



**TOWN OF STOKESDALE  
BUDGET WORKSHOP MEETING AGENDA  
8325 ANGEL PARDUE ROAD  
STOKESDALE, NC 27357  
MARCH 5, 2020 AT 7PM**

**Attendees:** Mayor Flynt, Thearon Hooks, Jimmy Landreth, Jim Rigsbee, Derek Foy, Town Clerk Alisa Houk, Citizen: Karen Landreth

**I. Call to Order:** Mayor Flynt opened the meeting

**This workshop is being held as the first of three Statutory Budget Workshops to discuss items of the Budget. Only items of the Budget can be discussed.**

- 1. Each item of both the General Fund and Water Funds were called out by the Town Clerk, Finance/Budget Officer Alisa Houk to the Council for review.**

**Capital Outlays:**

Park Projects, Shelters, Benches, Etc. was increased to \$150,000.

Town Hall/Downtown Projects was increased to 20,000.

**Cultural & Recreational:**

Christmas Parade and Community Day were combined to be called Events Fund

**Parks and Recreation:**

Combined all five lines into one-line item called Park Repairs, Equipment/Supplies & Maintenance re-budgeted at \$ 12,000.

**Economic & Physical Development:**

Moved Legal Fees – Planning & zoning under Professional Fees-Attorney

**Administrative Expenses & Fees:** council moved Education under here

**Advertising** Council added Advertising for Events

**Building Upkeep** has been changed to Town Hall Repairs, Cleaning and Maintenance re-budgeted to \$10,000.

**Elections** has been reduced to \$100.00 this is only used in the event of a special election, which has never been done.

**Housekeeping Supplies** has been combined with Printing & Office Supplies.

**Insurance & Bonding:** Worker's Comp has been moved to here. Re-budgeted to \$ 9,000.

**Legal & Professional Fees:** Discussion was made to begin splitting both the accountant and attorney's fees between water and general fund accounts. Based on work done in each category. Or re-budget Accounting \$ 30,000. And Attorney Fees to \$ 50,000. Audit Fees to \$ 9000

**Printing, Office Supplies:** This is where housekeeping supplies was added. Re-budgeted at \$ 10,500

**Repairs & Maintenance and Office Equipment Repairs and Maintenance** were also combined with Town Hall Repairs & Maintenance.

**Utilities:** Electricity, Internet/Phone & Security were all combined Budget \$16,400. Derek suggested allocating some of this line to Water Enterprise. It was explained to him that there are separate electric bills for the pole light and electrical for running the chlorine pump and those bills are already paid out of the water enterprise account.

**Website Design and Hosting** were combined with Printing, Office, Housekeeping & Software

**Payroll Splits** between Water and General Fund accounts will be re-split thoughts being:

Town Clerk General Fund 60% Water Enterprise 40%

Deputy Clerk General Fund 20% Water Enterprise 80%  
Increase Payroll Processing Fee to \$2,500.

**Also need to add a line for Health Insurance with a Budget of \$ 12,800. Annually.**

## **2. Water Enterprise Account:**

Derek stated here that he wasn't going to talk about it tonight but that council needed to talk about an allocation process, and kind of proposed that we do, Alisa said that we already consolidate these lines and allocate our indirect expenses that are really shared between the General Fund and Water Enterprise. Alisa said she knew this had been discussed between Derek and Kim Thacker, Kim has talked to her about it. Derek proposed to adopt an overhead allocation plan to share our indirect expenses between the General Fund and Water Enterprise account. Derek listed off the line items he feels could share allocations: Accounting, legal fees audit fees, postage, utilities, (all of which we already pay what is used for water out of the Water Enterprise Account. Then he listed Stipends, Worker's Comp, Security, Cleaning, and IT support.

Derek thinks it would be perfectly reasonable to allocate moneys from Water Enterprise for these indirect expenses. Thearon and Alisa both chimed in that would be a lot of work and journal entries. Jim Rigsbee and Derek Foy argued that yes it would be a lot of upfront work but once that was done, they would automatically split when the expenses are entered into Quick Books. Alisa asked Derek if he has reviewed the General Statutes and Accounting rules to make sure it is okay to allocate all of these expenses. Thearon agreed here, his understanding was you couldn't mix the two funds. Derek said he ran his proposal by the SOG and they were okay with it. Thearon asked Derek if he has reviewed the General Statutes to see if what he was proposing was in line with them. Derek said he trust that the SOG had run his proposal by their attorneys before answering him. Alisa suggested that we have someone more expert in the General Statutes, and the accounting to review Derek's proposal before we ran with it. Thearon agreed. Derek said absolutely, he would want an accountant or someone more experience to review it before we implemented any plan. He hasn't done that; he was just going by what he had looked at in other Town's that were looking at allocation plans. Mayor Flynt addressed Derek and said I think you may be failing to understand, we have an estimated 2.9 ML in the General Fund Reserve account. If we spend \$ 75,000. On the Park this year that is a onetime Capital Expense. We can always do a budget amendment take the money out of the Capital Reserves and which is what we should have been doing in the first place for the last 20 years. We should be putting \$25K to 50K in a Capital Outlay Improvement Fund. Derek agreed with that. Derek said in general he would like our operating expenses to match our Revenue. Derek thinks if we allocate these costs, he did a mock-up budget and in that he was able to put \$135,000 into capital outlay for the Park and other projects simply by a clear allocation between the General Fund and Water Enterprise. His example: General Fund \$ 400,000. Water Fund \$600,000. 40% expenses from General Fund and 60% from Water Enterprise. Mayor Flynt explained that Derek wasn't taking into consideration anything for depreciation, in fact the only reason we are in the black now in the Water Enterprise Fund is last year Council had to negotiate with Winston Salem to reduce our water rates, which just took place in the last 6 months. The only expansion we have made in improving our water quality was tying the two end lines on Lester Road at a cost of \$65,000. The Mayor said he would like to see us do some more water extension to improve water water quality, and add on more customers to grow the system. We also have to consider wear and tear on a 15-year-old system and damages that insurance will not cover. Mayor said if we allocate all of this money to General Fund what are we going to do if we have a do repair or maintenance a main line. Derek answered that he had budgeted \$70,000. For maintenance and repair. The Mayor said \$ 70,000. is peanuts in the water system. For example, if the Hurricane damage on Hwy 158 was not covered by insurance and without FEMA assistance we would have been out \$ 75,000. The Mayor and Thearon both listed several other costly repairs that have had to be done in the last two years. The Mayor reminded everyone that we have been discussing the need to put in a secondary source of water. Because if something happens to our main on Hwy 158, the town could be without water for an extended period of time. We discussed hooking onto the Winston Salem line on Bethel Church/Haw River Rd in Kernersville and running it up to connect at Hwy 68. Derek said he was thinking that is what the Feasibility Study money we were expecting from Guilford Co would be used for. The Mayor said that we are still expecting to receive some of that money but it is held up in legislation, there is no guarantee when we will see that money if any, it all depends on the political wheel. The Mayor pointed out that last year we came out \$34,000 under budget. He said we spent more this year to do maintenance, repairs, and upgrade security, phones, internet services, that have needed repair and upgrades for several years and it

was never done. Jimmy Landreth asked so you mean with all the money spent last year you still had money left over, the Mayor answered yes. The Mayor added that we had approx. \$75,000. In CDs that had been put under the Water Enterprise account in error for years. This was caught and corrected into the General Fund when Alisa and Kim were cleaning up the accounts and converting over to the online Quick Books. The Mayor told Derek he would review Derek's Budget proposal but he wanted Derek to understand that he has to justify every line item he wants to allocate money from Water Enterprise account to the General Fund to the auditors and the State. Derek said he would have an accountant with Municipal experience and or the auditors review his allocations before he brings this back to Council.

**Under Income:** Alisa suggested moving the Miscellaneous under damage penalties

**Remove Water Sewer Fund transfers** as we no longer have a Water Sewer Fund account that was moved into Water Enterprise per Rouse, Rouse, Gardner, and Rouse during the Audit.

**NC811** was duplicated move the NC\*!! Under Marking Water Lines

**Fee Adjustments & Refunds & Miscellaneous** (Duplicate) were never used these are actually addressed in other lines so remove.

**Taxes and License** – remove not needed Water permit is paid under Legal & Professional Fees

**Infrastructure Inspection Fees** can be eliminated as we are no longer using McGill to inspect new infrastructure, Yates is doing that, during their routine meter installation processes.

**Payroll Salary Splits** have been adjusted:

**Town Clerk General Fund 60% Water Enterprise 40%**  
**Deputy Clerk General Fund 20% Water Enterprise 80%**  
Gary Matchunis is already paid 100% under Water Enterprise

**Electricity Chlorinator Utilities** has a duplicate leave this line removing Utilities Electric Service

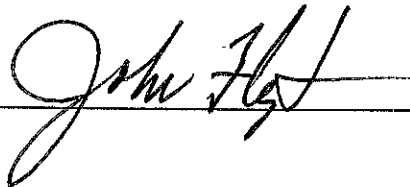
**Miscellaneous Repairs/Maintenance & Supplies** should be combined

**Water Capital** eliminate the first line as it is duplicate of second line and add Transponder Equipment purchase.

After a short discussion regarding next scheduled Budget meeting the consensus was to have the meeting on April 2, 2020 at 5:00PM.

**Meeting was adjourned at 10:00PM March 5, 2020.**

Minutes Approved June 11, 2020

Mayor 

Attest:  Town Clerk