

FINANCIAL REVIEW AND REPORTING COMMITTEE

Minutes

New Albany Plain Local School District
Administrative Offices
55 N. High St.
New Albany, OH 43054
Financial Review and Reporting Committee

Monday, September 29, 2014 9:00 a.m. – 10:30 a.m.

Our Mission: To ensure the development of high achieving, ethical, self-directed, and intellectually curious citizens of the world.

Members Present: Joseph Armpriester, Molly Cooper, April Domine, Becky Jenkins, William Neville, Mark Ryan, Laura Kohler, Phil Derrow, David Demers

Members Absent: Parag Patel, Kevin Stahl, Brian Steel

Mark Ryan opened the meeting and welcomed those members present.

Reductions:

Dr. Domine discussed guidelines for reduction plans. Discussed the history of the request for a reduction plan by the board. Reviewed the document that was presented to the board, put on our website, and presented to staff. April presented it today to the FRCC.

Dr. Domine explained that we attempted to craft every reduction prior to affecting classrooms. Ms. Domine reviewed the guiding principles used with every reduction decision made. The four guiding principles include:

1. We must prioritize student achievement and safety – including legal mandates we are required to meet. Our goal is to consider cuts at the classroom level only after all other potential reductions have been considered.
2. Reductions need to be immediate and long term, some taking effect in November while others would occur in January and next school year. Our goal is to keep reduction to staff to a minimum until next school year.
3. We have been encouraged by the Finance Review and Reporting Committee and the Board to think creatively and strategically about recommended reductions, including looking for ways to restructure, redesign to deliver services differently.
4. Reductions must be across all areas (K-12) and all workgroups: administrators, non-union classified, classified and certified.

Dr. Domine reviewed the first draft of the reductions list which can be found on the district's website. She let the group know that the goal was to reduce at the administrative level first then follow in the other categories.

Mr. Ryan asked if the November levy failed and the district placed another levy on the May ballot, would these cuts still have to occur? Ms. Jenkins said replied that the cuts would still need to occur because funds from either a May or November 2015 levy would not be received until January of year after the levy is passed which is too late to stave off the cuts.

Five-Year Forecast:

Ms. Jenkins reviewed the Five year forecast. Ms Jenkins and Mr. Ryan noted that this will change regardless of the levy outcome. Should the levy be successful the revenue from the levy will be included in the real estate tax line of the forecast and qualifying expenditures in capital outlay will be taken out because they will be paid for out of the permanent improvement levy revenue. Should the levy be unsuccessful the reductions the Board approves will be included.

Highlights:

- Real estate tax collections are held flat except for new construction because House Bill 920 does not allow any more taxes to be collected than the amount collected the day the levy passed. They do not grow with valuation growth.
- In total revenue is down from May projections due to a back log of Board of Revision (BOR) adjustments –
- The district will receive \$280,000 increase in State funding which is limited to 10.5% increase from the previous year. If the state funding formula was fully funded the district would receive over \$10,000,000. We currently receive \$3,000,000 from the state formula funding. Private schools receive \$1089 per pupil while New Albany receives \$582 per student in formula funding. Dr. Domine and Ms. Jenkins are trying to influence changes at the legislative level at least bring New Albany per pupil funding to the private school level.
- We will not know next year's state funding levels until June 2015 which will be the completion of the next state biennial budget. Should the state fully fund the formula, the district would likely extend the levy cycle to 3 or 4 years.
- Ms. Jenkins has included a 5% increase for state funding in FY16 and beyond.
- FY16 includes the 9% cap for health insurance that is negotiated. The district and insurance committee strive to keep the increase in healthcare costs below even the 9%.
- District is looking at self funding for insurance to save money due to the fees associated with healthcare reform.
- The 5-year forecast is general fund only.

General/Levy Discussion:

Ms. Jenkins explained why the district must cut \$7.5 million from the budget. The district is not permitted to operate with a negative ending cash balance. FY16 ending cash balance is projected to be a negative \$4.6 million. The district has an ending cash balance policy where the district should strive to have a minimum 30-day carryover balance. Even with cutting \$7.5 million we are still not at ending 30 day cash balance. The goal is that FY15 expenditures would come in under budget as it did in FY14 which would also help in moving the ending cash balance to the appropriate level.

Mark Ryan explained that two years ago the FRRRC and board realized the residents were just coming out of the recession and chose to keep the operating millage low by using the ending cash balances that were over 30-days. The Board purposely set the millage in order to pay for the increased costs for a two year period which also helped keep the millage lower. This was the plan.

Mr. Ryan suggested the committee consider meeting again in November due to the fact that regardless of the levy outcome the five-year forecast will change. Mr. Ryan and Ms. Jenkins will look at potential meeting dates in November.

The meeting adjourned at 10:27 am.