

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 February 20, 2014 at 6:00 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: Mr. Swartz, Ms. Goepfert, Dr. Fancher, Mrs. Rounds

PRESENT:

The Finance Committee Meeting Minutes from January 16, 2014 were approved.

Mr. Markus reviewed and discussed the following items with the committee:

Financial Summary - January 2014

During January, we received the first of two scheduled property tax advances. Due to the late property tax billings received by many taxpayers, the January advance was much lower than expected. However, we have since received the second advance on February 10 and that advance actually came in significantly higher than projected, bringing the cumulative difference in the real property tax line to a positive \$341,923. I suspect that our settlement expected to be received in April will be less than projected because of this increased advance, but I am not sure how much at this point, so we will have to wait to see how our estimates shake out.

State foundation revenue was much closer to estimates this month as the state has adjusted their formula to bring this revenue source back closer to our current annual estimate, but we are still running slightly above on a fiscal YTD basis. We also received the second installment of casino tax revenue in January of \$69,909, which was more than anticipated.

The All Other Operating Revenue line is still tracking below estimates for the fiscal year mainly due to timing at this point in the year.

Minutes

Board of Education of the Rocky River City School District

On the expenditure side of the ledger, salaries are still running a bit higher than estimates at this point in the year due to temporary/occasional and overtime costs based on staffing changes within facilities and the severe winter weather. There may continue to be a slight uptick in salaries and benefits over estimates going forward this year as we replace certain .47 FTE custodians with 1.0 FTE custodians. The negative variance in the employee benefits line continued due to additional enrollees and catch-up on medical and dental plans as well as timing of some medical opt-out waiver payments for December retirees. I have adjusted the next four monthly estimates on the SM-1 and have reduced June's estimate in order to show the increased monthly expenditures in this line, but keep the annual estimate equal to the current five-year forecast. We will adjust annual estimates again in May for the forecast update.

Purchased Services was still tracking below estimates overall on an FYTD basis even though actuals were above estimates for the month. However, we just received a revised billing from Lakewood for our career tech billing based on actual enrollment for the 2012-13 school year, so this positive variance will most likely reverse in February. We are still dealing with large water bills from the field house and high school due to suspected water leaks that we are working on rectifying through additional inspection and necessary repairs. I have paid half of the high school bill pending a credit for other half based on repair work performed. Supplies and materials and capital outlay are running below estimates and are still expected to run at or below estimates the rest of the fiscal year. Other objects are running slightly higher than estimated for the fiscal year mainly due to timing.

Please reference the SM-2 Comparison Report for how our FY 2014 revenue and expenditure data compare to FY 2013 amounts. Total fiscal YTD revenues (excluding other financing sources) came in above the fiscal 2013 amount by 2.27% while total fiscal YTD expenditures (excluding other financing uses) came in above the fiscal 2013 amount by 4.71%.

The main reason our overall revenue is up year over year is the continued collection of the first full year of the new 4.9 mill operating levy (despite the lower than anticipated property tax advance in January that will catch back up in February) 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 was higher than last year at this time was due to scheduled salary steps and the new positions added; increased severance payments due to executive secretarial retirements; increased maintenance/repair costs and insurance costs; the addition of a new capital lease for technology equipment on which payments started in July, the purchase of the first set of new textbooks for the 2013-2014 school year, and the investments in building improvements and furniture not included in the construction project.

Minutes

Board of Education of the Rocky River City School District

Our ending cash balance ended slightly above last year's level (\$4,334,650 vs. \$4,122,177) due mainly to the increase in property tax and related revenue from the full year collection of the new 4.9 levy. Encumbrances came in significantly above last year's amount due to timing at this point in the year with our STRS contribution purchase order being issued in December of this year as well as the fact that we now outsource our substitute teachers and encumber a portion of those planned expenditures whereas we did not encumber those expenditures under our payroll/salary line.

Turf Field Replacement Financing Update

Our lease documents with PNC were approved by you last month, but we have not yet funded the transaction with PNC since the project has not yet commenced and we do not need the funds at this time. I am monitoring the interest rate closely with PNC that will be applied to the lease transaction and plan to lock the funding and rate around June 1 or earlier, if rates appear that they are headed for a sustained increase above 3%.

New Certified Property Values and Tax Rates

The following is a summary of the new certified property values as of January 1, 2014 as well as the new tax rates:

Type of Property	TY2012/CY2013	TY2013/CY2014	\$ Change	% Change	% of Total AV
Agricultural/Residential	\$580,182,360	\$581,250,710	1,068,350	0.18%	82%
Commercial/Industrial	117,102,550	117,899,460	796,910	0.68%	17%
Public Utility Tangible	7,785,190	8,655,880	870,690	11.18%	1%
Totals	\$706,935,040	\$707,806,050	2,735,950	0.39%	100%
New Construction (Included in Totals above)	3,334,710	4,133,180	1,308,900	46.34%	

Gross Millage Rates*	TY2012/CY2013	TY2013/CY2014	\$ Change	% Change
Agricultural/Residential	89.45	89.55	0.10	0.11%
Commercial/Industrial	89.45	89.55	0.10	0.11%
Public utility Tangible	89.45	89.55	0.10	0.11%

* Includes 4.07 inside operating mills, 0.5 inside Permanent Improvements mills and 6.38 mills for bond retirement.

Minutes

Board of Education of the Rocky River City School District

Effective Millage Rates*	TY2012/CY2013	TY2013/CY2014	\$ Change	% Change
Agricultural/Residential	49.33	49.51	0.18	0.36%
Commercial/Industrial	64.47	64.62	0.15	0.23%
Public utility Tangible	89.45	89.55	0.10	0.11%

* Includes 4.07 inside operating mills, 0.5 inside Permanent Improvements mills and 6.38 mills for bond retirement.

There was an increase of 0.10 mills for debt service based on the County's debt service calculations and reserve recommendation. There was a very slight increase in the agricultural/residential and commercial/industrial effective rates since those property class values decreased overall (outside of new construction, which caused the overall increase) due mainly to Board of Revisions and Board of Tax Appeals reductions as well as a small loss for property that was demolished/destroyed and pulled from the tax duplicate. I have the detailed breakdown of the valuation changes, so if you're interested in reviewing that data, please let me know.

The meeting was adjourned at 6:45 p.m. by Mr. Swartz.

Committee Chair

Treasurer