

# 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 28, 2014 at 6:03 p.m. in the 2<sup>nd</sup> 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 6:03 p.m. by Mr. Swartz, Chair

**ROLL CALL:** Mr. Swartz, Ms. Goepfert

**PRESENT:**

The Finance Committee Meeting Minutes from March 20, 2014 were approved.

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

### Financial Summary – March 2014

During March, we received our real and public utility tangible property tax settlement. This was a little earlier than expected as I had projected we would receive this in mid-April as we did last year. The settlement came in above our estimates by \$435,798. However, as of now, our homestead and rollback credit expected in May is scheduled below estimates by approximately \$90,502, therefore reducing the overall positive variance to \$345,295. Because of this earlier than expected receipt, I have adjusted the timing of this revenue source along with the homestead and rollback credit on the monthly SM-1 to March and May, respectively. Regarding the homestead and rollback credit, the calculation for it is being looked into by the County Fiscal Office since several school district treasurers have reported their expected payment is coming in moderately to significantly below estimates. I will report to you next month on any adjustment in this amount if this ends up being the case.

The All other operating revenue line (1.060) came in well below monthly estimates due to the auxiliary schools' administrative payment not yet being processed as of March 31. This revenue will be booked in April. The Operating Transfers-In was a bookkeeping entry necessary to properly reflect the cash reserve on our books and nets out with the Operating Transfers-Out for the month.

On expenditure side of the ledger, salaries were below the estimate for the month due to a timing difference in the payment of certain supplemental contracts. This should catch up during April. There still may end up being a slight uptick in salaries and benefits over estimates going forward this year as we have now replaced certain .47 FTE custodians with 1.0 custodians. The employee benefits line came in just above the estimate for the month and is still tracking just slightly above the fiscal YTD amount. This line should come in close to the annual estimate when we end the fiscal year in June. We will adjust annual estimates again in May for the forecast update if need be.

# Minutes

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

Purchased Services were well above estimates for the month and are now tracking above fiscal YTD estimates. This was mainly due to the timing of and increases in repairs and maintenance expenditures related to facilities, the timing of sub costs through our contract with the North Coast Shared Service Alliance as well as increased legal fees related to construction, employee negotiations and other personnel matters. We will be saving approximately \$100K in outside transportation contracting fees that we will be able to use to apply towards the facilities area, which should help to bring this line closer to budget as we finish the year. Supplies and materials and capital outlay are still running below estimates for the fiscal YTD and are expected to finish the year close to estimates. I was hopeful that we could finish moderately below these estimates, but we will most likely need to use much of the savings from these areas to fund facilities operational needs for the rest of the year. The one positive is that we may be able to save funds from budgeted textbook purchases as Ms. Anderson finalizes Math textbook purchases. Other objects are running slightly below estimates for the fiscal year mainly due to a savings in property tax collection fees from the most recent settlement (note: the County fiscal fees for the first half property tax collection were also moved into March from April on the monthly SM-1 to match the revenue estimate being moved as well).

Please reference the SM-2 Comparison Report for how our FY 14 revenue and expenditure data compare to FY 13 amounts. Total fiscal YTD revenues (excluding other financing sources) came in above the fiscal 2013 amount by 14.25% while total fiscal YTD expenditures (excluding other financing uses) came in above the fiscal 2013 amount by 1.75%.

The main reason our overall revenue is up year over year is the continued collection of the first full year of the new 4.9 mill operating levy as well as the receipt of \$200,000 from two property tax case settlements for Westgate and Westwood and the increase in state basic aid from HB 59. The main reasons our overall expenditure amount was higher than last year at this time was due to scheduled salary steps and the new positions added; increased severance payments due to executive secretarial retirements (note: salary expenditures are currently showing a decrease year over year due to the timing of the second three-pay month of the fiscal year occurring in March of 2013 while the next three-pay month for the current year will not occur until May of 2014); increased medical insurance funding rates and increased enrollment in our medical/Rx insurance plan; increased maintenance/repair costs and insurance costs; the addition of a new capital lease for technology equipment on which payments started in July; the purchase of new textbooks for the 13-14 school year; increased costs for career technical tuition through Lakewood City Schools; and investments in building improvements and furniture not included in the construction project; and timing of County fiscal fees related to the earlier than anticipated property tax settlement in March.

Our ending cash balance ended significantly above last year's level (\$11,410,750 vs. \$7,295,294) due mainly to the increase in property tax and related revenue from the full year collection of the new 4.9 levy. Encumbrances came in significantly below last year's amount due to timing.

### Board of Revisions/Board of Tax Appeals Update

The updated BOR/BTA reports from Dan McIntyre's office are attached for your review.

# Minutes

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

### Five Year Forecast Update and FY 15 Appropriations Development

A Citizens Finance Committee has been scheduled for Thursday, May 8 at 7:30 a.m. to review a draft of the five-year forecast prior to reviewing this with the finance committee and the full Board in May. I have also begun working on FY 15 appropriations and will continue that process in earnest during the rest of April and into May for Board approval at the June business meeting.

### Turf Field Replacement Financing Update

As of April 22, the quoted lease financing rate from PNC was 2.89%, so we are still below the target 3% rate. As we move closer to our anticipated construction date in early June, I will continue to monitor this rate and will lock in the rate at the earlier of June 1 or when it is anticipated that the market rate is moving towards a sustained 3%+ rate.

### Bond Retirement Fund Analysis

Mr. Swartz asked to table this discussion to a future finance committee meeting, possibly in May, when other board members can attend.

### Minimum Value Plan

The Suburban Health Consortium has adopted a minimum value medical plan in order to assist member districts in complying with the Affordable Care Act affordability requirements. A prescription drug plan will be adopted by the Consortium in June. The details of these plans, including funding rates and possible roll-out concerns, were shared with the committee. The proposed funding rates for this plan are significantly less than the District's current plan. Dr. Shoaf and Mr. Markus will work with legal counsel to share the details with the District's union representatives in the near future.

### Agreements for Approval in May

The Board will be asked to approve the West Shore Career Technical Education Agreement and an International Baccalaureate Diploma Program Agreement at the May business meeting. The estimated cost per pupil of these two agreements as well as other financial details were shared with the committee. These agreements will be an exhibit to the May 22 Board of Education agenda once finalized.

# Minutes

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

The meeting was adjourned at 6:53 p.m. by Mr. Swartz.

---

Committee Chair

---

Treasurer