

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 October 15, 2009 at 6:05 p.m. in Conference Room A at the Board of Education Offices.

CALL TO ORDER - 6:05 p.m. by Mr. Swartz, CHAIR

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

Mr. Markus discussed the following items with the committee:

FIVE-YEAR FORECAST UPDATE FOR OCTOBER, 2009

Per Ohio Administrative Code, we are required to update our five-year forecast and file it with the Ohio Department of Education by October 31. Mr. Markus provided a summary of the forecast and its assumptions, reviewed changes from the previous version of the forecast and answered questions and clarified specific points brought up by the committee. The forecast will be reviewed with the entire Board at the regular board meeting later this evening.

DELINQUENT TAX UPDATE

Mr. Markus briefly reviewed the delinquent tax listing provided to the committee and entire Board the day before the finance committee mtg. It should be noted that the District's portion still outstanding as of Oct. 13, 2009 of \$584,000 is within the range that was owed at this time last year. In addition, the County has approximately \$302,000 collected on the District's behalf but not distributed as of yet.

FINANCIAL SUMMARY – SEPTEMBER 2009

During the month of September we received our real property tax settlement, which was a month earlier than originally expected. We will, therefore, receive our Homestead & Rollback payment from the State a month earlier as well. Based on this, I have moved the monthly estimates for these lines (as well as the corresponding County Auditor and Treasurer fees) up one month on the SM-1 and SM-2 reports. The real property portion of the settlement came in at \$279,774 above estimates; however, at least \$160K of this amount is due to a rebate that will be owed on the Westgate properties per the BOR cases for tax year 2007 (collection year 2008) due to the agreement that was still in effect setting values for that year. Per Dan McIntyre, the stipulation for the Target property was just recently filed, but the stipulations for the other two properties included in the agreement have not been filed as of yet, so the County has not yet been able to process any of these rebates.

The remaining positive variance of \$119,774 will certainly be reduced as recent BOR/BTA cases are processed. I have spoken with Dan and he will help me obtain a rebate report from the County Treasurer to determine which BOR/BTA cases have refunds outstanding and still payable to taxpayers to determine our "real" positive variance. I do, however, expect that the positive variance showing in the Tangible Personal Property line (made up almost entirely of public utility tangible taxes from the recent settlement) will hold true. As a final point on property taxes, we still expect to receive a special advance of delinquent property taxes in November.

Minutes

Board of Education of the Rocky River City School District

State Foundation revenues were below our expectations again due to the 1% reduction vs. FY 09 taking effect this year plus the fact that we are now receiving a portion of our unrestricted state aid through the federal State Fiscal Stabilization Fund (SFSF), which is part of the federal stimulus bill. We are required to receipt these dollars into a special fund (Fund 532), but the State has now decided that the SFSF dollars should be reflected in the SM-1/SM-2 reports on a separate revenue line (1.045), so the actual receipt of these dollars are now reflected here. As I had reported to you last month, we are using these funds towards the salary of one teacher who would have otherwise been paid out of our General Fund. Since the state adjusted our allocation in September, we are now receiving a little more than twice as much through this program than was estimated for July and August, so I've decided to pay another teacher from these funds instead of the General Fund as allowable. Ultimately this is a net effect of zero on our five-year forecast. All of these changes will be reflected on our updated five-year forecast that you will be asked to approve at our meeting this Thursday.

The All Other Operating Revenue line was higher than anticipated for the month of September and FYTD due to the receipt of \$30K from AT&T for the first two years of a cell tower lease that just took effect. This line will be adjusted downward slightly for our five-year forecast update mainly based on the continued expectation of low investment interest rate levels for the rest of the year, but is still expected to be somewhat near the \$400K mark at the end of the year.

The All Other Financial Sources line came in higher than original estimates due to the recording of one-time refunds of prior year utility expenditures from the Ohio Schools Council.

Spending for September came in lower than expected on an overall basis, with slight – significant variances within individual expenditure categories. Salaries were higher than originally anticipated from our initial monthly estimates set in August. Part of the overage occurred because we paid out some additional days worked over the summer for middle school guidance help as well as timecards submitted for summer tutoring for payment during September. The remaining overage is due to a slightly higher per-pay average that will be accounted for per the salary estimate contained in the new five-year forecast draft that will be reflected starting in October. The employee benefit expenditure line came closer to being in line with the original monthly estimate, but was still running a little higher than anticipated due to an accelerated health benefit charge-off that we have instituted for school year employees such as bus drivers and school year custodians. Also, there is a slightly higher annual employee benefit estimate that is reflected in our new five-year forecast draft that will go into effect for October to account for some of this difference. A timing difference in this line should also materialize to bring this line back to monthly estimates as we go forward. Purchased services were slightly higher for the month mainly due to timing, but the FYTD amount is still tracking below estimates mainly due to lower-than-anticipated natural gas utility expenditures. Supplies continued to be significantly lower mainly due to timing of payments for textbooks and other supplies paid through the District's American Express card, although some of this under spending is due to a shift of budgeted dollars to the equipment/capital outlay line. This should move up more in line with fiscal YTD estimates in October. Equipment expenditures are up significantly on a FYTD basis due to purchasing activity timing and shifting of budgeted dollars from supplies to equipment/capital outlay. This area should also begin to fall back in line with fiscal YTD estimates in October. Other objects are up

Minutes

Board of Education of the Rocky River City School District

moderately partly due to higher than anticipated County Auditor and Treasurer fees assessed on our September real property settlement and partly due to timing.

As mentioned above already for specific expenditure lines, I will be revising monthly SM-1/SM-2 estimates for all revenues and expenditures to fall in line with the new annual estimates as contained in our new five-year forecast update.

Please reference the SM-2 Comparison Report for how our FY 10 revenue and expenditure data compared to FY 09 amounts. Total fiscal YTD revenues (excluding other financing sources) came in above the fiscal 2009 amount by 22.78% while fiscal YTD expenditures (excluding other financing sources) came in at just 1.08% 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.

The main reasons our overall expenditures were slightly up 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 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, which was received a month earlier for the second half calendar collection than in FY 09. This overall increase was tempered by our tuition and natural gas utility expenditures being moderately lower than at this time last year as well as 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.

Our ending cash balance is up significantly from last year at this time (\$6,228,135 vs. \$3,512,528) mainly due to receiving proceeds on the new 5.9 mill levy. Encumbrances were down slightly over last year mainly due to timing at this point in the year.

BOARD OF REVISIONS/BOARD OF TAX APPEALS UPDATE

The committee and entire Board was provided with the latest BOR/BTA reports as prepared by Dan McIntyre's office prior to the meeting for their review.

ADJOURNMENT – 6:52 p.m. by Mr. Swartz, CHAIR

President

Treasurer