

RECORD OF PROCEEDINGS
NEW ALBANY FINANCIAL REVIEW AND REPORTING COMMITTEE
(FRRC)

The monthly meeting of the Financial Review and Reporting Committee (FRRC) was held on Wednesday, February 22, 2012 at 9:02 a.m. at the Administrative Offices of New Albany – Plain Local Schools.

Members Present: Joseph Armpriester, Molly Cooper, Dave Demers, Philip Darrow, April Domine, William Neville, Tom Pace, Brian Ramsay, Mark Ryan, Kevin Stahl, Ken Stark and Brian Steel.

Also Present: Lori Wince (This Week News).

Members Absent: Cheri Lehmann and Parag Patel

- Welcome and Introduction: Mark Ryan conducted the welcome accordingly.
- Approval of the Minutes: Mark Ryan asked for a motion to approve the January 2012 FRRC meeting minutes and all attending the meeting were in favor.
- Monthly Revenue and Expenditure Variance Analysis: The monthly variance report through January 2012 is on target and no noticeable variances were noted. Brian Ramsay advised that the full settlement on the real estate taxes will be in March and will be duly noted on future reports. Brian also discussed the income taxes that the district receives through sharing with the City of New Albany and that those taxes are collected through RITA and subject to the variations in collection rates and economic swings. Review of expenditures noted that below budget spending was offsetting reduced revenue. Superintendent Domine recognized efforts by staff in every building and department to serve cost savings.
- Update on FY11 Financial Audit: Mark Ryan advised that this was a clean audit for NAPLS. This is the eighth straight year for a clean audit for NAPLS per Brian Ramsay. The clean audits do affect our credit ratings, but in a positive way by lowering interest rates on bond issues. The committee offered their congratulations to Brian and his team for this accomplishment.
- Preliminary Report on Benchmarking Visit to Minnetonka: Superintendent Domine reviewed the origin of national benchmarking in the district Strategic Plan and the process throughout 2011 that led to researching over 200 schools and finally selecting Minnetonka as best match for the District Mission and Vision. Mrs. Domine reviewed the extensive training the research team completed and shared the research focus was to benchmark the school district for how the district achieved its results, why it worked the way it did, in order to uncover its DNA for high performance. Mark Ryan who also participated in the research visit shared about some of the initial impressions that were learned by the Research team about how Minnetonka achieves its results. He noted that he particularly was struck by the relentless urgency to keep moving forward and

developing what students needed for the future. The next steps are to analyze the data, identifying key findings and use these to set priorities for the district. In April, a team from Minnetonka will visit New Albany.

- Update on Land Acquisition (Pestel Property): The purchase of this property has been a part of the long term plans for campus development and was the last piece of land to purchase west of State Route 605N and south of Kardules Way. The district paid below the assessed value. The purchase agreement does allow the seller to remain in the property for up to two years.
- Update on Potential Bond Refinancing: Mr. Ryan presented information about the bond re-financing that the Board had recently authorized, but has not been executed. The committee requested a summary of the district's outstanding debt including the term, interest rates and payout dates. Mr. Ramsay indicated he would provide the requested information.
- Update to Assessed Valuation (revision to revenue projections) for CY2012: Presentation materials are attached.

Superintendent Domine presented an overview of the district's revenue projections and some of the recent revenue adjustments received in December and January. The first revenue change reviewed was the adjustment to the income tax. These changes from the City were made in November/December 2011. Property tax projections are declining from already lowered levels in October. Mrs. Domine reviewed the property tax revenue in four categories: residential-existing and new construction and commercial-residential and new construction. A review of projections in residential new construction indicates that the model that had been used to predict new construction needs to be reconsidered in the new economic climate. There was extended discussion among the committee about the way to adjust the residential new construction projection model in the future. The Superintendent reviewed a 3-year rolling average model that reflected consistent trends in recent history. The committee discussed this plan with some members feeling it was too conservative because the economic condition of the past several years was improving. Others thought it was acceptable because it seemed to be a reasonable accounting for projected growth without being overly optimistic. There was discussion about the need for the projections as a whole to be basically conservative, but not too conservative. The committee also discussed the need for there to be further work done on the expenditures side as well. Mrs. Domine indicated that this was the immediate next step is to address expenditure projections and that the staff would be focusing on identifying continued cost containment, possible restructuring and ways to rethink current staffing and budget plans and alternative service of revenue. The committee indicated that they thought the Board should charge the staff to prepare information as to what it would take to have a positive cash balance at the end of FY 2014, so that the Board could make decisions about cuts and the timing of the need to request additional revenue.

- Next Meeting: March 12, 2012 (9-10:30 am)

The meeting was adjourned at 10:33 a.m.