

REVISED**REPORT OF THE AUDIT COMMITTEE**

The Audit Committee met on Wednesday, February 27, 2019 at 4:30 PM at the Cincinnati Public Schools Education Center in Conference Room 1-A.

ATTENDEESAudit Committee Members

Jennifer Couser, Jim Crosset, Christine Fisher, Thomas D. Heldman, Daniel E. Holthaus, Carol Lawrence, Jeffrey L. Orschell

Administration/Staff

Laura Mitchell, Superintendent; Dan Hoying, General Counsel; Lauren Roberts, Internal Auditor; Eric Rozier, Principal, Virtual High School; Jakob Snyder, Intern, Internal Audit; Jennifer Wagner, Treasurer

Finance Committee

Eve Bolton, Chair; Melanie Bates

Cincinnati Federation of Teachers (CFT)

Don Mooney, Counsel and Field Representative

Plattensburg & Associates, Inc.

Kevin Vaughn, CPA, Principal at Plattensburg

Community Members/Parents

Craig Rozen

Fiscal Year 2018 Financial Audit Report: Plattensburg & Associates, Inc.

Kevin Vaughn, Plattensburg & Associates, updated the Committee on their audit of the District's financial statements for fiscal year 2018 that ended June 30, 2018. He informed the Committee about Plattensburg's audit of internal controls over financial reporting and compliance. The conclusion was a clean audit.

A copy of the document is available upon request in the Board office.

Online School Compliance Internal Audit Report

Dan Hoying, General Counsel

Lauren Roberts, Internal Auditor

Eric Rozier, Principal, Virtual High School

Jacob Snyder, Intern, Internal Audit Department

In the wake of the Ohio Auditor's report on the Electronic Classroom of Tomorrow (ECOT), the Superintendent requested the District Internal Auditor to provide a compliance audit of the CPS Virtual and Digital School..

The following recommendations have been suggested in order to meet the compliance issues at ECOT:

- Recommendation 1 – Adjust Calendar Hours to Reflect ODE Requirements
- Recommendation 2 – Develop & Document Procedures
- Recommendation 3 – Student Activity Data for All Reported Students

- Recommendation 4 – Implement Internal Controls
- Recommendation 5 – Accurate Enrollment Dates
- Recommendation 6 – Track All Student Learning Activity

The Administration planned on implementing the recommendations that were offered. However as a result of the Committee's discussion, the recommendations will be reviewed and implementation evaluated with the discussion in mind. Further dialogue took place regarding the size of the personnel complement and the questionable benefits of such a time and labor intensified effort.

Audit Status Report

Internal Auditor Roberts provided the Committee with the following information from her Audit Status Report.

2018-19 Internal Audit Plan Status

The following provides a brief status update for each engagement within the Internal Audit Plan:

- **Engagements Supporting District Strategy and Objectives**
 - Virtual High School & Cincinnati Digital Academy Attendance – *Complete*
 - Strategic Project Review & Verification – *Complete*
- **Engagements Resulting from Risk Assessment**
 - Technology Security Assessment – *In Progress*
 - Transportation Expenditures – *In Progress*
- **Internal Audit Development and Advancement**
 - Prior Engagement Follow-Up and Annual Reporting – *Complete*
 - PwC Skills for Society Project Coordination – *In Progress*
 - Recruiting and Internal Audit Department Development – *Complete*
 - Professional Development – *Complete*

Status of External Audits and Reviews

The purpose of this section is to share with the Audit Committee each of the external audit and review engagements that have come to the attention of the Internal Auditor since the last Audit Committee meeting. Management shares the status of external engagements with Internal Audit to ensure accurate and timely communication to the Audit Committee.

The following audits and reviews are in progress:

- Ohio Department of Education (ODE):
 - Child and Adult Care Food Program Review; Period of 7/1/2017 – 6/30/2018:
 - Food Services Procurement Audit
 - Consolidated ESEA Grants Desk Review
 - 21st CCLC Onsite Review
 - Collaborative Monitoring Desk Review
- U.S. Department of Justice:
 - Grant Program Audit – Developing Knowledge About What Works to Make Schools Safe

A report has been issued for the following audit since the last status report:

- Ohio Auditor of State (OAS)
 - Fiscal Year 2018 Financial Audit

Update on Levy Discussion

Treasurer Wagner updated the Committee on the Levy Options presentation that she presented at the Board’s February 11, 2019 Regular Business meeting. She discussed the following options with the Committee:

Levy Scheduling

\$ 65,178,000
Current Millage 9.95, Enacted 2000

Election Date	Effective Tax Year	Levy Year	Collection Period
Nov 2014 3 rd Renewal	2015	1	Jan 1 – Dec 31, 2016
	2016	2	Jan 1 – Dec 31, 2017
	2017	3	Jan 1 – Dec 31, 2018
	2018	4	Jan 1 – Dec 31, 2019
	2019	5	Jan 1 – Dec 31, 2020
Nov 2019 4 th Renewal	2020	1	Jan 1 – Dec 31, 2021

\$ 51,500,000
Current Millage 8.18, Enacted 2008

Election Date	Effective Tax Year	Levy Year	Collection Period
Nov 2017 2 nd Renewal	2018	1	Jan 1 – Dec 31, 2019
	2019	2	Jan 1 – Dec 31, 2020
	2020	3	Jan 1 – Dec 31, 2021
	2021	4	Jan 1 – Dec 31, 2022
	2022	5	Jan 1 – Dec 31, 2023
Nov 2022 3 rd Renewal	2023	1	Jan 1 – Dec 31, 2023

\$48,000,000
Current Millage 7.63, Enacted 2016

Election Date	Effective Tax Year	Levy Year	Collection
Nov 2016 New	2016	1	Jan 1 – Dec 31, 2017
	2017	2	Jan 1 – Dec 31, 2018
	2018	3	Jan 1 – Dec 31, 2019
	2019	4	Jan 1 – Dec 31, 2020
	2020	5	Jan 1 – Dec 31, 2021
Nov 2020 1 st Renewal	2021	1	Jan 1 – Dec 31, 2022

Ms. Wagner informed the group that she recommended to the Board to renew the \$65 million levy for ten years, to be on the November 2019 ballot. Ms. Bates reported that the Board has not agreed on the recommendations as of yet.

ACTION: The Audit Committee will review the levy options and scheduled an additional meeting on March 20, 2019, 4:30 PM to discuss and update the group about their suggestions.

ACTION: The Finance Committee will discuss the levy recommendations at their March 21, 2019 meeting.

Update on (Community Reinvestment Act) CRAs

Treasurer’ Wagner discussed the CRAs with the Committee and the following CRA Update as of February 27, 2019 and TIF Tax Payments for Fiscal Year 2019 (copies attached). She also reported that there are 243 active CRAs, with many at different life lengths. The list of CRAs is available in the Board Office.

Committee member Christine Fischer suggested that it is important that the community not be confused about the District’s need for a renewal is not because of reduced revenue due to CRAs. Members contributed that the hope is that the negotiations for the new possible agreement be concluded long before the Renewal Levy Campaign.

Don Mooney, Cincinnati Federation of Teachers Counsel and Field Representative, updated the Committee on their report on the *City of Cincinnati’s Tax Abatements*, and also their *Estimate in Spring 2018 Based on Responses to Public Records Request* report.

Mr. Mooney also shared in the discussion that the previously quoted percentage of lost revenue due to the 1999 Agreement should be listed as 20 percent rather than the 37 percent previously quoted. These new numbers will continue to be reviewed.

A copy of the document is available upon request in the Board office.

Ms. Fischer expressed the importance of getting the message out that the problem is not the amount of funding that the District has, but that a fair share of the abatements are not being paid by those required to pay.

ACTION: Ms. Fischer made a motion to ask to build into negotiations to require the City to report back to the District the status of the Abatements. Committee member Jim Crosset seconded the motion. The motion passed by voice vote.

ACTION: The Committee agreed with Mr. Hoying's recommendation that the school District should be made whole and whatever is abated, CPS' dollars should not be a part of the abatements.

ACTION: Updates on CRAs and TIF agreements will take place at the additional Audit Committee meeting scheduled for March 20, 2019.

The meeting adjourned at 6:22 pm.

Audit Committee

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

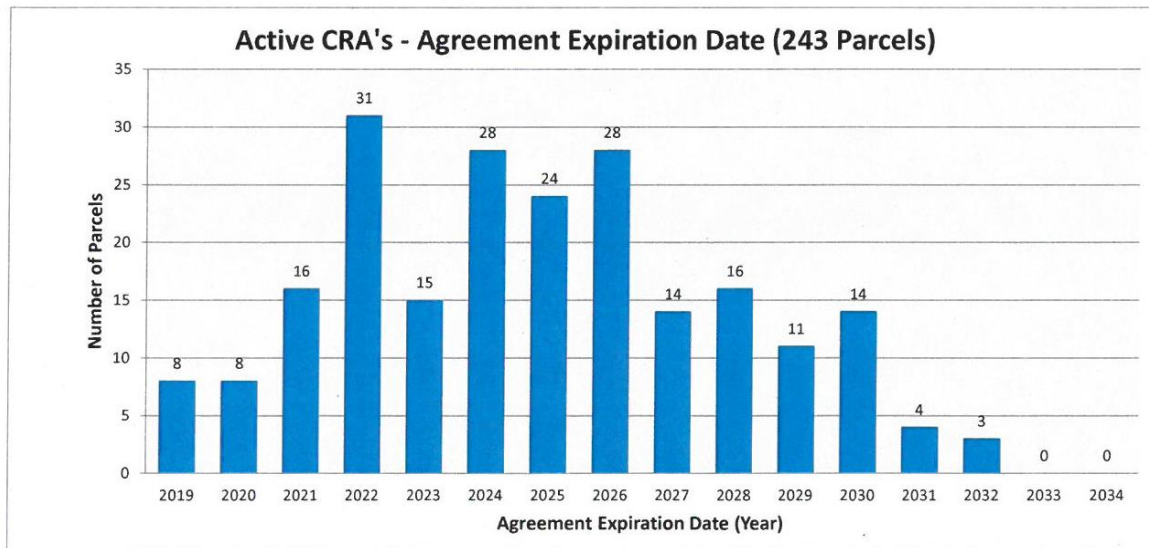
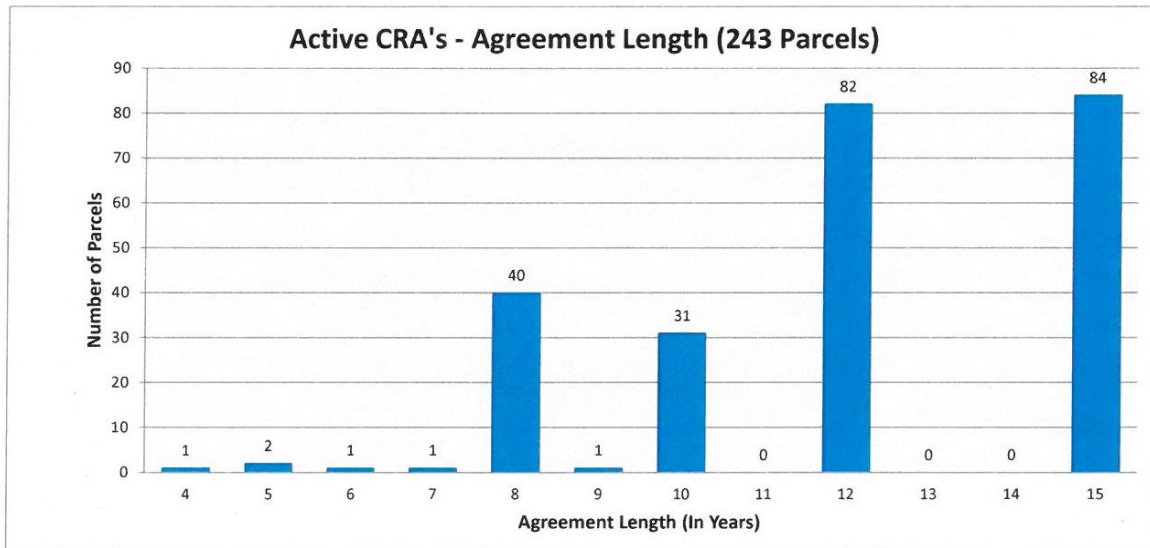
Staff Liaisons

Jennifer Wagner, CFO/Treasurer
Lauren Roberts, Internal Auditor

CRA Update - As of 2/27/19

Active Parcels	243
Pending Parcels	273
Average Length of Agreement (Active)	12

Revenues - FY19	Receipt Code	Budget	Actual	% Collected	Notes
CRA's	1880	\$ 7,838,881.00	\$ 1,060,043.91	13.52%	First half of 2018 tax year was billed on 2/15/19. Second half of 2018 tax year will be billed on 4/15/19.
Payments from City	2400/2300	\$ 5,000,000.00	\$ 3,825,337.35	76.51%	Mercy Health & Stadium
Payments from County	2400/5300/3131/ 3132/1122/1111	\$ 360,828,237.06	\$ 275,645,182.18	76.39%	TIF Adj, CMHA, Surplus, Homestead Rollback, Manufactured Home Rollback, Prs Prop, RE Net, & RE Advance
TIF's (See attached handout)	2400	\$ 12,760,000.00	\$ 7,437,883.46	58.29%	Have not received Sycamore or Fairfax/Red Bank yet for tax year 2017.
		\$ 386,427,118.06	\$ 287,968,446.90	74.52%	



TIF TAX PAYMENTS - FY19
Received - As of 2/27/2019

TIF=Tax Increment Financing	Payments Received	Date Created	Date Expiration	First Received	Budget	Actual	% Collected
Anderson Township	2x per yr				\$ 1,600,000.00	\$ 910,855.77	56.93%
City of Cincinnati					\$ 9,500,000.00	\$ 5,793,149.60	60.98%
City of Cincinnati Payments - TIF Districts	2x per yr	Various	Various	Various		\$ 3,740,482.69	
District 1 - Queensgate		12/18/2002	12/31/2033	2004		\$ 29,829.83	
District 2 - Downtown South/Riverfront		12/18/2002	12/31/2033	2004		\$ 612,443.17	
District 3 - Downtown/OTR West		12/18/2002	12/31/2033	2004		\$ 504,722.46	
District 4 - Downtown/OTR East		12/18/2002	12/31/2033	2004		\$ 1,262,974.18	
District 5 - Center Hill - Carthage		12/18/2002	12/31/2033	2006		\$ 3,745.52	
District 6 - Walnut Hills		12/18/2002	12/31/2033	2004		\$ 119,242.49	
District 7 - East Walnut Hills		12/18/2002	12/31/2033	2005		\$ 111,562.54	
District 8 - Clifton/University Heights		12/18/2002	12/31/2033	2004		\$ 337,815.10	
District 9 - Corryville		12/18/2002	12/31/2033	2005		\$ 331,535.59	
District 10 - Bond Hill		12/18/2002	12/31/2033	2006		\$ 16,607.31	
District 11 - Evanston		12/18/2002	12/31/2033	2005		\$ 19,796.38	
District 13 - West Price Hill		11/2/2005	12/31/2036	2008		\$ 3,805.36	
District 14 - Price Hill		11/2/2005	12/31/2036	2008		\$ 4,513.30	
District 15 - East Price Hill		11/2/2005	12/31/2036	2008		\$ 19,700.75	
District 16 - Lower Price Hill		11/2/2005	12/31/2036	2009		\$ 5,316.09	
District 17 - Westwood 1		11/2/2005	12/31/2036	2009		\$ 7,033.03	
District 18 - Westwood 2		11/2/2005	12/31/2036	2008		\$ 6,289.43	
District 19 - Madisonville		11/2/2005	12/31/2036	2009		\$ 175,103.96	
District 20 - Oakley		11/2/2005	12/31/2036	2009		\$ 124,041.75	
District 21 - Avondale		11/2/2005	12/31/2036	2009		\$ 44,404.45	
City of Cincinnati Payments - TIF Projects	2x per yr	Various	Various	Various		\$ 2,052,666.91	
21C Hotel Project						\$ 71,842.05	
303 Broadway		6/9/2004	12/31/2035	2005		\$ 168,435.77	
Adams Landing - Village A						\$ 27,833.85	
Adams Landing - Village B						\$ 22,190.24	
Adams Landing - Village D						\$ 36,439.28	
Baldwin/Corporex		6/20/2007	12/31/2038	2009		\$ 45,817.68	
Baldwin/Corporex		6/20/2007	12/31/2038	2009		\$ 6,561.78	
Baldwin/Corporex		6/20/2007	12/31/2038	2009		\$ 112,720.70	
Columbia Square		6/25/2003	12/31/2034	2007		\$ 35,435.35	
Dunnhumby USA		4/17/2013	12/31/2044	2014			
Fountain Square South*		12/13/1980	12/31/2011	1982		\$ -	
Fountain Square West		5/11/1994	12/31/2025	1996			
Hyatt/Saks*		12/19/1984	12/31/2015	1986		\$ -	
Keystone Parke		1/26/2008	12/31/2039	2010		\$ 44,263.03	
Keystone Parke - Phase II		1/26/2008	12/31/2039	2010		\$ 93,078.49	
Milacron		10/24/2001	12/31/2032	2003		\$ 101,029.63	
Millworks**						\$ -	
Oakley North - Phase II		6/26/2002	12/31/2033	2004		\$ 71,697.54	
Oakley Station TIF		6/20/2012	12/31/2043	2015		\$ 81,206.96	
Oakley Station TIF		6/20/2012	12/31/2043	2015		\$ 27,609.91	
Oakley Station TIF		6/20/2012	12/31/2043	2015		\$ 8,203.58	
Queen City Square						\$ 974,918.84	
Queen City Tower		6/11/2008	12/31/2039	2010			
Race Street Development						\$ 13,416.32	
Shillito Lofts						\$ 17,245.46	
Centennial						\$ 43,193.03	
West End						\$ 691.86	
New Windsor						\$ 8,443.52	
CSCPA Renaissance LLC						\$ 40,392.04	
City of Cincinnati - Roll Back	1x per yr				\$ 120,000.00	\$ 92,553.11	77.13%
Columbia Township	2x per yr				\$ 20,000.00	\$ 128,796.71	643.98%
Delhi Township	2x per yr				\$ 70,000.00	\$ 42,227.07	60.32%
Fairfax Village / Red Bank++	1x per yr				\$ 300,000.00		0.00%
Green Township	2x per yr				\$ 850,000.00	\$ 420,358.55	49.45%
Green Township - Homestead Rollback	2x per yr				\$ 100,000.00	\$ 49,942.65	49.94%
Sycamore Township++	1x per yr				\$ 200,000.00		0.00%
GRAND TOTAL			30 Years		\$ 12,760,000.00	\$ 7,437,883.46	58.29%

* Expired in 2009

--Actual is 2nd Half
of 2017 Tax Year

** Replace with Oakley Station Project TIF

--1st Half 2018 Tax Year
to be received in FY19.

++ Payment expected soon for all of Tax Year 2017