

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 December 3, 2012 at 5:00 p.m. in the Curriculum Library 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 5:00 p.m. by Mr. Swartz, Chair

ROLL CALL

PRESENT: Mr. Swartz, Ms. Goepfert

The Finance Committee Meeting Minutes from the November 15, 2012 were approved.

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

Financial Summary – October 2012

October was very quiet on the revenue side with no tax advances received. Our homestead and rollback credit payment was not received until early November, so that receipt is reflected in the SM-1 estimates for November.

The only issue to note on the expenditure side was the timing and amount of our electricity bill which caused a spike for the month. This should come back in line somewhat in November, but I will need to monitor our usage over the next two months to determine if this will be a trend based on increased usage from construction activities at the High School and at Goldwood.

I have revised the monthly estimates for November – June on the SM-1 report based on expectations for the rest of the fiscal year. The SM-1 report now, with the four months actual data we have, equals the totals on the revised five-year forecast that was adopted in October. The attached SM-2 comparison report reflects zero variances since all lines have been set to actual amounts through the first four months of the fiscal year.

Our next required update to the forecast will be in May. Based on the planned lease/purchase of technology and musical instruments over the next few months, we will need to adjust our forecast again at that time to reflect those outlays plus any other changes that may occur in the interim. The first lease payment will not be prior to June 1 and could possibly be pushed into July depending on the lease closing date and structure of the arrangement.

Minutes

Board of Education of the Rocky River City School District

Please reference the SM-2 Comparison Report for how our FY 13 revenue and expenditure data compare to FY 12 amounts. Total fiscal YTD revenues (excluding other financing sources) came in above the fiscal 2012 amount by 1.21% while total fiscal YTD expenditures (excluding other financing uses) came in *below* the fiscal 2012 amount by 0.65%.

The main reason our overall revenue was up year over year was due to the increased property tax collections from the second half settlement of this year vs. second half 2011. The main reasons our overall expenditure amount was slightly lower than last year was due to the overall decrease in our health insurance rates and timing of our workers comp. premium payment, as well as reduced spending in capital outlay for technology and other capital purchases. This was despite an overall increase in salary year-over-year due to step increases and increased purchased services expenditures due to the timing issue with our electricity bill explained previously.

Our ending cash balance ended moderately above last year's level (\$4,584,879 vs. \$3,929,462) due to a combination of the increase in property tax revenues and the overall under-spending as compared to last year. Encumbrances came in significantly above last year's amount due to timing at this point of the fiscal year, but also in large part due to a carryover encumbrance for insurance benefits from October that will be eliminated in November.

Board of Revisions/Board of Tax Appeals Update

The updated BOR/BTA reports as of October 31 are attached for your review.

Discussion of Citizen's Finance Committee Formation

A discussion was conducted regarding the formation of a Citizen's Finance Committee using the "Mentor Model" per a recommendation from fiscal consultant, Lowell Davis, back in April, 2012. The committee members discussed with Mr. Markus various ideas on how the committee should be constructed, how many meetings per year and when, what topics should be studied and addressed by such a committee, preferred qualification of committee members, and how to best go about identifying candidates for the committee. A consensus was reached that the qualifications should be heavily weighted towards a financial background, whether private industry or public finance/non-profit and that there should be at least three citizen members of the committee, in addition to Mr. Markus, Dr. Shoaf, the Finance Committee Chair of the Board, and possibly Dan McIntyre, Board Legal Counsel, for his expertise and experience in matters of property taxation and school district law. There was also a consensus that the primary focus of the committee should be on reviewing and critiquing the assumptions used in formulating the five-year forecast and that the committee should meet three or four times a year, with the meetings in advance of the Board approval of the five-year forecast updates in April/early.

Mr. Davis will be in attendance this Wednesday, December 5th at the Board's Committee of the Whole Meeting to present background and details of the "Mentor Model". Further discussion will take place at that time.

Minutes

Board of Education of the Rocky River City School District

Discussion of Minimum Cash Balance/Budget Reserve Policy

The committee and others present, continued previous discussions on a minimum cash balance/budget reserve policy. Dr. Shoaf suggested that NEOLA be contacted for a sample policy since they already serve the District in a policy development capacity. A fixed amount or percentage for such a reserve was discussed and it was suggested that any policy may want to express the amount in terms of mills. Mr. Markus will review any sample policies offered by NEOLA in the interim and bring back any other information to the committee at the next meeting.

The meeting was adjourned by Mr. Swartz at 5:50 p.m.

Committee Chair

Treasurer