

PASQUOTANK COUNTY, NORTH CAROLINA
May 17, 2017

The Pasquotank County Board of Commissioners met today in a budget work session on Wednesday, May 17, 2017 in the Community Room at the W.C. Witherspoon Memorial Library Building.

MEMBERS PRESENT: Cecil Perry, Chairman
Dr. William R. Sterritt, Vice-Chairman
Jeff Dixon
Lloyd E. Griffin, III
Joseph S. Winslow, Jr.
Frankie Meads
Bettie Parker

MEMBERS ABSENT: None

OTHERS PRESENT: Rodney Bunch, County Manager
Sheri Small, Finance Officer
Lynn Scott, Clerk to the Board

The work session was called to order at 8:07 AM by Chairman Perry.

1. BUDGET WORK SESSION:

Chairman Perry called on Finance Officer Sheri Small. Ms. Small said the Board is meeting today to determine how much they would like to give the schools and if they so desire a tax increase, to meet those obligations.

Ms. Small provided a worksheet which gave projections for funding capital projects at \$1.3 million and funding current expense at \$10,500,000, \$10,750,000 and \$11,000,000. At \$10,500,000, the Board will be facing a \$38,950 deficit; at \$10,750,000 the Board will be facing a \$288,950 deficit and at \$11,000,000 the Board will be facing a \$538,950 deficit. She explained that one penny of tax generates \$311,520. If the Board chooses to fund the schools at \$11,000,000, a two cent tax increase will be required.

Commissioner Meads suggested looking closer at College of the Albemarle's budget so no tax increase would be required. Vice-Chairman Sterritt said COA is saving the County \$6.2M over a period of time with the grants that they are getting from the State of North Carolina. Commissioner Winslow added that they will be spending over \$400,000 for the early college. Commissioner Meads stated that the school system should receive additional funding from the State this year if everything we are hearing from Raleigh is true. Commissioner Parker warned that we cannot depend on money that we do not have.

Commissioner Parker said if she is remembering correctly the school system asked for \$15M. She said in order for them to continue operating at the level they are now, they will need at least \$12.3M. She asked why we are not looking into what it would take to fund them \$12.3M. Ms. Small stated that \$12.3M would put the Board at a \$1.8M deficit, which is over a six cent tax increase. Commissioner Parker said if the school needs \$12.3M to operate at the level they are now we need to look for enough money wherever we are looking to fund them at \$12.3M.

Commissioner Winslow noted that we are a Tier I area and there are many elderly citizens that are on a fixed income and cannot afford a tax increase of any kind. He said the school system is very important and we want to fund it the best we can, but we also have to think of our residents.

Commissioner Dixon said we cannot go backwards. We must move forward.

Chairman Perry said the public schools grow our County. He said if we want people to locate here, we need great schools. He said we are going to have to sacrifice in order for that to happen. Commissioner Meads said he is concerned about small businesses closing. He would rather pay an extra percent sales tax than pay increased property taxes.

Ms. Small noted that the proposed budget includes a \$500,000 increase in sales tax revenues, plus uses \$600,000 in fund balance.

The Board discussed possible grants available in the State budget for education and the possibility of using those funds to pay for some of the school's capital needs. Ms. Small said the North Carolina Association of County Commissioners' website says \$100,000,000 will be available from the lottery for public school facility funding, consistent with recent budgets. She said she is not sure what that means. She said it also adds another \$75,000,000 from the lottery for low wealth counties, which we would qualify for. It also says the budget includes \$20,000,000 over two years for textbooks and digital materials, \$18.2 million for 3,500 more spots over the next two years in the NC Pre K Program, and \$171,000,000 in reductions to LMEs and MCOs. She said for a county designated as a Tier I Area the grant shall not exceed \$2 in grant funds for every \$1 provided by the county.

Commissioner Winslow stated that we want a great educational system in Pasquotank County, but he is not sure how we do that with our limited sources. Chairman Perry said we have to support our public schools or we will be creating poverty. Commissioner Parker said if we do not pay now, we will pay in the future. She stated that if you want a better community, you must have better schools.

Commissioner Dixon said he supports providing \$11M, which will cause a deficit of \$538,000. He stated that he agrees to a one cent sales tax increase, so staff will need to back \$227,430 out of the school's capital outlay. Chairman Perry asked what impact a one cent tax increase would have on \$100,000 property. Ms. Small said \$10 per year. Chairman Perry suggested raising taxes by two cent so the Board will not be back raising taxes again next year. Commissioner Dixon said he hopes to put the 1/4% sales tax back on the ballot next year. Commissioner Parker said if we cannot provide the schools with the \$12.3 million, she would like to at least provide \$11.7 million. Ms. Small calculated that \$11.7 million would be a shortage of \$1.2 million, which is a four cent tax increase.

Commissioner Griffin suggested providing \$10.9M for current expense and borrowing \$1M for capital projects, which will not require a tax increase. Ms. Small said her goal is to use the grant money that comes available first. She said she will try to put off borrowing any money until January, which also pushes the debt service out to next fiscal year as well. Commissioner Griffin said we must work within our budget. He said this plan keeps the Board from raising taxes, gives the school more money, and also borrows money to offset current projects. He said things will come up during the year that the Board will need to address. He stated that sales tax and occupancy tax are unknown numbers and we could come up short.

Motion was made by Frankie Meads, seconded by Jeff Dixon to support the plan suggested by Commissioner Griffin, which provides \$1M in capital projects and \$10.9M in current expense for the school system. The motion carried 6 to 1, with Commissioner Parker voting against the motion.

Commissioner Parker said she is not in favor because she does not want to fall short of what school system says is necessary to continue level operations.

County Manager Bunch said staff will present the budget at the June 5, 2017 Commissioners Meeting and can be adopted at the June 19, 2017 meeting.

Chairman Perry asked if the Board is still in favor of putting the sales tax referendum on the ballot next year. Everyone agreed that they support putting the referendum on the ballot.

The meeting adjourned at 9:30 AM.

CHAIRMAN

CLERK TO THE BOARD