

PITT COUNTY BOARD OF COMMISSIONERS
GREENVILLE, NORTH CAROLINA
April 29, 2008 MINUTES

The Pitt County Board of Commissioners met with the Pitt County Board of Education on Tuesday, April 29, 2008 at 6:00 pm in the Community Schools & Recreation Buildings, Winterville, North Carolina. The meeting started with dinner at 6pm and the formal business began at 7pm.

Commissioners present:

Mark W. Owens, Jr., Chairman
Melvin McLawhorn, Vice Chairman
Eugene James, Commissioner
Tom Coulson, Commissioner
Beth Ward, Commissioner
Jimmy Garris, Commissioner
Tom Johnson, Commissioner
Kenneth Ross, Commissioner

Absent:

David Hammond, Commissioner

School Board Members:

Barbara Owens, Chair
Mary Grace Bright, Vice Chair
Jill Camnitz, Board Member
Roy Peaden, Board Member
Marcy Romary, Board Member
Sidney Scott, Board Member
Delano Wilson, Board Member
Billy Peaden, Board Member
Ralph Love, Board Member
Richard Tolmie, Board Member
Michael Dixon, Board Member

Absent:

Betsy Leech, Board Member

County Staff present:

Scott Elliott, County Manager
Trish Staton, Clerk to the Board
Melonie Bryan, Deputy Manager/Financial Services
JoAnne Burgdorff, County Attorney
Kiara Jones, Interim Public Information Officer
Shelley Leach, Budget Administrator
Leslie Dixon, Budget/Grants Analyst

School Staff present:

Beverly Reep, Superintendent

Aaron Beaulieu, Associate Superintendent of Operational Services

Brenda Strickland, Executive Assistant

Brenda Pippin, Executive Assistant

Michael Cowin, Assistant Superintendent of Financial Services

Heather Mayo, Public Information Officer

Worth Forbes, Associate Superintendent of Educational Programs and Services

Delilah Harris, Assistant Superintendent of Human Resources

Call to Order

Mark W. Owens, Jr., Chair, Board of Commissioners, asked for everyone's attention and welcomed everyone to the joint meeting. Commissioner Eugene James blessed the meal.

Chairman Owens called the joint meeting to order on behalf of the Board of County Commissioners. Barbara Owens, Chair, Board of Education, called the joint meeting to order on behalf of the Board of Education.

The invocation was offered by Vice Chairman Melvin McLawhorn. The Pledge of Allegiance was led by Commissioner Tom Coulson.

Dr. Beverly Reep stated that the school districts purpose was to share the needs related to the 08-09 budget. She stated that they recognize the economic issues that face the community and appreciates the communities support in the penny increase from last year. She stated at this point, people were looking at what they could cut back on and do without. She stated that the Board of Education, as a district is facing choices as well and that the decisions they make may not be pleasant to everyone. She stated that reductions would be made in the balanced budget. She stated that there were 380 local positions last year, which they have tried to decrease. There are currently 330 local positions this year. She stated that housing children was important and building and operating new schools. She stated that she appreciates the opportunity to meet with the Commissioners.

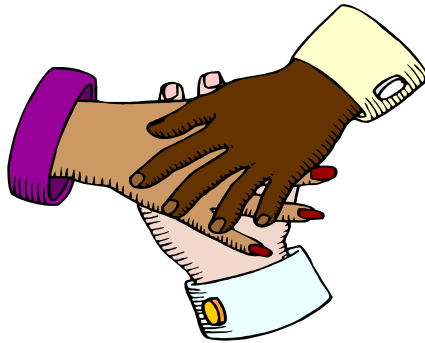
Billy Peaden, Chair, Finance Committee for the Board of Education introduced Mr. Michael Cowin, Finance Officer for Pitt County Schools. He thanked the Commissioners for the opportunity to present the 08-09 budget and thanked both boards for their continued dedication and commitment to the students of Pitt County. He presented the following Power Point presentation.

Pitt County Schools

Proposed 2008-2009 Local Budget

**Pitt County Board of Education
1717 West Fifth Street
Greenville, NC 27834**

**Thank You !
Board of Education and
Board of County Commissioners**



**For Commitment to Education and the
Students of Pitt County Schools**

Goal of Board of Education and Board of County Commissioners



**Strive to Sustain and Exceed
Top One Third in State for
Funding to Pitt County Schools**

2007-08 Pitt County Government Proposed Budget Manager's Budget Message Highlights

MANAGER'S BUDGET MESSAGE

FY 2007-08



June 4, 2007

To the Pitt County Board of Commissioners and Citizens:

The proposed Fiscal Year 2007-08 Budget for Pitt County, North Carolina, has been prepared in accordance with the North Carolina General Statute Chapter 157A-82. The budget identifies revenues and expenditure estimates for FY 07-08 and attempts to maintain Pitt County's tradition of high quality services.

The proposed budget for FY 07-08 totals \$166,889,114. The budget represents a decrease of 4.26% when compared to the current year's amended budget. The General Fund, the County's main control fund, is projected at \$108,650,539 or a 5.55% increase from the current year. The proposed tax rate to support the FY 07-08 budget is 71.5 cents per \$100 of valuation. The distribution of these funds is 711 cents supporting general government operations and 152 cents directed to Industrial Development.

BUDGET PROCESS

The Board of Commissioners began the budget season by holding their first workshop on January 8. At this meeting, the Board was reviewing and affirming the overall goals of the County for the upcoming year.

Highlights:

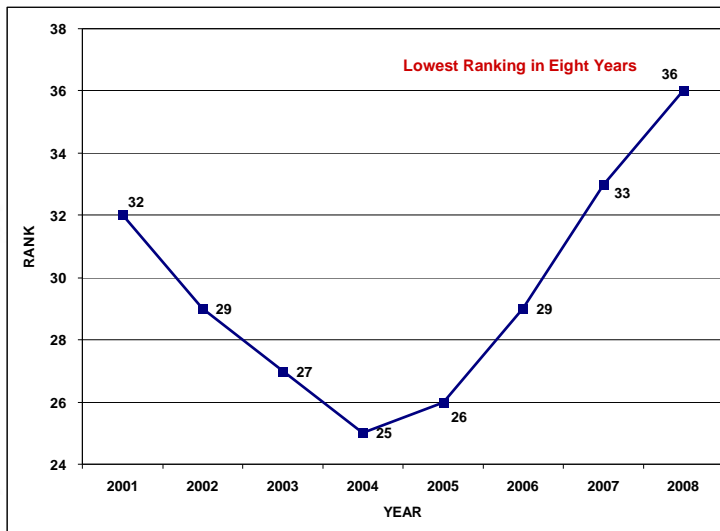
- Increases ad valorem tax 1.5 cents
- Sustains & exceeds top one-third in State for funding to Pitt County Schools
- Addresses staffing issues in Sheriff's Dept., Public Health & Social Services
- Maintains EMS tax rate at 4 cents

2007-08 Pitt County Government Proposed Budget Manager's Budget Message Highlights

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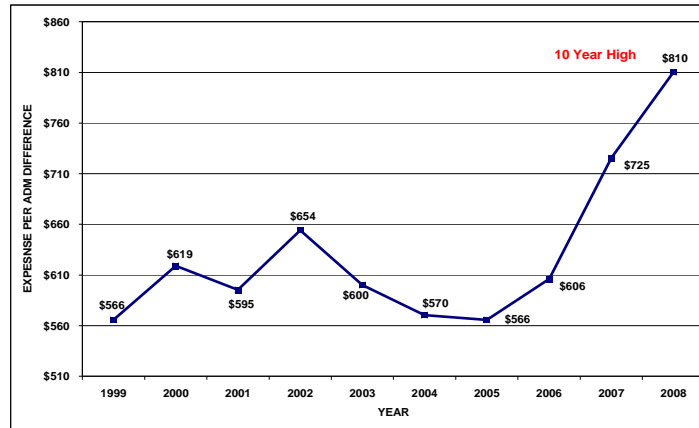
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- Addresses staffing issues in Sheriff's Dept., Public Health & Social Services
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How Does Pitt County Schools Compare? PCS NCACC Current Expense per ADM Ranking





How Does Pitt County Schools Compare?
NAACC Average Current Expense per ADM
PCS Difference From 2007-08 Top 1/3 County Average



Current Exp per ADM	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
2007-08 Top 1/3rd Counties	\$ 1,442	\$ 1,563	\$ 1,665	\$ 1,790	\$ 1,794	\$ 1,818	\$ 1,841	\$ 1,913	\$ 2,087	\$ 2,220
Pitt County	876	944	1,070	1,136	1,193	1,247	1,276	1,307	1,362	1,409
Difference From Top 1/3rd	\$ - 566	\$ - 619	\$ - 595	\$ - 654	\$ - 600	\$ - 570	\$ - 566	\$ - 606	\$ - 725	\$ - 810



2008-09 Local Current Expense Budget





Pitt County Schools
Proposed 2008-09 Operating Revenues

County Appropriations	\$ 35,497,422.06
Rent- County Agreement	340,000.00
* Other Operating Revenues	4,251,777.36
Total Revenues	<u><u>\$ 40,089,199.42</u></u>

* Volatile, Non-guaranteed Sources of Revenue



Pitt County Schools
2008-09 Operating Revenue Budget
Proposed County Appropriations

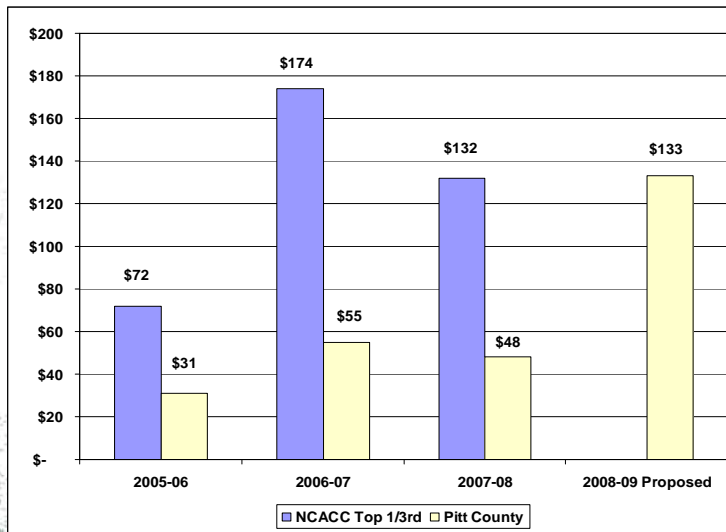
2007-08 Appropriations	\$ 31,915,776.00
Proposed Increases	3,581,646.06
2008-09 Proposed	<u><u>\$ 35,497,422.06</u></u>

Note: Does Not Include County Rent Agreement of \$340,000

**Pitt County Schools
2008-09 Proposed Current Expense per ADM**

	County Appropriations (Including Rent)	Current Expense per ADM
Actual 2007-08	\$ 32,255,776	\$ 1,409
Proposed Increase	3,581,646	133
Proposed 2008-09	<u>\$ 35,837,422</u>	<u>\$ 1,542</u>

**Pitt County Schools
Average Increase in Current Expense per ADM
NCACC Top 1/3rd Compared to Pitt County**





Pitt County Schools
Proposed Increase in County Appropriations

Fixed Cost Increases	\$ 2,389,418.54
New Money Requests	967,227.52
Other Oper Revenue Reductions	225,000.00
Total Projected Increase	\$ 3,581,646.06



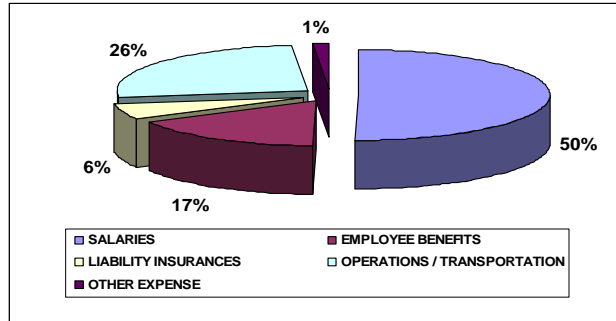
Pitt County Schools
Proposed 2008-09 Budget
Budget Fixed Cost Parameters

- 7.5% Increase in Teacher Salary
- 5.0% Increase in Principal / Assistant Principal Salary
- 4.0% Increase in All Other Salary Expense
- Increase of 35 State and Federal Positions Used to Calculate Local Teacher Supplement
- 6.4% Increase in Employer Retirement Rate (Increase From 7.83% to 8.33% per Employee)
- 4.4% Increase in Health Insurance Rate (Increase From \$4,117.50 to \$4,300.00 per Employee)
- 15% Increase in Liability Insurance Premiums
- 5% Increase in Utilities Expense
- 252,000 Increase in Student Transportation Expense
- School Allotments Calculated Based on Projected ADM of 23,236

Budget Increase in Appropriations Needed to Fund Operations
\$ 2,389,418.54

**Pitt County Schools
Proposed 2008-09 Operating Budget
Projected Fixed Cost Increases**

DESCRIPTION	BUDGET	%	
SALARIES	\$ 1,199,431.75	50.2%	\$1.6m
EMPLOYEE BENEFITS	397,666.73	16.6%	
LIABILITY INSURANCES	144,860.31	6.1%	
OPERATIONS / TRANSPORTATION	615,608.98	25.8%	
OTHER EXPENSE	31,850.77	1.3%	
TOTAL	\$ 2,389,418.54	100.0%	



**2008-09 Pitt County Schools
Proposed New Money Requests
Summary**

New School / Facilities	\$ 735,267.52
.25% Increase in Teacher Supplement (5.00% to 5.25%)	231,960.00
Total	\$ 967,227.52



Pitt County Schools

Capital Outlay Budget



2008-09 Pitt County Schools Capital Outlay Budget Proposal Regular Capital Outlay

Category I, II, III	\$ 758,000
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Regular Capital Outlay	\$ 760,000
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In Summary Costs Are Increasing!

Increased Cost of Living:

- Rising Fuel Costs
- Rising Cost of Food
- Rising N.C. Unemployment Rate
- 2008 Property Tax Rate Increase
- Pitt County Property Re-valuation
- Pitt County Quarter Percent Increase in Sales Tax

Increased Cost of Educating Students:

- Salaries
- Benefits
- Fuel / Utilities
- Insurance



2008-09 Pitt County Schools Potential Operating Budget Shortfall

**Total Proposed
Increase:
\$3,581,646**

**How will any level of shortfall
impact Pitt County Schools?**



**2008-09 Pitt County Schools
Potential Operating Budget Shortfall
Reductions to Offset Shortfall**

Reduction in Local Positions:	50 Positions
Regular Instructional Teachers	
Academically Gifted Teachers	
Vocational Education Teachers	
Clerical Support	
Custodial Support	
Athletics	
Other Local Support Positions	
Operating Reductions:	
Facility Maintenance Projects	\$ 250,000



**2008-09 Pitt County Schools
Reductions to Offset Shortfall**

**How Will These Reductions Impact
Pitt County Schools?**

- Increased Class Sizes
- Less Teacher Time Spent With Students
At-Risk of Failure
- No Growth in # Vocational Class Offerings
Which Will Make it More Difficult to Positively
Impact the Risk of Dropout
- Potential Increase in # of Disciplinary Issues
Resulting From Higher Class Sizes
- Continued Deterioration of Aged Facilities
Resulting From a Reduction in Maintenance
Projects and Support Staff

Together, Where Do We Go From Here?



Discussion

Chairman Mark Owens stated he read and understands the budget. He stated this budget was a lot more money than in years past, but students are being taught in much better schools. He spoke about the revenues in keeping with the needs of the Board of Education.

Commissioner James spoke about moral for teachers and the teacher's salaries. He stated that he supports a resolution being sent to the legislators in support of teacher's salaries being increased. He stated that deputy sheriffs make more money than teachers, and their health care benefits are not as good as Pitt County. He stated that North Carolina was a unique state.

Commissioner Coulson stated that he had high hopes for the joint meeting. He stated that the legislators had taken back more money, money that was taken back in direct violation of the State constitution. The legislators put the money back into the General Fund.

Commissioner Ross stated that the citizens can't keep being taxed. There are a lot of citizens that are on a fixed income. He would like the Pitt County Board of Commissioners and the Pitt County Board of Education to find other sources of revenue.

Vice Chairman McLawhorn spoke about educating the children for the future. He asked about the Board of Education accessing grants to offset expenses.

Mr. Michael Cowin stated that the Board of Education does apply for grants and they have received some grant money on the local level, but those grants are intended for certain purposes.

Commissioner Ward stated that there were a lot of things to look at during budget time. The schools budget is important as well as the other departments needs. The Commissioners have to be as creative as possible. She stated that she appreciated the report that the Board of Education provided to them after the one-cent tax increase. She stated that it was the first time that a report had been given to the Commissioners. She stated that she was still interested in the locally paid people and that they aren't always teachers. She stated that teachers long for help in the classroom, sometimes more than an increase in salary.

Commissioner Garris thanked Michael Cowin for his presentation and stated that he had a very good understanding of the presentation and presented it in a very nice, precise and concise manner. He stated that there was a challenge this year and he was very sensitive to the two tax increases that occurred last year. He stated that he voted for both of the tax increases. He stated that the deliberation they would be doing this year would be kept foremost in his mind. He stated that he had the opportunity to see two budgets thus far. One agency was requesting an 18 percent increase and the Board of Education was requesting a 11.2 percent increase. He stated that it was going to be a challenging opportunity for everyone as they try to find the right balance between appropriate funding and the taxation placed upon citizens. He stated that they were going to do the best they could to meet all the needs of the community, both on the spending side and the taxing side.

Marcy Romary, Board of Education, stated it was a challenge to review the budget. She stated there was a need for an increase in teacher's salaries.

Michael Dixon, Board of Education, stated he appreciates the consideration of the Board of Commissioners and he thinks providing the best education for children is really important.

Richard Tolmie, Board of Education, spoke about reducing local positions. He mentioned similar counties such as Pamlico and Beaufort that passed Pitt County in providing more local money per student.

Delano Wilson, Board of Education, thanked the Board of Commissioners. He stated that reducing local positions concerned him. He stated that small schools such as Pactolus, Stokes, Bethel and Grifton would be the first ones to receive cuts.

Mary Grace Bright, Vice-Chair, Board of Education spoke about people moving and relocating to the community. She stated schools are one of the most important factors. She stated that she wanted to see the County continue to grow. She stated that the smaller schools would take the direct impact when it came to receiving cuts. She stated that vocational classes in high schools and programs for academically gifted children would be cut. She stated that the County services outweigh the tax dollars that are spent.

Jill Camnitz, Board of Education, stated she supports a 10% increase Statewide for teachers. She stated that she appreciates the Pitt County Board of Commissioners and the Pitt County Board of Education working together to remind the citizens of the critical investments.

Ralph Love, Board of Education, stated that children and their education are most important. He spoke about the drop out rate and the need for special teachers.

Roy Peaden, Board of Education, commended the Pitt County Board of Commissioners and the Pitt County Board of Education on working together and having a good relationship. He spoke about Commissioner James being his vocational teacher when he was in school.

Sidney Scott, Board of Education, stated that he supports the resolution being sent to the legislators in support of teacher's salaries being increased.

Mr. Elliott thanked both Boards for their dedication towards the 1/4 cent sales tax. He stated that the proceeds would benefit both Pitt County Schools and Pitt Community College. He stated the County's overall operating budget is \$200+ million. He presented the following Power Point presentation.



Joint Meeting Pitt County

Board of Commissioners – Board of Education

April 29, 2008

D. Scott Elliott
County Manager



Current Budget Conditions

- 2008 is Revaluation year
- Current FY07-08 tax rate = \$.71
- Revenue Neutral tax rate = \$.64
- Value of "new" 1-cent = \$1, 067,000



Budget Drivers

- Education funding requests
 - Pitt County Schools
 - Pitt Community College
- Opening (phased) of Detention Center 192-bed expansion
- Public Safety requests for positions
- Social Services/Public Health – caseload growth – funding needs
- Cost of Living Adjustment
- "Uncontrollables" – fuel, utilities, health care costs



Revenue Picture

- Natural Growth in tax base generates ~\$3 million in new funding
- Growth in delinquent collections and other miscellaneous revenues generates ~ \$300 thousand.
- Therefore, a revenue neutral rate produces a total of \$3.3 million to address requests
 - Total revenue estimate - General Fund \$107 million



Expenditure Picture

- CPI grew 4.3% - between January 2007 – January 2008
- Economic downturn drives up volume of work in public safety and human service agencies
- Original requests – all agencies/departments
 - \$117.3 million
 - Expenditures exceed revenues by \$10.3 million



The Challenge. . .

- To create a budget that
 - addresses the needs
 - establishes a reasonable tax rate
 - is cognizant of the current economic conditions
 - Recognizes budget impacts of the full utilization/staffing at the detention center – in Fiscal Year 2009-10
 - leaves capacity for new education facilities to come on- line in future years.

Dr. Beverly Reep thanked everyone for their support. She stated that she did have a request for consideration which is to create a better process for short-term goals and formulas. She stated that it would help them as a district to create a small group to meet and discuss these tasks.

Chairman Barbara Owens thanked the manager, county staff, Dr. Reep and Michael Cowin for their work and dedication and high standards for education. She stated that 22,944 students were in Pitt County.

Chairman Mark Owens adjourned the Pitt County Board of Commissioners.

Chairman Barbara Owens adjourned the Pitt County Board of Education.

Respectfully submitted,

Patricia Staton
Clerk to the Board