

# 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 16, 2012 at 6:10 p.m. in the Curriculum Library at the Board of Education Offices. A digital recording was made of this meeting and is on file in the Office of the Treasurer.

**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, Dr. Fancher

The Finance Committee Meeting Minutes from June 21, 2012 were approved.

Mr. Markus shared and discussed the following with the committee and others in attendance:

### Financial Summary – July 2012

Please note that I have used the actual July amounts received and expended as estimates, so there is no comparison to an estimated amount for July on the SM-2. However, you'll see on the attached SM-1 Estimated Report that I have forecasted the monthly revenues and expenditures based on our May five-year forecast amounts for the following 11 months, with the exception of using the August 3<sup>rd</sup> actual property tax advance amount as the estimate, since that amount is already known.

We received the first of two regular tax advances from the County in July with the second one received on August 3<sup>rd</sup>, so only the July advance is reflected on the attached reports. We also received a settlement on tangible personal property taxes from delinquent accounts, which as you can see, was minimal. All other revenue sources (state foundation payments and other operating and non-operating revenues) were routine in nature for this time of year.

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 *below* the fiscal 2012 amount by 50.38%, while total fiscal YTD expenditures (excluding other financing uses) came in *below* the fiscal 2012 amount by 0.64%.

The reason our overall revenue was down so significantly year over year is strictly due to timing at this early point of the fiscal year. Based on the August 3<sup>rd</sup> property tax advance, we will still be down almost \$450K year over year, but we will not have a sense of where we are headed until we see our second half property tax settlement anticipated in October (or late September, if the County is ahead of schedule a bit). We are expecting an overall decrease in property taxes based on the unusually high delinquent tax collection last year, but that did not happen until the first half calendar collection in the winter/spring, so that is not a factor at this point.

# Minutes

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

The main reasons our overall expenditure amount was below last year were mainly due to a timing difference in our electric bill since we had an inquiry on a back billing that was recently resolved, as well as decreased spending in the capital outlay area since we are being very reserved in our capital spending (mainly technology) prior to the levy in November.

Our ending cash balance ended significantly below last year's level (\$4,100,929 vs. \$7,365,196) due to the decrease in property tax revenues as previously mentioned. Encumbrances came in moderately 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 July 31, as provided by Dan McIntyre, District Legal Counsel, were reviewed.

### **FY 13 Budget Items to Monitor**

As a repeat from the prior month's finance summary, I continue to bring a few budget items to your attention. At this point, we *may* have some additional tuition expenditures in the amount of \$65K for special education placements that we will need to cover based on an update I received from Jim Scheer before he ended his substitute assignment covering for Jenn Norman. Miss Norman is aware of this and we will monitor the budget as we start the new school year and she updates/finalizes IEP's. We also received a back billing from the Illuminating Company for electrical service at the High School for approximately \$75K due to a missed meter read/billing; but we have since received a credit back from the Illuminating Company for the majority of this billing. We will also incur approximately \$13K in additional contract service expenditures for Quadstar to perform routine maintenance and repair to our computer network and individual machines based on the need for increased hours needed for various projects, and a simultaneous reduction in our City/County funds we received through the Cuyahoga County ESC.

Additionally, Miss Anderson has also informed me that there are some curriculum necessities that we need to fit into the current budget over the next several months; so I will need to work with her to find funds within our current budget if at all possible. We did just receive our approved rates from the Suburban Health Consortium and we actually saw a *decrease* of 3.52% in our overall funding rates starting October 1<sup>st</sup>. which will save us approximately \$250K annually over our current budgeted amount for all funds. This was due, in part, to the recalibration of rates (which we knew were coming), but also due to improving claim trends year-over-year and the approval by the Consortium members to use our reserves to "buy down" the funding rate increase again this year. As we started the funding year last August, the much improved claim trending and, consequently the further use of reserves, was not anticipated. We are still awaiting our dental plan renewal and I have anticipated a larger than normal increase due to utilization; but I am hoping to mitigate that based on an RFP that our dental insurance consultant issued on our behalf. We also have the option of returning to the Consortium if the proposals are not manageable. I expect to have information within the next week on the dental piece.

# Minutes

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

At this point, we will monitor these budget areas and work any increases into our overall budget, but the savings from health care will certainly help in this endeavor. Should an increase in General Fund appropriations be needed at some point over the next few months, I will let you know.

We will also need to continue to monitor the Student Activities Budget and fund balance as Kirk Taylor is planning to purchase the last round of new marching band uniforms, as well as concert band uniforms. The total of these items will be approximately \$27K with only \$3K being covered by the annual Boosters contribution. There are sufficient funds within the Instrumental Music Fund 300-954H to cover these purchases, but this may have an impact on our overall Student Activity 300 Fund cash balance at the end of the year, possibly requiring a larger cash transfer from the General Fund than the \$30,000 budgeted. I will be working with Mark Wagner to determine what we can do to minimize the transfer needed.

### Carryover Balance Discussion

As part of our continuous financial planning, and per the recommendation of Mr. Davis, a discussion of an appropriate carryover balance target for the District going forward was started. Mr. Swartz and I have begun to talk about some parameters on which to derive a “minimum” operating carryover balance. After some discussion on the factors to consider in deriving a minimum carryover balance, and some different routes to get there, it was decided that the administration should do additional review of revenue and expenditure variables and come up with a plan of action for further discussion through the Finance Committee. Results will be shared with the entire Board and, if the Board wishes to pursue, a Board Policy could then be drafted and considered.

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

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President

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Treasurer