

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 19, 2015 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 6:05 p.m. by Mr. Swartz, Chair

ROLL CALL

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

The Finance Committee Meeting Minutes from January 15, 2015 were approved.

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

Construction Fund Update:

A summary of the construction project funds, including current available balance, was shared and reviewed by Mr. Markus. Currently, the sum of all construction fund special cost centers have an unencumbered balance of \$738,810.99 after taking into account the recent settlement with Castle Heating & Air for the HVAC project claims. The plan is for these funds to offset the \$1.1MM allowance for all day kindergarten that is to be returned to the bond retirement fund once the construction project is legally closed and all financial obligations have been met. Mr. Markus also noted that the replacement HVAC contractor's current estimated contract value is \$201K that will be paid from the District's Permanent Improvement Fund from available cash balance. Also, the District has incurred approximately \$223K in legal and outside consultant fees related to various contractor claims and issues to date that need to be resolved to close the project out. Some of these costs have been paid with construction funds, but there is a significant portion that was paid from the District's General Fund as well. Legal counsel for the District is currently working through various issues with the District's contractors for ultimate resolution.

Minutes

Board of Education of the Rocky River City School District

Financial Summary – January 2015

During January, we received the first real property tax advance of the first half calendar year from the County. This amount was \$704K above the estimate, which is significantly more than I had estimated based mainly on the timing of last year's collections. In February, we have since received our second property tax advance and it was \$238K above the February monthly estimate, so the trend has continued. However, while I think there is a good chance we can end up above estimates, I believe the current positive variance is largely a timing difference due to the new and improved property tax collection system as well as the need to settle out BOR/BTA refunds before the settlement expected in March. Because of the more efficient collection system, we should have our settlement in March instead of having to wait until April as has been the case for many past years. This may also mean that we will receive our homestead and rollback credit in May instead of June.

Our state unrestricted grants revenue (line 1.035) came in above the monthly estimate in part due to increased casino tax due to a higher student count and is trending slightly above the annual estimate. All Other Operating Revenue (line 1.060) is still tracking above estimates for the fiscal year mainly due to timing and the receipt of insurance reimbursements.

On the expenditure side, salaries came in slightly below adjusted monthly estimates and are still tracking that way on a fiscal YTD basis. Benefits came in slightly above estimates due in part to a one-time adjustment in SHC prescription premiums and a timing issue due to increased STRS estimated deductions starting in January. However, this line should still end up close to estimates for the fiscal year. Purchased services came in significantly below estimates for the month, but are still tracking moderately above estimates for the fiscal YTD due in part to timing, but also due to increased expenditure levels for legal services, water/sewer and computer system maintenance costs, the latter of which is due to a reduction in funding from the County ESC from which we typically have covered much of this cost. We are still looking to hold expenditures in other areas to make up the difference and come in at or near budget overall for the fiscal year. Supplies and materials came in below estimates for the month and are tracking as such for the fiscal YTD, but capital outlay came in above estimates as budgeted dollars have been shifted between these two expenditure areas. Capital outlay will most likely run more than the 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.

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 4.30% while total fiscal YTD expenditures (excluding other financing uses) ended above the fiscal 2014 amount by 5.11%.

Minutes

Board of Education of the Rocky River City School District

The main reason revenue is up is due to the higher property tax advance received in January and the timing difference in the state catastrophic aid reflected on line 1.040. This is 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 due to the purchase of new computer equipment and facilities capital expenditures, increased utility, legal service, tuition payments and other contract service expenditures as mentioned previously 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) now catching up.

Our ending cash balance is up significantly above last year's level (\$5,921,246 vs. \$4,334,650) due to the larger beginning balance we started with this fiscal year.

Board of Revisions/Board of Tax Appeals Update

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

State Funding Proposal

Mr. Markus stated that he hoped to glean more information regarding the Governor's funding proposal for the next biennium over the next several weeks. He will be participating in a conference call this Thursday through Public Finance Resources and will be attending a meeting at the Berea Board of Education along with Dr. Shoaf and Ms. Anderson this coming Friday with State Senator Patton to discuss school funding.

Recovery Resources/Coalition for Youth Asset Development

Mrs. Rounds brought forward her ideas for looking at the possibility of contracting with this community group for the finance committee's consideration. Mr. Swartz stated that he was not opposed to the idea if the services were needed to support our students and the amount was reasonable. Mrs. Rounds stated that she anticipated the amount would be \$5,000.00. Dr. Shoaf will work with building principals to determine what services are needed and will follow up with legal counsel for any contractual guidance needed if it is determined that we should move forward.

The meeting was adjourned by Mr. Swartz at 6:52 p.m.

Committee Chair

Treasurer