

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 a Finance Committee session on March 16, 2011 at 6:05 p.m. in the Curriculum Library at the Board of Education Offices.

CALL TO ORDER – 6:05 p.m. by Mr. Swartz, Chair

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

ABSENT: Mr. Milano, Mrs. Rounds

Mr. Markus reviewed the following items with the committee and other present:

Financial Summary – February 2011

During February we received the second regular advance and that amount was short of our projection by \$65K. At this point we need to depend on collections for the final settlement expected in early April along with the March and May advances of delinquent payments to determine how close we will come to our estimates. As I mentioned to you previously, I should be able to request an updated delinquent account report sometime in April after the settlement is completed to see how our delinquent accounts are tracking. After the February advance, I am less hopeful that we'll see this come back significantly towards our estimates. To further worsen our situation on property tax revenue, we continue to see commercial cases settled at losses on a consistent basis and all sales of commercial property for calendar 2010 were below the Auditor's certified value. Please refer to Dan McIntyre's updated reports as of February 28, 2011 included herein for further detail.

State unrestricted grants came in significantly below the estimate for the month due to an adjustment to correct an error in the revenue increase we experienced last month in our transportation reimbursement levels. This adjustment brings our fiscal YTD amount much closer to our projection (including the SFSF funding variance on line 1.045 since these revenue sources generally work in tandem). The All Other Operating Revenue line came in lower than estimated but is still tracking above estimate on a fiscal YTD basis.

On the expenditure side, monthly variances were slight to moderate amongst all expenditure areas with just a slight negative variance overall. On a fiscal YTD basis, all areas except for capital outlay are still running below estimates on a fiscal YTD basis with capital outlay running slightly above estimates. The significant positive item here continues to be the estimated contingent premium thought to be due to Medical Mutual for last plan year came in at zero as opposed to the \$600K that we budgeted for in January. At this point in the year, barring any major unanticipated expenditures, I would expect that our trend line will continue running slightly – moderately below estimates in all expenditure areas with the employee benefits line being the most significant. This should mitigate our delinquent property tax collection issue due to the absolute dollars involved.

Please reference the SM-2 Comparison Report for how our FY 11 revenue and expenditure data compare to FY 09 amounts. Total fiscal YTD revenues (excluding other financing sources) came in *below* the fiscal 2010 amount by 2.84% while total fiscal YTD expenditures (excluding other financing uses) came in *below* the fiscal 2010 amount by 1.24%.

The reason our revenues are down year over year is due to the decrease in property tax payments received for the second half settlement as explained in previous months and

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above. The main reasons our overall expenditures were slightly below the prior year instead of showing an increase was due to the fact that we did not need to pay our Lakewood career tech billing in July this year since we paid this back in January (as reflected in the contracted services line #3.030) as well as a reduction in supplies/materials expenditure levels to date due to a decrease in textbook expenditure levels from the prior year as well as a reduction in capital spending levels due to a significant computer purchase being financed through a lease/purchase arrangement instead of through a cash outlay from the General Fund. We continued to see a trending increase in the salaries and benefits lines which were expected due to salary schedule and health insurance increases, but the other areas have more than compensated for those increases. With the zero liability for a contingent premium this year, we should see a positive variance develop in the year-over-year amount for the employee benefits line over the course of the remaining part of this fiscal year.

Our ending cash balance ended slightly above last year's level (\$8,269,949 vs. \$8,223,917) due to the larger beginning balance that we ended up starting the year with in spite of the decrease in property tax revenue received year-over-year. Encumbrances came in significantly below last year's amount due to lower spending in non-personnel areas with an element of timing being involved as well.

Board of Revisions/Board of Tax Appeals Update

The BOR/BTA reports of outstanding cases as prepared by Dan McIntyre as of February 28, 2011 were reviewed by those in attendance.

Investments

During February I reinvested \$750,000 of proceeds from a matured CD in our general portfolio back with Tri-State at 1.5% (split between a CDARS CD at 1.5% and a non-interest bearing checking account per their requirements). I also invested a total of \$3,000,000 between two callable FHLB bonds during February as listed on the attached investment report. I am still in a holding pattern with new net bond issue investments until I get an updated draw schedule from PCS. I am still expecting that sometime in late March/April based on the drawing approval timeline.

Meeting adjourned by Mr. Swartz at 6:31 p.m.

President

Treasurer