

**PASQUOTANK COUNTY, NORTH CAROLINA
MAY 16, 2022**

The Pasquotank County Board of Commissioners met today in a Budget Work Session on Monday, May 16, 2022, in Courtroom C in the Pasquotank County Courthouse.

MEMBERS PRESENT: Lloyd E. Griffin, III, Chairman
Charles Jordan, Vice-Chairman
Cecil Perry
Sean Lavin
Barry Overman
Jonathan Meads
Bill Sterritt

MEMBERS ABSENT: None

OTHERS PRESENT: Sparty Hammett, County Manager
R. Michael Cox, County Attorney
Sheri Small, Finance Officer
Patrice Stewart, Tax Administrator
Lynn Scott, Clerk to the Board

The meeting was called to order at 2:30 PM by Chairman Lloyd Griffin.

1. BUDGET PRESENTATION:

County Manager Sparty Hammett stated that there are three items to go through today; the Revenue Neutral Tax Rate, the General Fund, and Special Appropriations.

Mr. Hammett explained that Revenue Neutral is a calculation of tax rate that would generate the same revenue accounting for growth. It provides a comparison of tax rate before and after revaluation. It's published with the Budget per the General Statute. It's calculated only after the total values are known. It's a single value (for Real Property, Personal Property, and Motor Vehicles).

Mr. Hammett explained that Revenue Neutral is not required to be adopted. It's not a value that varies by different property types or locations. It's not impacted by rates of cities or towns. It's not a calculation that factors changes in collection rate. It's not one-time revenue from the prior year, such as carryforward or fund balance. And, it's not annualized expenses.

Per NCGS 159-11(e)... to calculate the revenue-neutral tax rate, the budget officer shall first determine a rate that would produce revenues equal to those produced for the current fiscal year and then increase the rate by a growth factor equal to the average percentage increase in the tax base due to improvements since the last general reappraisal...

Finance Director Sheri Small explained the process and provided the following slides:

Fiscal year	Assessed Valuation as of June 30	Annexation (Deannexation)		Total Adjusted for Annexation or Deannexation	Valuation Increase (Decrease)	Percentage change	
2022-23	4,311,476,812	-	22-23	4,311,476,812			
			21-22	3,407,679,158			
	Revaluation						
2021-22	3,407,679,158	-	21-22	3,407,679,158	89,985,592	2.71%	
			20-21	3,317,693,566			
2020-21	3,317,693,566	-	20-21	3,317,693,566	(23,620,846)	-0.71%	
			19-20	3,341,314,412			
2019-20	3,341,314,412	-	19-20	3,341,314,412	27,009,618	0.81%	
			18-19	3,314,304,794			
2018-19	3,314,304,794	-	18-19	3,314,304,794	34,628,112	1.06%	
			17-18	3,279,676,682			
2017-18	3,279,676,682	-	17-18	3,279,676,682	203,556,851	6.62%	
			16-17	3,076,119,831			
2016-17	3,076,119,831	-	16-17	3,076,119,831	60,333,796	2.00%	
			15-16	3,015,786,035			
2015-16	3,015,786,035	-	15-16	3,015,786,035	38,944,713	1.31%	
			14-15	2,976,841,322			
2014-15	Revaluation 1/1/2014	2,976,841,322				1.97%	Average growth % Doesn't include revaluation increase (decrease)

Last year prior to revaluation				Tax rate	Estimated tax levy
2021-22		3,407,679,158		0.7700	26,239,130
First year of revaluation				Tax rate to produce equivalent levy	
2022-23		4,311,476,812		0.6086	26,239,130
Increase (decrease) tax rate for average growth rate				Revenue neutral tax rate, to be included in budget	
2022-23		4,311,476,812		0.6206	26,756,502
				Increase (Decrease) in Tax Levy	517,373
				Average Percentage Increase (Decrease)	1.97%

Mr. Hammett said he randomly pulled some different home values throughout the County and compared their 2014 value to their current value to see what the difference will be in their taxes. The values went up, but when the tax rate was brought down, the taxes remained almost the same on many of the properties. He said it really depends on the neighborhood and the house in particular.

County Property Comparison - Current Versus Revaluation						
	Property	2014 Value	2021 Tax	2022 Value	2022 Tax	Difference
1	Fire Tower Road	233,000	\$1,794.10	\$336,300	\$2,085.06	\$290.96
2	Highway 158	71,500	\$550.55	\$85,100	\$527.62	-\$22.93
3	Highway 158	134,500	\$1,035.65	\$198,800	\$1,232.56	\$196.91
4	Millpond Road	86,600	\$666.82	\$123,900	\$768.18	\$101.36
5	Gold Club Drive	257,700	\$1,984.29	\$320,100	\$1,984.62	\$0.33
6	Planters Run	229,700	\$1,768.69	\$277,000	\$1,717.40	-\$51.29
7	Church Street	94,100	\$724.57	\$108,100	\$670.22	-\$54.35
8	Roanoke Avenue	94,500	\$727.65	\$119,600	\$741.52	\$13.87
9	Riverside Avenue	557,400	\$4,291.98	\$607,700	\$3,767.74	-\$524.24
10	Elder Street	186,200	\$1,433.74	\$243,900	\$1,512.18	\$78.44
11	Main Street	292,600	\$2,253.02	\$316,600	\$1,962.92	-\$290.10
12	William Drive	296,600	\$2,283.82	\$389,100	\$2,412.42	\$128.60
13	Small Drive	529,100	\$4,074.07	\$633,500	\$3,927.70	-\$146.37
14	Salem Church Road	177,200	\$1,364.44	\$220,200	\$1,365.24	\$0.80
15	Lane Drive	\$148,300	\$1,141.91	\$183,100	\$1,135.22	-\$6.69
	AVERAGE	\$225,933	\$1,739.69	\$277,533	\$1,720.71	-\$18.98

Property Tax Rate Comparison			
County	FY2020-21	FY2021-22	FY2022-23
Pasquotank	0.7700	0.7700	0.6200
Beaufort	0.6350	0.6250	
Bertie	0.8650	0.8650	
Camden	0.7400	0.8700	
Chowan	0.7550	0.7550	
Gates	0.7900	0.7900	
Halifax	0.7600	0.7600	
Hertford	0.8400	0.8400	
Hyde	0.7700	0.7950	
Martin	0.8100	0.8100	
Northampton	0.9100	0.9050	
Perquimans	0.5900	0.6100	
Tyrrell	0.9400	0.9500	
Washington	0.8550	0.8500	
Comparison County Avg.	0.7695	0.7841	
NC State Average	0.676	0.6681	
Currituck	0.4800	0.4600	
Dare	0.4005	0.4005	

Mr. Hammett noted that Pasquotank will have the second lowest tax rate in the surrounding counties. He explained that Dare and Currituck cannot be compared to Pasquotank. When you

look at taxable property per capita, Dare is by far the number one in the state of North Carolina and Currituck is number two.

Taxable Property Per Capita (2021 NCACC County Map Book)

- #1 – Dare – \$429,888
- #2 – Currituck - \$233,532
- #30 – Beaufort - \$123,881
- #44 – Perquimans - \$104,857
- #64 – Pasquotank - \$84,209

Property Tax Rate Comparison

- Chowan is the only comparison county with a 2022 revaluation.
- If we adopt the Revenue Neutral Tax Rate, only Perquimans County will have a lower Tax Rate among the comparison counties (.61 versus .62) based on FY21-22.
- Pasquotank County’s FY22-23 Tax Rate will be 16.4 cents lower than the FY21-22 comparison county average.
- Pasquotank County’s FY22-23 Tax Rate will be 4.8 cents lower than the FY21-22 state average.

Sheri Small presented the County’s current financial state as of April 30, 2022. She noted that we are pretty much on target.

General Fund Revenues

<u>Account Description</u>	<u>Original Appropriation</u>	<u>Revised Budget</u>	<u>YTD Revenue</u>	<u>%</u>
Ad Valorem Taxes	25,865,500	25,873,262	25,466,824	98.4%
Local Option Taxes	11,015,900	11,015,900	7,414,302	67.3%
Other Taxes & Licenses	1,616,000	1,616,000	3,296,033	204.0%
Unrestricted Intergovernmental	99,000	99,000	5,956	6.0%
Restricted - Other	40,000	108,561	70,561	65.0%
Restricted – State	686,380	1,410,428	589,525	41.8%
Restricted – Federal	57,000	494,410	87,657	17.7%
Permits & Fees	395,000	395,000	444,450	112.5%
Sales & Services	5,119,463	5,119,463	3,814,894	74.5%
Investment Earnings	100,100	100,100	15,786	15.8%
Miscellaneous Revenue	260,000	715,400	1,658,614	231.8%
Other Revenue	2,103,908	2,109,439	1,643,362	77.9%
Other Financing Sources	2,935,193	3,094,193	635,555	20.5%
Non-Revenue	635,657	635,657	535,382	84.2%
Fund Balance Appropriated	796,800	5,215,087		0.0%
Grand Total	51,725,901	58,001,900	45,678,902	78.8%

General Fund Expenditures

<u>Account Description</u>	<u>Original Appropriation</u>	<u>Revised Budget</u>	<u>YTD Expended</u>	<u>% Used</u>
Governing Board	96,695	96,695	75,305	78.1%
County Manager	399,684	399,684	290,453	72.7%
Human Resources	165,290	165,290	141,811	85.8%
Finance Department	438,600	438,600	329,494	75.2%
Information Technology	489,745	514,855	384,985	75.8%
Tax Administration	742,715	742,715	662,202	89.4%
County Attorney	226,625	226,625	195,815	86.4%
Court Facilities	50,000	50,000	13,278	26.8%
Elections Board	383,100	433,373	237,820	56.9%

Register of Deeds	283,015	283,015	238,246	84.2%
Coop Extension	271,150	311,36	219,420	71.1%
Soil & Water	188,178	199,034	143,646	87.4%
Public Health	255,233	255,233	207,205	81.2%
Public Schools	12,846,677	13,768,432	9,692,177	70.4%
COA	2,435,000	2,435,000	1,795,834	73.8%
Parks & Recreation	1,445,998	2,048,798	1,625,013	79.9%
Special Approp	5,622,102	9,108,277	7,196,599	79.0%
Contingency	499,300	45,249		0.00%
Debt Retirement	3,145,549	3,145,549	2,094,258	66.6%
Expense Total	51,725,901	58,001,900	43,064,472	77.0%

Debt Overview

Debt Per Capita - June 30, 2021			
County	Debt June 30, 2021	2020 Population	Debt per Capita
Pasquotank¹	\$30,866,457	40,568	\$761
Beaufort	\$51,743,556	44,652	\$1,159
Camden	\$14,874,676	10,355	\$1,436
Chowan	\$5,810,196	13,708	\$424
Currituck	\$34,845,000	28,100	\$1,240
Dare	\$118,896,834	36,915	\$3,221
Perquimans	\$10,882,874	13,005	\$837
Comparison County Average	\$39,508,856	24,456	\$1,386
Notes: (1) Albemarle District Jail shared debt was adjusted.			

Mr. Hammett reviewed the following Budget Overview and Highlights:

FY2022-23 Budget Overview & Highlights

- **The balanced, revenue-neutral General Fund Budget does not include any fee increases and includes:**
 - All the FY2022-23 Budget Priorities discussed at the Retreat.
 - All the Operating and Capital Funding requested by ECPPS.
 - All the Operating and Capital Funding requested by COA.
 - \$10,000 additional Funding requested by ECDI.

Employee Compensation and Benefits

- **Cost of Living Increase – 3%**
 - Implementation of the Compensation Study in Fiscal Year 2019-2020 (Enterprise Funds) and Fiscal Year 2020-21 (General Fund) made salary ranges competitive.
 - Cost of Living increases help maintain competitiveness.
- **401(k) – Up to 5% Match**
 - Proposed budget continues the 401(k) match to make the County’s benefit package competitive.
 - Other local jurisdictions offer a 5% 401(k) to all employees: Elizabeth City; Camden County; and Currituck County.

Public Safety

- **Sheriff’s Office - 2 Deputies – Courthouse Security**
 - This is the second phase of a plan to enhance Courthouse Security.
- **Sheriff’s Office - Animal Control Officer**
 - Position is needed to provide necessary coverage.
- **Sheriff’s Office – Additional Funding for Training**

- The Sheriff’s Office requested \$15,000 and recommended budget includes \$40,000.
- **Volunteer Fire Departments – Per Call Stipends**
 - Funding is continued for the \$10 Per Call Stipends, which have proven to be very successful.
- **Volunteer Fire Departments - Two Fire Trucks**
 - The Fire Trucks were placed in the FY2021-22 budget as a placeholder to place the order due to the significant backlog related to supply chain issues. We will receive delivery of the two trucks in Fiscal Year 2022-23.
- **Volunteer Fire Departments - Annual Volunteer Banquet Funding**
 - An allocation of \$1,000 is included for each of the four VFD’s.
- **Emergency Medical Services – Internal Compensation Study to Address Recruiting and Retention**
 - In addition to 3% COLA, funding is provided for a 1-grade pay increase for Advanced EMT’s, Paramedics, Lieutenants, and Captains; also step adjustments to recognize 1 for 1 years of certifications to pay staff equitably.
- **Telecommunications – Assistant Shift Supervisor Classification Formalized**
 - Assistant Shift Supervisors job classification will be established for career development purposes rather than an additional \$1 per hour when the employees are acting as Supervisor.

Other Priorities

- **Soil and Water – Drainage Projects – \$120,000**
 - Continued trend of increased funding (FY18-19 - \$25,000; FY19-20 - \$40,000; FY20-21 - \$60,000; FY21-22 - \$100,000).
- **County Manager’s Office - Assistant County Manager**
 - Position was approved on March 7, 2022, and funded in FY2022-23 Budget.
- **County Manager’s Office/Utilities - NCACC – Management Fellow**
 - NCACC will pay \$25,000 of the cost of salary and benefits; Utilities will pay for remaining salary and benefits; General Fund will pay for Travel and other costs.
- **Planning and Inspections – Code Enforcement Position**
 - Position is needed to meet increasing demand for Inspections. Current Building Inspector who also does Code Enforcement will be 100% devoted to Inspections.
- **Human Resources - Safety Coordinator/Risk Position**
 - The position is needed to implement a safety program.

Ms. Small reviewed the proposed Special Appropriations as follows:

Special Appropriations

Special Appropriations	Current Budget (21-22)	Requested (22-23)	Proposed (22-23)	Difference
Albemarle Hopeline	\$15,000	\$15,000	\$15,000	\$0
Food Bank of the Albemarle	\$10,000	\$10,000	\$10,000	\$0
Skills Inc.	\$1,000	\$1,000	\$1,000	\$0
Community Relations Comm.	\$1,300		\$0	(\$1,300)
Human Relations Commission		\$2,500	\$2,500	\$2,500
JCPC match	\$16,078	\$16,078	\$16,078	\$0
Caswell Center	\$375	\$375	\$375	\$0
Veterans Service Officer	\$2,000	\$2,000	\$2,000	\$0
Kid's First	\$30,000	\$30,000	\$30,000	\$0
JCPC Admin	\$1,500	\$1,500	\$1,500	\$0
Juvenile Justice-Pass Thru	\$162,280	\$162,280	\$162,280	\$0
Nutrition Program	\$69,613	\$69,613	\$69,613	\$0

Special Appropriations	Current Budget (21-22)	Requested (22-23)	Proposed (22-23)	Difference	Notes
HCCBG grant match	\$4,000	\$4,000	\$4,000	\$0	
Highway 17/64		\$5,000	\$1,000	\$1,000	TDA Funds used in the past
Arts of the Albemarle		\$18,000			TDA funds
Eliz City Downtown	\$20,000	\$30,000	\$30,000	\$10,000	
RC&D Council	\$750	\$750	\$750	\$0	
Albemarle Commission*	\$35,555	\$37,011	\$37,011	\$1,456	
National Guard	\$200	\$200	\$200	\$0	
Airport taxes - City	\$20,000	\$20,000	\$20,000	\$0	City's portion of taxes received
River City CDC	\$10,000	\$10,000	\$10,000	\$0	
United Way	\$2,200	\$2,200	\$2,200	\$0	Rent rebate and 211 funds
Total	\$401,851	\$437,507	\$415,507	\$13,656	

Ms. Small said the sales tax revenue is currently trending at approximately 8% above last year. For the 2022-23 year, we are projecting a 5% increase. Ad Valorem taxes are projected using a Revenue Neutral rate of .62 per \$100. There are loan proceeds in the amount of \$1,112,156, with the purchase of two fire trucks (Weeksville and Providence). There is Fund Balance of \$796,800. There is a 3% COLA budgeted for all employees. There were some mandated increases including .73% in retirement for general employees, a 1% increase for law enforcement, and health insurance premiums increased by \$101 per month, per employee. The increase was effective January 1, 2022. She said it is possible that another increase will happen in January, 2023, and there is a 5% increase budgeted for that possibility.

Ms. Small reviewed the proposed budget request for each department, and explained any increases or decreases. The bulk of the increases were due to the 3% COLA, and increases in insurance and retirement.

Commissioner Sterritt said he has told the SPCA that if they need more money this is the time of year to ask for it. He told them they should form an internal committee and do something about it. He doesn't believe that has happened yet, but he will be talking to some people tomorrow to find out why. Mr. Hammett said SPCA requested \$10,000 additional dollars and it is included in the budget. Commissioner Sterritt said he is aware of the increase, but they need additional funds.

Special Revenues

Ms. Small reviewed the Special Revenues Funds.

Motion was made by Barry Overman, seconded by Charles Jordan to move the Fiscal Year 2022-23 Budget as presented by the County Manager to the June 6, 2022 Board meeting. The motion carried unanimously.

Mr. Hammett said we will do the reading of the budget and call for a Public Hearing at the June 6, 2022 meeting, and hold the Public Hearing on June 20, 2022.

There being no further business to come before the Board;

Motion was made by Jonathan Meads, seconded by Sean Lavin to adjourn the meeting. The motion carried unanimously and the meeting was adjourned at 3:30PM.

CHAIRMAN

CLERK TO THE BOARD