

## **Minutes of Finance Committee Meeting**

**Date of Meeting:** Thursday, August 24, 2017  
**Call to Order:** 7:00 a.m.  
**Attending:** Mr. Wade, Mr. Stepanovic, Mr. Cosgrove, Mr. Wilson and Mr. Meyer

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

### **Approval of July 17<sup>th</sup> Meeting Minutes**

The minutes of the July 17<sup>th</sup> meeting were approved by the affirmative votes of Mr. Cosgrove and Mr. Meyer following one minor modification suggested by Mr. Meyer.

### **Monthly Financial Update**

Next, Treasurer Wilson provided his monthly financial update for the new fiscal year covering the one month period ending July 31<sup>st</sup>, 2017. He noted that at \$2.7 million we are \$700,000 above budgeted revenue as a result of real estate tax receipts, but that is likely more of a timing issue than an overall increase in anticipated tax receipts for the year. He also noted that we spent our entire capital expenditure budget for the fiscal year in the first month due primarily to timing and taking advantage of the break in the academic year over the summer months. Some of the spending in July on capital outlays was a rollover from last year's budget. A big portion of the capital expenditures was the remediation of the bleacher railings. Mr. Meyer suggested that review why capital expenditures were not being made out of the capital reserve or budget reserve. Mr. Wilson indicated he will follow-up to determine whether we need to review the capital outlay line item both in terms of any further outlays and the source of those outlays.

### **Monthly Enrollment Summary**

Next, Mr. Wade reviewed enrollment figures noting that in-District enrollment for August 2017 is 1194 students, with 463 students in the elementary school (which is 18 less than last year, but 13 more than we were projecting), 318 students in the middle school and 413 students in the high school. Mr. Wade indicated that we ended up at only 60 students in the kindergarten class, which is down from our projected number of 70-75. Based on these numbers, we are beginning the school year with 3 sections in kindergarten, 4 sections in first grade and 3 sections in each of the second and third grades.

### **Student Enrollment Study**

Mr. Wade next informed the committee about a proposal from an outfit called Planning Advocates for the purpose of providing projections for future enrollments in the District to help provide guidance in future staffing levels and future budgeting. The cost of the study is \$3,850.00 and Mr. Wade indicated he will be moving forward to engage Planning Advocates.

### **Cell Tower Lease Draft Agreement**

Next, Mr. Wilson gave the Committee an update on the status of the amendment to the Cell Tower Lease—indicating that negotiations are underway and we have had counsel review and mark-up the draft agreement we received from the tenant. The amendment extends the terms of the lease for 75 years in exchange for a one-time payment of \$300,000. Mr. Wilson was going to confirm with counsel the timing of finalizing the lease and report back to the Committee.

## **2015-2016 and 2016-2017 Fiscal Audit Update**

Next, Treasurer Wilson informed the Committee that the District is currently undergoing an audit through the State of Ohio Auditor's office for the fiscal years 2015 and 2016. Under Ohio law, the District is only required to be audited every two years. Treasurer Wilson indicated the cost of the audit to the District is anticipated to be approximately \$26,000 and he indicated that he does not anticipate any issues coming out of the audit.

## **Presentation of the 2017-18 Annual Budget**

Next, Mr. Wade and Mr. Wilson reviewed with the Committee the annual budget for the 2017-2018 fiscal year. Treasurer Wilson began by reiterating that as he and Mr. Wade began the budgeting process they did so with the Board's five fiscal management beliefs in mind: (i) making fiscal decisions in the context of the five year plan, (ii) recognizing that management options are attached to every dollar spent, (iii) ensuring that every dollar spent adds value to teaching and learning, (iv) focusing on aggressively managing the largest areas of expense (those being salaries, benefits, special education and facilities) and (v) focusing on aggressively pursuing the avoidance of deficit spending. Treasurer Wilson also indicated that Superintendent Wade implemented a zero-based budgeting program this year in an effort to ensure that we are aggressively managing expenses and not just spending money because it was in last year's budget—in other words, everyone responsible for budgeting expenses had to make their case for every dollar requested. The District is budgeting total revenue of approximately \$14.4 million (which is approx. 1.1% greater than 2016 actual) and total expenditures of approximately \$15.1 million (which is approx.. 2.5% greater than 2016 actual and approx. \$143k more than what was forecasted in October—almost of all which relates to special education services and out of district tuition) for an operating deficit out approximately \$700,000. Consistent with prior years, salaries and benefits account for approximately 80% of our expenses and tax receipts account for approximately 92% of our revenue. In trying to manage the budget, it was pointed out that although we have seen an uptick in student population, the number of employees has actually decreased over the past five years, with the bulk of that decrease coming from the ranks of administrators—so the District is working hard to keep vital resources focused on teaching and learning and cutting in other areas to try to avoid or minimize deficit spending as much as possible.

## **Proposal to Adjust Personnel Benefit Schedule**

Mr. Wade shared with the Committee his proposed changes to the Benefits Schedule for Administrative Personnel to track the fact that the administrators are now making premium contributions in the same amounts by plan as required of the membership of the KEA. He also proposed changing the language regarding legal holidays to reflect that any administrator working less than 230 days are not eligible for any paid legal holidays.

## **City of Kirtland CRA Proposed Ordinances**

Next, the Committee discussed the proposed community reinvestment act ordinances under consideration by the City of Kirtland and the proposed impact of any such ordinances on the District. After discussion, it was determined that the chair of the finance committee would send a letter to the head of City Council reiterating the District's commitment to working with the City so that both the City and the School District can reap the benefits of economic growth and achieve the objectives of the City's economic development plan.

There were no questions from the public and the meeting adjourned at approximately 10:05 a.m.

## Minutes of Finance Committee Meeting

**Date of Meeting:** Thursday, August 24, 2017  
**Call to Order:** 12:30 p.m.  
**Attending:** Mr. Wade, Mr. Stepanovic (telephonically), Mr. Cosgrove (telephonically), Mr. Wilson, Mr. Meyer and Kyle Anthony (Oswald Insurance)

Following the morning finance committee meeting a subsequent finance committee meeting was held at 12:30 p.m. for the purpose of a presentation by Mr. Kyle Anthony from Oswald Insurance regarding the District's participation in the Lake County Health Care Consortium.

Mr. Anthony began by summarizing what he believes, following discussion with the finance committee and Superintendent Wade over the past several months, are the factors that are important to the District as it weighs its options regarding the District's continued participation in the Lake County Health Care Consortium. Mr. Anthony outlined the District's "must-haves", and "nice-to-haves" features of any substitute program, outlined some of the other considerations, discussed alternate programs potentially available to the District and recommended next steps. After discussion among Mr. Anthony and the Committee, it was determined that ideally the District can find a program that delivers solutions that would otherwise be unavailable to a school district our size and one that will level out premiums and protect us from catastrophic, unpredictable claims. Members of the Committee than discussed with Mr. Anthony that ideally we can find a solution that helps us retract and retain employees and have employees be engaged participants in their healthcare while also finding a provider that is affordable and accountable. After further discussion, the Committee asked Mr. Anthony to seek a quote from Medical Mutual for a stand-alone plan that duplicates what we have today with the idea that we can save approximately \$150,000-\$200,000 annually over the next year or two as we transition from the Lake Consortium to another consortium or other health care program.