

REPORT OF THE FINANCE COMMITTEE'S SPECIAL MEETING

The Finance Committee conducted a Special Meeting on Wednesday, March 20, 2019 at 3:30 PM at the Cincinnati Public Schools Education Center in the Board Conference Room.

ATTENDEES**Finance Committee Members**

Chairperson Eve Bolton, Melanie Bates, Ryan Messer

Board Member

Ozie Davis III

Administrators

Jennifer Wagner, Treasurer; Jeff Chrystal, Director of Technology Support; Dan Hoying, General Counsel; Lauren Roberts, Internal Auditor; Sarah Trimble-Oliver, Chief Information Officer; Nathan Tyahur, Accounts Receivable Supervisor; Brittany Treolo, Director of Financial Reporting and Transparency; Lauren Worley, Chief Strategic Communications Engagement Officer

Cincinnati Federation of Teachers (CFT)

Julie Sellers, President

Kearney and Kearney

Eric Kearney, CEO, President

Community Members/Parents

Jens Sutmoller

Preschool Promise

Hector Polanco, Finance Manager

FOR BOARD APPROVAL**Committee Workplan Adoption**

The Committee reviewed a draft of recommended changes to the plan at their February 21, 2019 Committee meeting. The group continued its review of the draft workplan and recommended to prioritize items scheduled for discussion in July 2019 in order to accommodate the Board's summer schedules.

ACTION: The Committee agreed with the workplan and will recommend the document for approval at the April 3, 2019 Regular Business meeting.

Treasurer Schedule of Financial Activities

After consulting with Chairperson Bolton, Treasurer Wagner presented for Committee review and adoption a *Schedule of Financial Activities*.

ACTION: The Committee agreed with the *Schedule of Financial Activities* and will recommend the document for approval at the April 3, 2019 Regular Business meeting.

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 rd Bd Meeting: Abatement Presentation		
Apr 8 – 12			
Apr 15 – 19		15 th Board Meeting: Levy discussion; levy resolution #1 18 th Finance committee	17 th : Budget Hearing 18th Finance Committee
Apr 22 – 26	22 nd (Draft Proposal); OASBO Conference 24 th – 26th		
Apr 29 –May 3	6 th Bd Meeting; Federal Grant Conference		
May 6 – 10			
May 13 – 17	15 th Board Meeting, 16 th 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 th : Memorial Day		
Jun 3 – 7			
Jun 10 – 14	Jun 10 Board meeting		
Jun 17 – 21	Jun 19 Bd Meeting (approve new agreement), 20 th : 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			

FOR BOARD INFORMATION

House Bill 70 Opposition Resolution

Members Bolton and Messer presented an update regarding House Bill 70 that created and permits the [Academic Distress Commission \(ADC\)](#) to take over local school districts in Ohio.

ACTION: The Committee recommended that the Board register its disapproval of HB 70 and assigned to the Administration and General Counsel to revise and redraft the suggested Opposition Resolution with Cincinnati City specific references to the sanctity of local control, and improper and misguided over-reliance on the Ohio Report Card data used to invoke takeover. Committee Member Bates recommended including comparative data amongst the districts/schools within the resolution.

CRA Update

Nathan Tyahur, Accounts Receivable Supervisor, updated the Committee on the following Community Reinvestment Act Agreements.

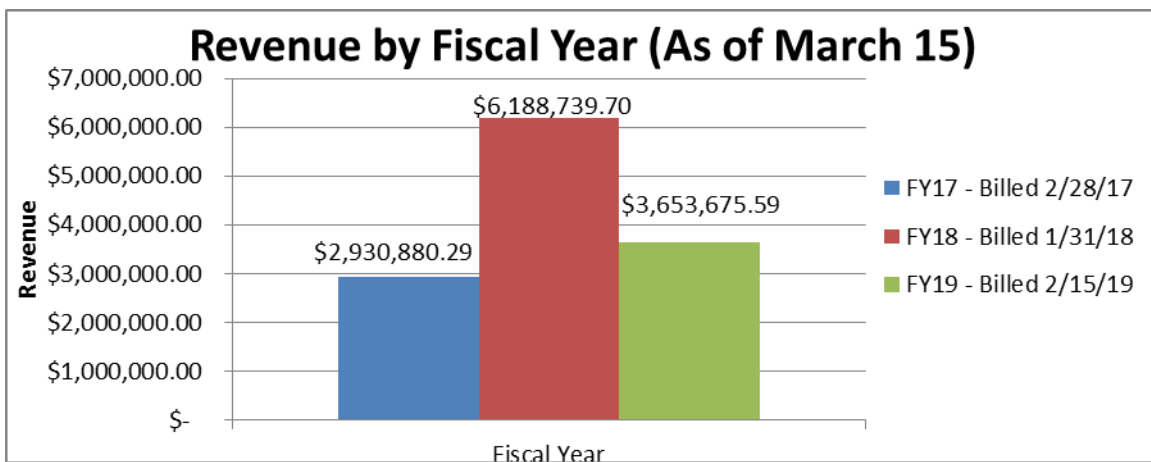
- New Agreements For Approval

Agreement	Years of Agreement	Estimated Annual Revenue	Estimated Total Agreement Revenue
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(A.) Transept Property, LLC 10-years \$27,260.83 \$272,608.25
Description: the improvements made to the real property located at 1205 Elm Street in Cincinnati in connection with the remodeling of a former church building into a new catered events facility and bar located on such real property - Ordinance #310-2014, Contract #55x2015-160.

(B.) 1540 Elm, LLC 8-years \$5,953.80 \$47,630.44
Description: the improvements made to the real property located at 1540 Elm Street in Over-The-Rhine neighborhood of Cincinnati, in connection with the remodeling of an existing residential structure into 6 residential units - Ordinance #42-2019, Contract #95x2019-268.

- Revenues Collected



- Active Parcels (currently billing)

Month/Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
January	1	0	0	0	0	0	1	0	0	0	4	22	1	0	1	30
February	0	0	0	0	0	0	0	2	1	1	1	5	2	8	0	20
March	0	0	0	0	0	0	1	0	1	0	1	4	0	3	0	10
April	0	0	0	0	0	2	0	2	2	2	0	0	1	7	3	19
May	0	0	2	0	0	1	1	0	3	0	0	4	0	10	0	21
June	0	0	0	0	18	0	0	0	7	1	7	1	3	0	8	45
July	0	0	0	0	0	0	0	0	0	2	0	1	2	0	0	5
August	0	0	0	0	0	0	0	0	6	0	1	0	5	3	2	17
September	0	0	0	0	1	0	0	11	0	0	0	1	0	8	0	21
October	1	0	0	0	0	0	0	12	2	0	3	3	0	3	2	26
November	0	0	0	0	0	0	0	0	0	0	0	9	0	0	0	9
December	0	2	0	0	0	1	0	0	5	0	0	7	0	1	0	16
Total	2	2	2	0	19	4	3	27	27	6	17	57	14	43	16	239 **

*Note -- All approved parcels and agreements in 2018 and 2019 are pending, not active.

**Note -- 257 total active parcels, as of 3/15/19, missing 18 parcels do not have a board approval date.

- Pending Parcels (Approved Agreements)

Pending Parcels By Month/Year (Approved Agreements)

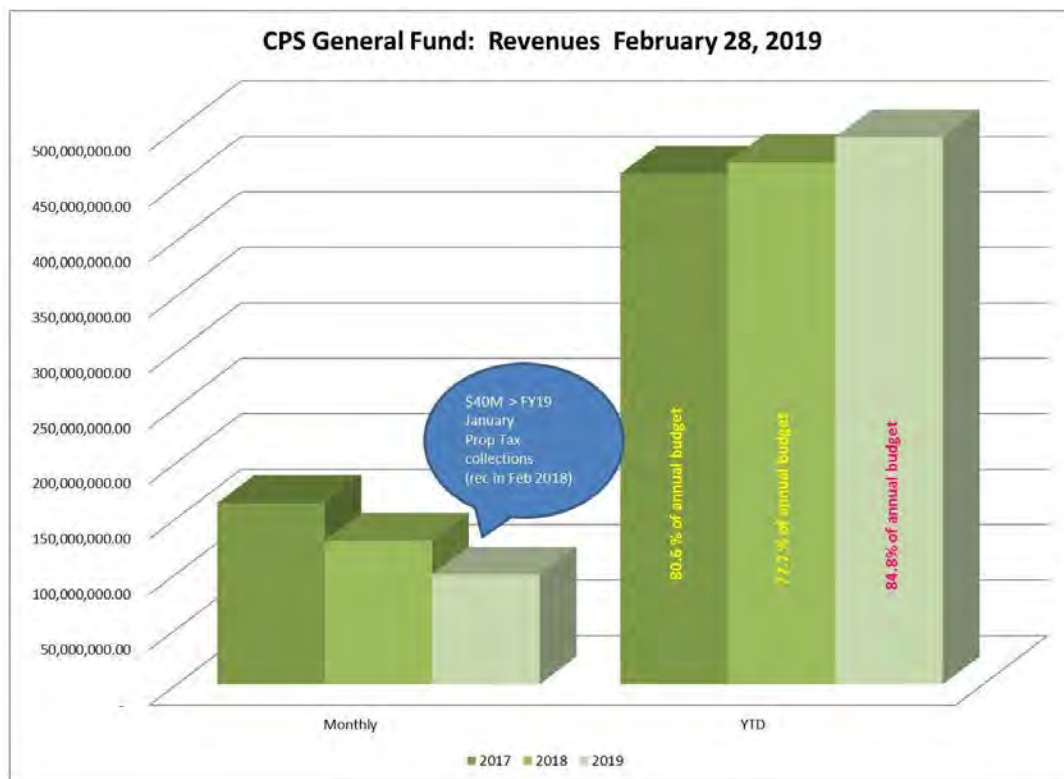
Mont/Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Jan	0	0	0	0	0	0	0	7	0	0	18	3	5	33
Feb	0	0	0	0	0	0	1	1	0	10	0	2	10	24
Mar	0	0	0	0	1	0	0	1	0	1	0	0		3
Apr	0	0	0	1	0	1	0	0	2	2	4	9		19
May	0	1	0	0	0	0	0	2	0	34	0	3		40
Jun	1	0	0	0	1	0	2	0	0	0	7	0		11
Jul	0	0	0	0	0	0	0	0	0	0	0	0		0
Aug	0	0	0	0	0	0	0	0	2	0	26	1		29
Sep	0	0	0	2	0	0	0	0	0	16	0	2		20
Oct	0	0	0	0	0	0	6	0	0	3	18	12		39
Nov	0	0	0	0	0	0	0	5	0	0	0	1		6
Dec	0	0	0	0	3	0	0	10	0	3	8	0		24
Total	1	1	0	3	5	1	9	26	4	69	81	33	15	248 *

*Note -- 274 total pending parcels, as of 3/15/19, missing 26 parcels do not have a board approved date.

Treasurer Monthly Updates

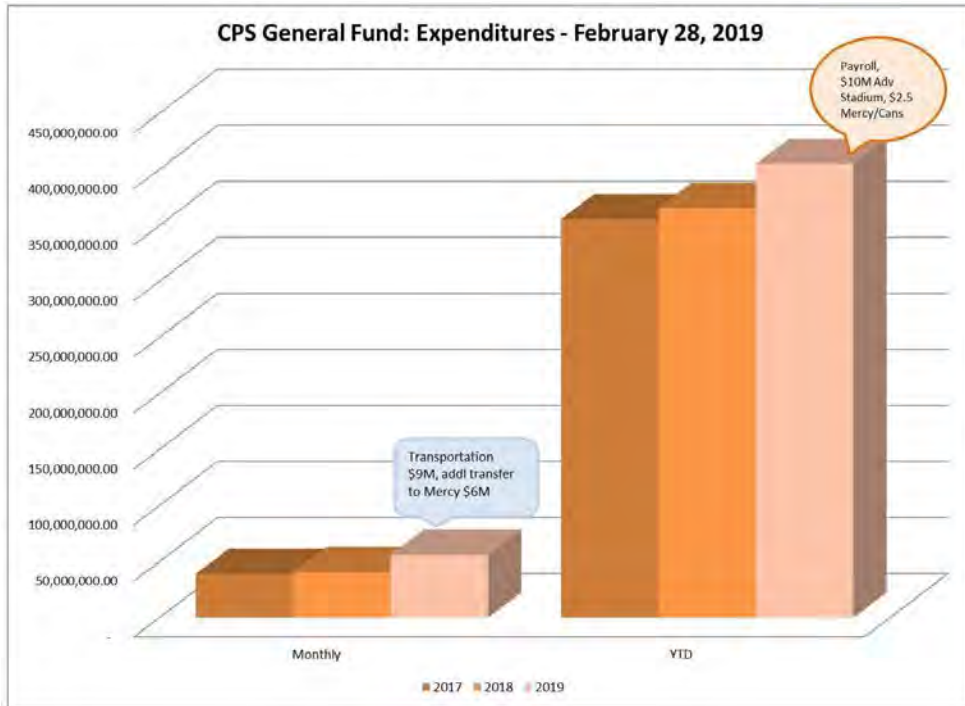
Monthly and Year-to-Date Revenue

Treasurer Wagner, updated the Committee on the following: *CPS General Fund: Revenues for February 2019.*

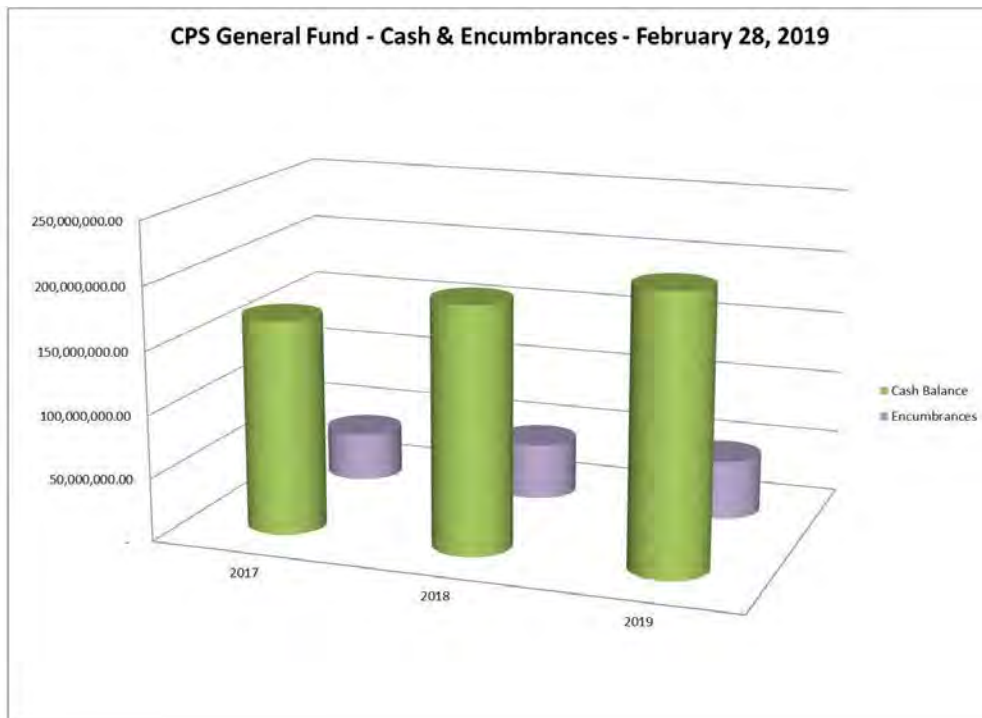


Monthly and Year-to-Date Expenditures

Mrs. Wagner updated the Committee on the following: *CPS General Fund Expenditures for February 2019.*



Mrs. Wagner updated the Committee on the following: *CPS General Fund – Cash and Encumbrances for February 2019.*



State and Federal Grants

Mrs. Wagner updated Committee on the following: *State and Federal Grants for February 2019.*

State & Federal Grants

February 2019

	State	Federal	Combined	FY18
Beg Cash	1,971,239.69	7,778,481.65	9,749,721.34	9,194,087.04
Receipts	11,185,665.21	26,839,741.90	38,025,407.11	44,123,061.55
Expenditures	6,033,187.17	32,903,396.68	38,936,583.85	46,891,105.80
Encumbrances	1,241,048.53	4,203,418.69	5,444,467.22	4,826,716.35
Ending Cash	5,882,669.20	(2,488,591.82)	3,394,077.38	1,599,326.44

Preschool Promise Expansion Report

Mrs. Wagner informed the Committee about the following: *Preschool Promise Expansion* data.

CPS Preschool Expansion

	Budget	February YTD	Feb YTD FY18
Revenues:			
General R/E Property Tax	13,649,553.39	14,375,417.97	14,212,275.27
Public Utility Property Tax	1,100,847.17	592,221.38	581,685.47
Homestead Exemption	249,599.45	131,467.92	135,154.65
Less: Auditor Fees	(165,000)	(86,966.53)	(86,813.69)
Revenues	\$ 14,835,000.01	\$ 15,012,140.74	\$ 14,842,301.70
Expenses:			
Tuition Assistance	4,376,878.00	2,756,445.32	2,619,296.16
Payments to United Way	8,887,251.00	3,679,936.62	5,311,377.87
Workforce Development	108,463.68	28,244.12	-
Special Education Support	654,353.44	361,429.61	350,009.19
Administrative Support	200,000.00	28,927.42	112,458.10
Expenses	\$ 14,226,946.12	\$ 6,854,983.09	\$ 8,393,141.32
Net Income	\$ 608,053.89	\$ 8,157,157.65	6,449,160.38

CPS Tuition Assistance Summary

Mrs. Wagner discussed with the Committee the following *CPS Tuition Assistance Summary*.

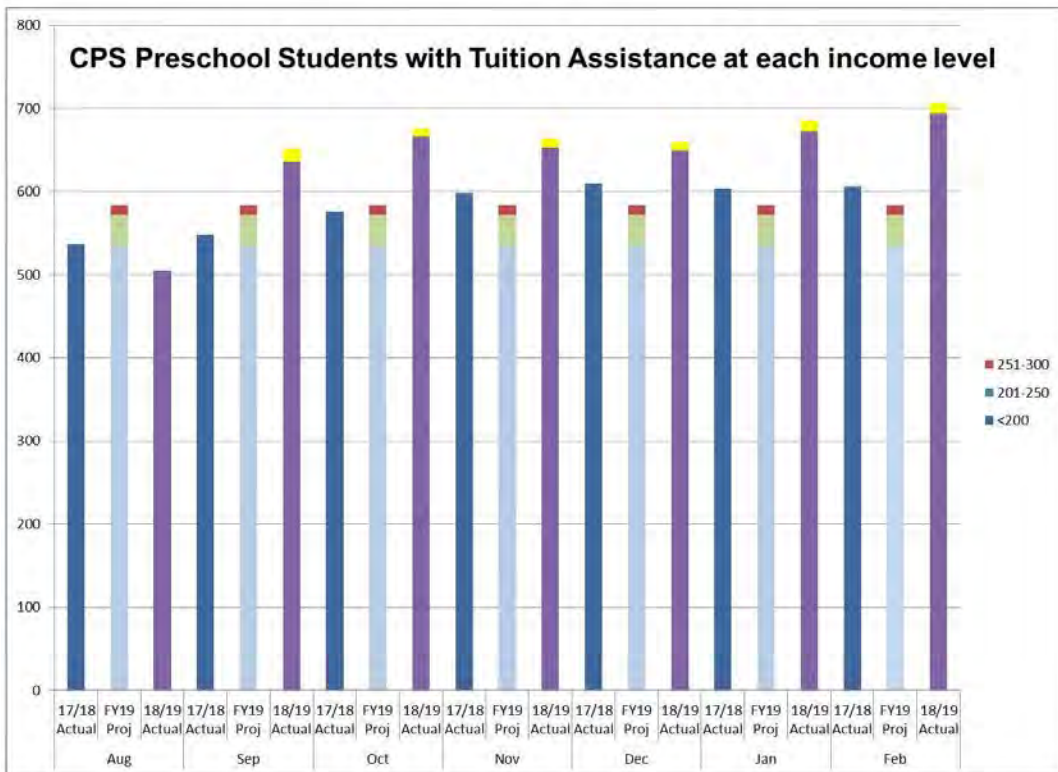
CPS Tuition Assistance Summary

	Income	FT	HT	Total	Days	Tuition Assist \$
Feb	<200 %	647	47	694	11,528	450,016.44
	200-250	9	4	13	215	6,702.23
s/t		656	51	707	11,743	456,718.67
YTD				707	72,969	\$ 2,756,445.32
LY				606	65,170	\$ 2,620,656.48

Note: The data in the chart above represents only the CPS preschool students who participate in the Preschool Expansion Tuition Assistance program. CPS currently has enrolled 1,779 preschool students.

CPS Preschool Students with Tuition Assistance at each income level

Mrs. Wagner updated the Committee about the following *CPS Preschool Students with Tuition Assistance at Each Income Level* information.



Preschool Promise Update

Mr. Polanco reported that Clark Schaefer and Hackett completed its audit of Preschool Promise's financial statements for the year ending June 30, 2018. The audit yielded no negative findings.

The auditors did recommend improvements in the areas of: Quality Improvement Program (tracking payments made to providers), Cyber-Security (more investment in the Information and Technology system and structure), and Disaster Recovery/Business Continuity Plan (test and update disaster recovery plan annually).

A copy of the audit is attached.

The Committee concluded its discussions at 4:15 p.m., due to the lack of a quorum.

The Committee continued its discussion at 4:20 p.m., as members were again present at that time.

Governmental Relations Report

Mr. Kearney reported that the budget bill has dropped and that a gap in the bill excludes funding for education until the funding formula has been determined.

Mr. Kearney also informed the Committee about House Bill (HB) 70 and a potential takeover of Dayton Public Schools. He reported that he spoke with Ohio State Representative Brigid Kelly, a co-sponsor of House Bill 127 to stop the takeover by the ADC. The Bill is sponsored by State Representatives Steve Hambley and Kent Smith.

ACTION: Mr. Kearney recommended that the Committee do a resolution for House Bills 70 and 127. The Committee will recommend approval of a resolution in support of House Bill 127 as well as a resolution in opposition to House Bill 70.

Mr. Kearney advised the Committee about State Representative Catherine Ingram's House Bill 111 that would require public and private schools to transmit a transferred student's records within five school days.

Mr. Kearney informed the group about the following Bills he will be watching.

- HB 12. Teachers Tax Credit for instructional materials. If they spend money, they will get a credit. He reported that a bill has passed before on this issue.
- HB 123. Suicide Awareness and Training
- Senate Bill 34. Transferring of Employment Records - Moving from District to District.

Mr. Kearney informed the Committee that he is working on setting up a meeting with the Education Committee and local representatives in April 2019 to do a presentation about the District's innovative initiatives around, "Enrolled, Enlisted and Employed." He will also invite former Representative Robert Cupp to the meeting.

Information Technology Update and Proposal

Mr. Chrystal updated the Committee about the *CPS Device Lease Restructuring Plan*. The goal is to restructure 31 device leases from 24 maturity dates to 5 and restructure 31 payment dates to 4 dates throughout each year, in order to operate more efficiently.

Ms. Trimble-Oliver asked if the restructure can be done without doing the normal bidding process, they would be able to do the new process at the end of the four years after restructuring and then do the RFP at the end.

The proposal is a bundled solution from Cincinnati Bell Technology Solutions (CBTS) and Hewlett Packard Financial Services (HPFS).

ACTION: Mr. Hoying and Ms. Trimble-Oliver will review Board policy regarding waiving the RFP process to see if it is doable. Ms. Bates stated that the restructure program will have a positive financial impact on the District.

A copy of the presentation is available in the Board office.

Mr. Chrystal updated the Committee about the *ProSource Proposed Contract Extension (Copy and Print Contract)*. He reported that ProSource would like to extend their existing 5-year contract to 36 months past the original end date.

Mr. Trimble-Oliver reported that extension of the contract will save the District money.

A copy of the presentation is available in the Board office.

The meeting adjourned at 4:38 PM.

Finance Committee

Eve Bolton, Chair
Melanie Bates
Ryan Messer

Staff Liaisons

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



November 26, 2018

Board of Managers
Cincinnati Preschool Promise, LLC
2400 Reading Road
Cincinnati, Ohio 45202

We have audited the financial statements of Cincinnati Preschool Promise, LLC (the "Organization") for the year ended June 30, 2018, and we will issue our report thereon dated November 26, 2018.

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 24, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Cincinnati Preschool Promise, LLC are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatement

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements noted.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 26, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

As part of our audit, we also identified the following suggestions that could improve the daily operations of the Organization. These suggestions are not defined as material weaknesses or significant deficiencies due to compensating controls:

Quality Improvement Program

The Organization currently does not track payments made on behalf of each individual provider enrolled in the Quality Improvement Program. As the program grows, we recommend tracking payments made to each provider to more easily track activities and results on a per provider basis to determine the impact of the Organization's investment in providers.

Cyber-Security

In today's connected world, the security of the organization information technology infrastructure is a critical requirement for all businesses. As the Organization continues to explore the use of data technologies and deployment of such technologies, security needs to be top of mind. Whether that is preventing unauthorized electronic access to key systems, preventing physical access to data servers, having appropriate back-up systems for data recovery and cyber-insurance, we recommend that the Organization continually invest in its information technology system and structure. Frequent review of the Organization's operational policies for technology should be done on an annual basis.

Disaster Recovery/ Business Continuity Plan

To help ensure continuity of the Organization's operations in the event of major equipment or system failure or other interruption beyond your control, the Organization's disaster recovery plan should be updated and tested annually for each of its critical systems.

This information is intended solely for the use of Board of Managers and management of Cincinnati Preschool Promise, LLC and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Clark, Schaefer, Hackett & Co.