

## REPORT OF THE FINANCE COMMITTEE

The Finance Committee met on Thursday, May 17, 2018 at 4:00 PM at the Cincinnati Public Schools Education Center in the Board Conference Room.

### ATTENDEES

#### Finance Committee Members

Chairperson Ryan Messer, Melanie Bates, Ericka Copeland-Dansby

#### Administrators

Laura Mitchell, Superintendent; Jennifer Wagner, Treasurer; Kevin Jamison, Director of Student Services; Brittany Marks, Director of Financial Reporting and Transparency; Lauren Roberts, Internal Auditor

#### Kearney and Kearney

Eric Kearney, CEO, President

#### Focused Capital Solutions, LLP

George T. Glover, Managing Director

#### Community Members/Parents

David Brenner, Marlena Brookfield, Craig Rozen, Laura Sanregret

#### Cincinnati Preschool Promise

Hèctor Polanco, Finance Manager

### Governmental Relations Update

Mr. Kearney and Mr. Glover were present and updated the Committee with the following information and projects:

- Coordination of meetings with both gubernatorial candidates following May 8 Primary. One campaign has committed to a meeting and they are working on a response from the other campaign. One of the candidates is willing to meet with the Board and the Superintendent about education policy. The meeting may occur the first part of June 2018.
- Still working on: Comparison of tax abatement policy among Big 8. Conducting research on the tax abatement tracking methods among the Big 8.
- Coordinating conference calls between CPS and State Representatives Bill Reineke and Bill Blessing on HB (House Bill) 512. Representative Reineke is sponsor of HB 512 and Representative Blessing is Chair of the House Government Accountability and Oversight Committee where the bill is pending. They have provided an opportunity to meet with them via conference call and await the Board's guidance.
- Coordinating discussion and written communications between CPS and State Representative John Becker, sponsor of HB 233. Mr. Glover updated the Committee about House Bill 233. He reported that the Bill passed in the House and is pending in the Senate with no possible expectation of any action taking place during the short summer session.

The bill introduced by Representative Becker would enact the "Decriminalization Effort For Ending Notorious Deaths (DEFEND)" which would provide an opportunity for a concealed handgun licensee or qualified military member to avoid charges for carrying a deadly weapon into a prohibited place if the person leaves upon request, and to penalize failure to leave upon request or

returning with a firearm. It is in Government Oversight and Reform Committee in the Senate after passing the House.

- Strategic Planning Session
- Speaker of the Ohio House Update

Mr. Kearney offered an invitation to the Board, the Superintendent, and the Treasurer to have a strategic planning session to talk about legislation in order to be more proactive.

Mr. Glover informed the Committee that the Ohio Operating Budget will be introduced for 2019 and recommended that the District have its budget priorities in order by the third or fourth quarter of this year to begin having conversations with legislators in Southwest Ohio.

**ACTION:** The Committee agreed with Mr. Glover's recommendation and will present the Finance Committee's Plan to have the conversations to the Board as well as the Superintendent.

Mr. Glover informed the Committee that HB 246 passed unanimously. The Bill sponsored by Senators Lehner and Manning passed unanimously by the Ohio Senate. It enacts the "SAFE Act" to revise the procedures for emergency removal of a student, to prohibit certain suspensions and expulsions of students in grades pre-kindergarten through three, to require each public school to implement a positive behavior intervention and supports framework in accordance with state standards, and to make an appropriation. This passed the Senate on May 16, 2018 with a vote of 32-0.

Mr. Glover also informed the Committee about the status of selecting the next speaker of the House of Representatives.

**ACTION:** Committee Chair Messer advised to add "State Funding Model" as a topic for discussion at the next Finance Committee meeting due to CPS receiving the lowest fund as compared to other metro schools in Ohio.

Treasurer Wagner referenced **Am Sub HB 87**. The Bill introduced by Representative Roegner is to enact section 3314.52 of the Revised Code regarding public moneys returned to the state as a result of a finding for recovery issued pursuant to an audit of the enrollment records of a community school. Mrs. Wagner stated that the District's share of local funds needs to be returned back to the District. Mr. Glover stated that this will be included in the strategic planning meetings with legislators.

Mr. Kearney's *Cincinnati Public Schools May 2018 Monthly Report* provides information on various House and Senate bills, as well as bills introduced in both the House and Senate Education Committees. A copy of this report is available in the Board Office.

### **Tuition Growth**

Mr. Jamison informed the Committee that changes in growth are due to how students were tracked. Tracking was done manually on information submitted to the Ohio Department of Education.

He reported that Ohio introduced an Ohio District Data Exchange system that links up with student data systems. Districts use this system to track students by their unique student identifier.

The new system is more efficient in tracking students that CPS is responsible for but are placed in other districts. It also tracks students that are in other districts that CPS is serving. Because of the efficiency of the system, there is now an increase in excess or access cost filing.

## Treasurer Financial Updates

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

Treasurer Wagner provided the Committee with the following information for General Fund monthly statements through April 2018.

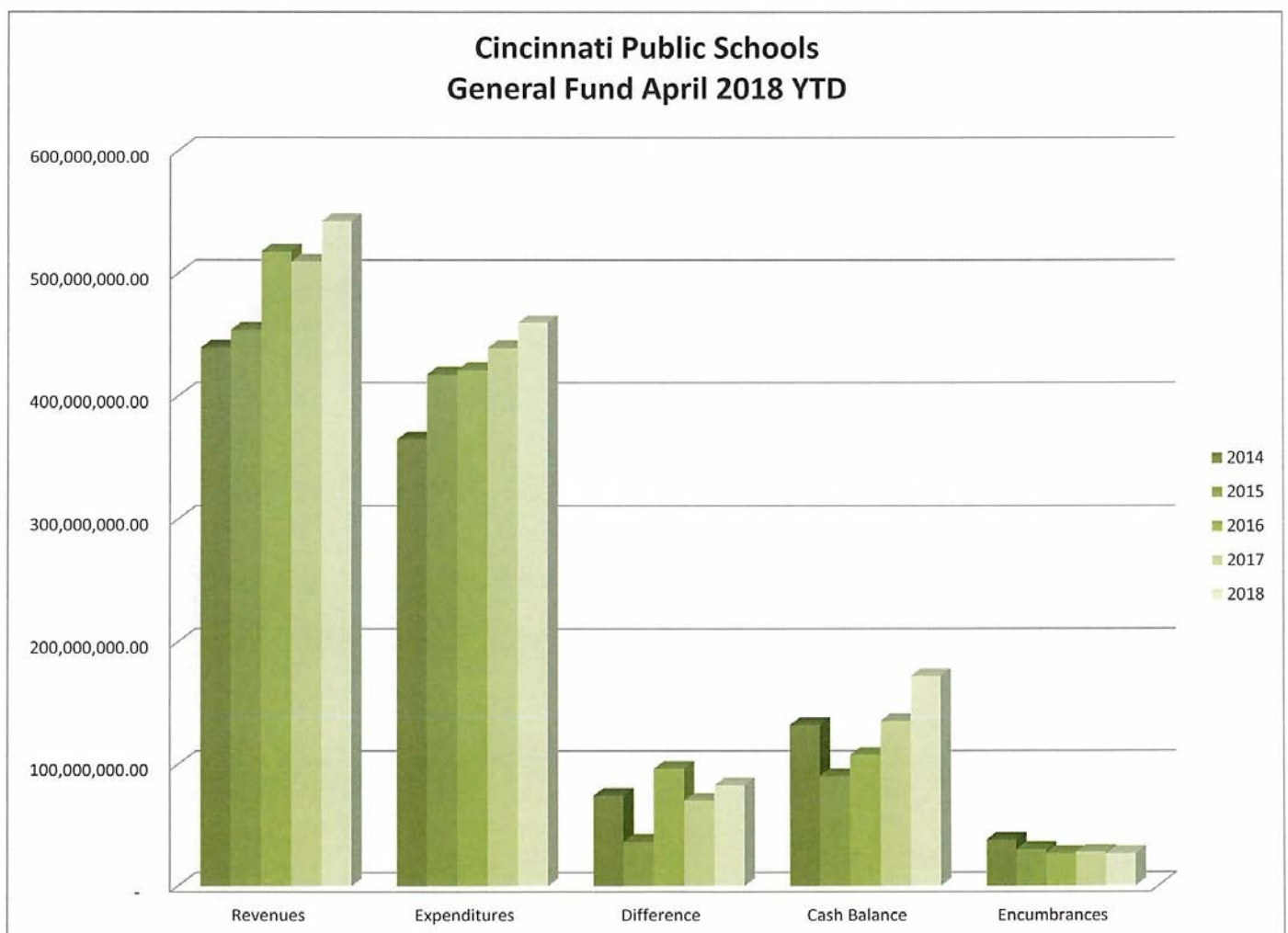
- Revenues – Operating revenues continue to trend higher than FY17 due to increases in property tax revenue and state aid (Increased enrollment). CPS received 93 percent of budgeted revenues.
- Expenditures – Are slightly higher than last year, however the District is still trending under as a percent spent of yearly total. CPS spent 76.3 percent of estimated total expenditures, compared to an average of 79 percent over the last four years.

### Preschool Expansion Financial Report

- CPS Tuition assistance review

### Schoolwide Pool (Fund 598)

- Revenues – \$151.6M of anticipated \$199.4M (76%)
- Expenditures – \$151.7M of anticipated \$199.4M (76%)



State & Federal Grants Summary

	State	Federal	Combined
Beg. Cash	160,203.97	9,033,883.07	9,194,087.04
Receipts YTD	13,963,453.02	41,841,151.07	55,804,604.09
Expenditures YTD	10,603,725.36	46,099,770.47	56,703,495.83
Encumbrances	1,089,023.18	3,281,338.42	4,370,361.60
Unencumbered Cash	2,430,908.45	(1,493,925.25)	3,924,833.70
Estimated Receipts	\$ 15,115,192	\$ 59,905,380	\$ 75,020,572
% Received of total	92.34%	69.8%	74.4%

*Note: Federal fund estimated receipts include 15 months of estimated resources due to carryover funds*

Payment In Lieu of Tax Agreements

Agreement	Years of Agreement	Estimated Annual Revenue	Estimated Total Agreement Revenue
<b><u>(A.) Azeotropic Partners LLC (Commercial)</u></b>	15-years	\$15,369.24	\$230,538.54
<i>Description:</i> the improvements made to the real property located at 1301 Walnut Street in the Over-the-Rhine neighborhood of Cincinnati, in connection with the remodeling of the first floor of the existing building into approximately 5,776 square feet of commercial space - Ordinance #364-2017, Contract #85x2018-231.			
<b><u>(B.) Azeotropic Partners LLC (Residential)</u></b>	15-years	\$34,726.90	\$520,903.55
<i>Description:</i> the improvements made to the real property located at 1301 Walnut Street in the Over-the-Rhine neighborhood of Cincinnati, in connection with the remodeling of a portion of the existing building into approximately 36 residential apartment units - Ordinance #365-2017, Contract #85x2018-230.			
<b><u>(C.) Church &amp; Pratt LLC</u></b>	12-years	\$5,316.72	\$63,800.63
<i>Description:</i> the improvements made to the real property located at located at 1707 Race Street in the Over-the-Rhine neighborhood in Cincinnati in connection with the remodeling of a building thereon - Ordinance #47-2017, Contract #85x2018-260.			
<b><u>(D.) Shihasi West 7 LLC</u></b>	12-years	\$49,077.41	\$588,928.89
<i>Description:</i> 106 W 7th Street in the Central Business District of Cincinnati in connection with the remodeling of the building located on such real property into a hotel - Ordinance #7-2017, Contract #85x2018-200			

Mrs. Wagner updated the Committee on the following financial reports:

- CPS General Fund Financial Report as of April 30, 2018
- General Fund Revenues as of April 2018
- Cash Summary By Fund as of April 2018
- Fund 001 – General – Budget to Actual with Encumb by Fund, Obj, as of 4/30/2018
- Fund 598 – Schoolwide Building Program, Budget to Actual with Encumb by Fund, Obj, as of 4/30/2018

Copies of the reports are available in the Board office.

**Preschool Promise Expansion Report**

Mrs. Wagner also discussed with the Committee the following Preschool Promise Expansion report:

**Cincinnati Public Schools**

**Preschool Expansion - FY2018**

	CPS FY18	Rev CPS Budget	March YTD Actual	Encumbered	Balance
<b>Revenues:</b>					
General R/E Property Tax	13,649,553.39	13,649,553.39	15,181,025.27		(1,531,471.88)
Public Utility Personal Property Tax	1,100,847.17	1,100,847.17	581,685.47		519,161.70
Homestead Exemption	249,599.45	249,599.45	135,154.65		114,444.80
Less: Auditor collection fees	(165,000.00)	(165,000.00)	(86,813.69)		(78,186.31)
<b>Revenues</b>	<b>14,835,000.01</b>	<b>14,835,000.01</b>	<b>15,811,051.70</b>	<b>-</b>	<b>(976,051.69)</b>
<b>Expenses:</b>					
Tuition Assistance	4,504,418.00	4,504,418.00	3,018,026.88	-	1,486,391.12
CPS Payments to United Way	7,081,837.18	7,081,837.18	5,311,377.87	1,770,459.31	-
Cost of Quality (Wages) and WDC	57,722.00	57,722.00	-		57,722.00
** Special Education Support	880,003.95	834,941.76	234,159.96		600,781.80
Recurring administrative: Expenses	200,000.00	199,274.37	79,564.26	-	119,710.11
	<b>12,723,981.13</b>	<b>12,678,193.31</b>	<b>8,643,128.97</b>	<b>1,770,459.31</b>	<b>2,264,605.03</b>
<b>Net Income</b>	<b>2,111,018.88</b>	<b>2,156,806.70</b>	<b>7,167,922.73</b>	<b>(1,770,459.31)</b>	<b>(3,240,656.72)</b>

\*\* Note: The Special education agreed upon allocation has been reduced to \$519,893.17 to reflect immediate staffing needs. The budget remains at \$835K in order to allow us to move quickly when the demand for services exceeds available staffing.

Mrs. Wagner reviewed the CPS Monthly Tuition Assistance Calculation report with the Committee.

**Preschool Promise Finances**

Mr. Polanco reported that he had no monthly update at this time. He reported that a budget may get approved the week of May 21, 2018.

**Supplier Diversity/Minority Inclusion Goals and Policies**

Ms. Addo, on behalf Trina Levins, Director of Fiscal Services, reviewed with the Committee the following policies in relation to Supplier Diversity. She also reiterated the Board’s *Resolution on Equal and Fair Opportunity in Contract Employment and Business Opportunities*.

- 6320 – Purchasing of Goods and Services
- 6320.02 – Business Policy
- 6450 – Equal and Fair Opportunity in Contract Employment and Business Opportunities

She informed the Committee that the policies inaccurately reference the District having a Supplier Diversity Office. She will remove the language from the documents.

Committee member Bates advised of the need to create goals around Supplier Diversity and to determine if Supplier Diversity goals are being met. Mrs. Wagner reported that Ms. Levins is reaching out to the Council of the Great City Schools and other urban schools within Ohio to use as a benchmark.

The Committee discussed referencing the [City of Cincinnati's 2015 Disparity Study](#) to help in creating appropriate, equitable goals and policies for the District's Supplier Diversity program.

**ACTION:** Committee member Bates advised the Administration to provide recommended updates to the policies and review the [City's 2015 Disparity Study](#). She will also meet with Ms. Levins. The Committee will advise Ms. Levins to benchmark current Supplier Diversity data with goals that have already been established. The Administration will provide an update at the June 21, 2018 Finance Committee meeting.

### **Create Resolution Opposing House Bill 512**

The Committee will discuss the Bill after the conference call with Representative Bill Reineke.

### **Finance Policies**

**ACTION:** Mrs. Wagner informed the group that revisions have been made to policies that are specific to "finances." Committee Chair Messer informed Mrs. Wagner to submit the policies to the Finance Committee when they are up for review on the Policy Committee's Workplan.

### **Other Business**

#### **Community Messaging: Budget**

Craig Rozen recommended, after hearing the Five-Year Forecast presentation at the May 16, 2018 Regular Business meeting, that the Board find a way to get the message out to the community about the budget. He also suggested that a report on how excellently CPS handles its unique students. Mrs. Wagner reported that information about the budget is on the [OpenGov](#) website.

Committee Chair Messer recommended that Board members be trained on the budget in order to train, and educate others about the budget. He also recommended that a Finance 101 initiative be created to educate about the budget.

Committee member Bates recommended that principals be trained on the budget in order to train their staff.

Committee member Copeland-Dansby commented about the importance of the Board being versed in the budget.

Superintendent Mitchell reported that for school year 2018-2019 she will be doing a weekly "Ask Me Any Question." She will be answering questions that come to her via video. The Committee liked the idea and will consider using that format for budget inquiries.

The meeting adjourned at 5:30 PM

#### **Finance Committee**

Ryan Messer, Chair  
Melanie Bates  
Ericka Copeland-Dansby

#### **Staff Liaisons**

Laura Mitchell, Superintendent  
Bill Moehring, Interim Chief Operating Officer  
Jennifer Wagner, CFO/Treasurer