



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 15, 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, Debbie Kalinosky, William Neville, Parag Patel, Mark Ryan, Michael Sawyers, Kevin Stahl, and Brian Steel

Members Absent: David Demers and Phil Darrow

- Mark Ryan opened the meeting and welcomed those members present.
- Mark Ryan introduced new board member Ms. Debbie Kalinosky and discussed the process by which the board navigated in order to appoint a new member to an open position. Mr. Ryan also discussed the fast timeline dictated by Ohio Revised Code. The board cannot appoint in the first 10 days of the vacancy but must appoint within 30 days of the vacancy otherwise that power is relinquished to the probate court.
- The June 16, 2014 FRRC meeting minutes were approved.
- Becky Jenkins reviewed both June and July 2014 financial reports. FY14 ended \$873,000 better than projected in the October 2013 five-year forecast. Revenue was 1.2% higher than anticipated while expenditures were 1% under projections.

The district did receive \$3.6 million in income tax sharing which was a little higher than projections. When looking at this year we will continue to use \$3.6 million as the assumption for income tax sharing revenue with the City of New Albany. Ms. Jenkins continues to have conversations with the

City regarding income tax sharing. The City is not anticipating material increases in income tax revenue for the abated area.

Ms. Jenkins discussed the effect of abatement agreements expiring and said she looks for property value guidance from the City of New Albany to know an estimated value when adding the valuation onto the district's tax roll.

Ms. Jenkins discussed that Licking Heights School District is getting the new Bath and Body Works commercial development and that most of the business development locations around Beech road are outside the New Albany School District. It was noted that although there is ongoing commercial development opportunities within the New Albany School District, much of the business park is developed.. {

Comment [AD1]: I feel like I should check this with Bill E before I quote it

- July financials shows the district on plan except that the July income tax sharing payment was not received until early August.

Ms. Jenkins advised that the district is on time and on project as expected with GMP's 1 - 4 and ¼ of building is opened on the first day of school. The building is still on track to open the remaining portion after winter break.

- Mark Ryan asked Ms. Jenkins to describe the audit process. The audit for the cash portion of the audit has begun. The auditors have been here for over two weeks. Ms. Jenkins explained that the auditors expect to have the CAFR (Comprehensive Annual Financial Report) completely reviewed and released with their opinion by end of November. We do not know if the auditors will be able to keep this timeline but we are doing everything in our power to keep them on their timeline.
- Mark Ryan announced that Ms. Jenkins received two awards. The first is the Award for Excellence in Financial Reporting in August given by GFOA (Government Finance Officers Association) for the District's CAFR and the second is Auditor of States Award with Distinction in September for a "clean" audit which includes preparing a CAFR.
- Levy Update: Ms. Jenkins reviewed the process from April when the FRRRC and the Board discussed the levy options to July when the Board voted to put forward a 6.9 mil operating levy and 2.0 mil PI. She reviewed that the District is where it anticipated it would be at the end of the 2012 two year levy and that this plan is on schedule for a 2014 levy request. Ms. Jenkins also reviewed the following items for the committee as well as the new board member:

Comment [AD2]: Too much?

The district is projecting a positive ending cash balance in FY15 however FY16 shows a projected negative ending cash balance. School districts are not permitted to end a fiscal year less than \$0 and are not permitted to have a line of credit. The options to eliminate a negative ending cash balance are:

1. Reduce expenditures
2. Request additional revenue through a new levy
3. Or a combination of 1 and 2

The district has placed a levy on the ballot and will make reductions if the levy does not pass. As always the district will also continue to look at areas for cost containment.

The capital improvements plan shows we need just under \$2 million per year to maintain the buildings and systems. The PI funds cannot be used for anything that lasts less than five years and is usually used for busses, buildings, roofs, etc. (The full Permanent Improvement plan is available on the website.) The 6.9 mill levy is for operating costs such as salaries, utilities, materials and supplies. Dr. Domine further explained that the new millage represents \$311 per hundred thousand dollars of a home's market value and it will be in addition to current property taxes. Ms. Jenkins also reminded the committee that all previously approved operating levies do not expire but are continuing.

If the levy fails, the Board has directed administration to provide a business plan that details the cuts/reduction to address the 7.5 million dollar deficit.

Dr. Domine stressed the importance of reviewing the cost containment strategies over last three years. Health care costs have been kept well under the 9% cap which contains annual increase rates to a lower level than other districts. Many districts do not have caps and have looked to us to learn more about our approach. Another example discussed included the work to slow the previous rate of adding new staff to deal with growing enrollment. The ongoing containment of the addition of new staff has allowed class size to rise slightly but not dramatically across the board. These reductions in hiring assumptions are one example of how the district continues to work to contain costs associated with growth.

Another significant effort has been the work to bring alternative revenue into the district. Dr. Domine noted that over 2 million dollars in grants and donations were acquired last year.. For instance, the \$1.1 million, Straight A Grant allowed us to put \$300,000 into our technology infrastructure, and resulted in the completion of the funding needed for the humanoid robotic project/class. Another example would be the \$170,000 ADAMH grant which has allowed us to fund two more mental health professionals. In addition, there have been significant donations such as the \$1.5 million from the Wexner's for the exterior of the new building.

Through these efforts, we have kept our cost per pupil at average in Franklin county despite the fact that we offer superior value/academics.

- We returned about 800,000 to cash balance at the end of last year due to these cost containments. Dr. Domine and Ms. Jenkins committed to email the graphs and fact sheet to the FRCC as well as the Quality Profile.
- Dr. Domine discussed an initiative to increase our state funding to the same level as private schools. That would double our current state formula funding. We currently receive about 25% of the school funding formula that New Albany would receive if the formula was fully funded..
- Dr. Domine explained the Quality Profile report which reaches across all of the domains of what constitutes quality in our school district, specifically including an emphasis on strategic goals. In addition to state report card this highlights who we are and what we offer.
Dr. Domine also shared the district is responding to questions and rumors via Fact or Fiction videos on the website and these have been very successful with over 6000 views to date.
- Dr. Domine shared the approach to the creation of the business plan for reductions in the event of a levy failure. The guiding principles used to develop the plan are:
 1. Student achievement and safety.
 2. Immediate reductions as well as into next year.
 3. Be creative and strategic about our thinking. Combinations of restructuring and redesign as well as cuts.
 4. Reductions will be made across the board – all buildings, classified, certificated, 1400's, administration.

Comment [AD3]: I thought our state contribution was 14% total.

The cost reduction plan will be presented to the Board at the 9/22 meeting. There will then be a 3 week time for questions/discussion with board vote at the October 13th Work Session.

It is Important to note going into the last levy we had a higher cash balance which meant if it didn't pass, there was still time to decide on reductions. This time we have to cut immediately. The reduction targets are \$2 million immediately and \$5.5 million over the next fiscal year. This represents a 10-20% cost reduction of the overall budget.

- 5 year forecast. Ms. Jenkins reported that a draft of the forecast will go out before 9/29 meeting. Expenditures and actual salaries will be in this draft. The major assumptions are:
 1. The 1% base increase per board direction in May is still in the forecast.
 2. Average step is approximately 3.3%
 3. 9% insurance increase cap will remain based on current negotiated agreements.
 Busses and technology are still in forecast the forecast and will be removed if the PI levy is passed. Ms. Jenkins also reminded the committee that the five year forecast is general fund only.

- Next Meeting – Monday, September 29, 2014 9:00 am – 10:30 am
- Adjournment – 10:15 am