

# 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 October 18, 2012 at 6:05 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 6:10 p.m. by Mr. Swartz, Chair

### **ROLL CALL**

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

The Finance Committee Meeting Minutes from the September 20, 2012 were approved.

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

### **Financial Summary – September 2012**

We received our second half 2011 real and public utility property tax settlement from the County in September as I reported to you last month. Based on the settlement amounts, we are now tracking at approximately \$100K above estimates taking into account the homestead and rollback amount we'll be receiving. We are still anticipating another \$300K in delinquent taxes in November, so until we receive this delinquent advance payment, I cannot be sure if this positive variance will hold; but I am hopeful that it will. Further, I just received an updated delinquent tax report by parcel late this afternoon from the County to assess our delinquent tax situation, but I have a couple of questions on it. I expect a quick answer from the County and will share the report with you once I receive the additional information I need.

State foundation revenue was very slightly above estimates for the month, while all other operating revenue was above estimates.

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On the expenditure side, salaries were again slightly above estimates for the month mainly due to the run-out of additional temporary and overtime work performed by classified employees in August and the early part of September that was paid in September. These line items should come back to normal trends for October, but we will still need to watch this area closely going forward. Benefit expenditures are still running below estimates, but much of this is still due to a timing difference due to new retirement and workers comp. expenditure accounting and reporting procedures not yet implemented in our state software. My office is still waiting on NCC (formerly LNOCA) to get these procedures updated. The Purchased Services line is coming in lower than anticipated due mostly to timing, but also due to a lower trend on utility costs. The Supplies and Materials line came in under projections while the Other Objects line came in above estimates mostly due to timing, but the Other Objects increased in part due to an increase in our liability insurance premiums. The Capital Outlay area continues to trend below estimates since we have made a concerted effort to minimize General Fund capital spending on technology and other equipment to conserve funds pending our levy vote.

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 6.30% while total fiscal YTD expenditures (excluding other financing uses) came in *below* the fiscal 2012 amount by 0.39%.

The main reason our overall revenue was up year-over-year was due to timing of property tax settlement in September of this year vs. October of 2011. Once the actual revenue reflects on next month's reports, we should be over in the area year-over-year by approximately \$170K when homestead and rollback is included. The main reasons our overall expenditure amount was slightly higher than last year was due to timing of the other objects expenditure area on account of the early property tax settlement this year as well as an overall increase in salary year-over-year due to step increases. The expenditure increase was mitigated by year-over-year under-spending in all other expenditure categories as explained above.

Our ending cash balance ended significantly above last year's level (\$6,984,558 vs. \$5,806,054) due to a combination of the timing of property tax revenues. Encumbrances came in significantly above last year's amount mainly due to timing at this early point of the fiscal year.

### **Five-Year Forecast Update**

The most recent draft copy of the updated five-year forecast and assumptions was reviewed with those in attendance. The forecast was distributed to all board members for their review previous to the meeting and is scheduled to be approved at the regular Board Meeting later this evening. This update complies with the State's mandatory October 31 filing update. Mr. Markus had already discussed the forecast in detail with Dr. Shoaf and Mr. Swartz and noted that he also shared with them a couple of alternate versions of the forecast and related assumptions based on varying assumptions.

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### Possibility of par call and refunding of Build America Bonds

Mr. Markus noted that he has had discussions with the District's principal underwriter, RBC Capital, regarding the possibility of the opportunity to call the Build America Bonds that we issued back in 2010 at par and reissue tax exempt bonds to "refund" the called bonds. Per discussions with Kent Cashell of RBC, due to the federal budget sequestration that is scheduled to take place on January 2, 2013, our bond offering document offers us an opportunity to do this in his opinion. Of course, the sequestration would most likely need to actually be implemented to take advantage of such a provision and we would further need to obtain the opinion of bond counsel to make this work amongst other concerns such as the rebate revenue stream anticipated for our General Fund over the next few years. Mr. Markus plans on meeting with Mr. Cashell sometime over the next few weeks to have him review possible scenarios. He will further discuss this issue with Rick Manoloff once additional information is received from Mr. Cashell.

The meeting was adjourned by Mr. Swartz at 6:50 p.m.

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Committee Chair

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Treasurer