

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 May 16, 2013 at 6:15 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 6:15 p.m. by Mr. Swartz, Chair

ROLL CALL

PRESENT: Mr. Swartz, Ms. Goepfert

The Finance Committee Meeting Minutes from the April 18, 2013 were approved.

Mr. Markus reviewed and discussed following with the committee and other in attendance:

Financial Summary – April 2013

As I reported to you last month, we received our first half property tax settlement in early April and it was less than anticipated by about \$87K. The Homestead and Rollback Credit amount was also provided and that will be \$43K less than estimates for the entire fiscal year. However, since we were running a positive variance so far this collection cycle of \$196K, we will end up with a positive variance of \$66K when all components are combined. We still have a delinquent tax advance scheduled to be received in May which will hopefully yield more than the \$79K anticipated. Per the County, there will not be a delinquent tax lien sale until the fall this year.

Additionally, state foundation revenue for the month came in significantly above estimates, but this appears to be a timing issue based on the State's calculation on the bridge funding report. This variance should reverse itself over the last two months of the fiscal year. All other operating revenue came in slightly below estimates for the month and is still tracking slightly below for the fiscal YTD.

On the expenditure side, salaries came in very slightly over the estimate for the month and are tracking as such for the fiscal YTD. Employee benefits came in right at the estimate for the month and are also tracking as such for the fiscal YTD. The contracted services line came in significantly above estimates for the month due in large part to continued higher electricity bills and repairs/maintenance expenditures. The fiscal YTD amount is still running above the estimate mainly due to the first capital lease payment on the new Chromebooks and other computer equipment recently ordered in addition to higher electricity costs at the High School. These increased costs will be included in our updated five-year forecast approved at the May Board Meeting.

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Supplies/materials came in well below estimates for the second month in a row and are continuing to track that way for the fiscal YTD. The Capital Outlay line came in significantly above the estimate for April mainly due to the payment for the remaining musical instruments that were recently ordered. This line will continue to run this way and will be increased as part of our forecast update in May. Further, there is still a planned upgrade of the gym lights per a quote for \$22,500 as well as a possible upgrade of the field house boiler system in upwards of \$35,000 that we will need to absorb within our current budget. Other objects were significantly below budget for the month due to lower county fiscal officer and treasurer collection fees than anticipated and are now tracking moderately under budget for the fiscal YTD.

As you are aware from prior months, we are still holding 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 am still holding these bills pending an agreement with the contractor or their insurance company to pay these costs. Adam Sywanyk is working on these invoices as well as a few others from the contractor. Our plan is to pay the construction-related invoices out of the construction funds and then process a deduction to the contractor's retainage.

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 3.50% while total fiscal YTD expenditures (excluding other financing uses) came in above the fiscal 2012 amount of 2.27%.

The main reason our overall revenue is up year over year is due to collection of the first half of the new 4.9 mill operating levy. This will be despite the complete phase-out of the public utility and tangible personal property "hold harmless" payments from the State. The main reasons our overall expenditure amount was higher than last year was due mainly to the new capital lease payment for technology equipment, the purchase of new fitness equipment and musical instruments, increased electricity costs, repairs and maintenance of facilities and out-of-district special education tuition payments along with scheduled salary step increases.

Our ending cash balance ended significantly above last year's level (\$6,514,782 vs. \$5,579,781) mainly due to the first half collection of the new 4.9 mill levy. Encumbrances came in just slightly above last year's amount.

Board of Revisions/Board of Tax Appeals Update

The updated BOR/BTA reports as of April 30 as provided by Dan McIntyre were reviewed.

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Five-Year Forecast Update and FY 14 Appropriations

The current draft of the five-year forecast that will be presented to the Board for approval for the May 31, 2013 mandatory update was reviewed. This draft was developed with current information and input from the administrative staff along with additional review by Mr. Swartz. Mr. Markus reviewed for the committee, the key assumptions made in developing the forecast, including property tax revenue assumptions which are based on a 97.94% collection rate. Mr. Markus indicated this rate was taken by using actual collections through the first half settlement compared to the prior year fiscal Schedule A, adjusted for the new 4.9 mill operating levy. On the expenditure side, major salaries and benefits assumptions were reviewed in detail since these make up over 80% of budgeted expenditures. Only educational and experience steps are included for FY 14 as a base wage freeze was agreed to back in October 2012. Future salary levels will be affected by negotiations with the District's two bargaining units expected to start in the spring of 2014. Medical insurance increases are expected to be in the +10% range for FY 14 and are assumed at +12% for future years. Proposed capital expenditures consisting of mainly new bus purchases are also included in the forecast. The forecast projects a positive unencumbered balance through the end of fiscal year 2016.

The meeting was adjourned at 6:55 p.m. by Mr. Swartz.

Committee Chair

Treasurer