

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 November 20, 2014 at 6:00 p.m. in Room 213 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 6:0 p.m. by Mr. Swartz, Chair

ROLL CALL

PRESENT: Mr. Swartz

The Finance Committee Meeting Minutes from October 16, 2014 were approved.

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

Financial Summary – October 2014

Please note that as we have filed a revised five-year forecast as of October 31 with the State, I have reset the estimates through October on the SM-1 and SM-2 to equal actual fiscal YTD amounts. The SM-1 from November through June reflects the current monthly estimates for the rest of the fiscal year.

During October, we received our second half real and public utility tangible property tax settlement. As I reported to you last month, the settlement was approximately \$100K under the original estimates for the month. However, I am expecting us to make up this difference in the first half collection with collection starting in January, so our annual estimate on our revised five year forecast is essentially unchanged for the fiscal year. I am expecting to receive the updated property valuation, including new construction values, from the County in early December, so that will provide a good indicator of what our revenues should be for the second half of the fiscal year. We do have a small portion of Westgate coming back on the rolls as taxable starting 1/1/15, but the vast majority of that value will start to come back on as of 1/1/16. Additionally, the new Brighton Chase apartment complex will not significantly impact our valuation and revenue as of 1/1/15 per my discussions with the County and Dan McIntyre's office since it was a mid-year completion and the business valuation method would be immature at this point. However, there should be a significant value added to our assessed value starting on 1/1/16.

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On the expenditure side, salaries were tracking under previous estimates and should be stable throughout the rest of the fiscal year. We will see a lower amount of salaries paid in November than originally expected due to the timing of supplemental contract payments for football and volleyball being delayed until December, but this will even out once these are processed. Employee benefits' expenditures are essentially locked in for the rest of the year with exception of our SERS monthly deduction which will be lowered starting in December based on our updated annual salary estimate. Purchased services are expected to track slightly to moderately better than estimates for the next couple of months mainly due to our Lakewood Career tech billing for the 13-14 school year coming in as a small credit balance. Supplies and materials should also follow suit. Capital outlay was tracking higher than original estimates due to the purchase of student computer equipment for cash as well as facility capital expenditures not included in estimates to date. This line has been adjusted with the October five year forecast update to reflect projections for the remainder of the fiscal year. Other Objects should track close to revised annual estimates as the bulk of this line is made up of property tax settlement expenses assessed by the County and State.

Please reference the SM-2 Comparison Report for how our FY 15 revenue and expenditure data compared to FY 14 amounts. Total fiscal YTD revenues (excluding other financing sources) are coming in above the fiscal 2014 amount by 0.52%, while total fiscal YTD expenditures (excluding other financing uses) ended above the fiscal 2014 amount by 9.95%.

The main reason revenue is up is due to the timing difference in the catastrophic aid received from the State and increased basic state aid in spite of a slight decrease in property tax revenue and other revenue sources from last year (Westgate property tax settlement payment reflected in FY 14's other revenue total). Expenditures are up based on the July 1 employee contract increases, timing of salaries (i.e. "stretch pay" payouts and 24 pay vs. 26 pay schedule), the purchase of new computer equipment for the new school year, facilities capital expenditures, increased utility expenditures and a timing element in the purchased services line.

Our ending cash balance is up moderately above last year's level (\$8,240,744 vs. \$7,307,615) in spite of the decrease in property tax and other revenue sources and increased expenditures due to the increased beginning cash balance that we are starting with this year. Encumbrances are moderately above last year's amount due to timing.

Board of Revisions/Board of Tax Appeals Update

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

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Discussion of costs related to facility usage by outside organizations

Mr. Markus discussed the internal review currently being conducted by the facilities dept. of costs associated with the use of District facilities by outside groups. As a significant portion of the facility use by outside groups is currently under a no-fee arrangement (e.g. City of Rocky River Recreation, St. Christopher), Administration is conducting a review to determine the current range of costs being incurred, specifically personnel costs for overtime. Mr. Swartz agreed that this area should be studied further to gain an understanding of the range of unreimbursed costs incurred and weigh those against areas where the District may use outside facilities for its own operations at zero or nominal cost. This information will be shared with the entire Board for their review and consideration.

The meeting was adjourned by Mr. Swartz at 6:45 p.m.

Committee Chair

Treasurer