

Minutes

Board of Education of the Rocky River City School District

The Board of Education of the Rocky River City School District, Cuyahoga County, Ohio, met in Finance Committee Session on May 19, 2015 at 5:00 p.m. in the 2nd Floor Conference Room at the Board of Education Offices.

Guests and visitors are requested to sign the Visitors' Register. In accordance with Bylaw 0169.1: Public Participation at Board Meetings, those wishing to address the Board are required to complete the Bylaw 0169.1 Form and submit it to the Superintendent or President of the Board prior to the start of the meeting. Thank you.

CALL TO ORDER The Finance Meeting was called to order at 6:00 p.m. by Mr. Swartz, Chair

ROLL CALL

PRESENT: Mr. Swartz, Ms. Goepfert, Dr. Fancher, Mrs. Rounds

The Finance Committee Meeting Minutes from April 23, 2015 were approved.

Mr. Markus shared and discussed the following information with the committee and those in attendance:

Financial Summary – April 2015:

As I reported to you last month, we received the real property and public utility tangible property settlement on April 3 and we were tracking at a positive variance of \$323K at that time when expected homestead and rollback credit payments were taken into account. That variance was dependent on the special advance scheduled for May for which I had anticipated \$300K based on prior year amounts. We received notification just last week that this advance has been calculated and we are only receiving \$85K for the General Fund. This still results in a positive variance of \$108K, but it knocks down our total collection rate slightly to 99.04% as compared to the original Cuyahoga County Fiscal Schedule A estimates from last spring.

Our state unrestricted grants revenue (line 1.035) came in above the monthly estimate again and is still trending slightly above the annual estimate. Our state funding is based on actual EMIS enrollment data as of the March #2 payment and should not be adjusted much, if at all, the rest of the fiscal year. Even with a negative adjustment from FY 14 that we are paying back through expenditure object 930, we should still end the fiscal year slightly higher than the current estimate. The All Other Operating Revenue (line 1.060) came in significantly below estimates for the month and is now tracking that way for the fiscal year due to timing of the auxiliary services management fee that was anticipated for April, but will not post to our books until May.

On the expenditure side, salaries came in above estimates for the month due to timing of the seasonal supplemental payments that were paid in April instead of March as I reported to you last month. However, the salary line is still tracking slightly below annual estimates for the fiscal YTD. I expect salaries to come in very close to annual estimates for the fiscal YTD, so I plan to leave this estimate unchanged for the May five year forecast update.

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Financial Summary – April 2015 (Cont'd)

Benefits again came in very slightly above estimates for the month and are tracking that way now for the fiscal YTD from a timing issue due to increased STRS estimated deductions starting in January. I expect this line to end up slightly above estimates for the fiscal year. Purchased services came in just under estimates and are still tracking moderately below estimates for the fiscal YTD. I expect this trend to now continue based mainly on where we are tracking with out of district tuition obligations. Supplies and materials came in below estimates again for the sixth consecutive month and are tracking as such for the fiscal YTD, but capital outlay came in above estimates again as budgeted dollars have been shifted between these two expenditure areas to continue to finish various facilities projects and we needed to purchase a new 84 passenger bus in March due to the condition of the 84 passenger bus we were using being declared unfit for the road. Capital outlay will end up over the current annual amount budgeted due to this shifting in budgeted dollars as the fiscal year progresses to cover additional computer equipment and small building/facilities projects such as the first phase of the Beach gym improvements, but should be funded in large part from savings in the contracted services and supplies/materials expected positive variances. Other Objects came in below monthly estimates, but are still tracking below fiscal YTD estimates and are expected to finish below for the fiscal year.

As part of the five year forecast update, I will estimate what we need for the remainder of this fiscal year and will reset the estimates for the month ending May to actual and project out June as we are winding down purchasing for the current fiscal year.

Please reference the SM-2 Comparison Report for how our FY 15 revenue and expenditure data compared to FY 14 amounts. Total fiscal YTD revenues (excluding other financing sources) ended above the fiscal 2014 amount by 0.34% while total fiscal YTD expenditures (excluding other financing uses) ended above the fiscal 2014 amount by 5.27%.

The main reason revenue is up is due to the timing difference in the state catastrophic aid reflected on line 1.040 in spite of the lower Other Revenue total due to the one-time Westgate property tax settlement payment reflected in FY 14's number. Expenditures are up moderately overall at this time mainly due to the purchase of new computer equipment and facilities capital expenditures, cash purchase of a new 84 passenger bus, increased utility and legal service fees as well as salary and benefit expenditure increases due to the July 1 employee contract increases and differences caused by the timing of payroll (26 vs. 24 pay schedule) continuing to accrue.

Our ending cash balance is up moderately from last year's level (\$9,691,297 vs. \$9,169,335) due mainly to the timing difference in receipt of the property tax settlement mentioned previously.

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Board of Revisions/Board of Tax Appeals Update

The most recent BOR/BTA reports from Dan McIntyre's office were reviewed.

State Funding Proposal

Substitute HB 64 is currently in the Senate's hands where they are taking testimony on the bill. Dr. Shoaf has been in contact with Senator Patton to strongly encourage the provision that allows for a minimum funding level for all Districts as this would be a huge positive for the District and make up for the loss of the personal tangible "hold harmless" revenue that was phased out completely for us back in FY 13.

Five Year Forecast Update

The five-year forecast draft for the May 31 submission to the state distributed on Friday, May 15 was discussed and reviewed. This draft has been reviewed and discussed by the Citizens Finance Committee and Mr. Swartz prior to distribution to the entire board. Mr. Markus explained the major assumptions, including property tax collection rates, anticipated new construction, possible increase to state funding, new personnel being added for FY 16 and employee insurance benefit assumptions. The forecast will be on the board agenda this evening for approval. Mr. Swartz also informed the others in attendance about the Finance strategy subcommittee from the district's strategic planning process and how some assumptions in the forecast such as additions to the budget/cash reserve fund will need to be reviewed and most likely changed with the next update for October 31.

The meeting was adjourned by Mr. Swartz at 5:45 p.m.

Committee Chair

Treasurer