

# 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 December 17, 2009 at 5:10 p.m. in Conference Room A at the Board of Education Offices.

**CALL TO ORDER** - 5:10 p.m. by Mr. Swartz, CHAIR

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

Mr. Markus discussed the following items with the committee:

### **FINANCIAL SUMMARY – NOVEMBER 2009**

During the month of November we received our homestead and rollback credit payment from the State. This payment is reflected on line 1.050 of the attached SM-1/SM-2 reports. The General Fund portion of \$1.676M was \$115K above our estimate (note: the total homestead and rollback credit was just under \$1.9M with the difference being credited to our Bond Retirement Fund). Please remember that the homestead and rollback credit is directly related to property taxes, so this overage will be reduced on a fiscal YTD basis as we move forward since we expect to have rebates on Westgate and other recent BOR decisions hit our first half 2010 property tax settlement. State Foundation revenue was very slightly above estimates for the month but was more than offset by a reduction in state fiscal stabilization fund revenue. Other Revenue (line 1.060) came in moderately below estimates due to timing.

Overall, expenditures for the month came in below revised estimates by \$50K, but incurred slight to significant variances within expenditure categories. Salaries are tracking slightly higher than estimates at this point, but are expected to fall back in line with projections as we move forward in the fiscal year. Contracted services are tracking moderately ahead of pace but should fall back in line with estimates as well. Supplies and materials are tracking significantly lower than revised estimates due to timing of final payments for our textbook order from the summer. Please note that I revised our monthly categorical projections for November going forward for the rest of the fiscal year to match our detailed budgetary estimates as contained on the “General Fund & SFSF Expenditure Report by Object Code” report to reflect what our current categorical estimates are, but the total expenditure and encumbrance amounts for fiscal year 2010 are exactly the same as contained in the October 2009 five-year forecast update.

Please reference the SM-2 Comparison Report for how our FY 10 revenue and expenditure data compare to FY 09 amounts. Total fiscal YTD revenues (excluding other financing sources) came in above the fiscal 2009 amount by 18.88% while fiscal YTD expenditures (excluding other financing sources) came in at 2.45% above 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 and an expected increase in our “hold harmless” payment for tangible personal property tax from the State.

# Minutes

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

The main reasons our overall expenditures were up slightly year-over-year were three-fold: 1) All salary increases for all classes of employees have now taken effect, which were made up of 2.5% in across-the-board negotiated base salary increases plus step increases for experience and education; 2) Capital outlay expenditures are up based on a shifting of budgeted dollars from the supplies/materials expenditure line plus an element of timing being involved; and 3) We incurred County Auditor and Treasurer fees related to our September real property settlement that were moderately above FY 09 amounts. This overall increase was tempered by our tuition and natural gas utility expenditures being moderately lower than at this time last year; supplies and materials expenses being lower due to the timing of payments for textbooks and the shifting of budgeted dollars from this area to the capital outlay area; and the fact that we made a double-payment to Medical Mutual in July 2008 whereas we did not in July 2009 which caused our employee benefits line increase to be minimized.

Our ending cash balance is up significantly from last year at this time (\$3,600,505 vs. \$992,507) mainly due to receiving proceeds on the new 5.9 mill levy. Encumbrances were up significantly over last year mainly due to expected increases in supplies and equipment expenditures as well as timing at this point in the year.

### STUDENT ACTIVITIES/ATHLETICS FINANCIAL UPDATE

I met with Jeff Schultz earlier this month to review the status of each 300 Fund (District-Managed) activity/sport in detail to ascertain where we are at financially since the fall sports season is now complete. H.S. Football just about broke even which, although not ideal since football has and should produce a surplus balance, is an improvement over last year's deficit balance of almost \$10K. As far as major capital or other expenditures are concerned, the following significant purchases were made: the purchase of a new wrestling mat at a cost of \$9,040; new helmets and pads for middle and high school football for \$5,400; Football and Cross Country State playoffs and finals at a total cost of just under \$11,000 (approximately \$3,000 was reimbursed through the State's football playoff revenue sharing). At this point it is too early to tell how much of a transfer we will need to plan on from the General Fund to cover the aggregate 300 Funds at fiscal year end, but my best guess at this point would be that we need to plan in the neighborhood of \$10K - \$15K. This of course depends on basketball revenue and any other major expenditure item(s) that may come up. I will meet again with Jeff near the end of the winter season to assess where we are at that point and provide another update to you.

### REQUIRED PUBLIC NOTICE

**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 and insurance carrier 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>
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Mr. Jay Milano	Group Medical/Rx Coverage
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# Minutes

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

### BOARD OF REVISIONS COUNTER-COMPLAINT FILING THRESHOLD

As a follow-up to the Board's discussion with Dan McIntyre regarding this issue the week previous, the finance committee discussed the merits of increasing the residential property counter-complaint dollar threshold that should be used for tax year 2009 complaints that will be filed by March 31, 2010. The issue at hand is the backlog of cases at the County Board of Revisions and the actual value the District receives by counter-filing against all residential complaints at or above \$50,000 in market value reduction. After discussing cost-benefit and time considerations, it was determined that a minimum threshold of \$100,000 in a fair market value reduction should be recommended to initiate any counter-complaints. It was further determined that a recommendation should be made to decline filing a counter-complaint on any residential complaint that is based on a sale through an "arms-length transaction" in which the reduction from the auditor's value is in excess of \$100,000 based on verification of the district's legal counsel. These recommendations will be shared with the entire Board of Education at the regular meeting later today for their input and consideration. If there is consensus on these recommendations, Mr. Markus and Dr. Shoaf will instruct the district's legal counsel to proceed accordingly.

**ADJOURNMENT** – 5:50 p.m. by Mr. Swartz, CHAIR

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President

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Treasurer