

## **REPORT OF THE FINANCE COMMITTEE**

The Finance Committee met on Thursday, April 18, 2019 at 4:00 PM at the Cincinnati Public Schools Education Center in the Board Conference Room.

### **ATTENDEES**

#### Finance Committee Members

Chairperson Eve Bolton, Melanie Bates, Ryan Messer

#### Administrators

Jennifer Wagner, Treasurer; Vera Brooks, Interim Director, Early Childhood; Dan Hoying, General Counsel; Laura Sanregret, Teacher, Early Childhood; Nathan Tyahur, Accounts Receivable Supervisor

#### Kearney and Kearney

Eric Kearney, CEO, President

#### Focused Capitol Solutions

George Glover, Co-Managing Director

#### Preschool Promise

Hector Polanco, Finance Manager

#### RedTree Investment Group

Jennifer Trowbridge, Co-Founder & Portfolio Mgr

#### Cincinnati Federation of Teachers (CFT)

Julie Sellers, President

#### Community Members/Parents

Marlena Brookfield, Craig Rozen

### **FOR BOARD APPROVAL**

#### **Committee Workplan Adoption**

ACTION: The Committee agreed with the workplan (attached) and will recommend the document for approval at the April 29, 2019 Regular Business meeting.

### **FOR BOARD INFORMATION**

#### **Activities Beyond the Classroom (ABC) Contract Proposal**

Brian Leshner, Executive Director, reported that ABC is currently in the third year of a three-year contract with CPS, and has met with Treasurer Wagner and Assistant Superintendent Myles regarding adding a year onto the contract.

Mr. Leshner shared that the ABC board has suggested doing a five-year contract instead. The ABC board is asking for a 4 percent increase annually, instead of at the end of the contract term.

Treasurer Wagner and Assistant Superintendent Myles have agreed to the wisdom of a five-year contract with ABC. The 4 percent increase request and finalizing the move to the five-year contract will be discussed after an inventory of all ABC programs is shared and enrollment and participation numbers are also shared at the May Finance Committee meeting.

Treasurer Wagner suggested waiting until after the new Assistant Superintendent for High Schools is hired. This will give the Administration time to work on the plan and then bring it back to the Finance Committee.

## **Governmental Relations Report**

- A Year's Plan (Assigned in SAC Jan. Meeting...To advise and outline..."A Year's Lobbying Plan")

Mr. Glover and Mr. Kearney presented an outline for the CPS government Relations Strategy in 2019 with the following five-pronged approach:

1. Define Which Issues are a Priority
2. Identify Our Legislative Champions
3. Build Relationships w/Legislative Champions
4. Track Legislation and Communications
5. Communicate Updates to Champions

Committee Chair Bolton suggested adding report card changes. Committee member Messer suggested preschool and early childhood be added as well. Mr. Kearney said that was an oversight and they will be added.

- Update on Status of Cupp/Patterson and the Governor's Proposed Biennial Budget

### **House Bill (HB) 166**

Mr. Glover reported that the state budget proposal for Fiscal Years (FY) 2020-2021—HB166—was formally introduced on March 25. In the first or second week of May it will go to the Senate, and then in June the proposal will be finalized.

The proposal crafted by Cupp and Patterson is not officially part of the budget yet. It would create an entirely new funding formula, and while the full details of the plan have not yet been released, House Speaker Larry Householder (R-Glenford) expressed concerns about aspects of their formula and also questioned whether sufficient time exists for the proposal to be passed prior to the June 30 budget deadline. Mr. Glover reported it may be that this is passed alone and not part of the budget.

The Governor's budget focuses on making targeted investments in specific areas related to early childhood, water quality and mental health services. Currently \$55 million is included for "wraparound services." Mr. Glover shared that it does appear that CPS will come out ahead, but cautioned not to spend it yet.

Committee Chair Bolton reported that she was invited to a meeting of the Property Tax Working Group. The meeting included representatives from many Cincinnati neighborhoods and discussed the high property taxes in our area. She shared that they did not fully understand the school funding formulas and CPS levies, and that she volunteered Treasurer Wagner to meet with them.

**ACTION:** Treasurer Wagner will speak at the next Property Tax Workgroup.

Superintendent Mitchell reported that she met with Reba Dysart, Vice President of Development at Cincinnati Zoo & Botanical Garden, and discussed fundraising. Ms. Dysart suggested CPS needs to diversify the portfolio and start a foundation. Superintendent Mitchell would like to explore those options—especially the foundation. Committee Chair Ms. Bolton suggested a foundation should be part of the District's Strategic Plan.

## **RedTree Investments**

Treasurer Wagner reported that back when the bond levy with the Facilities Master Plan was done, CPS went with two investment providers—one is Cincinnati and one in Columbus.

Now, due to ORC limits placed on certain asset classes such as commercial paper and certificates of deposit, consolidation of investment providers will reduce risk to the District. When multiple

investment providers are utilized, the onus falls on CPS to ensure limits are not exceeded. If only one provider is utilized, there is confidence the limits will not be exceeded.

Mrs. Wagner is recommending RedTree Investments. Their primary focus is on public funds with over 150 Ohio school clients. They are 50 percent women-owned small business and local with offices located in Oakley within the CPS borders.

RedTree will work with the Treasurer's Office.

### **Preschool Promise Financials**

Hector Polanco, Cincinnati Preschool Promise (CPP) Finance Manager, reported that in March CPS clearly communicated two things to CPP:

1. Looking to use funds as administrative fee for other things; and
2. A discussion needs to be had regarding questions concerning Quality Improvement Grants.

Mr. Polanco then communicated CPP's three lines of discussion:

1. The 250-300 percent;
2. Cost of outdoor play equipment and Quality Improvement Grants; and
3. Quality Improvement Grants spending as a wage supplement for 0-, 1-, and 2-star providers.

Vera Brooks, Interim Director, Early Childhood, explained to the Committee that Step Up to Quality, the five-star quality rating and improvement system administered by the Ohio Department of Education and the Ohio Department of Job and Family Services, is the same across the state. Part of this is that providers must have outdoor play equipment, as required by state guidelines, in order to obtain a 3-, 4-, or 5-star rating.

Committee member Bates said it would be necessary to get a commitment from providers to ensure that 50 percent of students will be subsidized and will continue for x-number of years.

The only wage supports provided today are running a pilot to see if turnover in certain schools can be reduced reported Mr. Polanco. Tuition Assistance will not be provided to 0-, 1-, and 2-star providers.

The Committee discussed at length the need for providers receiving Quality Improvement Grants serving children with the most need, as well as using public monies to improve conditions and ratings system for private tuition students. It was also discussed that CPS non-5-star units should receive Quality Improvement Grant monies for the CPS expansion as well.

### **Cumulative Demographics For Preschools Involved with CPP QI Program**

QI Status	Type	Count	Current Preschool	Current Capacity (Preschool
			Enrollment	only or Total)
Current Pipeline	Center	26	437	717 Preschool Only Capacity
	Parochial	6	101	136 Preschool Only Capacity
	Type A	16	41	200 Total Capacity
	Type B	49	87	282 Total Capacity
Current Pipeline Total		97	666	1335
Graduated to Highly Rated	Center	5	117	169
	Type A	2	5	24
	Type B	3	5	18
Graduated to Highly Rated		10	127	211
Inactive	Center	4		

1- "Current Preschool Enrollment" and "Current Capacity..." are accurate for "Graduated to High Rated" category, but represent a low-side estimate for all others

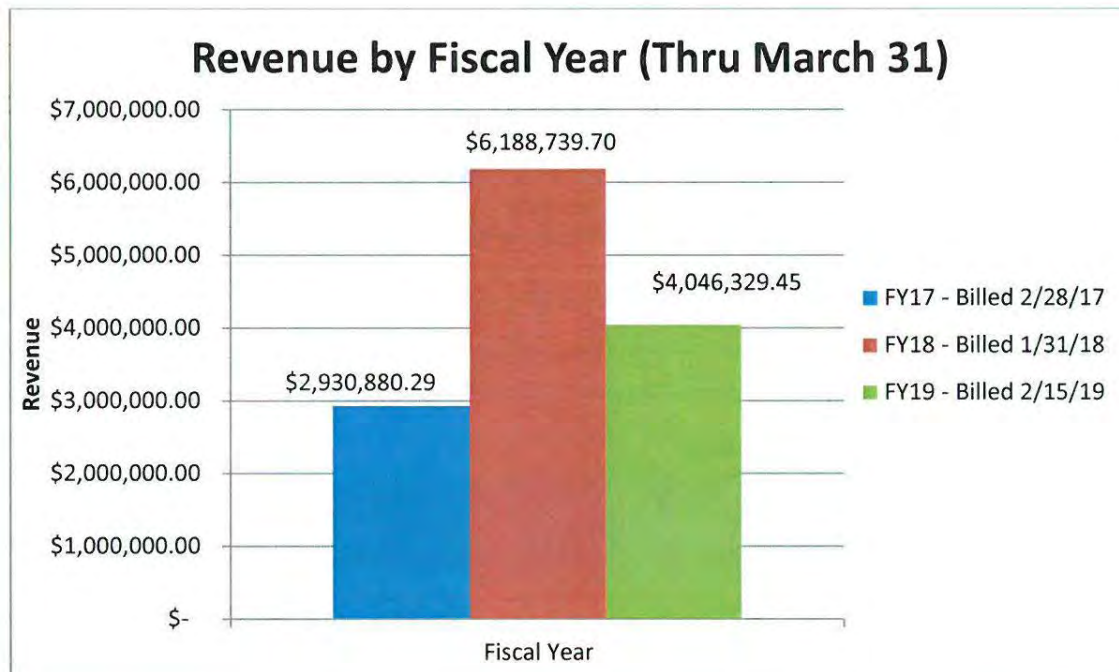
## Community Reinvestment Agreements

Nathan Tyahur, Accounts Receivable Supervisor, provided the following information and reported that they are on track.

### New Agreements For Approval

Agreement	Years of Agreement	Estimated Annual Revenue	Estimated Total Agreement Revenue
<b>(A.) 43 Partners, LLC</b> <i>Description:</i> the improvements made to the real property located at 209-221 Donahue Street, 210-230 E. University Avenue, 2907 Gerard Street, 2909 Bellevue Avenue, and 2908-2916 Eden Avenue in the Corryville neighborhood of Cincinnati, in connection with the construction of two buildings into residential space - Ordinance #389-2018, Contract #95x2019-264	15-years	\$216,277.66	\$3,244,164.89
<b>(B.) 1629 Citadel, LLC</b> <i>Description:</i> the improvements made to the real property located at 2346-2350 Boone Street in the Walnut Hills neighborhood of Cincinnati, in connection with the remodeling of an existing building into 14 residential apartments - Ordinance #59-2019, Contract #95x2019-148	8-years	\$3,166.92	\$25,335.34
<b>(C.) Cincy Downtown Lodging Associates, LLC</b> <i>Description:</i> the improvements made to the real property located at 299 E. 6th Street in Cincinnati, in connection with the remodeling of an existing building into a hotel - Ordinance #359-2018, Contract #95x2019-251	15-years	87,829.18	\$1,317,437.65
<b>(D.) Wooster Development, LLC</b> <i>Description:</i> the improvements made to the real property located at 5325 Wooster Road in the Linwood neighborhood of Cincinnati, in connection with the remodeling and expansion of an existing building into a new headquarters building for its affiliate, <u>Prus</u> Construction Company - Ordinance #31-2019, Contract #95x2019-277	12-years	32,349.01	\$388,188.07

### CRA Revenues Collected



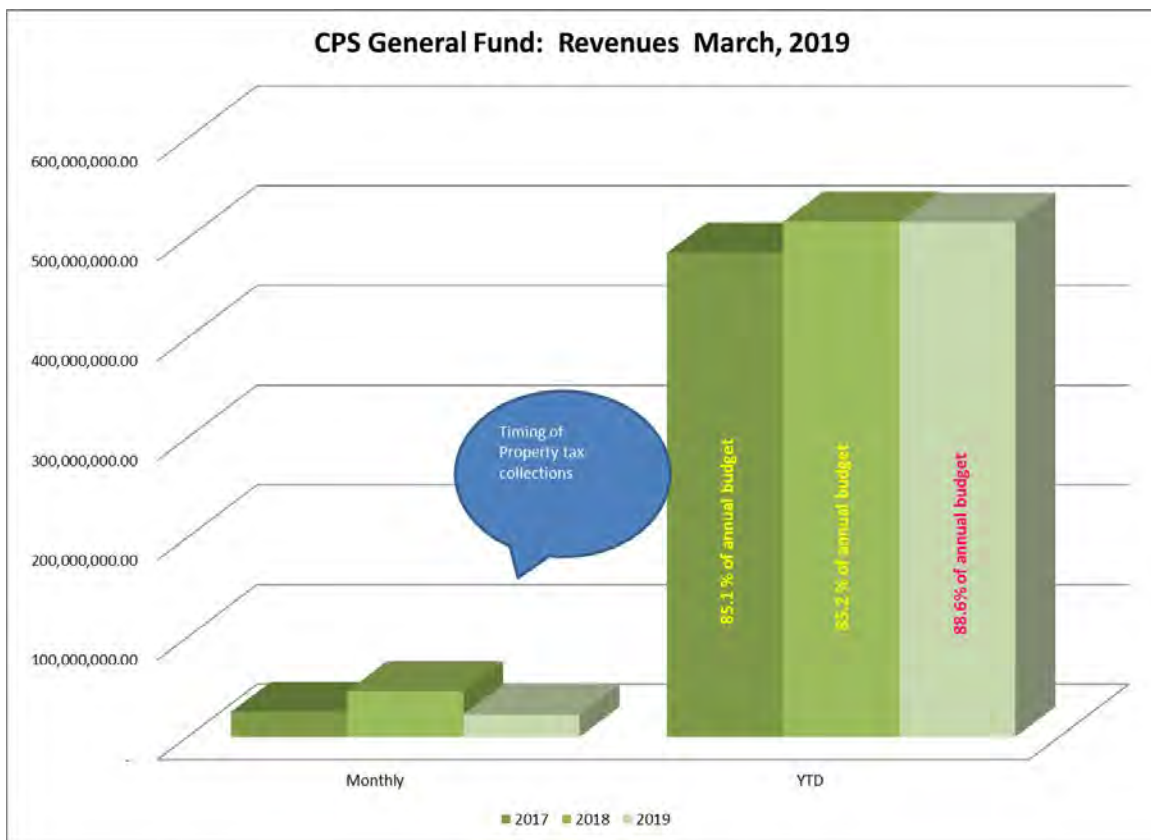
Billed But Not Collected (Aging)

### Billed But Not Collected (Thru March 31)

Year	0-30 Days Old	31-60 Days Old	61-90 Days Old	90+ Days Old	Total
FY17	\$ -	\$ 131,360.46	\$ 297,994.52	\$ -	\$ 429,354.98
FY18	\$ -	\$ -	\$ 143,020.55	\$ 33,116.05	\$ 176,136.60
FY19	\$ 8,515.62	\$ 521,968.70	\$ -	\$ -	\$ 530,484.32

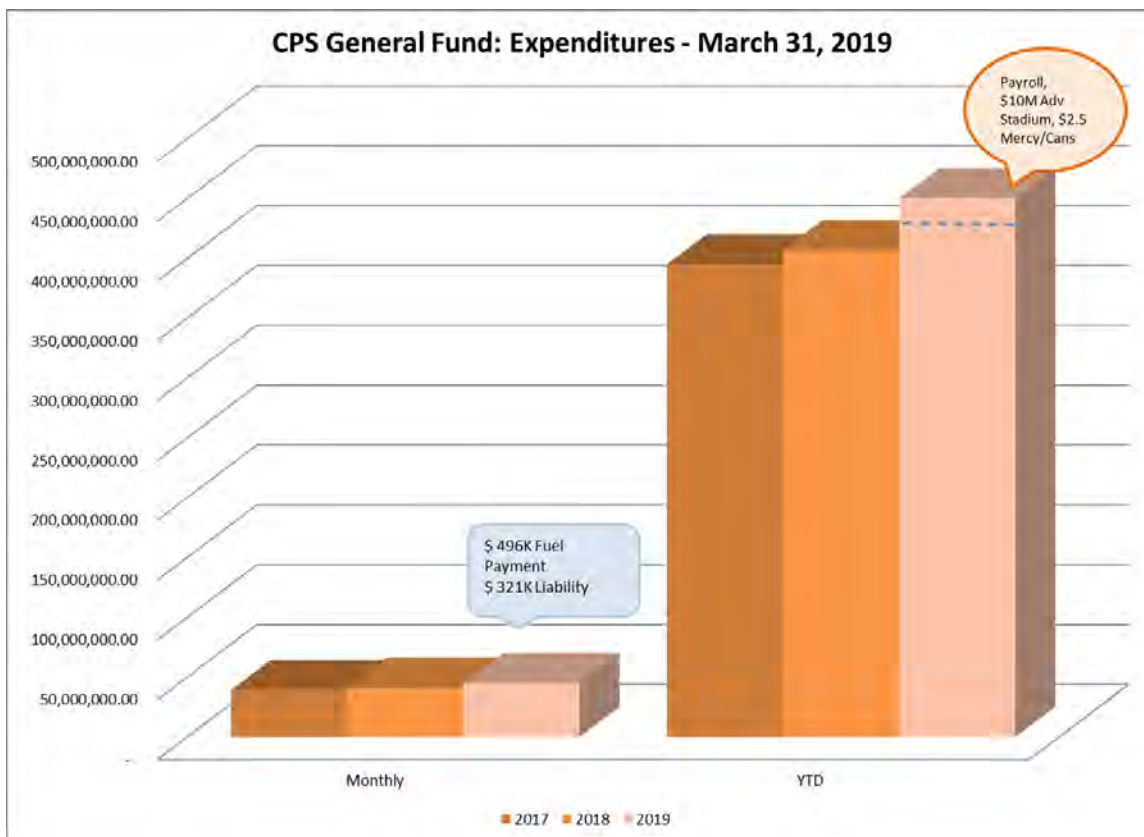
### Treasurer Monthly Updates

Treasurer Wagner updated the Committee on: *CPS General Fund: Revenues March 2019.*

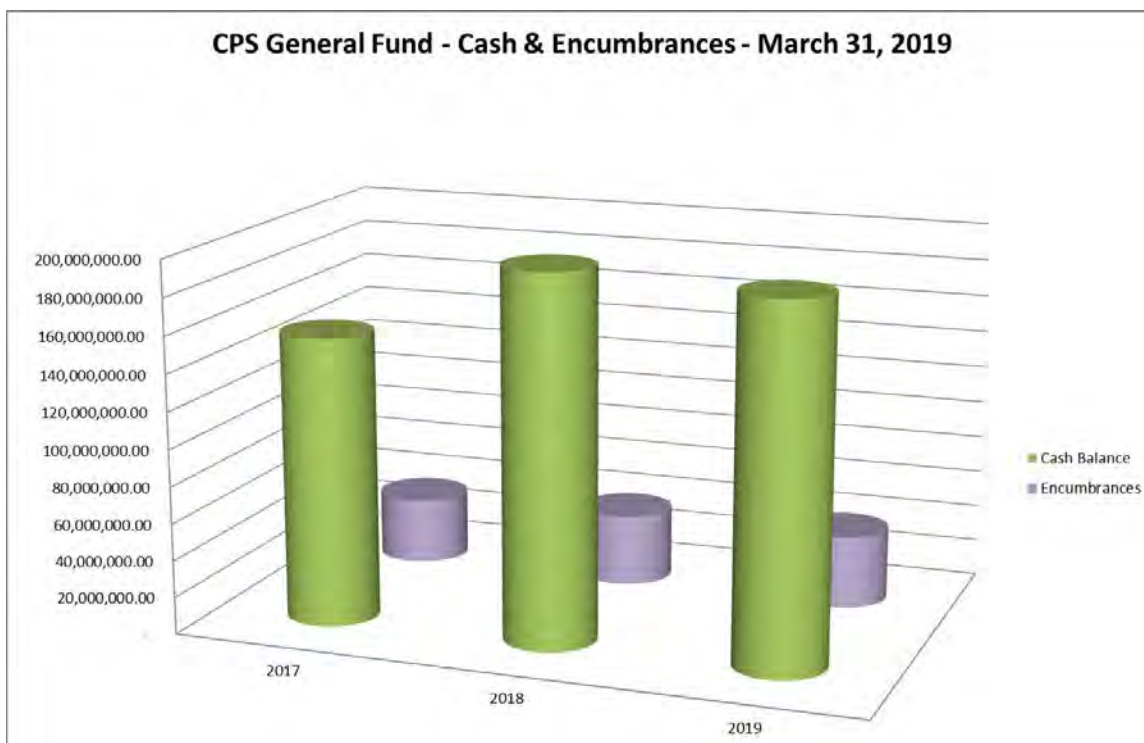




Treasurer Wagner updated the Committee on: ***CPS General Fund: Expenditures – March 31, 2019.***



Treasurer Wagner updated the Committee on: ***CPS General Fund–Cash + Encumbrances–March 31, 2019.***



Treasurer Wagner updated the Committee on: *State and Federal Grants – March 2019.*

### State & Federal Grants - March 2019

	State	Federal	Combined	FY18
Beg Cash	1,971,239.69	7,778,481.65	9,749,721.34	9,194,087.04
Receipts	11,315,277.94	32,363,089.64	43,678,367.58	47,262,937.62
Expenditures	7,147,158.58	35,829,217.34	42,976,375.92	51,697,703.59
Encumbrances	3,302,768.93	4,332,937.36	7,635,705.99	5,386,365.69
Ending Cash	2,836,590.12	(20,583.11)	2,816,007.01	(627,044.62)

Treasurer Wagner updated the Committee on: *CPS Preschool Expansion.*

### CPS Preschool Expansion

	Budget	March YTD	MAR YTD FY18
<b>Revenues:</b>			
General R/E Property Tax	13,649,553.39	14,375,417.97	15,181,025.27
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)
<b>Revenues</b>	<b>\$ 14,835,000.01</b>	<b>\$ 15,012,140.74</b>	<b>\$ 15,811,051.70</b>
<b>Expenses:</b>			
Tuition Assistance	4,376,878.00	3,115,172.79	3,018,026.88
Payments to United Way	8,887,251.00	3,679,936.62	5,311,377.87
Workforce Development	108,463.68	32,047.20	-
Special Education Support	654,353.44	406,073.56	350,009.19
Administrative Support	200,000.00	10,232.99	112,458.10
<b>Expenses</b>	<b>\$ 14,226,946.12</b>	<b>\$ 7,243,463.16</b>	<b>\$ 8,791,872.04</b>
<b>Net Income</b>	<b>\$ 608,053.89</b>	<b>\$ 7,768,677.58</b>	<b>7,019,179.66</b>

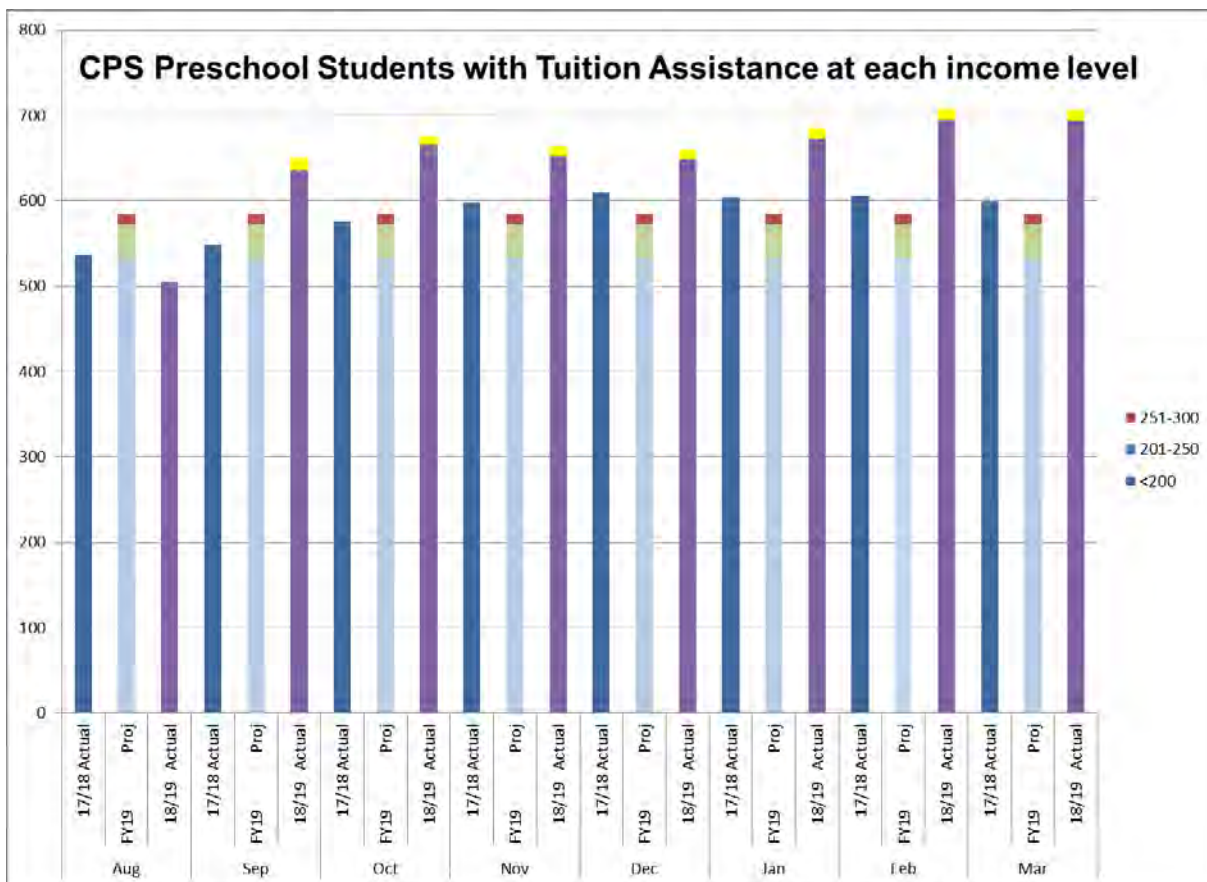
Treasurer Wagner updated the Committee on: *CPS Tuition Assistance Summary*.

## CPS Tuition Assistance Summary

	Income	FT	HT	Total	Days	Tuition Assist \$
<b>Mar</b>	<200 %	645	48	693	9,092	353,422.20
	200-250	9	4	13	169	5,305.28
<b>s/t</b>		<b>654</b>	<b>52</b>	<b>706</b>	<b>9,261</b>	<b>358,727.47</b>
<b>YTD</b>				<b>706</b>	<b>82,230</b>	<b>\$ 3,115,173</b>
<b>LY</b>				<b>599</b>	<b>74,862</b>	<b>3,018,027</b>

*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.*

Treasurer Wagner updated the Committee on: *CPS Preschool Students with Tuition Assistance at Each Income Level*.



Committee member Messer requested enrollment numbers for all sites, including total seats. Treasurer Wagner indicated this was already requested.



### **Committee Workplan Required Updates**

- Draft District Annual Budget/Five-Year Forecast

Treasurer Wagner reported that the annual budget was presented at the Budget Engagement Session held on April 17, 2019.

She shared that the Five-Year Forecast is still being worked on due to some Transportation close-out expenses.

- Treasurer New Annual Goals

Mrs. Wagner is working on finalizing her goals and plans to have them ready in May.

### **Board Assignment to Further Discuss District Concerns and Interest Re: Abatement Negotiations**

The Committee discussed scheduling a Fact Finding session regarding the abatement negotiations. Also discussed were the possible types of levies.

ACTION: The Fact Finding session will be scheduled for May 8, 2019 at 4:30 p.m. Administration will invite the necessary representatives and officials.

### **Future Agenda Items**

- Committee Work Plan Required Transportation Update (Financial and Service)
- Financial Policies Review Still Needed to be Reviewed:
  - 6621 – Change Fund
  - 6670 – Trust Funds
  - 6680 – Recognition
  - 6700 – Fair Labor Standards Act (FLSA)
  - 6830 – Audit
- Abatement Negotiations and Levy Discussions

The meeting adjourned at 4:30 PM.

### **Finance Committee**

Eve Bolton, Chair  
Melanie Bates  
Ryan Messer

### **Staff Liaisons**

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

# Finance Committee

## Committee Workplan

### Calendar Year 2019

**OVERARCHING GOAL:** To provide financial oversight for the District.

#### **RECOMMENDATIONS FOR WORKFLOW:**

##### ***Organization:***

The Finance Committee will meet at 4 pm on the third Thursday of each month. The meetings will take place in the Board Office Conference Room. Any committee member may place items on the committee agenda for discussion.

##### ***Committee Make-Up:***

###### Finance Committee

Eve Bolton, Chair  
Melanie Bates  
Ryan Messer

###### Staff Liaisons

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

The Committee will conduct its work around the Board's strategic goals:

##### **GREAT PEOPLE**

Enable the recruitment, growth, and advancement of distinguished professionals committed to serving diverse students with a high regard for equity, and in a manner characterized by rigor, innovation, and accountability.

##### **GREAT COMMUNITIES**

Cultivate a robust and inclusive network of engaged parents, community and other stakeholders that work together to build safe, vibrant schools at the center of safe, vibrant communities.

##### **GREAT LEARNING CHOICES**

Provide for expanded learning opportunities and choices for all students that reflect a shared concern for the whole child and demonstrate appreciation for every student as a unique individual.

##### **GREAT SYSTEMS**

Ensure that all operations, and resources of every type, are equitably distributed, and singularly and systemically focused on high academic achievement for all students.

### **Responsibilities of the Finance Committee**

The specific responsibilities of the Finance Committee shall be as follows:

- A. Review the annual tax budget, annual appropriations resolution, and other appropriations or transfers of funds whether initiated by the Administration or Board Standing Committees and make recommendations to the Board.
- B. Review all monthly reports of the Superintendent and the Treasurer regarding the statuses of the General, Capital, and Federal fund's and grant's expenditures and income, and furnish written comments on the reports at the discretion of the Committee.
- C. Review projections of the financial status of the District including, but not limited to, authorized level of personnel, labor negotiations and Five-Year Forecast from the Superintendent and the Treasurer/Chief Financial Officer. The Finance Committee shall utilize these projections to formulate such reports or recommendations as the Committee deems appropriate.
- D. Initiate the evaluation of the Treasurer, and facilitate the formal evaluation that shall be completed and approved by the full Board in either executive or public session, at the discretion of the Treasurer.
- E. Receive and review the assumptions that will be used to construct the district budget before beginning the annual budget process, and report on same to the Board before and when approval is recommended by the Administration.
- F. Formulate, with the assistance of the Superintendent and Treasurer, legislative goals pertaining to school funding that will be the focus of the District's lobbying efforts to the local, state and federal government, and report on these legislative goals to the Board for consideration.
- G. Receive reports regarding all audits of the District's funds including funds from local, state, federal, grant and private sources. These audits may be conducted by the State Auditor, the Ohio Department of Education, and/or other financial entities or individuals, and any findings, commendations, and/or recommendations are to be reported to the Board in a timely manner.
- H. The Audit Committee may be convened at the will of the Finance Committee to act in an advisory capacity to the Finance Committee.
- I. DEVELOP AN ANNUAL WORKPLAN TO INCLUDE THE SPECIFIC RESPONSIBILITIES AS STATED ABOVE TO BE SUBMITTED TO THE BOARD FOR APPROVAL.
- J. Oversight of Preschool Promise funds.

Month	Task	Staff Person Responsible
<b>January</b>		
	Monthly Financial Reports: General Fund, Federal Funds, State Funds	Wagner
	Community Investment Agreements	Wagner
	District Insurance Update	Hoying/Fischel
	Financial Audit Update	Roberts
	New Year Budget Development Update	Wagner
	Investment Update	Wagner/Treolo
	Preschool Promise Finances	CPP Staff
	Government Relations	Kearney/Glover
	Financial Policy Review 5 per month	Wagner
<b>February</b>		
	Monthly Financial Reports: General Fund, Federal Funds, State Funds	Wagner
	Community Investment Agreements	Wagner
	Post Audit Discussions & Workplan	Roberts/Wagner
	CAFR (Comprehensive Annual Financial Report)	Wagner
	New Year Budget Development Update	Wagner
	Preschool Promise Finances	CPP
	Government Relations	Kearney/Glover
	Financial Policy Review 5 per month	Wagner
<b>March</b>		
	Monthly Financial Reports: General Fund, Federal Funds, State Funds	Wagner
	Community Investment Agreements	Tyahur
	Disparity and Minority Review	Levins
	Government Relations	Kearney/Glover
	New Year Budget Development Update	Wagner
	Labor Negotiations	McDole
	Financial Policy Review 5 per month	Wagner
<b>April</b>		
	Monthly Financial Reports: General Fund, Federal Funds, State Funds	Wagner



Month	Task	Staff Person Responsible
	Community Investment Agreements	Tyahur
	Review Draft of New Year Budget	Wagner/Mitchell
	Treasurer New Year Goals	Wagner
	Transportation Update (current year)	Adams
	Preschool Promise Finances	CPP Staff
	Government Relations	Kearney/Glover
	Labor Negotiations	McDole
	Financial Policy Review 5 per month	Wagner
<b>May</b>		
	Monthly Financial Reports: General Fund, Federal Funds, State Funds	Wagner
	Community Investment Agreements	Tyahur
	Preschool Promise Finances	CPP Staff
	Government Relations	Kearney/Glover
	Labor Negotiations (if applicable)	McDole
	New Year Budget - Final Recommendations	Wagner/Mitchell
	Five-Year Forecast Presentation	Wagner
	Financial Policy Review 5 per month	Wagner
<b>June</b>		
	Monthly Financial Reports: General Fund, Federal Funds, State Funds	Wagner
	Community Investment Agreements	Tyahur
	Preschool Promise Finances	CPP Staff
	Government Relations	Kearney/Glover
	Annual Appropriations (for Board Approval June 24th)	Wagner
	New Year Budget Updates/Revisions	Wagner/Mitchell
	Financial Policy Review 5 per month	Wagner
<b>July</b>		
	Monthly Financial Reports: General Fund, Federal Funds, State Funds	Wagner
	Community Investment Agreements	Tyahur
	Preschool Promise Finances	CPP Staff

Month	Task	Staff Person Responsible
	Government Relations	Kearney/Glover
	Disparity and Minority Review	Levins
	Hamilton County Tax Incentive Review Council	Tyahur
	Investment Update	Treolo
	Financial Policy Review 5 per month	Wagner
<b>August</b>		
	Monthly Financial Reports: General Fund, Federal Funds, State Funds	Wagner
	Community Investment Agreements	Tyahur
	Preschool Promise Finances	CPP Staff
	Government Relations	Kearney/Glover
	Financial Policy Review 5 per month	Wagner
<b>September</b>		
	Monthly Financial Reports: General Fund, Federal Funds, State Funds	Wagner
	Community Investment Agreements	Tyahur
	Preschool Promise Finances	CPP Staff
	Government Relations	Kearney/Glover
	Transportation Update	Adams
	Financial Policy Review 5 per month	Wagner
<b>October</b>		
	Monthly Financial Reports: General Fund, Federal Funds, State Funds	Wagner
	Community Investment Agreements	Wagner
	Preschool Promise Finances	CPP Staff
	Government Relations	Kearney/Glover
	Disparity and Minority Review	Levins
	Five-Year Forecast Presentation	Wagner
	Budget Planning (new year)	Wagner/Mitchell
	Financial Policy Review 5 per month	Wagner



Month	Task	Staff Person Responsible
<b>November</b>		
	Monthly Financial Reports: General Fund, Federal Funds, State Funds	Wagner
	Community Investment Agreements	Wagner
	Preschool Promise Finances	CPP Staff
	Government Relations	Kearney/Glover
	Contract Updates (planning)	Levins
	Assumptions on Which Budget is Based	Wagner/Mitchell
	Financial Policy Review 5 per month	Wagner
<b>December</b>		
	Monthly Financial Reports: General Fund, Federal Funds, State Funds	Wagner
	Community Investment Agreements	Wagner
	Preschool Promise Finances	CPP Staff
	Government Relations	Kearney/Glover
	Annual Tax Budget	Wagner
	Budget Planning	Wagner/Mitchell
	Disparity and Minority Review	Levins
	Financial Policy Review 5 per month	Wagner
<b>AS NEEDED or PERIODICALLY</b>		
	Special Audits: Local, State, Federal-Grants	
	ODE Mandates Funded and Unfunded	
	District Initiatives Cost Benefit Analysis	