

Chief Financial Article

Since my arrival in Mentor I have been focused on managing the fiscal emergency. This entailed working with the State Financial Planning and Supervision Commission, the Auditor of State's Performance Auditors, the Auditor of State's Local Government Services Auditors, the Auditor of State's Financial Auditors, the Citizens Financial Advisory Committee, and the Ohio Department of Education. The hard work of the Board of Education, Superintendent, teachers, staff members and the support of the community resulted in the second fastest financial recovery ever. The auditor released our school district from fiscal emergency one year to the date of being declared in a state of fiscal emergency. This release was based upon our ability to present three years of balanced budgets and an acceptable response to the Auditor of State's Financial Accounting Report. Our release from fiscal emergency restores local control and improves our creditworthiness.

In the past few weeks three reports have been issued by Auditor of State's office. The first was the Fiscal Emergency Termination Report dated February 4, 2005 that determined we had meet the four specific criteria for release.

1. An effective financial accounting and reporting is in the process of being implemented and is expected to be completed within two years;
2. All of the fiscal emergency conditions have been corrected or eliminated and no new emergency conditions have occurred;
3. The objections of the Financial Recovery Plan are being met;
4. The school district has prepared a financial forecast for a five year period in accordance with standards issued by the Auditor's state and such forecast is, in the Auditor's opinion, in "nonadverse".

This report is the one that officially released the district from fiscal emergency.

The second audit report was the Auditor of State's Performance Audit issued February 17, 2005 which contains 34 recommendations that could save an average of \$2,300,000 per year through the end of fiscal year 2007-2008.

The third report is the 2003-2004 Financial Audit dated March _____. The audit offers an unqualified opinion and makes numerous management comments in addition to several citations.

While I have concentrated my efforts on regaining our fiscal independence I have also focused a significant amount of effort into ensuring that our school district never returns into a state of fiscal emergency. Some of the preventative measures being developed are:

- The use of an expanded monthly financial statement to the Board of Education
- The involvement of the Citizens Financial Advisory Committee and its audit sub committee.
- The institutionalizing of new fiscal management procedures
- Providing more public access to financial records primarily through our website
- Managing to long term plans that include:
 1. The Financial Recovery Plan
 2. The Five Year Budget Plan
 3. A Capital Repair Plan
 4. A Technology Plan
 5. The Continuous Improvement Plan
 6. Enrollment Projections
 7. The Auditor of State's Performance Audit

All of these long term plans will come under the umbrella of the School District's Strategic Plan. The Strategic Plan and all the various long term plans will ensure that all fiscal management decisions are made in the context of not just the moment but over the next five years. I believe we have two years of very hard work ahead of us to complete our implementation of the preventative measures and to maximize the use of revenues provided by the August 2004 levy. Some of the current efforts include:

- Withdrawing from the Lake County Healthcare Consortium to reduce future health care costs
- Refinancing outstanding bonds that will result in a savings of approximately \$408,000 over the next six years
- Investigating self insuring Worker's Compensation liability with the potential to save as much as \$3,300,000 over the next ten years
- Closing an elementary school with estimated savings of \$3,500,000 over the next five years.

We are also actively engaged in a significant enhancement to the school district's website. We have just completed the posting of all Board of Education minutes for

calendar year 2004 and officially approved Board Minutes up to date for 2005. We will begin to post officially approved minutes on a monthly basis. We are also in the process of providing electronic access to major financial reports including the Five Year Forecast, the Annual Appropriations as well as other financial information. Please regularly visit our website to review the most current information about the fiscal management of our school district.

Beginning with this issue we are adding a new column to the Commenter titled "School Finance 101". The purpose of this column is to provide basic information on how public education is funded in Ohio and specifically how the Mentor Public Schools are funded and operated. We will also be introducing in the next edition of the Commenter a guest editorial column by school funding experts from around the state and nation on current events relative to funding of primary and secondary education. It is our intent to provide as much information as possible to the community not only on our local fiscal management of the Mentor Public Schools but on the laws, regulations and restrictions on funding public education.