

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 20, 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 6:00 p.m. by Mr. Manoloff, Chair

ROLL CALL

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

The Finance Committee Meeting Minutes from June 17, 2015 were approved.

Mr. Markus reviewed and shared the following with the committee:

Financial Summary – June 2015:

During June, we received the homestead and rollback credit payment from the state. As we knew that this amount was from the real property tax settlement back in April, there were no surprises. We also received the catastrophic aid payment from the State for partial reimbursement of certain special education costs for specific students. We had estimated this reimbursement at \$200K, but it ended up coming in at \$165K. This reimbursement has always been less than the amount submitted due to the state level appropriation cap as all Districts throughout the state share in these funds. Other operating revenue sources for the month (line 1.060) came in positive as we received two payments from the City of Rocky River for the turf lease, a purchasing activity rebate from American Express as well as interest on several CD investments.

On the expenditure side, salaries came in higher than anticipated for June due to timing differences in contractual payouts from retirements and resignations that were paid out as of June 25 or July 25 as opposed to the normal "stretch" pay through August 25. We also incurred temporary and overtime staffing needs as well as payoff of in-school sub time to finish out the year. Benefits finished just slightly above the revised annual estimate, while contract services, supplies and capital outlay all finished below estimates. However, our outstanding encumbrances ended higher by \$233K due to orders placed mainly for textbooks, furniture and technology equipment that were not delivered/billed by June 30. These purchase commitments will carry over to the new fiscal year and will be paid for in July/August, thus reflecting in those actual expenditure amounts. If you recall from June, we moved additional funds to cover textbook, furniture and other supplies needed for new classrooms due to our increased enrollment and classrooms. Also, by purchasing technology now with current funds, we will avoid another lease/purchase obligation and be able to reduce what we need to purchase out of FY 16 budgeted funds.

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You will notice that we transferred the entire \$124K budgeted in the General Fund to the 300 Student Activities Funds. We originally budgeted \$100K, with \$20K being allocated to Food Service and \$4K to the summer school elective program, but funds were not needed for the latter two items as they both ended the year with positive cash balances. Along with Boosters' funding, the 300 funds overall now have a positive balance of over \$43K, but most individual activities still have a negative cash balance as the instrumental music fund and a handful of other individual activity funds had positive balances. The goal will still be to work down the individual negative balances in the coming year to the extent we can through additional revenue sources (e.g. advertising), and then transfer additional dollars next year to reduce these negative balances further. Also, we advanced funds totaling \$70K to the District's Permanent Improvement Fund in order to balance out that fund at year end. We will most likely need to advance funds again in FY 16 to cover additional projects and large equipment purchases that are planned, but should then be able to repay the advanced amounts over the subsequent two fiscal years as many of our more significant projects will have been completed.

Even with the additional orders noted previously, we still finished the year above our revised ending unencumbered cash balance by \$194,302, and our actual cash balance ended \$427,668 above the estimate.

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 0.45% while total fiscal YTD expenditures (excluding other financing uses) ended above the fiscal 2014 amount by 1.18%.

The main reason revenue is down is due to the decrease in the special property tax advance received in May and the decrease in the Other Revenue line due to the one-time Westgate property tax settlement payment reflected in FY 14's amount. This is in spite of the positive timing difference in the state catastrophic aid reflected on line 1.040, the increased state basic aid reflected on line 1.035 and the increased amount of tangible personal property taxes reflected on line 1.020. Expenditures are up slightly overall mainly due to the purchase of new computer equipment and facilities capital expenditures, cash purchase of a new 84 passenger bus, increased utility and legal services fees as well as salary and benefit expenditure increases due to the July 1 employee contract increases. The overall expenditure increase was mitigated by the termination of the retirement incentive payments that ended in June of 2014 as reflected on line 3.020 and the timing of cash payments made for textbook purchases.

Our ending cash balance is up significantly from last year's level (\$6,183,540 vs. \$5,219,964) mainly due to the timing differences in revenues and expenditures and savings from retirement incentive payments noted previously.

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Financial Summary – July 2015

Please reference the SM-1 report containing monthly estimates for the new fiscal year that began on July 1. The line item totals are reflective of the five-year forecast passed by the Board in May of 2015. These will be updated as part of our next five-year forecast revision due on October 31. The only difference between the amounts reported here and the amounts contained in the May forecast is the beginning cash balance as that is reflective of the actual ending cash balance as of June 30. As noted previously, the ending cash balance was \$427,668 higher than anticipated in the May forecast. As we have just begun the new fiscal year, I have set the July monthly amounts to actual and have estimated the remaining 11 months, so the SM-2 Monthly Budget Variance Report reflects zero variances for all lines.

Please reference the SM-2 Comparison Report for how our FY 16 revenue and expenditure data compared to FY 15 amounts (month of July only). Total fiscal YTD revenues (excluding other financing sources) ended above the fiscal 2015 amount by 2.94% while total fiscal YTD expenditures (excluding other financing uses) ended above the fiscal 2014 amount by 16.36%. The main reason revenue is up moderately is the expected increase in property tax collections along with an element of timing involved between years. Expenditures show a significant percentage increase due to timing of salaries (we are now on a 24 pay schedule whereas last July we were still paying off teacher, administrator and other support salaries on a 1/26 schedule) as well as timing of supply and capital outlay purchases. Further, the other objects line reflects county fiscal officer fees related to property tax collections that are now being assessed as part of each advance as opposed to the practice last year at this time of assessing these upon settlement.

Board of Revisions/Board of Tax Appeals Update

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

State Funding Update

Mr. Markus and Dr. Shoaf shared that the minimum funding proposal that was put forth by the Ohio House and then amended and put forth by the Ohio Senate through conference committee was line-item vetoed by the Governor. The final conference committee version would have provided approximately \$1MM in additional state funding to us over the next biennium. The state funding projections currently show us receiving an additional \$100K in FY 16 and another \$100K in FY 17.

Dr. Shoaf recently attended an Alliance meeting and was informed that there is some momentum building to override the Governor's veto on the minimum funding provision as well as some type of fix for tangible personal property replacement funding, so this issue may come back to the forefront in the near future.

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Finance Component of Strategic Plan Update

Mr. Manoloff led a discussion on two specific components of the finance strategic action plan: Accelerating the District's budget reserve build-up and an adequate stream of funding for District permanent improvements/capital outlay. As both of these areas will require additional data and discussion, it was determined that Mr. Markus would move \$175,000 into the budget reserve fund in August as directed by current board policy and previous practice, but that this would be discussed in more detail as the fiscal year moves forward and our financial outlook becomes more clear. Additionally, the permanent improvement funding issue will be reviewed again once the Administration provides a projection of capital needs for the next 3 – 5 years so there can be a baseline amount of funding established. Both of these areas will be an integral part of future financial forecast planning.

The meeting was adjourned by Mr. Swartz at 6:55 p.m.

Committee Chair

Treasurer