

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 22, 2014 at 4:00 p.m. in the 2nd Floor Conference Room 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 4:01 p.m. by Mr. Swartz, Chair

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

PRESENT:

The Finance Committee Meeting Minutes from April 17, 2014 were approved.

Mr. Markus shared and discussed the following with the committee and others in attendance:

Financial Summary – April 2014

April was a very light month revenue-wise as our real property settlement was received in March and we did not receive our special delinquent/second half property tax advance until May 15. Regarding that delinquent/second half advance, it came in at \$206,125 above the estimate for May as I reported to you at the Committee of the Whole meeting last week. This is a special delinquent advance as well as an advance of second half collections. Based on the most recent delinquent listing report, our prior year and first half delinquent property tax total outstanding was approximately \$440K. We are still awaiting word on our homestead and rollback credit expected in May or June as it was expected to come in below estimates by approximately \$90,502, but this may change based on an updated/corrected calculation per the County Fiscal Officer.

The All other operating revenue line (1.060) came in well above monthly estimates due mainly to the auxiliary schools' administrative payment due to the District being booked in April. This revenue line is now tracking much closer to the fiscal YTD estimate.

On expenditure side of the ledger, salaries were above the estimate for the month due to a timing difference in the payment of certain supplemental contracts not paid in March as originally anticipated. Even with this timing difference, we are still running slightly ahead of estimates. The employee benefits line came in almost even with the estimate for the month and is still tracking just slightly above the fiscal YTD amount. This line is expected to finish above the annual estimate as we end the fiscal year in June due to an increase in our medical/Rx insurance enrollment throughout the year. I will adjust this line as well as the salary line annual estimate for the May forecast update to account for additions throughout the year as previously reported.

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Purchased Services were well below the estimate for the month and are now tracking very close to the fiscal YTD estimate. Even though we have experienced increases in repairs and maintenance expenditures related to facilities, as well as increased legal fees related to construction, employee negotiations and other personnel matters, we still expect to save approximately \$100K in outside transportation contracting fees that we will be able to use to apply towards the facilities area, which should help to bring this line closer to budget as we finish the year. This line will also absorb the first semi-annual lease payment against the turf field project that will commence in June. Supplies and materials and capital outlay are still running below estimates for the fiscal YTD and are expected to finish the year below estimates. I was hopeful that we could finish significantly below these estimates, but we will most likely need to use much of the savings from these areas to fund facilities operational needs for the rest of the year as well as additional student technology purchases and textbook purchases in advance of the next school year. However, we anticipate some savings out of next fiscal year's budget in the special education tuition area over what was originally anticipated at this point. This is to compensate for moving funds within our current budget from the special education area for student technology purchases. Other objects are running slightly below estimates for the fiscal year mainly due to a savings in property tax collection fees from the most recent settlement.

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 7.59% while total fiscal YTD expenditures (excluding other financing uses) came in above the fiscal 2013 amount by 0.64%.

The main reason our overall revenue is up year over year is 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 and the increase in state basic aid from HB 59. 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; increased severance payments due to executive secretarial retirements (note: salary expenditures are currently showing a year-over-year decrease due to the timing of the second three-pay month of the fiscal year occurring in March of 2013 while the next three-pay month for the current year will not occur until May of 2014); increased medical insurance funding rates and increased enrollment in our medical/Rx insurance plan; increased maintenance/repair costs and insurance costs; the addition of a new capital lease for technology equipment on which payments started in July; the purchase of new textbooks for the 13-14 school year; increased costs for career technical tuition through Lakewood City Schools; and investments in building improvements and furniture not included in the construction project.

Our ending cash balance ended significantly above last year's level (\$9,169,335 vs. \$6,514,782) due mainly to the increase in property tax and related revenue from the full year collection of the new 4.9 levy. Encumbrances came in significantly below last year's amount due to timing.

Board of Revisions/Board of Tax Appeals Update

The updated BOR/BTA reports from Dan McIntyre's office were reviewed.

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Five Year Forecast Update and FY 15 Appropriations Development

The most recent draft of the five-year forecast being submitted for approval at the May 22 board meeting was discussed and reviewed. Mr. Swartz noted that expenditures will exceed revenues in the middle of the forecast, but that revenue estimates were conservative and a sufficient cash balance is projected to fund the District through fiscal year 2017. Mr. Markus will file the updated forecast with the Ohio Department of Education upon board approval. Mr. Markus also updated the committee on the status of the FY 15 detailed appropriations, which are expected to be completed and submitted for Board approval at our June 19 board meeting.

Turf Field Replacement Financing and Construction Consultant Agreement

I have given the go-ahead to PNC Equipment Finance and our bond counsel to close this transaction and fund the escrow account as of May 22 in order to lock in a lease borrowing rate of 2.85% and have the funds placed into escrow in anticipation of the installation of the new artificial turf field commencing in early June. As the Board has already approved the lease financing for this project, no further action is needed.

We have also agreed to a proposed consultant agreement with GGJ, Inc. for management and oversight of this project. This agreement is included on Thursday's board agenda for your review and approval. The cost of the proposed services is set at \$13,000.

Board Agenda Items

The Board will be asked to approve the West Shore Career Technical Education Agreement and an International Baccalaureate Diploma Program Agreement at the May business meeting as well as the construction consultant agreement related to the turf field installation. The apparent low bid for the smokestack removal is not ready for approval yet due to additional asbestos testing and analysis needed before a final cost can be determined.

The meeting was adjourned by Mr. Swartz at 4:50 p.m.

Committee Chair

Treasurer