

**Mercer County Board of Education
Special Board Meeting Minutes
August 23, 2018, 6:00 PM
Central Office
530 Perryville Street
Harrodsburg, KY 40330**

Attendance Taken at 6:00 PM:

Present Board Members:

Ms. Marianne Davis
Ms. Christie Devine
Mr. Billy Montgomery
Mr. Randy Phillips
Mr. Larry Yeager

1. Call to Order/Roll Call

Rationale:

Marianne Davis, District 1
Larry Yeager, District 2
Billy Montgomery, District 3
Christie Devine, District 4
Randy Phillips, District 5

2. Approval of Agenda

Rationale:

The agenda is being presented for approval. Any changes are to be made at this time.

Order #19034 - Motion Passed: Approval of agenda passed with a motion by Mr. Randy Phillips and a second by Mr. Billy Montgomery.

Ms. Marianne Davis	Yes
Ms. Christie Devine	Yes
Mr. Billy Montgomery	Yes
Mr. Randy Phillips	Yes
Mr. Larry Yeager	Yes

3. Board Member Comment

Rationale:

Any board member wishing to comment may do so at this time.

Discussion:

Mr. Davis addressed some of the public participation comments.

Christie Devine commented on the state of the community and the fact that businesses are closing at a rapid pace. If businesses close, assessment values go down, therefore taxes would need to increase in order to keep up. Where is Harrodsburg going? Where is the local revenue?

Marianne Davis commented on Campbellsville University being tax exempt and the loss of that revenue. She also addressed the safety issue that was commented on during the hearing. Ms. Davis feels like we have had higher safety incidents in the last year than ever before, therefore there is a need to increase the safety concerns in the district. This is a high priority. The incidents will not happen because we will not allow those things to happen. Safety first.

Randy Phillips spoke about the school administration and the outlook on the finances, and how every expense is scrutinized. He has two kids in the school system, he wants his kids to have the best education. He wants that for all kids. He watches the finances and tries to see where we can cut, but due to the lack of state funding, and the fact that businesses are leaving the community, that is not easy. Safety is important, thankful for the SRO's. As a parent he thinks we do a great job.

Billy Montgomery spoke about the fact that the board has increased taxes maybe three or four times in the last eight years. Read an article regarding districts and their tax increases in the last few years and about 80% took the 4%.

Larry Yeager spoke about the safety of the students in the district. His biggest issue is with Frankfort and the fact that they are mandating increases in expenses with no increase in funding. He said that everyone needs to go to Frankfort and fight back.

4. Public Participation

Rationale:

Pursuant to Board Policy 01.421, persons wishing to address the Board must first be recognized by the Chairperson and stand behind the podium. An individual or group granted the privilege of being heard must give his/her name, address, and reason for speaking. The Chairperson may rule on the relevance of the topic to the Board's Agenda, and will set the time limit to five (5) minutes. The Board will only act on/respond to items on the published agenda. If you wish to have an item placed on the agenda, you must first meet with the Superintendent.

At this time the board will receive comments from the public.

Discussion:

Waldon Adkinson spoke from the audience regarding taxes, charter schools, homeschooling, 4% tax increase last year, teacher pensions, labor taxes.

Marianne Davis responded regarding charter schools and the fact that we are trying to address choices with our students. Addressed homeschooling.

Christie Devine responded to a comment on homeschooling and the fact that most of the parents probably want their children to be safer.

5. August Leave of Absences (Medical and Personal)

Rationale:

SUBJECT: (AUGUST) LEAVE OF ABSENCE REQUESTS

Medical Leaves

1. A bus monitor, Danna Yates, is requesting unpaid medical leave due to an injury. This will require her to be off work until January 1, 2019. She plans to use a combination of sick, personal, and unpaid days.
2. A bus driver, William (Condit) Baker, is requesting unpaid medical leave due to surgery beginning August 3, through November 1, 2018. He will be using mostly unpaid days and a few sick days.

Personal Unpaid Leaves

3. A teacher, Ellie Vandivier, is requesting unpaid personal leave beginning October 15 through October 23, 2018. She will using all unpaid days except for two personal days.
4. An instructional assistant, Emily Vandivier, is requesting unpaid personal leave beginning October 15 through October 26, 2018. She will be using all unpaid days except for two personal days.
5. A teacher, Brian Rowland, is requesting unpaid personal leave September 18 through September 28. He plans to use five unpaid days, two personal and two sick days.

Order #19035 - Motion Passed: Approval of medical and personal leave of absences passed with a motion by Mr. Larry Yeager and a second by Mr. Billy Montgomery.

Ms. Marianne Davis	Yes
Ms. Christie Devine	Yes
Mr. Billy Montgomery	Yes
Mr. Randy Phillips	Yes
Mr. Larry Yeager	Yes

6. Tax Rates 2018-19

Rationale:

Tax Rates 2018-19

It is the local school boards responsibility to set tax rates for the year. These tax rates must be levied 45 calendar days from the date that the state certified the assessment for the district. The state certified the Mercer County School's tax assessment on July 31, 2018. This means that taxes must be levied by September 14, 2018. If the board wishes to vote on either the Subsection (1) Rate

or the 4% Increase Rate, there must be a hearing before the tax rates can be levied. The requirements for the tax hearing is that it must be published at least twice for two (2) consecutive weeks, in the newspaper of largest circulation in the county, and the hearing must be within 7-10 calendar days from the last published ad. Our tax rate ad was published in the Harrodsburg Herald on August 9, 2018 and August 16, 2018, which means the hearing must be between August 23, 2018 – August 26, 2018. The hearing is scheduled for Thursday, August 23, 2018 at 5:30 p.m. to be immediately followed by a special board meeting to set the tax rate.

What are our choices?

Under House Bill 44, there are three choices according to KDE:

- **Compensating Rate 66.6* (both real estate and personal property)** – generates same amount of revenue as prior year; \$8,152,586 in revenue
- **Subsection (1) Rate 67.1* (both real estate and personal property)** – hearing required; not subject to recall in this case; \$8,213,883 in revenue
- **4% Increase Rate 69.2* (both real estate and personal property)** – generates revenue that is 4% greater than prior year; hearing required; no recall; \$8,471,333 in revenue

What is the Superintendent's recommendation?

The Superintendent recommends levying the 4% Increase Rate of 69.2* for both real estate and personal property. Motor vehicle rates would remain the same at 49.1 cents per \$100, which is the maximum rate.

What does this mean for the tax payer?

4% Increase Tax Rate (which means revenue is 4% more than prior year) – increases rate from 66.5 cents per \$100 in 2017-18 to 69.2* cents in 2018-19, an increase of 2.7 cents or \$27 for a \$100,000 property owner; \$54 for a \$200,000 property owner; and \$81 for a \$300,000 property owner.

What does this mean for the school district?

Proposed tax rates of 69.2* cents per \$100 for real estate and personal property constitutes a 2.7 cent increase from the prior year's rate (66.5) and would generate approximately \$300,000 more in revenue for the general fund as opposed to the compensating rate.

Of the 69.2* cents, 16.8 cents is legally required to be used for building/construction purposes only (that is the first, second, and third nickel taxes). This would mean 52.4 cents is for operations/instruction.

	2018-19 Tax Rate	Change	+/- on \$100,00 home for year	Building Fund Tax Rate (Nickel Taxes)	Left to use on Instruction/ Operations
Compensating	66.6*	.1	\$1.00	16.8	49.8
Subsection (1)	67.1*	.6	\$6.00	16.8	50.3
4% Increase	69.2*	2.7	\$27.00	16.8	52.4

Revenue Projections

	Tax Rate	Total Possible Revenue	Actual Revenue	Collection Percentage	General Fund Revenue
2017-18	66.5	\$7,343,934	\$7,068,413	96.3%	\$5,021,954

2018-19	Tax Rate	Total Projected Revenue	Collection Percentage	Adjusted Projected Revenue	Sheriff's Office Commission	Adjusted General Fund Projected Revenue
Compensating	66.6*	\$8,152,586	96.3%	\$7,850,940	\$176,646	\$4,915,313
Subsection (1)	67.1*	\$8,213,883	96.3%	\$7,909,969	\$177,974	\$4,973,014
4% Increase	69.2*	\$8,471,333	96.3%	\$8,157,894	\$183,553	\$5,215,360

Projected General Fund Revenue Difference from fiscal year 2018:

- Compensating = (\$106,641)
- Subsection (1) = (\$48,940)
- 4% Increase = \$193,406

Comparing Projected Revenue	Compensating vs. 4% Increase
Difference this year	\$300,047
Difference in 5 years	\$1,500,235
Difference in 10 years	\$3,000,470
Difference in 20 years	\$6,000,940

What are the plans for the revenue?

- Compensating – The projection shows a decrease in general fund revenue of \$106,641 compared to last year. Due to that, there would be no way to increase section 6 funding, it would need to remain at the \$100/pupil amount. Nothing new added to the budget. Would need to look at another drastic cut somewhere.
- Subsection (1) – The projection also shows a decrease in general fund revenue in the amount of \$48,940 compared to last year. The same as the compensating rate, there would be no way to increase section 6 funding. Nothing new added to the budget. Would need to look at a cut somewhere in the general fund budget.

- 4% Increase – The projection shows an increase in general fund revenue of \$193,406 compared to last year. Due to that, we would be able to restore section 6 funding to \$139.33/pupil, which amounts to approximately \$101,250. Addressing supply lists and students fees with the remaining increased revenue of \$92,156.

How does our district compare to surrounding districts in 2017-18?

<u>District</u>	<u>Real Estate/ Tangible Rates</u>	<u>District</u>	<u>Real Estate/ Tangible Rates</u>
Anderson	62.7 (4%) (73)	Garrard	67.5 (4%) (55)
Bardstown	81.4 (4%) (29)	Jessamine	69.3 (4%) (48)
Boyle	70.4 (Other) (46)	Mercer	66.5 (4%) (59)
Burgin	69.5 (4%) (47)	Nelson	76.4 (4%) (35)
Danville	94.5 (Comp) (12)	Washington	60.2 (Comp) (80)

The numbers in parenthesis show the rank on tax rate amounts with 1 being the highest and 147 being the lowest tax rate for 2017-18.

In 2017-18 there were 59 higher tax rates than Mercer County and 88 lower tax rates than Mercer County. Out of 173 districts 80 levied the 4% tax rate, 53 levied the Compensating rate, 36 levied the Other rate, 2 levied the Sub [1] rate, and 2 levied the House Bill 940 rate.

What is Mercer County's tax rate history?

Over the last 6 years, tax rate increased only 3.9 cents per \$100:

Year	Approved Tax Rate	4% Rate for the Year	Difference in Approved and 4%	Lost Revenue as of 2018-19
2012-13	62.6 (4%)	62.6	0	0
2013-14	62.6 (Other)	64	1.4 [MA-M1]	\$656,580
2014-15	64.8 (4%)	64.8	0	0
2015-16	64.9 (Other)	66.5	1.6	\$663,260
2016-17	64.9 (Other)	67	2.1	\$652,440
2017-18	66.5 (4%)	66.5	0	0

In the last six years, we have lost a total of \$1,972,280 in revenue by not increasing taxes every year. That will compound to right under \$2.5 million for next fiscal year (\$492,725/year).

What is the impact on the budget?

	Compensating	Subsection (1)	4% Increase
Working Budget Ending Balance FY 19	\$1,853,542	\$1,911,243	\$2,153,589
Working Budget Contingency FY 19	7.69%	7.93%	8.94%
Difference in FY 19 Beginning Balance & FY 20 Beginning Balance	(\$1.65 million)	(\$1.59 million)	(\$1.35 million)
Estimated Ending Balance FY 20	\$207,084	\$322,486	\$807,178
Estimated Contingency FY 20	.86%	1.34%	3.35%

**0.1 cents may be added to the property rates to recover prior year losses due to exonerations. These rates reflect the 0.1 cents.*

Order #19036 - Motion Passed: passed with a motion by Ms. Christie Devine and a second by Mr. Randy Phillips.

Ms. Marianne Davis	Yes
Ms. Christie Devine	Yes
Mr. Billy Montgomery	Yes
Mr. Randy Phillips	Yes
Mr. Larry Yeager	No

7. Section 6 Allocations

Rationale:

Finalize Section 6 Allocations. The board voted In May to decrease Section 6 Allocations to \$100/pupil until we knew more about funding for fiscal year 2019. If the taxes are increased it is recommended to restore those funds back to \$139.33/pupil which amounts to approximately \$101,250. We will be adjusting the allocations in regards to attendance the beginning of September and those numbers will be provided to the board at the September meeting.

Order #19037 - Motion Passed: Approval to restore Section 6 Funding to \$139.33/pupil passed with a motion by Mr. Randy Phillips and a second by Mr. Billy Montgomery.

Ms. Marianne Davis	Yes
Ms. Christie Devine	Yes
Mr. Billy Montgomery	Yes
Mr. Randy Phillips	Yes
Mr. Larry Yeager	Yes

8. Adjournment

Order #19038 - Motion Passed: Approval to adjourn the meeting passed with a motion by Mr. Randy Phillips and a second by Mr. Billy Montgomery.

Ms. Marianne Davis Yes

Ms. Christie Devine Yes

Mr. Billy Montgomery Yes

Mr. Randy Phillips Yes

Mr. Larry Yeager Yes