

*Scotland County Board of Commissioners joint meeting with Board of Education
June 14, 2012, A.B. Gibson Center, 322 South Main Street, Laurinburg, NC*

MINUTES

**Scotland County Board of Commissioners and Board of Education
Joint Meeting, June 14, 2012
A.B. Education Center, 322 S. Main Street, Laurinburg NC**

At 6 p.m. Chairman Bob Davis reconvened the meeting for the purpose of a joint meeting with the Board of Education. Commissioners in attendance: Chairman Davis, Vice Chair Joyce McDow and Commissioners John Alford (*arrived at 7 p.m.*), John Cooley, Carol McCall and Guy McCook. Commissioners not in attendance: Commissioner Clarence McPhatter. Staff in attendance: County Manager Kevin Patterson, Finance Officer Charles Nichols, County Attorney Ed Johnston and Clerk to the Board Ann W. Kurtzman.

School Board Chairman Charles Brown convened the School Board meeting. Members in attendance: Chairman Brown and Darrell Gibson, James Underwood (Vice Chair), Terence Williams and Darwin Williams. Board members not in attendance were Dr. Paul Rush, Dr. Jeff Byrd and Jimmy Bennett. Board of Education staff in attendance: Superintendent Rick Stout, Finance Officer Jay Toland, Attorney Nick Sojka and Clerk to the School Board Nancy Smith.

Chairman Brown delivered the invocation.

County Manager Patterson presented a summary of the FY 2012-2013 budget, which is \$36.4 million and the first budget in 12 years that is less than \$37 million. It decreased \$6 million in the past three years. Mr. Patterson said the budget accounts for the loss of federal and State revenues and an estimated loss of \$7.5 million in gross sales. The current working budget reflects a tax increase of three cents to meet a revenue shortfall and to restore one-half of employee furlough. Mr. Patterson said the school capital request of \$260,000, half of which would go to Pate Stadium repairs, is not budgeted.

Mr. Patterson then discussed the unrestricted revenue portion of the budget at just under \$24 million in which 43.4 percent of that amount funds the schools. Mr. Patterson said those are the property taxes and sales taxes, the only thing the County actually controls, and not the additional \$12 million that is restricted.

Mr. Patterson said discretionary services include EMS, Parks and Recreation, Library, Transportation, Cooperative Extension, Soil and Water Conservation and Veteran Services. Mr. Patterson said these services, although discretionary, are core services for the community.

Superintendent Stout said the School budget lost \$18.5 million in three years from a budget that was once \$75 million to a budget that is now projected at \$57 million. Mr. Stout said the State continues to ask for money back from the Schools when the return of funds to the State was supposed to be a one-time deal. In all, Mr. Stout said the Schools gave more than \$6 million back to the State since 2008-2009. He said the Schools have little to no flexibility to move State and federal funds around. He said the workforce was 894 in FY 2011-2012, down from 1,133 in FY 2007-2008. Mr. Stout said school current expense accounts for 85 percent in salaries.

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Mr. Stout discussed how the Board of Education reduced its capital request from \$600,000 to \$130,000, which does not include the unanticipated repairs to Pate Stadium, estimated at \$130,000. Mr. Stout said the Schools pushed off its capital projects which, eventually, will have to be done. He said a priority capital project is a roof for Sycamore Lane.

Chairman Davis said the Commissioners are left with two choices — raise taxes to meet the current budget or cut more County services. Chairman Davis asked if the School Board could make any other additional budget changes to reduce the capital request.

School Board Member Williams reminded the Commissioners of the State mandate to fund the school current expense and capital. Mr. Williams said the Commissioners should find a way to fund the projects with the knowledge that another year is coming. He mentioned that every year the two Boards come together to discuss the funding issue. He questioned why the negotiations should continue year after year considering there is a mandate. Mr. Williams suggested the Commissioners look at way to bring a new revenue stream to the County.

Commissioner McCook said the capital dollars have not been budgeted on the County side either. Commissioner McCook said the County also has a mandate to maintain its facilities.

Mr. Patterson suggested once the budgets have been set that both Boards meet again in July to look at funding going forward and to research the possibility of new revenues.

Chairman Davis said the Board of Commissioners is well aware of its funding responsibility to the Schools. He pointed out that Scotland County is number one in its funding effort and 98 in its ability to pay compared to other school systems in the State.

Commissioner McCall said the Commissioners understand the Statute and the mandates. She said the County has no control over the mandates and there was no intended insult with regard to the capital not being included in the County budget.

School Board Member Williams said the two Boards should work together to ensure they are not meeting again next year to discuss the same thing.

Vice Chair McDow said budget negotiations are a part of life and she would expect the Commissioners and Board of Education to come together this year and in years to come to negotiate budgets. Vice Chair McDow said that in good times and bad times, there is always a need to negotiate budgets.

County Manager Patterson suggested the Commissioners consider raising the tax rate one additional cent to fund Pate Stadium repairs, which is an immediate need. He said the County might consider financing roof replacements at Sycamore Lane and the Covington Street administration building with a low interest loan that would extend over a three-year period. He said debt service would be an estimated \$90,000 a year and it could be funded with that one-cent increase.

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Commissioner Cooley said the burden is already high for property tax payers, and it's a terrible thing to consider because it hurts unemployment and it hurts spendable income when property taxes increase.

Public Buildings Supervisor Roger Ammons discussed capital projects the Schools will conduct this year. Mr. Ammons said some asbestos abatement was delayed from last year to this year. He said annual painting is scheduled because it keeps the schools pleasant. Mr. Ammons said painting is on a three to five-year plan and when a year is missed, the cost of the project goes up.

Commissioner Alford said it is not his intent to tell the Board how to run its schools. He said the larger problem is the loss of industry and revenue and how the two Boards manage the funding. Commissioner Alford suggested that instead of a referendum the two Boards might be able to agree on some permanent reduction in the school floor. Commissioner Alford said the County can't afford to do it without raising taxes and the County can't keep tacking it on to homeowners.

School Board Chairman Brown agreed that it would be good for both Boards to meet again in July. He explained there is a necessity to compromise since neither Board can afford to do nothing. County Manager Patterson said the meeting should focus on researching long term solutions since government revenues will not pick up in the short term.

The Board of Education adjourned.

Motion was made by Commissioner McCall and duly seconded by Commissioner McCook to recess to 6 p.m. Wednesday, June 20, at 507 West Covington Street. Vote: Motion unanimously approved. Meeting adjourned at 8:25 p.m.

Ann W. Kurtzman
Clerk to the Board

Bob Davis
Chairman