

## Minutes of Finance Committee Meeting

**Date of Meeting:** Monday, March 16, 2018  
**Call to Order:** 7:00 a.m.  
**Committee Attendees:** Mr. Wade, Mr. Withrow, Mr. Cosgrove, Mr. Wilson, Mr. Meyer  
**Other Attendees:** Board Members Shannon Green and Kathryn Talty; Mrs. Blankenship

The meeting was called to order at approximately 7:05 a.m.

### Approval of 2/20/18 Committee Meeting Minutes

The minutes of the February 20, 2018 finance committee meeting were approved without change.

### Monthly Financial Update

Treasurer Wilson provided his monthly financial update noting that District revenues continue to lag the forecasted amount for the reasons discussed in previous meetings. We have received \$1 million of our first half tax collections but the final payment in late March/early April will be critical in determining where we end the year in revenue. Year-to-date expenses remain in line with the forecast.

### Shared Food Service Management Services Agreement

The current 2 year Agreement with Mentor is up for renewal. The Committee expressed satisfaction with the current arrangement and wishes to renew again, if possible for up to 3 years. Mr. Wade will discuss with the Mentor Superintendent.

### Employee Health Insurance

Premium increase for next year is anticipated at approximately 6%. Premium holiday during the remainder of this year is still up in the air. The Committee reviewed a spreadsheet comparing our existing plan with the Lake County Consortium with a variety of alternatives, including other consortiums and the Mentor Schools plan. The Committee discussed and established priorities for our District health care (cost management, efficient, reserve management, leveraging the marketplace). Mr. Wade and Wilson will shrink list of alternatives based on these priorities and being to arrange visits/discussions.

### 2018-19 Budget/Appropriations

Because of the uncertainty surrounding passage of the levy in May, the budget discussions for 2018-19 will, for the time being, continue to proceed on a dual pathway. Mr. Wade reported first on the assumption of the levy passing and the Board expectation of limiting the annual increase to historical average of around 2.75% if not better. After meetings with the administrative team and the application of zero based budgeting concepts, Mr. Wade presented the possibility of a relatively flat year over year budget, maybe an increase of between .5-1%. This budget would be achieved primarily through control of discretionary spending by each of the principals and other administrators, as well as staff adjustments both in response to evolving enrollment and special education needs and creative deployment of the staff throughout the master schedule. Although we are still 3 months away from approving a budget and circumstances can change, this approach emphasizes the point that fiscal discipline will still be the order of the day even if the levy passes—thereby extending the new money as far as as possible into the future

Next Mr. Wade reviewed potential budget cuts in the event the levy fails. Mr. Wade emphasized that these are changes that none of the administrators or board members want to make but some combination of these cuts will be necessary if we can't get the needed votes and that these sorts of cuts will undoubtedly have a negative impact on the quality of education we provide to the children of our community. Potential list of cuts is best summarized as follows:

—fewer teachers

- larger class sizes
- most importantly, fewer opportunities for kids—both inside and outside the classroom

Teacher cuts could be achieved in a variety of ways, from increasing class sizes or dropping course offerings and/or eliminating intervention, counseling or other support resources that benefit our students. Student fees could be increased, sports and clubs could be cut and pay to participate fees may be implemented for remaining activities. Transportation cuts are also possible, but calculations of potential savings are not yet completed

Overall the list of cuts presented to the committee met the stated objective of presenting a list of reductions of up to \$1 million or nearly 7% our current budget. The ultimate dollar amount and the specific cuts to be made will depend on the levy results and the overall strategy to remain solvent going forward. Once again, there is no doubt however that if the levy fails, painful cuts will occur.

### **Latchkey**

After discussion, the consensus of the Committee was for the District to charge the latchkey operations for relevant overhead costs of the District (for example, custodians, utilities, and insurance) of \$12,000 per annum.

### **Preschool**

Mr. Wade presented a proposal to increase preschool tuition to a level to make sure the preschool operates with a balanced budget without subsidy from District funds. Enrollment will be carefully monitored to make sure this is achieved.

### **Board of Revision Proposed Filings**

Mr. Wilson presented data on two properties which were recently sold and indicated that the District would be filing valuation petitions to make sure these properties are assessed at market value.

### **Post Conference Audit**

The Committee discussed the results of the recent audit of the District financial statement by the Ohio Auditor's Office. The audit report was relatively clean with only two management recommendations to improve management controls and efficiencies. The Board will schedule a meeting with the auditor to review the findings.

Following review of the March 19 Board agenda, the meeting adjourned at approximately 10:30 a.m.