

The Finance Committee of Franklin City Schools met at the Hampton Bennett Building in the Board Conference Room on Wednesday, January 9, 2008, at 6:00 p.m.

## **Roll By Sign-In**

Present: Board Co-Chair: Mrs. Lori Raleigh  
Mr. Doug Lantz, Superintendent and Mrs. Jana Bellamy, Treasurer  
Mrs. Amy Creech, Mr. Paul Hillard, Mr. Ivan Madden

Absent: Mr. Denny Centers, Mr. Cicero Feltner, Mr. Gary Myers, Mr. Chris Sizemore,  
Mr. Ron Ruppert

Staff: Mr. Jeff Johnson, Business Manager

Press: Meagan Engle

Guest: Mr. Nick Nelson, Warren County Auditor

Visitors: Mr. John Griffo, Board Member

## **Discussion Items:**

A. **Property Values, Tax Rates & Tax Budget** – Mrs. Bellamy provided information containing the following information:

- New (2007 tax year) values
- Historical property values
- Historical millage rates
- Proposed 2008-2009 tax budget
- 5-Year Forecast

Mr. Nick Nelson explained the different aspects and timing of values and rates and their use in assessing taxes. Committee members asked several questions regarding the information.

Mr. Nelson and Mrs. Bellamy facilitated a discussion of the new property values, which include \$40,000,000 in commercial property that will likely have Tax Increment Financing (TIF) application filed. The current value includes this TIF amount and therefore, collection of taxation would incur. However, the revenue would have to be returned upon the TIF filing.

Mrs. Bellamy noted that the proposed tax budget will request the collection of the TIF revenue because current values include it.

The finance committee members agreed that the revenue generated for the possible TIF value would be set aside and earning interest until the point that the taxes were returned for the TIF filing.

The filing of the TIF application is completely up to Atrium Medical Center and/or the City of Middletown. If the TIF is not filed and the revenue is actually granted to the district without repayment, the collection would be estimated at \$1,000,000. However, the issue is completely out of the schools' control. Therefore, the revenue must remain unencumbered to return the revenue upon the TIF filing.

Committee members discussed the bond issue tax rates and a possible reduction. Mr. Nick Nelson explained the tax budget review process and the establishment of the millage rate. He explained that schools never want their bond fund balance to exceed the need of the debt repayment.

Mrs. Bellamy noted that once the debt is paid in full, any remaining balance would require court approval to be transferred or used for any other purpose.

Mr. Nelson will review the tax budget and debt schedule for possible millage reduction, while assuring enough to cover debt payments.

The committee members thanked Mr. Nelson for his expertise and assistance in understanding a very complicated topic.

#### **B. County-wide Sales Tax**

There has been some discussion regarding the possibility of a Warren County sales tax, which would be shared among the schools located in Warren County.

Committee members shared their thoughts and information.

Mr. Nelson confirmed that the only avenue available to the county and the school at this time would be for legislative approval of another section of code to authorize county to levy sales taxes. The discussion was initiated with the thought that a small county sales tax increase would allow a reduction to property taxes. The county estimates that approximately 60% of the sales tax revenue is generated by non-county residents.

The committee agreed to refer the legislative attempt to Mrs. JoAnn Feltner, Board Legislative Liaison.

#### **C. Laura Farrell Re-Use**

Mrs. Bellamy provided research of the Laura Farrell Re-Use and a list of organizations who have expressed interest in building space.

In September, the board unanimously approved intent not to sell the building. Since that time, the district contacted specific local non-commercial agencies, which has resulted in significant interest in leasing space.

Mrs. Raleigh noted the board does not want an empty building and we've already left the building empty longer than any of us wanted to.

Committee members reviewed the information and discussed possible tenant rates. The committee concurred that non-commercial organizations would be the only type considered; therefore, public notice for rent had not be done.

Mr. Hillard inquired about the cost of maintaining the building.

Mrs. Bellamy provided information of current utilities (\$38,284) and probable custodial needs for common areas (\$15,448) totaling an estimated \$53,732 per year.

Committee members discussed the different rates and costs.

Mr. Griffio explained the board's intent is not to make money, but to break even.

Although several agencies have expressed interest, no one is really ready to go forward with lease signing at this time.

The board will be holding a special meeting on January 22, 2008 at 6:00 p.m. to discuss another alternative, year-round school. All committee members were invited to the board meeting for the year-round school discussion.

Although no conclusion or recommendation was made, the committee did concur the re-use considerations should investigate community value added possibilities.

**D. Stadium Project – Financial Status Report:**

In January 2007, the Board of Education approved a project to renovate the football stadium. The proposal, as submitted by the FAF, recommended by the Superintendent and approved by the Board, included FAF financing of all improvements. No general fund dollars (no tax payer monies) were to be expended for these improvements. In December 2007, the Board of Education directed the finance committee to conduct

an audit of general fund expenditures related to the stadium project to ensure previous commitments were met. Mrs. Bellamy provided the results of that audit. She personally went invoice by invoice to assure all project expenditures were accounted for appropriately.

The approved project estimate was \$1,224,800. The audit revealed actual project cost was \$1,277,099.96 and that expenses exceeded agreement by \$52,299.96. On December 26, 2007 finance committee co-chairs, Franklin Athletic Foundation representatives and administrators (superintendent, athletic director and treasurer) met to review the audit results and finalize the pledge data. This group concluded that \$52,299.96 was over expended due to purchase order coding errors submitted to the treasurer's office and that the treasurer should take action to ensure proper classification of all expenses via a systematic process analysis.. Such action would ensure the Board's directive that no general fund dollars be used on this project would be fully met. The group also concluded that the Atrium stadium naming right donations for FY2008 and FY2009 should be applied directly to the stadium project to allow for the costs exceeding the approved estimates. The difference should be adjusted in the FY2011 balloon payment. The balloon payment completes the project financing with no affect on the 5-year forecast conclusion in FY2011.

The group reviewed the data and had no objections. Therefore, the revised pledge structure may, at the board's discretion, be accepted.

All committee members strongly suggested the communication of this project and signage at the entrance of the community park.

The chart below provides the Franklin Athletic Foundation pledge commitment:

<b>FAF Fiscal year Revenue Pledges</b>					
	<u>2006/2007</u>	<u>2007/2008</u>	<u>2008/2009</u>	<u>2009/2010</u>	<u>2010/2011</u>
Initial Disbursement	\$ 479,433.18				
Pledges/Revenue Received	\$479,433.18				
Anticipated pledges		\$ 105,000.00	\$ 105,000.00	\$ 105,000.00	\$ 422,666.78
Atrium Donation		\$ 30,000.00	\$ 30,000.00		
Annual Pledge Estimate		\$135,000.00	\$ 135,000.00	\$ 105,000.00	\$ 422,666.78
<b>Corrected Balance/COST</b>	<b>\$ 1,277,099.96</b>				
Received FY07/Receivable 08-	\$ 479,433.18	\$135,000.00	\$135,000.00	\$ 105,000.00	\$ 422,666.78
Est. Principal Balance @ Yr. End	\$ 797,666.78	\$ 662,666.78	\$ 527,666.78	\$ 422,666.78	\$ -

### **Bottom Line**

Franklin CSD & Franklin Athletic Foundation accomplished their goal of renovating the stadium for the community and students **without spending tax payer money.**

### **E. Possible Topics for Next Meeting**

Topics were requested from membership. Suggested topics include:

- Contracted services review
- Mid-Year Financial Review

## **Adjournment**

The Finance Committee adjourned at 7:37 p.m.