

# 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 August 21, 2014 at 4:00 p.m. in the 2<sup>nd</sup> 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 4:00 p.m. by Mr. Swartz, Chair

### ROLL CALL

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

The Finance Committee Meeting Minutes from June 19, 2014 were approved.

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

#### Financial Summary – June 2014

We received the homestead and rollback payment from the State in late June as expected. We ended up receiving \$83,508 more than our revised estimate due to the correction of our calculated amount from the County Fiscal Office as I had reported to you back in May and June. We did NOT receive our catastrophic reimbursement aid payment from the State (line 1.040) with our June #2 foundation payment as was originally expected due to a delay on the State's end with implementation of their new reporting system for these reimbursement payments, so this is reflected as a negative variance on this line. We did, however, receive it in July, so it will be reflected in our FY 15 actual revenue. The actual amount of this reimbursement came in at \$264,733, which was much higher than the \$150,000 we originally estimated. The All Other Operating Revenue Line (1.060) finished just slightly above the revised annual estimate as did the Unrestricted Grant In Aid line (1.035). Overall revenue for FY 14 did well with higher property tax collection levels than anticipated leading the way.

On expenditure side of the ledger, salaries and benefits came in about where expected for the month as we finished out the year. Purchased Services and Supplies and Materials lines came in moderately below the June estimates as I had anticipated they would. The capital outlay line came in significantly below our final estimate as we did not expend significant funds for building and equipment needs in June as anticipated, but were instead encumbered and will be carried over to FY 15.

Operational cash transfers from the General Fund to other funds for the fiscal year end were higher than anticipated due to the closing out of the student activity funds for the year as we spoke about back in June. We ended up needing an additional \$30K overall above our estimate as we did not need funds transferred to the Food Service Fund. We had originally budgeted \$60K for the student activities fund (Fund 300) and \$20K for the Food Service Fund (Fund 006).

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Please reference the SM-2 Comparison Report for how our FY 14 revenue and expenditure data compare to FY 13 amounts. Total fiscal YTD revenues (excluding other financing sources) ended above the fiscal 2013 amount by 6.65% while total fiscal YTD expenditures (excluding other financing uses) ended above the fiscal 2013 amount by 2.91%.

The main reason our overall revenue ended ahead year over year was the continued collection of the first full year of the new 4.9 mill operating levy as well as the receipt of \$200,000 from two property tax case settlements for Westgate and Westwood and the increase in state basic aid from HB 59. The main reasons our overall expenditure amount ended higher than last year was due to scheduled salary steps and the new positions added; increased severance payments due to executive secretarial retirements; increased medical insurance funding rates and increased enrollment in our medical/Rx insurance plan; increased maintenance/repair costs and insurance costs; the addition of a new capital lease for technology equipment on which payments started in July 2013; the purchase of new textbooks for the 13-14 school year; increased costs for career technical tuition through Lakewood City Schools; and investments in building improvements and furniture not included in the construction project.

Our ending cash balance ended significantly above last year's level (\$5,219,971 vs. \$3,495,852) due mainly to the increase in property tax and related revenue from the full year collection of the new 4.9 levy. Encumbrances ended up slightly below last year's amount.

### Financial Summary – July 2014

Please note that the SM-2 Variance Report reflects zero variance for the month as I have set the July monthly estimates to equal the actual revenues and expenditures. I have set the monthly estimates for the months of August – June on the SM-1 Monthly Estimate Report based on the May 2014 five year forecast totals.

During July we received the first of two property tax advances. We have since received the second advance in August and expect the settlement to come in during September. We are tracking ahead of last year's amounts, but that could be a timing issue at this point. We will have a better handle on where we stand once the settlement is received in September. State support is showing an increase over last year as expected due to the increased per pupil funding levels under the new funding model for the new fiscal year. As I mentioned in the June update above, we received the FY 14 catastrophic aid reimbursement in July, so this amount is reflected on line 1.040.

There was nothing unusual on the expenditure side as we completed the first month of the new fiscal year. Pay increases for staff that have a July 1 contract start date took effect. Other employee groups will follow suit in August and September as we enter the new school year. I have already begun to review estimates for the next five year forecast update for October to reflect any changes from May, including any new positions added.

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) exceeded the fiscal 2014 amount by 63.79% while total fiscal YTD expenditures (excluding other financing uses) ended above the fiscal 2014 amount by 3.42%.

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The main reason revenue is up substantially is due to timing of property tax receipts last year vs. this year. This timing difference will smooth out once the August advance is included in the fiscal YTD amount. Expenditures are up based on the July 1 employee contract increases, timing of salaries (i.e. “stretch pay” payouts) and the purchase of new computer equipment for the upcoming school year.

Our ending cash balance is up significantly above last year’s level (\$11,626,981 vs. \$6,512,191) due mainly to the timing of property tax advances this year as compared to last year as well as the increased beginning cash balance that we are starting with this year. Encumbrances ended up moderately below last year’s amount.

### Board of Revisions/Board of Tax Appeals Update

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

The meeting was adjourned by Mr. Swartz at 4:45 p.m.

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Committee Chair

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Treasurer