Town of Lake Santeetlah

Budget Workshop Minutes

April 21, 2026

Mayor Predmore called the workshop to order at 12:00 PM. Councilmembers Kevin Haag, Jim Hager, Diana Simon, and Ralph Strunk were present at the meeting. Town Administrator Kim Matheson and Town Clerk Kala Farley were also present.

Approval of the Agenda: Hager made a motion to approve the agenda. Haag seconded. All approved. The motion passed unanimously.

New Business:

1. **Discussion of FY 26/27 Budget:** Hager began the discussion by saying the Town of Lake Santeetlah is 88 out of 710 towns in North Carolina with the lowest tax rate. Medical insurance has risen from $500 per month to $800 per month for employees, gas for the Town truck has risen 25%, and the price of asphalt has risen 13% in the past 12 months. Payroll expenses are the biggest expense for any Town, and this budget proposes a 5% increase to payroll across the board. There is $75,000 in this budget for Litigation that will come from Reserves. Hager provided some examples of local tax rates and mentioned that by the end of the workshop discussion the Council may have to talk about increasing tax rates.
   Matheson started the discussion of Line Items with the General Fund and said the column in the middle was added to show Actual Budget. Strunk asked why the proposed amount for Line Item 6 Franchise Taxes was low at $13,000 when the Actual was already $13,711 with more time to go before the end of the year. Matheson suggested it could be increased to $16,000. Strunk said Line Item 10 Sales Tax Refund also seemed low at the proposed $1,000 given the Actual was $1,311.63. Matheson said you never know about that from year to year since it depends on what is bought. Matheson said Line Item 11 Sales & Use Tax Distribution can be raised $10,000 which would bring it up to $120,000. Simon inquired about the Carry Over $10,000. Matheson explained that some money can be carried over from the previous year. Matheson said Line Item 22 Cell Phone (public works) was decreased due to the phone service provider being switched to one with a less expensive rate of $35 a month. Simon mentioned that some of the funding for the

library has been lowered and proposed increasing Line Item 27 Friends of the Library by $500 to help cover costs. There was discussion of funds being added to Part-Time Contract Help and split between the General and Water Fund, adding $1,000 to General Fund Line Item 30 and $500 going to Water Fund Line Item 27. Line Item 31 Office Equipment, Supplies and Line Item 39 Telephone/Internet Service were both suggested to be increased by $300 due to rising cost of items and services. Line Item 42 Copier was suggested to be increased from $1,650 to $2,000 and split with the Water Fund since there is a lot of use printing water bills and water related reports. The amount for Line Item 43 New Directory was increased to $3,500 since the actual cost for the previous year was approximately $3,346. Line Item 44 Payroll included the proposed 5% increase for all employees. Strunk suggested that Line Item 45 Payroll Taxes be lowered to $8,000 or $9,000. Matheson said Insurance-Workman's Comp is split between General and Water so Line Item 48 can be lowered to $1,200 since there is $400 in the Water Fund Line Item 40 to go towards the cost. Line Item 49 Employee Bonus remained the same, $4,000. Line Item 50 Employee Health Insurance – 2 employees was discussed as the insurance rates have gone up and the proposed amount of $11,680.00 would include coverage for Kim and Scott from December to June of $800. Line Item 53 Zoning Administrator was proposed to be decreased to $2,000 given $922.00 of the $4,000 previously budgeted had been used to date. During the April 14, 2026 Council meeting, the Council voted to pay the Planning Board members $100 per member every time the Board met, so $4,000 was the amount proposed to be allocated for Line Item 63 Planning Board Expense. In anticipation of rising costs for insurance, it was proposed to increase Line Item 64 All Insurance for Town and Council from $6,400 to $7,000. Line Item 79 Electricity was proposed to increase from $3,000 to $3,300 and Line Item 81 was proposed to increase from $750.00 to $800.00 due to these costs estimated to continue to rise. Public Buildings: Maintenance to Buildings, Line Item 82 was decreased to $1,000 since the only planned upcoming project was to have the new Town Hall back deck stained. The amount for Line Item 87 Contract Public Safety will be decreased to $7,200 due to the reduced contract hours for the officer. Line Item 92 Paving, under Road & Grounds-Powell Bill was lowered from $10,767.19 to the actual amount received, $10,592.42. Matheson explained there was $35,000 in Line Item 101 Paving, plus the $10,592.42 from the Powell Bill Paving Line Item 92. Hager said we were anticipating $120,000

for paving, but with the 13% increase in asphalt that amount was increased to $135,592. Line Item 119 Maintenance under Manierre Public Park was suggested to be increased from $350 to $475 after discussion of some lighting upgrades that were needed in the park. Gas Expense for the truck, Line Item 125, was proposed to be increased from $4,500 to $5,200 due to the estimated rising cost of fuel.

Matheson went over Water Fund Line Items. Line Item 8 Late Fees/Convenience fees was raised from $500 to $1,400 since the Actual is $1,185.00. Matheson explained that Line Item 14 UCB loan for water upgrades-principal was increased by $9,000 from the previous year to help get that paid off as soon as possible. As previously discussed, funds for Part-time contract help were suggested to be added and split between the General and Water funds, resulting in $500 being added to Line Item 27 Part-time contract help. Line Item 28 Postage was decreased from $650 to $300 since there are funds in the General Fund postage line item and the cost will be split between the two Funds. The 5% increase for all employees was added to Line Item 34 Payroll bringing it to $28,743.03. Line Item 55 Lab Testing was proposed to be increased from $3,000 to $3,600 since the actual cost for Lab testing by the end of the year was estimated to exceed $3,000. There was discussion about Line Item 56 chemical pumps which resulted in $3,000 to be added for the proposed purchase of a spare pump. Line Item 59 Taxes/License/Permits was suggested to be raised from $500 to $560 since the Actual was $549. With the discussion of estimated rise in cost for utilities, Line Item 62 was suggested to be raised by $500, bringing it to $7,000.

Matheson said in the Operating Water Fund there is $60,079.80 and $34,821.82 in Money Market. A Water Fund CD matured and $20,000 was added to it making it $71,934.15. The Operating General Fund has $154,848. There are two General Fund CD's, one for $50,000 and one for $202,000.

Matheson explained the Capital Reserve Road Fund. The Town adopted a Resolution that says 15% of the Towns tax revenue will go specifically to pay for roads and that money is put into the Capital Reserve Road Fund. There is currently $59,029.81 in the Fund. $40,000 is the estimated amount to be transferred into the Fund which will bring the balance to $99,029.81. The proposed amount to be spent is $90,000, leaving $9,029.81 in the Fund.

Hager recommended holding another Budget Workshop prior to the Budget Hearing. After discussion, a second workshop was scheduled for May 5th, 2026 at 12:00 PM and the Budget Public Hearing was scheduled for May 26th, 2026 at 12:00 PM.

Public Comment:

Alan Davidson: Davidson said he would like everyone to keep in mind the services that are provided for the taxes that are paid when discussing adjusting tax rates. Davidson said taxpayers should know where their money is going and believe a general conveyance of where money is going should be given and reference the increase in legal fees for litigation.

Tina Emerson: Emerson said using the numbers given the collection rate is 93%, not 98%. Emerson said taxpayers have the right to know what the increase in legal fees is for. Emerson suggested implementing a flat rate for each employee for insurance. Emerson referenced the Water Fund Capital Outlay for tank inspections and asked about the status on that. Matheson said that amount may have to be pulled forward if the contractor doesn't get out to do the work before the end of June.

Motion to Adjourn: Hager made the motion to adjourn the meeting. Strunk seconded. The meeting was adjourned at 1:14 PM.

Keith Predmore, Mayor

Kala Farley, Town Clerk