



The Newport Board of Education held a work session on Wednesday, August 14, 2024 at 6:30 PM. The meeting was held at 30 W. 8th Street, Newport.

CALL TO ORDER

Chairman Ramona Malone asked for a roll call. The following were present: Ramona Malone, Aaron Sutherland, Sylvia Covington, Tim Curl, and Ed Davis.

Ms. Malone asked everyone to stand and recite the Pledge of Allegiance and to pause for a Moment of Reflection.

DWIGHT SALSBURY, RSA ADVISORS

Mr. Salsbury was in attendance to review the property tax options available for the board's consideration for 2025.

- The compensating rate of .768. The compensating tax rate, as defined by KRS 132.010(6), is the property tax rate that produces an amount of revenue approximately equal to that produced in the preceding year.
- The compensating rate of .768 + 4% which would be .798. KRS 68.245 provides that a local taxing district also has the option of setting a tax rate which will provide no more revenue from real property than 4% over the amount of revenue produced by the compensating rate. This is exclusive of revenue from new property.
- Per KRS 134.590 4% plus exonerations, .798 and +.03, resulting in a final figure of .828. An exoneration refers to the process by which the city lowers a property tax assessment for a resident or business. This adjustment occurs when the initial rate was incorrect, or the property owner successfully disputed the amount, leading the city to agree on a reduction. Exonerations help the district recover losses from previous years due to these adjustments. Last year, the Property Valuation Administrator (PVA) incorrectly estimated the district's expected revenue, reducing the budgeted income by approximately \$500,000. Additionally, New Riff cost the district an extra \$65,000 due to taxes paid on non-taxable barrels. As a result, this year's rate is higher than usual to compensate for these discrepancies in budgeted revenue.
- HB 940 – this tax rate results in tax revenue that qualifies districts to the maximum Tier I equivalent. The rate is calculated and compared to the levied equivalent rate imposed in FY 1990. The HB 940 tax rate is not subject to hearing or recall provisions of KRS 160.470 (7)(8).

The district is seeking a tax rate not to exceed 88.4. This rate is calculated on the compensating rate + 4%, .03 exonerations, and 5.6% of board pledged funds to be transferred to the building fund to be used for upcoming building projects and improvements.

Mr. Salsbury shared the district's outstanding net debt service, available funds, and projected bond issues. He also shared Phase 2 stadium improvement finance options.

Mr. Watts presented a list of projects along with their estimated costs to help the board understand the rationale behind the requested tax rate of 88.4. He also provided details on Property Assessment Growth Relief and its impact on tax rates. Additionally, he shared a 2024 home value chart illustrating the tax increase based on a home's value at last year's rate, the rate with a 4% increase plus exonerations, and the requested rate of 0.884. Due to the reassessment of home values, property taxes will rise for homeowners, even though the tax rate has decreased.

The board's discussion centered around:

- Current revenue sources
- Construction and insurance costs
- Explanation of a BG-1
- IRBs
- The Ovation Project and it's corresponding phases
- District facility plan
- Transient and homeless population
- Possibility of funding current projects without raising taxes
- Current contingency rate
- Restricted and non-restricted funds
- Cutting costs

Ms. Malone reminded everyone the hearing is scheduled for August 28th at 6:00 followed by the regular meeting for August.

ADJOURNMENT

There being no further business, the meeting adjourned. Time 8:37 PM

Chairman

Secretary