

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 September 20, 2012 at 6:10 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: Ms. Goepfert, Mr. Swartz

The Finance Committee Meeting Minutes from the August 16, 2012 were approved.

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

Financial Summary – August 2012

We received the second of two regular tax advances scheduled from the County in August and were recently notified that our second half settlement is being received in September. As I reported to you at the Committee of the Whole Meeting this past Wednesday, based on the settlement figures provided by the County, we are not tracking at approximately \$100K above estimates. We are currently 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 for the second half. Further, I will soon be requesting an updated delinquent tax report by parcel to assess our delinquent situation. I should have an update for you for October.

State foundation revenue was very slightly above estimates while all other operating revenue was below estimates for the month due mainly to timing of interest income.

On the expenditure side, salaries were above estimates for the month mainly due to additional temporary and overtime work and the timing of that work performed by classified employees. These line items should come back a bit once the year progresses, but we will need to watch this area closely going forward. Benefit expenditures are running below estimates so far, but most of this is a timing difference due to new retirement and workers comp. expenditure accounting and reporting procedures not yet implemented in our software. My office is working with NCC (formerly LNOCA) to get these procedures updated and I expect to have them in place before we close out the month of September. The Purchased Services line is coming in higher than anticipated due mostly to timing, but also due to slightly higher tuition payments. The Supplies and Materials line came in under projections while the Other Objects line came in above estimates due to timing at this point in the year.

Minutes

Board of Education of the Rocky River City School District

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 uses) came in above the fiscal 2012 amount by 16.37%.

The main reason our overall revenue was down year over year was due to timing of property tax advance amounts, but this will be more than caught up once our real property tax settlement is received and booked in September. The main reason our overall expenditure amount was higher than last year was mainly due to the timing of our first three-pay month this fiscal year in August versus this occurring in September of 2011 for FY 11.

Our ending cash balance ended moderately below last year's level (\$8, 118, 120 vs. \$8, 867, 631) due to a combination of the timing of property tax revenues and the timing of the first third-pay month this fiscal year occurring in August as previously mentioned. Encumbrances came in significantly above last year's amount mainly due to timing at this early point of the fiscal year.

Board of Revisions/Board of Tax Appeals Update

The updated BOR/BTA reports as of August 31 as provided by Dan McIntyre were reviewed.

Five-Year Forecast Update/Budget Issues

I am currently working on reviewing and revising our five-year forecast in advance of the October 31 deadline. As our budget issues (positive and negative) for the current year continue to develop, I will be working these items into a set of draft forecasts for your review. I am hopeful that we will receive some official projections from the State on potential casino tax revenues that are set to be distributed starting January 2013. I should also have an updated delinquent tax report from the County in the near future to review. I have been in discussions with some area Treasurers to review their major assumptions on the revenue side, particularly the casino tax revenue. I have also asked Nan Baker for any updates she may be able to provide us on this issue.

One item of note from prior months to update you on is the dental insurance plan renewal. We ended up renewing with our current carrier, UHC Dental, for one more year since none of the competitive options we looked at were worth the changeover at this time or were impractical without negotiating plan design changes with our bargaining groups prior to October 1. My plan is to review our utilization around the six month mark (March/April) and look at moving our plan to a self-insured plan with another provider as our third-party administrator if it makes sense. Since our dental plan has a maximum annual dollar cap (as most dental plans do), we have been advised by both consultants we work with that it makes sense to look at this option for our group once we have some additional claims experiences from which to draw.

Minutes

Board of Education of the Rocky River City School District

Carryover Balance Discussion

The administrative team is working to review this as part of our ongoing internal budget and fiscal planning review process. The Finance Committee should continue to discuss this issue each month as we work to develop a target percentage and/or range of dollars that we should have in reserves going forward and discuss with the entire Board once a recommendation is ready. Mr. Swartz agreed that Mr. Markus, Dr. Shoaf and other administrators should continue to work on developing a structure for use by the Board to develop a policy recommendation that can be discussed further through the Finance Committee and then the entire Board. Mr. Swartz also asked that a comparison of peer districts' cash balances (actual and forecasted) be put together for review at a future Finance Committee meeting as part of this process.

Potential Sale of Cell Tower Lease Interests

Mr. Sam Gifford, Executive Director of Human Resources and Support Services, reviewed with the committee and Mr. Markus the process he is currently undertaking to pursue the possible sale of the District's lease interest in cell tower leases that the District owns. He stated that a consulting firm who are experts in this area have been retained to review our current leases and to independently determine a present value of the lease payment streams. Once this information is obtained and reviewed by Mr. Gifford, Dr. Shoaf and the District's Legal Counsel, it will be shared with the Board of Education for their consideration and to determine next steps.

Meeting adjourned by Mr. Swartz at 6:50 p.m.