

**Stoneville Town Council
Special Meeting Minutes
Budget Work Session
April 14, 2026
6:00 PM - Council Chambers**

Special Meeting

Members Present: Mayor Kathy Stanley-Galvan and Council members Jessica Smith, Daisy Smith, Henry Thornton, Curt Bennett, and Lee Shelton. Staff Present: Town Administrator Michael Sands, Finance Officer Mary Ann Greer, Town Clerk Deleia Hutcherson, Fire Chief Joel Freeman, Public Works Director Byron Curry, Police Chief Rebecca Dixon, and Town Attorney Eugene Russell.

Welcome: Mayor Galvan welcomed the assembly and called the meeting to order at 6:00pm.

Agenda: Councilwoman Jessica Smith made a motion to approve the April 14, 2026 agenda. Councilman Thornton seconded. Motion carried unanimously.

Working Budget Review for 2026/2027

Mr. Sands presented a working draft of the FY 2026–2027 proposed budget. He explained that departmental requests initially exceeded available funding and that efforts have been made to reduce non-essential items. The proposed budget remains unbalanced at this time. Council priorities were incorporated where possible. The Council agreed to review the budget page by page.

Revenue Review

General Fund & Fund Balance - Discussion was held regarding the proposed use of general fund balance to achieve a balanced budget. Staff advised that fund balance should not be used for recurring expenses and is typically reserved for capital or one-time expenditures.

Property Tax Revenue Projections - Preliminary estimates from the county indicate a projected decrease in property tax revenue. This is largely due to state law changes delaying taxation on newly constructed homes until they are sold and occupied as of January 1. Council acknowledged that this will result in a lean fiscal year, with potential improvement in the following year.

Restricted Funds - Restricted funds derived from Powell Bill revenues were reviewed. These funds are limited to infrastructure-related expenditures such as roads and sidewalks.

Other Revenue Sources

- Fire protection tax revenue is projected to increase.
- Sales and service revenues are expected to remain stable.
- A projected increase of approximately 5% in solid waste costs was noted.
- Investment earnings are expected to increase due to improved fund management strategies.
- Grant revenues remain uncertain and are not fully included.

Expenditure Review

Administration - The administration budget was reviewed, including:

- Retention of a split administrative position between general and utility funds.
- Reduction in overtime expenditure.
- State-mandated increase in retirement contributions (15.1%).
- Uncertainty in projected health insurance costs.
- Modest adjustments to operational expenses.

Zoning Services Proposal:

A proposal to contract zoning services through the county for approximately \$6,000 annually was discussed.

Code Enforcement Proposal:

Staff presented a proposal to enter into an interlocal agreement with the Town of Mayodan to share a code enforcement officer, increasing service availability to two days per week.

Planning & Zoning Discussion - Council discussed challenges in hiring qualified zoning staff and considered the benefits of outsourcing services to the county. The proposed arrangement is expected to streamline processes and improve coordination. Concerns regarding long-term costs and agreement terms were noted.

Fire Department - The fire department budget was reviewed. Compensation rates were noted to be competitive with surrounding jurisdictions. No significant changes were proposed.

Governing Board – Election related expenses were removed from the budget due to no scheduled elections in the upcoming fiscal year.

Police Department -The police department budget included:

- A multi-year software/program contract (approx. \$41,000 total allocation across departments).
- Consideration of lower-cost alternatives for certain systems.
- Adjustments to overtime and part-time salary projections.
- State-mandated increase in retirement contributions (17.1%)

Public Buildings - No significant changes or concerns were noted.

Public Works - Public works operations and funding allocations were reviewed. A reduction in road paving expenditures was noted as a cost-control measure.

Council Discussion

Council members engaged in ongoing discussion regarding:

- Revenue uncertainty and reliance on projections
- Cost control and prioritization of services

- Contractual obligations and shared service agreements
- Long-term financial sustainability

Water-Sewer Rates for Fiscal Year 2026/2027

The water and sewer portion of the budget work session reflects that the Town’s utility system operates as a self-supporting enterprise fund, requiring user rates and fees to fully cover operating costs, capital needs, and required reserves. Due to an increase in wholesale water and sewer costs from the Town of Mayodan, the proposed budget includes a corresponding rate increase to customers, consistent with a previously established rate plan. The intent of this adjustment is to ensure the system remains financially stable while meeting regulatory expectations, including maintaining an adequate fund balance target of approximately 16 percent to remain in good standing with the LGC (Local Government Commission).

Fee Schedule for Fiscal Year 2026/2027

The Council reviewed the current fee schedule and found that, based on comparisons with other municipalities, the Town’s fees are generally consistent, with the exception of golf cart renewal fees. The annual renewal fee is currently set at \$10.00; however, Council reached a consensus to increase the fee to \$25.00 in order to align more closely with those charged by other local municipalities.

Action Items

- **Staff:** Continue refining the proposed budget to address the current shortfall.
- **Staff:** Provide additional details on zoning service contract terms and flexibility.
- **Staff:** Clarify cost projections and structure of the code enforcement interlocal agreement.
- **Council:** Evaluate priorities and identify potential reductions or adjustments to achieve a balanced budget.

Motion to adjourn made by Councilman Bennett. Councilman Thornton seconded. Motion carried unanimously.

Adjourned at 7:44 p.m.



Mayor, Kathy Stanley-Galvan



Town Clerk, Deleia Hutcherson

