

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 a Finance Committee session on August 12, 2009 at 4:00 p.m. in Conference Room A at the Board of Education Offices.

CALL TO ORDER – 4:05 p.m. by Mr. Swartz, CHAIR

PRESENT: Mr. Swartz, Mrs. Rounds

Mr. Markus reviewed and discussed the following items with the committee:

FINANCIAL SUMMARY – JULY 2009

During the month of July we received the first two of four scheduled property tax advances that will occur during the second half 2009 collection-year cycle. Since we have another advance scheduled on for this Friday, Aug. 14, it is too early to make a determination if we are behind last year's collection rate for this cycle. The picture will become clearer after the next advance and once we receive an update on our delinquent accounts. We also received our first half 2009 tangible personal property tax settlement which was very minimal. This is due to the (almost) complete phase-out of this tax. The only items remaining that we collect tangible personal property tax on are telephone and telecommunications property. Remember, however, that we are being "held harmless" from the state for this revenue based on tax year 2004 values through fiscal 2011. As you are well aware, the most recent budget bill did NOT end up extending the full "hold harmless" amount permanently.

State Foundation revenues were on target based on our expectations; however, please note that we are receiving a portion of our state foundation revenues (approximately \$3,300 per month) through the federal State Fiscal Stabilization Fund, which is part of the federal stimulus bill. We are required to receipt these dollars into a special fund (Fund 532), so these dollars are not reflected here. We are, however, using these funds towards the salary of one teacher who would have otherwise been paid out of our General Fund, so ultimately this is a net effect of zero on our five-year forecast. I will adjust the forecast for this during our October 2009 forecast update.

The All Other Operating Revenue line was where I expected this month due to a CD investment maturing that had a very favorable interest rate. For the year, this line is expected to come in very near last year's amount of just over \$400K. The All Other Financial Sources line came in significantly higher than original estimates due to the one-time reimbursement of an expenditure from our H.S. rotary fund from a transaction that occurred in June of 2009.

Spending for July came in about where I expected for all expenditure areas. You will see by reviewing the monthly estimates starting in August that supplies/materials and expenditures will increase significantly for the next few months as we pay for new textbooks and other instructional and operational supplies needed to start the new school year. Personnel expenditures and certain benefit expenditures will begin increasing significantly in September when our new teacher pay scales take effect. We paid a large amount out in the contract services area in July since we paid the Lakewood career technical billing that we had deferred from last fiscal year, so this area will return to a "normal" levels starting in August.

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Please reference the SM-2 Comparison Report for how our FY 10 revenue and expenditure data compared to FY 09 amounts. Total fiscal YTD revenues (excluding other financing sources) came in above the fiscal 2009 amount by 14.31% while fiscal YTD expenditures (excluding other financing sources) came in at 6.73% *below* the fiscal 2009 amount.

The reason our revenue was up significantly was due to the collection of property taxes based on our new 5.9 mill levy since we are now in the second half of our first full year of collection of this levy. This increase was in spite of slight decreases in other revenue sources. The main reasons our expenditures were down were two-fold: 1) Since we use estimates for benefit expenditures in July and August of each year based on the previous May, we booked a significant reduction in healthcare benefit expenditures due to the plan change that occurred last year; and 2) Our tuition and natural gas utility expenditures were significantly lower than at this time last year.

Our ending cash balance is up significantly from last year at this time (\$8,644,704 vs. \$6,764,095) mainly due to receiving advances that included collection on the new 5.9 mill levy. Encumbrances were up significantly over last year mainly due to timing at this point in the year.

BOARD OF REVISIONS/BOARD OF TAX APPEALS UPDATE

Attached you will find reports provided by Dan McIntyre updating all of our BOR and BTA cases for tax years 2006 – 2008 for both reduction and increase requests. The one question I had on the TY07 Residential Reduction report from July's report was clarified by Dan's office dealing with the Frost property. The FMV decision amount on that property turned out to be \$813,400, which is what they asked for instead of the erroneous \$1,200,000 originally reported.

AGENDA ITEMS

You will be asked to approve the rollover of bus acquisition notes at a special meeting immediately following our August 12 committee-of-the-whole meeting. You will also be asked to approve a depository agreement with Tri-State Capital Bank at our August 21 regular meeting. All other items should be routine.

ADJOURNMENT – 4:50 p.m. by Mr. Swartz, CHAIR

President

Treasurer