

REPORT OF THE FINANCE COMMITTEE

The Finance Committee met on Thursday, July 19, 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

Board Member

Ozie Davis III

Administrators

Laura Mitchell, Superintendent; Jennifer Wagner, Treasurer; Scott Adams, Chief Operations Officer; Brittany Marks, Director of Financial Reporting and Transparency; Lauren Roberts, Internal Auditor; Frances Russ, Communications Officer; Laura Sanregret, Preschool Promise Lead Teacher; Nathan Tyahur, Accounts Receivable Supervisor;

Kearney and Kearney

Eric Kearney, CEO, President

Cincinnati Preschool Promise

Hèctor Polanco, Finance Manager

Community Members/Parents

Debra Allsop, David Brenner, Marlena Brookfield

Governmental Relations Update

Mr. Kearney updated the Committee with the following information and projects.

*Action has taken place on these Bills.

***Senate Bill 34** To enact section 3313.621 of the Revised Code to generally require public and chartered nonpublic schools to open for instruction after Labor Day. (Action may occur later in the year 2018)

***Am Sub HB 87** Bill introduced by Representative Roegner 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. (Testimony has taken place)

***Senate Bill 216** This Bill introduced by Senator Huffman would enact the "Ohio Public School Deregulation Act" regarding the administration of preschool and primary and secondary education programs. This Bill passed the Senate 32-0 and is now in the House Education and Career Readiness Committee.

HB 705 Introduced by Representatives Hambley and Ingram (former CPS Boardmember). This Bill involves the circumstances in which school district and educational service center treasurers may be held liable for a loss of public funds. Mr. Kearney reported that meetings regarding this bill are scheduled to take place in August 2018.

Mr. Kearney’s *Cincinnati Public Schools July 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.

ACTION: Committee Chair Messer reiterated scheduling two “brainstorming session” before the August 16, 2018 Finance Committee meeting to discuss and be proactive about issues affecting the District.

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 June 2018.

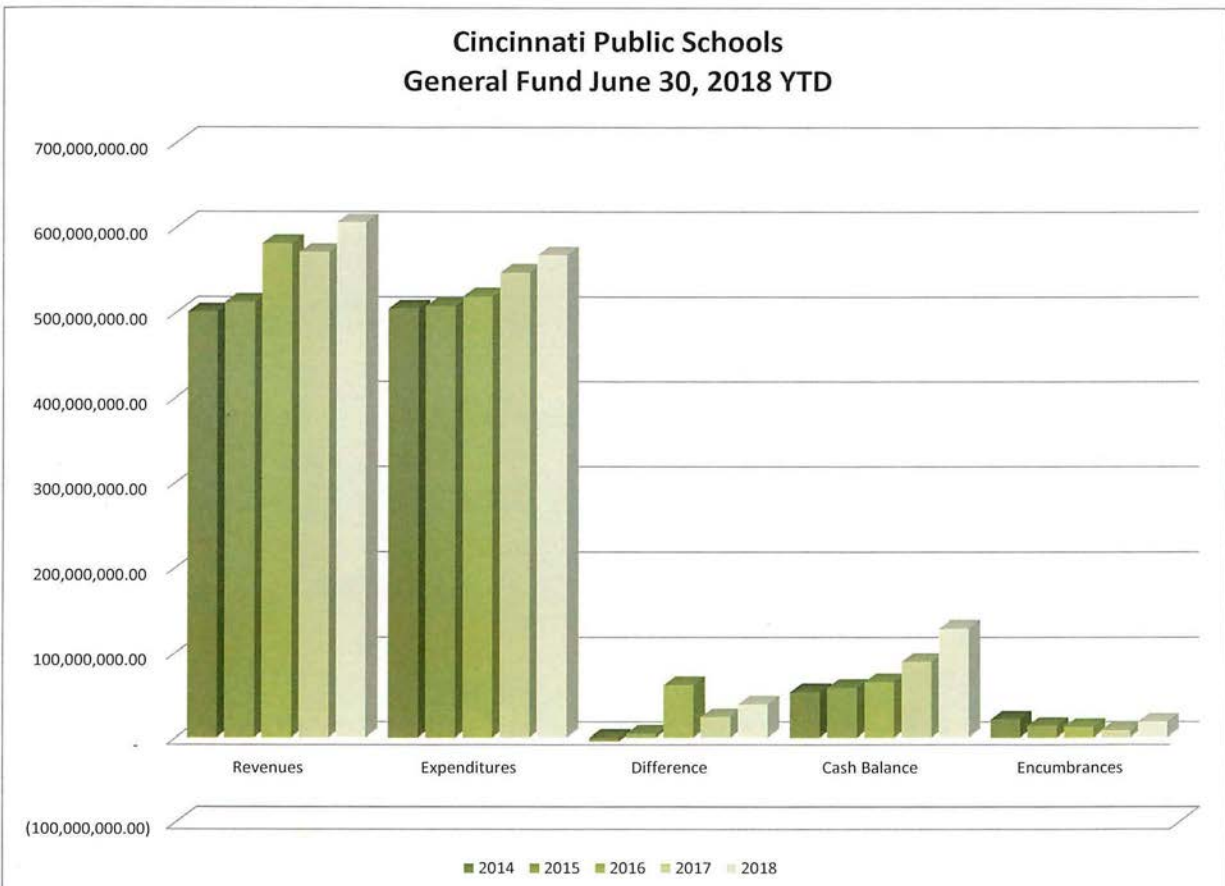
- Revenues – Operating revenues continue to trend higher than FY17 due to increases in property tax revenue and state aid (Increased enrollment). CPS received 101 percent of budgeted revenues.
- Expenditures – Are slightly higher than last year, however the District is still trending under as a percent spent of yearly total. CPS spent 94.3 percent of estimated total expenditures.

Preschool Expansion Financial Report (Attached)

- CPS Tuition assistance review

Schoolwide Pool (Fund 598)

- Revenues – \$187.8M of anticipated \$218.9M (85.8%)
- Expenditures – \$187.8M of anticipated \$199.4M (94.2%)



State & Federal Grants Summary

	State	Federal	Combined
Beg. Cash	160,203.97	9,033,883.07	9,194,087.04
Receipts YTD	14,188,632.67	53,606,891.44	67,795,524.11
Expenditures YTD	12,378,265.79	54,862,473.74	67,240,739.53
Encumbrances	441,611.11	3,235,464.52	3,677,075.68
Unencumbered Cash	1,528,959.74	4,542,836.25	6,071,795.99
Estimated Receipts	\$ 15,115,192	\$ 59,905,380	\$ 75,020,572
% Received of total	93.9%	89.5%	90.4%

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

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

- CPS General Fund Financial Report as of June 30, 2018
- General Fund Revenues as of June 30, 2018
- General fund Expenditures as of June 30, 2018
- Cash Summary By Fund as of June 2018
- Fund 001 – General – Budget to Actual with Encumb by Fund, Obj, as of 6/30/2018
- Fund 598 – Schoolwide Building Program, Budget to Actual with Encumb by Fund, Obj, as of 6/30/2018

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	June YTD Actual	Encumbered	Balance
Revenues:					
General R/E Property Tax	13,649,553.39	13,649,553.39	14,924,369.95		(1,274,816.56)
Public Utility Personal Property Tax	1,100,847.17	1,100,847.17	1,205,636.19		(104,789.02)
Homestead Exemption	249,599.45	249,599.45	263,643.56		(14,044.11)
Less: Auditor collection fees	(165,000.00)	(165,000.00)	(230,769.61)		65,769.61
Revenues	14,835,000.01	14,835,000.01	16,162,880.09	-	(1,327,880.08)
Expenses:					
Tuition Assistance	4,504,418.00	4,504,418.00	3,953,246.88	-	551,171.12
CPS Payments to United Way	7,081,837.18	7,081,837.18	7,081,837.16	-	0.02
Cost of Quality (Wages) and WDC	57,722.00	57,722.00	-		57,722.00
** Special Education Support	880,003.95	834,941.76	350,009.19		484,932.57
Recurring administrative:	200,000.00	199,274.37	112,458.10	-	86,816.27
Expenses	12,723,981.13	12,678,193.31	11,497,551.33	-	1,180,641.98
Net Income	2,111,018.88	2,156,806.70	4,665,328.76	-	(2,508,522.06)

** 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 thanked the Committee for approving the CPP budget through the Board’s process.

ACTION: Mr. Polanco informed the group that CPP Finance Committee is moving towards closing out the year and will provide a report at the August 16, 2018, Finance Committee meeting. He will also do a presentation about the finances/results for the year at one of the Board’s Regular Business Meetings.

Investment Update

Brittany Marks, Director of Financial Reporting and Transparency, updated the Committee on the following semi-annual interest earnings from Investment Accounts and Bond Retirement Funds 002.

**Cincinnati Public Schools
2018 Fiscal Year-to-Date Interest Earned
June 30, 2018**

Fund	Description	Interest			Dividends			Realized Gains/Losses		
		Estimated	Actual	Balance	Estimated	Actual	Balance	Estimated	Actual	Balance
001	General Fund				100.00	217.96	(117.96)			
001	General Fund	450,000.00	567,799.14	(117,799.14)				50,000.00	34,038.47	15,961.53
001	General Fund	500,000.00	641,314.74	(141,314.74)				75,000.00	1,217.26	73,782.74
001	General Fund	77,681.00	235,005.96	(157,324.96)						
002	2010 QSCB	200,000.00	279,385.62	(79,385.62)	-	19,392.19	(19,392.19)			
002	2010 QSCB				-	13.05	(13.05)			
002	2011 QSCB	15,000.00	34,007.14	(19,007.14)						
002	2012 QSCB				30.00	66.77	(36.77)			
002	2012 QSCB	75,000.00	142,156.40	(67,156.40)	-	44.95	(44.95)			
002	City/County Stadium Payments				3,000.00	4,329.48	(1,329.48)			
003	Permanent Improvement	8,000.00	56,780.58	(48,780.58)	21,000.00	48,694.80	(27,694.80)			
003	Permanent Improvement	3,000.00	20,362.94	(17,362.94)	-	25.72	(25.72)			
007	West High Trust				-	10,015.67	(10,015.67)			
007	William J Eckman Trust				-	18,137.04	(18,137.04)			
007	Rhodapearl K Bayha Trust	-	5,295.07	(5,295.07)						
008	Robert Bauer Endowment				-	9,652.80	(9,652.80)			
024	Wellness	-	349.38	(349.38)						
024	Medical Self Insurance	-	1,764.01	(1,764.01)						
401	Auxiliary	-	544.45	(544.45)						
All	Total	1,328,681.00	1,984,765.43	(656,084.43)	24,130.00	110,590.43	(86,460.43)	125,000.00	35,255.73	89,744.27

Moody’s Presentation

Mrs. Wagner updated the Committee on the presentation Moody’s presented to her and Committee Chair Messer.

Mrs. Wagner reported that she shared updates since March 2018 with Moody’s. She reported on the District’s good news about early academic results, FCC Cincinnati receiving the MLS bid, stadium deals, PILOT payments and the District’s new Chief Operations Officer that will assist with improving District operations, the introduction of new Board member Ozie Davis III, and other successes within the District.

The District is interested in financing some of its capital projects: Mercy, CANS, and renovations to Carthage and Leap Academy. She is using COPS Issue, a financial tool like a lease, in order to secure the funding. The District needs to be rated in order to do a COPS.

City of Cincinnati Tax Incentive Review Council

Nathan Tyahur, Accounts Receivable Supervisor, updated the Committee on the following report:

I. Tax Increment Financing (TIF) Program

- a. Recommendation that all TIF agreements be continued.
 - i. 20 active TIF Districts – applicable to a specific geographic area of the city
 - ii. 12 active TIF Projects – applicable to a particular development
 - iii. The city received reports documenting higher than anticipated real property investment (1.466 billion actual vs 823 million projected) and jobs retained (576 actual vs 554 projected).
- b. Oakley Station TIF Project: Discrepancy in the jobs committed (1,700) and the jobs reported (300). Sam Stephens and Michael Banish with the city are researching and will notify TIRC members of the outcome.
- c. The city has authorized 14 new TIF Projects, including Vernon Manor Phase 2.

II. Community Reinvestment Area (CRA) Program

- a. Of the 191 active agreements through 2017, recommendations were made to continue 175 agreements, modify 10 agreements, and terminate 6 agreements. Of the 6 recommended for termination, the expired agreements are Public School Works (Neyer/Pulsar) & TMBG Properties, LLC (18 West 7th Street).

Recommendation	Notes	Agreements
Continue	Pending Completion	18
	Complete – Pending HCA	7
	Complete	150
Modify	Construction Completion Date Extensions	10
Terminate	Non-Reporting	2
	Late Completion	2
	Expired	2

- b. 160 agreements were completed by end of CY2017 compared to a projected 173. Of the 160, investments reported were lower than their committed investment (\$1.33 billion vs \$1.34 billion). 24 of the 160 agreements did not meet 80% of their committed investment.
- c. 6 agreements were approved and registered in 2017. There are an additional 48 agreements in 2017 that were approved but are in the process of being registered with the state and not accounted for in this graph.



ACTION: The Committee assigned Treasurer Wagner to inform the Board about criteria for granting CRAs (Community Reinvestment Act).

Financial Policies Review

ACTION: The Committee reviewed and revised the following policy and will recommend approval at the Board’s Regular Business Meeting in August 2018:

- Policy 6105 – Authorization to Use Facsimile Signature

The Committee reviewed the following policies and recommended no changes:

- 6110 – Grant Funds
- 6140 – Depository Agreements
- 6144 – Investments
- 6145 – Borrowing

Tax Abatement Timeline

The Committee reviewed the following timeline. The timeline is steps toward the renegotiation of the Agreement with the City.

Tax Abatement Timeline

- Exploration - August 1
 - Terms of the current agreement
 - Team development (Dan, Jen, Outside Counsel, Consultant, Amy T, Brittany)
- Analysis & Research
 - Hire consultant – July 2018
 - Analysis Complete – October 31
- Modeling
 - December 31, 2018
- Recommendation to BOE
 - February 1, 2019
- Negotiations with City – August 1, 2019
- Agreement Expiration December 31, 2019 or \$100M payments

Develop List of Legislative Topics

Mr. Messer advised that dates will be added to the calendar and topics of importance should be submitted to the Finance Committee for inclusion into discussions during the brainstorming sessions.

Other Business

Mrs. Wagner informed the Committee that the Administration is working on presentations that will be presented at Board meetings for school year 2018-2019.

Mrs. Wagner recommended that she present her Five-Year Forecast at the Board's October 8, 2018 Regular Business meeting and recommend approval of the document at the Board's October 22, 2018 Regular Board meeting. The Committee agreed with recommendation and will recommend approval at the Board's Regular Business meeting in August 2018.

The meeting adjourned at 5:01 p.m.

Finance Committee

Ryan Messer, Chair
Melanie Bates
Ericka Copeland-Dansby

Staff Liaisons

Laura Mitchell, Superintendent
Jennifer Wagner, CFO/Treasurer
Scott Adams, Chief Operating Officer