	\$	40,000
Slip-line Sewer Rehab-Church Street	\$	100,000
F250 Service Truck-Line Maint.	\$	95,000
Creek Bank Repairs/Stabilization-Wastewater	\$	100,000
F150 Service Truck-Wastewater	\$	50,000
System Study/Analysis-Wastewater/Pump Stations	\$	200,000
F250 Service Truck-Wastewater/Pump Stations	\$	95,000
Ford Maverick Truck-Wastewater/Pump Stations	\$	35,000
	\$	825,000

- 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).

Stormwater Fund

62-Stormwater Fund



Budget Highlights:

- No fund balance appropriated to balance the budget.
- **No** proposed rate changes for 25-26.
- 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 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ 473,785	\$ 490,000	\$ 554,000
OPERATING	\$ 136,000	\$ 198,550	\$ 215,000
CAPITAL	\$ 126,215	\$ 101,450	\$ 36,000
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 736,000	\$ 790,000	\$ 805,000

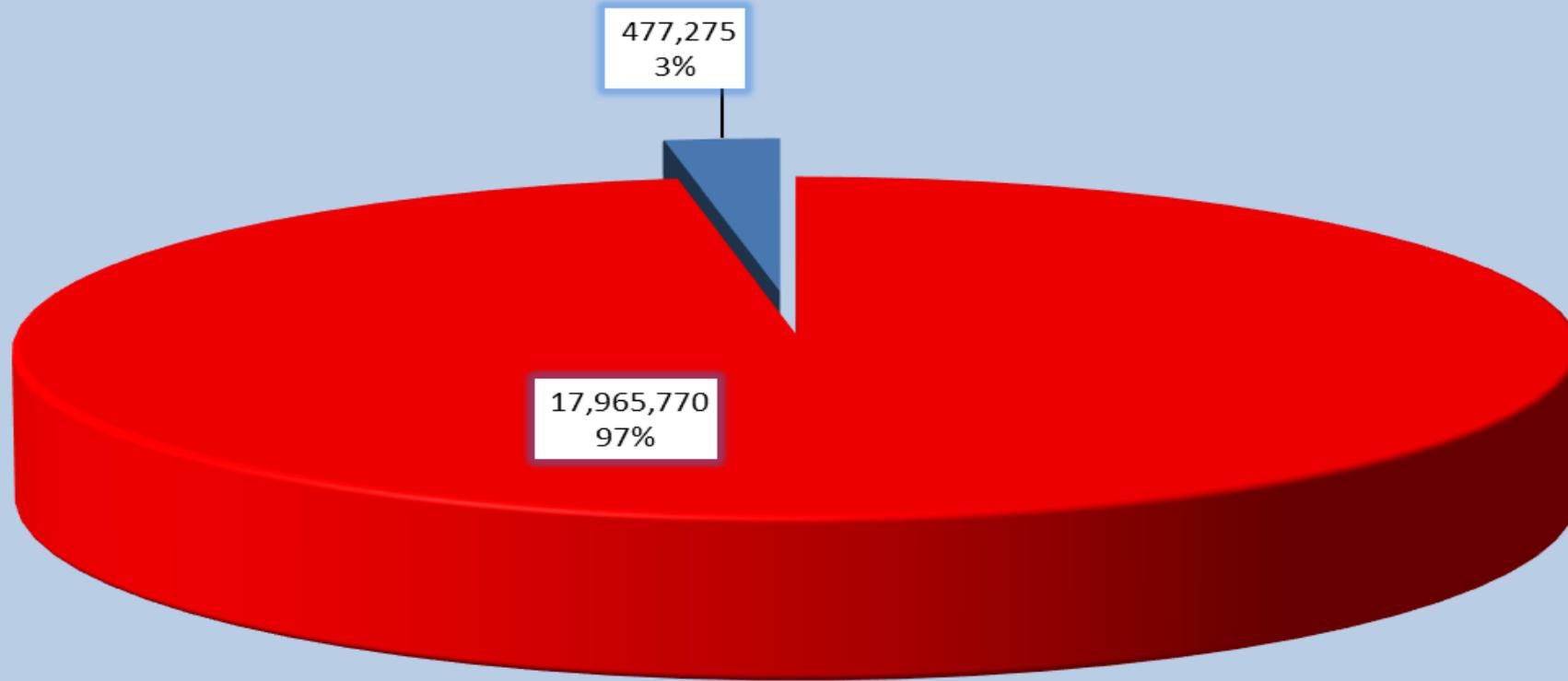
Budget Highlights (cont):

- Personnel change due to ATB increases discussed on previous slides. Again, these positions were impacted by the 24-25 rate study. No change in number of positions from the prior year.
- Operations up due to increased admin. charges and increases in supplies for operations.
- Capital consists of small erosion control and drain projects.

Energy Services- Electric Fund

Electric Fund Revenues 2025-26 Proposed Budget

■ Sales of Electricity ■ All Other Revenues

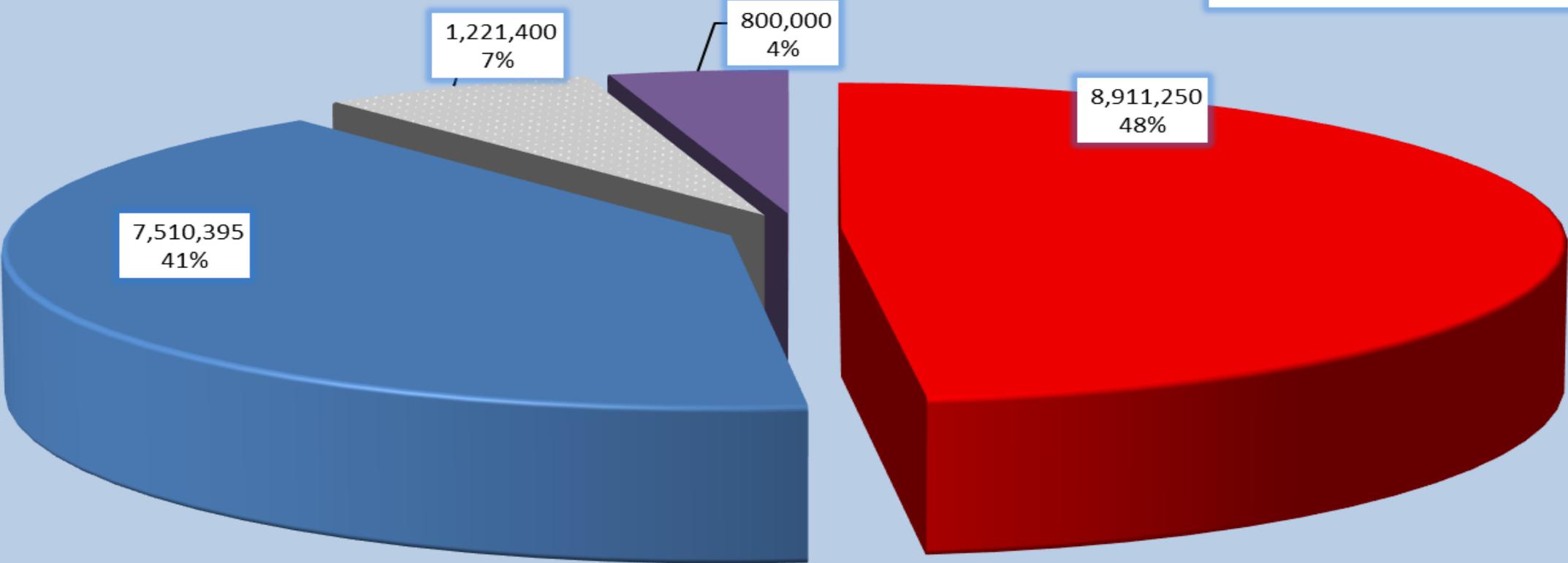


Electric Revenues

Revenue Category	Orig. Bud 23-24	Orig. Bud 24-25	Requested 25-26
ELECTRIC SALES	\$ 18,182,700	\$17,532,700	\$17,965,770
ALL OTHER OPERATING	\$ 220,403	\$ 951,517	\$ 477,275
PROCEEDS FROM DEBT	\$ 650,000	\$ -	\$ -
APPROPRIATED FUND BALANCE	\$ 395,000	\$ -	\$ -
TOTAL	\$ 19,448,103	\$18,484,217	\$18,443,045

- ❖ Volume was budgeted basically flat (1.5% increase over 24-25 actual levels).
- ❖ Note a full cost of service study was implemented effective **7-1-24-No change in rates have occurred since that time.**
- ❖ No change in Electric rates are being proposed in the 25-26 budget.
- ❖ No fund balance is utilized to balance the 25-26 budget.

Electric Division Expenditures 2025-26 Proposed Budget



Electric Division Expenditures



Expense Category	Orig. Bud 23-24	Orig. Bud 24-25	Orig. Bud 25-26
PERSONNEL	\$ 1,879,500	\$ 1,903,000	\$ 1,962,225
OPERATING	\$ 15,312,742	\$ 14,589,400	\$ 15,178,588
CAPITAL	\$ 2,197,750	\$ 1,913,700	\$ 1,221,400
METER SERVICES	\$ 58,111	\$ 78,117	\$ 80,832
TOTAL	\$ 19,448,103	\$ 18,484,217	\$ 18,443,045

-**Personnel** change is due to ATB increases applicable to all departments. No new positions were added in the 25-26 budget.

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

-**Capital** is detailed on a following slide. Note even though capital is down, the operating budget includes resources for maintenance at much higher levels than pre 23-24. Also note the City spent in excess of \$1M in 24-25 replacing poles, wires and transformers damaged by hurricane Helene, which in reality was a "betterment" in many cases. Also the City has spent significantly on new transmission lines this budget year related to the new substation, accounted for in a separate capital project fund.

Electric Division



- Operating** budget increased by \$600k from \$14.6M to \$15.2M
- Purchased power costs are projected to increase roughly 12% over 24-25 levels to \$8.9M, resulting in an overall **increase** to the operating budget of approximately **\$1M**. Roughly 13% of this increase is driven by volume increases, the rest by projected market factors/increases in purchased power costs.
- Transfers (included in the operating budget) were **reduced** 33% (**\$415k**) over 24-25 levels, to \$800k. This should put us in compliance with LGC best practice. Note we agreed by ordinance to do this in order to obtain debt financing in 2022.
- The remainder of the operating budget, in the aggregate, is relatively flat.

Electric Division-Capital Outlay

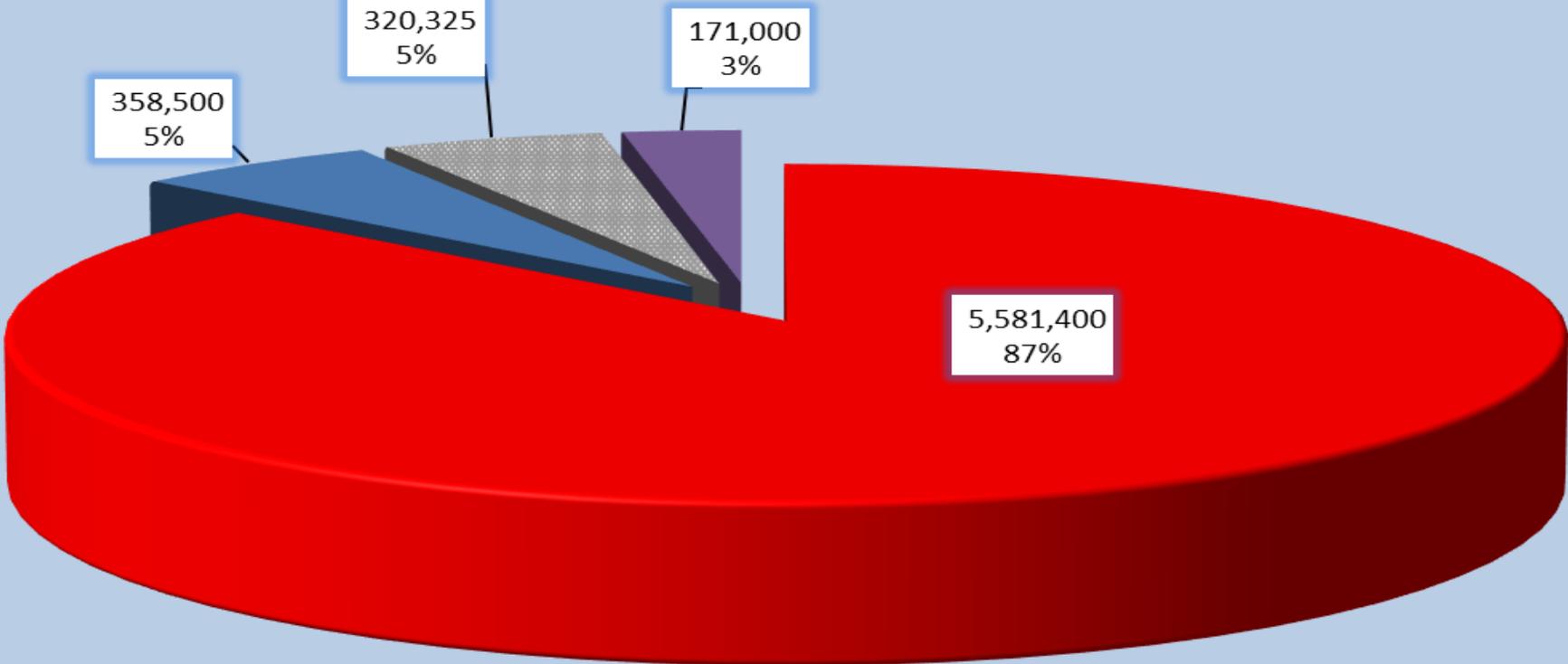
Electric

Line Expansion	\$	300,000
Cannon 35 Project	\$	275,000
Expansion/Line Extension Projects	\$	200,000
Subdivision Expansions	\$	100,000
EV Grant Match	\$	176,400
AMI Meters	\$	120,000
LED Lighting Upgrades	\$	50,000
	\$	<u>1,221,400</u>

Energy Services- Natural Gas Fund

Natural Gas Revenues 2025-26 Proposed Budget

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

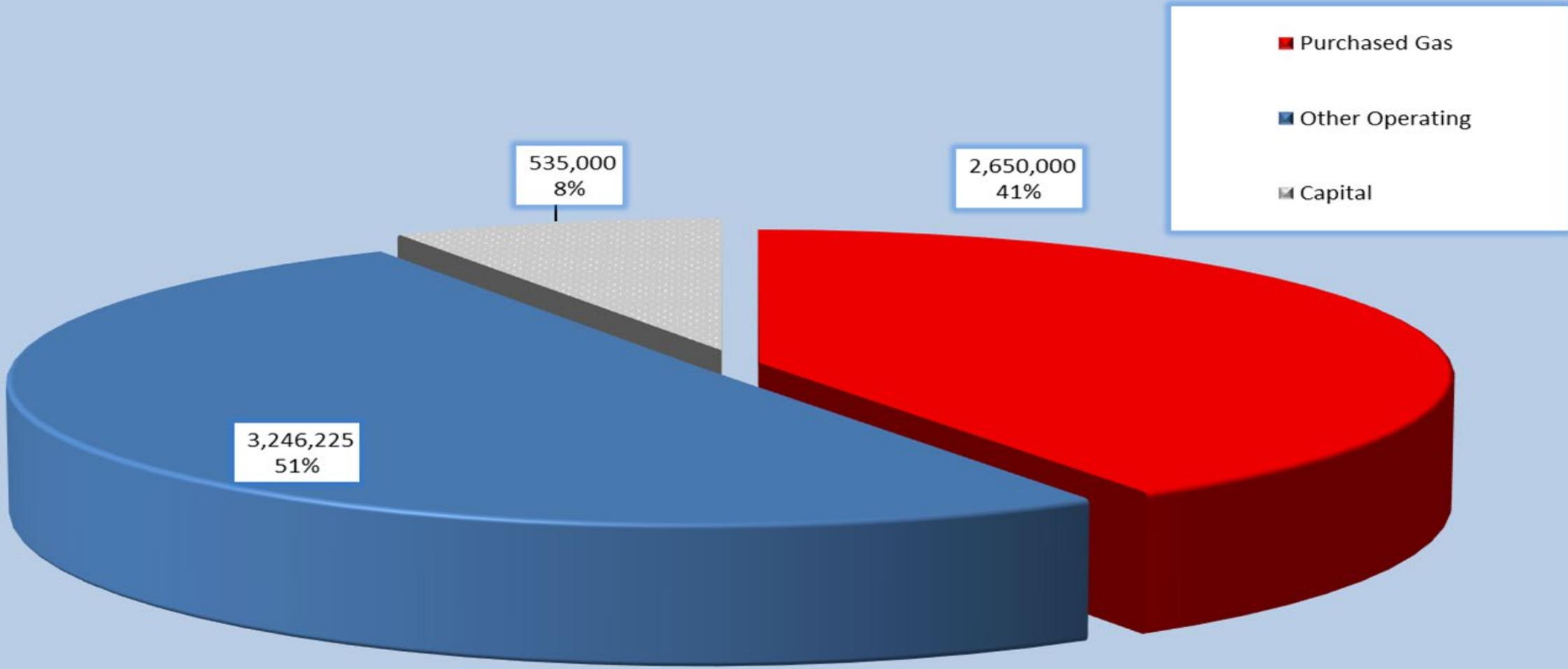


Natural Gas Revenues

Revenue Category	Orig. Bud 23-24	Orig. Bud 24-25	Requested 25-26
NATURAL GAS SALES	\$ 6,781,400	\$ 5,271,400	\$ 5,581,400
METERING CHARGE -CPP	\$ 338,000	\$ 348,140	\$ 358,500
ALL OTHER OPERATING	\$ 27,500	\$ 125,000	\$ 171,000
APPROPRIATED FUND BALANCE	\$ 371,850	\$ 490,212	\$ 320,325
TOTAL	\$ 7,518,750	\$ 6,234,752	\$ 6,431,225

- ❖ No base rate increases proposed.
- ❖ A cost of service study most likely will be completed in 25-26 and will require Council adoption.
- ❖ 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.
- ❖ Volume is projected to increase roughly 2.5% in 25-26.
- ❖ No fund balance was appropriated for operations

Natural Gas Expenditures 2025-26 Proposed Budget



Natural Gas Division



Expense Category	Orig. Bud 23-24	Orig. Bud 24-25	Requested 25-26
PERSONNEL	\$ 1,277,300	\$ 1,312,180	\$ 1,377,789
OPERATING	\$ 5,506,950	\$ 4,164,517	\$ 4,518,436
CAPITAL	\$ 734,500	\$ 758,055	\$ 535,000
CHGS TO OTHER FUNDS	\$ -	\$ -	\$ -
TOTAL	\$ 7,518,750	\$ 6,234,752	\$ 6,431,225

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

-**Operating** change is primarily due to increases in purchased gas costs for resale (\$400k over 24-25 budget). Note the 24-25 budget will be amended prior to year end due to higher than projected gas costs. Total purchased gas costs per amended budgeted in 24-25 will total roughly \$2.5M, so increase in purchased gas costs over amended budget will be \$150k, a roughly 6% increase.

The remainder of the operating budget is relatively flat.

-**Capital**-see breakout on the next slide.

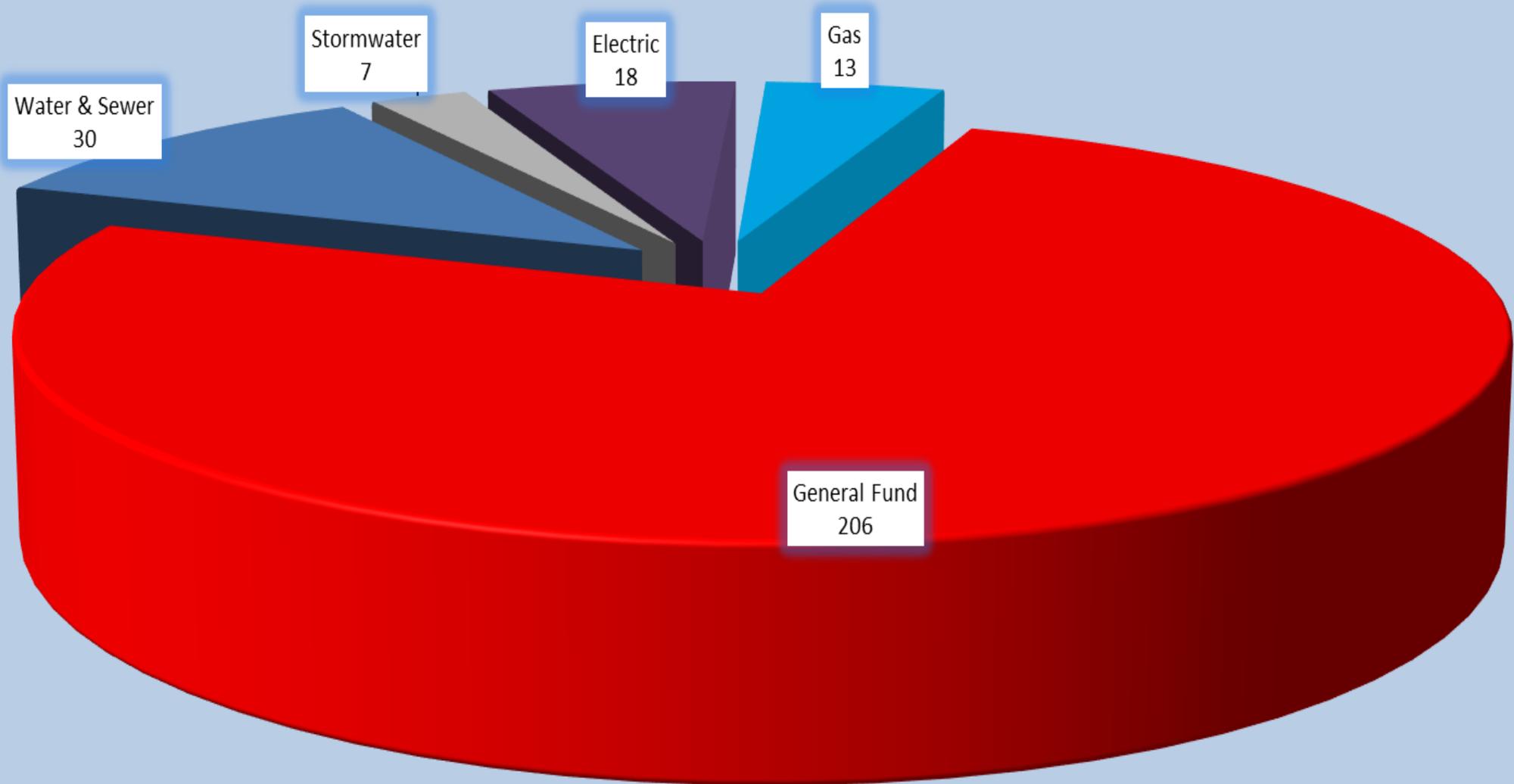
Natural Gas Division-Capital Outlay

Gas

Steel Main Improvement	\$	60,000
Capital Projects Expansion	\$	120,000
Meter Change Out Program	\$	50,000
Scada Installation	\$	15,000
Pickup-Replacement	\$	60,000
Regulator Station Improvement	\$	100,000
Building-Capital Improvements	\$	50,000
Operating & Construction Manuals-Complete Update/Replacement	\$	60,000
Trailer Replacement Excavator	\$	20,000
	\$	<u>535,000</u>

Personnel – City Wide

25-26 FT/PT Positions



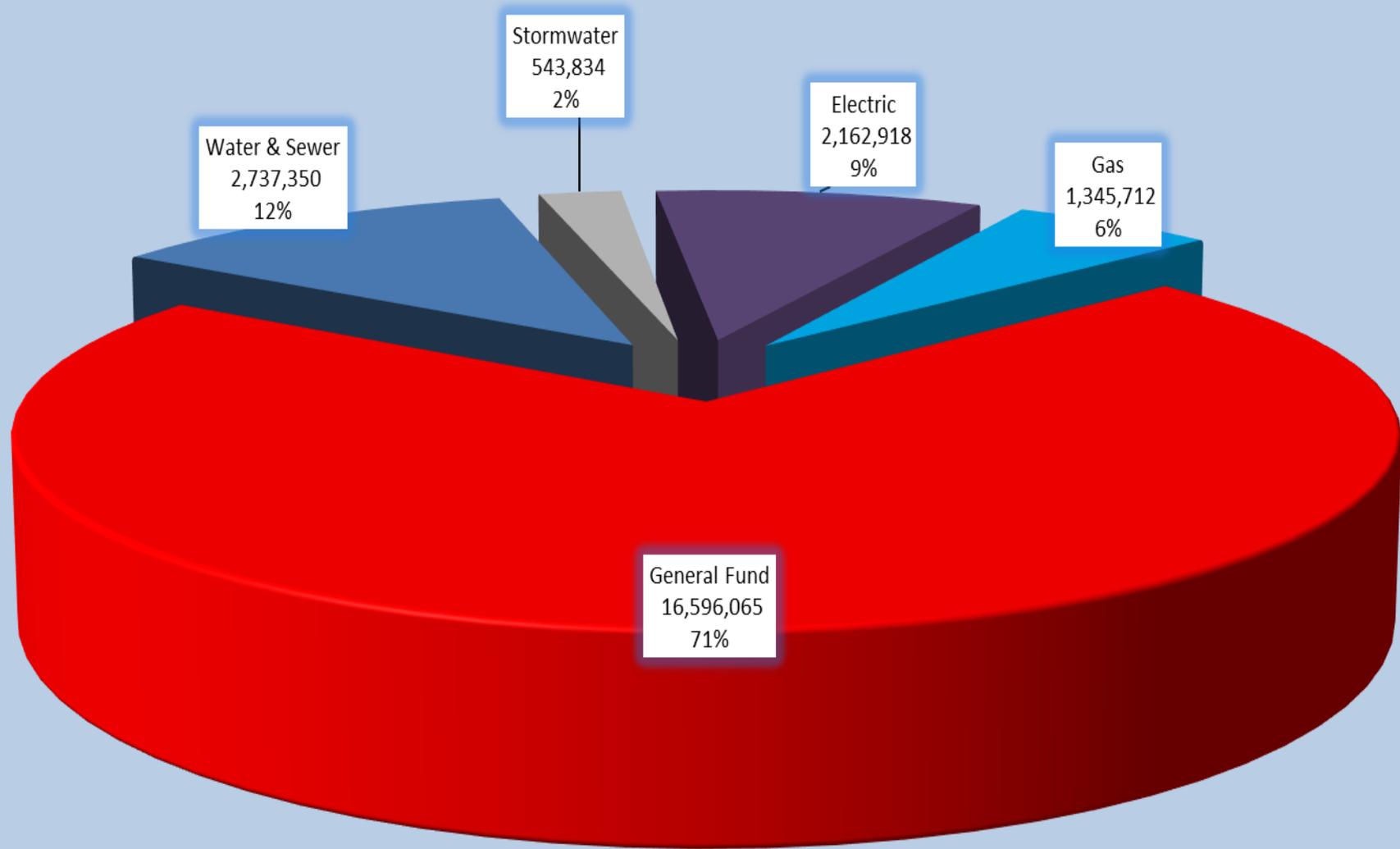
Personnel-Full and PT

	Total 25-26	Total 24-25	25-26 Changes
General Fund			
00 Non-Departmental	8	8	
02 Administration, Finance and Cust. Svc (Billing)	15	13	Moved Assistant Mgr from Dept 12, Communications Specialist from Dept 16
03 Human Resources	4	4	
05 Garage	5	5	
06 Police Department	64	63	Added 2 FT Officers (mid-year-COPS Grant), combined 2 PT into 1 FT position mid-year
07 Fire Department	29	29	
08 Public Works Administration	11	6	Moved City Engineer from Dept 12, moved Maintenance staff (3) from Dept 09, repurposed a position from Dept 09 to be a Capital Project Coordinator
09 Streets	19	24	Reclassified 4 employees to Dept 08 as noted above, eliminated 1 PT seasonal
10 Solid Waste	11	11	
11 Cemetery	2	2	
12 Planning/Development Services	5	7	Moved Assistant Manager to 02, City Engineer to 08
13 Inspections and Codes	4	4	
14 Senior Center	10	10	
15 Library	9	8	Converted 1 FT into 2 part-time, mid year
16 Marketing, Tourism, Events	2	3	Moved Communications Specialist to 02
17 Moss Lake	4	4	
20 Information Technology	4	4	
General Fund Total	206	205	
Water/Sewer	30	30	
Stormwater	7	7	
Energy Services:			
Electric	18	18	
Gas	13	13	
Total Energy Services	31	31	
Grand Total	274	273	

Personnel-Full Time Equivalents			
	<u>25-26 FTE's</u>	<u>24-25 FTE's</u>	<u>25-26 Changes</u>
General Fund			
General Fund Total	183.5	182.0	Added 2 FT Police, eliminated 1 PT seasonal-Streets
Water/Sewer	30.0	30.0	
Stormwater	7.0	7.0	
Energy Services:			
Electric	18.0	18.0	
Gas	13.0	13.0	
Total Energy Services	31.0	31.0	
Grand Total	251.5	250.0	

All non-full time = .5 full time equivalent (FTE)

Personnel Costs (Salary/taxes/retirement/medical)



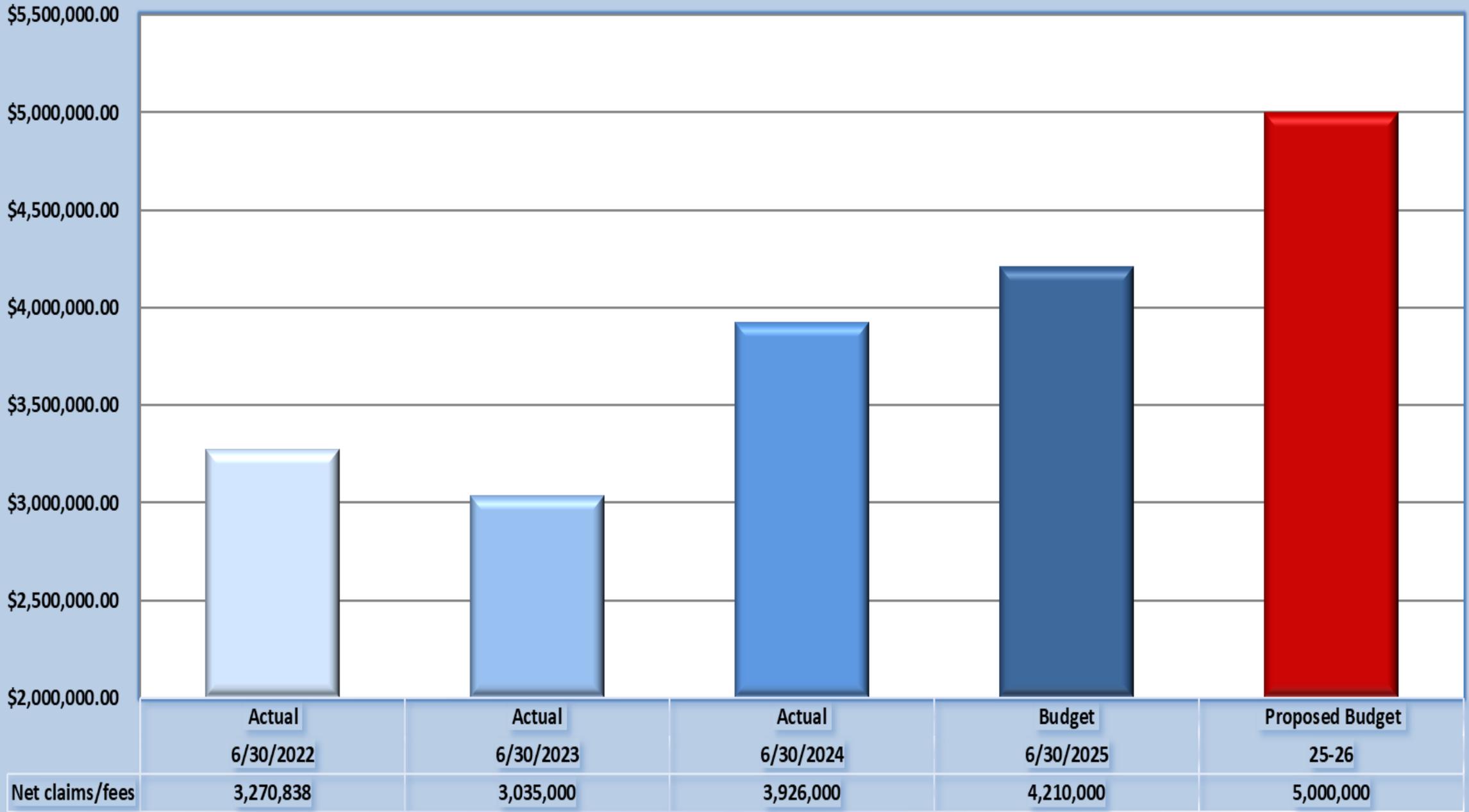
Healthcare Benefits

Healthcare Benefits Summary

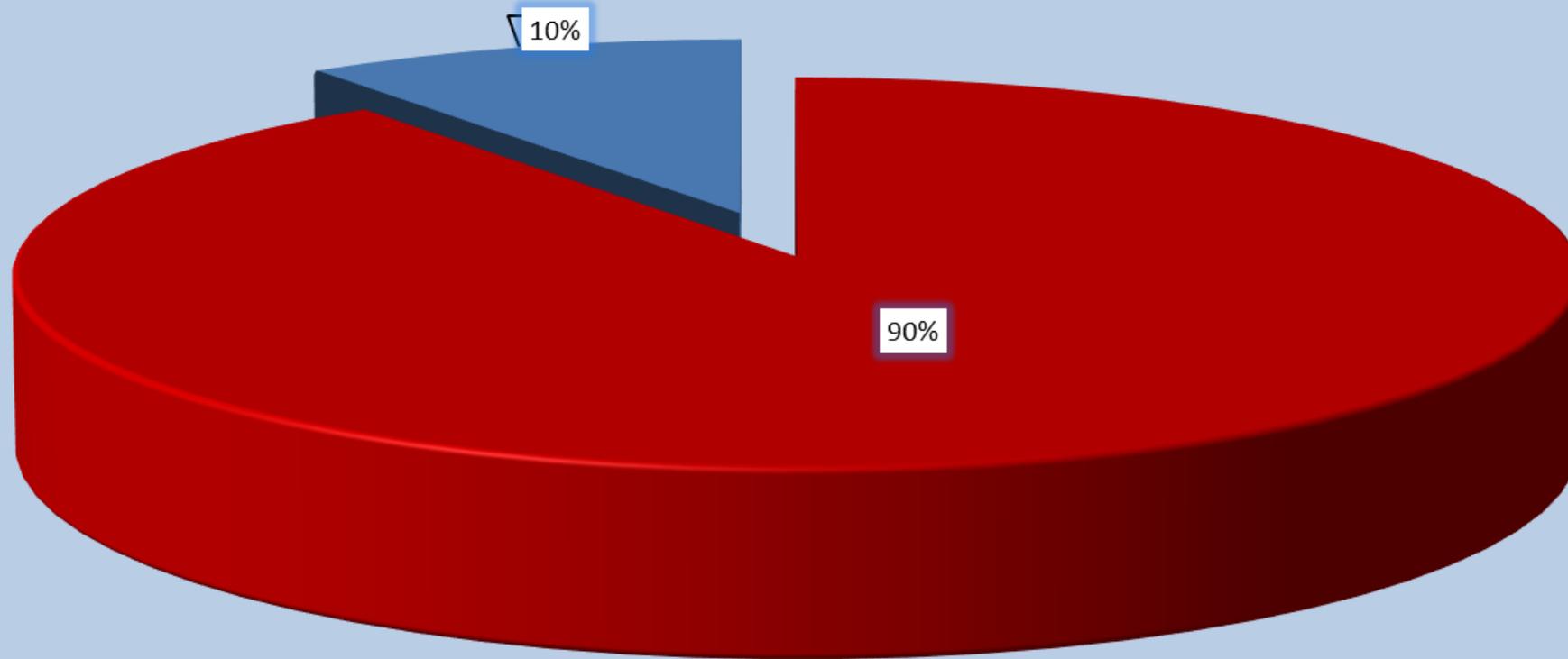
- ❖ **No** proposed medical plan changes (Gold, Silver, Bronze)
- ❖ **No** increase in employee cost for medical
- ❖ Will present additional detailed information at our open enrollment meetings

Medical Insurance Fund

Medical Insurance Fund - Net Expenditures

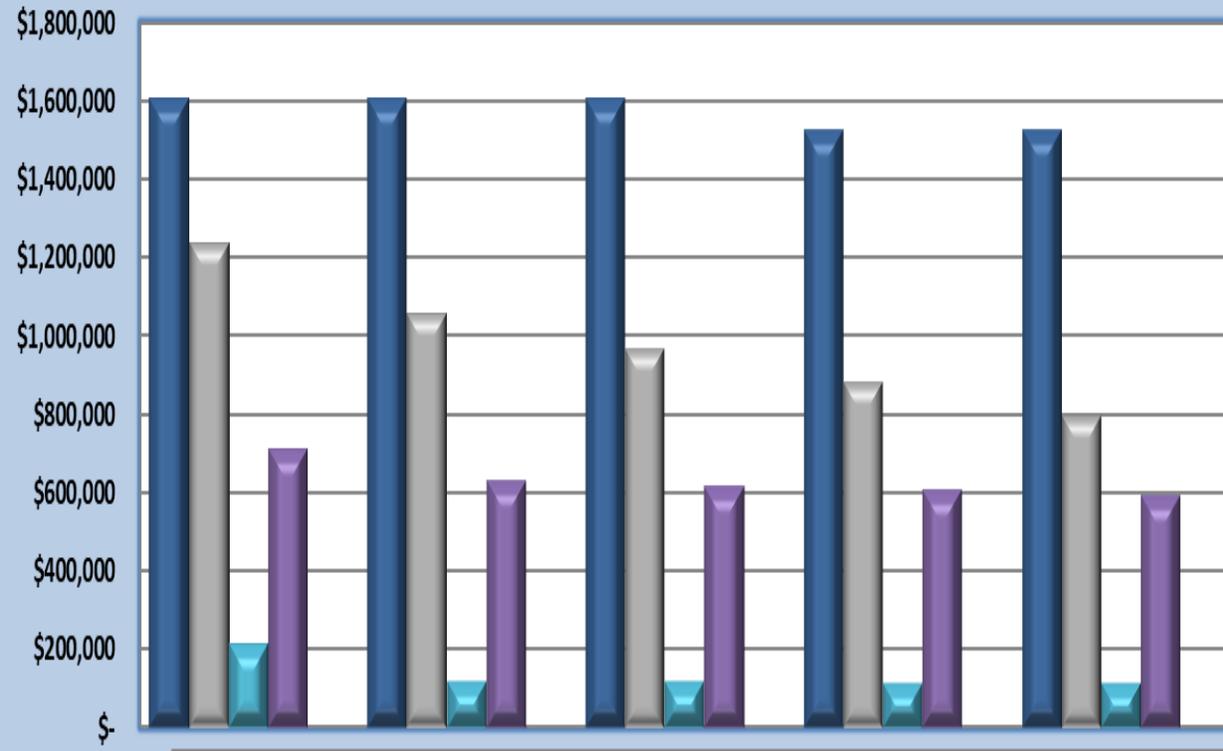


Health Insurance Fund "Revenues" 2025-26 Proposed Budget



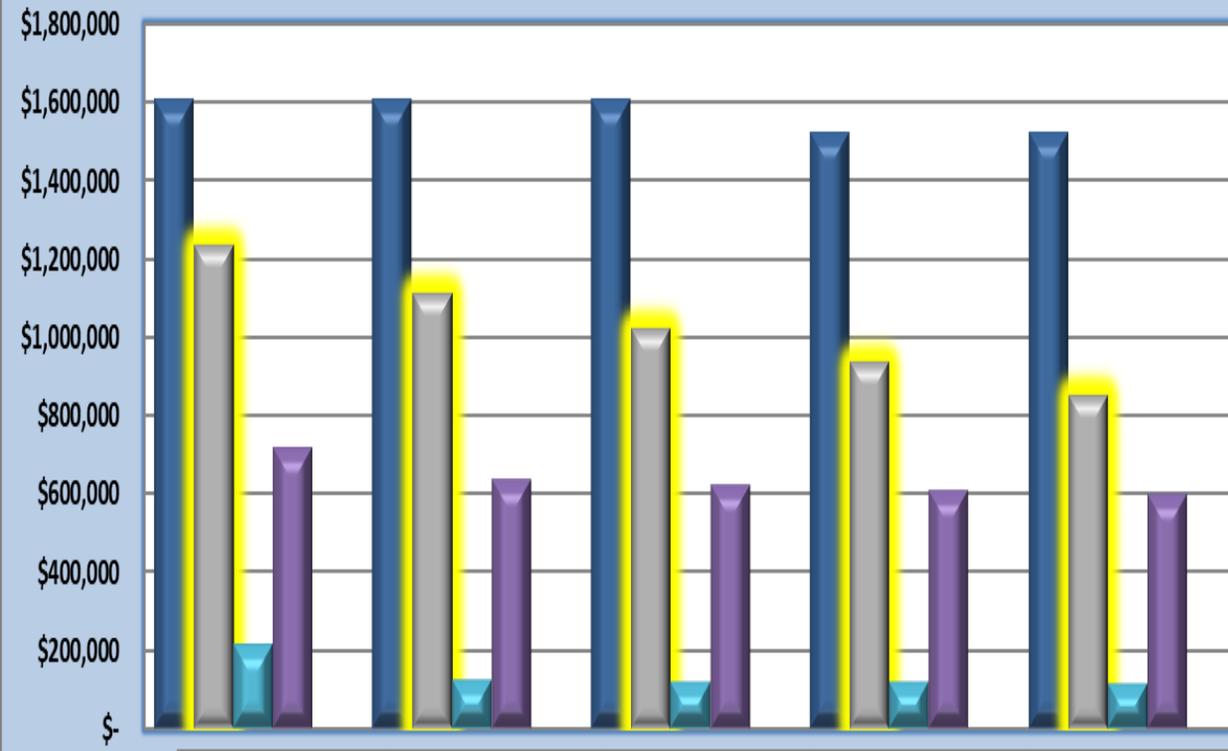
Debt – All Funds

Debt Service by Fund-*BEFORE* 25-26 Debt Issuances



	6/30/2026	6/30/2027	6/30/2028	6/30/2029	6/30/2030
Water	1,604,051	1,604,051	1,604,051	1,522,629	1,522,629
General Fund	1,234,966	1,060,880	967,617	885,769	798,125
Gas	214,686	122,664	119,832	116,999	114,166
Electric	712,421	632,464	620,243	608,022	595,802
Stormwater	-	-	-	-	-

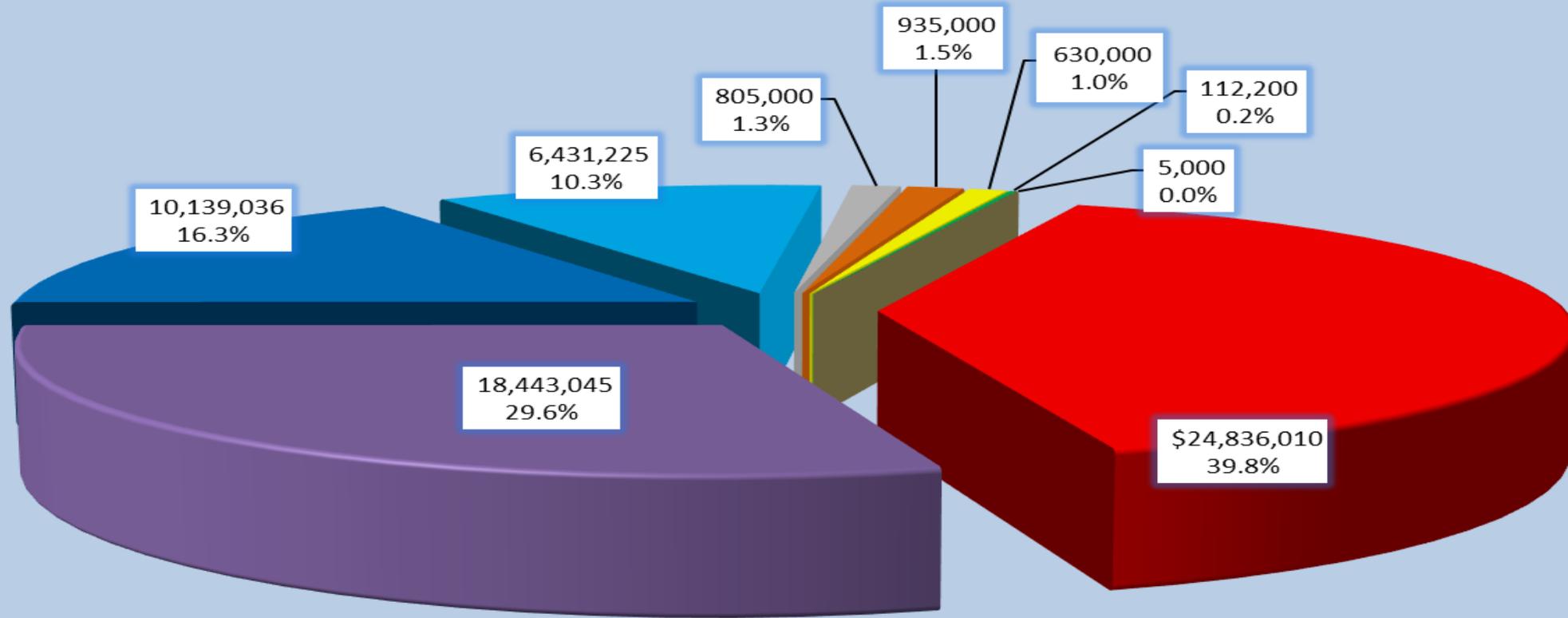
Debt Service by Fund-*AFTER* 25-26 Debt Issuances



	6/30/2026	6/30/2027	6/30/2028	6/30/2029	6/30/2030
Water	1,604,051	1,604,051	1,604,051	1,522,629	1,522,629
General Fund	1,234,966	1,114,466	1,021,203	939,355	851,711
Gas	214,686	122,664	119,832	116,999	114,166
Electric	712,421	632,464	620,243	608,022	595,802
Stormwater	-	-	-	-	-

Summary

2025-26 Totals-Annually Budgeted Funds



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

Annually Budgeted Funds-Totals

	2025-26 Proposed	2024-25 Adopted	Increase (Decrease)	%	Notes
General Fund	\$ 24,836,010	\$ 24,061,342	\$ 774,668	3%	See slides for additional analysis-"Driven by desire to increase borrowing capacity"
Electric	\$ 18,443,045	\$ 18,484,217	(41,172)	0%	Overall, flat compared to last year. No fund balance appropriated.
Water & Sewer	\$ 10,139,036	\$ 9,063,131	1,075,905	12%	See slides for additional analysis. 12.5% ATB rate increase. No fund balance appropriated.
Gas	\$ 6,431,225	\$ 6,234,752	196,473	3%	See slides for additional analysis-Gas prices are up, thus so are revenues and cost of gas purchased-volume is basically unchanged.
Stormwater	\$ 805,000	\$ 790,000	15,000	2%	Inflationary changes-no change in fee structure.
Incentives	\$ 935,000	\$ 1,825,000	(890,000)	-49%	Incentives for the Choate Building and Data Center (T5). Note in the prior year a \$1M transfer out was budgeted-no such item in 25-26.
Powell Bill	\$ 630,000	\$ 352,000	278,000	79%	25-26 revenues based upon 24-25 actual receipts. Appropriated \$200k fund balance for paving in 25-26.
E911	\$ 112,200	\$ 115,000	(2,800)	-2%	Flat
Perpetual Care	\$ 5,000	\$ 5,000	-	0%	Flat
Total	\$ 62,336,516	\$ 60,930,442	\$ 1,406,074	2%	