

Perquimans County Board of Education
Joint Work Session – March 19, 2018

The Perquimans County Board of Education met with the Perquimans County Board of Commissioners for a joint work session on Monday, March 19, 2018, at 4:00 p.m. in the auditorium of the EMS Building in Hertford, North Carolina. Board members Amy Spaugh, Dr. Anne White, Russell Lassiter, and Arlene Yates were present.

Commissioner Chair Wallace Nelson called the meeting to order and opened the meeting with prayer. Mr. Nelson led the audience in reciting the Pledge of Allegiance.

Mr. Nelson provided background information noting that the Superintendent, Board Chair and Finance Officer have been meeting quarterly with the County Manager and the Commissioner Chair to discuss general issues to help with the line of communications between the two boards. At the last meeting, they discussed having a joint session early in the budget cycle. This meeting was an opportunity to do that. The meeting was made longer so that both sides might have the opportunity to share and discuss information.

Mr. Cheeseman presented information about where the district is at this time, using the illustration of the iceberg and talking about the improvement in school letter grades. He presented a Power Point presentation highlighting the priorities of the school district: school safety, classified salary scale, teacher wages, and academics.

Maintenance Director Jim Davison presented a handout regarding the capital needs of the district. He began on page two speaking specifically about two HVAC units at Perquimans Central School and one HVAC unit at Hertford Grammar School that need to be replaced. He requested that the total cost of the units, \$56,329.00, come out of this year's budget, which Mr. Nelson stated the Commissioners would entertain at their meeting next month.

Mr. Davison continued with his presentation, item by item, noting that the capital requests on the first page were listed by priority, depending on funding. Transportation Director Jeff Miller spoke about the needs of the transportation department, including mini-activity bus, school cars and maintenance vehicles.

After Mr. Davison mentioned upgrades of the PCHS auditorium, Russell Lassiter asked about the historical value of the auditorium, noting the amount of money that has been spent on the building over the years. Mr. Davison noted that the PCHS auditorium is on the list of historic buildings. Mr. Cheeseman stated that the building is the center of the school and connects the additions to the building. He added that the building is a living space with three classes being held in the space each day. Replacing the building would be a multi-million dollar project.

Mr. Davison continued with the presentation, explaining each item on the budget request. The budget request for 2018-2019 totaled \$831,900. Mr. Cheeseman noted that this amount did not include the \$160,000 for the 1:1 initiative that the county agreed to years ago.

Mr. Cheeseman noted there are barriers a school system faces including state and federal cuts, increases in benefit costs, ADM projections, and teacher position reductions. Chief Finance Officer Candy Tilley addressed the projected increases to benefits costs. The system generally runs off of a \$20 million budget and we do not anticipate more from the state or federal government. Mr. Cheeseman stated that the goal is 100%. The school system is the largest employer in the county and has the greatest responsibility for impacting kids and families.

Mr. Davison, Mrs. Tilley and Mr. Cheeseman fielded questions from the Commissioners including questions about student transfers, current enrollment, and homeschooled students.

County Manager Frank Heath presented information about the Commissioners budgeting process and challenges. He stated the school system counts for 26% of their annual budget. Last year, the local current expense amount was \$2.775 million, capital was \$397,500, and debt service was \$836,000. Last fiscal year, they appropriated about \$915,000 out of their fund balance to accomplish all the budget requests. Some of the challenges they face this year include minimal growth in property value growth; however, there was growth in personal property revenue through the Desert Wind Project which netted the County about \$381,000. For the next ten years, \$330,000 of that will go toward the library loan. There were a couple hundred thousand in EMS upgrades to go toward paramedic services. Another challenge is how the County balances the requests from all areas while trying to keep the tax rate fair for the citizens.

Discussion continued with questions to the County Manager regarding budget requests and lottery funds. Mr. Cheeseman stated there is currently \$417,000 of lottery funds and of that amount, \$400,000 is earmarked. The school district is being very thoughtful of not coming to the County Commissioners to ask for any fiscal help with the athletic complex project. Because of that, the district has taken a \$100,000 science lab upgrade that was to be completed this summer and pushed it back to next year to use lottery funds for the current athletic project. The district receives approximately \$125,000 per year in quarterly drops which does carry over. Mr. Cheeseman reminded the audience that lottery funding can only be used for structures that are permanent, not mobile, and it cannot be used for personnel. Mr. Heath reminded the group that originally 40% of the lottery proceeds were to go to school capital needs. That language was removed from the statute by the General Assembly so now there is no statutory mandate how the money is to be budgeted.

Mr. Heath stated another challenge for the Commissioners is the land transfer tax. On every property that is sold, a 1% land transfer tax is paid by the seller. In years past, when the real estate market was hot, the County would make as much as a million dollars a year from land transfer tax. Now, the County makes about \$225-\$250. A lot of that money went to school capital needs. When the market burst, the land transfer tax revenues plummeted. The County had been using about \$400,000 of land transfer tax to pay the debt. Now, the County is dipping into the land transfer tax reserve which in another year or two will be gone. Therefore, an additional \$150 will come from the General Fund every year to make up for the debt service. When asked about the debt service being refinanced, Mr. Heath stated the \$836,000 in debt service will end in 2027.

Mr. Cheeseman stated that our EC Department, led by Director Kanika Griffin, serves over 330 students which is 19-20%, but the State only funds about 12%. The State does not provide enough funding to cover the total amount of students that require EC services. Another concern is transportation, in particular the length of time students are on the school bus. It would cost hundreds of thousands of dollars to put in multiple buses and hire new people. Right now, there are 66 students who are on the bus for more than 90 minutes in the morning and approximately 122 in the afternoon.


The Board of Education will host the County Commissioners in a joint work session in April to dive deeper into the budget needs of the school system.

Mr. Nelson asked if there were any other safety and security recommendations from the school district. Mr. Cheeseman described the process that was used following a fight at the high school last year and what is being done to deter behaviors, noting that more preventative measures are needed. Dr. Anne White mentioned the need to address mental health issues as well.

There being no further discussion, the meeting was adjourned.



Amy G. Spaugh, Board Chair



Matthew F. Cheeseman, Superintendent