

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 December 15, 2014 at 6:00 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 6:00 p.m. by Mr. Swartz, Chair

ROLL CALL

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

The Finance Committee Meeting Minutes from November 20, 2014 were approved.

Mr. Markus reviewed and shared the following information with those in attendance:

Financial Summary – November 2014

During November, we received the homestead and rollback payment from the State of Ohio per the amount reported on our real property settlement by the County. I had anticipated receiving this payment in December so the SM1/SM2 reflects a positive variance due to timing. We also received the federal QSCB and BAB interest subsidy payment scheduled for December 1 under line 2.060. As you know from our bond financing plan, this subsidy payment will be the last one credited to the General Fund as all future payments are scheduled to be credited to the Bond Retirement Fund for future debt service payments, As we are getting ready to execute a current refunding of the BAB's through traditional tax exempt bonds, future subsidy payments will only include payment on the QSCB portion.

On the expenditure side, salaries and benefits came in very close to adjusted monthly estimates. We incurred a lower amount of salaries paid in November than originally expected in the previous forecast 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 in December. Purchased services came in significantly higher than anticipated for November mainly due to timing of a lease/purchase installment to Huntington due in December but paid as of the end of November, the timing of our most recent electric bill as well as higher than expected teacher sub costs for November. Regarding sub costs, we are tracking as expected for the fiscal YTD, so I expect we will finish within the adjusted budget for this area. Supplies and materials came in lower than expected while capital outlay was above the estimate, but both of these lines should finish within budget.

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) ended above the fiscal 2014 amount by 12.47% while total fiscal YTD expenditures (excluding other financing uses) ended below the fiscal 2014 amount by 0.40%.

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The main reason revenue is up is due to the timing difference in the catastrophic aid received from the State and homestead and rollback payment 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 down slightly overall due to timing of payroll in the prior fiscal year (3 pay month in November of 2013) and a timing difference in the payment to Lakewood for career tech tuition in spite of 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 and increased utility expenditures.

Our ending cash balance is up significantly above last year's level (\$7,909,446 vs. \$4,257,572) in large part due to the revenue timing issues explained above, but in spite of the decrease in property tax and other revenue sources and increased capital outlay expenditures. Encumbrances are moderately above last year's amount due to timing.

Board of Revisions/Board of Tax Appeals Update

We are expecting a rather large refund/loss of revenue of approximately \$111K from the devaluation of The Normandy at 22709 Lake Road that will hit for the first half 2015 settlement in the spring in addition to other refunds of approximately \$85K that I am currently aware of at this time.

BAB's Refunding Update

We are preparing for the actual sale of bonds on Wed., Dec. 17. I will be attending the sale at the downtown Cleveland offices of Stifel Nicolaus, the lead bond underwriter. Based on the preliminary pricing we received as of today, we are projecting a net present value savings in debt service of approximately \$1.1 million with an absolute dollar savings of approximately \$1.7 million over the life of the refunding issue. The highest yielding maturity is expected to be 3.86% and the longest maturity is scheduled for 2044. The projected savings figure has increased significantly within the past week-plus due to the lower market yields on bonds, therefore making it cheaper for us to borrow. I will have an update on final numbers for you at our finance committee meeting on Thursday.

Audit/CAFR Update

Our annual financial and compliance audit has progressed well and is just about complete. I expect to receive an unqualified opinion on the financial statements by Friday, December 19. The report will be emailed to each of you for your review. As always, you may communicate directly with the auditors on any questions you may have and can request a post-audit meeting. A final version of the CAFR will be shared with you in electronic form as well once it is available.

Required Public Notice

As required by ORC 3313.202, we must announce at a regularly-scheduled public meeting any Board Members that have elected group insurance coverage through the District's plan(s). The following notice will serve as the public announcement for this purpose and will be recorded in the minutes of our December Finance Committee meeting as required by the statute:

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Public Notice per ORC 3313.202: The following duly elected Board of Education Member(s) of the Rocky River City School District have elected group insurance through the District's group medical and/or Dental plans for the current plan year. Their election was requested in writing in accordance with current District insurance plan policies and procedures. Further, the Board Member(s) that have elected such coverage have paid and will continue to pay the entire cost of any premiums assessed to the District for any plan in which they participate on a monthly basis.

<u>Board Member</u>	<u>Type</u>
Mr. Jay Milano	Group Medical/Rx Coverage
Mr. Scott Swartz	Group Medical/Rx Coverage

The meeting was adjourned by Mr. Swartz at 6:35 p.m.

Committee Chair

Treasurer