

**TOWN OF STOKESDALE**  
**8325 Angel-Pardue Road**  
**Stokesdale, NC 27357**  
**SPECIAL CALLED MEETING: ADOPT THE 2019- 2020 BUDGET AMENDMENT ORDINANCES**  
**JUNE 30, 2020 AT 4:00PM via ZOOM**  
**FOR THE GENERAL FUND AND WATER ENTERPRISE**

**Attendance: Mayor Flynt, Thearon Hooks, Derek Foy, Jim Rigsbee, Jimmy Landreth, Clerk Alisa Houk, Accountant Kim, Thacker, Town Attorney Tom Medlin**

**Mayor Flynt Called the meeting to order at 4:00PM**

**Approve the Agenda:** Jimmy Landreth asked to add a Citizens comment period at the end of meeting. Mayor Flynt agreed to do so.

**Mayor Flynt** asked Alisa Houk as the Budget Officer to present the amendments:

**GENERAL FUND BUDGET ORDINANCE AMENDMENTS**

**Effective June 30, 2020**

**BE IT ORDAINED** by the Governing Board of the Town of Stokesdale, North Carolina, that the following amendments be made to the annual budget ordinance for the fiscal year ending June 30, 2020: **Section 1: To amend the General Fund, expenditures for Expense:**

	<u>Decrease</u>	<u>Increase</u>	<u>Total</u>
Reduced State Collected Revenues (Utilities)	\$10,000.00		\$298,000.00
Transfer to Increase Undesignated Funds **		62,351.80	\$142,351.80
Parks-Projects Shelters, Benches, Etc.	\$14,500.00		\$ 42,500.00
Town Hall/Downtown Projects		\$14,500.00	\$ 24,500.00
Park/Maintenance/Cleaning	\$500.00		\$ 3400.00
Park Repairs, Equipment & Supplies		\$ 500.00	\$ 7500.00
Economic Development/ Legal Fees	\$4,000.00		\$ 1000.00
Economic Development/ Advertising (from Legal Fees)		\$ 2,000.00	\$ 4000.00
Administrative Expenses & Fees (from Legal Fees)		\$ 2,000.00	\$ 12,000.00
Building Upkeep		\$ 2,000.00	\$ 10,000.00
Elections		\$ 3200.00	\$ 3200.00
Equipment Purchase		\$ 3,000.00	\$ 5972.00
<del>Lawn/Outdoor Maintenance **</del>	<del>\$6,000.00</del>		<del>\$99,000.00</del>

	<u>Decrease</u>	<u>Increase</u>	<u>Total</u>
Accounting		\$ 5,000.00	\$ 45,000.00
Legal & Professional (Attorney)		\$ 6,000.00	\$ 52,000.00
Postage		\$ 1,500.00	\$ 3,500.00
Printing, Office Supplies & Software		\$ 3,000.00	\$ 11,000.00
Repairs & Maintenance		\$ 1,500.00	\$ 4,000.00
Office Equipment Repairs & Maint.		\$ 1,000.00	\$ 1500.00
Emergency Fund	\$17,000.00		\$ 4,200.00
Electricity (from Emergency Fund)		\$ 10,000.00	\$ 17,800.00
Internet/Phone (from Emergency Fund)		\$ 6,000.00	\$ 10,500.00
Security/Alarm		\$ 1,000.00	\$ 2,400.00
Website Design & Hosting		\$ 1,000.00	\$ 2500.00
Salaries	\$ 1,000.00		\$ 63,000.00
F.I.C.A. (Emergency Fund)(Salaries)		\$ 2000.00	\$ 7878.00
Fire Inspection & Investigation	\$ 2,000.00		\$ 8,000.00
Guilford County/Animal Control		\$2,000.00	\$ 14,500.00

\*\*During the June 30, 2020 Special Called Town Council meeting to approve the 2019-2020 Budget Ordinance Amendments it was vote 3-2 to reduce the Transfer to increase Undesignated Funds by \$6,000 and to remove Lawn/Outdoor Maintenance increase of \$ 6,000.

Section 2: Copies of this budget amendment shall be furnished to the Clerk of the Governing Board, and to the Budget Officer for their direction.

**Adopted this 30th day of June, 2020**

**Signed copies of the actual Budget Ordinance Amendments are in file by Mayor**

**Attest: Signed copies of the actual Budget Ordinance Amendments by Town Clerk/Budget/Finance Officer are also in file.**

The discussion on the General Fund was as follows:

**Jimmy Landreth commented this was his first Budget amendment meeting is this the usual number?** Alisa said there usually aren't this many. Last year there were only about 10 or 12. But last years budget was a much larger amount than this budget was. This 2019-2020 Budget was the first Budget she ever participated in. She and Kim took advice from other councilmen while putting the together. Alisa said to be honest the Budget was cut a lot from years past and was too low for the expenses we had this year. Mayor Flynt addressed Jimmy Landreth's question also and explained that back in March we had already made some Budget Amendments so a lot of times you will do them periodically during the year. Jimmy Landreth then asked are we not supposed to get money approved before we spend it? Alisa said absolutely. Alisa said if you will notice in some cases, we are just moving money from one line item in a category to another line item in the same category. We may have been underbudget in one line but over budget in another so we can move from the over budgeted item to the under budgeted item in the same category. Alisa said Kim and I have talked about it at length this year we are going to be really tough on you. Anything that comes down the pike that is of any significant cost its going to have to come to us first so we can look in the Budget to see if the money is there. Then whether the money is there or not it is going to have to go before the whole Board for a vote and we will know in the meeting if the money is there. There are times we may have said yes there is money in that category but maybe not in that particular category. Derek said Alisa I think you are spot on about cross referencing the Budget before making large item disbursements. Derek said he wants to know if the small items add up and put us in the position we are in now. Derek said for example we spent roughly \$400 on embroidered jackets, \$300 on ink pens with the Town name and address on them, \$2200 in t-shirts those smaller expenses do add up. Derek addressed the Mayor and said he noticed in the March amendments that you made that you didn't sign off on those Thearon signed off on those. Derek wanted to know if the Mayor was going to be signing off on these amendments? Mayor Flynt said he will make that part of the motion. Mayor Flynt said he isn't sure why he didn't sign off on the March ones. Alisa said you were out at the time. The Mayor asked if there were any other comments. Derek said he does have a comment. One of the listed items is to increase the Lawn and Outdoor Maintenance by \$ 6,000. Derek said he personally will not vote for that one line item because we had \$9200 worth of mulch done without a vote of council so that put us over budget. Derek asked if we were going to vote on each individual line item or vote for the entire General Fund Budget. Mayor Flynt said he talked to Tom Medlin before the meeting and he advised it is best to vote for each Budget in its entirety. The Mayor said if we don't vote for these we are going to be out of compliance with the State. Derek said and we were out of compliance last year and we still haven't responded to their letter. Alisa spoke up and said she has been waiting for assistance on how to respond.

**Mayor Flynt made a motion to approve the General Fund Budget Ordinance Amendments for 2019-2020 as written, and that the Mayor and Town Clerk/Budget Officer/Finance Officer sign off on the approval to send it to the State. Thearon Hooks seconded the motion.** Mayor Flynt asked if there were any questions. Derek Foy said he doesn't have a problem with all of the amendments except for one. So, if they are all together like this that makes his decision. Mayor Flynt asked Tom Medlin if he would address that. Tom Medlin said no he doesn't think he needs to address this at this point. Derek is on record saying what he doesn't support. He certainly has a right to make a motion to amend and remove that one line item for a separate vote. If Derek is comfortable that he is on record for supporting all except that one, that is his call. Derek said with Tom's recommendation that better aligns with what he

would like to do. If we could just remove that one line item for Lawn and Outdoor Maintenance out for a later vote, he said I guess if we do that, we will need to decrease the transfer from undesignated funds by \$6,000 for this particular all-inclusive vote. Derek asked the Mayor if he minds if he makes a friendly amendment to John's motion? Alisa said Derek if you do this, we will most likely be out of compliance. Mayor Flynt said if you do this, we will have to have a separate vote on that one amendment. Hopefully it will pass or we are all going to be violation of the State Budget Office. But the Mayor agreed to hear his amendment. Derek said he would like to make a friendly amendment to exclude the Line-Item Lawn/Outdoor Maintenance in the amount of \$6,000 and as part of that he would like to decrease the transfer of undesignated funds by \$6,000 so that would make that \$62,351.80. And this is being pulled out for a separate vote. Mayor Flynt asked if there was a second to his Derek's friendly amendment to the Mayor's motion and Thearon's second of the original motion. Jimmy Landreth seconded Derek's friendly amendment. Mayor Flynt asked if there were any questions. There were none. Mayor Flynt called to question:

**VOTE:**

John Flynt	NO	Jim Rigsbee	Yes
Thearon Hooks	NO	Jimmy Landreth	Yes
Derek Foy	YES		

Then Mayor Flynt said we go back to the amended motion to approve everything except for the changes to Lawn/Outdoor Maintenance \$6,000. Excluded and decrease of \$6,000 from the undesignated Funds. Mayor Flynt had already motioned, Thearon Hooks had seconded the motion.

**VOTE:**

John Flynt	Yes	Jim Rigsbee	Yes
Thearon Hooks	Yes	Jimmy Landreth	Yes
Derek Foy	Yes		

Now, Mayor Flynt goes back to the two items Lawn/Outdoor Maintenance \$6,000. Excluded and decrease of \$6,000 from the undesignated Funds. Mayor Flynt wants to make a motion to go back to the original presented Budget Amendment numbers because if we don't approve these items we will be out of compliance with the State Budget Office and the Auditors are going to have a heyday with us. Thearon Hooks seconded the motion. Tom Medlin, spoke in and said what you are motioning then is to go back to the increasing Lawn/Outdoor Maintenance to \$6,000. And do the Transfer to Increase Undesignated Funds by \$6,000. For the total in Undesignated funds 68,351.80. Derek said for the record there was \$9200 of invoices for mulch that was put in without a vote of Council. That's going to drive us over on this. Alisa said it has already been paid so it is out of the budget. We have to make up the difference in the budget. In order for us to balance this budget we have to put the money back in. Derek's reply was the other option would have been not to pay it. Alisa said that was months ago. You can't take back what is already gone. Thearon said so by doing this we will not have a balanced budget, right? Alisa answered, correct. Derek said we have a balanced budget now with the budget amendments we just made. Mayor Flynt said we have a \$6,000 invoice we paid that we haven't covered. Jimmy Landreth said I suggest from now on that we start getting approval on things. There were a few minutes

of argument between council over making sure we are aware and able to check the budget before work is done. Alisa spoke up to add that just in the last couple of weeks she has received invoices and emails for work that she has not been made of aware until the work was being done. They were out here today trimming trees and bushes. And I had not been made aware that they were told do this. She said she had to email councilmen and asked if Beaver had been asked to come out and do this work. Jim Rigsbee said hold on a minute there are no expenses for what they were out there doing. Alisa replied back that she still needs to know that. Alisa said everything that comes down the pike, if somebody is out here doing maintenance, I need to know about it. Jim Rigsbee said there should not be an invoice involved. Alisa said there may not be an invoice but when they are out here trimming trees and bushes and doing things she still needs to know if they are supposed to be out here doing it. When I'm not made aware of whether there is going to be an invoice or not doesn't help me in my job. Jimmy Landreth said we had a vote of council, we agreed that we were not going to allow Beaver to do anything else but mow. Alisa replied yes, I know that, but they were out here trimming trees and bushes. Jimmy said he strongly objects to them doing anything but the mowing. Alisa said she had to call to find out that there were no charges for what they were doing. Alisa added, What I am saying is when you send someone out here to trim a bush, pressure wash the building, to hook up a phone line or whatever, I need to know ahead of time and I need to know if there is a charge for it or not. Jim Rigsbee said he didn't send Beaver out here, they notified him that they needed to be done as part of the maintenance contract they were doing it. There shouldn't be an invoice, there shouldn't be a notification needed its part of the contract. Derek said his heartburn is not with them fulfilling their contract obligations its with \$9200 worth of mulch that was not approved by Council. Alisa said I'm not worried about your heartburn I'm worried about my own. I'm in this building I see these people coming out here doing things, I don't know who has approved them to come out here. I don't know if I'm going to get a bill for it not and these are the kinds of things that have happened in the past that has gotten us where we are. You all need to communicate with me. Anytime you talk to Beaver, TCS, Spectrum, anybody else I need to know if they are coming, what they are doing and whether there is a charge. Jimmy Landreth said its pretty simple if you haven't been told you don't need to pay the bill. What am I supposed to do if they are out here doing the work when I come in at 9am. Jimmy said he thinks he made it pretty simple? Thearon said the whole point is as a courtesy to the person who sits here five days a week and is overseeing everything while we are out doing other things. We have routine things and vendors that come and go and we have an expectation that we will see them on a regular basis and the funds are already budgeted in the contracts. Everything comes through the Town Clerk; she has fussed at me about stuff. I have learned that if there is something that affects her and her job, I tell her upfront. Jim Rigsbee said he has the email in front him and he is going to read it. He read an email from Vic Beaver that told Jim Rigsbee that they had mowed on Monday and saw that there were some bushes and trees that needed trimming and due to the cool weather, they thought our grounds needed freshening up there will be no additional charge on that. Jim Rigsbee said he notified other Council. Jimmy Landreth asked Jim Rigsbee if that email was copied to Town Hall. Jim Rigsbee said it doesn't look like it was again there was no charge. Jimmy Landreth we are having a conversation about one time since the new council has been here that somebody trimmed a tree, we haven't asked anybody to structure any invoices or pay any bills that they are not supposed to. Alisa replied, God Forbid, I don't want a tree on this lot trimmed without me knowing about it! Mayor Flynt said okay getting back to the point. Derek you made the comment that if we strike the \$6000 from Lawn/Outdoor Maintenance, and increase the Undesignated fund \$6000 that we will have a balanced budget. But the Mayor thinks we won't be able to reconcile our bank

statements. Derek said he didn't know if that is true or not but he is not going to vote for \$9200 worth of work that was not authorized to be done.

There was further argument regarding the \$6000. Mayor Flynt said we have a motion on the floor, asking to **increase Lawn/Outdoor Maintenance to \$6,000. And do the Transfer to Increase Undesignated Funds by \$6,000. For the total in Undesignated funds 68,351.80.** the Mayor called for vote:

**VOTE:**

<b>John Flynt</b>	<b>Yes</b>	<b>Jim Rigsbee</b>	<b>No</b>
<b>Thearon Hooks</b>	<b>Yes</b>	<b>Jimmy Landreth</b>	<b>No</b>
<b>Derek Foy</b>	<b>No</b>		

After the vote Mayor Flynt asked Tom Medlin if could he tell us what kind of effect that is going to have on the Budget and Audit? The Mayor said we have paid a bill that we can't reconcile. Tom Medlin said if you have over spent your line item, then your budget is going to be out of balance. So, you have an unauthorized expenditure that has been paid. You will either have to address that going forward and try to make sure it doesn't happen again. But as far as this budget goes, he believes that you are going to be out of balance. Thearon asked Tom if there were any other reconciliation options. Tom said he doesn't know what the repercussions are. Other than to tell you, you've already got the funds going out and if that exceeds your budget then its not authorized and if you don't have other funds sufficient to cover not only will that line item be out of balance but your budget will be out of balance. Its going to be an issue for the local Auditor and an issue for the Local Government Commission.

**The Mayor closed the General Fund with the votes above and moved on to the Water Enterprise Fund as follows:**

**ORDINANCE 104 – 2019-2020 BUDGET ORDINANCE**

**WATER ENTERPRISE FUND BUDGET ORDINANCE AMENDMENTS # 5**

**Effective June 30, 2020**

**BE IT ORDAINED** by the Governing Board of the Town of Stokesdale, North Carolina, that the following amendments be made to the annual budget ordinance for the fiscal year ending June 30, 2020: **Section 1: To amend the Water Enterprise Fund, expenditures for Expense:**

	<u>Decrease</u>	<u>Increase</u>	<u>Total</u>
From Dues & Subscriptions	\$ 200.00		\$ 1600.00
Audit		\$ 200.00	\$ 5300.00
From Infrastructure Inspec. Fees	\$ 7,000.00		\$ 0.00
From Professional Fees	\$ 6,500.00		\$ 1500.00
Water Tank Painting	\$ 8,000.00		\$ 162,000.00
Contract Operations-Other		\$ 21,500.00	\$ 78,500.00
Misc. Maintenance & Repair	\$ 6,000.00		\$ 13,045.00
Engineering Consultation Fees		\$ 5,000.00	\$ 35,000.00
Water Testing		\$ 1,000.00	\$ 4,000.00
Marking Lines 811	\$ 1,000.00		\$ 20,000.00
Mileage Reimbursement		\$ 1,000.00	\$ 2,000.00
Salaries to Capital Reserve	\$ 2,397.80		\$ 50,602.20
	<u>Decrease</u>	<u>Increase</u>	<u>Total</u>
Water Tank Maintenance (Capital Reserve)	\$ 10,000.00		\$ 0.00
Water Tank Painting	\$ 27,602.20		\$ 134,397.80
Add Capital Reserve		\$ 40,000.00	\$ 40,000.00
Electronic Water meter Changeout	\$ 2,000.00		\$ 13,000.00
Electronic Water Meters New construction		\$ 2,000.00	\$ 22,000.00

Mayor Flynt made a motion to approve the Water Enterprise Fund Budget Ordinance Amendments as they are written. Derek Foy seconded the motion.

**VOTE:**

John Flynt	Yes	Jim Rigsbee	Yes
Thearon Hooks	Yes	Jimmy Landreth	Yes
Derek Foy	Yes		

**Comments from Citizens:**

**Mark Nadel:** said he found it unprofessional some of the comments made about the Town Account when she is not in the meeting to defend herself.

**Mary Jordahl:** Said she had two comments to make. One Mark Nadel just covered it. She finds it appalling that Kimberly was called out in a meeting that she's not even in. She has a comment for Jimmy Landreth as well. She said Jimmy, I want to thank you for standing up last week at the end of the meeting that the floor was not open to citizens comments. Alisa stated when you mentioned that it was posted somewhere for ten days and we had ten days to make our comments and Mary said she had no idea where that would have been posted. She said she is all over that stuff and never saw a place anywhere to send her comments or questions. So, Jimmy thanks for going to bat for the Citizens because absolutely it should be opened up for Citizens to comment at the end of meetings. Alisa addressed Mary and said she would like to reply to that. Each meeting is posted in our Town Hall window, on our website, and on Facebook every single meeting and has been since I came to work here. Mary said Alisa I would really like to know where it is. Alisa replied Mary I'm sorry you were unable to find it.

**Mayor Flynt** wants to apologize to Kim, I'm not questioning her integrity or the quality of her work. We've been working on this since March 4<sup>th</sup>. He said I was hoping we would have had this Budget done and ready for approval by June 1<sup>st</sup>. He has been really frustrated about how much time and how many meetings we have had to have. We had the work shop on March 4<sup>th</sup>, he was hoping to have had another meeting in April to finalize things. But the budget was changed, she changed the proportions and it really frustrated him. He said then we got these budget amendments yesterday and he and Alisa went through them so we could send them back to Kim to finalize. He said when you only have one or two days to get something so complicated and so critical and crucial to the Town it really makes it tough. The Mayor said I take my frustrations out, I do apologize to Kim if I said anything offensive but I'm telling you we just need to, its like Derek said, I didn't get this until this morning. It's the same situation we are not getting the information on a timely basis and we have got to find out how to do that. We have got to figure out how we are going to get this work processed so we can have time review it, study on it, and vote on it. So, Kim I apologize.



**Thearon Hooks:** He said he has been handed a two- page paper here, just a minute. He said apparently Frank Bruno has sent in some questions that he wants responses on. Thearon said he is going to read it verbatim. Bear with him. This paper is titled Response to the Proposed Budget for Stokesdale.

Per Thearon, First Paragraph:

I have had a chance to review the final budgets for the general fund and the water fund that will be voted on this Friday, June 26<sup>th</sup> and would like to make several comments regarding them. I agree that the water system should cover some of the shared costs in the town which include salary and wages and the taxes involved with them, including workman's comp. I also agree that accounting and audit costs should also be shared. I do have issues with the following regarding the expenses of the general fund being paid by the water system:

1. The cost of office equipment purchase and repair - To have the water system cover 42.9% of this cost is not necessary.
2. Housekeeping, Printing, Office Supplies and Software – The only cost in here that is shared is printing, and there is already an office expense category of \$4000 in the water budget. The water system has its own software. The water system has no housekeeping expenses. The water system also has a budget for postage. How can you rationalize having the water system pay 42.9% of these expenses?
3. Town Hall Electricity, Internet/Phone, Security/Alarm, IT Security & Web Site Design – Again, 42.9% being paid by the water system is excessive. At most, this number should be around 5%. You cannot justify this high of a percentage for the use of any of these.
4. Why is the town not paying for its water use at both the town hall and the park? There is a meter at the town hall which should be read every month and the town should receive a bill. They are also a customer of the water system. If the town has not been paying this bill then the meter needs to be read and any back payments should be made to the water system.

My main concern is the precedent this will be setting. You are in effect using the money in the water system that is collected by approximately 600 customers and using it to subsidize the general fund. This will deplete the reserves in the water system for future use. If you decide to increase expenses in the general fund what is to stop you from raising water rates to cover them. The water system should be run as a separate entity from the town and not used as a cash cow to cover expenses.

Several items in both budgets are also troubling:

In the water budget you have only allocated \$14,000 for salaries. Gary Matchunis is paid more than that and he is solely an employee of the water system. You are also listing a line-item subsidy to the general fund as an expense of \$130,806.96. This should be broken down into the categories of what they are covering to be transparent to the public. If these are excessive funds then the town should lower the fees that the customers pay for their water. Money from the water system should not be used to cover excessive expenditures in the general fund.

In the general fund, both the accounting and legal fees seem excessive. When the outside accounting firm was hired, we were told that once the new QuickBooks program was updated a maximum of 4-5 hours would be needed per week. At \$85/hour this would be around \$22,000 for the year. You have budgeted \$35,000, which is almost 60% higher. I would replace my accountant or find someone who

can do the job for half the price. I also believe, based on past budgets, that the legal budget should be closer to \$40,000, and even that may be on the high side. You can also cut the stipends back to their past levels, saving the town an additional \$25,000 in expenses.

As far as moving money from the water system to cover the shortfalls in the general fund this should not be done. The general fund has over 2.5 million dollars in saving and moving it from there would accomplish the same thing without taking from the water system or cutting any proposed expenses in the general budget. It would also enable you to lower water rates and put money away for future water system repairs. I would rather see you cut costs to balance the budget, as we have done in past years, but there is nothing wrong with using saving to cover expenses if needed.

Frank Bruno

Thearon finished by saying this would be written in the records. Thearon asked if there were any comments. Jimmy Landreth said that's a little late isn't it? We needed that the other night. Thearon said well I didn't have it then, Jimmy. Jimmy said he would like for Frank to come to a meeting so they could all talk about the budget and stuff. Jimmy said that would be good, he made some good points. Thearon said he agrees.

There was more argument over whether we have a balanced budget. The Mayor called on Tom to repeat what he had said earlier. Tom said the appropriations are balanced. The problem is you've spent \$6,000 that was not in the budget. Technically, you have a balanced budget, problem is you've spent over your budget. The Mayor said we just have to figure out how we are going to address this with the Auditor.

Mayor Flynt motioned to adjourn at 5:10PM, Jim Rigsbee seconded the motion.

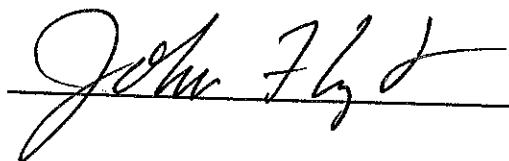
**VOTE:**

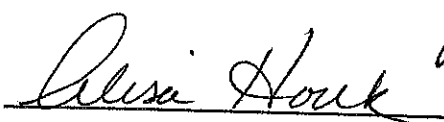
John Flynt	Yes	Jim Rigsbee	Yes
Thearon Hooks	Yes	Jimmy Landreth	Yes
Derek Foy	Yes		

Section 2: Copies of this budget amendment shall be furnished to the Clerk of the Governing Board, and to the Budget Officer for their direction.

Adopted by Council this 30th day of June, 2020

Minutes Approved January 14, 2021

 Mayor

Attest:  Town Clerk

