

## REPORT OF THE FINANCE COMMITTEE

The Finance Committee met on Tuesday, February 21, 2017 at 11:30 AM at the Cincinnati Public Schools Education Center in the Board Conference Room.

### Finance Committee Members Present:

Chairperson Melanie Bates, Eve Bolton, Carolyn Jones

### Administrators Present:

Jennifer Wagner, Treasurer/CFO; Daniel Hoying, General Counsel; Lauren Roberts, Internal Auditor; Brittany Marks, Director of Financial Reporting and Transparency; Angela Powell-Walker, SCPA, Artistic Manager

### American Federation of Teachers

Steve Williams, Director, Center for Collective Bargaining

### Cincinnati Federation of Teachers

Julie Sellars

### Parent

Craig Rozen

### **Treasurer Financial Updates**

*Jennifer Wagner, CFO/Treasurer*

### Monthly and Year-to-Date Revenue and Expenditures

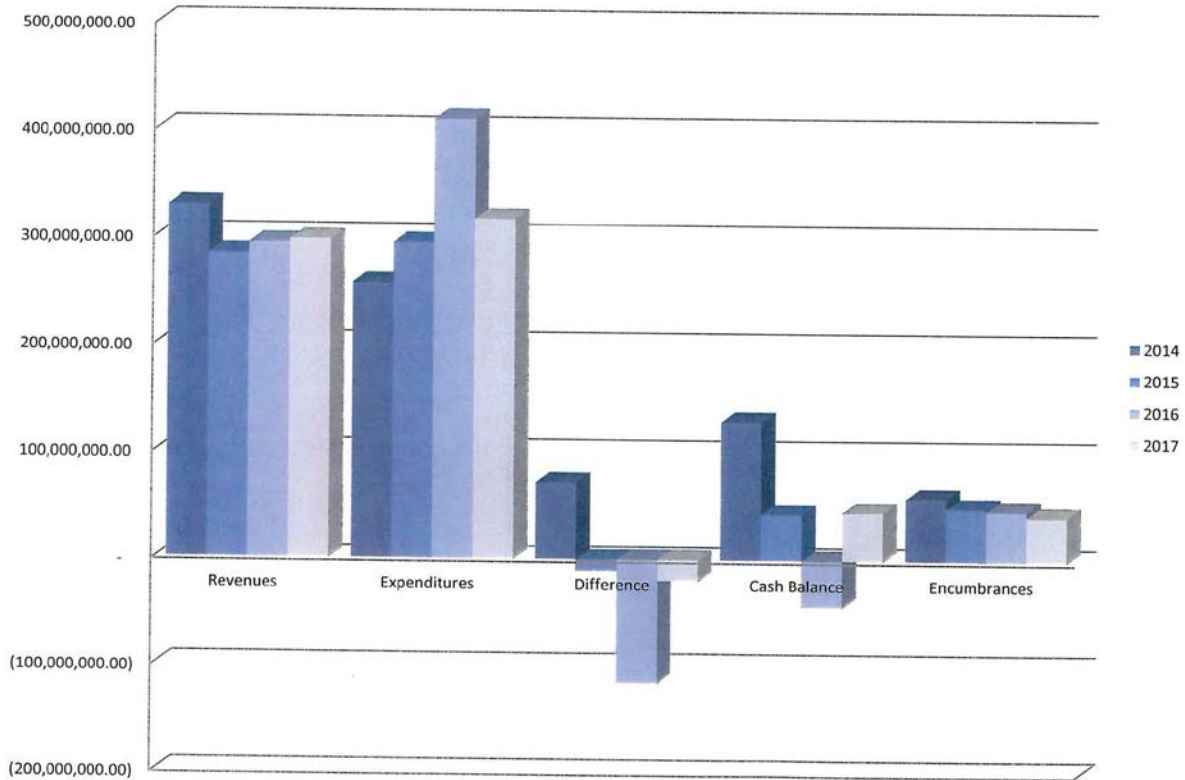
Treasurer Wagner provided the Committee with the following update for General Fund monthly statements through January 2017.

- Revenues through January \$3M higher than last year due State Foundation income increases (higher enrollment).
  - \$296.9M of \$512.5 Anticipated (57.9%)
  - 3-year average of Jan YTD Revenues is 64.4%
- Expenditures are lower year to date in comparison:
  - Schoolwide pool transfer – Last year the schoolwide pool transfer was recorded in error in January for the full year instead of year-to-date.
  - Without the effects of the SWP transfer, expenditures year-to-date are \$6.7M lower than last year.
  - 313.6M of 557.6M anticipated (56.2%)
  - 3-year average of Jan YTD Expenditures is 62.6%

### Schoolwide Pool (Fund 598):

- Revenues – \$108.4M of anticipated \$197.2 (55.0%)
- Expenditures – \$109.4M of anticipated \$189.7M (57.7%)

### January 2017 General Fund YTD



### State and Federal Grants Summary

Mrs. Wagner reported that the District has received 47 percent of State funds and 27 percent of Federal funds for a combined total of 30.9 percent.

	State	Federal	Combined
Beg. Cash	\$3,185,188.40	\$12,276,039.20	\$15,461,227.60
Receipts YTD	6,989,506.24	20,297,299.62	27,286,805.86
Expenditures YTD	7,513,422.54	39,288,578.37	46,802,000.91
Encumbrances	1,651,836.91	6,294,576.87	7,946,413.78
Unencumbered Cash	\$1,009,435.19	(\$13,009,816.42)	(\$12,000,381.23)
Estimated Receipts	\$14,836,909.89	\$73,491,438.40	\$88,328,348.29
% Received of total	47.1%	27.6%	30.9%

### Payment in Lieu of Payment/Community Reinvestment Agreements

There were no agreements to report this month.

### Financial Reports Committee

Ms. Marks informed the Finance Committee about the following members that were appointed to the *Financial Reports Committee*:

- |               |      |               |      |              |                            |
|---------------|------|---------------|------|--------------|----------------------------|
| Kevin Johnson | CAAS | Terry Donahue | CFOP | Carlee Simon | Parents for Public Schools |
| Jenny Mauch   | CAAS | Julie Sellars | CFT  | Tim Heldman  | Audit Committee            |
| Dawn Williams | CAAS | Julia Wiant   | CFT  | Dan Holthaus | Audit Committee            |
|               |      |               |      | Eve Bolton   | BOE Finance Committee      |

Ms. Bolton advised that she would represent the Finance Committee.

Ms. Marks reported that the Committee plans to meet on a monthly basis to get ideas on what type of reports members would like to see, including reports from Sungard and utilizing Ohiocheckbook.com. She will send a meeting schedule out to group.

Audit Committee Charter

There has been expressed interest from constituents to be part of the Board’s Audit Committee.

**ACTION:** The Finance Committee will do a First Reading of the Charter at the February 27, 2017 Regular Board meeting for recommendation of amending the Charter to include additional members serving on the Audit Committee.

State Index Formula

Mrs. Wagner reported that the Formula is a combination of local wealth relative to state average wealth. The wealth is measured between the property valuation index, the medium income index, income and wealth index and used to calculate the wealth index. The District’s state share is 46.6 percent.

2/20/2017

SFPR Reports

**State Share Index**

02/20/2017

OHIO DEPARTMENT OF EDUCATION  
Office of Budget and School Funding  
(FY2016 Final #2 Payment, Data as of 09/20/16)

Details of State Share Index Calculation Pursuant to Provisions of Section 3317.017 of AM. Sub. H.B. 64, FY16

IRN: 043752  
District: CINCINNATI PUBLIC CITY S.D.  
County: HAMILTON

One of the important parameters utilized in formula funding calculation in FY16 is the state share index which is the measure of state contribution to the calculation of the various funding components in the new foundation formula. The state share index is the ratio that shows the portion of the funding calculation that is supported by the state. This measure is applied to the calculation of Opportunity Grant, K-3 Literacy Funding, Limited English Proficiency Funding, Transportation Funding, Additional Special Education Funding and Career Technical Education Funding, Graduation Bonus and Third Grade Reading Guarantee of the foundation formula as well as Special Education Preschool Funding outside of the formula. The factors, parameters and steps involved in the calculation of the state share index are listed below:

Statewide Factors and Parameters:

S1 - Statewide Total ADM for FY15:	1,719,566.43
S2 - Statewide Formula ADM for FY15:	1,688,833.51
S3 - Statewide 3 Year Average Total Valuation $[(TY14+TY13+TY12)/3]$ :	\$239,302,526,306
S4 - Statewide Median Income TY13:	\$32,873
S5 - Statewide 3 Year Average Federal Adjusted Gross Income $[(TY13+TY12+TY11)/3]$ :	\$291,812,738,510

District Factors and Parameters:

Enrollment Data:

E1 - Total ADM FY15:	44,057.88
E2 - Formula ADM FY15:	44,056.09

Valuation Data:

V1 - Assessed Property Valuation TY14:	\$6,015,502,210
V2 - Assessed Property Valuation TY13:	\$5,925,956,950
V3 - Assessed Property Valuation TY12:	\$5,954,217,040
V4 - 3-Year Average Assessed Property Valuation $[(V1+V2+V3)/3]$ :	\$5,965,225,400
V5 - Tax Exempt Property Valuation TY14:	\$3,024,965,040
V6 - USA Abated Property Valuation TY14:	\$993,577,130
V7 - Potential Property Valuation $[V4+(V5-V6)]$ :	\$7,996,613,310
V8 - Valuation Adjustment $[if (V5-V6)>(0.3*V7) then (V5-V6)-(0.3*V7) else 0]$ :	\$0
V9 - 3-Year Average Adjusted Total Valuation $[V4-V8]$ :	\$5,965,225,400

Income Data:

I1 - Median Income for TY13:	\$29,064
I2 - Federal Adjusted Gross Income TY13:	\$8,207,523,558
I3 - Federal Adjusted Gross Income TY12:	\$8,044,576,835
I4 - Federal Adjusted Gross Income TY11:	\$7,383,650,492
I5 - 3-Year Average Federal Adjusted Gross Income $[(I2+I3+I4)/3]$ :	\$7,878,583,628

Calculations:

C1 - Valuation Index  $[(V9/E1)/(S3/S1)]$ : 0.9729150850  
 C2 - Median Income Index  $[I1/S4]$ : 0.8841298330  
 C3 - Income Index  $[(C2*0.5)+((I5/E2)/(S5/S2))*0.5]$ : 0.9595463760  
 C4 - Wealth Index  $[(if C3 < C1 \& C2 \le 1.5) then ((C3*0.4)+(C1*0.6)) else C1]$ : 0.9675676010  
 C5 - State Share Index: 0.4662161990  
      $[if C4 \le 0.35 then 0.90]$   
      $[if C4 > 1.80 then 0.05]$   
      $[if 0.35 < C4 < 0.90 then (0.40*((0.90-C4)/0.55))+0.50]$   
      $[if 0.90 < C4 < 1.80 then (0.45*((1.80-C4)/0.90))+0.05]$

The following is a comparison of other Districts.

Urban districts	Cincinnati	Cleveland	Columbus	Dayton
Funded ADM	44,056.09	56,309.41	70,355.69	22,963.10
Valuation Index	.973	.535	.864	.431
Medium Income Index	.884	.707	.847	.696
Income Index	.960	.619	.838	.579
Wealth Index	.968	.535	.853	.431
State Share Index	.466	.765	.544	.841

Local Districts	Cincinnati	Finneytown	Lakota	Oak Hills	Northwest	Wyoming
Funded ADM	44,056.09	1,537.90	15,433.72	7,689.31	8,969.15	1,866.65
Valuation Index	.973	.896	1.133	.994	1.117	1.052
Medium Income Index	.884	1.145	1.594	1.198	1.075	2.075
Income Index	.960	1.121	1.496	1.363	1.189	1.833
Wealth Index	.968	.896	1.133	.994	1.1117	1.052
State Share Index	.466	.503	.384	.453	.391	.424

**ACTION:** The Committee advised the Treasurer to put together a list of discrepancies that were found in the District Comparisons Chart as compared to like districts for the State of Ohio.

She will also include changes to the free and reduced lunch percentages, school wide-pool and rules for congregant lunches (not being able to give unused food to others) reimbursement and retro pay. Mrs. Wagner will contact Jessica Shelly, Food Services Director for assistance.

**Review of Finance Committee Workplan**

The Committee reviewed the workplan and discussed including into the workplan, how dollars are spent on the Preschool Promise.

Mrs. Wagner reported that she met with Stephanie Byrd about an RFP to hire a firm to help build an implementation plan. There were two responders. Ms. Byrd advised Mrs. Wagner that the firm would be paid through dollars allotted for the preschool promise.

**ACTION:** Mrs. Wagner will provide the Committee with a flow chart that shows a recommended budget that came out of the RAND report for the PEO (Preschool Expansion Organization). She will provide the Committee with a list of what the \$200,000 will be funding for the PEO. There is also a recommend budget that the PEO will use for hiring their staff. Mrs. Wagner will provide that information as well.

**ACTION:** Mr. Hoying updated the Committee on a draft of the Preschool Promise Master Agreement. The Committee advised that the full Board will discuss the agreement at the February 22, and February 27, 2017, Regular Board meetings.

**ACTION:** The Committee will add Preschool Promise to their workplan for discussion on a monthly basis.

**ACTION:** Mrs. Wagner will provide the Audit Committee and the five members of the Preschool Expansion Organization a draft of the Master Agreement.

**ACTION:** The Committee will add lobbyist to the workplan. Their reports will be part of the Finance Committee’s discussion and the lobbyists are welcome to attend the meeting to present their report.

**Investment Update**

The investment report contains the January 2017 balances and investment accounts.

**Cincinnati Public Schools Investment Report**

**FY17 Year to Date**

	<b>Interest (4141000)</b>	<b>Realized Gains/Losses (4143000)</b>	<b>Distributions (2590-5848000)</b>	<b>Dividends (4142000)</b>	<b>January 2017 Balances</b>
5/3 41729 Investment Account	\$ 243,741.35	\$ 31,217.19	\$ (3,734.17)		\$ 42,607,553.36
5/3 63131 Investment Account	\$ 5,371.22		\$ (287.01)		\$ 4,924,780.17
Huntington 00555 QSCB Series 2012	\$ 1,643.54			\$ 0.32	\$ 1,145,336.30
Huntington 48389 QZAP	\$ 32,117.34	\$ (122,684.89)			\$ 244.73
Huntington 00312 Sinking Fund 2010	\$ 79,101.80				\$ 7,871,363.91
Huntington 0303					\$ -
Huntington 00573 Sinking Fund 2012	\$ 53,233.17				\$ 2,763,237.08
Huntington 00564 QSCB Series 2012					\$ -
Huntington 30908 Cinci Tax Deposit Acct				\$ 2,534.82	\$ 7,350.38
Star Ohio 18582				\$ 59.30	\$ 15,678.05
Star Ohio 64906				\$ 1,824.77	\$ 379,234.96
Star Ohio 67206				\$ 1,547.03	\$ 392,546.98
Star Ohio 75494				\$ 4,422.02	\$ 1,191,174.28
Star Ohio 75503				\$ 1,905.90	\$ 522,037.77
Star Ohio 75512				\$ 3,548.37	\$ 1,017,571.82
US Bank 7000 QSCB Sinking Fund Series #2	\$ 12,312.90				\$ 825,479.15
US Bank 70955	\$ 284,648.48		\$ (27,556.86)		\$ 45,984,536.16
BNY 240301				\$ 0.12	\$ -
US Bank 0978 General Account	\$ 32,874.42				\$ 33,896,943.14

**Total** \$ 637,841.13

**Total:** \$ 143,545,068.24

**Post Audit Discussions**

The Board has been updated on the report.

**Comprehensive Annual Financial Report (CAFR)**

Mrs. Wagner provided the Board members with a copy of the report and will update the group about the CAFR in the form of a memo.

**Budget Development**

Mrs. Wagner updated the Committee on behalf of Chandra Brown, Director of Budget and Accounting. She reported that Mrs. Brown will have a draft of Central and School budgets by end of February 2017.

**Treasurer Evaluation**

Mrs. Wagner reviewed a draft of her recommended changes to the evaluation with the Committee.

ACTION: The Committee discussed the changes and Mrs. Wagner will provide the Committee with an updated version of the document.

**Other Business**

**SCPA Then and Nows**

Ms. Powell-Walker informed the Committee that she made a purchase on the District’s I-Procurement Card that she thought had a credit limit of \$17,000.

The process is that dollars roll over from month-to-month, which increases dollars onto the card, but not the actual credit limit. Her purchase order was for \$12,000, and the credit limit appeared to be \$17,000. There were not enough dollars on the card for the \$12,000 purchase.

The Board is required in these situations to approve the payment before the Treasurer can pay the bill.

The request for payment will be in the February 27, 2017 Treasurer’s Report.

**Monya Wyatt**

Ms. Bolton reported that Monya Wyatt is taking on a new position and advised Mrs. Wagner to do an exit interview with her.

The meeting adjourned at 12:37 PM.

**Finance Committee**

Melanie Bates, Chair  
Eve Bolton  
Carolyn Jones

**Staff Liaisons**

Mary A. Ronan, Superintendent  
Jennifer Wagner, CFO/Treasurer  
Bill Moehring, Interim Chief Operating Officer, *absent*