

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 16, 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

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

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

Mr. Markus reviewed and discussed following with the committee and other in attendance:

Financial Summary – March 2013

March was a very light month on the revenue side since our first half property tax settlement won't be received until April 8th. Because of this, I shifted the estimated revenue (and related County fiscal charges) to April on the SM-1. All Other Operating Revenue (line 1.060) came in moderately above our monthly estimate which helped move our fiscal YTD actual closer to the estimate.

Regarding the April 8 settlement, I have received the notice from the County and the amount will be less than anticipated by about \$87K. The Homestead and Rollback Credit amount was also provided and that will be \$43K less than estimates for the entire fiscal year. However, since we were running a positive variance, so far this collection cycle of \$196K, we will end up with a positive variance of \$66K when all components are combined. We still have a delinquent tax advance scheduled to be received in May which will hopefully yield more than the \$79K anticipated. Per the County, there will not be a delinquent tax lien sale until the fall of this year.

Now that the settlement has been completed, I have requested and received a detailed delinquent tax listing. As of April 2, prior year and first half delinquent tax amounts for the District are estimated at \$548K. I've attached the excel file that contains the data for your review.

Minutes

Board of Education of the Rocky River City School District

On the expenditure side, salaries came in right on the money for the month and are tracking as such for the fiscal YTD. Employee benefits came in moderately above estimates due to a timing difference from last month that now puts that line about even for the fiscal YTD as well. The contracted services line came in significantly below estimates for the month due in large part to timing of utility payments. The fiscal YTD amount is still running above the estimate mainly due to the first capital lease payment on the new Chromebooks and other computer equipment recently ordered in addition to higher electricity costs at the High School. Once we amend our forecast in May, we will include these semi-annual lease payments in the forecast along with funds needed to purchase new band instruments, fitness equipment and other facility upgrades not included in the construction project. Our electricity costs are still tracking above estimates mainly due to High School construction and will likely exceed the current annual estimate.

Supplies/materials came in well below estimates for the second month in a row and are tracking that way for the fiscal YTD. The Capital Outlay line came in significantly above the estimate for March mainly due to the payment for much of the fitness equipment and musical instruments that were recently ordered. This line will continue to run this way until our forecast update in May. Further, there is still a planned upgrade of the gym lights for approximately \$24,000, as well as a needed upgrade of the field house boiler system in upwards of \$35,000 that we will need to absorb within our current budget. Other objects were slightly over budget for the month but are still tracking slightly under budget for the fiscal YTD. The next significant item for this line will be the County and State property tax collection fees that are assessed upon property tax and homestead and rollback credit settlement.

As you are aware from prior months, we are still holding over \$20,000 in invoices related to the cooling issues we had over the summer from a contractor error that disrupted our electricity in the tech room. I am still holding these bills pending an agreement with the contractor or their insurance company to pay these costs. The current plan is to hold back payment to the contractor as part of their retainage to help settle this issue. I am still awaiting official replay from PCS and Mr. Blank. I have also met with Rich Thomas and Laurel Maier in Facilities to review needs for their budget for the remainder of this year. They have identified approximately \$56K in additional needs to finish out the year. We did recently receive the federal portion of a FEMA grant through the Ohio Department of Public Safety that Sam had secured for us that will help defray approximately \$14K of costs that we incurred from Hurricane Sandy cleanup and restoration. Most of these funds will be returned to the Facilities budget that will help offset some of the \$56K. I am hopeful that we can absorb the remainder through savings in other supply lines and sub cost savings over budget by the end of the fiscal year.

Please reference the SM-2 Comparison Report for how our FY 13 revenue and expenditure data compare to FY 12 amounts. Total fiscal YTD revenues (excluding other financing sources) came in below the fiscal 2012 amount by 2.52% while total fiscal YTD expenditures (excluding other financing uses) came in above the fiscal 2012 amount by 0.48%.

Minutes

Board of Education of the Rocky River City School District

The main reason our overall revenue was down year over year was due to the timing of the property tax settlement in April this year vs. March of last year. Once the settlement is reflected on our books for April, this variance will reverse due to the proceeds of the new 4.9 mill operating levy commencing in January and the casino tax distribution in January. This will be despite the complete phase-out of the public utility and tangible personal property “hold harmless” payments from the State. The main reasons our overall expenditure amount was higher than last year was due mainly to the new capital lease payment for technology equipment, the purchase of new fitness equipment and musical instruments, increased electricity costs, repairs and maintenance of facilities and out-of-district special education tuition payments along with schedule salary step increases. The expenditure increase is skewed lower as of March 31 due to the County fiscal charges related to the property tax settlement not occurring in March this year.

Our ending case balance ended moderately below last year’s level (\$7,221,696 vs. \$7,648,160) mainly due to the timing of the property tax settlement. Encumbrances came in significantly above last year’s amount due in large part to timing of an encumbrance for the STRS incentive payments due in June.

Five-Year Forecast Update

I am now working on the details of the five-year forecast update due May 31 in conjunction with the development of appropriations for FY 14. Once I have a draft forecast ready for review, I will review with the Finance Committee and then share with the entire Board. This will also be shared with the Citizens’ Finance Committee once they are able to meet, which at this point does not look like that will happen until mid-May sometime due to scheduling conflicts.

The meeting was adjourned by Mr. Swartz at 6:25 p.m.

Committee Chair

Treasurer