

FACT Report

Financial

Activities

Communications

Team

*Presented to the
Board of Education
February 24, 2014*

About FACT:

FACT (Financial Activities Communications Team) is a group of community residents with financial expertise who have been meeting monthly with the district's treasurer since January 28, 2013 to review and analyze the District's finances. Over the past year, FACT has discussed various topics.

Mission Statement:

FACT will serve as a liaison between the Board of Education and the community.

FACT will provide an objective perspective on various school finance topics while working directly with two Board committee members.

Vision Statement:

1. Confirm assumptions used by the Board and Treasurer and raise the level of credibility regarding the District's finances.
2. Communicate effective use of financial resources (cost saving measures).
3. Compare financial facts to Summit County districts and "similar" districts as identified by the Ohio Department of Education.

Objectives/Action Plans:

1. FACT will review the annual financial audit, demographics of the communities, student enrollment, the five-year financial forecast and quarterly financial statements prepared by the Treasurer.
2. FACT will undertake projects as determined by the Board. For example, FACT may analyze comparative financial data with other Summit County districts or "similar" districts as well as State averages or review both funded and unfunded federal and State mandates. FACT will not undertake any projects without first obtaining Board approval.
3. FACT will prepare a report to the Board on a quarterly basis to review their actions. FACT will not issue any reports to the Community without prior Board approval.

February 26, 2013 Meeting Recap

- Review of fact sheet showing definitions of school finance terms to establish a basis of understanding.
- Review of tax revenue from FY10 through FY12 for real estate taxes and tangible personal property taxes.

- Review of assessed property valuations from Collection year 1986 through 2012 highlighting the reappraisal and update years.
- Comparison of voted millage rates to effective tax rates for all operating levies showing the effect of House Bill 920.
- Financial impact of HB920 “What if” HB920 didn’t exist? \$29M variance
- Reviewed financial impact of new construction in year 2
- Reviewed how to calculate residential taxes - Understanding Residential Property Taxes
- Outline of what is included in State revenue – State Foundation, Rollback, Homestead Exemption, Electric Deregulation Reimbursement, Tangible Personal Property Reimbursement and Catastrophic Aid for FYs10 through 12.
- Identified other local revenue sources for FYs10 through 12 – tuition, participation fees, school fees, rentals, interest, book fines, field trips, tax abatement, refunds of prior year expenditures and miscellaneous.

March 26, 2013 Meeting Recap

- Review of expenditure categories (salaries, benefits, services, supplies, capital outlay, other objects and other financing uses) and what’s included in each category. 7 year comparison period - FY2006 to FY2012.
- Spreadsheet and graph showed details of each category.
- Graph showed the breakdown of expenditures for FY12.
- Historical look at Salaries.
- Certificated and classified salaries showing year over year changes in dollars and percentages.
- NHEA Salary Schedule effective 8/15/2012 through August 2014 showing the number of employees at each step.
- Teacher Salary Schedule Analysis showing the number of teachers at each step and the cost.
- Education composite analysis showed the educational level for teachers.
- Benefit analysis shows the various benefit categories (retirement, insurances, Medicare, workers’ comp and unemployment and reimbursements for tuition).
- Analysis of retirement (STRS and SERS) and Medicare.
- Analysis of insurances (medical, dental, vision and life) broken down by certified and classified.
- Historical review of insurance premiums.
- Insurance analysis of number of participants and premium costs for FY13.
- Schedule of Benefits for Stark County Council of Government (COG)

- Analysis reports detailing expenditures for purchased services, supplies, capital outlay, and other objects.

April 22, 2013 Meeting Recap

- Review descriptions of all other district managed funds for FY12.
- Financial recap showing beginning balance, receipts, expenditures and ending balance for all other district funds.
- Review of revenue for all other district funds for FY12 totaling \$10.7M.
- Review of expenditure graph and spreadsheet for all other district funds for FY12 totaling \$11.5M.
- FY12 Costs per Pupil Analysis for all 17 Summit County Districts
- Explanation and breakdown of costs per pupil for Nordonia Hills for FY12 and FY11 including a description of what is included in each category.
- Review of NH total costs per pupil to Summit County districts for FY12 - 8th
- Review of NH ranking in each of the five categories for FY12
 - Pupil Support – 3rd
 - Administrative and Operational – 7th
 - Staff Support and Instructional – 10th
- Historical perspective of NH costs per pupil from FY1995 to FY12.

May 21, 2013 Meeting Recap

- Comparison of the May, 2013 forecast to the October, 2012 forecast
- Review changes to revenue and expenditures
- Review and discuss May forecast and assumptions
- District’s strategic plan was provided to the group.

June 25, 2013 Meeting Recap

- Review of “similar” districts as defined by ODE (Twinsburg, Stow-Munroe Falls, Green and Tallmadge in Summit County; Olmstead Falls, North Royalton and Mayfield in Cuyahoga County; Painesville Riverside in Lake County; Amherst in Lorain County; Medina in Medina County along with 10 other districts from other counties.)
- Review of demographics for each of the “similar” districts.
- Comparison review of District Profile Report to “similar” district average, statewide average, in addition to Brecksville-Broadview Heights, Mayfield, Twinsburg, Solon, Hudson and Revere districts.
- Review of typology of districts. NH is classified as a suburban – low student poverty and average student population size.
- Review of FY13 comparison report for enrollment (3,979), median income (\$42,752), student poverty (21%) and percent minority (17%).

August 26, 2013 Meeting Recap

- Review of benchmarking results from members. Each member was asked to review various demographics and select a group of districts to make a comparison and draw a conclusion.
- FACT decided on a comparison group: Green Local, Stow-Munroe Falls City, Twinsburg City, Aurora City, Brecksville-Broadview Heights City, Solon City, Hudson City and Revere Local.

September 23, 2013 Meeting Recap

- Review of benchmarking results from members
- Treasurer review of Summit County districts with a permanent improvement levy. NH was one of three districts with no PI levy.
- Review of tax year 2012 tax rates for residential property, NH ranks 15 out of 17 districts.

November 19, 2013 Meeting Recap

- Review of the five-year financial forecast and assumptions along with slides showing what is included in each line of the forecast.

December 16, 2013 Meeting Recap

- Analysis of property taxes showing property valuations, tax rates and revenue generated for each type of property (Class 1 – residential/agricultural, Class 2 – commercial/industrial, and public utility tangible personal) for a 10 year period of time (tax year 2003 to 2012)
- Review of property valuations in aggregate.
- Analysis of new construction from tax year 2003 to 2012 along with a category breakdown for the new construction. Typically, the majority of new construction was in residential property.
- Analysis of new construction tax revenue showed an increase of \$137K in TY12 which impacts the district in two fiscal years because tax collections are made on a calendar year basis.
- FACT Request - a breakdown of salaries by instruction, pupil support, staff support, administration, operations and supplementals.
- FACT Request - special education costs. Review of the amounts spent each year from FY2009 to FY2013, the number of special education students compared to the district enrollment, per pupil special education cost and a review of the staffing for special education.
- FACT Request - transportation costs to bring back bussing.

FACT Profiles

Members in 2013

Nick Berchtold has over twenty-five years of experience with manufacturing, distribution and transportation companies ranging from \$2 million to \$4 billion in revenues. His focus has been maximizing financial and operational performance and possesses over fifteen years of multi-national Chief Financial Officer Leadership. He has managed manufacturing, human resources, purchasing, information technology, and finance/accounting organizations and is experienced in mergers and acquisitions, divestitures, turnarounds, reorganizations and relocations, as well as cost & working capital management for both public and privately-held companies. He is currently the Chief Financial Officer at Arisdyne Systems, Inc.

Nick and his family have lived in the Nordonia Hills School District since July, 1999 and Nick's 14-year old daughter and 8-year old son have been students within the school district since their infancy. Nick lives in Greenwood Village in Sagamore Hills.

Andrew Gelfand grew up in Pepper Pike, Ohio and has been a resident of Sagamore Hills since 1999. Andy is married to Leslie, a Lyndhurst, Ohio native. Andy and Leslie have three daughters, Hannah (15 in 10th grade), Madison (13 – in 8th grade), and Camden (11 in 6th grade).

He is a Senior Vice President at Brumbl Capital Corporation (BCC). He has been affiliated with BCC since 1989 and has been a principal since 1991. In 1995 he was named manager of its valuation services group. He is also active in BCC's investment banking practice.

BCC is a Cleveland, Ohio-based investment banking firm that specializes in providing traditional investment banking services to privately-held, entrepreneurial, middle market companies that are experiencing a significant transition or transaction. The principals of BCC have in excess of 60 years of corporate finance and business valuation experience. Typical investment banking and valuation clients include companies that are involved in basic manufacturing, metals, specialty chemicals, wholesale distribution, food processing and marketing, financial services, and business services, among others.

Andy earned a B.A. in mathematics from Colgate University and an MBA in finance from The Columbia University Graduate School of Business.

Andy is an avid baseball fan and a lifelong fan of the Cleveland Indians. His other interests include collecting sports memorabilia, primarily baseball cards, baking, dandy making, and jogging.

Bob Gillian *has a J.D. from the Cleveland-Marshall College of Law and a B.A. in History and Political Science from Baldwin-Wallace College. He passed the Ohio Bar exam and is a CPA. He worked for 15 years at the Ohio Auditor of State's office as a staff auditor, auditor-in-charge, quality assurance auditor and audit supervisor. He worked for seven years at the City of Kent as the Income Tax Commissioner. He worked for five years at the City of Riverside as the Finance Director. He is currently retired and lives in Macedonia.*

Rebecca Grell

Sylvia Hanneken *was elected to her first term on Macedonia City Council in November 2013. Sylvia is retired from her career as a Department of Defense (DoD) Program Manager for Financial Systems where she received the highest DoD management award for Distinguished Civilian Service. She and her family moved to the Nordonia Hills area in 1980. She has resided in the Nordonia Hills City School District for the past 34 years and her sons are 1989 graduates of Nordonia High School. Sylvia is very active in the Nordonia Hills community and has served as the President of the Macedonia Economic Development Committee and President of the Rotary Club of Nordonia Hills.*

Marc Kaminicki *grew up in Twinsburg, Ohio and has been a local resident within the Nordonia City School District for nearly 20 years. Professionally, Marc is employed with the Mayfield City School District. As a school counselor, Marc has served the students, staff, parents, and community for 13 years, both in the high school and elementary-level environments. Marc earned two distinct Master's degrees in both university administration and K-12 educational leadership. He plans to secure his first principalship for the upcoming academic year, 2014-2015.*

Marc resides in Northfield Center with his wife, Heidi, who is a professor at both the University of Akron and Lakeland Community College. Marc's oldest son is a ninth grader at Nordonia High School, while the younger son attends a private school.

Bill Krempasky grew up in Westlake, Ohio and has been a resident of Sagamore Hills since 2000. Bill is married to Sally, a native of Bowling Green, Ohio for the past 21 years. Bill and Sally have three children, Kyle (11th grade), Paul (7th grade), and Catherine (7th grade).

Bill has 20+ years' experience leading various Supply Chain Management functions for several, multi-billion dollar, global organizations including Goodrich Corporation, Parker Hannifin and Dura Automotive. Currently, he is responsible for strategic procurement for Parker Aerospace, Gas Turbine Fuels Division in Mentor, Ohio. He brings expertise in the areas of strategy development, contract negotiations, and supplier development/management. He earned a BSBA degree from Bowling Green state University and achieved an MBA from Indiana Wesleyan University.

Chad Lahrmer, CPA founded Lahrmer & Company, LLC in October of 2005. He brings extensive knowledge and expertise in a variety of specialty areas, including manufacturing, health care and retirement plans. Before starting his own firm, Chad worked for two years at a small local firm in Stow. Prior to that, he worked for a large Cleveland accounting firm for over six years where he attained the position of manager.

Chad graduated magna cum laude from Kent State University with a bachelor's degree in Business Administration. He is a member of the American Institute of Certified Public Accountants and the Ohio Society of Certified Public Accountants. Chad has participated in Junior Achievement and tutored at Daniel Morgan Elementary School in the Cleveland Public School District. He has also umpired and coached youth baseball and softball in the Nordonia Hills area for over 15 years.

Chad grew up in Macedonia, Ohio and currently lives in Sagamore Hills with his wife, son and daughter.

Derrick Taylor resides in Sagamore Hills with his wife, Patricia of 15 years with their two children, a 9th and 12th grader in the high school.

Derrick is a former employee of Cuyahoga County Jobs and Family Services. He currently is a mentor at East Technical High School. He holds a few different ministerial positions at Victorious Church of Christ and is a speaker at different Mens Ministry events.

Robert Yuzwa
Doug Masteller
Jim Virost

FACT consultant – Karen Obratil, Treasurer of Nordonia Hills City School District since August 2012. She has 16 years of experience as a treasurer (1 year at Nordonia Hills City School District, 11years at Brecksville-Broadview Heights City School District and 4 years at West Geauga Local School District).