

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 May 17, 2012 at 6:00 p.m. in the Curriculum Library at the Board of Education Offices. A digital recording was made of this meeting and is on file in the Office of the Treasurer.

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

Mr. Markus discussed the following items with the committee and other members present:

Financial Summary - April 2012

April was a light month revenue-wise with no property tax advances received. Our state foundation/"bridge" formula amount as reflected online 1.035, continues to trend above original estimates and is expected to end the year around \$1,310,000 (are reflected on our draft five-year forecast) or slightly higher. The All Other Operating Revenue line came in above estimates mainly due to timing. This line is expected to finish close to original estimates of \$400,000.

Also, we just received notification from the County of our last delinquent property tax advance for this fiscal year scheduled for May and it will come in at \$79,116 for the General Fund vs. a projection of \$30,210. I have updated the draft five-year forecast accordingly.

On the expenditure side, salaries came in less than projections due to timing and more than made up for the higher-than-expected salary expenditure last month plus. The employee benefits line continues to track less than estimates due to our lower than expected health care costs. All other expenditure areas also came in below estimates for the month, but the purchased services area is still trending higher than estimates on a fiscal YTD basis based on the increased cost of our Lakewood Career Tech billing and special education tuition-related payments. The Capital Outlay area is still trending higher than expected on a fiscal YTD basis based on additional technology purchases made throughout the year, but the savings in the supplies and materials area has more than made up for this overage.

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As we continue to get closer to the end of the fiscal year, I am projecting the remaining two months of revenues and expenditures. As with last month, I have indicated any revised amounts between the SM-1 report and the SM-1 Actual/Estimated report with darker (orange-colored) shading. You can see in the "Difference" column at the far right of this report where each revenue and expenditure line is now tracking. Except for the FY 12 salary estimate, an update to the delinquent property tax estimate for May to actual and very small differences in Tangible Personal Property Tax and All Other Revenue, I have used these revised amounts on our draft five-year forecast that we have just reviewed.

Please reference the SM-2 Comparison Report for how our FY-12 revenue and expenditure data compare to FY-11 amounts. Total fiscal YTD revenues (excluding other financing sources) came in *below* the fiscal 2011 amount by 1.24% while total fiscal YTD expenditures (excluding other financing uses) came in above the fiscal 2011 amount by 1.26%.

The reason our overall revenue was down year over year is mainly due to the reduction in our tangible personal property tax reimbursement payment and the elimination of the public utility deregulation subsidy. This is in spite of the positive variance year-over-year in the property tax revenue line due to the increase in delinquent collections that we've discussed over the past month. The main reasons our overall expenditure amount was above last year is mainly due to the increase in salaries on account of scheduled step raises, as well as the timing of the second three-pay month this fiscal year, occurring in March instead of April; the increase in the capital outlay category due to the additional technology purchases we have undertaken so far this year; the increased purchased services expenditures mainly due to Lakewood Career Tech, and out-of-district special education tuition, and related transportation expenditures; the cost of the SRO added this year; and, finally, the timing and increased amount of the county fiscal fees related to property tax collections. The overall expenditure increase has been mitigated by health insurance savings in the employee benefit line.

Our ending cash balance ended significantly above last year's level (\$5,579,781 vs. \$4,653,771) and is mainly due to our higher beginning balance this year vs. the prior year. Encumbrances came in significantly above last year's amount due to timing of the encumbrance for the early retirement incentive liability due to STRS in June.

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Estimated Fiscal 2013 Schedule A from Cuyahoga County

I just received in the mail the revised estimates from the County Budget Commission. I have attached this document for your review. Please note that our collection percentage is still at the 95.56% that was provided to us in December since the spike in delinquent tax collections we experienced recently have not been factored into this rate. Also, please note that our residential property valuation is showing a small increase of \$9,503,670 (1.64%) based on the *estimated* result of the County's reappraisal process. In my discussions with our budget analyst at the County, the valuations are preliminary and still subject to change. My best guess at this time is that the overall value won't go up any more and will probably be adjusted downward on the other (commercial) values. Our current property tax revenue estimates for the General Fund as contained in our draft five-year forecast total \$28,188,794, which equates to a 97.48% collection rate. Lastly, please note that the County has adjusted our Bond Retirement Fund millage rate upward slightly from 6.18% to 6.38% based on our debt service requirements for fiscal 2013 in order to have a very small buffer for lower-than-expected collections.

Investments

During April, I purchased a total of \$3M of G.E. Capital commercial paper split evenly between the General Fund and BAB portfolios to replace a portion of called and matured investments from March and April. I also rolled over a \$250K Tri-State Capital CDARS for the BAB portfolio. As the construction project is now spending down at a faster rate mainly due to the high school construction billings increasing, our investment portfolio will now start to decrease over the next several months to meet liquidity needs.

Board of Revisions/Board of Tax Appeals Update

The updated BOR/BTA reports as of April 30, 2012 as provided by Dan McIntyre were reviewed.

The meeting was adjourned at 6:20 p.m.

President

Treasurer