

# 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 June 20, 2013 at 4:32 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 4:32 p.m. by Mr. Swartz, Chair

### ROLL CALL

**PRESENT:** Mr. Swartz, Ms. Goepfert

The Finance Committee Meeting Minutes from the May 16, 2013 were approved.

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

### **Financial Summary – May 2013**

Please note that the SM-2 report estimates were reset to actuals received through May based on the revised five-year forecast that was filed with the State, so there are zero variances showing for all categories except for the real property tax revenue line. The June monthly estimates on the SM-1 report reflect expectations to finish out the year at this point with the most recent information (with the exception of the significant positive variance in the property tax revenue line). The ending unencumbered fund balance equals the amount reflected on the revised five-year forecast approved and filed with the state in May.

During May, we received a property tax advance from the County as scheduled. As I reported to you last month, this amount was significantly above what was expected based on prior year actual amounts received for the May advance. This was due mainly to additional delinquent collections received and advanced to us. We will need to monitor the second half advances received in July and August to see if this is just a timing difference in delinquent collections or an additional "catch up" of delinquent collections. We did not receive the homestead and rollback credit payment from the state until early June, so these dollars will be reflected in our June actual revenues.

Additionally, State foundation revenue for the month reflected a reduced level as compared to previous months due to the unusually large distribution received in April. This amount will be further reduced for June to reflect the anticipated annual amount as set by the State.

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On the expenditure side, salaries were higher than originally expected due to a combined trend of increasing sub costs over the last couple of months. This trend continued through June's payrolls as those payrolls captured sub days paid through the end of the school year. Employee benefits continued to track as expected. The contracted services line continues to track higher than originally expected due to increased utility costs, facility repairs and improvements not paid for through construction funds and payment for special education and other students educated outside of the District. Supplies and equipment lines are still trending about where expected to finish the year.

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 *below* the fiscal 2012 amount by 1.82% while total fiscal YTD expenditures (excluding other financing uses) came in *above* the fiscal 2012 amount by 2.73%.

The main reason our overall revenue is down year over year is due to a timing difference with the receipt of the homestead and rollback credit from the State that was not received this year until early June as compared to May of last year. Once this revenue is reflected, a substantial increase in revenues will be reflected based on the collection of the first half of the new 4.9 mill operating levy. The main reasons our overall expenditure amount was higher than last year was due mainly to the new capital lease payment for technology equipment, the purchase of new fitness equipment and musical instruments, increased electricity costs, repairs and maintenance of facilities, and out-of-district special education tuition payments along with scheduled salary step increases.

Our ending cash balance ended significantly *below* last year's level (\$5,073,076 vs. \$5,997,564) mainly due to the timing difference in the receipt of the homestead and rollback credit as explained above. Encumbrances came in just slightly below last year's amount.

### **Purchase of Replacement Buses**

As we are preparing to purchase replacement buses to be put into service for next school year, we are contemplating the purchase of (5) new 2013 models instead of the (3) buses originally planned. This is because we can obtain a lower cost per bus of \$8K-\$10K per bus since all 2014 buses will come standard with new mandated EPA-compliant emissions systems per Mary Levendusky. I will be meeting with Mary and Erin Peacock later this week to review our fleet and ensure Erin is comfortable with purchasing five new buses now. The plan would be to borrow funds for the buses using internal (manuscript) debt as we have done in the past, but not replace any buses for the next two years in order for us to pay off existing bus notes and pay down the five new buses. The estimated total cost for the five new buses is \$400K. As part of this plan, the Board should consider transferring funds to the District's Permanent Improvement Fund over the next two years in order to provide additional funds for bus note retirements while still maintaining some flexibility in the use of the transferred funds for other capital needs as may be needed. The bus note approval for the five new buses will be on the August 7 Special Meeting Agenda in addition to the existing bus note pay down and rollover. Rick Manoloff will provide us with the resolutions and all other documentation needed relative to the borrowings.

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The meeting was adjourned by Mr. Swartz at 4:55 p.m.

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Committee Chair

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Treasurer