



Financial Review And Reporting Committee Minutes

New Albany Plain Local School District
2-8 Building – Community Room
177 N High Street
New Albany, OH 43054

Financial Review and Reporting Committee

Monday, June 15, 2015 8:30 a.m. – 10:28 a.m.

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

Members Present: Becky Jenkins, April Domine, Joe Armpriester, William Neville, Mark Ryan, Molly Cooper, Parag Patel, Dave Demers

Members Absent: Laura Kohler, Brian Steel, Charlie Osborne, Kevin Stahl and Philip Derrow

Others Present: Jill Hatten, Patrick Gallaway, Michael Sawyers

- Mark Ryan welcomed the committee members and opened the meeting at 8:36 am.
- Minutes: The minutes from the May 11, 2015 meeting were reviewed and approved.
- Financial Report: Ms. Jenkins reviewed the May financial report. She informed the group that the final real estate tax settlement was received in May. The Franklin County Auditor's office typically releases the final settlement in March or early April. However, due to a change in their software the payment is much later this fiscal year. She reminded the group of the possibility of not receiving the Homestead/Rollback reimbursement from the State due to the late final settlement. She expects the reimbursement will be made prior to the end of the fiscal year. The expected reimbursement payment is approximately \$2.5 million. The district does have sufficient cash flow to cover this late payment if necessary. It was also reported that the income tax sharing revenue with the City of New Albany was \$133,000 higher in May than expected. Ms. Jenkins also explained to the members that pay to participate is running \$150,000 under estimated collections. This is due to the decline in participation as a result of the increased pay to participate fee. Personnel and benefits continue to run under estimates. This is the result of actual reductions coming in higher than estimates as well as many RIF'd employees resigning prior to their RIF date which reduces payroll/benefits that were not expected until the end of April and then the end of June.

We are also seeing staff who are not under a RIF resigning for employment in other school districts as well. All other line items are materially on plan.

The 2-8 building is complete and the district is working through the close out procedures as it relates to final payments to Corna-Kokosing and Moody Nolan. There are still expenditures needed for the 2-8 such as technology needs but the project continues to be under budget.

Dr. Domine suggested that the committee review the capital plan at a future FRRC meeting in order to discuss the need for permanent improvement expenditure planning in future years.

- Biennial Budget Update: Ms. Jenkins informed the group that the budget will be going to conference committee. She expects there will be a budget bill approved by June 30 but the minimum funding level is still questionable.
- PLEA Agreement/Five Year-Forecast Impact: Dr. Domine discussed the details of the recently approved negotiated agreement between the Board and PLEA (Plain Local Education Association). This is a two-year agreement. The union agreed to a step freeze that would not be recouped in future years and no base salary increases for the two-year period. The district agreed to pay a one-time, \$2,000 stipend to each union member in exchange for giving up the step increase. Dr. Domine also explained the insurance concessions agreed to by the union. They have agreed to increase out of pocket maximums from \$1,200-\$2,400 to \$2,000-\$4,000; add a fourth tier for prescription drugs and move to an 80/20% premium split beginning January 1, 2018. While this date is outside the current negotiated agreement term it will still take effect on that date. The agreement also included reducing the insurance increase from 9% to 5% as a target to beat. Ms. Jenkins gave insight into how the insurance committee works and explains that the work of the insurance committee is where the bulk of the reduced insurance costs came from. This is a very effective committee with representation of the Board, PLEA and OAPSE.

The committee asked what the cost of the one-time stipend was compared to the step. Mr. Ryan and Ms. Jenkins responded that the total of the \$2,000 payment was 83% of the total cost of the step increase and is estimated to be \$600,000. This is also a one-time payment and will not compound the way the step increase compounds. Mr. Armpriester noted that the \$2,000 payment is overall less than the average step a union member would otherwise receive.

The long-term effect of the negotiated agreement is material. The Board is scheduled to continue negotiations with the OAPSE union on June 29, 2015. Once this agreement is known it will be shared with the committee and also incorporated into the five-year forecast for levy planning. Mr. Armpriester added that the PLEA union understands we are all in this together.

- Five-Year Forecast to Date: Mr. Ryan, Ms. Jenkins and Dr. Domine discuss the growth in the expenditure lines. The community must keep in mind that beyond inflationary cost growth of close to 2% the district also realizes student population growth of 1-2% each year as well. Ms. Jenkins explained that the potential levy request can be less due to the 5% overall increase in property values as a result of the recent biennial budget update completed by the Franklin County Auditor's office. There is a higher tax value thus a lower millage can be requested to generate the same dollar amount. The other event that will play a huge roll in reducing the millage going forward is the financial impact of the PLEA negotiated agreement which will be incorporated in detail into the forecast in the coming weeks along with the result of the biennial budget once known.

Dr. Domine reviewed the restoration priorities with the committee. She expressed her concern around higher class size projections especially at the middle school level. There are currently a majority of middle school classes with 29-33 students. The committee also discussed the potential of implementing bussing outside a one (1) mile radius as opposed to the two (2) mile radius currently in effect. Mr. Ryan discussed that the Board has placed an emphasis on classroom restoration. The group discussed the pay to participate fee and that this would need to be continually re-evaluated due to the decrease in participation.

The committee members emphasized that voters are voting on the entire package and that transportation and pay to participate must be a consideration for the Board going forward. While the classroom experience is paramount these other areas must also be considered. Ms. Cooper stated November is the right time to be on the ballot. The committee agreed academics should be the top priority. Mr. Neville noted that the district should be careful of sending too many emails each day. Community does not read them because there are too many. We should send out only that information that is truly needed.

Mr. Ryan adjourned the meeting at 10:28 am.