

**TOWN OF FOUR OAKS  
BUDGET MEETING  
May 29, 2024  
AGENDA**

- 1) Call to Order**
- 2) Invocation and Pledge of Allegiance**
- 3) Public Comments**
- 4) Budget Session – FY 2024-25 Proposed Budget & Preliminary Budget Ordinance**
- 5) Adjournment**

**TOWN OF FOUR OAKS**  
**BUDGET MEETING**  
**May 29, 2024**  
**MINUTES**

**Call to Order**

Mayor Medlin called the May 29, 2024, Special Called Town Council budget meeting to order at 7:00 p.m. Those present included Commissioners Michael Bradley, Carles Surles, Mike Hines, Tony Capps and Kim Robertson. Also present was Town Clerk Rhonda Lee recording minutes, Public Works Director Barry Stanley, Planning & Zoning Administrator Mike Cook, and consultant Andy Hardy.

**Invocation and Pledge of Allegiance**

Commissioner Surles gave the opening Invocation with Hollie Blackwell leading the Pledge of Allegiance.

**Public Comments - None**

**Budget Session**

Mayor Medlin turned the meeting over to Commissioner Hines to present the 2024-2025 Proposed Budget. Commissioner Hines then called on Andy Hardy to assist with the budget presentation. Mr. Hardy highlighted the significant budget line item changes:

**1) General Fund**

a) Revenues – Total Revenues \$3,355,350

- Current Taxes – increased approximately \$99,600 primarily due to the growth in the town of \$35.3K and an increase in the fire department tax rate of \$64.3K. Overall tax rate is proposed to increase to 50 cents per \$100 tax value due to the fire department tax rate increase of 2.5 cents beginning in July 2024. The fire department rate is projected to increase from 10.5 cents per \$100 tax value to 13.0 cents per \$100 tax value based on the countywide fire tax rate projection. The Town's tax rate portion remains at 37 cents per \$100 tax value.
- SRO Reimbursements line – increased \$14K to \$110K due to providing SRO officers in the Four Oaks Middle and Four Oaks Elementary schools. The officer salary and benefits are reimbursed from Johnston County Schools for providing SRO officers in schools. The Town proudly provides a SRO in both Four Oaks schools.
- Powell Bill – increased \$15K based on the monies we have received from the State to be applied towards street repairs.
- Sales & Use Tax Distribution line – increased approximately \$36K based on sales taxes we have been collecting.
- Building Permits – increased \$140K due to permit fees for known growth and upcoming construction in the upcoming year.

- Open Space Fees – increased \$100K due to projected fees for known growth in the upcoming year.
- Fund Balance – increased \$75K due to projected shortfall of revenues compared to budgeted expenditures. The draw down of the fund balance is necessary to balance the proposed budget.
- KS Bank Installment Purchase – anticipate having to do a loan of \$180K for a garbage truck and a bucket truck.
- Garbage Fees – increased \$10K due to estimated growth based on the actual fee revenue.

b) Expenses – Total Expenses \$3,355,350

- 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 \$17.5K, a decrease of \$1,500 over prior year and the allocation will be: \$15K to the Chamber of Commerce; \$2,500 to South Johnston High School athletics programs.
- Admin. Board department maintenance & repair of building line – included is \$30K for Town Hall upgrades.
- Contributions to Fund Balance line – this amount goes into the reserve at year end. This amount will net with the projected \$75,000 amount drawn down from the fund balance. The town needs to continue 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 – decreased \$20K and used to cover anticipated town attorney fees, BRL Engineering fees, auditor fees, & other miscellaneous fees.
- Tax Collection – Budgeted \$25K for the to pay the county for tax collection service.
- 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 \$363K. Fire department receives a portion of the ad valorem taxes from the county equivalent to 13.0 cents of the towns 50.0 cents.
- Building Inspections – broke out costs into its own department in current year.
- Building Inspections capital outlay – includes cost for new software for permit and inspections tracking. The software will be compatible with the county software platform.
- Police department salaries – includes new police officer.
- Police Department vehicles – includes new police car with equipment and equipment for an additional car purchased in the current fiscal year.
- Police Department capital outlay – includes cost for radio replacements.
- Sanitation department capital outlay – fixed asset – includes cost for used garbage truck.

- Sanitation department equipment – includes cost for vehicle mechanic lifts to assist with vehicle maintenance and repair.
- Parks & Rec department professional services line– decreased to \$10,000 because PY included expenses for the development of a Town Parks & Rec Master Plan.
- Parks & Rec department capital layout – fixed assets – \$15,000 includes lawn mower replacement.
- Streets department utilities – increased \$21,000 for growth and additional streetlights.
- Streets department maintenance & repairs line – increased approximately \$20K for general maintenance.
- Streets department capital outlay – fixed assets – includes a used bucket truck.

## 2) Water and Sewer Fund

### a) Revenues – Total Revenues \$2,052,000

- The NC Rural Water Association (“NCRWA”) updated the 5-year water and sewer rate study plan for the town. This will be year 4 of 5. The updated study reflects: administrative inflationary rate increases of 4% for FY 25 - 29; operations and maintenance inflationary rate increases of 4% for FY 25 - 29; water & sewer purchase inflationary increases of 6% & 5% due to Johnston County rate increases; & zero for capital projects. The rate study will help the town improve rates where they need to be in a 5-year period to recover costs. The rate study is reevaluated annually to help accomplish the 5-year plan. Mr. Hardy noted the study would be updated annually even after the 5-year rate plan and recommended we continue to follow the direction laid out in the rate study going forward.
- Based on the rate study: water rates will increase an average of approximately 13% & sewer rates will increase approximately 5%.
- 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 \$2,052,000

- Salary lines – employee salary increases will be in line with market rates and evaluated to get salaries comparable to other towns.
- 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 town shop repairs.
- Water Capacity Purchase – based on fee revenue
- Water department maintenance & repairs line – consistent with prior year.
- Water department meters line – consistent with prior year to purchase more meters.

- Water Purchases line – increased as a result of Johnston County increasing their costs to the town by 6%.
- Sewer department capital outlay – fixed asset – includes repairs needed as a result of camera inspections in the system.
- Sewer transmission/treatment line - increased as a result of Johnston County increasing their costs to the town by 5%.
- Sewer Capacity Purchase – based on fee revenue.

Mr. Hardy noted we would be reviewing the Town’s fee schedule to align with Johnston County and would be presenting to the Board for approval in July to be effective August 1, 2024.

There was an extensive discussion about salaries. Mr. Hardy presented two proposals to the commissioners for consideration. The Commissioners discussed the two proposals and how the Town would cover the cost of each proposal such as drawing down from reserves, cutting expenses, or raising taxes. After much discussion, the Commissioners agreed to increase department head salaries by 10% and increase all other Town employee salaries by 5%. The Commissioners further discussed raising the tax rate by 1.5 cents per \$100 tax value to help cover the budget shortfall in the current year. Discussion also 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 including the updated salary proposal and the additional tax rate adjustment was made by Commissioner Hines, seconded by Commissioner Bradley, voting unanimous. Mr. Hardy noted that he would update the proposed budget to include the salary proposal and tax rate adjustment totaling 4 cents per \$100 tax value (2.5 cents for the fire department and 1.5 cents for the town).

The next budget meeting is scheduled for June 10, 2024 at 6:00 pm for the public hearing and final approval.

### **Adjournment**

With no further business brought before the Town Council, motion to adjourn at 8:25 p.m. was made by Commissioner Bradley, seconded by Commissioner Capps, voting unanimous.

ATTEST:

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Vic Medlin, Mayor

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Rhonda Lee  
Town Clerk