

## REPORT OF THE AUDIT COMMITTEE

The Audit Committee met on Wednesday, March 20, 2019 at 4:30 PM at the Cincinnati Public Schools Education Center in Conference Room 1-A.

### ATTENDEES

#### Audit Committee Members

Jim Crosset, Christine Fisher, Thomas D. Heldman, Daniel E. Holthaus, Brian Ross, Clarice Warner

#### Administration/Staff

Dan Hoying, General Counsel; Lauren Roberts, Internal Auditor; Brittany Treolo, Director of Financial Reporting and Transparency; Nathan Tyahur, Accounts Receivable Supervisor; Jennifer Wagner, Treasurer; Lauren Worley, Chief Strategic Communications Engagement Officer

#### Finance Committee

Eve Bolton, Chair; Melanie Bates, Ryan Meser

#### Board Member

Ozie Davis III

#### Cincinnati Federation of Teachers (CFT)

Julie Sellers, President

#### Community Members/Parents

Jens Suttmoller; Dave DiMuzio, Outside Counsel for CPS

### **Continued Abatement Discussion and Considerations.**

General Counsel Hoying did a presentation on the 1999 Tax Abatement Agreement with the City of Cincinnati. The report included a legal background on the Community Reinvestment Act (CRA), Tax Increment Financing (TIF) and Income Tax Reimbursement.

Mr. Hoying discussed the following information about the 1999 Agreement with the Committee:

Occurred out of the County's-City 1996 Memorandum relating to the Stadium Taxes

- City's negotiation of \$5 million in lieu of additional Tax Revenues generated by abatements approved by the City
- Terms of the agreement

#### Financial Background

- Fixed Sum – vs – Fixed Rate Levies
- CPS Fixed Rate Millage
- Net Impact of Abatements
- Effect on State Foundation Funding
- Residential CRA's Not Reimbursed

Mr. Hoying advised the Administration's recommendation is that the primary outcome for the District should be that the successor agreement makes the District whole for the property taxes foregone by abatements and exemptions authorized by the City.

Finance Committee Member Messer expressed concern about the City’s responsibility in tracking and reporting the status of the abatements to the District on a monthly basis.

Audit Committee Member Fisher advised that the process of tracking abatements should be embedded into the Agreement.

Treasurer Schedule of Financial Activities

Treasurer Wagner reviewed following *Schedule of Financial Activities* with the group. Finance Committee Member Messer advised the Treasurer to align the Abatement Recommendations to her timeline to coincide with the Board’s Strategic Plan that will be approved in August 2019.

Schedule of Financial Activities revised 3.21.19

Week of	Abatement Agreement	Levy Activities	Budget Activities
Mar 4 – 8	March 8 -Team Meeting		
Mar 11 – 15			
Mar 18 – 22	Mar 20 – Finance/Audit	Mar 20 – Finance/Audit	March 19 – Public Hearing
Mar 25 - 29	Spring Break Mar 25-27 Polling		
Apr 1 – 5	3 <sup>rd</sup> Bd Meeting: Abatement Presentation		
Apr 8 – 12			
Apr 15 – 19		15 <sup>th</sup> Board Meeting: Levy discussion; levy resolution #1 18 <sup>th</sup> Finance committee	17 <sup>th</sup> : Budget Hearing 18th Finance Committee
Apr 22 – 26	22 <sup>nd</sup> (Draft Proposal); OASBO Conference 24 <sup>th</sup> – 26th		
Apr 29 – May 3			
May 6 – 10	6 <sup>th</sup> Bd Meeting; Federal Grant Conference		
May 13 – 17	15 <sup>th</sup> Board Meeting, 16 <sup>th</sup> Finance committee		
May 20 – 24	May 20: Public Hearing	May 20: Resolution #2 approving ballot language	May 20: Board Budget Approval; Five year Forecast
May 27 – 31		May 27 <sup>th</sup> : Memorial Day	
Jun 3 – 7			
Jun 10 – 14	Jun 10 Board meeting		
Jun 17 – 21	Jun 19 Bd Meeting (approve new agreement), 20 <sup>th</sup> : Finance committee		
Jun 24 – 28	Jun 24: Bd Meeting		
Jul 1 – 5			
Jul 8 – 12			
Jul 15 – 19	Jul 18 Finance Committee		
Jul 22 – 26		Jul 26: Deadline to submit Levy Resolution #1	
Jul 29 – Aug 2			
Aug 5 – 9		Aug 7: Deadline: Levy Resolution #2	Aug 9: Strat Plan Unveil
Aug 12 – 16			
Aug 19 – 23			
Aug 26 - 30			

**ACTION:** The Administration will present the presentation to the Board at their April 3, 2019 Regular Business Meeting.

Walking School Bus Audit Follow-Up

Mr. Hoying updated the Committee on the Office of the Inspector General’s U.S. Department of Justice’s audit done by the Office of Justice Programs on a research grant that was awarded to the District for the “Walking School Bus” program. The District responded to recommendations that were made by the OJP.

Levy Renewal Options Discussion

Treasurer Wagner reiterated that her recommendation was to do a substitute levy, with a longer life cycle, then doing a levy every five years. She reported that many school districts are converting their existing levies to continuing.

Finance Committee Member Bates asked the Committee for a recommendation of doing a substitute levy with a maximum of ten years or going for a continuing levy in November.

The Committee discussed the options and recommended that the District go for a continuing levy in the November 2019 election. Member Fisher made a motion for a continuing levy. Member Heldman seconded the motion.

The meeting adjourned at 6:02 pm.

**Audit Committee**

Brian Ross, Chair  
Jennifer Couser, ABSENT  
Jim Crosset, CLM  
Christine Fisher  
David Foote, CPA  
Thomas D. Heldman, CPA  
Daniel E. Holthaus, CPA  
Carol Lawrence, ABSENT  
Jeffrey L. Orschell, ABSENT  
Clarice Warner  
Eve Bolton, Chair (Finance Committee)  
Melanie Bates (Finance Committee)  
Ryan Messer (Finance Committee)

**Staff Liaisons**

Jennifer Wagner, CFO/Treasurer  
Lauren Roberts, Internal Auditor