

TOWN OF FOUR OAKS
BUDGET MEETING
May 31st, 2023
AGENDA

- 1) Call to Order**
- 2) Invocation and Pledge of Allegiance**
- 3) Public Comments**
- 4) Budget Session – FY 2023-24 Proposed Budget & Preliminary Budget Ordinance**
- 5) Adjournment**

TOWN OF FOUR OAKS

BUDGET MEETING

May 31st, 2023

MINUTES

Call to Order

Mayor Medlin called the May 31st, 2023 special called the Town Council budget meeting to order at 5:30 p.m. Those present included Commissioners Michael Bradley, Andy Hardy, Mike Hines, and Kim Robertson. Also present was Town Clerk Martha Garris recording minutes. Not present and excused Commissioner Carles Surles.

Invocation and Pledge of Allegiance

Mayor Medlin gave the opening Invocation with Commissioner Hines leading the Pledge of Allegiance.

Public Comments - None

Budget Session

Commissioner Hardy presented the 2023-2024 Proposed Budget. He highlighted the significant budget line item changes:

1) General Fund

a) Revenues – Total Revenues \$2,825,520

- Current Taxes line – increased approximately \$103K primarily due to the growth in the town of \$33K and increase in the fire department tax rate of \$70K. Overall tax rate increased to 47.5 cents per \$100 tax value due to the fire department tax rate increase of 2.5 cents in July 2022 to 10.5 cents per \$100 tax value. The Town's tax rate portion remains at 37 cents per \$100 tax value.
- SRO Reimbursements line – increased \$96K due to there was none budgeted for 2022-2023 at the time of budget season. This is officer salary and benefits reimbursement from Johnston County Schools for providing SRO in schools. The Town proudly provides a SRO in both Four Oaks schools.
- Fire Department Reimbursement line decreased \$45K to none – in the past, the town has paid the fire department for property taxes collected, net of salaries, benefits, and other expense paid by the town during the fiscal year. Going forward due to additional salaries, the fire department anticipates it may need to reimburse the town for excess expenses but is unknown until year-end.
- CARES ACT Grant – decreased \$359K to zero because there is no more ARP money to receive.
- Sales & Use Tax Distribution line – increased approximately \$90K based on sales taxes we have been collecting.
- KS Bank Installment Purchase – anticipate having to do a loan of \$175K for a garbage truck and a truck for the building inspector.

- Garbage Fees – increased \$35K due to estimated growth of \$20K and \$12K for increasing garbage bill rates by \$1 due to increasing landfill fees, county rates, GFL service fees increasing 2%, and debt service needs replacing equipment. This could still be difficult to cover these operating costs.

b) Expenses – Total Expenses \$2,825,520

- Salary lines – employee salary increases will be in line with market rates and evaluated to get salaries comparable to other towns.
- Admin. Board department community involvement line – total of \$19K increase \$1,500 over prior year and the allocation will be: \$15K to the Chamber of Commerce; \$500 each to the Four Oaks Elementary School, Four Oaks Middle School, and South Johnston High School; and \$2,500 for movie nights in the park.
- Admin. Board department maintenance & repair of building line – included is \$30K of the \$50K for Town Hall upgrades.
- Admin. Board department elections line of \$3K – include in budget each election year
- Admin. Board department I-95/I-40 Crossroads of America Economic Development Alliance line – \$55K same as prior year based on the Towns 3-year commitment to the Alliance. This will be year 3 of 3 of the commitment.
- Contributions to Fund Balance line – this amount goes into the reserve at year end. The town needs to work to increase reserves to improve fund balances required by the State
- Contingency Fund line – added this line based on recommendation by the LGC to treat as the 5% contingency per general statute.
- General Government professional services line – increased slightly to cover anticipated town attorney fees, BRL Engineering fees, auditor fees, & other miscellaneous fees.
- General Government Group Insurance line – increase due to new employee insurance.
- General Gov't capital outlay – fixed asset – increase due to vehicle for building inspector.
- Fire department increased due to full-time & part-time salaries and alignment with the fire departments budget from taxes. The fire department's total budget amount will be approximately \$283K. Fire department receives a portion of the ad valorem taxes from the county equivalent to 10.5 cents of the towns 47.5 cents.
- Police department supplies line – includes 2 radar detectors and 2 additional GPS device.
- Police equipment line – includes radar speed limit sign but looking for grants.
- Police training line – includes PDS simulator training and other training needs. Commissioner Robertson point out that JCC offers some free training classes for officers and she could help with scheduling.
- Sanitation department vehicles line – budget was reallocated.
- Sanitation department capital outlay – fixed asset – includes used garbage truck

- Sanitation department contract landfill fee – pay GFL monthly contract fees on garbage & recycle. Idea of looking into modifying GFL contract or town start picking up garbage again if purchase a truck. Need to look into various options.
- Parks & Rec department professional services line– decreased to \$25,000 because PY included \$50,000 of the \$75,000 for the development of a Town Parks & Rec Master Plan. Could use recreation fees to help pay for any P&R expenses needed.
- Parks & Rec department capital layout – fixed assets – \$15,000 includes lawn mower replacement.
- Streets department utilities – increased \$7,000 for growth and additional street lights.
- Streets department maintenance & repairs line – increased approximately \$10K for general maintenance.
- Streets department capital outlay – fixed assets – includes a used bucket truck.

2) Water and Sewer Fund

a) Revenues – Total Revenues \$1,994,698

- The NC Rural Water Association (“NCRWA”) updated the 5-year water and sewer rate study plan for the town. This will be year 3 of 5. The updated study reflects: inflationary rate increases of 6% for FY 23 & 24; 5% for FY 25 & 26; & 3% for FY 27 & 28; water & sewer purchase increases of 6% & 5% due to Johnston County rate increases; & zero for capital projects. The rate study will help the town get rates where they need to be in 5 years to recover costs and project outside rates to double the inside rates by year 5. He pointed out there is a legislative bill that could affect outside rates where they will only be 125% of inside rates which could affect our rate structure to compensate the overall revenue. The rate study is reevaluated annually to help accomplish our 5-year plan. Commissioner Hardy recommended we continue to follow the direction laid out in the rate study going forward.
- Based on the rate study: for inside city limits customers: water rates will increase approx. 13% & sewer rates will increase approx. 2%; and for outside city limit customers: water rates will increase approx. 19% and sewer rates will increase approx. 6%.
- Water & Sewer System Replacement lines – increased for growth but rates remain the same based on the rate study plan.
- Other revenues such as tap & capacity fees are estimate for growth.

b) Expenses – Total Expenses \$1,994,698

- Salary lines – employee salary increases will be in line with market rates and evaluated to get salaries comparable to other towns.
- Water department professional services – decreased due to FY 2022-23 included the WithersRavenel Water Tank Engineering fees.
- Contributions to Fund Balance line – this amount goes into the reserve at year end. The town needs to work to increase reserves to improve fund balances required by the State

- Contingency Fund line – added this line based on recommendation by the LGC to treat as the 5% contingency per general statute.
- Water department capital outlay – fixed asset – includes backhoe payments and town shop repairs.
- Water department maintenance & repairs line – decreased \$90K due to FY 2022-23 included the Boyette Rd waterline extension.
- Water department meters line – increased \$25K to purchase more meters.
- Water Purchases line – increased as a result of Johnston County increasing their costs to the town by 7%.
- Sewer department equipment line of \$25K – includes sewer camera to inspect approximately 10% of sewer lines annually.
- Sewer department capital outlay – fixed asset – includes repairs needed as a result of running the camera in the system.
- Sewer transmission/treatment line - increased as a result of Johnston County increasing their costs to the town by 6%.

Commissioner Hardy noted we would be reviewing the Town's fee schedule to align with Johnston County and present to the Board for approval. Commissioner Robertson asked about the recreation fee of \$800 compared to the county fee of \$1,000. Commissioner Hardy responded that will be addressed when the fee schedule is updated.

There was an extensive discussion about salaries. Commissioner Hardy presented a comparison analysis to other local towns in an attempt to get salaries comparable to other towns. Cost of living index year over year is approx. 5.5% and retirement benefits are increasing 0.75% to 1%. No final decision was made on salaries. Mayor directed everyone to take the information home to study and it could be finalized in June. Discussion surfaced on the need to begin looking at the future of the town and what administrative direction the board needs to start considering with all the growth coming. More in depth discussions and planning are needed before any decisions are made.

Motion to accept the proposed budget as presented was made by Commissioner Hardy, seconded by Commissioner Hines, voting unanimous.

The next budget meeting is scheduled for June 22, 2023 at 5:00 pm for the public hearing and final approval.


Adjournment

With no further business brought before the Town Council, motion to adjourn at 7:06 p.m. was made by Commissioner Hines, seconded by Commissioner Hardy, voting unanimous.



Vic Medlin, Mayor

ATTEST:



Martha L. Garriss, NCCMC
Town Clerk