

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 December 19, 2013 at 6:00 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 6:00 p.m. by Mr. Swartz, Chair

ROLL CALL: Mr. Swartz, Ms. Goepfert, Dr. Fancher

PRESENT:

The Finance Committee Meeting Minutes from the November 21, 2013 were approved.

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

Financial Summary - November 2013

During November, I had expected the state homestead and rollback payment to be received (line 1.050), but it was not received until December 3; so hence, the large negative variance in this line for November. State foundation revenue was larger than normal due to a "catch-up" by the state based on the new H.B. 59 funding formula that was being phased in during November. This should revert back to a level amount of funding in December and continue for the remainder of the fiscal year with little variance. We also received the semi-annual interest subsidy from the federal government during November (line 2.060), which came in 2.2%, or \$12,260, less than expected due to the revised amount based on federal budget sequestration. I would expect this to happen again for the second payment expected in May unless some or all of this cut will be restored by the pending federal budget legislation.

On expenditure side of the ledger, the large variance in the purchased services line (3.030) was mainly due to a timing issue with payment to Lakewood for our annual Career Tech invoices along with increased maintenance and repair expenditures and timing of substitute teacher payments through the outsourcing agreement with the North Coast Shared Services Alliance. There was also a small negative variance in the employee benefits line due to additional enrollees and catch-up on medical and dental plans as well as our level SERS deduction through our state foundation trending higher than my estimate. The SERS deduction should be adjusted by the state in January to reflect the updated salary estimate.

Additionally, the transfer-in and transfer-out amounts of \$175,000 each are a result of the bookkeeping entry we needed to make in our system to designate the annual cash/budget reserve amount.

Minutes

Board of Education of the Rocky River City School District

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 1.95% while total fiscal YTD expenditures (excluding other financing uses) came in above the fiscal 2013 amount by 9.29%.

The main reason our overall revenue is up year over year only this minimal amount is mainly due to the timing issue with the homestead and rollback payment despite 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. 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 last year, increased maintenance and repair costs and insurance costs, the addition of a new capital lease for technology equipment on which payments started in July, the purchase of the first set of new textbooks for the 13-14 school year, increased electricity costs and the investments in building improvements and furniture not included in the construction project. There is also an element of timing of the Lakewood Career Tech bill payment contributing to the increase.

Our ending cash balance ended moderately below last year's level (\$4,257,572 vs. \$4,524,211) due mainly to the timing issue with the homestead and rollback payment mentioned above. Encumbrances came in significantly above last year's amount due to timing at this point in the year, as well as the fact that we now outsource our substitute teachers and encumber a portion of those planned expenditures whereas we did not encumber those expenditures under our payroll.

Board of Revisions/Board of Tax Appeals Update

The updated BOR/BTA reports received from Dan McIntyre were reviewed.

Audit/CAFR Update

Our annual financial and compliance audit has progressed well and is just about complete. I expect to receive our opinion on the financial statements by Monday, December 23. The report will be emailed to each of you for your review. As always, you may communicate directly with the auditors on any questions you may have. A final version of the CAFR will be shared with the Board in electronic form as well, once it is available.

Turf Field Replacement Financing Update

PNC's proposal was the lowest net cost of the proposals received for the turf financing. They would lease/purchase finance all of the materials and installation of the field over a seven-year period at a rate at or near 2.74% (depends on date of funding and payment option chosen) based on their current proposal. This will equate to an annual payment of approximately \$75,000. I will be working with Rick Manoloff, Bond Counsel, on the lease documents and would expect to bring those forward for your approval at the January business meeting if all goes well.

Minutes

Board of Education of the Rocky River City School District

We can also consider financing part of this through internal “manuscript” debt as this is a lower cost of borrowing, but I am hesitant to tie up our unvoted debt capacity of approximately \$700,000 as that can and should be used for emergency-type situations, in my opinion (e.g. security or HVAC issues at one or several of our school buildings). Mr. Swartz suggested that we may want to look at pre-paying the lease and refinancing with manuscript debt after the District’s current construction project has substantially ended and other possible facilities needs have been addressed with other funding sources.

Investments

We recently had one of our bonds called, so I reinvested \$996,000 in (4) separate brokered CD’s at \$249,000 each at very attractive interest rates on the recommendation of our financial advisor. These were placed in early December, so you will see them reflected on the December monthly investment summary.

Required Public Notice

As required by ORC 3313.202, we must announce at a regularly-scheduled public meeting any Board Members that have elected group insurance coverage through the District’s plan(s). The following notice will serve as the public announcement for this purpose and will be recorded in the minutes of our December Finance Committee meeting as required by the statute:

Public Notice per ORC 3313.202: The following duly elected Board of Education Member(s) of the Rocky River City School District have elected group insurance through the District’s group medical and/or Dental plans for the current plan year. Their election was requested in writing in accordance with current District insurance plan policies and procedures. Further, the Board Member(s) that have elected such coverage have paid and will continue to pay the entire cost of any premiums assessed to the District for any plan in which they participate on a monthly basis.

<u>Board Member</u>	<u>Type</u> _____
---------------------	-------------------

Mr. Jay Milano	Group Medical/RX Coverage
----------------	---------------------------

Meeting adjourned at 6:45 p.m. by Mr. Swartz.

Committee Chair

Treasurer