

Town of Apex, North Carolina

FY 2024 – 2025 Annual Budget

Budget Message

The Honorable Jacques K. Gilbert, Mayor
Members of the Apex Town Council

Dear Mayor Gilbert and Apex Town Council:

In accordance with the Local Government Budget and Fiscal Control Act and NC General Statute 159-11, I am pleased to present the proposed Annual Budget for Fiscal Year 2024-2025 for your consideration.

Multiple factors influence the annual budget process, including the condition of the national, state, and local economies and the needs identified in our community by elected officials, staff, advisory boards, and residents. The Town continues to maintain AAA bond ratings from Standard & Poor's Corporation and Aaa with Moody's Investors Service, and we will continue to strive to provide outstanding services by looking for opportunities for improvement. Considering the external effects of the economy and the needs identified for our community, the proposed budget represents the Town's ability to meet its obligations, fulfill its goals, and remain fiscally healthy.

While considering economic factors, staff has remained focused on incorporating strategic plan initiatives supporting the Mayor and Town Council's approved goals and objectives. The Town's strategic plan, Game Plan Apex, is incorporated into departmental plans and has guided staff in developing a proactive budget that balances improving current Town programs and services with developing new programs and projects. The budget highlights Town Council's strategic goals throughout and presents elements from Game Plan Apex and selected performance indicators.

| Game Plan Apex – Strategic Goals | |
|---|---|
|  | <p>Welcoming Community Create a safe and welcoming environment fostering community connections and high-quality recreational and cultural experiences supporting a sense of belonging.</p> |
|  | <p>High Performing Government Deliver exceptional service valuing an engaged workforce with an emphasis on efficiency, collaboration, innovation, and inclusion.</p> |
|  | <p>Environmental Leadership Commit to sustaining natural resources and environmental well-being.</p> |
|  | <p>Responsible Development Encourage equitable and sustainable development that provides accessibility and connectivity throughout the community.</p> |
|  | <p>Economic Vitality Improve and sustain an environment that invites and retains a diversity of residents, employment opportunities, and businesses.</p> |

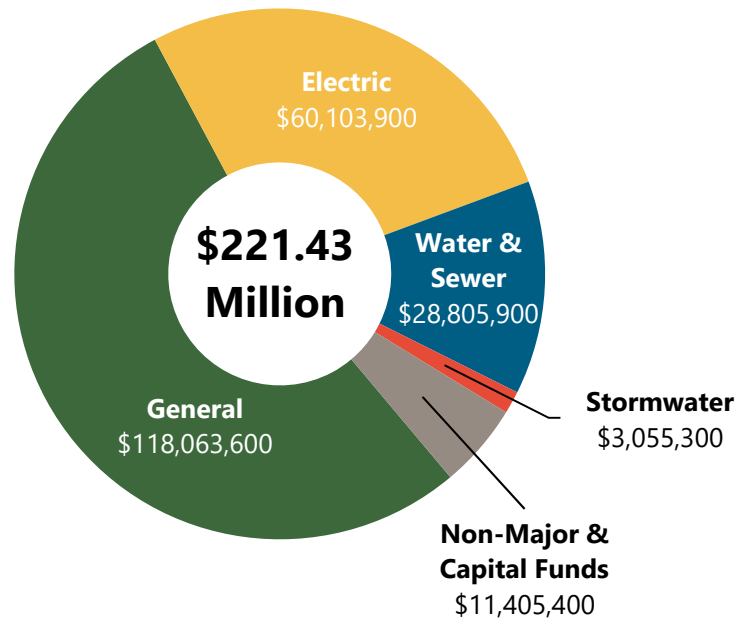
The Town continues to prioritize enhanced service delivery with innovative approaches to engage with our residents. A few highlights incorporated in the FY24-25 Budget include expanding vibrant recreation and cultural programs, introducing a comprehensive language access plan, and enhancing pedestrian safety with upgraded crosswalk beacons to advance our Welcoming Community goal. Apex continues to be a High Performing Government as we welcome customer support staff for our Community Connections Center (311) and add athletic court availability technology at parks. Our dedication to Environmental Leadership is highlighted with funding allocated to shaping the proposed environmental education center, solar installations across Town facilities, and additional electric vehicle charging stations, underscoring our pledge to a sustainable future. New affordable housing initiatives and bike-friendly infrastructure projects demonstrate our unwavering commitment to Responsible Development. Downtown parking expansion with innovative parking availability applications and utility system expansions will accommodate residential and commercial growth and reflect our focus on Economic Vitality.



Recommended Budget

The FY24-25 Recommended Budget totals \$221,434,100 for all Town operations, capital improvements, and debt service requirements. This is \$5,339,963 (2.35 percent) less than the FY23-24 Amended Budget as of April 1, 2024. Following Town Council's direction, the budget is balanced with a tax rate of \$0.34, a decrease of \$0.10 from the current tax rate (\$0.44). The budget includes a \$0.12 base rate increase and a fourteen percent energy charge increase in electric rates, a four percent base rate and volumetric increase in both water and sewer rates, and use of \$1,660,000 in fund balance from the General Fund and \$1,935,800 in fund balance in the General Fund Debt Service Fund.

Town Expenditures by Fund FY24-25



Budget Highlights



Property Tax Rate

\$0.34 per \$100 valuation

Property tax rate is \$0.10 less than the FY23-24 rate of \$0.44

\$0.038 more than the revenue neutral rate of \$0.302



Electric Rates

Residential: \$26.50 base charge, \$0.1133 per kWh energy charge

Electric base rate increase of \$0.12 and kWh energy charge increase of 14%



Water & Sewer Rates

Water: \$6.24 base charge, \$4.60 - \$7.13 per 1000 gal. consumption (tiered)

Sewer: \$11.63 base charge, \$8.06 per 1000 gal. consumption

Water & sewer base rate and volumetric rate increases of 4%



Waste & Recycling Fees

Residential cart: \$10.10; Recycling cart: \$5.34

Solid waste & recycling increases of 2.5%, no change in recycling processing fee



Stormwater Fees

Non-residential and residential >5,400 sq. ft.: \$5.00 per ERU (Equivalent Residential Unit)

Residential <5,400 sq. ft.: \$1.50-\$10.00 (tiered)

No change in rates

Total Tax Base:
\$19.46 Billion

82%
Residential

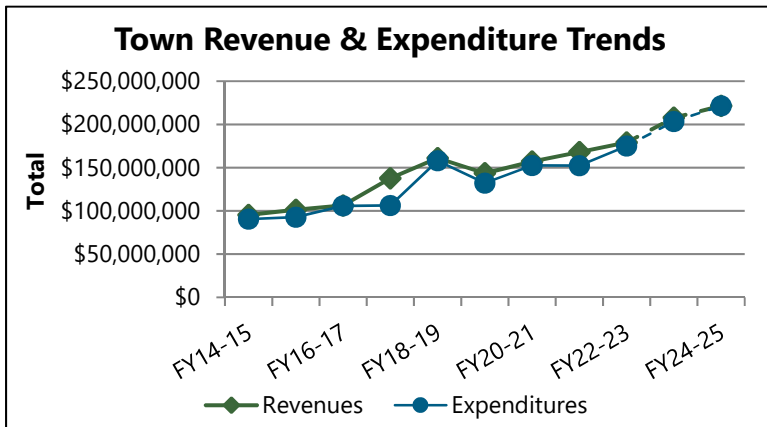
\$30
Vehicle Fee

AAA
Bond Rating

18%
Commercial

1¢ on
Tax Rate =
\$1,946,300





While North Carolina law requires all counties to revalue real property at least once every eight years, Wake County transitioned from an 8-year to a 4-year revaluation cycle in 2016 to ensure property values more accurately reflect their market value and the property tax burden is spread more equitably across all taxpayers. The 2024 revaluation resulted in a 56 percent overall change in assessed value in the Town of Apex, increasing the tax base from \$12.49 billion to an estimated \$19.46 billion. As part of the budget process, local governments are required to determine a revenue neutral rate, which is the tax rate that is estimated to

produce revenue for the next fiscal year equal to the revenue that would have been produced for the next fiscal year by the current tax rate if no revaluation had occurred. The purpose of the revenue-neutral tax rate is to provide residents with comparative information. The revenue neutral rate calculation is \$0.302 using an average growth factor of 6.55 percent.

Inflation and supply chain issues continue to create challenges for all departments, and we anticipate these factors will continue to create lingering effects in the new fiscal year. Inflation remains elevated above the Federal Reserve’s two percent target. For March, the Consumer Price Index for All Urban Consumers (CPI-U) increased 0.4 percent above February and was up 3.5 percent from the prior year. Electric, Water, and Wastewater utility departments are feeling additional pressure from average chemical cost increases of 12 percent and construction and infrastructure material cost increases of over 30 percent over the past two years.

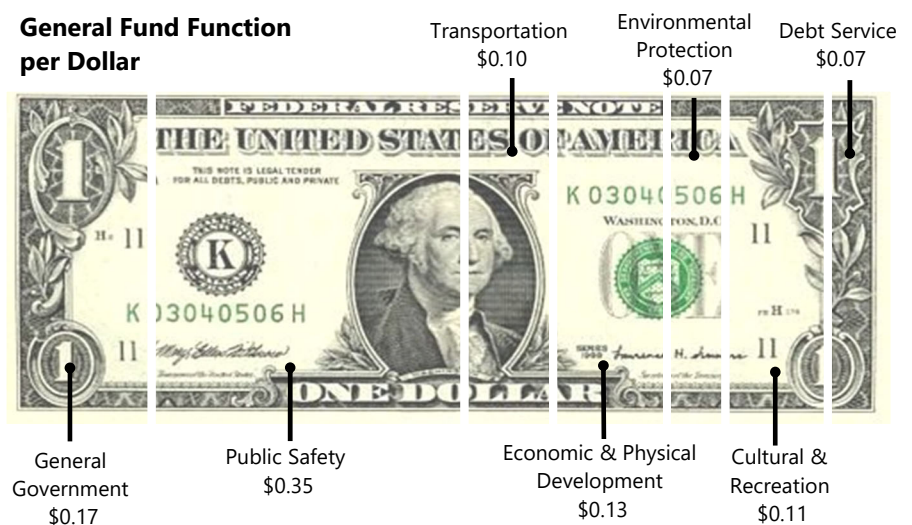
General Fund

The General Fund accounts for resources not required legally or by sound financial management to be accounted for in another fund. The General Fund includes services that cannot be operated as a business enterprise and rely on tax dollars as their primary source of revenue. The FY24-25 Recommended Budget for the General Fund totals \$118,063,600, which is 9.68 percent greater than the FY23-24 Amended Budget of \$107,642,065 as of April 1, 2024.

General Fund Expenditures

Apex’s population continues to grow. While the five-year average remains high at 7.2 percent, the population growth rate dropped to 4.2 percent in FY21-22 and 3.9 percent in FY22-23. The FY23-24 rate is estimated between four and five percent. That is still a healthy growth rate, but the slowing pace affects the rate of revenue growth and has to be considered when preparing the budget. Growth brings about increasing demands on Town services. To keep pace with this demand and provide new services, the Town must provide necessary resources in the budget. These resources include personnel, supplies, equipment, and investment in facilities and infrastructure.

General Fund Function per Dollar



The Town of Apex is dedicated to sound financial management and diligently evaluates all expenditures to maintain a responsible budget and demonstrate good stewardship of public funds. The Town’s



22 General Fund departments and divisions are grouped into six primary function areas, as seen in the dollar bill graphic. More than one-third of every dollar spent in the General Fund goes toward public safety, which includes Police, Fire, and Emergency Communications.

Comparing the FY24-25 Recommended Budget to the FY23-24 Amended Budget reflects a decrease in operating capital expenditures and debt service from FY23-24 while increases in personnel costs and operating expenses drive the year-over-year increase. The apparent decrease in General Fund debt service does not accurately reflect the Town's debt service commitments because almost \$2 million is offset by a fund balance allocation in the General Debt Service Fund rather than the General Fund. The decrease in capital is tied to purchases of vehicles and specialty equipment in FY23-24; primarily in Streets; Fire; Solid Waste; and Parks, Recreation, & Cultural Resources, some vehicles and equipment were carried over from the prior year due to extended order and delivery dates. Other Uses, including transfers to other funds, increased by 1.03 percent as the Town invests in additional capital projects and transfers funds to project funds in order to account for them.

The combination of 37 new positions, compensation adjustments, health insurance increases, and retirement rate increases all contribute to the 14.78 percent increase in personnel costs. The 37 new General Fund positions include 15 public safety related positions: six police officers, a school resource officer, two civilian traffic crash investigators, two telecommunicators, an intelligence analyst, an accreditation specialist, assistant attorney, and a public safety information technology specialist. New positions also include five positions for Community Development and Neighborhood Connections as the Community Connections Center and Community Engagement programs are built out. Six new positions tied to construction and development are recommended for the Planning, Transportation and Infrastructure Development, and Building Inspections and Permitting Departments, and six new positions support operations in Parks, Recreation, & Cultural Resources.

| General Fund Expenditures by Type | | | | | |
|-----------------------------------|---------------------|----------------------|----------------------|----------------------|-------------------|
| Type | FY22-23 Actual | FY23-24 Budget | FY23-24 Estimate | FY24-25 Budget | Percent Change |
| Personnel | 47,115,549 | 56,567,259 | 53,480,536 | 64,929,600 | 14.78% |
| Operating | 22,902,633 | 27,399,619 | 25,903,337 | 31,342,700 | 14.39% |
| Capital | 21,442,505 | 14,212,187 | 13,243,973 | 12,955,500 | -8.84% |
| Debt Service | 7,810,963 | 9,463,000 | 9,463,000 | 8,835,800 | -6.63% |
| Total | \$99,271,650 | \$107,642,065 | \$102,090,847 | \$118,063,600 | 9.68% |

| General Fund Department/Division Budgets | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|---------------------|
| Department/Division | FY22-23 Actual | FY23-24 Budget | FY24-25 Budget | Percent Change | FY23-24 Variance |
| Governing Body | 220,889 | 556,200 | 405,700 | -27.06% | (150,500) |
| Clerk | 277,178 | 493,200 | 856,000 | 73.56% | 362,800 |
| Administration | 1,260,943 | 1,537,300 | 1,910,900 | 24.30% | 373,600 |
| Human Resources | 2,224,514 | 2,893,700 | 3,159,700 | 9.19% | 266,000 |
| Information Technology | 2,919,875 | 3,720,726 | 4,051,100 | 8.88% | 330,374 |
| Legal Services | 610,431 | 629,200 | 808,200 | 28.45% | 179,000 |
| Economic Development | 576,209 | 849,950 | 810,800 | -4.61% | (39,150) |
| Communications | 523,160 | 682,900 | 734,500 | 7.56% | 51,600 |
| Budget & Performance Management | 665,485 | 874,700 | 1,011,500 | 15.64% | 136,800 |
| Finance | 1,075,684 | 1,259,550 | 2,027,100 | 60.94% | 767,550 |
| Community & Neighborhood Connections | 184,623 | 834,100 | 1,522,500 | 82.53% | 688,400 |
| Planning | 3,381,243 | 3,925,906 | 4,924,500 | 25.44% | 998,594 |
| Facility Services | 3,860,054 | 2,533,566 | 2,068,300 | -18.36% | (465,266) |
| Police | 15,201,065 | 19,393,022 | 22,224,400 | 14.60% | 2,831,378 |
| 911 Communications | 1,189,001 | 1,872,472 | 1,949,600 | 4.12% | 77,128 |



| General Fund Department/Division Budgets (cont.) | | | | | |
|--|---------------------|----------------------|----------------------|-------------------|---------------------|
| Department/Division | FY22-23 Actual | FY23-24 Budget | FY24-25 Budget | Percent Change | FY23-24 Variance |
| Fire | 15,537,393 | 17,381,548 | 17,208,100 | -1.00% | (173,448) |
| Transportation & Infrastructure Dev. | 2,509,279 | 4,130,950 | 3,986,100 | -3.51% | (144,850) |
| Streets | 5,810,349 | 6,012,955 | 7,354,500 | 22.31% | 1,341,545 |
| Solid Waste | 5,558,331 | 7,165,097 | 7,742,800 | 8.06% | 577,703 |
| Fleet Services | 703,530 | 769,603 | 1,073,000 | 39.42% | 303,397 |
| Inspections & Permitting | 2,834,879 | 3,240,900 | 3,949,400 | 21.86% | 708,500 |
| Parks, Recreation, & Cultural Resources | 8,450,336 | 10,277,375 | 12,137,100 | 18.10% | 1,859,725 |
| Cemetery | 19,992 | 25,000 | 25,000 | 0.00% | - |
| Special Appropriations | 207,753 | 371,145 | 78,000 | -78.98% | (293,145) |
| Other Uses | 15,658,491 | 6,648,000 | 7,109,000 | 6.93% | 461,000 |
| Debt Service | 7,810,963 | 9,463,000 | 8,835,800 | -6.63% | (627,200) |
| Contingency | - | 100,000 | 100,000 | 0.00% | - |
| Total | \$99,271,650 | \$107,642,065 | \$118,063,600 | 9.68% | 10,421,535 |

General Fund Capital Highlights

The Town intends to maintain outstanding services to the community through our infrastructure and other capital investments during FY24-25. General Fund capital expenditures for FY24-25 are 11.0 percent as opposed to 14.5 percent in FY21-22, 24.3 percent in FY22-23, and 13.2 percent in FY23-24. The FY22-23 original adopted budget included capital spending at nine percent, but the FY22-23 capital spending percentage is skewed due to budget amendments that increased capital spending by \$9.9 million during the fiscal year. The FY24-25 Budget for capital includes funds for design work and studies to prepare for bidding and construction in subsequent years. Project costs have increased substantially in the past two years in response to inflation and other market pressures. Council has set a goal to increase capital spending to a level comparable to past years at 12 percent of the overall General Fund budget. Analysis and projections to achieve this goal along with more information about capital projects, including project descriptions, expected funding sources, debt and operating impacts, and schedules, are located in the Capital Improvement Plan section of the budget document. Highlighted below are some of the significant capital projects included in the FY24-25 Recommended Budget. These projects are all related to General Fund activities and may be included in the General Fund budget or a corresponding capital project fund.

Annual Pavement Management – Street Resurfacing (\$4,000,000)

The Town is responsible for maintaining 240 miles of municipal streets with an annual resurfacing contract providing for most pavement maintenance needs. Street mileage is growing annually with ongoing development. A recent survey of our streets revealed that deferred maintenance needs to be addressed. This ongoing program focuses on deficiencies in pavement condition throughout Apex and addresses issues, such as potholes, alligator cracking, and rutting, to provide a safe and reliable transportation system. This program also includes lower cost pavement preservation tools to extend pavement life cycle and reduce long term resurfacing costs while ensuring curb ramps on all resurfacing projects comply with state and federal mandates. Powell Bill funding is allocated from the State for road maintenance, but current and future resurfacing costs continue to exceed Powell Bill allocations, requiring General Fund revenues to be allocated.

Olive Chapel Road at Apex Barbecue Road Improvements (\$450,000)

This project addresses traffic congestion and reduces potential crashes at the intersection of Olive Chapel Road at Apex Barbecue Road by adding a 150-foot westbound left turn lane, 6-foot paved shoulders allowing for future bike lanes, rumble strips along the edge lines, a wider eastbound right turn radius, and a wood-pole traffic signal on Olive Chapel Road at Apex Barbecue Road. This project completes a sidewalk gap with 500' 10-foot side path eastward along the north side of Olive Chapel Road.

South Salem Street Bicycle Connection (\$740,000)



This project includes sharrows (road markings that indicate a shared environment for bicycles and vehicles) along Salem Street from Apex Peakway to Hunter Street and bike lanes along South Salem Street from Pleasant Park to Apex Peakway. This project was the second highest priority identified in Bike Apex: The Comprehensive Bicycle Plan.

Environmental Education Center (\$1,000,000)

This project includes the design and development of a 7,000+ square foot facility at the Nature Park. This design will focus on providing space for nature and environmental education, connecting with the shelter and restroom, and supporting amphitheater programming.

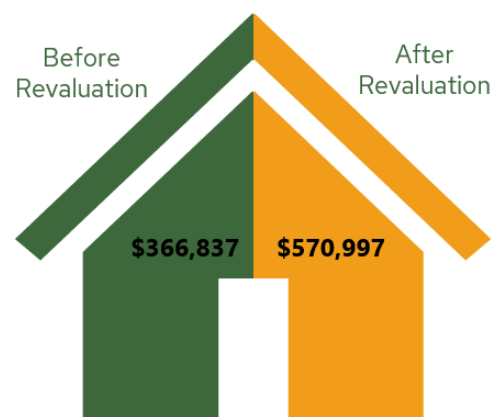
Town Facility Solar Initiative (\$670,000)

In alignment with the Town’s strategic goal of environmental leadership, this project funds the design and construction of solar panels on Town facilities over a three-year period. Prioritization of solar projects are informed by the Town’s Solar Panel Assessment. The budget for this project is for twelve Town facilities that meet the criteria for potential solar panel locations identified in the assessment.

General Fund Revenues

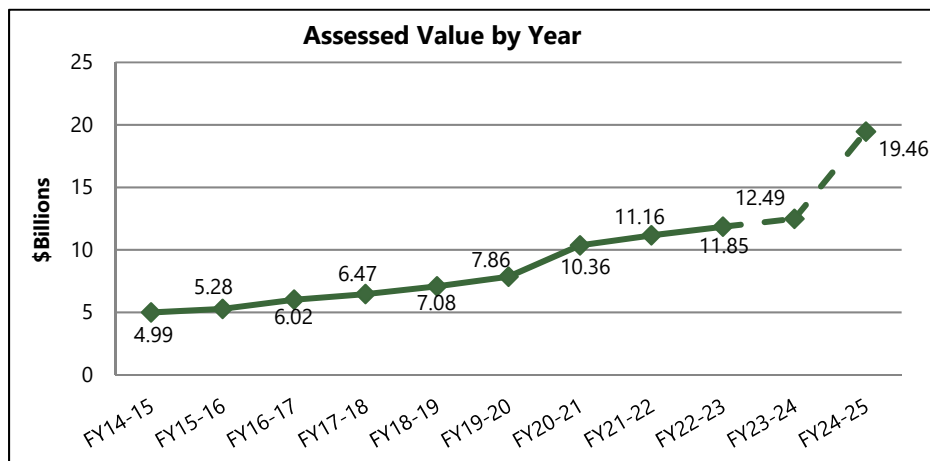
The Town of Apex continues to experience growth in its primary revenue sources – ad valorem taxes and sales tax. Increases in population, development, and property values have naturally contributed to a growing tax base that helps Apex retain a modest tax rate while providing exceptional services. Apex’s tax base is still growing, but recent trends indicate a slower pace of growth. The Town issued 1,062 residential certificates of occupancy (COs) in FY21-22 and 1,026 in FY22-23. This corresponds to the population increase and additional property value, but FY22-23 was the third straight year that new COs declined, with FY23-24 anticipated to be the fourth. The Town’s assessed value increased by 7.02 percent from 2021 to 2022, 6.1 percent from 2022 to 2023 and 5.6 percent from 2023 to 2024. Due to the 2024 Wake County revaluation, Apex’s FY24-25 tax base is projected to grow by 55.4 percent from \$6.94 billion to \$19.46 with each penny on the tax rate equivalent to \$1,946,300 in revenue. The revaluation resulted in an increased value of 57 percent for residential properties and 53 percent for commercial properties. The median single-family home in Apex prior to revaluation was valued at \$366,837 and \$570,997 after revaluation. Excluding property tax, sales tax revenues, other financing sources, and use of fund balance, all other General Fund revenues collectively represent a 19.4 percent increase from the FY23-24 Amended Budget. Overall, the FY24-25 Budget reflects a 9.68 percent increase in revenues when compared to the FY23-24 Amended Budget.

Apex Median Single-Family Home



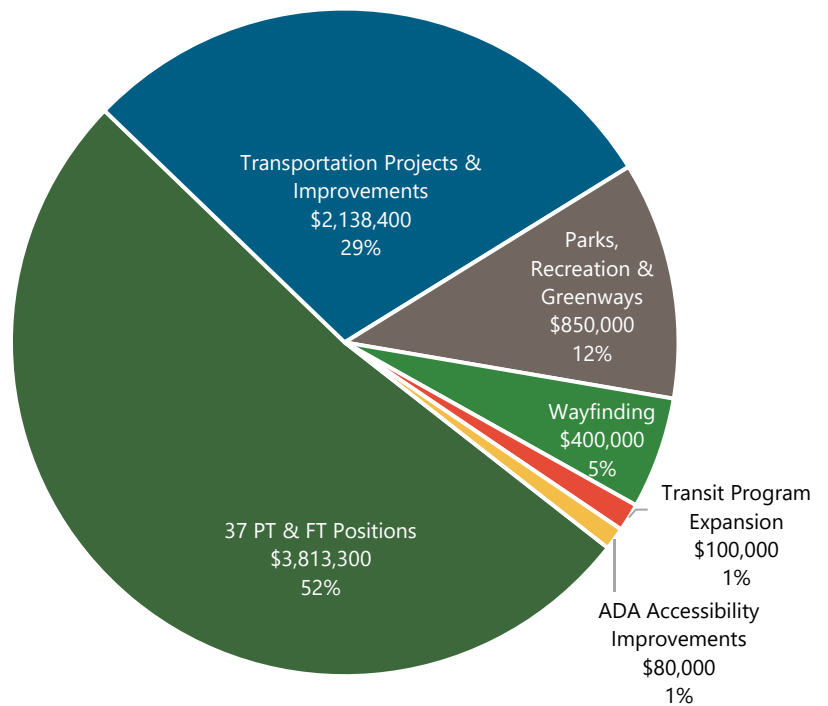
Ad Valorem Tax

Property taxes represent 55.65 percent of General Fund revenues. For FY24-25, the ad valorem tax base is an estimated \$19.46 billion, which will generate \$65.7 million in property tax revenue with a tax rate of **\$0.34 per \$100 valuation** at a 99.1 percent collection rate. This represents an increase in ad valorem revenue of \$11.40 million (21.0 percent). **The tax rate is \$0.10 less than the FY23-24 tax rate but represents a \$.038 increase over the revenue neutral rate of \$0.302 from the 2024 Wake County revaluation.**



The \$0.038 above the revenue neutral rate generates an additional \$7.38 million in revenue. The additional revenue is allocated into six primary categories supporting the Town’s strategic plan and initiatives. More than half of this revenue funds additional staffing across 18 departments supporting various services and initiatives, including adding 13 new staff members in Police, Emergency Communications, and Fire. Town Council has prioritized transportation projects and improvements by allocating an additional \$1.5 million to pavement management, \$250,000 to sidewalk connections, \$100,000 to Vision Zero intersection improvement projects, and \$288,400 for bike lane easement acquisition, markings, and signag. Allocation to greenway connections increased \$200,000, and \$650,000 will fund the street hockey rink and an inclusive playground at Apex Community Park. The budget also includes funding for the next phase of the Town’s Wayfinding plan, transit program expansion for GoApex Route 2, and ADA accessibility improvements in parks and on sidewalks.

3.8 ¢ Breakdown



Local Option Sales Tax

Sales tax represents the Town’s second largest revenue source in the General Fund at \$22.5 million (19.06 percent). The State of North Carolina collects sales tax and distributes it to the local units. Sales tax revenues are distributed on a proportional population basis in Wake County. The population growth in Apex has allowed the Town to increase its share of sales tax revenues. For FY22-23, the Town did not realize its full share of sales tax due to an error in the 2020 Census that excluded approximately 2,200 households that had been annexed into the Town. The Census has acknowledged the error and corrected the population estimate, which added 4,783 people to the Town’s 2020 population. The revised numbers were certified as of October 2023, and the additional sales tax revenue is included in the FY24-25 Budget. Sales tax revenues increased significantly the past several years as the economy rebounded from the pandemic and with the natural growth in Wake County. The impacts of inflation and other economic pressures have tempered sales tax projections for the coming year. The Town, however, has continued to see a positive trend during FY23-24 with sales tax revenues up 12.4 percent over the previous year through the January collections. The FY24-25 sales tax estimates reflect this positive trend with a more modest growth rate of six percent over the current end of year projections.

Solid Waste, Recycling, & Yard Waste Fees

The Town currently contracts with a private hauler for solid waste and recycling collections with user fees offsetting the Town’s contract cost. Solid waste fees will generate \$3,293,400 and recycling fees will generate \$1,643,000 in FY24-25. The Town conducts its own yard waste collection and covers the cost with a monthly yard waste fee. The yard waste fee will generate \$2,357,300. **Solid waste and recycling fees will increase by 2.5 percent in accordance with our service contract in FY24-25.** A \$1.34 per unit processing fee added to recycling services remains unchanged in FY 24-25.

| Solid Waste, Recycling, & Yard Waste Monthly Charges | | |
|--|----------|----------|
| | FY22-23 | FY24-25 |
| Yard Waste Collection | \$7.83 | \$7.83 |
| Residential Roll-Out Cart | \$9.85 | \$10.10 |
| Commercial Roll-Out Cart | \$20.62 | \$21.13 |
| Recycling (per Bin or Cart) | \$5.24 | \$5.34 |
| 4-CY Dumpster Service | \$145.86 | \$149.72 |
| 6-CY Dumpster Service | \$173.32 | \$177.65 |
| 8-CY Dumpster Service | \$198.85 | \$203.82 |

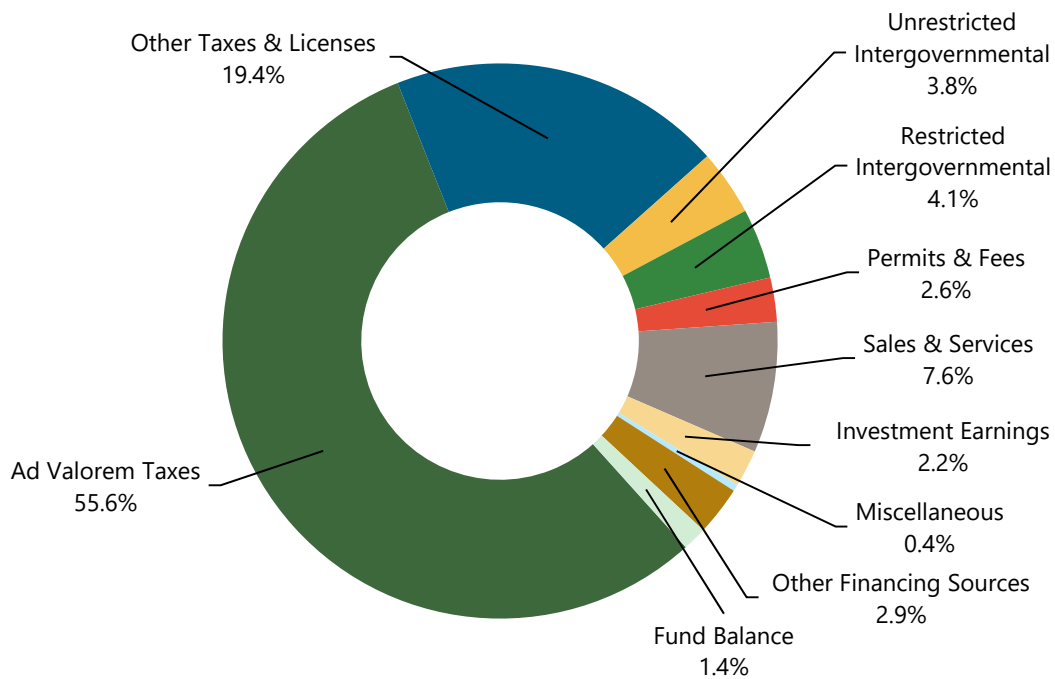


Fund Balance Appropriation

Fund balance is, simply explained, the amount of assets in excess of liabilities in a given fund. These funds enable the Town to meet financial obligations without interruptions due to cash flow, generate investment income, eliminate the need for short-term borrowing, and provide a reserve of funds to respond to emergencies or opportunities. Occasionally, the Town will use money from fund balance to cover one-time expenses, such as specific capital items. The Town evaluates any decision to use fund balance carefully and often plans the use in advance to ensure adherence to the Town’s fund balance policy. **The FY24-25 Recommended Budget includes a fund balance allocation of \$1,660,000 in the General Fund,** including \$670,000 for phase 1 of Town facility solar installation; \$740,000 for design of the Salem Street Bicycle Connection; and \$250,000 for design of the Kidstowne Park renovation.

| General Fund Revenues by Source | | | | | |
|---------------------------------|---------------------|----------------------|----------------------|----------------------|-------------------|
| Source | FY22-23 Actual | FY23-24 Budget | FY23-24 Estimate | FY24-25 Budget | Percent Change |
| Ad Valorem Taxes | 48,234,835 | 54,294,000 | 54,155,889 | 65,696,600 | 21.00% |
| Other Taxes & Licenses | 19,871,951 | 21,078,500 | 21,579,857 | 22,947,000 | 8.86% |
| Unrestricted Intergovernmental | 4,261,249 | 4,330,000 | 4,135,000 | 4,506,000 | 4.06% |
| Restricted Intergovernmental | 3,806,524 | 4,259,790 | 3,938,367 | 4,833,200 | 13.46% |
| Permits & Fees | 3,710,146 | 2,514,000 | 3,509,337 | 3,038,200 | 20.85% |
| Sales & Services | 7,677,681 | 7,803,400 | 8,517,560 | 8,998,700 | 15.32% |
| Investment Earnings | 2,544,666 | 1,320,850 | 2,820,000 | 2,545,000 | 92.68% |
| Miscellaneous | 804,309 | 191,500 | 841,491 | 467,000 | 143.86% |
| Other Financing Sources | 4,122,338 | 2,025,000 | 2,025,000 | 3,371,900 | 66.51% |
| Fund Balance | - | 9,825,025 | 3,167,925 | 1,660,000 | -83.10% |
| Total | \$95,033,698 | \$107,642,065 | \$104,694,926 | \$118,063,600 | 9.68% |

General Fund Revenues by Source FY24-25



Enterprise Funds

The Town of Apex operates three major funds as enterprises – the Electric Fund, the Water & Sewer Fund, and the Stormwater Fund. Enterprise funds provide governmental services that can operate similar to a business and are self-sustaining with user rates that generate all revenues to cover expenditures.

Electric Fund

The Electric Fund comprises all revenues and expenditures that result from the Town's electric utility operations. Customer charges and fees generate revenue to support the fund completely. The FY24-25 Recommended Budget for the Electric Fund totals \$60,103,900, a 10.91 percent increase from the FY23-24 Amended Budget of \$54,191,359 as of April 1, 2024.

Electric Fund Expenditures

The increase in the FY24-25 Electric Fund Budget is primarily due to increases in personnel and operating costs as well as an increase in costs to purchase power. Personnel cost increases reflect two new dedicated positions, an assistant director and a line technician as well as support staff allocations from other departments such as Human Resources and utility billing housed in the Finance Department. The inflationary impact on materials and equipment continue to impact operations and capital costs as evidenced in increases for system expansion and utility maintenance and repair costs. The FY24-25 Budget takes the cost of inflation into consideration. Material costs have increased more than 30 percent over the past two years while the cost of transformers increased 406 percent in 2023 and another 12 percent from 2023 to 2024.

While the utility has been able to minimize rate increases in prior years, FY24-25 presents new challenges. Along with demand and energy rate increases from North Carolina Eastern Municipal Power Agency (NCEMPA), the FY24-25 budget includes an additional \$2.3 million resulting from the addition of two riders, or additional charges, resulting from true-up agreements in the power purchase agreement between NCEMPA and Duke Energy Progress. Supply chain issues coupled with delayed material and equipment delivery have resulted in purchase order carryovers, inflating the appearance of capital expenditures over the past few years. The FY24-25 decrease in capital is tied to purchase order carryovers for infrastructure materials with delayed delivery times and a midyear budget amendment to allocate \$2.23 million in FY23-24 for system expansion that is offset with developer paid fees.

Proposed purchase rate increases from ElectriCities and increasing operational costs will likely create a need for rate increase over the next couple of years.

| Electric Fund Expenditures by Type | | | | | |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------|
| Type | FY22-23 Actual | FY23-24 Budget | FY23-24 Estimate | FY24-25 Budget | Percent Change |
| Personnel | 6,148,789 | 7,147,900 | 7,106,384 | 8,215,700 | 14.94% |
| Operating | 2,492,167 | 2,715,074 | 2,456,064 | 3,200,900 | 17.89% |
| Sales Tax | 3,015,809 | 3,054,300 | 3,258,544 | 3,882,600 | 27.12% |
| Purchase for Resale | 29,307,764 | 32,150,000 | 31,946,512 | 38,064,000 | 18.40% |
| Capital | 4,162,879 | 7,874,285 | 7,971,800 | 6,131,000 | -22.14% |
| Debt Service | 1,248,731 | 1,249,800 | 1,249,800 | 609,700 | -51.22% |
| Total | \$46,376,138 | \$54,191,359 | \$53,989,104 | \$60,103,900 | 10.91% |



Electric Capital Highlights

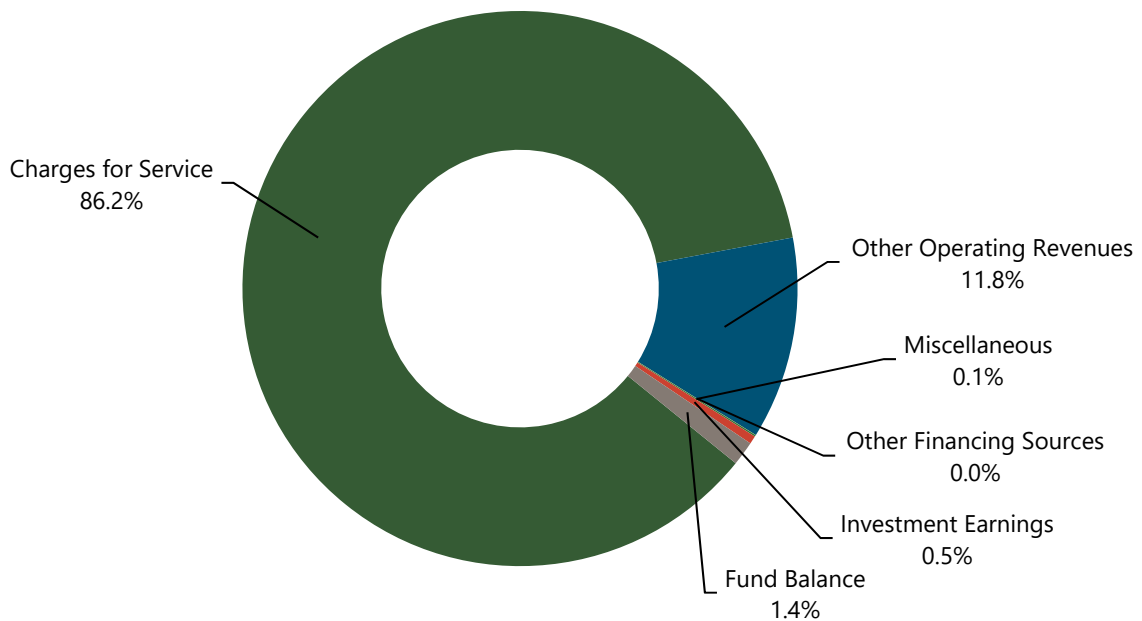
Similar to the General Fund, the Town accounts for large capital projects associated with the electric utility system in a capital project fund. The Electric Fund capital budget includes \$4.2 million for annual system expansion, \$175,000 for system fault indicators, \$230,000 for Mount Zion substation upgrades, and \$500,000 for LED street light replacements and upgrades.

Electric Fund Revenues

Electric Fund revenues for FY24-25 are up 10.91 percent from FY23-24. The Electric Fund generates charges for service through a base rate to cover fixed costs and an energy/demand rate to cover variable costs. The FY24-25 Recommended Budget includes \$51.8 million in revenue from charges for service with a **\$0.12 increase in the residential electric base charge coupled with an increase of 14 percent in the energy charge**. The rate change will increase the residential base charge to \$26.50 per month. Even with the rate increase, Apex electric rates are lower than other local electric utilities. The average residential electric customer can expect an increase of \$16.12 per month on their electric bill.

| Electric Fund Revenues by Source | | | | | |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------|
| Source | FY22-23 Actual | FY23-24 Budget | FY23-24 Estimate | FY24-25 Budget | Percent Change |
| Charges for Service | 41,254,456 | 44,664,700 | 46,792,726 | 51,821,400 | 16.02% |
| Other Operating Revenues | 4,242,699 | 6,107,300 | 7,213,158 | 7,087,500 | 16.05% |
| Other Financing Sources | 38,128 | 10,000 | 24,012 | 10,000 | 0.00% |
| Miscellaneous | 114,756 | 95,800 | 33,374 | 50,000 | -47.81% |
| Investment Earnings | 277,748 | 292,000 | 334,331 | 285,000 | -2.40% |
| Fund Balance | - | 3,021,559 | 1,221,559 | 850,000 | -71.87% |
| Total | \$45,927,786 | \$54,191,359 | \$55,619,161 | \$60,103,900 | 10.91% |

Electric Fund Revenues by Source FY24-25



Water & Sewer Fund

The Water & Sewer Fund comprises all revenues and expenditures that result from the Town's water and sewer utility operations. Customer charges and fees generate enough revenue to support the fund completely. The FY24-25 Recommended Budget for the Water & Sewer Fund totals \$28,805,900, a 9.87 percent decrease from the FY23-24 Amended Budget of \$31,959,137 as of April 1, 2024.

Water & Sewer Fund Expenditures

The FY24-25 Water & Sewer Fund Budget reflects an increase in all expenditure categories except capital. The Water & Sewer Fund budget includes two new position for FY24-25, a utilities engineering manager in Water Sewer Administration and a field crew supervisor in Water Maintenance. Similar to the Electric Utility, personnel increases are also attributable to increases in personnel and benefits costs for support staff from other departments, such as Human Resources and utility billing housed in the Finance department, because these costs are distributed to the utility funds. Increases in operating expenses reflect an average of 12 percent for treatment chemicals and increased material costs. Water meter and transmitter costs have risen by 18 and 46 percent respectively. The Town purchases this equipment regularly throughout the year in order to effectively account for treated water and identify costly water losses. The FY24-25 Recommended Budget includes \$135,000 as part of the Town's continued annual commitment to watershed protection. Capital appears to decrease due to a one-time allocation of \$4.1 million in FY23-24 to the Town's Advanced Metering Infrastructure (AMI) project and a \$1.25 million transfer to the American Rescue Plan Project Fund for the water tower project. Removing the \$5.3 million transferred to these large capital projects, capital expenditures for FY24-25 remain consistent. The overall operating budget for the Water & Sewer Fund, however, would reflect a \$2.2 million increase or 8.25 percent.

| Water & Sewer Fund Expenditures by Type | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|-------------------|
| Type | FY22-23 Actual | FY23-24 Budget | FY23-24 Estimate | FY24-25 Budget | Percent Change |
| Personnel | 7,731,514 | 8,615,400 | 8,260,356 | 9,681,600 | 12.38% |
| Operating | 4,148,285 | 6,343,239 | 5,527,012 | 7,004,000 | 10.42% |
| Purchase for Resale | 5,029,231 | 5,614,600 | 5,319,800 | 5,786,000 | 3.05% |
| Capital | 4,865,569 | 7,609,198 | 7,607,298 | 2,457,500 | -67.70% |
| Debt Service | 3,738,864 | 3,776,700 | 3,776,700 | 3,876,800 | 2.65% |
| Total | \$25,513,465 | \$31,959,137 | \$30,491,166 | \$28,805,900 | -9.87% |

| Water & Sewer Fund Department/Division Budgets by Type | | | | | |
|--|---------------------|---------------------|---------------------|----------------------|-------------------|
| Department/Division | FY22-23 Actual | FY23-24 Budget | FY23-24 Estimate | FY24-25 Recommend | Percent Change |
| Water-Sewer Administration | 4,668,238 | 5,682,052 | 4,913,004 | 6,088,800 | 7.16% |
| Water Treatment | 2,531,058 | 3,466,300 | 3,270,052 | 3,446,500 | -0.57% |
| Water Maintenance | 3,628,423 | 4,179,137 | 3,988,293 | 4,174,500 | -0.11% |
| Sewer Treatment | 4,570,242 | 4,456,461 | 4,318,585 | 5,121,000 | 14.91% |
| Sewer Maintenance | 3,631,230 | 4,948,487 | 4,874,533 | 4,430,300 | -10.47% |
| Debt Service | 3,738,864 | 3,776,700 | 3,776,700 | 3,876,800 | 2.65% |
| Other Financing Uses | 2,745,410 | 5,350,000 | 5,350,000 | 1,568,000 | -70.69% |
| Contingency | - | 100,000 | - | 100,000 | 0.00% |
| Total | \$25,513,465 | \$31,959,137 | \$30,491,166 | \$28,805,900 | -9.87% |



Water & Sewer Capital Highlights

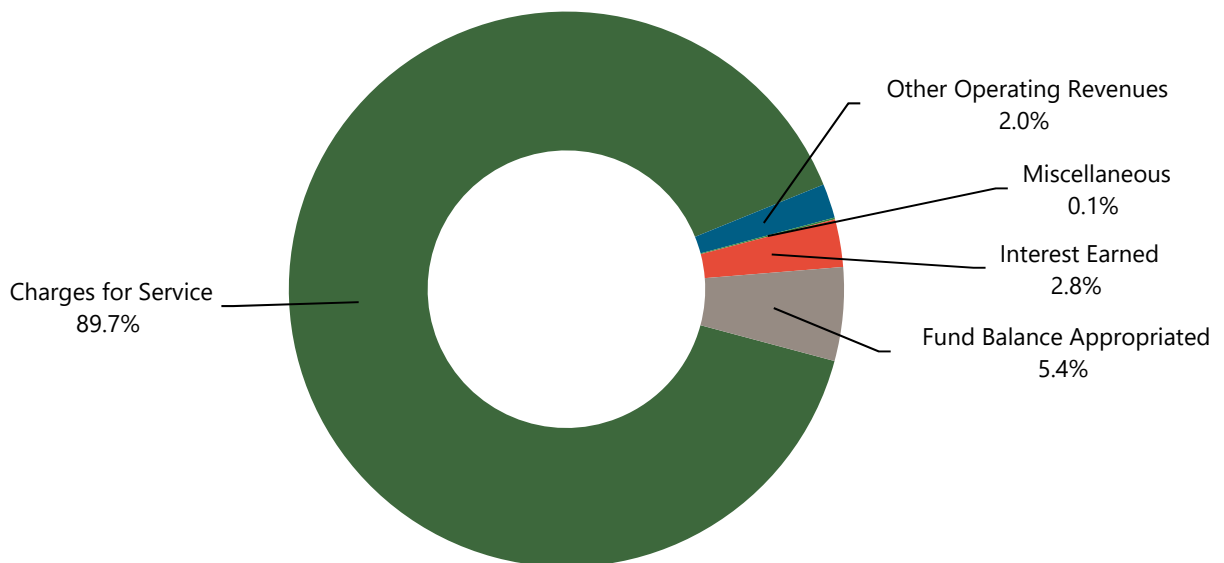
Similar to the General Fund, the Town accounts for large capital projects associated with the water and sewer utility system in a capital project fund as well as within the operating fund itself. The Water & Sewer Capital Project Fund for FY24-25 includes the Old Raleigh Road water line replacement (\$850,000), Little Beaver Creek gravity sewer extension (\$300,000), Wimberly Road water supply vault (\$200,000), and Western Wake Water Reclamation Facility and Cary-Apex Water Treatment Plant projects (\$916,500). Of this list, coverage for the Old Raleigh Road water line replacement and Wimberly Road water supply vault projects will come from the Water & Sewer operating fund. The Water & Sewer operating budget includes additional capital expenditures totaling \$694,500 for compactor and dosing system improvements at the wastewater treatment plant, miscellaneous water meter installations and water main connections, and various vehicle and equipment replacements.

Water & Sewer Fund Revenues

Projections for Water & Sewer Fund revenues rely on many of the same variables as the Electric Fund, thus the similar theme of fixed-cost recovery through base rate charges. The FY24-25 Recommended Budget includes \$25,833,900 in revenues from water and sewer charges, an increase of 8.34 percent. New customer growth has averaged just over four percent the past three years. The continued customer growth rate and an increase in water and sewer fees account for the increase in charges for service.

| Water & Sewer Fund Revenues by Source | | | | | |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------|
| Source | FY22-23 Actual | FY23-24 Budget | FY23-24 Estimate | FY24-25 Budget | Percent Change |
| Charges for Service | 23,241,622 | 23,846,200 | 24,279,611 | 25,833,900 | 8.34% |
| Other Operating Revenues | 607,078 | 513,000 | 648,108 | 574,000 | 11.89% |
| Other Financing Sources | - | 206,716 | 616,716 | - | -100.00% |
| Miscellaneous | 59,340 | 40,000 | 25,000 | 30,000 | -25.00% |
| Interest Earned | 860,375 | 475,000 | 940,800 | 800,000 | 68.42% |
| Fund Balance Appropriated | - | 6,878,221 | 4,100,000 | 1,568,000 | -77.20% |
| Total | \$24,768,415 | \$31,959,137 | \$30,610,235 | \$28,805,900 | -9.87% |

Water & Sewer Fund Revenues by Source FY24-25



Water & Sewer Rates

In 2022, the Town performed a new rate study to evaluate existing rates and rates structure. The resulting study and model found that the sewer utility was generating a deficit while the water utility was generating a surplus. Using the rate model, staff reviews water and sewer rates annually and recommends adjustments that ensure the utilities remain self-sufficient while avoiding the need for a significant increase in any one year.

The budget includes a recommendation to **increase the water base rate, water volumetric rate, sewer base rate, and sewer volumetric rate by four percent**. The increases in the base rates are to recover fixed costs and minimize the need for larger changes in the volumetric rates in the future. Water and sewer rates are double for customers outside the Town limits. While utility rates support the increasing personnel and operating costs, capital reserves established through the payment of system development fees by developers offset capital expenses tied to system expansion, which ultimately minimizes rate increases.

| Water & Sewer Monthly Rates | | | | | |
|------------------------------|---------|---------|---------------------|---------|---------|
| Water Rates | FY22-23 | FY24-25 | Sewer Rates | FY22-23 | FY24-25 |
| Inside Base Charge | \$6.00 | \$6.24 | Inside Base Charge | \$11.18 | \$11.63 |
| Tier 1: < 6,000 gallons | \$4.42 | \$4.60 | Outside Base Charge | \$22.36 | \$23.26 |
| Tier 2: 6,000-12,000 gallons | \$5.09 | \$5.29 | Inside Volumetric | \$7.75 | \$8.06 |
| Tier 3: > 12,000 gallons | \$6.85 | \$7.13 | Outside Volumetric | \$15.50 | \$16.12 |

It is important to note that the volumetric rate increases effect households based on their usage while the base rate changes affect all households the same. For example, an average family of four or five that uses 5,000 gallons a month will see an increase of \$3.14 on their monthly water and sewer bill. Additionally, when comparing Apex to other utility systems in the area, the Town's rates are consistently in the lowest quartile while still providing adequate cost recovery and providing for future capital needs. It is important for the Town to continue to evaluate rates annually to ensure the financial sustainability of the water and sewer utilities.

Stormwater Fund

As of January 1, 2022, the Town began operating its stormwater activities as a self-supporting utility and incorporated stormwater expenses as a distinct division within the Water & Sewer Fund. The Stormwater Fund was established as a separate fund beginning in FY23-24. The Stormwater Fund comprises all revenues and expenditures that result from the Town's stormwater operations. Stormwater fees generate enough revenue to support the fund completely. The FY24-25 Recommended Budget for the Stormwater Fund totals \$3,055,300, a 9.20 percent increase from the FY23-24 Amended Budget of \$2,797,876 as of April 1, 2024.

Stormwater Fund Expenditures

The FY24-25 Stormwater Fund Budget reflects an increase in personnel and operating expenditures. A new stormwater crew leader and maintenance worker along with compensation and benefit increases and insurance costs represent the increase in the stormwater personnel costs. The primary reasons for the increase in operating expense is tied to the Lake Pine Spillway Repair (\$500,000), Seagroves Farm Dam Repair (\$100,000), and Phase 3 Condition Assessment contract (\$325,000).

| Stormwater Fund Expenditures by Type | | | | | |
|--------------------------------------|--------------------|--------------------|---------------------|--------------------|-------------------|
| Type | FY22-23 Actual | FY23-24 Budget | FY23-24 Estimate | FY24-25 Budget | Percent Change |
| Personnel | 875,191 | 1,120,900 | 1,030,820 | 1,368,000 | 22.04% |
| Operating | 286,950 | 1,067,676 | 982,630 | 1,622,300 | 51.95% |
| Capital | 2,520 | 609,300 | 234,300 | 65,000 | -89.33% |
| Total | \$1,164,661 | \$2,797,876 | \$2,247,750 | \$3,055,300 | 9.20% |



Stormwater Capital Highlights

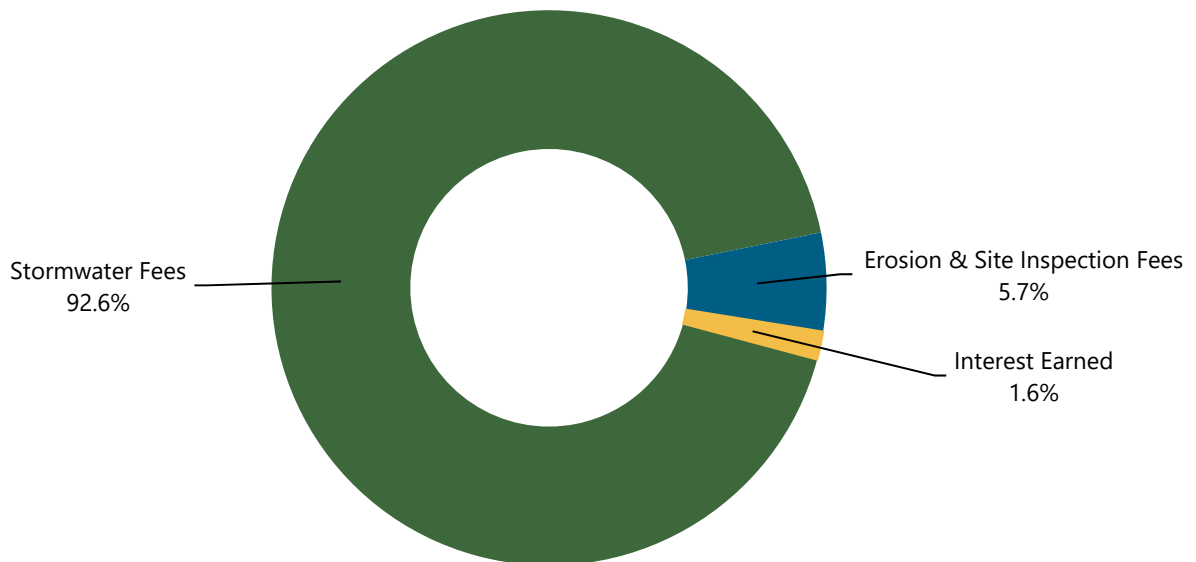
The Town does not have a separate capital project fund for stormwater, so stormwater projects are accounted for in the operating fund. The Stormwater Fund capital budget includes \$65,000 in FY24-25 for purchase of a vehicle for the new stormwater maintenance crew.

Stormwater Fund Revenues

The FY24-25 Recommended Budget includes \$2,830,300 in revenues from stormwater fees, an increase of 12.68 percent. Stormwater fees are the primary revenue source for the fund, making up 92.6 percent of revenues. Erosion and site inspection fees were previously part of the General Fund, but are accounted for in the Stormwater Fund beginning in FY23-24.

| Stormwater Fund Revenues by Source | | | | | |
|------------------------------------|--------------------|--------------------|---------------------|--------------------|-------------------|
| Source | FY22-23 Actual | FY23-24 Budget | FY23-24 Estimate | FY24-25 Budget | Percent Change |
| Stormwater Fees | 2,473,113 | 2,511,900 | 2,549,325 | 2,830,300 | 12.68% |
| Erosion & Site Inspection Fees | - | 150,000 | 197,000 | 175,000 | 16.67% |
| Other Financing Sources | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Interest Earned | - | 10,000 | 72,790 | 50,000 | 400.00% |
| Fund Balance Appropriated | - | 125,976 | - | - | -100.00% |
| Total | \$2,473,113 | \$2,797,876 | \$2,819,115 | \$3,055,300 | 9.20% |

Stormwater Revenues by Source FY24-25



Stormwater Utility Fee

The stormwater fee structure uses impervious surface area based on equivalent residential units (ERU). The average ERU for Apex residential properties is 2,700 square feet of impervious surfaces, such as rooftops, driveways, sidewalks, and parking lots per property. Town Council added a fifth tier to the stormwater fee structure in January 1, 2024, that applies to residences with over 5,400 square feet (2 ERU) of impervious surface. **The FY24-25 Budget does not include any changes in structure or fees.** Note that properties with less than 400 square feet are exempt from the monthly fee due to minimal stormwater impacts.

| Stormwater Rates | |
|---|---|
| <i>Residential</i> - Detached single-family homes, a duplex, or a manufactured home located on an individual lot or parcel. | |
| Tier 1: 400-1,500ft ² | \$1.50 |
| Tier 2: 1,501-3,000ft ² | \$5.00 |
| Tier 3: 3,001-4,000ft ² | \$7.50 |
| Tier 4: 4,001-5,400ft ² | \$10.00 |
| Tier 5: >5,400ft² | Same as Non-Residential |
| <i>Non-Residential</i> - Parcels that contain more than two residential units, public/private institutional buildings, commercial buildings, parking lots, churches, etc. | \$5.00 per ERU (Total Impervious Area/2,700ft ² * \$5) |

Organization Review

During FY22-23, the Town adopted its first strategic plan, Game Plan Apex and began implementing recommendations from the organizational assessment to align departments to perform at an even higher level and ensure Apex remains “the peak of good living”. Town departments finalized their departmental strategic plans to correspond with Game Plan Apex and began performance management in FY23-24. Performance measures are included in a PowerBI dashboard and reviewed at least quarterly. Department plans will be reviewed and updated annually. The Town intends to continue implementation of staffing recommendations from the organizational assessment over multiple fiscal years and maintain a four-year staffing plan, which is updated annually. Details regarding changes in organizational structure, reassignment of positions, and new positions are located in the Community and Organizational Profile section of the budget as well as in department-specific budget sections.

Mission, Vision & Peak Principles

Our Peak Principles, which represent our core values, are our foundation for how we interact with one another and the public as we serve our community.

Peak Pledge: We will perform at the highest level by empowering our peers, remaining accountable to each other and those we serve, and continuing the pursuit of knowledge.

| | |
|--|---|
| <p>Mission</p> <p>Provide exceptional public service that fosters opportunity for the individual and community to live, thrive, and reach their peak.</p> | <p>Peak Principles</p> <p><i>Performance:</i> Being stewards of public resources and trust, we will maintain a culture that values exceptional customer service through efficiency and focus on our work.</p> <p><i>Empowerment:</i> Knowing that good ideas come from employees at all levels across all departments and divisions, we will maintain a culture that empowers everyone to express their thoughts and provides opportunities to become part of real solutions.</p> <p><i>Accountability:</i> Knowing that we are entrusted to be stewards of the public’s resources, we will maintain an atmosphere of openness and transparency to one another and to those we serve.</p> <p><i>Knowledge:</i> A workforce that pursues knowledge is one that will be better able to anticipate new challenges and respond to those presented.</p> |
| <p>Vision</p> <p>A community unified in the stewardship of our small-town character and natural environment, for a future where all succeed</p> | |



Personnel

Employee Performance Evaluation and Compensation: The Town's performance evaluation and compensation system is structured around Game Plan Apex, the Town's Peak Principles, and the establishment of clear performance goals and objectives for each employee. For FY24-25, the Town plans to provide two compensation adjustments. The first will be a two percent market adjustment provided to all employees as of the first pay period in July. The second will be merit pay awarded in October following the annual employee performance reviews conducted between July 1 and August 31. The FY24-25 Recommended Budget includes merit adjustments ranging from three to five percent depending on each employee's performance evaluation. The total estimated cost for FY24-25 market and merit adjustments is \$2.63 million across all funds with a \$3.42 million total impact when all other benefits applied.

Beginning in FY20-21, the Town implemented a \$15.00 living wage as a baseline for the Town's compensation plan. The Town's policy is to annually review changes in the area living wage and for the Town Manager to recommend a minimum living wage as part of the annual budget approval process. The Town's current lowest hourly rate is \$19.59, which will increase to \$19.98 as of July 2024 with the two percent market adjustment.

Employer Retirement Contribution: The North Carolina Local Government Retirement System has notified local governments that the Annual Contribution Rate (ACR) will increase in FY24-25. The employer contribution will increase from 12.85 to 13.63 percent for regular employees and from 14.04 to 15.04 percent for law enforcement officers. Local government employees currently contribute six percent of their salary. The Town's retirement contributions represent \$7,966,500 in FY24-25, an overall increase of \$1,319,000 (19.85 percent), which includes retirement costs for salary adjustments and new positions.

401(k) Contribution: The Town provides a five percent 401(k) contribution for all full-time employees. North Carolina General Statutes mandate 401(k) contributions for sworn law enforcement at five percent, a cost of \$534,600 in the FY24-25 Budget. Contributions for all other employees represent \$2,866,400 in FY24-25.

Health Insurance: While the Town has been able to contain rate increases the past few years, substantial claims have resulted in increases in health premiums. The Town will experience a 5.5 percent healthcare premium increase in FY24-25. The FY24-25 Recommended Budget includes \$8,060,500 for healthcare premiums across all funds. The Town's self-funded dental plan will experience a 2.0 percent decrease in insurance premiums for FY24-25, a savings of \$8,000.

Retiree Medical Insurance: The Town offers qualifying retired employees a medical insurance benefit until they qualify for the Federal Medicare Insurance Program. This retiree insurance is classified as other post-employment benefits (OPEB). The Recommended Budget includes additional funds for an OPEB trust fund. To prevent long-term financial stress and follow sound financial practices, the Town allocates additional funds for long-term OPEB costs annually. The FY24-25 Recommended Budget includes \$350,000 for long-term OPEB expenditures with \$266,000 in General Fund, \$49,000 in the Electric Fund, and \$35,000 in the Water & Sewer Fund. The FY24-25 Budget includes a total of \$145,000 to cover pay-as-go Retiree Medical Insurance and long-term OPEB costs in all funds. As of July 1, 2020, the Town no longer offers the retiree medical insurance benefit to new employees. The purpose of eliminating this benefit is to reduce the Town's long-term liability, which currently stands at \$32.78 million.

Police Special Separation Allowance: North Carolina General Statutes provide for special compensation to retired law enforcement officers meeting specified criteria. The statutes require the Town to compensate the officer until they reach age 62. The Special Separation Allowance budget in FY24-25 is \$266,100.

Position Reclassifications: In FY22-23, the Town reviewed all positions as part of the organizational assessment. In FY24-25, the Town returned to studying approximately one-third of the Town's positions annually to determine correct classifications and appropriate salary ranges based on the area labor market. This fiscal year, the review of public safety positions determined minimal adjustments were needed in the Town's compensation plan.



Career Paths: In FY22-23, after completion of the organization assessment, the Town began reviewing all positions to implement career paths for each position in the organization. A career path is a hierarchy of positions from lowest-level to highest-level within the same line of work or career field. While career paths existed within some departments, beginning in FY24-25, all departments will implement a career path program. The total estimated cost of the new career paths for FY24-25 is \$80,000 across all funds.

Additional Positions: The FY24-25 Recommended Budget includes 37 new positions in the General Fund, two new full-time positions in the Electric Fund, two new full-time positions in the Water & Sewer Fund, and two new full-time positions in the Stormwater Fund. With assistance from the 2022 organizational assessment, staff developed a four-year staffing plan to manage the addition of new positions. All new positions will bring the total approved full-time equivalent positions to 676.25 and increase annual personnel costs by \$4,639,700. A breakdown of the recommended positions with costs is located in the Supplemental Section of the budget document.

Additional Benefits: As part of the Town's goal to be an employer of choice, the Town is committed to offering flexible programs and benefits that support holistic wellbeing for employees. In FY24-25, the Town plans to continue the Peak Lifestyle Wellness program, which provides employees the flexibility to pursue physical, emotional, and financial wellness up to \$1,200 per fiscal year. Examples of eligible expenses include gym passes and memberships, mindfulness and meditation classes, child care services, and financial counseling sessions. The total estimated cost of the Peak Lifestyle Wellness program for FY24-25 is \$806,700 across all funds.

Fund Balance

The North Carolina Local Government Commission recommends that local governments maintain a minimum unassigned fund balance of no less than eight percent of expenditures. The Town of Apex has adopted a formal fund balance policy of maintaining a fund balance for the General Fund of at least 25 percent of expenditures. The Town of Apex's estimated non-committed or non-restricted fund balance for the General Fund is \$28.8 million or 25 percent of FY24-25 expenditures. The recommended budget **does** include use of fund balance to cover some capital costs. The Town does not use reserves for operating costs and carefully evaluates the use of fund balance for unanticipated opportunities and capital expenses. The use of \$1,660,000 in FY24-25 will ensure the available fund balance remains above 25 percent.

The North Carolina Local Government Commission does not have a specific recommendation regarding how much fund balance or retained earnings a local government enterprise operation should maintain. The Town has a target of 90 days cash on hand for the Electric Fund and Water and Sewer Fund with long term plans to begin to increase to 120 days for the health and stability of the enterprise funds. The Town seeks to ensure both funds are financially stable and contain healthy reserves and is currently working to increase days cash on hand in the Electric Fund over the next three years. The Town of Apex's days cash on hand as of June 30, 2023, for the Electric Fund is 59 days (\$6.6 million) and for the Water & Sewer Fund is 765 days (\$37.8 million). The FY24-25 Recommended Budget **does** include use of reserves in the Electric Fund (\$850,000) and the Water & Sewer Fund (\$1,568,000).

In summary, the Recommended Budget is a balanced budget in accordance with state statutes, and it attempts to address the priorities set by Town Council for the 2024-2025 Fiscal Year. While it is typically difficult to fund all the requests made by departments or external agencies, the budget team did an excellent job when preparing this budget to include as many requests as possible and ensure alignment with Town Council's strategic goals. The Town has benefited from growth, and it is in a solid financial position going into FY24-25. We must be mindful of the shifting trends in growth rates, smaller increases in revenues, and increasing costs of service delivery. The FY24-25 Recommended Budget is fiscally sound and addresses the top priority needs of the Town. The Town's sound financial practices and budgeting approach have positioned it to continue delivering high-level services for Apex residents. This budget reflects our commitment to maintaining and improving our community and positioning Apex to remain financially sound in the future.



I wish to extend my sincere appreciation to the Budget and Performance Management Department, Finance Department, and other Town team members who helped to prepare this budget. I recommend this proposed budget for Fiscal Year 2024-2025 to the Apex Town Council.

Respectfully submitted,

Randy Vosburg
Town Manager

