

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 April 23, 2015 at 6:00 p.m. in the 2nd Floor Conference Room 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 6:00 p.m. by Mr. Swartz, Chair

ROLL CALL

PRESENT: Mr. Swartz, Ms. Goepfert, Mrs. Rounds

The Finance Committee Meeting Minutes from March 18, 2015 were approved.

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

Financial Summary – March 2015:

During March we were expecting the real property and public utility tangible property settlement, but this did not occur until April 3 due to a delay at the County due to fiscal office personnel changes. Therefore, we are showing a timing difference for the month and fiscal YTD in the tax revenue lines. However, based on the settlement figures that were provided in early April we are tracking at a positive variance of \$323K when expected homestead and rollback credit payments are taken into account. We still have a special advance of \$300K budgeted for May (based on the last couple of years' history), so that will play into our final fiscal year variance, but we are looking to finish the fiscal year very strong in this area. Assuming the \$300K special advance comes in as expected, we would be at a 99.71% collection rate compared to original Cuyahoga County Schedule A estimates from last spring.

Our state unrestricted grants revenue (line 1.035) came in above the monthly estimate again and is trending slightly above the annual estimate. Our state funding is based on actual EMIS enrollment data as of the March #2 payment and should not be adjusted much, if at all, the rest of the fiscal year. Even with a negative adjustment from FY 14 that we are paying back through expenditure object 930, we should still end the fiscal year slightly higher than the current estimate. The All Other Operating Revenue (line 1.060) is still tracking above estimates for the fiscal year mainly due to timing of the Tri-C post-secondary option payment and the receipt of insurance reimbursements.

On the expenditure side, salaries came in significantly below estimates for the month and are tracking slightly below adjusted fiscal YTD estimates due mostly from a timing difference in seasonal supplemental payments that will be paid in April instead of March. Benefits again came in very slightly above estimates for the month and are tracking that way now for the fiscal YTD from a timing issue due to increased STRS estimated deductions starting in January.

Minutes

Board of Education of the Rocky River City School District

Financial Summary – March 2015 (Cont'd)

However, this line should still end up fairly close to estimates for the fiscal year. Purchased services came in significantly below estimates for the third month in a row and are now tracking moderately below estimates for the fiscal YTD. I expect this trend to now continue based mainly on where we are tracking with out of district tuition obligations. Supplies and materials came in below estimates again for the fifth consecutive month and are tracking as such for the fiscal YTD, but capital outlay came in above estimates again as budgeted dollars have been shifted between these two expenditure areas to continue to finish various facilities projects and we needed to purchase a new 84 passenger bus in March due to the condition of the 84 passenger bus we were using being declared unfit for the road. Capital outlay will end up over the current annual amount budgeted due to this shifting in budgeted dollars as the fiscal year progresses to cover additional computer equipment and small building/facilities projects such as the first phase of the Beach gym improvements, but should be funded in large part from savings in the contracted services and supplies/materials expected positive variances. Other Objects are tracking below fiscal YTD estimates due to the timing difference in the property tax settlement mentioned previously as related county collection fees will not be recognized until April.

I am also now budgeting for an advance of funds of \$62K from the General Fund into our P.I. Fund (003) to cover an anticipated shortfall in that fund due to additional building/capital projects needing completion yet this year (e.g. bleacher railings, shot put area improvements, boiler fill tank overflow at Beach). I plan to have the P.I. Fund pay back the G.F. out of FY 16 or FY 17 funds as they become available given our robust set of projects and equipment purchases planned for FY 16. This reflects in our monthly appropriation adjustment, but will not yet reflect on the SM1/SM2 reports until we update the five year forecast for the required May update.

Please reference the SM-2 Comparison Report for how our FY 15 revenue and expenditure data compared to FY 14 amounts. Total fiscal YTD revenues (excluding other financing sources) ended *below* the fiscal 2014 amount by 3.08% while total fiscal YTD expenditures (excluding other financing uses) ended above the fiscal 2014 amount by 4.43%.

The main reason revenue is down is due to the timing difference in the real and public utility property tax settlements mentioned previously as well as the lower Other Revenue total due to the one-time Westgate property tax settlement payment reflected in FY 14's number. This is in spite of the positive timing difference in the state catastrophic aid reflected on line 1.040. Expenditures are up moderately overall at this time due to the purchase of new computer equipment and facilities capital expenditures, cash purchase of a new 84 passenger bus, increased utility and legal service fees as well as salary and benefit expenditure increases due to the July 1 employee contract increases and differences caused by the timing of payroll (26 vs. 24 pay schedule) continuing to accrue. There is also a timing difference in the Other Objects (line 4.300) due to the County's new property tax collection and tracking system assessing collection fees for each advance instead of in lump sum as was their previous practice.

Our ending cash balance is down slightly from last year's level (\$11,180,912 vs. \$11,410,750) due mainly to the timing difference in receipt of the property tax settlement mentioned previously.

Minutes

Board of Education of the Rocky River City School District

Board of Revisions/Board of Tax Appeals Update

The most recent BOR/BTA reports from Dan McIntyre's office were reviewed.

State Funding Proposal

As you may have seen or heard through the news media, the Ohio House has accepted several amendments to the Governor's school funding proposal as part of HB 64. The current form of the bill provides additional funding for the Rocky River CSD in the first year of the new biennium of approximately \$912K and then an additional \$63K the second year of the biennium. This is due to a provision that calls for all districts to receive at least 20% of the state funding per-pupil dollar amount ($\$5,900 \times 20\% = \$1,180$ per pupil for FY 16 phased in over the biennium). As you are well aware, we have never received this level of state basic funding in recent memory. Based on what we've seen from the statewide district support organizations (OSBA, OASBO, BASA), this affects 27 districts throughout the state by providing more than the maximum cap of +15.56% from the formula. I am not yet sure what will be done with a couple of items outside of the current formula (special ed. transportation and preschool special education funding), but should know these details soon. A fact sheet is attached to this report along with an update regarding additional house amendments for your review and further discussion. Of course all of this is still subject to approval by the full House, review and debate in the Senate and ultimate approval and/or line item veto by the Governor, but the prospects for our funding have certainly improved.

Five Year Forecast Update

A five year forecast update is due to the State by May 31. I am currently working through details of the forecast draft and plan to convene a meeting of the Citizens Finance Committee to review the forecast in early May. I will share a draft with you and review at our May finance committee meeting prior to the request for approval at our May 21 regular board meeting.

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

Committee Chair

Treasurer