

**Mercer County Board of Education
Special Board Meeting Minutes
August 22, 2019, 5:30 PM
Central Office**

Attendance Taken at 5:30 PM:

Present Board Members:

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

1. Call to Order/Roll Call

Rationale:

Vacant, 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 #202023 - Motion Passed: Approval of agenda passed with a motion by Mr. Billy Montgomery and a second by Mr. Randy Phillips.

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.

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.

5. Tax Rates 2019-20

Rationale:

Tax Rates 2019-20

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 August 5, 2019. This means that taxes must be levied by September 19, 2019. 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 8, 2019 and August 15, 2019, which means the hearing must be between August 22, 2019 – August 25, 2019. The hearing is scheduled for Thursday, August 22, 2019 at 5:00 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 69.1* (both real estate and personal property)** – generates same amount of revenue as prior year; \$8,680,646 in revenue
- **Subsection (1) Rate 69.6* (both real estate and personal property)** – hearing required; subject to recall in this case; \$8,743,458 in revenue
- **4% Increase Rate 71.8* (both real estate and personal property)** – generates revenue that is 4% greater than prior year; hearing required; no recall; \$9,019,832 in revenue

What is the Superintendent's recommendation?

The Superintendent recommends levying the 4% Increase Rate of 71.8* 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 69.2 cents per \$100 in 2018-19 to 71.8* cents in 2019-20, an increase of 2.6 cents or \$26 for a \$100,000 property owner; \$52 for a \$200,000 property owner; and \$78 for a \$300,000 property owner.

What does this mean for the school district?

Proposed tax rates of 71.8* cents per \$100 for real estate and personal property constitutes a 2.6 cent increase from the prior year's rate (69.2) and would generate approximately \$330,000 more in revenue for the general fund as opposed to the compensating rate.

Of the 71.8* cents, 17.1 cents is legally required to be used for building/construction purposes only (that is the first, second, and third nickel taxes). This would mean 54.7 cents is for operations/instruction.

	2019-20 Tax Rate	Change	+/- on \$100,00 home for year	Building Fund Tax Rate (Nickel Taxes)	Left to use on Instruction/ Operations
Compensating	69.1*	-.1	-\$1.00	17.1	52
Subsection (1)	69.6*	.4	\$4.00	17.1	52.5
4% Increase	71.8*	2.6	\$26.00	17.1	54.7

Revenue Projections

	Tax Rate	Total Possible Revenue	Actual Revenue	Collection Percentage	General Fund Revenue
2018-19	69.2	\$8,471,333	\$8,247,324	97%	\$5,282,135

2019-20	Tax Rate	Total Projected Revenue	Collection Percentage	Adjusted Projected Revenue	Sheriff's Office Commission	Adjusted General Fund Projected Revenue
Compensating	69.1*	\$8,680,646	96.7%	\$8,394,185	\$188,869	\$6,174,767
Subsection (1)	69.6*	\$8,743,458	96.7%	\$8,454,924	\$190,236	\$6,234,140
4% Increase	71.8*	\$9,019,832	96.7%	\$8,722,178	\$196,249	\$6,495,380

Projected General Fund Revenue Difference from fiscal year 2019:

- Compensating = \$11,875
- Subsection (1) = \$47,498
- 4% Increase = \$308,738

Comparing Projected Revenue	Compensating vs. 4% Increase
Difference this year	\$296,863
Difference in 5 years	\$1,484,315

Difference in 10 years	\$2,968,630
Difference in 20 years	\$5,937,260

What are the plans for the revenue?

- Compensating – The projection shows an increase in general fund revenue of \$11,875 compared to last year. Section 6 funding could stay at \$139.33/student. With the 2% raise that was given to all staff, we would see an approximate decrease to our ending balance of \$650,000 compared to fiscal year 2019.
- Subsection (1) – The projection shows an increase in general fund revenue in the amount of \$47,498 compared to last year. Section 6 funding could stay at \$139.33/student. With the 2% raise that was given to all staff, we would see an approximate decrease to our ending balance of \$600,000 compared to fiscal year 2019.
- 4% Increase – The projection shows an increase in general fund revenue of \$308,738 compared to last year. Section 6 funding could stay at \$139.33/student. Continuing supplying the school supplies for students and a lower school fee is still an option. With the 2% raise that was given to all staff, we would see an approximate decrease to our ending balance of \$335,000 compared to fiscal year 2019.

How did our district compare to surrounding districts in 2018-19?

<u>District</u>	<u>Real Estate/ Tangible Rates</u>	<u>District</u>	<u>Real Estate/ Tangible Rates</u>
Anderson	64.6 (4%) (79)	Garrard	67.5 (Other) (68)
Bardstown	83.7 (4%) (27)	Jessamine	69.3 (Other) (58)
Boyle	71.8 (Comp) (49)	Mercer	69.2 (4%) (60)
Burgin	71.9 (4%) (48)	Nelson	77.2 (4%) (38)
Danville	94.6 (Comp) (14)	Washington	60.2 (Other) (95)

The numbers in parenthesis show the rank on tax rate amounts with 1 being the highest and 173 being the lowest tax rate for 2018-19.

In 2018-19 there were 59 higher tax rates than Mercer County and 113 lower tax rates than Mercer County. Out of 173 districts 69 levied the 4% tax rate, 44 levied the Compensating rate, 57 levied the Other rate, and 3 levied the House Bill 940 rate.

What is Mercer County's tax rate history?

Over the last 7 years, tax rate has increased 6.6 cents per \$100:

Year	Approved Tax Rate	4% Rate for the Year	Difference in Approved and 4%	Lost Revenue as of 2019-20
2012-13	62.6 (4%)	62.6	0	0
2013-14	62.6 (Other)	64	1.4	\$787,896
2014-15	64.8 (4%)	64.8	0	0

2015-16	64.9 (Other)	66.5	1.6	\$884,347
2016-17	64.9 (Other)	67	2.1	\$978,660
2017-18	66.5 (4%)	66.5	0	0
2018-19	69.2 (4%)	69.2	0	0

In the last seven years, we have lost a total of \$2,650,903 in revenue by not increasing taxes every year. That will compound to approximately \$3.3 million for next fiscal year.

What is the impact on the budget?

	Compensating	Subsection (1)	4% Increase
Working Budget Ending Balance FY 20	\$2,891,426	\$2,950,799	\$3,212,039
Working Budget Contingency FY 20	11.71%	11.95%	13.01%
Difference in FY 20 Beginning Balance & FY 21 Beginning Balance	(\$658,574)	(\$599,201)	(\$337,961)

**0.2 cents may be added to the property rates to recover prior year losses due to exonerations. These rates reflect the 0.2 cents.*

Order #202024 - Motion Passed: Approval of the 2019-20 tax rates at the 4% rate passed with a motion by Mr. Billy Montgomery and a second by Ms. Christie Devine.

Ms. Christie Devine Yes

Mr. Billy Montgomery Yes

Mr. Randy Phillips Yes

Mr. Larry Yeager No

6. Adjournment

Order #202025 - Motion Passed: Approval to adjourn the meeting passed with a motion by Mr. Randy Phillips and a second by Mr. Billy Montgomery.

Ms. Christie Devine Yes

Mr. Billy Montgomery Yes

Mr. Randy Phillips Yes

Mr. Larry Yeager Yes

Order #202026 - Motion Passed: Approval to adjourn the meeting passed with a motion by Mr. Randy Phillips and a second by Mr. Billy Montgomery.

Ms. Christie Devine Yes

Mr. Billy Montgomery Yes

Mr. Randy Phillips Yes

Mr. Larry Yeager Yes