

# 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 December 14, 2011 at 4:32 p.m. in the Board Room at the Board of Education Offices.

**CALL TO ORDER** – 4:32 p.m. by Mr. Swartz , CHAIR

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

Minutes of the prior finance committee meeting from 9/22/11 were approved.

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

### **FINANCIAL SUMMARY - NOVEMBER 2011**

During November, we received a special advance of delinquent taxes from the County which ended up \$25K more than anticipated. We also received the homestead and rollback credit reimbursement payment from the State, as well as the first of two installments of the tangible personal property tax “hold harmless” subsidy payment as reflected on line 1.050. These two amounts match the estimates as reflected in our most recent five-year forecast update. Our next set of payments for these two items is expected in May. The May tangible personal property “hold harmless” payment will be our last one since this subsidy has been eliminated by the State, as you know. We also received our first draw down from the Ed Jobs Federal Stimulus Fund as reflected on line 1.045. This funding source will end as of June 30, 2012.

As expected, we also received the first of two annual interest subsidy payments from the QSCB and BAB bond issues in advance of our December 1<sup>st</sup> debt service payment due date as reflected on line 2.060. We are expecting the second annual payment in May. Finally, all Other Operating revenue was well below estimates for the month mainly due to timing at this point.

A delinquent taxpayer report by parcel as of October 31, 2011 was reviewed. You will see that our anticipated portion of delinquent taxes as of that date was over \$849K.

# Minutes

## Board of Education of the Rocky River City School District

On the expenditure side, we were below estimates in salaries and benefits, as well as supplies/materials. We were slightly over in purchased services and about double our estimate for capital outlay and other objects. Overall, we ended slightly below our total expenditure estimate for the month. In consultation with Jenn Norman, I did increase General Fund appropriations for out-of-district tuition placements by an additional \$110K to cover our anticipated needs for the remainder of the year. We had been waiting for approval of our final carryover balance from our Federal IDEA-B (Fund 516) allocation before we increased our General Fund appropriations. Approximately \$93K of this increase was due to increased student time and new placements to Monarch, Gaitway, and PEP as compared to last year. We are also anticipating increased costs for telephone service due to the additional PRI line that was installed here at Beach, since the one at the old ESC needs to stay in place for Goldwood until we switch over the District to the new phone system network. Other than these issues, I do not see any significant negative expenditure trends developing at this time.

Please reference the SM-2 Comparison Report for how our FY 12 revenue and expenditure data compare to FY 11 amounts. Total fiscal YTD revenues (excluding other financing sources) came in *below* the fiscal 2011 amount by 5.46% while total fiscal YTD expenditures (excluding other financing uses) came in *above* the fiscal 2011 amount by 1.30%.

The reason our revenues are down year over year is mainly due to the reduction in our tangible personal property tax reimbursement payment and the elimination of the public utility deregulation subsidy. The main reasons our overall expenditures were above the prior year are due to the increase in salaries on account of scheduled step raises, as well as the increase in the capital outlay category due to the additional technology purchases we have undertaken so far this year. Purchased services expenditures are showing an increase since we are starting to incur additional expenditures in the area mainly due to additional out of district tuition expenditures, as well as an element of timing being involved. The overall increase has been mitigated, however, due to decreased spending for health care and a lower rate of increase of overall salaries.

Our ending cash balance ended moderately above last year's level (\$4,424,191 vs. \$3,740,667) mainly due to the receipt of the Federal interest subsidy received in November since we did not receive this in November of last year. Encumbrances came in significantly below last year's amount mainly due to timing.

### **BOARD OF REVISIONS/BOARD OF TAX APPEALS UPDATE**

The updated BOR/BTA reports are provided by Dan McIntyre as of November 30, 2011

# Minutes

## Board of Education of the Rocky River City School District

### INVESTMENTS

No new investments were placed during November for either the General Fund or the Construction Fund, but I recently placed \$2.8M of additional investments last Friday for the BAB portfolio and have scheduled another \$2M to be placed on January 11. I will continue to work with our investment advisor to make additional investments now that we have our updated draw schedule and can rely on that schedule to a significant degree now that the project is just about fully scheduled out.

### FALL SPORTS/ACTIVITIES FINANCIAL UPDATE

I met with Jeff Schultz a few weeks back to review the financial activity for the just-completed fall sports season and to discuss plans and needs for the winter and spring seasons. He reported that M.S. sports will have run at a slight surplus when factoring in the expected contribution from the Boosters that will be received by June 30 and all bills are paid. He also reported that overall, H.S. sports will end at around a \$3,000 deficit when anticipated Boosters donations are taken into account and all of those bills have been paid. At this point, we are estimating that the \$30,000 General Fund transfer that has been budgeted for activities will be adequate to cover any overall cash deficit in the 300 funds by June 30. Please reference the detailed FUND/SCC CASH REPORT that is included in the system-generated financial reports for individual activities and how we are tracking in the 300 funds overall.

ADJOURNMENT - 5:05 p.m. by Mr. Swartz, CHAIR

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President

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Treasurer