

**Stoneville Town Council**  
**Special Meeting Minutes**  
**Budget Work Session**  
**May 12, 2026**  
**9:30 AM - Council Chambers**

**Special Meeting**

Members Present: Council members Jessica Smith, Daisy Smith, Curt Bennett. Mayor Pro Tem Henry Thornton. Absent: Mayor Galvan and Councilman Lee Shelton (both excused). Staff Present: Finance Officer Mary Ann Greer, Town Clerk Deleia Hutcherson, Public Works Director Byron Curry, Police Chief Rebecca Dixon, and Town Attorney Eugene Russell. Absent: Town Administrator Michael Sands (excused)

**Welcome:** Mayor Pro Tem Thornton welcomed the assembly and called the meeting to order at 9:30 a.m.

**Agenda:** Councilwoman Daisy Smith made a motion to approve the May 12, 2026 agenda. Seconded by Councilman Bennett. Motion carried unanimously.

**Working Budget Review for 2026/2027**

Finance Officer Mary Ann Greer led discussions regarding the working budget. She reviewed revisions made since the initial presentation. She also explained that the original proposal would have required approximately \$512,000 from fund balance, which was later reduced to approximately \$178,000 following adjustments to expenditures and updated revenue estimates. Of that amount, approximately \$133,000 was identified as one-time expenditures, leaving an estimated operational deficit of approximately \$45,000 for recurring expenses. Updated revenue projections included an increase in ad valorem tax revenues and modest increases in sales tax and hold harmless revenues.

Revenue discussions centered on modest improvements in anticipated ad valorem tax revenue and sales tax collections after updated figures were received from the county. Staff reported an increase of roughly \$50,000 in ad valorem revenue projections and additional anticipated growth in sales tax receipts due to revised state calculations. Hold harmless Medicaid-related revenues also increased slightly. The Council expressed optimism that future property development and home sales could strengthen future revenue growth, although current projections remained conservative.

The administration budget was reviewed in detail, with adjustments made to salary calculations based on actual employee anniversary dates for merit increases rather than assuming all raises occurred at the start of the fiscal year. This reduced projected salary obligations and related retirement and benefit costs. Staff explained that medical insurance rates had unexpectedly increased by approximately 23%, significantly above the anticipated 8% increase. As a result, the town began evaluating alternatives, including moving from a high cost "gold" insurance plan to a "silver" plan with higher deductibles offset through a Health Reimbursement Arrangement (HRA). Additional insurance quotes from Aetna and potential participation in a North Carolina Chamber plan were still pending. Administrative reductions also included lower auditor fees, reduced travel and training budgets, and lower overtime projections. The town retained funding for zoning services, a zoning ordinance rewrite project, code enforcement services through a partnership arrangement, and nuisance abatement contingencies.

A substantial portion of the meeting focused on the Fire Department budget and the need to replace a fire truck. Staff reviewed adjustments to salaries, fuel, maintenance, and equipment expenses. The proposed capital outlay allocation for the purchase of a future fire truck was temporarily removed from the draft budget in an effort to reduce fund balance appropriations. Council and staff discussed financing options for the proposed apparatus purchase, including potential USDA financing, vendor

financing, bank or credit union loans, and the need to secure pre-approval before committing to a purchase contract. Fire department representatives explained the operational need for the apparatus, its anticipated long-term service life, and its intended dual-purpose capabilities for fire suppression, tanker support, rescue operations, and mutual aid responses. Discussion also included rising apparatus costs, the possibility of used equipment, estimated build timelines, and potential financing requirements. Staff advised that contact would be made with the Local Government Commission to determine the approval process and financing eligibility requirements.

The Governing Board budget was reviewed, with staff noting a reduction in projected attorney fees based on lower expenditures during the current fiscal year.

Police Department budget discussions included salary and overtime reductions tied to revised staffing projections and merit timing calculations. Fuel, uniforms, equipment, and office supply expenditures were reduced due to lower usage trends and the postponement of hiring an additional officer. However, the budget increased funding for a mandatory Computer-Aided Dispatch (CAD) system required by the state. Discussion also included the Law Enforcement Officer Separation Allowance obligation for a retired officer and the anticipated duration of those payments.

Public buildings expenditures declined due to the completion of previous renovations associated with the local credit union facility. Maintenance expenses were reduced because most municipal buildings remained in relatively good condition. Officials also discussed use of remaining American Rescue Plan (ARP) funds for sidewalk improvements and other eligible infrastructure needs.

The Public Works budget was reviewed with staff explaining that one employee position had been reassigned to the Water and Sewer Fund in recognition of shared departmental responsibilities. This reassignment allowed a reduction in General Fund expenditures. Additional discussion included projected waste collection increases, equipment repair reductions, and allocations for road construction and street maintenance. Staff advised that Powell Bill funds and remaining American Rescue Plan funds would be utilized for paving and sidewalk improvements where eligible.

Parks and Recreation discussions included elimination of a proposed full-time position because the town was awaiting recommendations from a consultant regarding future recreation operations. Budget reductions were also made to beautification, signage, maintenance, and capital outlay accounts, although funding remained for fireworks, the town's 150th anniversary celebration, and park improvements. The council discussed whether the \$10,000 capital outlay placeholder was necessary and clarified that commemorative anniversary T-shirts would be sold to offset associated expenses.

Staff further identified the various one-time expenditures included within the proposed budget, including zoning ordinance updates, grant matching funds, police equipment, recreation consultant services, park improvements, anniversary celebration expenses, fireworks, early warning system equipment, and commemorative merchandise.

Council discussed several budget balancing options, including a proposal to increase the annual motor vehicle registration fee from \$5 to \$15 per vehicle, which was projected to generate approximately \$12,000 annually. Discussion noted that surrounding municipalities currently assess similar or higher fees and that additional revenues could support future fire department equipment needs. Council expressed general support for the proposed increase, and staff indicated that Rockingham County tax officials would be notified should the Council elect to proceed formally.

Additional discussion occurred regarding possible staffing modifications, including suggestions related to reduced work schedules in certain administrative functions; however, concerns were expressed regarding workload demands and maintaining adequate office coverage and customer service levels.

The Water and Sewer budget was reviewed with staff noting that recent savings reduced the amount needed from the fund balance to approximately \$14,000, primarily to cover the cost of a generator for the pump station. Officials also discussed the possibility of obtaining a grant to offset the generator expense, although no funding had yet been secured. Staffing changes within the Public Works and wastewater departments were also reviewed, including the reassignment of one Public Works employee to wastewater operations to create overall savings. The proposed addition of another part-time billing position was removed from the budget in an effort to continue handling operations with current Town Hall staff. Officials confirmed that most water and sewer operations would remain financially self-sustaining, with only minor adjustments needed to maintain required reserve levels and continue progress toward removal from the Local Government Commission monitoring list.

Council members then discussed potential adjustments to rates for customers located in the Extra Territorial Jurisdiction (ETJ) and for commercial users. Members noted that surrounding municipalities charge higher ETJ multipliers, typically ranging from 1.9 to 2.0, compared to the Town's current rate of approximately 1.7. Several participants expressed support for increasing ETJ rates in order to help offset infrastructure rehabilitation costs and reduce the financial burden placed on in-town taxpayers. Preliminary calculations indicated that increasing ETJ rates could generate approximately \$10,000 annually, although exact figures still required further analysis. Discussion also addressed public concerns regarding taxes, utility rates, and perceptions that the Town was receiving additional revenue without reducing ad valorem taxes. Council members explained that despite additional revenues in recent years, rising operational costs and infrastructure obligations continued to create budget deficits. They reviewed previous decisions to maintain the existing tax rate rather than lower it, citing uncertainty about future revenues and rising costs.

The conversation shifted to long-term water and sewer sustainability and the Town's dependence on outside providers. Officials explained that Stoneville operates as a purchased water system and relies entirely on Mayodan for both water supply and wastewater treatment services. Members noted that increases from Mayodan must be passed through to customers in order to avoid additional operating losses. Historical background was provided regarding the Town's former well system, which was abandoned decades ago following agreements tied to regional water infrastructure development. Officials discussed the closure of the Town's former wastewater treatment facility and the transition to pump stations that transport wastewater to Mayodan. Concerns were raised about future growth and infrastructure capacity, particularly as new housing developments increase demand on water, sewer, fire, and public safety services. Members emphasized that while growth expands the tax base, it also significantly increases operating and infrastructure costs. It was noted that the Town may eventually face capacity limitations requiring substantial infrastructure investment or additional negotiations with regional providers.

Additional discussion addressed the possibility of connecting to alternative water systems, including Dan River Water, in emergency situations. Officials explained that any such connection would require approvals from multiple agencies and utility providers, and that purchasing water from another provider could potentially result in even higher costs.

Toward the latter portion of the meeting, officials reviewed several remaining budget adjustments in preparation for the final budget presentation. Planned changes included implementation of a 2.5% cost-of-living adjustment (COLA), merit increases, and an increase in the vehicle tax from \$5.00 to \$15.00. Staff also discussed restoring a previously removed \$40,000 placeholder item into the budget as a restricted one-time allocation. Questions were raised about the Town's ability to remain compliant with Local Government Commission requirements, particularly the required water and sewer fund balance percentage. Staff expressed optimism that the Town would achieve the required 16% threshold during the upcoming fiscal year.

Council members also discussed public communication strategies regarding water rate increases. Suggestions included adding explanatory notes to budget documents and mailing informational letters to residents detailing the reasons for increased rates, including rising wholesale water costs and infrastructure obligations. Staff confirmed that informational notices would be mailed to residents to ensure they had advance notification of the new rates.

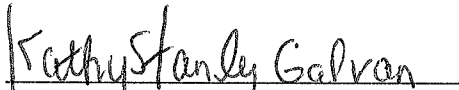
The meeting further included discussion regarding ongoing water infrastructure improvement projects on the north side of town. Members discussed the anticipated benefits of replacing aging water lines, including improved water quality, reduction of groundwater infiltration issues, better fire hydrant performance, and potential reductions in water loss due to leaks.

Additional operational topics included staffing needs within the Police Department, including continued funding for a School Resource Officer and confirmation that K-9 program costs were incorporated within the department's salary structure. The council also discussed code enforcement services and whether to continue utilizing a third-party enforcement arrangement. Several members strongly supported maintaining code enforcement efforts, citing recent progress in addressing unsafe or neglected properties and emphasizing the importance of impartial enforcement procedures.

The meeting concluded with confirmation of planned budget revisions prior to the budget presentation on May 14<sup>th</sup>.

Motion to adjourn made by Councilwoman Jessica Smith. Seconded by Councilwoman Daisy Smith. Motion carried.

Adjourned at 11:33 p.m.

  
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Mayor, Kathy Stanley-Galvan

  
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Town Clerk, Deleia Hutcherson

