

Minutes of Finance Committee Meeting

Date of Meeting: Monday, June 19, 2017
Call to Order: 7:00 a.m.
Attending: Mr. Wade, Mr. Stepanovic, Mr. Cosgrove, Mr. Wilson, Mr. Meyer and Jim Smith (Director of Buildings and Grounds)

The meeting was called to order at approximately 7:00 a.m.

Buildings and Grounds Update

Mr. Smith began the meeting by giving an update on planning for capital improvements to District facilities. Mr. Smith shared with the Committee his capital improvements schedule highlighting capital improvements for the balance of the 2017 fiscal year and for each of the next seven fiscal years ending with fiscal year 2024. On a preliminary basis, Mr. Smith is budgeting approximately \$286,000 in FY 2018, \$143,000 in FY2019, \$285,000 in FY 2020, \$100,000 in FY 2021, \$75,000 in FY 2022, \$75,000 in FY 2023 and \$107,000 in FY 2024, all of which will be funded by the proceeds of the District's permanent improvement levy (\$236,000/year) and the capital expenditure reserve (balance of \$510,000 at the end of FY 2017). Mr. Smith indicated that the FY 2018 budget includes approximately \$38,000 in previously unbudgeted funds in order to make repairs to the bleachers in the football stadium to remedy code violations. Other big ticket items in FY 2018 include \$100,000 for classroom renovations at the middle school, \$60,000 to replace a dump truck and \$20,000 for 48 air conditioner units. Members of the Committee questioned the desirability of adding air conditioners and it was the recommendation of the Committee that we remove the air conditioner units from the FY 2018 budget. Discussion then ensued with respect to the most economically efficient means for establishing a boundary between the District's property and the Sunoco lot. Mr. Meyer suggested we use landscape boulders to establish our boundary with Sunoco and it was determined that Mr. Smith would pursue that course of action. Finally, discussion ensued regarding the general purpose behind the capital plan and it was determined that the capital plan should identify those items necessary to make sure that we have quality facilities that are well maintained.

Approval of May 15th Meeting Minutes

Upon motion by Mr. Cosgrove, which was seconded by Mr. Meyer, the minutes of the May 15th meeting were approved.

Monthly Financial Update

Next, Treasurer Wilson provided his monthly financial update. He indicated that we continue to track the current year budget in terms of expenses, but, as reported in May, revenue for the year is about 3.5% less year-to-date from the same period last year (due largely to lower than anticipated real estate tax collections). Mr. Wilson concluded his monthly report by noting that food service will end FY 2017 with a surplus of approximately \$3,000, compared to a loss of \$24,000 in FY 2016 and a loss of \$86,000 in FY 2015.

Mr. Wade then updated the committee on a call that he had from Perry to discuss the possibility of sharing our transportation director with Perry for a fee payable to the District. The Committee encouraged Mr. Wade to follow-up with Perry and explore how that arrangement would work and the financial implications of that arrangement to the District.

Mr. Wade then discussed the budgeting process for the upcoming fiscal year noting that he and Treasurer Wilson are meeting with the principals and department heads in order to present the

operating fund revenue and expense budget at the July finance committee meeting with the goal of adopting the FY2018 budget at the July or August board meeting. Mr. Wade indicated that he and Treasurer Wilson have initiated a zero-based budgeting philosophy in order to focus people's spending decisions. Discussion ensued around the budgeting process and several members of the Committee urged Mr. Wade and Treasurer Wilson to begin the budgeting process earlier in future years with the goal being the presentation of the budget to the finance committee by May of each year so the Committee can be in a position to make decisions in a timely manner and on a fully-informed basis.

Monthly Enrollment Summary

Next, Mr. Wade reviewed enrollment figures noting that District enrollment at the beginning of the year was 1173 in-district students and at the end of the year enrollment was 1174 in-district students. He also noted that, based on current figures, next year's kindergarten class is below our historical norm—Mr. Wade indicated enrollment for the kindergarten class is currently at 58 versus our typical enrollment of 65-70. He also highlighted the fact that we have a class of 121 students going into the 8th grade.

Update of Lake County Health Care Consortium Options

Mr. Wade indicated that the District's health care consultant, Kyle Anthony, will be attending the July 17th finance committee meeting to review with the Committee the District's health care options for the upcoming year, particularly those options available to the District in lieu of continuing on with the Lake County Health Care Consortium.

Cell Tower Lease Options

Next, the Committee reviewed various options relating to the renewal of the cell tower lease or the buyout of future lease payments. The Committee recommended that Mr. Wilson seek documentation from American Tower Company with respect to a buyout of the lease through a lump sum payment of \$300,000.

Ohio EPA Bus Purchase Grant

Next, the Committee was updated on the status of the District's grant for the purchase of a new bus. As of May, we were in a holding pattern with respect to the grant—the delay being a result of the need for a waiver of the Buy American requirements that the Ohio EPA needs from the federal government. Mr. Wade mentioned that Ms. Dikowicz is working on a work-around so that we do not need to wait for the Buy American waiver, but there is no assurance that a work-around will be available.

Potential Purchase of Band Coats

Next, Mr. Wade indicated that he has set aside \$14,000 in the FY 2018 capital budget for the purchase of band coats. Mr. Wade also indicated that he spoke with Mr. Dingeldein to implement a more formal planning process with respect to future capital purchases for the music department.

State Budget Update

Mr. Wilson indicated that the Ohio Senate version of the State's proposed budget would keep the District's Foundation Aid of approximately \$1 million virtually unchanged for FY 2018.

Staffing Update FY 2018

Next, Mr. Wade indicated that staffing adjustments for FY 2018 includes a reduction of 2 full-time equivalents in the teacher ranks (reduction of 2 full-time elementary teachers, one full-time middle school teacher and a ½ reduction of a high school teacher, the addition of 1 middle school special ed teacher and the addition of ½ high school guidance counselor) and 2 full-time equivalents in the support staff ranks. For FY 2018 the District will have 78.76 FTE teachers.

Community Reinvestment Act

Lastly, discussion was held regarding the City of Kirtland's potential adoption of tax abatement for commercial and residential development in the City through the adoption of a Community Reinvestment Act plan. It was determined that Mr. Wade would invite the Mayor and members of council to the June board meeting in order to discuss the City's purpose behind the tax abatement plan, the implications to the District of any such plan and how the District will be made whole for any tax abatement granted under the plan.

There were no questions from the public and the meeting adjourned at 9:38 a.m., at which point the Committee went into Executive Session to review the performance of the Treasurer.