

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 January 17, 2013 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 6:05 p.m. by Mr. Swartz, Chair

ROLL CALL

PRESENT: Mr. Swartz, Ms. Goepfert

The Finance Committee Meeting Minutes from the December 15, 2012 were approved.

Mr. Markus reviewed and discussed the December 2012 and Fiscal Year-to-Date financial reports with the committee and other in attendance.

December was a very light month revenue-wise with only typical state foundation payments and other local revenue received. Other local revenue came in above estimates for the month due to timing of rental payments.

On the expenditure side, salaries came in above estimates due to a spike in our certificated sub line due to several maternity leaves occurring recently. This line is still tracking above estimates for the fiscal YTD, but it is still expected to come back in line closer to estimates. Employee benefits were just about on target for the month based on revised estimates. Our system is now set up to charge workers compensation costs each month, so these are included with the December actual. The contracted services line was substantially higher than estimates due mainly to the timing of our Lakewood Career Technical tuition billing being paid in December as opposed to January. However, also contributing to the overage was the first capital lease payment on the new Chromebooks and other computer equipment recently ordered. We did not have these payments budgeted in our forecast update from October since we were holding those purchases pending the levy outcome. Once we amend our forecast in May, we will include these semi-annual lease payments in the forecast along with funds needed to purchase new band instruments, fitness equipment and other facility upgrades not included in the construction project.

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Supplies/materials and capital outlay came in under projections for the month and are still running that way for the fiscal YTD. Other objects were over budget for the month but are still running under budget for fiscal YTD. We still have the potential facilities budget issue with the construction project that may cause us to need to increase that budget as we move forward through the spring. We recently identified over \$20,000 in invoices related to the cooling issues we had over the summer from a contractor error that disrupted our electricity in the tech room. I have not paid these as of yet, but have forwarded these invoices to PCS so they can move them through to the contractor for their insurance to pick up. Depending on what comes out of that process, we may have to end up paying these or claim them against our insurance policy and pursue subrogation.

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 2.55% while total fiscal YTD expenditures (excluding other financing uses) came in *above* the fiscal 2012 amount by 4.32%.

The main reason our overall revenue was down year over year was due to the complete phase-out of the public utility and tangible personal property “hold harmless” payments from the State as well as the elimination of the delinquent tax advance by the County in November of this year. The main reasons our overall expenditure amount was higher than last year was due mainly to the timing of the vocational education payments, new capital lease payment, and increased electricity costs.

Our ending cash balance ended significantly below last year’s level (\$1,759,204 vs. \$2,411,333) due to the timing issue and increased costs explained previously. Encumbrances came in moderately above last year’s amount due to timing at this point of the fiscal year.

Board of Revisions/Board of Tax Appeals Update

The updated BOR/BTA reports as of December 31 as provided by District Legal Counsel were reviewed.

Carryover Balance/Budget Reserve Discussion and Citizens’ Financial Advisory Committee

Mr. Markus provided a draft policy resolution previous to the meeting along with a sample of a few options for calculating the amount of target reserve that we may wish to obtain. These are from examples he received from a statewide request from other Treasurers to see what has been put in practice. The resolution language is essentially what the Orange City Schools used in their resolution that has been used by others throughout the state with additional language highlighted. Review of the draft and sample policies were tabled until the next Finance Committee Meeting.

The committee discussed the process of identifying members to serve on the Citizen’s Financial Advisory Committee. Several community members have expressed interest in serving on the committee, so Mr. Swartz will assess the interest level and report back to Mr. Markus at or before the next Finance Committee.

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New Certified Property Values and Tax Rates

The following is a summary of the new certified property values of January 1, 2013, as well as the new tax rates:

Type of Property	TY2011/CY2012	TY2012/CY2013	\$Change	% Change	% of Total AV
Agricultural/Residential	\$579,911,210	\$580,182,360	271,150	0.05%	82%
Commercial/Industrial	119,918,730	117,102,550	(2,816,180)	-2.35%	17%
Public Utility Tangible	7,105,100	7,785,190	680,090	9.57%	1%
Totals:	<u>\$706,935,040</u>	<u>\$705,070,100</u>	<u>(1,864,940)</u>	<u>-0.26%</u>	<u>100.00%</u>

New Construction (Included in totals above)	3,334,710	2,824,280	(510,430)	-15.31%
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Gross Millage Rates*	TY2011/CY2012	TY2012/CY2013	Change	% Change
Agricultural/Residential	84.35	89.45	5.10	6.05%
Commercial/Industrial	84.35	89.45	5.10	6.05%
Public Utility Tangible	84.35	89.45	5.10	6.05%

*Includes 4.57 inside operating mills and 6.38 mills for bond retirement

Effective Millage Rates*	TY2011/CY2012	TY2012/CY2013	Change	% Change
Agricultural/Residential	44.13	49.33	5.20	11.78%
Commercial/Industrial	58.55	64.47	5.92	10.11%
Public Utility Tangible	84.35	89.45	5.10	6.05%

*Includes 4.57 inside operating mills and 6.38 mills for bond retirement

Obviously, the increase in the tax rates was mainly attributable to the new 4.9 mill continuing levy passed in November. There was also an increase of .20 mills for debt service based on the County's debt service calculations and reserve recommendation. There was a moderate increase in the commercial/industrial effective rate since that property class's value decreased somewhat overall.

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In addition to the new 4.9 mill levy and .20 in debt service millage, the effective rate for agricultural/residential property increased another .10 mills even though overall this property class had an increase in value. Presumably this is because existing property from this class experienced a decrease of value, but new construction netted out with this decrease to cause an overall increase. I have requested the value, but new construction netted out with this decrease to cause an overall increase. I have requested the DTE-93 abstract report from the County to assess the property value changes at a more detailed level and expect to receive that shortly. If you're interested in reviewing that data at a later time, please let me know.

The meeting was adjourned at 6:45 p.m. by Mr. Swartz

Committee Chair

Treasurer