



my tomorrow*ed

**Vision
2020***

Cincinnati Public Schools
Hamilton County, OH

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2016





Dave Yost • Auditor of State

Board of Education
Cincinnati City School District
2651 Burnet Avenue
Cincinnati, Ohio 45219

We have reviewed the *Independent Auditor's Report* of the Cincinnati City School District, Hamilton County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2015 through June 30, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Cincinnati City School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 31, 2017

This page intentionally left blank.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Hamilton County, Ohio

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

Prepared by:
Jennifer Wagner
Treasurer/CFO



TABLE OF CONTENTS

CINCINNATI CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO

I INTRODUCTORY SECTION

A Letter of Transmittalv
B List of Principal Officials.....xiii
C Organization Chart.....xiv
D Certificate of Achievement..... xv

II FINANCIAL SECTION

A Independent Auditor’s Report..... 1
B Management’s Discussion and Analysis 5
C Basic Financial Statements:
 Government-wide Financial Statements:
 Statement of Net Position 16
 Statement of Activities 17
 Fund Financial Statements:
 Governmental Funds:
 Balance Sheet 18
 Reconciliation of Total Governmental Fund Balances to Net Position of
 Governmental Activities..... 19
 Statement of Revenues, Expenditures and Changes in Fund Balances 20
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances to the Statement of Activities..... 22
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual:
 General Fund..... 24
 Schoolwide Building Program Fund 26
 Proprietary Fund:
 Statement of Net Position 27
 Statement of Revenues, Expenses and Changes in Fund Net Position..... 28
 Statement of Cash Flows 29
 Fiduciary Funds:
 Statement of Net Position 30
 Statement of Changes in Net Position.... 31
Notes to the Basic Financial Statements..... 32

CINCINNATI CITY SCHOOL DISTRICT, OHIO

D Required Supplemental Information:

- Schedule of the District’s Proportionate Share of the Net Pension Liability 75
- Schedule of District Contributions 76

E Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Financial Statements:

- Combining Balance Sheet..... 81
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances..... 82
- Combining Balance Sheet – Nonmajor Special Revenue Funds 84
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds 86
- Combining Balance Sheet – Nonmajor Capital Projects Funds 88
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds..... 89

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis):

Major Governmental Funds:

- General Fund*..... 90
- Special Revenue Fund:*
 - Schoolwide Building Program Fund* 91

Nonmajor Governmental Funds:

- Special Revenue Funds:*
 - Food Service Fund 92
 - Other Grants Fund 93
 - Classroom Facilities Maintenance Fund 94
 - Auxiliary Services Fund..... 95
 - Title VI B – Special Education Assistance Fund 96
 - School Improvement Fund 97
 - Chapter I Fund 98
 - Miscellaneous Federal Grants Fund 99
 - Other Special Revenue Funds 100

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Nonmajor Governmental Funds: (Continued)

Capital Projects Funds:

Permanent Improvement Fund	101
Building Fund.....	102
Replacement Fund.....	103
Classroom Facilities Fund.....	104

Permanent Fund:

Permanent Fund.....	105
---------------------	-----

F Fiduciary Funds – Agency Fund:

Statement of Changes in Assets and Liabilities.....	107
---	-----



CINCINNATI CITY SCHOOL DISTRICT, OHIO

III

STATISTICAL SECTION

Net Position by Component - Last Ten Years..... S 2
Changes in Net Position - Last Ten Years S 4
Fund Balances, Governmental Funds - Last Ten Years S 8
Changes in Fund Balances, Governmental Funds - Last Ten Years S 10
Assessed Valuations and Estimated True Values of Taxable Property - Last Ten
Calendar Years S 14
Property Tax Rates of Direct and Overlapping Governments - Last Ten
Calendar Years S 16
Principal Taxpayers - Real Estate Tax and Public Utilities - Current Year and
Nine Years Ago..... S 19
Property Tax Levies and Collections - Last Ten Years..... S 20
Ratio of Outstanding Debt By Type - Last Ten Years S 22
Ratios of General Bonded Debt Outstanding - Last Ten Years S 24
Computation of Direct and Overlapping - Debt Attributable to Governmental
Activities - Current Year S 27
Debt Limitations - Last Ten Years S 28
Demographic and Economic Statistics - Last Ten Years S 30
Principal Employers - Current Year and Nine Years Ago S 33
School District Employees by Type - Last Ten Years S 34
Operating Indicators - Cost per Pupil - Last Ten Years S 36
Operating Indicators by Function - Last Ten Years S 38
Operating Indicators - Teacher Base Salaries - Last Ten Years..... S 40
Capital Asset Statistics by Building - Last Ten Years S 42
Educational and Operating Statistics - Last Ten Years S 44



Introductory Section





**Board of Education ★ City School District of the City of Cincinnati ★ Office of the Treasurer
PO Box 5384 ★ Cincinnati, OH 45201-5384 ★ Phone: 1-513-363-0425 ★ FAX: 1-513-363-0415**

January 13, 2017

To the Honorable Board of Education and
Citizens of the Cincinnati City School District

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the Board of Education of the Cincinnati City School District (the "District") for the fiscal year ended June 30, 2016. This report was prepared by the Office of the Treasurer/CFO and includes the report of the independent auditor, Plattenburg & Associates, Inc. The independent auditor's report concludes that the District's financial statements for the year ended June 30, 2016 are prepared in conformity with generally accepted accounting principles. The independent auditor's report is included as the first component of the financial section of this report.

This report also contains the financial statements and other financial and statistical data that provide a complete and full disclosure of all material financial aspects of the District. The responsibility for the accuracy of all data presented and its completeness and fairness of presentation rests with the office of the Treasurer/CFO. All disclosures necessary to enable the reader to gain an understanding of the District's activities have been included herein.

The District uses the State of Ohio Uniform School Accounting System (USAS), an automated, on-line general ledger accounting system used by the majority of Ohio School Districts. USAS is the basis for the District's accounting and budgetary. The District also complements and enhances the General Ledger USAS system with EprOhio, an automated e-procurement software. The District uses the State of Ohio Equipment Inventory System (EIS) for capital assets controls. The financial statements contained in the CAFR have been prepared from the USAS system, implemented by the Treasurer's Office in July 2013.

In an attempt to expand the district's efforts of fiscal transparency and analytics, the Treasurer's office began a software upgrade project. Through a competitive proposal process, the district chose SunGard Business Plus as its new financial and human resource information systems. The general ledger, procurement and receivable modules went live on July 1, 2016 and the human resource and payroll systems are schedule to go live on January 1, 2017.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2016

Internal accounting controls are an integral part of this system and are designed to achieve the fundamental objectives of safeguarding assets, providing reasonable assurance that financial transactions are properly recorded, and ensuring that adequate accounting data are compiled to allow for the preparation of financial statements in accordance with GAAP. The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgment by management.

The MD&A provides a narrative introduction, overview and analysis to accompany the basic financial statements. This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the Independent Auditors' Report. This Report can be found on the District's web site: <http://www.cps-k12.org>.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations (June, 2003 Revision)*. Information related to this single audit, including a schedule of federal financial assistance, the independent auditors' reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs, are included in a separately issued single audit report.

Profile of the District

The District includes all of the City of Cincinnati, Amberley Village, Cheviot, Golf Manor, most of the City of Silverton, a part of Fairfax, part of Wyoming and parts of Anderson, Columbia, Delhi, Green and Springfield Townships with a total area of approximately 90 square miles.

The District operates 43 elementary schools, 17 secondary schools, and 4 satellite schools. Through the use of a five-year building and maintenance plan, all facilities are kept in the best operating and physical condition possible. The District has implemented a \$56 million energy conservation program and has completed a \$1.1 billion, 10-year Facilities Master Plan program.

The District's average daily student enrollment (K-12) for the 2015-2016 year was 33,999 students. The District served 69% of the estimated 43,476 of school-aged children residing within its boundaries. The majority of enrolled students were members of ethnic minorities — in the 2015-2016 school year, 63.2% percent of students were African-American, 24.6 percent were Caucasian, 5.9 percent were other/multiracial, 4.8 percent were Hispanic, 1.5 percent were Asian or Pacific Islander.

A significant majority of students in the District — 81.9% percent — were on the federal free or reduced-price lunch plan during the 2015-2016 school year. Ninety percent of the District's elementary schools served students where 75 percent or more are economically disadvantaged. Nineteen percent of the students attending were served with Special Education needs.

Transportation was provided daily for 18,328 public students, 3,440 for charter students, and 3,455 for non-public students. Buses traveled an average of 17,977 miles each day. A self-supporting Food Services Department served an average of 23,170 lunches and 16,479 breakfasts each day in the 2015-2016 school year.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2016

The District offers a comprehensive academic curriculum through the following programs: college preparatory classes, Advanced Placement courses, gifted education, vocational programs and a full range of services in special education. The District provides tutorial help, resource rooms, speech/language therapy, psychological services and counseling. In addition to academic and related services, the District offers students opportunities to participate in a wide range of extracurricular activities to extend learning and increase enjoyment of school.

The Board of Education of the Cincinnati City School District (Board) is a body both politic and corporate, charged with the responsibility of managing and controlling affairs of the District and is, together with the District, governed by the general laws of the State of Ohio (Ohio Revised Code). The Board is comprised of seven (7) members who are elected for overlapping four-year terms. The Board members during the fiscal year ended June 30, 2016 were:

	<u>Current Term Commenced</u>	<u>Current Term Expires</u>
Ericka Copeland-Dansby, President	01/01/14	12/31/17
Melanie Bates, Vice President	01/01/14	12/31/17
Eve Bolton	01/01/16	12/31/19
Elisa Hoffman	01/01/14	12/31/17
A. Chris Nelms	01/01/16	12/31/19
Daniel Minera	01/01/14	12/31/17
Carolyn Jones	01/01/16	12/31/19

The Superintendent is the chief executive officer of the District, responsible directly to the Board for all educational and support operations. The Superintendent is appointed by the Board for a term not longer than five years and is responsible for administering Board-adopted policies, expected to provide leadership in all phases of policy formulation and is the chief advisor to the Board on all aspects of the educational program and total operation of the schools governed by the Board.

The Cincinnati Board of Education named Mary A. Ronan as Superintendent effective April 16, 2009. She has a current contract ending December 31, 2016 (Superintendent's contract was later extended through July 31, 2017).

Ms. Ronan began her more than 39-year career with Cincinnati Public Schools as a math and science teacher at the former Merry Middle School — a building that now houses her office as Superintendent in the district's Education Center.

A native Cincinnati, her service to CPS' schoolchildren features a diverse background in teaching and administration in neighborhood and magnet school settings at both elementary and high schools. As principal of Kilgour Elementary School, she was honored by the U.S. Department of Education with the designation in 2001 of Kilgour as a National Blue Ribbon School of Excellence.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2016

Superintendent Ronan's experiences in district administration include appointments as assistant superintendent and director of schools, roles in which she worked with principals to enhance leadership skills. At both the school and central administration levels, she has earned a reputation for building strong, supportive and open relationships with her staff as well as parents and community stakeholders. In 2005, she received the Excellence in Educational Leadership Award from The University Council for Educational Administration, In 2013, Education Week recognized Superintendent Ronan for her work on effective school turnarounds as part of the inaugural class of *2013 Leaders to Learn From*, and in 2014 received the YWCA Woman of the Year Award.

Under Ms. Ronan's leadership, CPS raised student academic achievement and earned an Effective rating on the Ohio Report Card for two consecutive years (2009-10, 2010-11) to become Ohio's highest-rated urban school district. CPS' Performance Index of overall progress continues to top that of all Ohio urban school districts.

In the first year of Ohio's Third Grade Guarantee, CPS had a 97.1% promotion rate on the 2013 report card.

Ms. Ronan's priorities have been to enhance collaboration and transparency while accelerating academic achievement. She has introduced new strategies designed to increase student performance, including the Elementary Initiative: Ready for High School, which provided intensive support for the district's 16 lowest-performing elementary schools; their successful academic turnaround contributed to the district's overall progress. At the high school level, Ms. Ronan has focused on increasing the academic rigor of course offerings and expanding college access while transforming teaching and learning with innovative technology through the District's new My Tomorrow initiative.

She holds bachelor's degrees in biology, education and philosophy, and a master's degree in business administration. She serves on numerous boards of civic, cultural, educational and social-service organizations.

Ms. Ronan considers it a great privilege to lead Cincinnati Public Schools in preparing the next generation of Cincinnati's young people with the skills required by our fast-paced, technologically demanding global economy. With the assistance of record grants totaling \$25.3-million from the GE Foundation, the district has worked to improve math and science education and advance skills in STEM subjects (science, technology, engineering and mathematics) and to transition to new, rigorous Ohio New Learning standards in math and English/Language Arts. She also led the successful completion – on time and on budget – of the district's decade-long \$1 billion Facilities Master Plan, which created 49 new or fully renovated schools while helping to revitalize neighborhoods. These schools also are Community Learning Centers, which operate as community hubs and assemble partnerships to expand academic and enrichment support for families beyond the traditional school day.

The Treasurer/CFO is appointed by the Board for a term not longer than five years and serves as the chief financial officer of the Board of Education and, with the president of the Board of Education, executes all conveyances made by the Board of Education. The Treasurer is responsible directly to the Board for maintaining all financial records, issuing all payments, maintaining custody of all District funds and assets and investing idle funds as specified by Ohio Law.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2016

The Cincinnati Board of Education appointed Mrs. Jennifer M. Wagner, as Treasurer/Chief Financial Officer on February 9, 2015. Currently, Mrs. Wagner is serving a 2-year contract commencing from February 10, 2015 thru July 31, 2017.

Mrs. Wagner, who joined the district in October 1993 and has led various CPS business operations during her tenure. Mrs. Wagner, has served as Chief Information Officer (CIO), providing executive oversight to all aspects of information management and technology; Director of Student Information Systems, responsible for student databases; and Director of Total Quality Management, an initiative to infuse total quality management principles and strategic planning into the district's transportation department since December 2011. During transition periods, Mrs. Wagner stepped up twice to fill vacant positions, as Interim Business Executive in 2002 and as Assistant Treasurer/Controller in January 2006.

Prior to joining CPS, Mrs. Wagner, a Certified Public Accountant, was Vice President/Controller for General Polymers Corporation. Mrs. Wagner received her BS in Accounting from Virginia Tech in Blacksburg, Virginia and currently holds CPA and Ohio School Treasurer licenses.

Local Economic Condition and Outlook

The economy of the District is based on a wide diversity of industry located in the District's geographic territory. The major sources of revenue to the District are largely derived from local property taxes on real and personal property, but also include financial aid from the State of Ohio. Other funds, such as lunch and special classes are funded for their expenditures by designated State and Federal grants.

The City of Cincinnati, the largest governmental subdivision within the District's boundaries, was founded in 1788, chartered as a village in 1802, and incorporated in 1819, is the hub of the metropolitan area ranking second in Ohio and sixteenth in the United States in value of manufacturing output. Located strategically on the Ohio River, it has developed into a major industrial and shipping center. As a major shipping route, the Ohio River handles as much tonnage as the St. Lawrence Seaway and the Panama Canal combined.

A transportation and industrial center since the early development of the territory west of the Appalachians, the Cincinnati Metropolitan Area has developed into a major center for insurance and finance companies; wholesaling and retailing; government installation, medical services, service industries, as well as manufacturing.

Metropolitan Cincinnati was expanded to include 15 counties: Hamilton, Warren, Clermont, Butler and Brown counties in Ohio; Dearborn, Union and Ohio counties in Indiana; and Kenton, Boone, Bracken, Campbell, Grant, Gallatin and Pendleton counties in Kentucky.

In 2016, the City issued a total of 10,458 building permits for all construction, including new construction and construction on existing residential and non-residential property, with an estimated cost of \$664,628,353. This represents a 9% decrease in estimated cost from the cost in 2015. The number of permits issued for residential increased from 2015 while non-residential construction showed a slight decrease from 2015. The major construction projects for 2015 were General Electric at the Banks, Children's Laboratory Buildings, and Christ Hospital Spine & Orthopedic Center.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2016

Among the Metropolitan Area's more prominent manufacturing groups are transportation equipment, which includes aircraft engines and motor vehicle parts; food and kindred products; metal working and general industrial machinery; chemicals; fabricated metal products; and printing and publishing. This diverse economic base continues to be a source of stability for the area, protecting it from severe peaks and valleys in the business cycle. The U.S. Bureau of Labor Statistics estimated total employment in Hamilton County at 501,200 at March 31, 2016. According to the United States Department of Labor, Bureau of Labor Statistics, the State of Ohio unemployment rate was 4.9% at October, 2016 the same as the national rate of 4.9%.

More than half of the nation's population, manufacturers, and purchasing power are located within 600 miles of Greater Cincinnati. The corporate headquarters of numerous firms are located in the Metropolitan Area, including nine Fortune 500 corporations: Kroger Company, Procter&Gamble, Macy's, Ashland Inc., Fifth Third Bancorp, Omnicare, General Cable Corp, AK Steel, Western & Southern Financial Group, and American Financial Group.

The Metropolitan Area is a growing center for international business, with approximately 1,000 firms engaged in international trade, generating \$21 billion in export sales. The City is the 16th largest center of export sales in the United States. Major export products include jet engines, plastics, machinery, computers and software technology and consumer goods. Nearly 400 Greater Cincinnati firms are owned by foreign firms from Japan, Germany, France, Canada, and the United Kingdom among other countries. Cincinnati exports more than any other city in Ohio.

Long-term Financial Planning

During FY 2007 the District fully implemented the Fiscal Responsibility Plan. The District continues to identify and execute further opportunities to reduce costs and right-size staffing levels.

The District continues to see the results of its long-term financial planning. The District met or exceeded its budget goal for the ninth straight year. We were again able to meet this goal because of our continuing effort to right-size the District, aggressively monitoring and evaluating spending and the District is making aggressive efforts to attract and retain students.

Facilities Master Plan (FMP) Surges Forward

The District's ten-year, \$1.1 billion Facilities Master Plan (FMP) officially launched with the passage of a \$480 million bond issue in May 2003. During the period from January 2005 through August 2015, the District renovated or constructed new a total of 49 schools. In August 2015, CPS moved into our final building project, a newly renovated Walnut Hills High School. Three demolition projects were added to the FMP and were completed in November 2015; thus completing our Facilities Master Plan project. The District's new schools are distinctive, eye-catching buildings, with technology-ready classrooms and energy efficient features. The buildings provide an abundance of natural light and include outdoor educational areas. As state-of-the-art, 21st century schoolhouses, these buildings have quickly become local landmarks and community anchors. During the spring and summer of 2016, in response to a growing demand for additional preschool seats, Cincinnati Public Schools renovated and reopened one of the schools left vacant by the Facilities Master Plan by converting it to the new Rising Stars Academy on Vine. In addition, the district leased space in two other locations to accommodate additional preschool seats.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2016

The District's 10-year rebuilding plan will generate an economic impact of \$2.35 billion for Greater Cincinnati, including creating 2,339 jobs and \$718 million in wages, according to a University of Cincinnati study. To help more businesses get a piece of that pie, the district has revamped its policies to generate more opportunities for Small Business Enterprises (SBE), Minority Business Enterprises (MBE) and Women Business Enterprises (WBE). The District's expanded Supplier Diversity Program is working to cultivate new relationships with a broader base of businesses. Beginning February 2010 a new initiative increased MBE participation to twenty-two percent (22%) for the last 13 projects bid. We are meeting the Board's goal of 20-25% for MBE participation. Our participation levels exceed the performance of other public capital projects in the area.

Historic Combination Preschool and K-12 Levy Sought

In spring of 2016, Cincinnati Public Schools began preparing for a historic levy campaign that involved working with multiple district stakeholders to put before voters a combined five-year, emergency levy that would raise \$48 million annually. Of this amount, \$15 million annually would be earmarked to expand quality preschool seats in CPS as well as through community-based preschool providers. The other \$33 million would support and expand district technology for students; college, career and workforce readiness initiatives; new programming for neighborhood schools; and provide essential educational services in response to the district's growing enrollment, which increased 8 percent over the past five years. The levy request was developed for the November 8, 2017 ballot. (Later provided with a ballot number of Issue 44, it passed with a 62 percent approval rate, the highest margin in CPS levy history.

Awards and Acknowledgments

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. The June 30, 2015 CAFR was the sixteenth consecutive CAFR prepared by the District to receive this prestigious award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal For the Fiscal Year Ended June 30, 2016

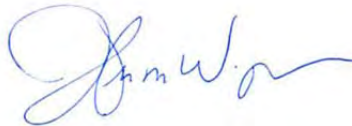
Independent Audit

State statute requires an annual audit be performed by the Auditor of State or by an independent certified public accountant approved by the Auditor of State. Plattenburg & Associates, Inc. has performed the District Audit for fiscal year ended June 30, 2016. In addition to meeting the requirements of state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act and Uniform Guidance. Generally accepted auditing standards and the standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's report on internal controls and compliance with applicable laws and regulations can be found in a separately issued report.

Acknowledgments

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Treasurer's Department. I would like to express my sincere appreciation to the treasurer's department team in their coordinated efforts in completing this report. I am also grateful for the professional services of Donald J. Schonhardt & Associates and Bastin & Company, LLC, for their assistance. Due credit should also be given to the Board of Education and the Superintendent for their leadership and support in planning and conducting the operations of the District in a responsible and progressive manner.

Sincerely,



Jennifer M. Wagner
Treasurer/CFO

CINCINNATI CITY SCHOOL DISTRICT, OHIO

List of Principal Officials June 30, 2016

Members of the Board of Education:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Ericka Copeland-Dansby	President	December 31, 2017
Melanie Bates	Vice President	December 31, 2017
Eve Bolton	Member	December 31, 2019
Daniel Minera	Member	December 31, 2017
A. Chris Nelms	Member	December 31, 2019
Elisa Hoffman	Member	December 31, 2017
Carolyn Jones	Member	December 31, 2019

District Administration:

<u>Name</u>	<u>Title</u>
Mary Ronan	Superintendent
Jennifer M. Wagner	Treasurer/CFO
C. Laura Mitchell	Deputy Superintendent
William M. Myles	Assistant Superintendent
Gabriel Lofton	Assistant Superintendent
Cheryl Broadnax	Assistant Superintendent
Daniel J. Hoying	General Counsel
Sarah Trimble-Oliver	Chief Information Officer
William Moehring	Chief Operating Officer (Interim)
Patricia Neal-Miller	Director of Family and Community Engagement
Janet Walsh	Director of Public Affairs
Paul McDole, Jr.	Director of Human Resources

*Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting*



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Cincinnati City School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



Financial Section



INDEPENDENT AUDITOR'S REPORT

Cincinnati City School District
Hamilton County
2651 Burnet Avenue
Cincinnati, OH 45219

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cincinnati City School District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund and Schoolwide Building Program Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of pension liabilities and pension contributions listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
January 13, 2017



CINCINNATI CITY SCHOOL DISTRICT, OHIO

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

Unaudited

The discussion and analysis of the Cincinnati City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2016 are as follows:

- The District's total net position increased \$8,981,803 in fiscal year 2016, which represents a 12.4% increase from the fiscal year 2015 balance. Revenues increased by .75% and expenses increased 1.8% over prior year amounts.
- Total revenues for fiscal year 2016 were \$650,931,937 compared to \$646,071,224 for fiscal year 2015. General revenues accounted for \$540,961,451 in revenue or 83.1% of all revenue. General revenues saw increases in tax revenues and grants and entitlements which helped to offset decreases in other revenue sources.
- Program specific revenues for fiscal year 2016 in the form of charges for services and grants and contributions accounted for \$109,970,486 or 16.9% of total revenues compared to \$111,667,464 for fiscal year 2015. Program specific revenues saw increases in charges for services offset by decreases in operating and capital grants and contributions.
- The District had \$641,950,134 in expenses in fiscal year 2016 related to governmental activities compared to \$630,823,966 for fiscal year 2015. Increases in Instruction expenses were offset by decreases in virtually every other expense function.
- Among major funds, the general fund had \$516,884,806 in revenue, \$295,722,556 in expenditures and \$196,763,992 in transfers out, resulting in the general fund balance increasing by \$24,398,258 to \$195,292,728.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis, the basic financial statements, and an optional section that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the District:

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

Unaudited

These statements are as follows:

The Government-Wide Financial Statements – These statements provide both long-term and short-term information about the District's overall financial status.

The Fund Financial Statements – These statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide financial statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting similar to those used by private-sector companies. The statement of net position includes all of the District's assets and deferred outflows of resources and all of its liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net-position (the difference between the District's assets and deferred outflows and liabilities and deferred inflows) is one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the District you need to consider additional nonfinancial factors such as the property tax base, current property tax laws, and student enrollment growth and facility conditions.

The government-wide financial statements of the District fall into one category:

Governmental Activities – All of the district's programs and services are reported here including instruction, support services, non-instructional and extracurricular activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

Unaudited

Proprietary Fund – The District utilizes an internal service fund to report activities that provide services for the District's other programs and activities. The Proprietary fund is reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

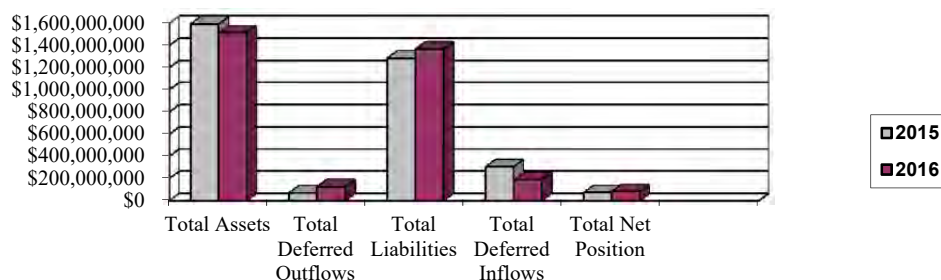
Fiduciary Funds – The District is the trustee, or fiduciary, for various student-managed activity programs, various scholarship programs and other items listed as agency and private purpose. It is also responsible for other assets that, due to a trust arrangement can only be used for the trust beneficiaries. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The following table provides a summary of the District's net position for 2016 compared to 2015:

	Governmental Activities		Increase (Decrease)
	2016	Restated 2015	
Current and other assets	\$524,345,082	\$580,298,795	(\$55,953,713)
Capital assets, Net	986,089,048	1,011,848,018	(25,758,970)
Total assets	1,510,434,130	1,592,146,813	(81,712,683)
Deferred Outflows of Resources	124,664,286	69,526,939	55,137,347
Net pension liability	625,575,836	510,509,895	115,065,941
Other long-term liabilities	693,283,841	722,700,363	(29,416,522)
Other liabilities	47,828,083	50,867,285	(3,039,202)
Total liabilities	1,366,687,760	1,284,077,543	82,610,217
Deferred Inflows of Resources	186,989,446	305,156,802	(118,167,356)
Net position:			
Net Investment in Capital Assets	372,710,520	373,215,575	(505,055)
Restricted	66,741,338	75,156,251	(8,414,913)
Unrestricted	(358,030,648)	(375,932,419)	17,901,771
Total net position	\$81,421,210	\$72,439,407	\$8,981,803

Cincinnati City Schools Governmental Activities



CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016*

Unaudited

The implementation of GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," in fiscal year 2015, significantly revised accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

Unaudited

In accordance with GASB 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

Changes in Net Position – The following table shows the net position for the fiscal year 2016 compared to 2015:

	Governmental Activities		Increase (Decrease)
	2016	2015	
Revenues			
Program revenues:			
Charges for Services	\$22,113,814	\$20,508,334	\$1,605,480
Operating Grants	87,856,672	90,857,795	(3,001,123)
Capital Grants	0	301,335	(301,335)
General revenues:			
Property Taxes	290,406,120	286,570,176	3,835,944
Revenue in Lieu of Taxes	24,113,624	26,478,019	(2,364,395)
Grants and Entitlements	224,292,717	216,053,122	8,239,595
Other	2,148,990	5,302,443	(3,153,453)
Total revenues	<u>650,931,937</u>	<u>646,071,224</u>	<u>4,860,713</u>
Program Expenses			
Instruction:			
Regular	253,726,072	224,826,991	28,899,081
Special	74,955,625	75,109,882	(154,257)
Vocational	5,741,211	4,302,419	1,438,792
Other	2,215,551	965,911	1,249,640
Support Services:			
Pupils	28,531,385	36,943,283	(8,411,898)
Instructional Staff	24,959,869	35,105,522	(10,145,653)
Board of Education	340,883	406,132	(65,249)
Administration	31,635,312	32,228,666	(593,354)
Fiscal Services	7,460,647	8,972,208	(1,511,561)
Business	2,178,785	2,051,368	127,417
Operation and Maintenance of Plant	43,000,810	46,511,084	(3,510,274)
Pupil Transportation	31,450,938	32,192,259	(741,321)
Central	37,892,403	32,127,115	5,765,288
Non-Instructional Services	61,543,956	62,166,963	(623,007)
Extracurricular Activities	6,165,869	5,751,797	414,072
Interest and Fiscal Charges	30,150,818	31,162,366	(1,011,548)
Total expenses	<u>641,950,134</u>	<u>630,823,966</u>	<u>11,126,168</u>
Total Change in Net Position	8,981,803	15,247,258	(6,265,455)
Beginning Net Position	72,441,525	57,194,267	15,247,258
Restatement - See Note 2	(2,118)	0	(2,118)
Ending Net Position	<u><u>\$81,421,210</u></u>	<u><u>\$72,441,525</u></u>	<u><u>\$8,979,685</u></u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016***

Unaudited

The District's total net position increased \$8,981,803 in fiscal year 2016, representing a 12.4% increase from the ending fiscal year 2015 net position balance. In comparison, total net position increased in fiscal year 2015 by \$15,247,248.

The District's revenues came from mainly two sources. Property taxes levied for general purposes and grants and entitlements comprise over 92.6% of the District's revenues for governmental activities.

The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation.

Property taxes made up 44.6% of governmental activities total revenues for the District in fiscal year 2016 and saw a .75% increase above 2015 levels.

General revenue type grants and entitlements increased primarily due to increased revenue recognized for various grant programs such as the Economic Disadvantaged Program (\$4 million), the Opportunity Grant Program (\$2.5 million), and the Special Education Additional Funding Program (\$3.4 million).

Governmental Activities

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. As an example, a homeowner with a home value at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00. However, the assessed millage cannot be reduced below 20 mills, according to state statutes. Thus school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to voters to maintain a constant level of service.

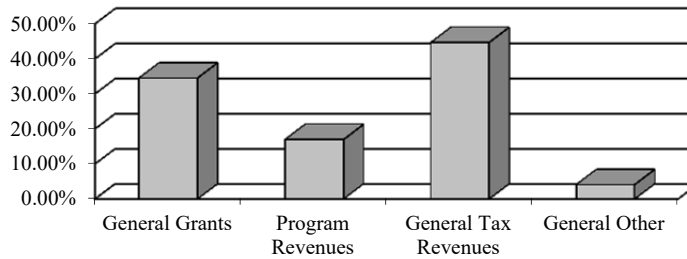
Property taxes made up 44.6% of revenues for governmental activities for the Cincinnati City School District in fiscal year 2016. The District's reliance upon tax revenues is demonstrated by the following table and graph:

Revenue Sources	2016	Percent of Total
General Grants	\$224,292,717	34.46%
Program Revenues	109,970,486	16.89%
General Tax Revenues	290,406,120	44.61%
General Other	26,262,614	4.04%
Total Revenue	\$650,931,937	100.00%

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

Unaudited



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$266,199,458, which is more than last year's total of \$252,690,376. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2016 and 2015.

	Fund Balance June 30, 2016	Restated Fund Balance June 30, 2015	Increase (Decrease)
General	\$195,292,728	\$170,894,470	\$24,398,258
Schoolwide Building Program	(8,694,893)	0	(8,694,893)
Debt Service	39,829,930	35,185,555	4,644,375
Other Governmental	39,771,693	46,610,351	(6,838,658)
Total	\$266,199,458	\$252,690,376	\$13,509,082

The District's General Fund's fund balance increased during fiscal year 2016 by \$24.4 million as revenues totaling \$516,884,806 exceeded the total of expenditures and transfers out to other funds of \$492,486,548. By comparison, fiscal year 2015 increased by \$9.4 million.

The Schoolwide Building Project Fund was utilized in 2016 (after a three year hiatus). The fund is used to pool Federal, state and local funds in order to upgrade the overall instructional program of a school building where at least 40 percent of the children are from low-income families. Funds are transferred when cash is required rather than when accruals occur. During fiscal year 2016, the General Fund transferred \$179,499,453 to the Schoolwide Building Project Fund to fund expenses.

The increase in the Debt Service Fund is due primarily to a constant level of revenue for 2016 compared to 2015 with a decreased level of debt service payments made during 2016 due to refunding activities that took place in fiscal year 2015.

The decrease in Other Governmental Funds is largely due to lower revenue collections and increased transfers out to other funds. During fiscal year 2016, transfers totaling \$9,550,974 were made from Other Governmental Funds to fund expenditures in the Schoolwide Building Project Fund.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

Unaudited

General Fund – The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2016 Revenues	2015 Revenues	Increase (Decrease)
Taxes	\$262,251,149	\$257,543,099	\$4,708,050
Tuition	4,775,891	4,782,852	(6,961)
In Lieu of Taxes	8,195,566	10,573,113	(2,377,547)
Investment Earnings	1,295,021	1,007,099	287,922
Intergovernmental - State	219,256,417	210,830,365	8,426,052
Intergovernmental - Federal	10,033,707	4,532,688	5,501,019
All Other Revenue	11,077,055	7,229,013	3,848,042
Total	\$516,884,806	\$496,498,229	\$20,386,577

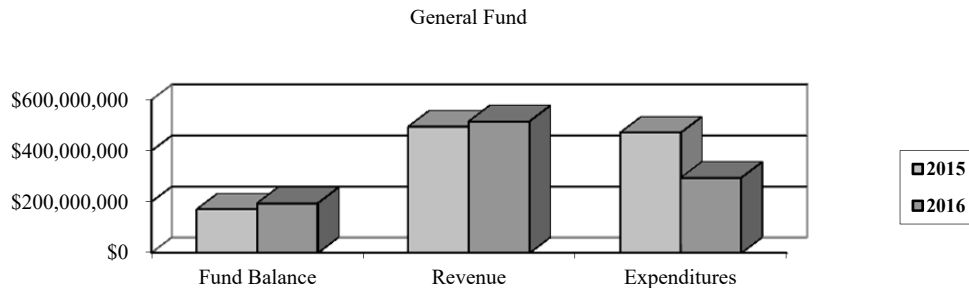
General Fund revenues in 2016 increased from 2015 amounts primarily due to increased revenue recognized for various grant programs such as the Economic Disadvantaged Program, the Opportunity Grant Program, and the Special Education Additional Funding Program.

	2016 Expenditures	2015 Expenditures	Increase (Decrease)
Instruction:			
Regular	\$115,551,002	\$229,116,340	(\$113,565,338)
Special	26,725,593	53,585,013	(26,859,420)
Vocational	1,698,582	2,967,485	(1,268,903)
Other	230,722	160,349	70,373
Supporting Services:			
Pupils	19,464,891	35,547,430	(16,082,539)
Instructional Staff	7,190,592	8,259,135	(1,068,543)
Board of Education	363,199	398,908	(35,709)
Administration	11,730,522	27,770,425	(16,039,903)
Fiscal Services	6,272,414	7,598,124	(1,325,710)
Business	2,151,789	1,970,154	181,635
Operation and Maintenance of Plant	31,539,775	38,354,631	(6,814,856)
Pupil Transportation	31,377,026	31,954,324	(577,298)
Central	37,349,134	31,088,856	6,260,278
Non-Instructional Services	433,220	24,166	409,054
Extracurricular Activities	3,534,850	3,475,465	59,385
Capital Outlay	109,245	53,761	55,484
Total	\$295,722,556	\$472,324,566	(\$176,602,010)

CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016*

Unaudited



The \$176.6 million decrease in total operating expenditures is a direct result of the District utilizing the Schoolwide Building Program fund in 2016 which was not used during fiscal year 2015. During 2016, the general fund provided \$179,499,454 of transfers to support expenditures reported in the Schoolwide Building Program fund.

During the course of fiscal year 2016 the District amended its General Fund budget for revenues and expenditures several times.

The General Fund's final budgeted revenues were decreased 5.8% or \$29.4 million compared to the original budget estimates due to decreasing estimated revenues primarily for taxes and intergovernmental revenues. Appropriations were decreased by 4% or \$22 million to mirror the revenue decrease and reduced actual budgetary expenditures.

At the end of the fiscal year, the District adjusted the budget to match the actual revenues and expenditures.

This space left blank intentionally.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016*

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - At the end of fiscal 2016 the District had \$986,089,048 net of accumulated depreciation invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment, vehicles and construction in progress. The following table shows fiscal year 2016 balances:

	Governmental Activities		Increase (Decrease)
	2016	2015	
Land	\$36,231,387	\$36,231,387	\$0
Construction in Progress	572,800	244,563	328,237
Land Improvements	12,244,503	11,794,003	450,500
Buildings and Improvements	1,150,982,881	1,150,787,593	195,288
Furniture, Fixtures and Equipment	1,776,148	2,568,524	(792,376)
Vehicles	1,117,962	923,967	193,995
Less: Accumulated Depreciation	(216,836,633)	(190,702,019)	(26,134,614)
Totals	\$986,089,048	\$1,011,848,018	(\$25,758,970)

For financial reporting purposes the District capitalizes all assets in excess of \$25,000 unless they are purchased with Federal funding, in which case the threshold is \$5,000. The \$25,758,970 net decrease in capital assets is the result of current year depreciation expense exceeding additions for the fiscal year. 2016 was the first year, in recent history, where multiple construction projects were not in progress. Virtually all of the new facilities are complete and being used by the students. Detailed information regarding capital asset activity is included in the notes to the basic financial statements (Note 11).

Debt - At June 30, 2016, the District had \$541,293,560 in General Obligation Bonds outstanding, \$33,685,493 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2016:

	2016	2015
Governmental Activities:		
General Obligation Bonds	\$541,293,560	\$568,734,053
Net Pension Liability	625,575,836	510,509,895
Capital Leases	112,318,440	114,320,995
Compensated Absences	39,671,841	39,645,315
Totals	\$1,318,859,677	\$1,233,210,258

Detailed information regarding debt is included in the notes to the basic financial statements (Notes 14-15).

CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016*

Unaudited

ECONOMIC FACTORS

The Board of Education and administration closely monitor revenue and expenditures in accordance with the financial forecast. The District has communicated to community stakeholders its reliance upon their support for its operations and that it will continue to work diligently to plan expenditures, carefully staying within the District's five-year financial plan.

The economy of the District is based on a wide diversity of industry. The major sources of revenue to the District are local property taxes on real and personal property, along with State aid. Other program expenditures, such as those for the free and reduced lunch program and special needs classes and those to meet the requirements of No Child Left Behind, are funded by designated State and Federal grants.

The District's revenues increased by .75% and expenses decreased 1.1% from prior year amounts. Increases in grants and entitlements received helped to offset decreases in other revenue sources.

The economy, changes in federal and state funding amounts and varying spending restrictions on funding received will challenge the District's budget while continuing current successful programs and implementing new initiatives. Major initiatives include the District's My Tomorrow technology and college and workforce readiness initiative and Vision 2020, a multiyear plan to strengthen neighborhood schools through rigorous curriculum and specialized program focuses. As a result of the challenges mentioned above, it is imperative that the School District's Management continue to carefully plan in order to provide the resources required to meet the student needs over the next several years. Strategies will need to be developed to be able to cope with the increasing needs of the School District's student population and matching costs with the financial structure that exists, which combines the local revenue and the State foundation funding. The current varying economic conditions of the State, along with the rising cost of materials and labor, present funding challenges. The School district administration acknowledges that fact and knows that it must be creative in managing its budget. The diverse economic base in industry will continue to be a source of stability for the area, protecting it from severe peaks and valleys in the business cycle.

In spring of 2016, Cincinnati Public Schools began preparing for a historic levy campaign that involved working with multiple district stakeholders to put before voters a combined five-year, emergency levy that would raise \$48 million annually. Of this amount, \$15 million annually would be earmarked to expand quality preschool seats in CPS as well as through community-based preschool providers. The other \$33 million would support and expand district technology for students; college, career and workforce readiness initiatives; new programming for neighborhood schools; and provide essential educational services in response to the district's growing enrollment, which increased 8 percent over the past five years. The levy request was developed for the November 8, 2016 ballot. (Later provided with a ballot number of Issue 44, it passed with a 62 percent approval rate, the highest margin in CPS levy history.)

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Jennifer Wagner, Treasurer/CFO of the Cincinnati City School District, 2651 Burnet Avenue, P.O. Box 5384, Cincinnati, Ohio 45201-5384.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Statement of Net Position *June 30, 2016*

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$ 169,502,530
Investments	333,096
Receivables:	
Taxes	319,272,222
Accounts	782,996
Intergovernmental - State and Local	2,277,620
Intergovernmental - Federal	10,319,548
Interest	285,365
Inventory of Supplies at Cost	100,545
Inventory Held for Resale	7,702
Restricted Assets:	
Pooled Cash and Investments	21,463,458
Non-Depreciable Capital Assets	36,804,187
Depreciable Capital Assets, Net	949,284,861
Total Assets	1,510,434,130
Deferred Outflows of Resources:	
Deferred Charge on Debt Refunding	28,352,834
Pension	96,311,452
Total Deferred Outflows of Resources	124,664,286
Liabilities:	
Accounts Payable	3,312,760
Accrued Wages and Benefits	27,270,674
Intergovernmental Payable	9,844,467
Claims Payable	5,077,000
Accrued Interest Payable	2,323,182
Long Term Liabilities:	
Due Within One Year	41,316,385
Due in More Than One Year:	
Net Pension Liability	625,575,836
Other Amounts Due in More Than One Year	651,967,456
Total Liabilities	1,366,687,760
Deferred Inflows of Resources:	
Property Taxes	147,531,279
Pension	39,458,167
Total Deferred Inflows of Resources	186,989,446
Net Position:	
Net Investment in Capital Assets	372,710,520
Restricted For:	
Debt Service	41,035,323
Permanent Fund:	
Expendable	572,695
Nonexpendable	768,034
State and Federal Grants	24,365,286
Unrestricted	(358,030,648)
Total Net Position	\$ 81,421,210

See accompanying notes to the basic financial statements

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Statement of Activities For the Fiscal Year Ended June 30, 2016

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities:				
Instruction:				
Instruction - Regular	\$ 253,726,072	\$ 16,101,774	\$ 10,542,397	\$ (227,081,901)
Instruction - Special	74,955,625	157,245	15,542,548	(59,255,832)
Instruction - Vocational	5,741,211	5,271	881,371	(4,854,569)
Instruction - Other	2,215,551	21,159	564,898	(1,629,494)
Support Services:				
Pupils	28,531,385	44,346	3,181,268	(25,305,771)
Instructional Staff	24,959,869	1,045,768	12,290,731	(11,623,370)
Board of Education	340,883	0	0	(340,883)
Administration	31,635,312	134,471	3,381,202	(28,119,639)
Fiscal Services	7,460,647	10,845	1,204,894	(6,244,908)
Business	2,178,785	0	0	(2,178,785)
Operation and Maintenance of Plant	43,000,810	56,619	1,631,173	(41,313,018)
Pupil Transportation	31,450,938	746	77,915	(31,372,277)
Central	37,892,403	104,967	484,507	(37,302,929)
Operation of Non-Instructional Services	61,543,956	1,487,689	38,073,768	(21,982,499)
Extracurricular Activities	6,165,869	2,942,914	0	(3,222,955)
Interest and Fiscal Charges	30,150,818	0	0	(30,150,818)
Total Governmental Activities	\$ 641,950,134	\$ 22,113,814	\$ 87,856,672	(531,979,648)
 General Revenues				
Property Taxes Levied for:				
General Purposes				262,244,529
Debt Service				28,161,591
Revenue in Lieu of Taxes				24,113,624
Grants and Entitlements not Restricted to Specific Programs				224,292,717
Investment Earnings				2,128,904
Miscellaneous				20,086
Total General Revenues				540,961,451
Change in Net Position				8,981,803
Net Position Beginning of Year, Restated				72,439,407
Net Position End of Year				\$ 81,421,210

See accompanying notes to the basic financial statements

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Balance Sheet
Governmental Funds
June 30, 2016**

	General	Schoolwide Building Program	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$ 76,989,468	\$ 10,819,646	\$ 5,307,794	\$ 54,255,984	\$ 147,372,892
Investments	0	0	0	333,096	333,096
Receivables:					
Taxes	288,087,214	0	31,185,008	0	319,272,222
Accounts	647,578	0	0	135,418	782,996
Intergovernmental - State and Local	0	0	0	2,277,620	2,277,620
Intergovernmental - Federal	0	0	0	10,319,548	10,319,548
Interest	236,754	0	48,611	0	285,365
Interfund Loans Receivable	12,354,182	0	0	0	12,354,182
Inventory of Supplies at Cost	0	0	0	100,545	100,545
Inventory Held for Resale	0	0	0	7,702	7,702
Restricted Assets:					
Pooled Cash and Investments	0	0	21,463,458	0	21,463,458
Total Assets	\$ 378,315,196	\$ 10,819,646	\$ 58,004,871	\$ 67,429,913	\$ 514,569,626
Liabilities:					
Accounts Payable	\$ 1,461,595	\$ 255,746	\$ 0	\$ 1,595,419	\$ 3,312,760
Accrued Wages and Benefits	11,101,349	13,412,382	0	2,756,943	27,270,674
Intergovernmental Payable	3,371,607	4,801,986	0	1,670,874	9,844,467
Interfund Loans Payable	0	1,044,425	0	11,309,757	12,354,182
Compensated Absences Payable	715,831	0	0	0	715,831
Total Liabilities	16,650,382	19,514,539	0	17,332,993	53,497,914
Deferred Inflows of Resources:					
Unavailable Amounts	33,487,173	0	3,528,575	10,325,227	47,340,975
Property Tax Levy for Next Fiscal Year	132,884,913	0	14,646,366	0	147,531,279
Total Deferred Inflows of Resources	166,372,086	0	18,174,941	10,325,227	194,872,254
Fund Balances:					
Nonspendable	857,411	0	0	876,281	1,733,692
Restricted	0	0	39,829,930	42,092,553	81,922,483
Assigned	56,027,949	0	0	0	56,027,949
Unassigned	138,407,368	(8,694,893)	0	(3,197,141)	126,515,334
Total Fund Balances	195,292,728	(8,694,893)	39,829,930	39,771,693	266,199,458
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 378,315,196	\$ 10,819,646	\$ 58,004,871	\$ 67,429,913	\$ 514,569,626

See accompanying notes to the basic financial statements

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2016***

Total Governmental Fund Balances		\$ 266,199,458
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		986,089,048
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the fund statements.		
Taxes Receivable	36,944,028	
Interest Receivable	71,720	
Grants Receivable	10,325,227	
Deferred Charge on Debt Refunding	<u>28,352,834</u>	
Total		75,693,809
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	96,311,452	
Deferred Inflows - Pension	(39,458,167)	
Net Pension Liability	<u>(625,575,836)</u>	
Total		(568,722,551)
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		17,052,638
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Amounts Due Within One Year	(41,316,385)	
Amounts Due in More Than One Year	(651,967,456)	
Compensated Absences - accrued on fund basis	715,831	
Accrued Interest on Long-Term Debt	<u>(2,323,182)</u>	
Total		<u>(694,891,192)</u>
 <i>Net Position of Governmental Activities</i>		 <u><u>\$ 81,421,210</u></u>

See accompanying notes to the basic financial statements

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2016

	General	Schoolwide Building Program	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 262,251,149	\$ 0	\$ 28,167,365	\$ 0	\$ 290,418,514
Tuition	4,775,891	0	0	0	4,775,891
In Lieu of Taxes	8,195,566	0	15,918,058	0	24,113,624
Investment Earnings	1,295,021	0	808,878	15,735	2,119,634
Food Services	0	0	0	1,284,140	1,284,140
Intergovernmental - State	219,256,417	0	2,739,114	10,715,982	232,711,513
Intergovernmental - Federal	10,033,707	0	2,183,672	65,843,897	78,061,276
All Other Revenue	11,077,055	0	0	6,034,081	17,111,136
Total Revenue	516,884,806	0	49,817,087	83,893,835	650,595,728
Expenditures:					
Current:					
Instruction:					
Regular	115,551,002	122,084,985	0	1,079,027	238,715,014
Special	26,725,593	36,489,554	0	13,058,377	76,273,524
Vocational	1,698,582	3,037,512	0	1,194,750	5,930,844
Other	230,722	1,294,438	0	784,093	2,309,253
Supporting Services:					
Pupils	19,464,891	7,153,586	0	3,125,454	29,743,931
Instructional Staff	7,190,592	3,890,367	0	13,966,872	25,047,831
Board of Education	363,199	0	0	0	363,199
Administration	11,730,522	17,184,168	115,045	3,341,466	32,371,201
Fiscal Services	6,272,414	0	349,346	1,048,439	7,670,199
Business	2,151,789	11,040	0	59,290	2,222,119
Operation & Maintenance of Plant	31,539,775	6,547,026	0	5,633,728	43,720,529
Pupil Transportation	31,377,026	0	0	61,046	31,438,072
Central	37,349,134	0	0	890,000	38,239,134
Operation of Non-Instructional Services	433,220	41,915	0	36,728,722	37,203,857
Extracurricular Activities	3,534,850	0	0	2,646,209	6,181,059
Capital Outlay	109,245	10,730	0	1,867,129	1,987,104
Debt Service:					
Principal Retirement	0	0	26,305,000	0	26,305,000
Interest & Fiscal Charges	0	0	31,364,776	0	31,364,776
Total Expenditures	295,722,556	197,745,321	58,134,167	85,484,602	637,086,646
Excess (Deficiency) of Revenues					
Over Expenditures	221,162,250	(197,745,321)	(8,317,080)	(1,590,767)	13,509,082

CINCINNATI CITY SCHOOL DISTRICT, OHIO

	General	Schoolwide Building Program	Debt Service	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses):					
Transfers In	0	189,050,428	12,961,455	4,303,083	206,314,966
Transfers Out	(196,763,992)	0	0	(9,550,974)	(206,314,966)
Total Other Financing Sources (Uses)	<u>(196,763,992)</u>	<u>189,050,428</u>	<u>12,961,455</u>	<u>(5,247,891)</u>	<u>0</u>
Net Change in Fund Balance	24,398,258	(8,694,893)	4,644,375	(6,838,658)	13,509,082
Fund Balances at Beginning of Year, Restated	<u>170,894,470</u>	<u>0</u>	<u>35,185,555</u>	<u>46,610,351</u>	<u>252,690,376</u>
Fund Balances End of Year	<u>\$ 195,292,728</u>	<u>\$ (8,694,893)</u>	<u>\$ 39,829,930</u>	<u>\$ 39,771,693</u>	<u>\$ 266,199,458</u>

See accompanying notes to the basic financial statements

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds To the Statement of Activities For the Fiscal Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds \$ 13,509,082

*Amounts reported for governmental activities in the statement of
activities are different because*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. (25,068,181)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received. (690,789)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 336,209

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 34,216,041

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (39,722,077)

The repayment of the principal of long-term debt consumes the current financial resources of government funds, however, the transaction has no effect on net position. This amount is effect of the difference in the treatment of long-term debt. 26,305,000

In the statement of activities, interest is accrued on outstanding bonds and long-term notes payable, whereas in governmental funds, an interest expenditure is reported when due. 1,213,958

Some expenses reported in the statement of activities, including the long-term portion of compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (1,493,096)

The internal service funds are used by management to charge the costs of services to individual funds is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities. 375,656

Change in Net Position of Governmental Activities **\$ 8,981,803**

See accompanying notes to the basic financial statements



CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 224,981,296	\$ 202,432,668	\$ 202,432,668	\$ 0
Tuition	5,300,313	4,769,092	4,769,092	0
In Lieu of Taxes	9,172,868	8,253,522	8,253,522	0
Investment Earnings	1,017,399	915,431	915,431	0
Intergovernmental - State	243,679,014	219,256,417	219,256,417	0
Intergovernmental - Federal	11,151,344	10,033,707	10,033,707	0
All Other Revenues	8,261,089	7,433,126	7,433,126	0
Total Revenues	<u>503,563,323</u>	<u>453,093,963</u>	<u>453,093,963</u>	<u>0</u>
Expenditures:				
Current:				
Instruction:				
Regular	133,745,850	120,532,713	120,532,713	0
Special	33,069,673	29,588,746	29,588,746	0
Vocational	2,093,635	1,873,258	1,873,258	0
Other	250,357	239,720	239,720	0
Support Services:				
Pupils	24,174,254	21,632,267	21,632,267	0
Instructional Staff	8,390,229	7,524,418	7,524,418	0
Board of Education	433,163	387,568	387,568	0
Administration	14,548,350	13,020,161	13,020,161	0
Fiscal Services	7,277,060	6,511,074	6,511,074	0
Business	1,209,964	2,561,375	2,561,375	0
Operation and Maintenance of Plant	39,397,284	35,261,509	35,261,509	0
Pupil Transportation	38,406,452	34,363,773	34,363,773	0
Central	47,195,972	42,233,869	42,233,869	0
Operation of Non-Instructional Services	486,948	512,141	512,141	0
Extracurricular Activities	4,063,564	3,665,449	3,665,449	0
Capital Outlay	124,768	111,635	111,635	0
Total Expenditures	<u>354,867,523</u>	<u>320,019,676</u>	<u>320,019,676</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	148,695,800	133,074,287	133,074,287	0

CINCINNATI CITY SCHOOL DISTRICT, OHIO

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Transfers Out	(196,763,992)	(196,763,992)	(196,763,992)	0
Advances In	0	17,288,115	17,288,115	0
Advances Out	0	(12,354,183)	(12,354,183)	0
Refund of Prior Year's Expenditures	0	3,745,392	3,745,392	0
Refund of Prior Year's Receipts	<u>(184,270)</u>	<u>(664,886)</u>	<u>(664,886)</u>	<u>0</u>
Total Other Financing Sources (Uses):	<u>(196,948,262)</u>	<u>(188,749,554)</u>	<u>(188,749,554)</u>	<u>0</u>
Net Change in Fund Balance	(48,252,462)	(55,675,267)	(55,675,267)	0
Fund Balance at Beginning of Year	99,119,636	99,119,636	99,119,636	0
Prior Year Encumbrances	<u>13,901,621</u>	<u>13,901,621</u>	<u>13,901,621</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 64,768,795</u>	<u>\$ 57,345,990</u>	<u>\$ 57,345,990</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Schoolwide Building Program Fund
For the Fiscal Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Current:				
Instruction:				
Regular	122,612,952	117,453,127	117,453,127	0
Special	36,564,871	35,026,140	35,026,140	0
Vocational	2,964,999	2,840,225	2,840,225	0
Other	1,319,387	1,263,864	1,263,864	0
Support Services:				
Pupils	7,195,711	6,892,899	6,892,899	0
Instructional Staff	3,909,899	3,745,362	3,745,362	0
Administration	17,138,532	16,417,304	16,417,304	0
Business	11,589	11,101	11,101	0
Operation and Maintenance of Plant	6,673,759	6,392,912	6,392,912	0
Operation of Non-Instructional Services	42,937	41,130	41,130	0
Capital Outlay	11,263	10,789	10,789	0
Total Expenditures	<u>198,445,899</u>	<u>190,094,853</u>	<u>190,094,853</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(198,445,899)	(190,094,853)	(190,094,853)	0
Other Financing Sources (Uses):				
Transfers In	197,401,474	189,050,428	189,050,428	0
Advances In	1,044,425	1,044,425	1,044,425	0
Total Other Financing Sources (Uses):	<u>198,445,899</u>	<u>190,094,853</u>	<u>190,094,853</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Statement of Net Position
Proprietary Fund
June 30, 2016***

	Governmental Activities - Internal Service Fund
Assets:	
<i>Current Assets:</i>	
Equity in Pooled Cash and Investments	\$ 22,129,638
Total Assets	<u>22,129,638</u>
Liabilities:	
<i>Current Liabilities:</i>	
Claims Payable	<u>5,077,000</u>
Total Liabilities	<u>5,077,000</u>
Net Position:	
Unrestricted	<u>17,052,638</u>
Total Net Position	<u>\$ 17,052,638</u>

See accompanying notes to the basic financial statements

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2016

	Governmental Activities - Internal Service Fund
Operating Revenues:	
Interfund Charges	\$ 57,367,046
Total Operating Revenues	<u>57,367,046</u>
Operating Expenses:	
Claims	56,991,390
Total Operating Expenses	<u>56,991,390</u>
Change in Net Position	375,656
Net Position Beginning of Year	16,676,982
Net Position End of Year	<u>\$ 17,052,638</u>

See accompanying notes to the basic financial statements

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2016

	Governmental Activities - Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Interfund Charges	\$57,367,046
Cash Payments for Claims	<u>(56,305,718)</u>
Net Cash Provided by Operating Activities	<u>1,061,328</u>
Net Change in Cash and Cash Equivalents	1,061,328
Cash and Cash Equivalents at Beginning of Year	<u>21,068,310</u>
Cash and Cash Equivalents at End of Year	<u><u>\$22,129,638</u></u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Loss	\$375,656
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Decrease in Accounts Payable	(280,328)
Increase in Claims Payable	<u>966,000</u>
Total Adjustments	<u>685,672</u>
Net Cash Provided by Operating Activities	<u><u>\$1,061,328</u></u>

See accompanying notes to the basic financial statements

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Statement of Net Position
Fiduciary Funds
June 30, 2016

	Private Purpose Trust	
	Special Trust Fund	Agency
Assets:		
Equity in Pooled Cash and Investments	\$ 791,617	\$ 99,200
Investments	837,476	0
Total Assets	<u>1,629,093</u>	<u>99,200</u>
Liabilities:		
Accounts Payable	2,116	0
Due to Students	0	99,200
Total Liabilities	<u>2,116</u>	<u>99,200</u>
Net Position:		
Unrestricted	1,626,977	0
Total Net Position	<u>\$ 1,626,977</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Statement of Changes in Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2016***

	Private Purpose Trust Special Trust Fund
Additions:	
Contributions:	
Private Donations	\$ 3,100
Total Contributions	<u>3,100</u>
Investment Earnings:	
Interest	25,842
Net Change in the Fair Value of Investments	263,654
Total Investment Earnings	<u>289,496</u>
Total Additions	<u>292,596</u>
Deductions:	
Administrative Expenses	972
Community Services	197,071
Extracurricular	6,752
Total Deductions	<u>204,795</u>
Change in Net Position	87,801
Net Position at Beginning of Year, Restated	<u>1,539,176</u>
Net Position End of Year	<u>\$ 1,626,977</u>

See accompanying notes to the basic financial statements

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Cincinnati City School District, Ohio (District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District is a city school district as defined by Section 3311.02 of the Ohio Revised Code. The District operates under a locally elected seven member Board of Education and is responsible for the provision of public education to residents of the District. The District also provides both special education and career/technical education for residents of the District.

The District is the third largest in the State of Ohio and includes the cities of Cincinnati and Cheviot, and the villages of Amberley and Golf Manor, most of the city of Silverton, and part of each of the following: the city of Wyoming, the village of Fairfax and the townships of Anderson, Columbia, Delhi, Green and Springfield. The District's total area is approximately 90 square miles.

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, *"The Financial Reporting Entity,"* as amended by GASB Statement No. 39, *"Determining Whether Certain Organizations are Component Units"* in that the financial statements include all organizations, activities, and functions for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing board and either the District's ability to impose its will over the organization or the possibility that the organization will provide a financial benefit to, or impose a financial burden on the District. Based on the foregoing, the reporting entity of the District includes the following services: instructional (regular, special education, vocational), student guidance, extracurricular activities, food service, pupil transportation and care and upkeep of grounds and buildings.

The accounting policies and financial reporting practices of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies.

B. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation – Financial Statements (Continued)

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements – Fund financial statements report detailed information about the District. The focus of governmental financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

Fiduciary funds, except for agency funds, are reported using the economic resources measurement focus. Agency funds do not have a measurement focus due to their custodial nature (assets equal liabilities).

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are grouped into the categories governmental, proprietary and fiduciary.

Governmental Funds - These are funds through which most governmental functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds. The measurement focus is upon determination of "current financial resources" (sources, uses and balances of financial resources). The following are the District's major governmental funds:

General Fund - This fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Schoolwide Building Program Fund - This fund is used to pool Federal, State and local funds in order to upgrade the overall instructional program of a school building where at least 40 percent of the children are from low-income families.

Debt Service Fund - This fund is used to account for resources that are used for payment of principal, interest and fiscal charges on general obligation debt.

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Fund - The proprietary fund is accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of the proprietary funds are included on the balance sheet. The proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District or to other governments on a cost-reimbursement basis. The Self Insurance Fund accounts for the premiums and claims payments applicable to the employee health and dental plans.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds – Fiduciary fund reporting focuses on net position and changes in net position. The District has two types of fiduciary funds: a private-purpose trust fund and an agency fund. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations or other governments and therefore not available to support the District's own programs. The District's only trust fund is a private purpose trust that accounts for scholarship programs for students. The private purpose trust fund is accounted for on an "economic resources" measurement focus. The District's agency fund accounts for various student-managed activity programs. The agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations.

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the District is considered to be 60 days after fiscal year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Under the modified accrual basis, the following revenue sources are considered susceptible to accrual at year end: property taxes, tuition, grants and entitlements, student fees, and interest on investments.

Current property taxes measurable at June 30, 2016, and which are not intended to finance fiscal 2016 operations, have been recorded as deferred inflows of resources. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

The accrual basis of accounting is utilized for reporting purposes by the government-wide financial statements, proprietary funds and the fiduciary funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Revenues – Exchange and Non-exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. Funds that exist only on a modified accrual basis are not required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Supplemental budgetary modifications may only be made by resolution of the Board of Education.

1. Tax Budget

By January 15, the Superintendent and Treasurer submit an annual operating budget for the following fiscal year to the Board of Education for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the period July 1 to June 30 of the following fiscal year.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

Prior to April 1, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement, as final budget, reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2016.

3. Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution establishes spending controls at the fund level. The appropriation resolution may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by management.

During the year, several supplemental appropriations were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. Amounts for advances between funds are not required to be and are not appropriated by the District. In addition, due to the nature of the District's procedures for the funding of payroll expenditures through a holding account, certain transfers are also not formally appropriated. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual" are provided on the budgetary basis to provide a comparison of actual results to the final budget, modified for the aforementioned advances and transfers, including all amendments and modifications.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

4. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

5. Budgetary Basis of Accounting

The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. Encumbrances are also recorded as the equivalent of expenditures on the budgetary basis.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and the Schoolwide Building Fund:

	Net Change in Fund Balance	
	General Fund	Schoolwide Building Program Fund
GAAP Basis (as reported)	\$24,398,258	(\$8,694,893)
Increase (Decrease):		
Accrued Revenues at June 30, 2016, received during FY 2017	(129,609,645)	(9,775,221)
Accrued Revenues at June 30, 2015, received during FY 2016	76,838,696	0
Accrued Expenditures at June 30, 2016, paid during FY 2017	16,650,382	18,470,114
Accrued Expenditures at June 30, 2015, paid during FY 2016	(36,253,597)	0
Interfund Activity 2016	4,933,932	1,044,425
Encumbrances Outstanding	(12,633,293)	(1,044,425)
Budget Basis	(\$55,675,267)	\$0

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 6, "Cash, Cash Equivalents and Investments."

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with a maturity when purchased of three months or less to be cash equivalents. All cash and investments of the proprietary fund types are pooled with the District's pooled cash and investments.

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the District records all its investments at fair value. See Note 6, "Cash, Cash Equivalents and Investments."

The District has invested funds in the STAR Ohio during 2016. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District also implemented GASB Statement No. 79 for 2016. The implementation of this GASB pronouncement had no effect on beginning net position/fund balance. The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes. See Note 6, "Cash, Cash Equivalents and Investments."

H. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds. The costs of inventory items are recorded as expenditures in the governmental funds when used. The amounts of unused commodities are reported at fair value and as deferred inflows of resources – unavailable amounts, since title does not pass to the District until the commodities are used.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation

1. Property, Plant and Equipment - Governmental Activities

Capital assets acquired or constructed for governmental activities are recorded as expenditures in the governmental funds when acquired and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the Government-wide Statement of Net Position.

Contributed capital assets are recorded at fair market value at the date received. The District capitalizes costs of capital assets exceeding \$25,000 (non-Federal Funds) and \$5,000 for assets purchased with Federal Funds. Capital asset values were initially determined by identifying historical costs where such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

2. Depreciation

All capital assets, except land and construction in progress, are depreciated. Land improvements that deteriorate with use or the passage of time, such as parking lots and fences, are considered depreciable. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (in years)</u>
Land Improvements	10 - 20
Buildings and Improvements	30 - 50
Furniture, Fixtures and Equipment	3 - 15
Vehicles	5

J. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	Debt Service Fund
Capital Leases	Debt Service Fund
Compensated Absences	General Fund, Food Services Fund

K. Compensated Absences

GASB Statement No. 16 specifies that compensated absences should be accrued as employees earn them if both of the following conditions are met:

1. The employee's rights to receive compensation are attributable to services already rendered.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences (Continued)

2. It is probable that the employer will compensate the employee for the benefits through paid time off or cash payment. The District includes in its liabilities any employee who has at least 20 years of service or an employee who has five years of service and is at least 60 years of age.

The District's policies regarding compensated absences are determined by state laws and/or negotiated agreements. In summary, the policies are as follows:

	<u>Certificated</u>	<u>Administrators</u>	<u>Non-Certificated</u>
<u>Vacation:</u> How Earned	Not Eligible	2.7 days per month of employment (27 days per year)	.84 days to 1.67 days per month of employment (10 to 20 days per year) depending on length of service.
Maximum Accumulation	Not Applicable	54 days	2 times the yearly accrual plus current year's accumulation
Vested	Not Applicable	As Earned	As Earned
Termination Entitlement	Not Applicable	Paid upon termination	Paid upon termination
<u>Sick Leave:</u> How Earned	1.25 days month of employment (15 days per year. If 96% attendance, then 1 additional day.	1.25 days month of employment (15 days per year.	1.25 days month of employment (15 days per year.
Maximum Accumulation	Unlimited	Unlimited	Unlimited
Vested	As Earned	As Earned	As Earned
Termination Entitlement	½ paid upon retirement or upon death with minimum service requirement. ¼ for all new hires after 6/30/04.	½ paid upon retirement or upon death with minimum service requirement. ¼ for all days earned after 9/1/01.	½ paid upon retirement or upon death with minimum service requirement. ¼ for all new hires after 6/30/04.
<u>Personal Leave:</u> How Earned	3 days granted as of August 1	3 days granted as of August 1	3 days granted as of August 1
Maximum Accumulation	Not Applicable Converted to sick leave on August 1	Not Applicable Converted to sick leave on August 1	Not Applicable Converted to sick leave on August 1
Vested	Not Applicable	Not Applicable	Not Applicable
Termination Entitlement	Not Applicable	Not Applicable	Not Applicable

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences (Continued)

Compensated absences accumulated by governmental fund type employees are retired as an expense when earned in the government-wide financial statements. For governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported in the fund financial statements.

L. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position balances are available.

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

N. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Restricted Assets

Restricted assets in the governmental funds represent cash and cash equivalents set aside to establish a budget stabilization reserve, amounts set aside for debt retirement purposes and amounts to be utilized for capital improvements. The budget stabilization reserve is required by State statute and can be used only after receiving approval from the Board of Education.

P. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted – The fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education. Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board of Education may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year’s appropriated budget. Through the District’s purchasing policy the Board of Education has given the Treasurer the authority to constrain monies for intended purposes in the general fund, which are reported as assigned fund balance.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Fund Balance (Continued)

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. For the District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding and for pension. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 12.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, pension, and unavailable revenue. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, unavailable amounts, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes, investment earnings, grants, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position explained in Note 12.

R. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are interfund charges for the internal service fund. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

T. Revenue in Lieu of Taxes

Revenue in Lieu of Taxes are monies received, via agreements with the City of Cincinnati, Hamilton County and certain townships that overlap the District, in an attempt to “make whole” tax revenues that were lost via abatements, enterprise zones or Tax Increment Financing plans created within their jurisdictions.

NOTE 2 –RESTATEMENT OF NET POSITION/FUND BALANCE

For the year ended June 30, 2015, various transfers approved by the Hamilton County Court of Common Pleas, were incorrectly reported based on summary data which differed from the detailed information approved by the Court. The proper reporting of the transfers had the following effect on net position/fund balance as reported June 30, 2015:

	<u>Governmental Activities</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
Net Position/Fund balance June 30, 2015	\$72,441,525	\$171,075,908	\$46,431,031	\$1,534,309	\$0
Adjustments:					
Cash Balance Adjustment	(2,118)	(181,438)	179,320	4,867	(2,749)
Restated Net Position/Fund Balance June 30, 2016	<u>\$72,439,407</u>	<u>\$170,894,470</u>	<u>\$46,610,351</u>	<u>\$1,539,176</u>	<u>\$0</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

NOTE 3 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Schoolwide Building Program	Debt Service	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventories	\$0	\$0	\$0	\$108,247	\$108,247
Unclaimed Monies	857,411	0	0	0	857,411
Endowment	0	0	0	768,034	768,034
Total Nonspendable	857,411	0	0	876,281	1,733,692
Restricted:					
Targeted Assistance	0	0	0	12,223,689	12,223,689
Non-Public School Assistance	0	0	0	2,247,288	2,247,288
Food Service	0	0	0	12,338,950	12,338,950
Construction and Maintenance	0	0	0	15,282,626	15,282,626
Debt Service	0	0	39,829,930	0	39,829,930
Total Restricted	0	0	39,829,930	42,092,553	81,922,483
Assigned:					
Goods and Services	11,171,698	0	0	0	11,171,698
Excess Appropriations FY 2017	44,856,251	0	0	0	44,856,251
Total Assigned	56,027,949	0	0	0	56,027,949
Unassigned	138,407,368	(8,694,893)	0	(3,197,141)	126,515,334
Total Fund Balances	\$195,292,728	(\$8,694,893)	\$39,829,930	\$39,771,693	\$266,199,458

This space left blank intentionally.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 4 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government – wide statement of activities. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

Amount by which depreciation exceeded capital outlays in the current period:

Capital Asset Additions	\$1,216,171
Depreciation Expense	(26,284,352)
	<u>(\$25,068,181)</u>

Governmental revenues not reported in the funds:

Decrease in Delinquent Tax Revenue	(\$12,394)
Increase in Interest Receivable	9,270
Increase in Grants Receivable	339,333
	<u>\$336,209</u>

Amount of long-term principal payments:

Bond Principal Payment	\$24,840,000
Capital Lease Payment	1,465,000
	<u>\$26,305,000</u>

Interest expense not reported in the funds:

Decrease in accrued interest on long term debt	\$105,718
Amortization of Bond Premium	2,600,493
Amortization of Premium on Capital Leases	537,555
Amortization of Deferred Loss on Defeasance	(2,029,808)
	<u>\$1,213,958</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 5 – DEFICIT FUND EQUITIES

The fund deficits at June 30, 2016 of \$8,694,893 in the Schoolwide Building Program Fund, \$583,367 in the Title VI-B Fund, \$393,487 in the School Improvement Fund, \$1,880,321 in the Miscellaneous Federal Grants Fund (special revenue funds) and of \$399,966 in the Building Fund (capital project fund) arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. The deficits do not exist under the budgetary/cash basis of accounting. The General Fund provides operating transfers when cash is required, not when accruals occur.

NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by a number of individual funds.

Statutes require the classification of funds held by the District into three categories. Category 1 consists of “active” funds - those funds required to be kept in a “cash” or “near cash” status for immediate use by the District. Such funds must be maintained either as cash in the District Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of “inactive” funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of “interim” funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of District cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the District's deposits was \$79,430,635 and the bank balance was \$81,012,062. The Federal Deposit Insurance Corporation (FDIC) covered \$771,725 of the bank balance and \$80,240,337 was insured by collateralized securities held by the pledging institution's trust department in the District's name.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The District's investments at June 30, 2016 were as follows:

	Value	Credit Rating as of June 30, 2016	Fair Value Hierarchy	Investment Maturities (in Years)		
				less than 1	1-3	3+
STAR Ohio	\$3,504,936	AAAm ²	N/A	\$3,504,936	\$0	\$0
Commercial Paper	9,328,970	Aaa ¹ , AAA ²	Level 2	9,328,970	0	0
Mutual Funds	5,470,049	Aaa ¹ , AAA ²	N/A	5,470,049	0	0
Freddie Mac	6,445,036	Aaa ¹ , AA+ ²	Level 2	2,507,245	1,001,840	2,935,951
Fannie Mae	11,954,085	Aaa ¹ , AAA ²	Level 2	2,001,000	8,051,085	1,902,000
FNMA	28,628,687	Aaa ¹ , AA+ ²	Level 2	6,986,561	21,141,791	500,335
FHLM	10,906,995	Aaa ¹ , AA+ ²	Level 2	1,001,070	9,905,925	0
FFCB	20,615,479	Aaa ¹ , AA+ ²	Level 2	1,927,278	9,915,892	8,772,309
Treasury Notes	2,271,774	Aaa ¹ , AA+ ²	Level 1	90,092	650,429	1,531,253
FHLB	13,300,159	Aaa ¹ , AA+ ²	Level 2	3,622,649	4,518,640	5,158,870
Sub-Total	<u>112,426,170</u>			<u>\$36,439,850</u>	<u>\$55,185,602</u>	<u>\$20,800,718</u>
Common Stock	<u>1,170,572</u>		Level 1			
Total Investments	<u>\$113,596,742</u>					

¹ Moody's Investor Service

² Standard & Poor's

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above table identifies the District's recurring fair value measurements as of June 30, 2016. STAR Ohio is reported at its share price (net assets value per share).

Interest Rate Risk – The District's formal policy relating to interest rate risk follows the Ohio Revised Code which generally limits security purchases to those that mature within five years of settlement date.

Concentration of Credit Risk – The District places no limit on the amount the District may invest in one issuer. Of the District's total investments, 3.1% are Star Ohio, 8.2% are Commercial Paper, 4.8% are Mutual Funds, 5.7% are Freddie Mac, 10.5% are Fannie Mae, 25.2% are FNMA, 9.6% are FHLM, 18.2% are FFCB, 2.0% are Treasury Notes, 11.7% are FHLB and 1% are common stock (all donated).

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District has no policy on custodial credit risk and is governed by Ohio Revised Code as described under Deposits.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments (Continued)

Credit Risk – The District has not formally adopted its own investment policy but does follow the Ohio Revised Code (ORC) which limits the amount of credit risk it's going to allow any governmental entity to become involved in. It accomplishes this by compiling a specific list of investments, to the exclusion of all other investments, which governmental entities are legally allowed to participate in. The District further minimizes its credit risk by placing most of its available funds in obligations of the US Government or its Agencies; STAR Ohio, which is comprised mostly of US Government and Agency obligations and is specifically authorized and endorsed by the Ohio State Treasurer.

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

	Pooled Cash and Investments *	Investments
Per Combined Balance Sheet	\$191,856,805	\$1,170,572
U.S. Government Securities	(94,122,215)	94,122,215
Mutual Funds	(5,470,049)	5,470,049
Commercial Paper	(9,328,970)	9,328,970
STAR Ohio	(3,504,936)	3,504,936
Per GASB Statement No. 3	<u>\$79,430,635</u>	<u>\$113,596,742</u>

* - Includes restricted pooled cash and investments

NOTE 7 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar 2016 represents collections of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed value listed as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 7 - PROPERTY TAXES (Continued)

Public utility property tax revenue received in calendar 2016 represents collections of calendar year 2015 taxes. Public utility real and tangible personal property taxes received in calendar year 2016 became a lien December 31, 2010, were levied after April 1, 2015 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2016, are available to finance fiscal year 2016 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2016 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

The amount available as an advance at June 30, 2016 was \$121,765,774 in the general fund and \$13,031,141 in the debt service fund. The amount available as an advance at June 30, 2015, was \$61,947,293 in the general fund and \$6,346,646 in the debt service fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been recorded as a deferred inflow of resources.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2016 consisted of taxes, accounts receivable, interest receivable, interfund and intergovernmental receivables.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016***

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds at June 30, 2016:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$196,763,992
Schoolwide Building Program Fund	189,050,428	0
Debt Service Fund	12,961,455	0
Other Governmental Funds	4,303,083	9,550,974
Total All Funds	<u>\$206,314,966</u>	<u>\$206,314,966</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The General Fund provided transfers of \$179,499,454 to help fund the Schoolwide Building Program Fund, \$12,961,455 to the Debt Service Fund for the retirement of various debt issues, \$4,303,083 to the Other Governmental Funds to provide operating monies.

Additional transfers totaling \$9,550,974 from Other Governmental Funds were made to assist with the funding of the Schoolwide Building Program Fund.

NOTE 10 - INTERFUND RECEIVABLES/PAYABLES

Interfund loans receivable/payable to/from other funds at June 30, 2016 from one individual fund to another are as follows:

Fund	Receivables	Payables
General Fund	\$12,354,182	\$0
Schoolwide Building Program Fund	0	1,044,425
Other Governmental Funds	0	11,309,757
Total	<u>\$12,354,182</u>	<u>\$12,354,182</u>

The interfund balances represent amounts due between funds resulting from timing differences.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 11 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2016:

Historical Cost:

Class	June 30, 2015	Additions	Deletions	June 30, 2016
Capital Assets Not Being Depreciated:				
Land	\$36,231,387	\$0	\$0	\$36,231,387
Construction In Progress	244,563	328,237	0	572,800
Subtotal	<u>36,475,950</u>	<u>328,237</u>	<u>0</u>	<u>36,804,187</u>
Capital Assets Being Depreciated:				
Land Improvements	11,794,003	450,500	0	12,244,503
Buildings and Improvements	1,150,787,593	195,288	0	1,150,982,881
Furniture, Fixtures, and Equipment	2,568,524	48,151	(840,527)	1,776,148
Vehicles	923,967	193,995	0	1,117,962
Subtotal	<u>1,166,074,087</u>	<u>887,934</u>	<u>(840,527)</u>	<u>1,166,121,494</u>
Total Cost	<u>\$1,202,550,037</u>	<u>\$1,216,171</u>	<u>(\$840,527)</u>	<u>\$1,202,925,681</u>
Accumulated Depreciation:				
Class	June 30, 2015	Additions	Deletions	June 30, 2016
Land Improvements	(\$7,720,483)	(\$357,887)	\$0	(\$8,078,370)
Buildings and Improvements	(180,933,051)	(25,726,788)	0	(206,659,839)
Furniture, Fixtures, and Equipment	(1,180,241)	(156,026)	149,738	(1,186,529)
Vehicles	(868,244)	(43,651)	0	(911,895)
Total Depreciation	<u>(\$190,702,019)</u>	<u>(\$26,284,352) *</u>	<u>\$149,738</u>	<u>(\$216,836,633)</u>
Net Value:	<u>\$1,011,848,018</u>			<u>\$986,089,048</u>

* Depreciation expenses were charged to governmental functions as follows:

Instruction:	
Regular	\$81,310
Special	11,373
Vocational	9,864
Support Services:	
Pupils	2,316
Instructional Staff	624
Fiscal Services	4,810
Operation and Maintenance of Plant	502,034
Central	112,673
Other Noninstructional Services	25,559,348
Total Depreciation Expense	<u>\$26,284,352</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS

All of the District's full-time employees participate in one of two separate retirement systems which are cost-sharing, multiple-employer defined benefit pension plans.

A. Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)

B. Plan Description

School Employees Retirement System (SERS)

Plan Description – District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary. One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14.00 percent. None of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$8,932,942 for fiscal year 2016.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)

B. Plan Description (Continued)

State Teachers Retirement System (STRS)

Plan Description –District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)

B. Plan Description (Continued)

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2015, and will be increased one percent until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$25,283,099 for fiscal year 2016.

This space intentionally left blank.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	\$142,644,532	\$482,931,304	\$625,575,836
Proportion of the Net Pension Liability -2016	2.4998617%	1.7474038%	
Proportion of the Net Pension Liability -2015	2.2590180%	1.6288072%	
Percentage Change	<u>0.2408437%</u>	<u>0.11859662%</u>	
Pension Expense	\$10,975,411	\$28,746,666	\$39,722,077

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$2,296,839	\$22,015,573	\$24,312,412
School District contributions subsequent to the measurement date	8,932,942	25,283,099	34,216,041
Changes in proportion share	10,658,313	27,124,686	37,782,999
Total Deferred Outflows of Resources	<u>\$21,888,094</u>	<u>\$74,423,358</u>	<u>\$96,311,452</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$2,747,974	\$29,395,122	\$32,143,096
Changes in proportion share	1,978,303	5,336,768	7,315,071
Total Deferred Inflows of Resources	<u>\$4,726,277</u>	<u>\$34,731,890</u>	<u>\$39,458,167</u>

\$34,216,041 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2016	\$1,688,851	(\$1,056,669)	\$632,182
2017	1,688,851	(1,056,669)	632,182
2018	1,677,974	(1,056,668)	621,306
2019	3,173,199	17,578,375	20,751,574
Total	<u>\$8,228,875</u>	<u>\$14,408,369</u>	<u>\$22,637,244</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions

School Employees Retirement System (SERS)

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions (Continued)

Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	<u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

In April 2016, the SERS Board adopted certain assumption changes which impacted their annual actuarial valuation prepared as of June 30, 2016. The most significant change is a reduction in the discount rate from 7.75 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the District's net pension liability is expected to be significant.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
School District's proportionate share of the net pension liability	\$197,796,707	\$142,644,532	\$96,201,853

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions (Continued)

State Teachers Retirement System (STRS)

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015 valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	<u>100.00 %</u>	

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$670,828,008	\$482,931,304	\$324,036,623

This space intentionally left blank.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2016, no percentage of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount (\$23,000 for 2016), pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$496,101 and \$502,201 respectively; which were equal to the required contributions for each year.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 13 - POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System

Plan Description – The District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2016, STRS Ohio allocated employer contributions equal to zero percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$0, and \$1,526,841 respectively; which were equal to the required contributions for each year.

This space intentionally left blank.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 14- LONG-TERM DEBT AND OTHER OBLIGATIONS

Detail of the changes in the long-term debt of the District for the year ended June 30, 2016 is as follows:

		Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016	Amount Due Within One Year
School Improvement	0.970%	\$5,000,000	\$0	\$0	\$5,000,000	\$5,000,000
(Original Issue Amount = \$5,000,000)						
School Improvement Refunding	3.0-5.0%	48,960,000	0	(7,270,000)	41,690,000	7,635,000
(Original Issue Amount = \$69,405,000)						
School Improvement Refunding	4.0-5.25%	334,600,000	0	(12,750,000)	321,850,000	13,390,000
(Original Issue Amount = \$380,945,000)						
School Improvement Refunding	2.5-5.25%	91,500,000	0	(4,820,000)	86,680,000	5,060,000
(Original Issue Amount = \$104,900,000)						
Energy Conservation	5.439%	21,715,000	0	0	21,715,000	0
(Original Issue Amount = \$21,715,000)						
Energy Conservation	4.991%	3,000,000	0	0	3,000,000	0
(Original Issue Amount = \$3,000,000)						
Energy Conservation	5.150%	26,250,000	0	0	26,250,000	0
(Original Issue Amount = \$26,250,000)						
Sub-Total General Obligation Bonds		531,025,000	0	(24,840,000)	506,185,000	31,085,000
Premium General Obligation Bond		37,709,053	0	(2,600,493)	35,108,560	2,600,493
Total General Obligation Bonds		568,734,053	0	(27,440,493)	541,293,560	33,685,493
Capital Leases Payable	4.0-5.0%	2,100,000	0	(1,025,000)	1,075,000	1,075,000
2014 Refunding Lease	3.25-5.0%	72,490,000	0	0	72,490,000	0
2015 Refunding Lease	4.5-3.75%	30,055,000	0	(440,000)	29,615,000	260,000
Sub-Total Capital Leases Payable		104,645,000	0	(1,465,000)	103,180,000	1,335,000
Premium on Capital Lease		9,675,995	0	(537,555)	9,138,440	537,555
Total Capital Leases Payable		114,320,995	0	(2,002,555)	112,318,440	1,872,555
State Teachers Retirement System Net Pension Liability		396,182,280	86,749,024	0	482,931,304	0
School Employees Retirement System Net Pension Liability		114,327,615	28,316,917	0	142,644,532	0
Total Net Pension Liability		510,509,895	115,065,941	0	625,575,836	0
Compensated Absences		39,645,315	7,036,255	(7,009,729)	39,671,841	5,758,337
Total Governmental Long-Term Debt		\$1,233,210,258	\$122,102,196	(\$36,452,777)	\$1,318,859,677	\$41,316,385

The School Improvement and School Improvement Refunding Bonds were issued as part of the District's ten-year, \$1.1 billion Facilities Master Plan (FMP) launched in May 2003 in order to renovate or constructed new a total of 49 schools. As discussed below, proceeds from the School Improvement Refunding Bonds were used to advance refund previously bonds issued under the FMP.

The Energy Conservation Bonds were issued as part of the District's \$56 million project for the installation of equipment and other upgrades to the schools for energy conservation and efficiency measures.

The bonds are general obligation bonds of the District and mature in varying amounts through 2032 and carry interest rates between 0.97% and 5.439%.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 14- LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

A. Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements including principal and interest payments as of June 30, 2016 follows:

Years	General Obligation Bonds		
	Principal	Interest	Total
2017	\$31,085,000	\$25,468,621	\$56,553,621
2018	27,395,000	24,089,496	51,484,496
2019	28,730,000	22,700,497	51,430,497
2020	30,175,000	21,223,903	51,398,903
2021	26,695,000	19,797,790	46,492,790
2022-2026	152,960,000	77,328,478	230,288,478
2027-2031	154,180,000	35,938,158	190,118,158
2032	54,965,000	2,105,644	57,070,644
Totals	<u>\$506,185,000</u>	<u>\$228,652,587</u>	<u>\$734,837,587</u>

B. Defeased Debt

In September 2006, the District partially refunded \$397,305,000 of General Obligation Bonds for School Improvement, dated May 6, 2003, original issue amount \$480,000,000, through the issuance of \$380,945,000 of General Obligation Bonds. The net proceeds of the 2006 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$369,170,000 at June 30, 2016, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

In July 2005, the District refunded \$70,095,000 of General Obligation Bonds for School Improvement Series 2001, through the issuance of \$69,405,000 of General Obligation Bonds. The net proceeds of the 2006 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$42,840,000, at June 30, 2016, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 14- LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

B. Defeased Debt (Continued)

In May 2010, the District refunded \$93,495,000 of General Obligation Bonds for School Improvement Series 2002, original issue amount of \$120,000,000, through the issuance of \$104,900,000 of School Improvement Refunding Bonds, Series 2010. Proceeds in the amount of \$103,964,664 from the 2010 Refunding Bond have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$54,370,000, at June 30, 2016, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

NOTE 15 - CAPITAL LEASE COMMITMENT

The District is party to three leases, for various school facilities, that meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease as one which transfers benefits and risks of ownership to the lessee. The costs of the leased assets are accounted for in the Governmental Activities Capital Assets and the related liabilities in the Governmental Activities Long-Term Liabilities. The original cost of the assets under capital lease is \$120,365,000. The leased assets are recorded as buildings within the Capital Asset Footnote.

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2016:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>
2017	\$5,909,435
2018	5,886,955
2019	5,890,910
2020	5,881,721
2021	5,879,543
2022-2026	48,266,680
2027-2031	55,813,811
2032-2033	<u>22,612,287</u>
Minimum Lease Payments	156,141,342
Less: Amount representing interest at the District's incremental borrowing rate of interest	<u>(52,961,342)</u>
Present value of minimum lease payments	<u><u>\$103,180,000</u></u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 15 - CAPITAL LEASE COMMITMENT (Continued)

In October 2014, the District partially defeased capital leases (\$74,850,000) through the issuance of \$72,490,000 of capital leases (the "2015 Lease"). The net proceeds of the 2015 leases have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded leases, which have an outstanding balance of \$74,850,000 at June 30, 2016 are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

In February 2015, the District partially defeased capital leases (\$26,945,000) through the issuance of \$30,055,000 of capital leases (the "2016 Lease"). The net proceeds of the 2016 leases have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded leases, which have an outstanding balance of \$26,945,000 at June 30, 2016 are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

NOTE 16 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District maintains comprehensive insurance coverage with private carriers for real property, boilers and machinery, building contents, general/Board liability and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real Property and contents are covered with a \$250,000 deductible.

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

For fiscal year 2016 the District participated in the Ohio Bureau of Workers Compensation Retrospective Rating Program, which requires a minimum 31% annual premium payment plus actual claims from District employees for the prior 10 calendar years. The cost for Workers Compensation claims paid in fiscal year 2016 was \$859,710. The premium cost paid in fiscal year 2016 was \$669,979. Premium cost is for administrative charges for Ohio Bureau of Workers Compensation. In addition to the claims paid during fiscal year 2016, the Ohio Bureau of Workers Compensation established a reserve of \$866,696 for future claim payments.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

NOTE 16 - RISK MANAGEMENT (Continued)

The District is self-insured for employee health care. The District began accounting for the self-insurance in a separate Internal Service Fund in 2001. The Self Insurance Fund pays covered claims to service providers, and recovers these costs from charges to other funds based on a rate of 20.59% of gross payroll. Incurred but not reported liabilities (IBNR's) are determined by the actuarial firm of Mercer. For the fiscal year ending June 30, 2016, the IBNR's were determined to be \$5,077,000.

Changes in the fund's claims liability amount in 2016 and 2015 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2015	\$3,638,000	49,761,661	(49,288,661)	\$4,111,000
2016	4,111,000	56,991,390	(56,025,390)	5,077,000

Dental insurance is offered to employees through Dental Care Plus. Total Premiums paid to Dental Care Plus were \$2,174,845. Dental Care Plus does not require an employee payroll deduction.

The CPS Wellness Works Program began January 1, 2011 and is managed by TriHealth (3rd party administrator), with a CPS Wellness Coordinator running the program and scheduling the events, such as health screenings, flu shots, walking logs, etc. Qualifying wellness activities are promoted on CPS's StaffNet home page and on TriHealth's website.

With the CPS Wellness Works program, benefit eligible employees (and their spouse) must complete wellness activities during a calendar year (deadline December 31), which earns the employee dollars. Wellness activities have a specific dollar value associated with each activity. CPS Wellness Works program has a scorecard with the list of approved activities. Each benefits eligible employee/spouse can earn up to \$500 per calendar year. TriHealth will notify Benesyst of how many wellness dollars each employee/spouse earned during the year. The money will be loaded on the Benny Card for use by the end of March.

There is a \$1,500 maximum limit that applies to both single and joint accounts. Once a Benny account reaches \$1,500, no further dollars will be credited to it.

The Benesyst Benny Card is a MasterCard that can be used at eligible providers to pay for HRA-eligible healthcare expenses. When an employee used the Benny Card, they need to keep the receipts for those services or products. IRS regulations may require evidence that the claim is for an HRA-eligible expense. Employees may swipe their card at a provider's or a paper claim may be filed with Benesyst, for reimbursement of paid medical expenses.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016***

NOTE 17 – STATUTORY RESERVES

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years.

The following cash basis information describes the change in the fiscal year end set aside amount for capital acquisition. Disclosure of this information is required by State statute.

	<u>Capital Acquisition Reserve</u>
Set-aside Cash Balance as of June 30, 2015	\$0
Current Year Set-Aside Requirement	5,218,469
Current Year Offset Credits	(12,860,990)
Qualifying Disbursements	<u>(31,271,984)</u>
Total	<u>(\$38,914,505)</u>
Balance Carried Forward to FY 2017	<u>\$0</u>

While the qualifying disbursements during the fiscal year reduced the capital improvement set-aside amount to below zero, this amount may not be used to reduce the set-aside requirements of future fiscal years.

This space intentionally left blank.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 18 - CONTINGENCIES

A. Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2016.

B. Litigation

The District is party to legal proceedings. The District's management is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the District.

C. Foundation Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2015-2016 school year, traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

This Space Intentionally Left Blank

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 19 – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

For fiscal year 2016, the District has implemented GASB Statement No. 72, “Fair Value Measurement and Application”, GASB Statement No. 73 “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68”, GASB Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”, and GASB Statement No. 79, “Certain External Investment Pools and Pool Participants”.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the District.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the District.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the District.

GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the District.

REQUIRED SUPPLEMENTAL INFORMATION

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of District's Proportionate Share of the Net Pension Liability
Last Two Fiscal Years***

State Teachers Retirement System

Fiscal Year	<u>2014</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	1.62880719%	1.74740381%
District's proportionate share of the net pension liability (asset)	\$396,182,278	\$482,931,304
District's covered-employee payroll	\$169,293,408	\$184,907,993
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	234.02%	261.17%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	72.10%

Source: District Treasurer's Office and State Teachers Retirement System

School Employees Retirement System

Fiscal Year	<u>2014</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	2.259018%	2.499862%
District's proportionate share of the net pension liability (asset)	\$114,327,615	\$142,644,532
District's covered-employee payroll	\$66,015,094	\$64,264,135
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	173.18%	221.97%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	69.16%

Source: District Treasurer's Office and School Employees Retirement System

Notes: The District implemented GASB Statement 68 in 2015.

Information prior to 2014 is not available.

The schedule is reported as of the measurement date of the Net Pension Liability.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of District Contributions
Last Three Fiscal Years***

State Teachers Retirement System

Fiscal Year	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$22,008,143	\$25,887,119	\$25,283,099
Contributions in relation to the contractually required contribution	<u>22,008,143</u>	<u>25,887,119</u>	<u>25,283,099</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered-employee payroll	\$169,293,408	\$184,907,993	\$180,593,564
Contributions as a percentage of covered-employee payroll	13.00%	14.00%	14.00%

Source: District Treasurer's Office and State Teachers Retirement System

School Employees Retirement System

Fiscal Year	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$9,149,692	\$8,470,013	\$8,932,942
Contributions in relation to the contractually required contribution	<u>9,149,692</u>	<u>8,470,013</u>	<u>8,932,942</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered-employee payroll	\$66,015,094	\$64,264,135	\$63,806,729
Contributions as a percentage of covered-employee payroll	13.86%	13.18%	14.00%

Source: District Treasurer's Office and School Employees Retirement System

Notes: The District implemented GASB Statement 68 in 2015.

Information prior to 2014 is not available.

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE
THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS.*

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Food Service Fund

A fund used to record financial transactions related to food service operations.

Other Grants Fund

Used to account for the proceeds of specific revenue sources, except for state and federal grants that are legally restricted to expenditures for specific purposes.

Classroom Facilities Maintenance Fund

Used to account for the proceeds of a levy for the maintenance of facilities.

Auxiliary Services Fund

Used to account for monies that provide services and materials to pupils attending non-public schools within the District.

Title VI B – Special Education Assistance Fund

Used to account for federal funds for the provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels. Also to assist in the training of teachers, supervisors and other specialists in providing educational services to the handicapped.

School Improvement Fund

Used to account for federal funds for school improvements.

Chapter I – Education Consolidation and Improvement Act Fund

Used to account for federal funds for services provided to meet special education needs of educationally deprived children. This includes the following federal programs; Even Start, Capital Expense, Title One and Homeless Children Education.

Special Revenue Funds

Miscellaneous Federal Grants Fund

Used to account for various monies received through State agencies from the Federal Government or directly from the Federal Government which are not classified elsewhere. A separate cost center must be used for each grant.

Other Special Revenue Funds

The District maintains 27 special revenue funds. For reporting purposes, the District combines the 17 smallest funds into a fund titled "Other Special Revenue Funds". These combined funds account for less than 4.5% of expenditures for all special revenue funds.

Capital Projects Funds

The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

Permanent Improvement Fund

Used to account for all transactions related to the acquiring, construction or improving of such permanent improvements as are authorized by Chapter 5705 of the Ohio Revised Code.

Building Fund

Used to account for revenues and expenditures related to all special bond funds in the District.

Replacement Fund

Used to account for monies used in the rebuilding, restoration or improvement of property, which has been totally or partially destroyed due to any cause.

Classroom Facilities Fund

Used to account for financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds.

Permanent Fund

The Permanent Fund is used to account for the financial resources that are legally restricted in that only the earnings, not the principal, may be used to support the District's programs.

Permanent Fund

A fund used to account for money, securities, or lands which have been set aside as an investment for public school purposes. The income from such a fund may be expended, but the principal must remain intact

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$ 41,329,678	\$ 11,881,815	\$ 1,044,491	\$ 54,255,984
Investments	8,128	0	324,968	333,096
Receivables:				
Accounts	135,418	0	0	135,418
Intergovernmental - State and Local	2,277,620	0	0	2,277,620
Intergovernmental - Federal	10,319,548	0	0	10,319,548
Inventory of Supplies at Cost	100,545	0	0	100,545
Inventory Held for Resale	7,702	0	0	7,702
Total Assets	<u>\$ 54,178,639</u>	<u>\$ 11,881,815</u>	<u>\$ 1,369,459</u>	<u>\$ 67,429,913</u>
Liabilities:				
Accounts Payable	\$ 1,549,700	\$ 16,989	\$ 28,730	\$ 1,595,419
Accrued Wages and Benefits	2,756,943	0	0	2,756,943
Intergovernmental Payable	987,059	683,815	0	1,670,874
Interfund Loans Payable	10,800,626	509,131	0	11,309,757
Total Liabilities	<u>16,094,328</u>	<u>1,209,935</u>	<u>28,730</u>	<u>17,332,993</u>
Deferred Inflows of Resources:				
Unavailable Amounts	10,325,227	0	0	10,325,227
Total Deferred Inflows of Resources	<u>10,325,227</u>	<u>0</u>	<u>0</u>	<u>10,325,227</u>
Fund Balances:				
Nonspendable	108,247	0	768,034	876,281
Restricted	30,508,012	11,011,846	572,695	42,092,553
Unassigned	(2,857,175)	(339,966)	0	(3,197,141)
Total Fund Balances	<u>27,759,084</u>	<u>10,671,880</u>	<u>1,340,729</u>	<u>39,771,693</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 54,178,639</u>	<u>\$ 11,881,815</u>	<u>\$ 1,369,459</u>	<u>\$ 67,429,913</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
Investment Earnings	\$ 617	\$ 13,965	\$ 1,153	\$ 15,735
Food Services	1,284,140	0	0	1,284,140
Intergovernmental - State	10,715,982	0	0	10,715,982
Intergovernmental - Federal	65,843,897	0	0	65,843,897
All Other Revenue	6,034,081	0	0	6,034,081
Total Revenue	83,878,717	13,965	1,153	83,893,835
Expenditures:				
Current:				
Instruction:				
Regular	1,059,027	0	20,000	1,079,027
Special	13,058,377	0	0	13,058,377
Vocational	1,194,750	0	0	1,194,750
Other	784,093	0	0	784,093
Supporting Services:				
Pupils	3,125,454	0	0	3,125,454
Instructional Staff	13,966,872	0	0	13,966,872
Administration	3,341,466	0	0	3,341,466
Fiscal Services	1,035,947	12,492	0	1,048,439
Business	59,290	0	0	59,290
Operation & Maintenance of Plant	3,681,619	1,952,109	0	5,633,728
Pupil Transportation	61,046	0	0	61,046
Central	890,000	0	0	890,000
Operation of Non-Instructional Services	36,643,017	0	85,705	36,728,722
Extracurricular Activities	2,646,209	0	0	2,646,209
Capital Outlay	1,196,740	670,389	0	1,867,129
Total Expenditures	82,743,907	2,634,990	105,705	85,484,602
Excess (Deficiency) of Revenues Over Expenditures	1,134,810	(2,621,025)	(104,552)	(1,590,767)

CINCINNATI CITY SCHOOL DISTRICT, OHIO

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Other Financing Sources (Uses):				
Transfers In	3,653,083	650,000	0	4,303,083
Transfers Out	(9,550,974)	0	0	(9,550,974)
Total Other Financing Sources (Uses)	<u>(5,897,891)</u>	<u>650,000</u>	<u>0</u>	<u>(5,247,891)</u>
Net Change in Fund Balance	(4,763,081)	(1,971,025)	(104,552)	(6,838,658)
Fund Balances at Beginning of Year, Restated	<u>32,522,165</u>	<u>12,642,905</u>	<u>1,445,281</u>	<u>46,610,351</u>
Fund Balances End of Year	<u>\$ 27,759,084</u>	<u>\$ 10,671,880</u>	<u>\$ 1,340,729</u>	<u>\$ 39,771,693</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2016**

	<u>Food Service</u>	<u>Other Grants</u>	<u>Classroom Facilities Maintenance</u>	<u>Auxiliary Services</u>
Assets:				
Equity in Pooled Cash and Investments	\$ 11,887,271	\$ 5,132,157	\$ 4,293,250	\$ 2,960,850
Investments	0	0	0	0
Receivables:				
Accounts	0	130,783	0	3,910
Intergovernmental - State and Local	1,079,413	614,942	0	4,022
Intergovernmental - Federal	0	0	0	0
Inventory of Supplies at Cost	100,545	0	0	0
Inventory Held for Resale	7,702	0	0	0
Total Assets	<u>\$ 13,074,931</u>	<u>\$ 5,877,882</u>	<u>\$ 4,293,250</u>	<u>\$ 2,968,782</u>
Liabilities:				
Accounts Payable	\$ 164,981	\$ 114,054	\$ 22,470	\$ 271,593
Accrued Wages and Benefits	335,083	91,253	0	331,290
Intergovernmental Payable	119,968	32,671	0	118,611
Interfund Loans Payable	0	0	0	0
Total Liabilities	<u>620,032</u>	<u>237,978</u>	<u>22,470</u>	<u>721,494</u>
Deferred Inflows of Resources:				
Unavailable Amounts	7,702	0	0	0
Total Deferred Inflows of Resources	<u>7,702</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:				
Nonspendable	108,247	0	0	0
Restricted	12,338,950	5,639,904	4,270,780	2,247,288
Unassigned	0	0	0	0
Total Fund Balances	<u>12,447,197</u>	<u>5,639,904</u>	<u>4,270,780</u>	<u>2,247,288</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 13,074,931</u>	<u>\$ 5,877,882</u>	<u>\$ 4,293,250</u>	<u>\$ 2,968,782</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

<u>Title VI-B</u>	<u>School Improvement</u>	<u>Chapter I</u>	<u>Miscellaneous Federal Grants</u>	<u>Other Special Revenue</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 2,152,941	\$ 136,753	\$ 4,929,338	\$ 2,430,243	\$ 7,406,875	\$ 41,329,678
0	0	0	0	8,128	8,128
0	0	0	0	725	135,418
0	0	0	0	579,243	2,277,620
2,313,142	755,539	5,201,257	347,732	1,701,878	10,319,548
0	0	0	0	0	100,545
0	0	0	0	0	7,702
<u>\$ 4,466,083</u>	<u>\$ 892,292</u>	<u>\$ 10,130,595</u>	<u>\$ 2,777,975</u>	<u>\$ 9,696,849</u>	<u>\$ 54,178,639</u>
\$ 141,160	\$ 39,252	\$ 136,474	\$ 143,994	\$ 515,722	\$ 1,549,700
690,932	17,553	857,916	0	432,916	2,756,943
247,372	6,285	307,157	0	154,995	987,059
1,656,844	467,150	3,157,507	4,166,570	1,352,555	10,800,626
2,736,308	530,240	4,459,054	4,310,564	2,456,188	16,094,328
2,313,142	755,539	5,201,257	347,732	1,699,855	10,325,227
2,313,142	755,539	5,201,257	347,732	1,699,855	10,325,227
0	0	0	0	0	108,247
0	0	470,284	0	5,540,806	30,508,012
(583,367)	(393,487)	0	(1,880,321)	0	(2,857,175)
(583,367)	(393,487)	470,284	(1,880,321)	5,540,806	27,759,084
<u>\$ 4,466,083</u>	<u>\$ 892,292</u>	<u>\$ 10,130,595</u>	<u>\$ 2,777,975</u>	<u>\$ 9,696,849</u>	<u>\$ 54,178,639</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Special Revenue Funds For the Fiscal Year Ended June 30, 2016

	Food Service	Other Grants	Classroom Facilities Maintenance	Auxiliary Services
Revenues:				
Investment Earnings	\$ 0	\$ 0	\$ 0	\$ 0
Food Services	1,284,140	0	0	0
Intergovernmental - State	1,667,057	0	0	8,181,614
Intergovernmental - Federal	17,764,010	133,600	0	0
All Other Revenue	0	3,156,557	2,132	15,304
Total Revenue	20,715,207	3,290,157	2,132	8,196,918
Expenditures:				
Current:				
Instruction:				
Regular	0	380,386	0	0
Special	0	240,382	0	0
Vocational	0	8,058	0	0
Other	0	32,346	0	0
Supporting Services:				
Pupils	0	67,792	0	0
Instructional Staff	0	1,598,675	0	0
Administration	0	205,567	0	0
Fiscal Services	0	16,579	0	0
Business	59,290	0	0	0
Operation & Maintenance of Plant	633,413	61,305	2,893,739	0
Pupil Transportation	0	1,140	0	0
Central	49,214	160,464	0	0
Operation of Non-Instructional Services	16,680,352	311,168	0	9,333,007
Extracurricular Activities	0	126,615	0	0
Capital Outlay	0	21,990	1,174,750	0
Total Expenditures	17,422,269	3,232,467	4,068,489	9,333,007
Excess (Deficiency) of Revenues Over Expenditures	3,292,938	57,690	(4,066,357)	(1,136,089)
Other Financing Sources (Uses):				
Transfers In	0	0	3,254,156	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	3,254,156	0
Net Change in Fund Balance	3,292,938	57,690	(812,201)	(1,136,089)
Fund Balances (Deficit) at Beginning of Year, Restated	9,154,259	5,582,214	5,082,981	3,383,377
Fund Balances (Deficit) End of Year	\$ 12,447,197	\$ 5,639,904	\$ 4,270,780	\$ 2,247,288

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Title VI-B	School Improvement	Chapter I	Miscellaneous Federal Grants	Other Special Revenue	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 617	\$ 617
0	0	0	0	0	1,284,140
0	0	0	0	867,311	10,715,982
8,832,358	2,333,034	25,365,895	2,488,123	8,926,877	65,843,897
0	0	0	0	2,860,088	6,034,081
<u>8,832,358</u>	<u>2,333,034</u>	<u>25,365,895</u>	<u>2,488,123</u>	<u>12,654,893</u>	<u>83,878,717</u>
0	203,199	90,927	0	384,515	1,059,027
4,243,461	280,805	8,113,435	0	180,294	13,058,377
315,674	0	0	0	871,018	1,194,750
1,285	164,033	111,497	0	474,932	784,093
1,712,886	19,500	732,748	0	592,528	3,125,454
435,699	2,112,882	5,459,286	1,514,231	2,846,099	13,966,872
1,470,598	4,385	1,108,377	1,684	550,855	3,341,466
275,737	24,342	639,636	0	79,653	1,035,947
0	0	0	0	0	59,290
336	0	0	0	92,826	3,681,619
161	0	58,384	0	1,361	61,046
126,008	0	5,341	0	548,973	890,000
1,467,416	0	4,462,961	1,078,411	3,309,702	36,643,017
0	0	0	0	2,519,594	2,646,209
0	0	0	0	0	1,196,740
<u>10,049,261</u>	<u>2,809,146</u>	<u>20,782,592</u>	<u>2,594,326</u>	<u>12,452,350</u>	<u>82,743,907</u>
(1,216,903)	(476,112)	4,583,303	(106,203)	202,543	1,134,810
0	267,098	0	0	131,829	3,653,083
0	0	(8,997,056)	0	(553,918)	(9,550,974)
0	267,098	(8,997,056)	0	(422,089)	(5,897,891)
(1,216,903)	(209,014)	(4,413,753)	(106,203)	(219,546)	(4,763,081)
633,536	(184,473)	4,884,037	(1,774,118)	5,760,352	32,522,165
<u>\$ (583,367)</u>	<u>\$ (393,487)</u>	<u>\$ 470,284</u>	<u>\$ (1,880,321)</u>	<u>\$ 5,540,806</u>	<u>\$ 27,759,084</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2016**

	Permanent Improvement	Building	Replacement	Classroom Facilities	Total Nonmajor Capital Projects Funds
Assets:					
Equity in Pooled Cash and Investments	\$ 651,283	\$ 169,165	\$ 1,177	\$ 11,060,190	\$ 11,881,815
Total Assets	<u>\$ 651,283</u>	<u>\$ 169,165</u>	<u>\$ 1,177</u>	<u>\$ 11,060,190</u>	<u>\$ 11,881,815</u>
Liabilities:					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 16,989	\$ 16,989
Intergovernmental Payable	0	0	0	683,815	683,815
Interfund Loans Payable	0	509,131	0	0	509,131
Total Liabilities	<u>0</u>	<u>509,131</u>	<u>0</u>	<u>700,804</u>	<u>1,209,935</u>
Fund Balances:					
Restricted	651,283	0	1,177	10,359,386	11,011,846
Unassigned	0	(339,966)	0	0	(339,966)
Total Fund Balances	<u>651,283</u>	<u>(339,966)</u>	<u>1,177</u>	<u>10,359,386</u>	<u>10,671,880</u>
Total Liabilities and Fund Balances	<u>\$ 651,283</u>	<u>\$ 169,165</u>	<u>\$ 1,177</u>	<u>\$ 11,060,190</u>	<u>\$ 11,881,815</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2016**

	Permanent Improvement	Building	Replacement	Classroom Facilities	Total Nonmajor Capital Projects Funds
Revenues:					
Investment Earnings	\$ 1,283	\$ 3,538	\$ 0	\$ 9,144	\$ 13,965
Total Revenue	<u>1,283</u>	<u>3,538</u>	<u>0</u>	<u>9,144</u>	<u>13,965</u>
Expenditures:					
Current:					
Supporting Services:					
Fiscal Services	0	12,492	0	0	12,492
Operation & Maintenance of Plant	0	0	0	1,952,109	1,952,109
Capital Outlay	0	33,712	0	636,677	670,389
Total Expenditures	<u>0</u>	<u>46,204</u>	<u>0</u>	<u>2,588,786</u>	<u>2,634,990</u>
Excess (Deficiency) of Revenues Over Expenditures	1,283	(42,666)	0	(2,579,642)	(2,621,025)
Other Financing Sources (Uses):					
Transfers In	650,000	0	0	0	650,000
Total Other Financing Sources (Uses)	<u>650,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>650,000</u>
Net Change in Fund Balance	651,283	(42,666)	0	(2,579,642)	(1,971,025)
Fund Balances (Deficit) at Beginning of Year	<u>0</u>	<u>(297,300)</u>	<u>1,177</u>	<u>12,939,028</u>	<u>12,642,905</u>
Fund Balances (Deficit) End of Year	<u>\$ 651,283</u>	<u>\$ (339,966)</u>	<u>\$ 1,177</u>	<u>\$ 10,359,386</u>	<u>\$ 10,671,880</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Governmental Funds – General Fund
For the Fiscal Year Ended June 30, 2016***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues				
and Other Financing Sources	\$ 503,563,323	\$ 474,127,470	\$ 474,127,470	\$ 0
Total Expenditures				
and Other Financing Uses	551,815,785	529,802,737	529,802,737	0
Net Change in Fund Balance	(48,252,462)	(55,675,267)	(55,675,267)	0
Fund Balances, Beginning of Year	99,119,636	99,119,636	99,119,636	0
Prior Year Encumbrances	13,901,621	13,901,621	13,901,621	0
Fund Balances, End of Year	<u>\$ 64,768,795</u>	<u>\$ 57,345,990</u>	<u>\$ 57,345,990</u>	<u>\$ 0</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Governmental Funds – Special Revenue Fund
For the Fiscal Year Ended June 30, 2016***

	<i>SCHOOLWIDE BUILDING PROGRAM FUND</i>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Financing Sources	<u>\$ 198,445,899</u>	<u>\$ 190,094,853</u>	<u>\$ 190,094,853</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>198,445,899</u>	<u>190,094,853</u>	<u>190,094,853</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2016***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 19,426,659	\$ 19,426,659	\$ 0
Total Expenditures and Other Financing Uses	20,257,509	20,257,509	0
Net Change in Fund Balance	(830,850)	(830,850)	0
Fund Balances, Beginning of Year	5,612,270	5,612,270	0
Prior Year Encumbrances	3,978,959	3,978,959	0
Fund Balances, End of Year	<u>\$ 8,760,379</u>	<u>\$ 8,760,379</u>	<u>\$ 0</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2016***

	OTHER GRANTS FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Total Revenues and Other Financing Sources	\$ 3,210,133	\$ 3,210,133	\$ 0
Total Expenditures and Other Financing Uses	4,220,455	4,220,455	0
Net Change in Fund Balance	(1,010,322)	(1,010,322)	0
Fund Balances, Beginning of Year	4,274,898	4,274,898	0
Prior Year Encumbrances	1,328,892	1,328,892	0
Fund Balances, End of Year	<u>\$ 4,593,468</u>	<u>\$ 4,593,468</u>	<u>\$ 0</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2016***

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total Revenues and Other Financing Sources	\$ 3,256,288	\$ 3,256,288	\$ 0
Total Expenditures and Other Financing Uses	4,583,269	4,583,269	0
Net Change in Fund Balance	(1,326,981)	(1,326,981)	0
Fund Balances, Beginning of Year	3,506,688	3,506,688	0
Prior Year Encumbrances	1,584,168	1,584,168	0
Fund Balances, End of Year	<u>\$ 3,763,875</u>	<u>\$ 3,763,875</u>	<u>\$ 0</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2016***

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total Revenues and Other Financing Sources	\$ 10,953,019	\$ 10,953,019	\$ 0
Total Expenditures and Other Financing Uses	<u>10,301,545</u>	<u>10,301,545</u>	<u>0</u>
Net Change in Fund Balance	651,474	651,474	0
Fund Balances, Beginning of Year	431,440	431,440	0
Prior Year Encumbrances	<u>1,061,251</u>	<u>1,061,251</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 2,144,165</u>	<u>\$ 2,144,165</u>	<u>\$ 0</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2016***

	TITLE VI-B FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Total Revenues and Other Financing Sources	\$ 12,517,968	\$ 12,517,968	\$ 0
Total Expenditures and Other Financing Uses	12,592,587	12,592,587	0
Net Change in Fund Balance	(74,619)	(74,619)	0
Fund Balances, Beginning of Year	425,098	425,098	0
Prior Year Encumbrances	331,398	331,398	0
Fund Balances, End of Year	<u>\$ 681,877</u>	<u>\$ 681,877</u>	<u>\$ 0</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2016***

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total Revenues and Other Financing Sources	\$ 3,462,458	\$ 3,462,458	\$ 0
Total Expenditures and Other Financing Uses	4,343,580	4,343,580	0
Net Change in Fund Balance	(881,122)	(881,122)	0
Fund Balances, Beginning of Year	(85,639)	(85,639)	0
Prior Year Encumbrances	966,761	966,761	0
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2016***

	<i>CHAPTER I FUND</i>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total Revenues and Other Financing Sources	\$ 40,703,007	\$ 40,703,007	\$ 0
Total Expenditures and Other Financing Uses	<u>42,767,482</u>	<u>42,767,482</u>	<u>0</u>
Net Change in Fund Balance	(2,064,475)	(2,064,475)	0
Fund Balances, Beginning of Year	1,045,922	1,045,922	0
Prior Year Encumbrances	<u>4,378,709</u>	<u>4,378,709</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 3,360,156</u>	<u>\$ 3,360,156</u>	<u>\$ 0</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2016***

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total Revenues and Other Financing Sources	\$ 6,725,157	\$ 6,725,157	\$ 0
Total Expenditures and Other Financing Uses	6,094,095	6,094,095	0
Net Change in Fund Balance	631,062	631,062	0
Fund Balances, Beginning of Year	(1,170,329)	(1,170,329)	0
Prior Year Encumbrances	539,267	539,267	0
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2016***

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total Revenues and Other Financing Sources	\$ 16,883,020	\$ 16,883,020	\$ 0
Total Expenditures and Other Financing Uses	17,007,330	17,007,330	0
Net Change in Fund Balance	(124,310)	(124,310)	0
Fund Balances, Beginning of Year	3,236,783	3,236,783	0
Prior Year Encumbrances	2,407,552	2,407,552	0
Fund Balances, End of Year	<u>\$ 5,520,025</u>	<u>\$ 5,520,025</u>	<u>\$ 0</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2016***

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total Revenues and Other Financing Sources	\$ 651,283	\$ 651,283	\$ 0
Total Expenditures and Other Financing Uses	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	651,283	651,283	0
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 651,283</u>	<u>\$ 651,283</u>	<u>\$ 0</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2016***

	BUILDING FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Total Revenues and Other Financing Sources	\$ 512,669	\$ 512,669	\$ 0
Total Expenditures and Other Financing Uses	509,622	509,622	0
Net Change in Fund Balance	3,047	3,047	0
Fund Balances, Beginning of Year	0	0	0
Prior Year Encumbrances	166,118	166,118	0
Fund Balances, End of Year	<u>\$ 169,165</u>	<u>\$ 169,165</u>	<u>\$ 0</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2016***

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total Revenues and Other Financing Sources	\$ 0	\$ 0	\$ 0
Total Expenditures and Other Financing Uses	0	0	0
Net Change in Fund Balance	0	0	0
Fund Balances, Beginning of Year	<u>1,177</u>	<u>1,177</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 1,177</u>	<u>\$ 1,177</u>	<u>\$ 0</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2016***

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total Revenues and Other Financing Sources	\$ 9,144	\$ 9,144	\$ 0
Total Expenditures and Other Financing Uses	<u>5,897,727</u>	<u>5,897,727</u>	<u>0</u>
Net Change in Fund Balance	(5,888,583)	(5,888,583)	0
Fund Balances, Beginning of Year	13,450,922	13,450,922	0
Prior Year Encumbrances	<u>422,923</u>	<u>422,923</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 7,985,262</u>	<u>\$ 7,985,262</u>	<u>\$ 0</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Fund
For the Fiscal Year Ended June 30, 2016***

	<i>PERMANENT FUND</i>		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u></u>
Total Revenues and Other Financing Sources	\$ 10,949	\$ 10,949	\$ 0
Total Expenditures and Other Financing Uses	108,149	108,149	0
Net Change in Fund Balance	(97,200)	(97,200)	0
Fund Balances, Beginning of Year	1,144,078	1,144,078	0
Prior Year Encumbrances	521	521	0
Fund Balances, End of Year	<u>\$ 1,047,399</u>	<u>\$ 1,047,399</u>	<u>\$ 0</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Fiduciary Funds

Fiduciary fund types are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Agency Fund

Student Managed Activity Fund

Used to account for those student activity programs which have student participation in the activity and have students involved in the management of the program.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2016***

	Restated Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<u>Student Managed Activity Fund</u>				
Assets:				
Equity in Pooled Cash and Investments	\$121,615	\$136,677	(\$159,092)	\$99,200
Total Assets	<u>\$121,615</u>	<u>\$136,677</u>	<u>(\$159,092)</u>	<u>\$99,200</u>
Liabilities:				
Due to Students	\$121,615	\$136,677	(\$159,092)	\$99,200
Total Liabilities	<u>\$121,615</u>	<u>\$136,677</u>	<u>(\$159,092)</u>	<u>\$99,200</u>





Statistical Section



STATISTICAL TABLES

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents

Financial Trends	S 2 – S 13
These schedules contain trend information to help the reader understand how the District's financial position has changed over time.	
Revenue Capacity	S 14 – S 21
These schedules contain information to help the reader understand and assess the factors affecting the District's ability to generate its most significant local revenue sources, the property tax and the sales tax.	
Debt Capacity	S 22 – S 29
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Economic and Demographic Information	S 30 – S 33
These schedules offer economic and demographic indicators to help the reader understand the environment within which the District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
Operating Information	S 34 – S 46
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

Sources Note:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Net Position by Component
Last Ten Years
(accrual basis of accounting)*

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental Activities				
Net Investment in Capital Assets	\$218,829,785	\$273,865,981	\$326,129,887	\$353,689,363
Restricted for:				
Capital Projects	113,428,438	73,551,262	31,994,427	707,188
Debt Service	27,315,500	16,959,885	5,484,225	14,483,686
Permanent Funds:				
Expendable	476,939	497,397	457,573	465,598
Nonexpendable	768,034	768,034	768,034	768,034
State and Federal Grants	9,754,569	0	0	15,968,403
Unrestricted	52,591,559	40,306,909	90,286,275	148,052,663
Total Governmental Activities Net Position	<u>\$423,164,824</u>	<u>\$405,949,468</u>	<u>\$455,120,421</u>	<u>\$534,134,935</u>

Source: District Treasurer's Office

* Restated for implementation of GASB 68, Accounting and Reporting for Pensions.

^ Restated from balances previously reported.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

2011	2012	2013	* 2014	^ 2015	2016
\$407,388,120	\$389,607,776	\$371,260,025	\$378,833,045	\$373,215,575	\$372,710,520
2,109,383	3,952,865	0	0	0	0
1,898,503	30,104,898	35,475,962	37,985,018	36,269,930	41,035,323
498,731	487,719	551,280	575,846	677,247	572,695
768,034	768,034	768,034	768,034	768,034	768,034
14,088,445	19,478,500	38,853,156	37,821,760	37,441,040	24,365,286
189,176,164	167,348,569	171,671,926	(398,789,436)	(375,932,419)	(358,030,648)
<u>\$615,927,380</u>	<u>\$611,748,361</u>	<u>\$618,580,383</u>	<u>\$57,194,267</u>	<u>\$72,439,407</u>	<u>\$81,421,210</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2007	2008	2009	2010
Expenses				
Governmental Activities				
Instruction				
Regular	\$182,146,228	\$175,998,596	\$218,216,256	\$215,218,926
Special	69,266,976	72,421,383	72,987,430	77,739,067
Vocational	6,693,031	7,216,845	5,796,782	6,839,266
Other	32,417,953	40,553,924	677,824	324,254
Support Services				
Pupils	27,257,081	23,484,223	25,454,794	29,830,994
Instructional Staff	42,835,422	44,812,063	44,172,580	39,819,027
Board of Education	347,852	403,963	443,575	339,142
Administration	34,880,780	33,167,537	33,399,805	35,453,480
Fiscal Services	3,306,297	2,905,859	2,982,641	6,833,916
Business	1,071,616	1,217,184	1,382,889	1,196,647
Operation and Maintenance of Plant	41,057,796	40,791,667	41,344,253	41,693,266
Pupil Transportation	22,799,539	23,321,223	29,877,750	31,574,052
Central	15,159,365	19,888,633	19,309,398	10,143,405
Non-Instructional Services	30,191,515	32,584,206	34,574,667	37,670,655
Extracurricular Activities	5,323,580	5,066,751	6,727,253	6,370,590
Interest and Fiscal Charges	27,316,555	36,789,707	35,008,872	31,351,857
<i>Total Primary Government Expenses</i>	<u>\$542,071,586</u>	<u>\$560,623,764</u>	<u>\$572,356,769</u>	<u>\$572,398,544</u>
Program Revenues				
Governmental Activities				
Charges for Services				
Instruction	\$7,575,641	\$4,295,206	\$6,799,768	\$8,363,276
Support Services	4,481,719	7,278,344	7,001,505	5,914,193
Non-Instructional Services	2,483,338	2,262,012	2,183,221	1,977,207
Extracurricular Activities	851,103	750,852	1,947,178	1,906,058
Operating Grants and Contributions	109,768,466	127,168,655	126,199,712	119,193,346
Capital Grants and Contributions	81,068,698	719,912	0	11,920,000
<i>Total Primary Government Program Revenues</i>	<u>206,228,965</u>	<u>142,474,981</u>	<u>144,131,384</u>	<u>149,274,080</u>
Net (Expense)/Revenue				
Governmental Activities	<u>(335,842,621)</u>	<u>(418,148,783)</u>	<u>(428,225,385)</u>	<u>(423,124,464)</u>
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$335,842,621)</u>	<u>(\$418,148,783)</u>	<u>(\$428,225,385)</u>	<u>(\$423,124,464)</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

2011	2012	2013	2014	2015	2016
\$212,617,087	\$221,930,107	\$216,412,633	\$227,470,011	\$224,826,991	\$253,726,072
77,918,902	73,856,224	74,992,946	68,794,765	75,109,882	74,955,625
7,046,640	3,793,083	3,789,648	3,367,142	4,302,419	5,741,211
613,450	577,036	1,076,290	825,306	965,911	2,215,551
29,702,228	27,942,924	35,346,133	38,352,619	36,943,283	28,531,385
49,720,996	46,927,907	36,716,764	21,048,281	35,105,522	24,959,869
343,414	398,130	380,683	389,815	406,132	340,883
35,904,173	29,292,929	32,566,236	29,462,944	32,228,666	31,635,312
7,006,980	7,369,914	6,796,344	8,209,680	8,972,208	7,460,647
1,244,023	1,607,145	1,122,066	1,300,440	2,051,368	2,178,785
47,998,030	47,844,700	48,446,538	43,099,032	46,511,084	43,000,810
27,155,167	30,269,005	31,522,565	29,401,931	32,192,259	31,450,938
15,024,579	18,435,513	19,827,610	18,914,522	32,127,115	37,892,403
43,667,894	46,614,539	51,851,575	55,719,694	62,166,963	61,543,956
5,605,603	7,140,306	3,810,106	5,406,211	5,751,797	6,165,869
34,495,353	34,028,545	37,947,116	33,103,064	31,162,366	30,150,818
<u>\$596,064,519</u>	<u>\$598,028,007</u>	<u>\$602,605,253</u>	<u>\$584,865,457</u>	<u>\$630,823,966</u>	<u>\$641,950,134</u>
\$9,295,532	\$5,150,008	\$12,655,589	\$8,460,298	\$12,868,018	\$16,285,449
6,448,862	6,749,598	5,685,337	4,306,981	2,397,627	1,397,762
2,035,610	2,117,529	1,522,720	1,994,311	1,665,441	1,487,689
4,184,264	1,912,546	1,726,634	2,838,688	3,577,248	2,942,914
107,155,658	86,060,381	85,983,762	74,439,049	90,857,795	87,856,672
56,581,124	5,908,555	795,249	825,988	301,335	0
<u>185,701,050</u>	<u>107,898,617</u>	<u>108,369,291</u>	<u>92,865,315</u>	<u>111,667,464</u>	<u>109,970,486</u>
<u>(410,363,469)</u>	<u>(490,129,390)</u>	<u>(494,235,962)</u>	<u>(492,000,142)</u>	<u>(519,156,502)</u>	<u>(531,979,648)</u>
<u>(\$410,363,469)</u>	<u>(\$490,129,390)</u>	<u>(\$494,235,962)</u>	<u>(\$492,000,142)</u>	<u>(\$519,156,502)</u>	<u>(\$531,979,648)</u>

(Continued)

CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2007	2008	2009	2010
General Revenues and Other Changes in Net Position				
Governmental Activities				
Property Taxes Levied for				
General Purposes	\$189,107,096	\$200,054,022	\$265,885,389	\$255,859,268
Debt Service	25,823,528	33,356,387	23,498,488	30,695,071
Revenue in Lieu of Taxes	11,299,519	10,948,197	10,919,337	17,497,711
Grants and Entitlements not				
Restricted to Specific Programs	157,791,118	150,048,088	165,610,526	192,804,062
Investment Earnings	29,904,739	30,097,980	10,097,650	2,452,857
Miscellaneous	3,315,544	12,818,225	1,384,948	2,830,009
<i>Total Primary Government</i>	<u>\$417,241,544</u>	<u>\$437,322,899</u>	<u>\$477,396,338</u>	<u>\$502,138,978</u>
Change in Net Position				
<i>Total Primary Government</i>				
<i>Change in Net Position</i>	<u>\$81,398,923</u>	<u>\$19,174,116</u>	<u>\$49,170,953</u>	<u>\$79,014,514</u>

Source: District Treasurer's Office

CINCINNATI CITY SCHOOL DISTRICT, OHIO

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$250,219,075	\$225,246,490	\$249,843,745	\$244,261,485	\$258,835,153	\$262,244,529
15,071,352	47,063,326	31,761,784	31,109,541	27,735,023	28,161,591
23,453,928	21,431,724	26,729,545	28,579,107	26,478,019	24,113,624
197,164,514	185,176,443	189,651,837	200,504,547	216,053,122	224,292,717
1,298,188	608,212	445,696	822,672	1,422,750	2,128,904
4,948,857	6,424,176	2,635,377	445,127	3,879,693	20,086
<u>\$492,155,914</u>	<u>\$485,950,371</u>	<u>\$501,067,984</u>	<u>\$505,722,479</u>	<u>\$534,403,760</u>	<u>\$540,961,451</u>
<u>\$81,792,445</u>	<u>(\$4,179,019)</u>	<u>\$6,832,022</u>	<u>\$13,722,337</u>	<u>\$15,247,258</u>	<u>\$8,981,803</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2007	2008	2009	2010
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	(94,708,835)	44,175,345	(75,520,891)	(52,610,506)
Unreserved	(9,416,133)	(2,461,469)	10,296,495	45,882,306
<i>Total General Fund</i>	<u>(104,124,968)</u>	<u>41,713,876</u>	<u>(65,224,396)</u>	<u>(6,728,200)</u>
All Other Governmental Funds				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Unassigned	0	0	0	0
Reserved	123,506,930	110,989,299	149,613,198	171,293,861
Unreserved, Undesignated in:				
Special Revenue Funds	5,072,611	(6,516,820)	(5,327,271)	5,435,099
Capital Projects Funds	452,438,137	371,811,911	246,422,216	246,788,752
Permanent Fund	476,939	497,397	457,573	461,968
<i>Total All Other Governmental Funds</i>	<u>581,494,617</u>	<u>476,781,787</u>	<u>391,165,716</u>	<u>423,979,680</u>
<i>Total Governmental Funds</i>	<u><u>\$477,369,649</u></u>	<u><u>\$518,495,663</u></u>	<u><u>\$325,941,320</u></u>	<u><u>\$417,251,480</u></u>

Source: District Treasurer's Office

^ Restated from balances previously reported

Note: The District implemented GASB 54 in 2011 which established new fund balance classifications for governmental funds.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

2011	2012	2013	2014	2015	2016
\$0	\$190,019	\$974,486	\$557,803	\$485,160	\$857,411
11,987,019	5,338,695	8,521,334	19,161,684	12,599,416	56,027,949
136,044,132	125,977,166	148,757,794	141,975,346	157,809,894	138,407,368
0	0	0	0	0	0
0	0	0	0	0	0
<u>148,031,151</u>	<u>131,505,880</u>	<u>158,253,614</u>	<u>161,694,833</u>	<u>170,894,470</u>	<u>195,292,728</u>
1,276,452	892,636	920,196	904,636	853,798	876,281
265,207,563	185,566,497	112,333,005	94,935,693	83,197,999	81,922,483
(1,293,974)	(1,644,897)	(3,993,282)	(4,068,620)	(2,255,891)	(11,892,034)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>265,190,041</u>	<u>184,814,236</u>	<u>109,259,919</u>	<u>91,771,709</u>	<u>81,795,906</u>	<u>70,906,730</u>
<u>\$413,221,192</u>	<u>\$316,320,116</u>	<u>\$267,513,533</u>	<u>\$253,466,542</u>	<u>\$252,690,376</u>	<u>\$266,199,458</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2007	2008	2009	2010
Revenues:				
Local Sources:				
Taxes	\$196,490,568	\$248,560,390	\$277,728,502	\$281,808,058
Tuition	2,513,899	2,436,623	1,750,008	2,460,003
In Lieu of Taxes	11,299,537	10,949,847	10,919,337	17,497,711
Investment Earnings	29,948,910	31,299,042	10,996,692	3,037,728
Food Services	2,344,784	2,183,555	2,116,608	1,909,984
Intermediate Sources	0	0	0	16,270,249
Intergovernmental - State	213,837,132	218,696,480	252,144,552	239,861,668
Intergovernmental - Federal	65,064,133	69,088,928	68,590,338	98,229,824
All Other Revenue	13,762,600	22,821,498	15,545,489	13,513,339
Total Revenue	535,261,563	606,036,363	639,791,526	674,588,564
Expenditures:				
Current:				
Instruction				
Regular	182,770,612	171,397,040	208,745,852	213,567,573
Special	70,735,576	71,042,866	71,892,127	77,417,798
Vocational	6,394,581	6,635,484	5,474,802	6,390,238
Other Instruction	31,921,738	38,748,252	673,707	369,633
Supporting Services:				
Pupils	27,326,156	23,025,194	24,873,130	29,369,730
Instructional Staff	42,360,630	44,151,479	43,556,762	39,776,483
Board of Education	348,361	398,416	432,078	341,454
Administration	35,301,777	32,704,791	33,010,049	35,249,350
Fiscal Services	3,294,436	2,853,139	2,924,642	6,790,917
Business	1,071,324	1,198,346	1,338,302	1,198,780
Operation and Maintenance of Plant	41,047,302	39,830,779	40,587,586	41,379,393
Pupil Transportation	23,234,772	23,043,622	29,623,267	31,456,572
Central	14,965,653	18,826,176	18,714,730	10,105,563
Non-Instructional Services	27,119,187	25,947,645	25,494,720	27,092,882
Extracurricular Activities	5,348,011	4,973,632	6,616,085	6,347,799
Capital Outlay	121,280,997	128,811,748	121,159,988	122,738,738
Debt Service:				
Principal Retirement	26,350,000	19,685,000	19,900,000	17,035,000
Interest and Fiscal Charges	35,072,745	39,759,435	38,011,339	35,394,959
Advance Refunding Escrow	0	0	0	0
Total Expenditures	695,943,858	693,033,044	693,029,166	702,022,862
Excess (Deficiency) of Revenues Over Expenditures	(160,682,295)	(86,996,681)	(53,237,640)	(27,434,298)

CINCINNATI CITY SCHOOL DISTRICT, OHIO

2011	2012	2013	2014	2015	2016
\$265,214,494	\$283,821,219	\$283,096,196	\$285,258,719	\$285,717,387	\$290,418,514
1,897,589	2,302,247	2,491,311	2,807,829	4,802,184	4,775,891
23,453,928	21,430,669	26,730,600	28,578,036	26,479,090	24,113,624
1,358,433	644,610	443,349	797,567	1,407,193	2,119,634
1,875,863	1,707,174	1,446,185	1,440,373	1,453,317	1,284,140
0	0	495,048	0	0	0
258,430,367	201,246,287	206,336,075	214,993,720	240,124,155	232,711,513
99,735,718	76,002,666	76,749,168	68,603,101	77,003,065	78,061,276
23,474,337	18,648,335	17,902,623	14,014,220	17,441,684	17,111,136
<u>675,440,729</u>	<u>605,803,207</u>	<u>615,690,555</u>	<u>616,493,565</u>	<u>654,428,075</u>	<u>650,595,728</u>
211,093,487	214,253,633	206,573,541	231,463,100	232,774,169	238,715,014
78,530,889	74,082,237	72,651,360	70,022,900	77,625,104	76,273,524
6,851,832	4,113,849	3,760,557	3,470,298	4,270,535	5,930,844
609,796	558,733	763,453	1,142,381	998,813	2,309,253
30,236,201	27,954,618	33,566,049	39,025,863	37,253,130	29,743,931
49,750,441	46,617,867	38,211,520	21,269,377	35,447,785	25,047,831
346,538	393,684	364,567	401,626	398,908	363,199
36,399,488	29,336,439	31,326,700	30,582,949	32,757,573	32,371,201
7,049,604	7,189,097	6,637,044	8,289,888	8,783,126	7,670,199
1,280,016	1,558,587	1,139,823	1,332,834	2,031,642	2,222,119
48,264,749	47,192,721	46,630,433	43,339,485	45,892,705	43,720,529
27,202,285	29,814,983	30,094,029	29,424,540	31,995,979	31,438,072
14,474,208	18,885,526	19,533,495	19,027,217	31,540,078	38,239,134
30,506,964	27,961,981	29,992,148	34,735,143	39,035,762	37,203,857
5,764,915	7,139,576	3,930,296	5,422,262	5,763,046	6,181,059
125,449,441	136,262,738	80,883,297	28,375,824	5,399,065	1,987,104
24,605,000	19,715,000	27,250,000	28,575,000	30,045,000	26,305,000
36,665,669	35,923,014	35,883,608	34,639,869	32,493,389	31,364,776
0	0	0	0	1,867,819	0
<u>735,081,523</u>	<u>728,954,283</u>	<u>669,191,920</u>	<u>630,540,556</u>	<u>656,373,628</u>	<u>637,086,646</u>
(59,640,794)	(123,151,076)	(53,501,365)	(14,046,991)	(1,945,553)	13,509,082

(Continued)

CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2007	2008	2009	2010
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
Refunding Leases Initiated	0	0	0	0
Premium on Initiation of Refunding Leases	0	0	0	0
General Obligation Bonds Issued	0	0	0	21,715,000
Issuance of Refunding Bonds	380,945,000	0	0	104,900,000
Premium on Refunding Bonds	48,836,975	0	0	9,387,925
Payment to Refunded Bond Escrow Agent	(459,954,691)	0	0	(103,964,664)
Payment to Refunded Escrow Agent	0	0	0	0
New Capital Leases	120,365,000	0	0	0
Premium on Capital Leases	7,503,350	0	0	0
Transfers In	14,626,125	155,775,182	152,935,825	410,008,330
Transfers Out	(14,626,125)	(155,775,182)	(152,935,825)	(410,008,330)
Total Other Financing Sources (Uses)	<u>97,695,634</u>	<u>0</u>	<u>0</u>	<u>32,038,261</u>
Net Change in Fund Balance	<u>(\$62,986,661)</u>	<u>(\$86,996,681)</u>	<u>(\$53,237,640)</u>	<u>\$4,603,963</u>
 Debt Service as a Percentage of Noncapital Expenditures	 10.89%	 10.42%	 10.05%	 9.02%

Source: District Treasurer's Office

CINCINNATI CITY SCHOOL DISTRICT, OHIO

2011	2012	2013	2014	2015	2016
0	0	4,694,782	0	0	0
0	0	0	0	102,545,000	0
0	0	0	0	9,675,995	0
3,000,000	26,250,000	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	(111,049,490)	0
0	0	0	0	0	0
0	0	0	0	0	0
196,495,786	185,798,244	12,402,825	15,688,015	18,512,185	206,314,966
<u>(196,495,786)</u>	<u>(185,798,244)</u>	<u>(12,402,825)</u>	<u>(15,688,015)</u>	<u>(18,512,185)</u>	<u>(206,314,966)</u>
<u>3,000,000</u>	<u>26,250,000</u>	<u>4,694,782</u>	<u>0</u>	<u>1,171,505</u>	<u>0</u>
<u>(\$56,640,794)</u>	<u>(\$96,901,076)</u>	<u>(\$48,806,583)</u>	<u>(\$14,046,991)</u>	<u>(\$774,048)</u>	<u>\$13,509,082</u>
10.06%	9.26%	10.29%	10.50%	9.56%	9.07%

CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Assessed Valuations and Estimated True Values of Taxable Property
(amounts in thousands)
Last Ten Calendar Years*

Tax year	2006	2007	2008	2009
Real Property				
Assessed	\$6,270,949	\$6,273,021	\$6,275,000	\$6,290,000
Actual	17,916,997	17,922,917	17,928,571	17,971,429
Public Utility				
Assessed	339,324	282,091	281,000	281,000
Actual	339,324	282,091	281,000	281,000
Tangible Personal Property				
Assessed	297,008	181,603	31,500	15,500
Actual	1,584,043	1,452,824	504,000	248,000
Total				
Assessed	6,907,281	6,736,715	6,587,500	6,586,500
Actual	19,840,364	19,657,832	18,713,571	18,500,429
Assessed Value as a Percentage of Actual Value	34.81%	34.27%	35.20%	35.60%
Total Direct Tax Rate	\$59.77	\$59.37	\$59.67	\$67.95

Source: Hamilton County Auditor

Presented on a calendar year basis because that is the manner in which the information is maintained by the County.

Assessed value of Real Property is at 35%, Assessed value of Public Utility is at 100% and Assessed Value of Tangible Personal Property is at 25% through 2005, at 18.75% for 2006, 12.5% for 2007, and 6.25% for 2008 and 0% for 2009.

Additionally, telephone and telecommunications property was reclassified to general business personal property and assessed at 10% as of 2009 and 0% for 2010.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

2010	2011	2012	2013	2014	2015
\$6,292,744	\$5,707,605	\$5,612,343	\$5,543,750	\$5,595,890	\$5,621,926
17,979,269	16,307,443	16,035,266	15,839,286	15,988,257	16,062,646
304,596	322,343	341,979	382,312	419,717	432,540
304,596	322,343	341,979	382,312	419,717	432,540
0	0	0	0	0	0
0	0	0	0	0	0
6,597,340	6,029,948	5,954,322	5,926,062	6,015,607	6,054,466
18,283,865	16,629,786	16,377,245	16,221,598	16,407,974	16,495,186
36.08%	36.26%	36.36%	36.53%	36.66%	36.70%
\$67.87	\$68.54	\$70.76	\$71.34	\$71.49	\$70.65

CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Property Tax Rates of Direct and Overlapping Governments
(per \$1,000 of assessed value)
Last Ten Calendar Years*

Collection Year	2007	2008	2009	2010	2011
Direct District Rates					
General Fund	54.81	54.90	62.95	62.87	63.54
Bond Retirement Fund	4.56	4.77	5.00	5.00	5.00
Total	<u>59.37</u>	<u>59.67</u>	<u>67.95</u>	<u>67.87</u>	<u>68.54</u>
Overlapping Rates					
Hamilton County	20.18	20.56	20.63	20.48	19.45
Cities:					
Cheviot	14.52	14.52	14.52	20.13	20.13
Cincinnati	9.93	9.89	9.89	9.82	0.00
Indian Hill	0.96	0.96	0.96	0.96	0.96
Madeira	7.50	7.50	7.50	7.50	7.50
Norwood	11.40	11.40	11.40	11.40	11.40
Silverton	8.15	8.15	8.15	8.15	8.15
Wyoming	10.00	10.00	10.00	10.00	10.00
Villages:					
Amberly	7.00	7.00	7.00	7.00	7.00
Fairfax	2.76	2.76	2.76	2.76	2.76
Golf Manor	30.52	38.52	38.52	38.52	38.52
Mairemont	14.37	14.37	14.37	14.37	14.37
Townships:					
Anderson	14.15	14.15	16.85	16.85	16.85
Columbia	14.76	14.76	18.76	14.76	14.76
Delhi	26.34	26.34	26.34	26.34	26.34
Green	9.81	9.81	11.71	11.71	11.71
Springfield	20.30	20.30	20.30	22.80	22.80
Sycamore	8.75	8.75	8.75	8.75	8.75
Fairfax - Madison Pl.	0.00	0.00	0.00	0.00	0.00
Total	<u>290.77</u>	<u>299.41</u>	<u>316.36</u>	<u>320.17</u>	<u>309.99</u>

Ohio Revised Code Sections 5705.02 and 5705.07 require a vote of the people for any millage exceeding the "unvoted" or "inside" millage.

Source:

Hamilton County Auditor's Office
Hamilton County Treasurer's Office

CINCINNATI CITY SCHOOL DISTRICT, OHIO

2012	2013	2014	2015	2016
65.76	66.34	66.49	65.65	65.05
5.00	5.00	5.00	5.00	5.10
<u>70.76</u>	<u>71.34</u>	<u>71.49</u>	<u>70.65</u>	<u>70.15</u>
19.03	19.03	19.03	18.85	18.85
20.13	20.13	20.13	20.13	20.13
10.50	10.85	12.20	12.10	12.10
0.96	0.96	0.96	0.96	0.96
7.50	7.50	7.50	7.50	7.50
11.40	11.40	11.40	11.40	11.40
8.15	8.15	8.15	8.15	8.15
10.00	10.00	10.00	10.00	10.00
7.00	17.00	17.00	17.00	17.00
2.76	2.76	2.76	2.76	1.80
38.52	38.52	38.52	38.52	43.52
14.37	14.37	14.37	14.37	14.37
16.85	14.57	14.57	14.57	14.57
17.01	17.10	17.01	17.01	18.61
26.34	26.34	28.09	30.58	30.58
11.71	11.71	11.71	14.66	14.66
22.80	23.80	23.80	23.80	23.80
8.75	8.75	8.75	8.75	8.75
0.00	0.00	0.00	0.00	0.00
<u>324.54</u>	<u>334.28</u>	<u>337.44</u>	<u>341.76</u>	<u>346.90</u>



CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Principal Taxpayers
Real Estate Tax and Public Utilities Personal Property
Current Year and Nine Years Ago*

		Calendar Year 2015		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
Duke Energy Ohio Inc.	Public Utility	\$405,310,300	1	6.70%
Cincinnati City of	Municipality	105,010,540	2	1.73%
The Proctor & Gamble Company	Consumer Goods Manufacturing	53,498,740	3	0.88%
Duke Energy Ohio Inc	Public Utility	40,503,560	4	0.67%
Emery Realty Inc	Real Estate Holding	32,000,510	5	0.53%
Fifth Third Bank	Real Estate Holding	28,723,360	6	0.47%
Columbia Development Corporation	Real Estate Holding	26,113,270	7	0.43%
OTR Thomson & Reuters	Real Estate Holding	20,039,070	9	0.33%
Regency Centers LP	Real Estate Holding	17,233,150	8	0.28%
Cincinnati City of	Municipality	16,702,450	10	0.28%
Subtotal		745,134,950		12.30%
All Others		5,309,331,300		87.70%
Total		<u>\$6,054,466,250</u>		<u>100.00%</u>

		Calendar Year 2006		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
Duke Energy Ohio Inc	Public Utility	\$259,465,420	1	3.93%
Cincinnati Bell Telephone	Public Utility	38,260,000	2	0.58%
Cincinnati Bell Wireless	Public Utility	6,775,700	3	0.10%
Cincinnati SMSA	Public Utility	5,573,700	4	0.08%
Norfolk Southern Combined	Public Utility	3,018,930	5	0.05%
CSX Transportation	Public Utility	2,967,720	6	0.04%
Sprintcom Inc.	Public Utility	1,976,320	7	0.03%
Verizon Global	Public Utility	1,948,610	8	0.03%
CCB Ohio LLC	Public Utility	1,837,240	9	0.03%
New PAR	Public Utility	1,805,160	10	0.03%
Subtotal		323,628,800		4.90%
All Others		6,286,645,130		95.10%
Total		<u>\$6,610,273,930</u>		<u>100.00%</u>

Source: Hamilton County Auditor - Land and Buildings
Based on valuation of property in 2013 and 2004

Presented on a calendar year basis because that is the manner in which the information is maintained by the County.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Property Tax Levies and Collections
(amounts in thousands)
Last Ten Years*

Collection Year	<u>2006</u>	<u>2007</u>	<u>2008</u>
Total Tax Levy (1)	\$276,704	\$281,679	\$278,080
Collections within the Fiscal Year of the Levy			
Current Tax Collections (2)	232,726	234,117	255,997
Percent of Levy Collected	84.11%	83.11%	92.06%
Delinquent Tax Collections	<u>12,233</u>	<u>12,665</u>	<u>14,997</u>
Total Tax Collections	244,959	246,782	270,994
Percent of Total Tax Collections To Tax Levy	88.53%	87.61%	97.45%
Accumulated Outstanding Delinquent Taxes (3)	12,395	17,877	21,615
Percentage of Accumulated Delinquent Taxes to Total Tax Levy	4.48%	6.35%	7.77%

- (1) Taxes levied and collected are presented on a cash basis.
- (2) State reimbursements of rollback and homestead exemptions are included; December 2005 settlement estimate included.
- (3) Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs. Delinquent taxes based upon levy year, not collection year.

Source: Hamilton County Auditor's Office
Presented on a calendar year basis because that is the manner
in which the information is maintained by the County.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

2009	2010	2011	2012	2013	2014	2015
\$310,725	\$325,378	\$310,483	\$312,059	\$304,954	\$311,559	\$311,560
250,932	260,668	256,563	263,761	\$266,216	\$271,843	\$271,843
80.76%	80.11%	82.63%	84.52%	87.30%	87.25%	87.25%
12,543	16,232	15,936	11,725	\$10,725	\$10,472	\$10,472
263,475	276,900	272,499	275,486	276,941	282,315	282,315
84.79%	85.10%	87.77%	88.28%	90.81%	90.61%	90.61%
29,563	29,345	22,483	22,535	25,739	27,022	29,116
9.51%	9.02%	7.24%	7.22%	8.44%	8.67%	9.35%

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Ratio of Outstanding Debt By Type Last Ten Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental Activities (1)				
General Obligation Bonds Payable	\$673,331,045	\$651,203,169	\$628,860,293	\$640,782,247
Tax Anticipation Notes Payable	35,730,000	27,455,000	18,755,000	9,610,000
Capital Leases	126,617,792	125,367,234	124,116,676	122,866,118
Total Primary Government	<u>\$835,678,837</u>	<u>\$804,025,403</u>	<u>\$771,731,969</u>	<u>\$773,258,365</u>
Population (2)				
City of Cincinnati	331,285	331,285	331,285	332,252
Outstanding Debt Per Capita	2,523	2,427	2,330	2,327
Income (3)				
Personal (in thousands)	13,525,704	13,740,708	14,155,808	12,965,832
Percentage of Personal Income	6.18%	5.85%	5.45%	5.96%

Sources:

- (1) District Treasurer's Office
- (2) US Bureau of Census of Population
- (3) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available by County, Total Personal Income is a calculation

CINCINNATI CITY SCHOOL DISTRICT, OHIO

2011	2012	2013	2014	2015	2016
\$624,312,582	\$660,062,686	\$630,873,616	\$600,399,546	\$568,734,053	\$541,293,560
0	0	0	0	0	0
114,960,560	106,715,000	105,815,000	104,875,000	114,320,995	112,318,440
<u>\$739,273,142</u>	<u>\$766,777,686</u>	<u>\$736,688,616</u>	<u>\$705,274,546</u>	<u>\$683,055,048</u>	<u>\$653,612,000</u>
332,252	332,252	332,252	332,252	332,252	332,252
2,225	2,308	2,217	2,123	2,056	1,967
12,614,612	12,571,087	13,053,849	13,638,612	17,020,938	17,304,016
5.86%	6.10%	5.64%	5.17%	4.01%	3.78%

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2007	2008	2009	2010
Population (1)	331,285	331,285	331,285	332,252
Assessed Value (in thousands) (2)	6,907,281	6,736,715	6,587,500	6,586,500
General Bonded Debt (3)				
General Obligation Bonds	673,331,045	651,203,169	628,860,293	640,782,247
Resources Available to Pay Principal (4)	24,674,972	23,190,860	9,466,772	12,439,296
Net General Bonded Debt	648,656,073	628,012,309	619,393,521	628,342,951
Ratio of Net Bonded Debt to Estimated Actual Value	9.39%	9.32%	9.40%	9.54%
Net Bonded Debt per Capita	1,958	1,896	1,870	1,891

Source:

(1) U.S. Bureau of Census of Population

(2) Hamilton County Auditor

(3) Includes all general obligation bonded debt supported by property taxes

(4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

2011	2012	2013	2014	2015	2016
332,252	332,252	332,252	332,252	332,252	332,252
6,597,340	6,029,948	5,954,322	5,926,062	6,015,607	6,054,466
624,312,582	660,062,686	630,873,616	600,399,546	568,734,053	541,293,560
(282,873)	28,654,095	33,416,766	36,585,823	35,185,555	39,829,930
624,595,455	631,408,591	597,456,850	563,813,723	533,548,498	501,463,630
9.47%	10.47%	10.03%	9.51%	8.87%	8.28%
1,880	1,900	1,798	1,697	1,606	1,509



CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
June 30, 2016*

Jurisdiction	Gross Debt Outstanding	Percentage Applicable to Cincinnati Public School District (1)	Amount Applicable to Cincinnati Public School District
Direct:			
Cincinnati Public School District	\$653,612,000	100.00%	\$653,612,000
Overlapping:			
Hamilton County	112,198,788	100.00%	112,198,788
Cities:			
Cheviot	569,900	100.00%	569,900
Cincinnati	1,052,231,000	99.98%	1,052,066,092
Madeira	600,000	0.53%	3,201
Norwood	48,436,165	0.04%	18,592
Wyoming	14,181,529	0.01%	1,184
Villages:			
Golf Manor	83,103	100.00%	83,103
Silverton	4,685,682	92.96%	4,355,791
Townships:			
Delhi	4,071,287	1.54%	62,798
Green	5,695,000	11.95%	680,430
Springfield	10,391,509	4.93%	512,616
Anderson Township	13,739,166	0.14%	19,216
Sycamore Township	20,142,112	3.16%	635,594
Columbia	3,805,000	68.34%	2,600,307
	<u>1,290,830,241</u>	Subtotal	<u>1,173,807,612</u>
		Total	<u>\$1,827,419,612</u>

Source: Hamilton County Auditor

(1) Overlapping percentage was calculated by dividing each overlapping subdivision's assessed valuation within the District by the subdivision's total assessed valuation.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Debt Limitations
(amounts in thousands)
Last Ten Years

Collection Year	2007	2008	2009	2010
Net Assessed Valuation	\$6,907,281	\$6,736,715	\$6,587,500	\$6,586,500
Overall Direct Debt Limitation				
Legal Debt Limitation (%) (1)	9.00%	9.00%	9.00%	9.00%
Legal Debt Limitation (\$) (1)	621,655	606,304	592,875	592,785
Applicable District Debt Outstanding	673,331	651,203	628,860	640,782
Less: Applicable Debt Service Fund Amounts (2)	<u>(24,675)</u>	<u>(23,191)</u>	<u>(9,467)</u>	<u>(12,439)</u>
Net Indebtedness Subject to Limitation	<u>648,656</u>	<u>628,012</u>	<u>619,394</u>	<u>628,343</u>
Overall Legal Debt Margin	<u><u>(\$27,001)</u></u>	<u><u>(\$21,708)</u></u>	<u><u>(\$26,519)</u></u>	<u><u>(\$35,558)</u></u>
Unvoted Direct Debt Limitation				
Legal Debt Limitation (%) (1)	0.10%	0.10%	0.10%	0.10%
Legal Debt Limitation (\$) (1)	6,907	6,737	6,588	6,587
Applicable District Debt Outstanding	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin	<u><u>\$6,907</u></u>	<u><u>\$6,737</u></u>	<u><u>\$6,588</u></u>	<u><u>\$6,587</u></u>
Energy Conservation Bond Limitation				
Legal Debt Limitation (%) (1)	0.90%	0.90%	0.90%	0.90%
Legal Debt Limitation (\$) (1)	62,166	60,630	59,288	59,279
Authorized by the Board	<u>(11,290)</u>	<u>(8,655)</u>	<u>(5,900)</u>	<u>(24,740)</u>
Unvoted Energy Conservation Bond Legal Debt Margin	<u><u>\$50,876</u></u>	<u><u>\$51,975</u></u>	<u><u>\$53,388</u></u>	<u><u>\$34,539</u></u>

(1) Ohio Bond Law sets a limit of 9% for overall debt, 1/10 of 1% for unvoted debt, and 9/10 of 1% for energy conservation debt.

(2) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

2011	2012	2013	2014	2015	2016
\$6,597,340	\$6,029,948	\$5,954,322	\$5,926,062	\$6,015,607	\$6,054,466
9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
593,761	542,695	535,889	533,346	541,405	544,902
624,313	660,063	630,874	600,400	568,734	541,294
0	(28,654)	(33,417)	(36,586)	(35,186)	(39,830)
624,313	631,409	597,457	563,814	533,548	501,464
<u>(\$30,552)</u>	<u>(\$88,713)</u>	<u>(\$61,568)</u>	<u>(\$30,468)</u>	<u>\$7,856</u>	<u>\$43,438</u>
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
6,597	6,030	5,954	5,926	6,016	6,054
0	0	0	0	0	0
<u>\$6,597</u>	<u>\$6,030</u>	<u>\$5,954</u>	<u>\$5,926</u>	<u>\$6,016</u>	<u>\$6,054</u>
0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
59,376	54,270	53,589	53,335	54,140	54,490
(24,715)	(50,965)	(50,965)	(50,965)	(50,965)	(50,965)
<u>\$34,661</u>	<u>\$3,305</u>	<u>\$2,624</u>	<u>\$2,370</u>	<u>\$3,175</u>	<u>\$3,525</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Demographic and Economic Statistics Last Ten Years

Calendar Year	2006	2007	2008	2009
Population (1)				
City of Cincinnati	331,285	331,285	331,285	331,285
Hamilton County	845,303	845,303	845,303	845,303
Income (2) (a)				
Total Personal (in thousands)	13,525,704	13,740,708	14,155,808	12,965,832
Per Capita	40,828	41,477	42,730	39,138
Unemployment Rate (3)				
Federal	4.6%	4.6%	5.8%	9.3%
State	5.5%	5.6%	6.6%	10.2%
Hamilton County	5.0%	5.0%	5.6%	8.9%
Fiscal Year	2007	2008	2009	2010
School Enrollment (4)				
Grades K - 5	15,534	15,279	15,486	15,545
Grades 6 - 8	7,606	7,278	7,311	7,053
Grades 9 - 12	11,089	10,681	10,558	9,927
Total	<u>34,229</u>	<u>33,238</u>	<u>33,355</u>	<u>32,525</u>

Sources:

- (1) US Bureau of Census of Population
- (2) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available by County, Total Personal Income is a calculation
- (3) State Department of Labor Statistics
- (4) District Treasurer's Office

CINCINNATI CITY SCHOOL DISTRICT, OHIO

2010	2011	2012	2013	2014	2015
332,252	332,252	332,252	332,252	332,252	332,252
802,374	802,374	802,374	802,374	802,374	802,374
12,614,612	12,571,087	13,053,849	13,638,612	17,020,938	17,304,016
37,967	37,836	39,289	41,049	51,229	52,081
9.6%	8.9%	7.6%	6.1%	6.2%	5.3%
10.1%	8.6%	7.2%	5.5%	5.7%	4.9%
9.4%	8.6%	7.5%	5.4%	5.3%	4.5%
2011	2012	2013	2014	2015	2016
15,105	14,982	16,474	15,366	16,766	16,603
6,976	6,713	6,631	6,599	7,120	7,198
9,928	9,061	8,639	8,256	8,811	8,920
32,009	30,756	31,744	30,221	32,697	32,721



CINCINNATI CITY SCHOOL DISTRICT, OHIO

Principal Employers Current Year and Nine Years Ago

		2016	
Employer	Nature of Business	Number of Employees	Rank
The Kroger Co.	Consumer Goods Distribution	21,646	1
University of Cincinnati	Education	16,016	2
Cincinnati Children's Hospital	Health Care	14,944	3
The Procter & Gamble Co.	Consumer Goods Manufacturing	11,800	4
Tri Health Inc	Health Care	11,000	5
Mercy Health Partners	Health Care	10,000	6
UC Health	Health Care	7,800	7
GE Aviation	Consumer Manufacturing	7,500	8
St. Elizabeth Healthcare	Health Care	7,479	9
Fifth Third Bancorp	Financial Institution	6,882	10
Total		<u>115,067</u>	

		2007	
Employer	Nature of Business	Number of Employees	Rank
University of Cincinnati	Education	15,864	1
The Kroger Co.	Consumer Goods Distribution	15,600	2
Health Alliance	Health Care	14,785	3
Procter & Gamble	Consumer Goods Distribution	12,315	4
Cincinnati Children's Hospital	Health Care	9,464	5
TriHealth	Health Care	9,400	6
Fifth Third Bank	Financial Institution	7,645	7
Mercy Health Partners	Health Care	6,948	8
City of Cincinnati	City Government	5,441	9
Cincinnati Public Schools	Education	5,065	10
Total		<u>102,527</u>	

Sources: Cincinnati USA,

CINCINNATI CITY SCHOOL DISTRICT, OHIO

School District Employees by Type Last Ten Years

	2007	2008	2009	2010	2011
Supervisory					*
Executive Administration	0.00	0.00	0.00	0.00	9.00
Principals	76.00	68.00	57.00	56.00	56.00
Assistant Principals	50.30	39.00	40.50	41.00	41.00
Supervisor/Coordinator/Director	0.00	0.00	0.00	0.00	76.00
Consultants/Supervisors of Instruction	23.80	25.00	22.80	25.00	0.00
Instructional Administrators	3.00	2.00	4.00	5.00	0.00
Noninstructional Administrators	37.40	36.00	58.00	62.00	0.00
Other Official/Administration	0.00	0.00	0.00	0.00	2.00
Instruction					
Classroom Teachers	2,480.04	2,268.05	2,178.67	2,193.00	2,118.00
Teacher Support	0.00	0.00	0.00	0.00	99.00
Student Services					
Guidance Counselors	19.00	17.60	16.80	17.00	15.00
Instructional Paraprofessional/T. Aide	0.00	0.00	0.00	0.00	843.00
Librarians/Librarian Aide	28.90	25.55	24.60	24.00	23.00
Psychologists	72.85	63.40	71.20	72.00	62.00
Therapist/Therapist Asst./Interpreter	0.00	0.00	0.00	0.00	102.00
Social Workers	40.68	37.10	35.63	31.00	21.00
Other Professionals (noninstructional)	108.64	107.12	110.91	113.00	68.00
Support Services					
Accounting/Office Clerical	0.00	0.00	0.00	0.00	286.00
Clerical/Secretaries	351.32	332.37	335.68	324.00	0.00
Custodial/Grounds	0.00	0.00	0.00	0.00	198.00
Food Service	207.71	183.38	173.19	164.00	164.00
Maintenance/Trade Crafts	0.00	0.00	0.00	0.00	125.00
Maintenance/Grounds	401.04	367.03	344.77	339.00	0.00
Safety/Security	116.66	144.27	148.67	113.00	119.00
Technical	0.00	0.00	0.00	0.00	19.00
Tutors/Aides	895.56	938.84	1,019.54	957.00	0.00
Other Support Services	0.00	0.00	0.00	0.00	23.00
<i>Total Employees</i>	<u>4,762.80</u>	<u>4,522.71</u>	<u>4,521.66</u>	<u>4,414.00</u>	<u>4,469.00</u>

Method: 1.00 for each full-time, 0.50 for each part-time and 0.25 for each seasonal employee

Source: District Treasurer's Office

* Beginning in 2011, additional detail categories were added to align with Ohio Department of Education Management Information System (EMIS) Staff Summary Report

CINCINNATI CITY SCHOOL DISTRICT, OHIO

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
11.00	10.00	17.00	12.00	12.00
53.00	57.00	57.00	53.00	57.00
36.60	29.00	33.00	36.00	40.00
63.75	59.75	116.50	69.00	84.60
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
2.00	2.00	4.00	2.00	1.00
1,973.74	1,970.97	2,005.83	2,091.00	2,469.70
74.45	99.65	102.10	100.00	62.30
14.00	14.60	15.60	22.00	28.00
791.95	766.09	772.46	764.00	973.10
21.30	18.50	15.00	15.00	14.50
53.60	51.41	58.35	66.00	70.10
107.77	99.10	93.91	101.00	105.70
17.73	16.33	13.20	15.00	19.20
81.91	65.85	68.27	86.00	86.40
264.99	236.63	246.33	272.00	294.16
0.00	0.00	0.00	0.00	0.00
193.00	190.63	194.63	203.00	209.00
165.12	165.16	167.44	245.00	190.70
117.99	107.99	115.68	116.00	121.00
0.00	0.00	0.00	0.00	0.00
99.00	96.00	110.78	119.00	133.00
31.05	16.00	30.00	19.00	21.20
0.00	0.00	0.00	0.00	1.00
26.97	55.67	53.46	69.00	70.00
<u>4,200.92</u>	<u>4,128.33</u>	<u>4,290.54</u>	<u>4,475.00</u>	<u>5,063.66</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Operating Indicators - Cost per Pupil Last Ten Years

Fiscal Year	2007	2008	2009	2010
Enrollment	34,229	33,238	33,355	32,525
Modified Accrual Basis				
Operating Expenditures (1)	513,240,116	504,776,861	513,957,839	526,854,165
Cost per Pupil	14,994	15,187	15,409	16,198
Percentage of Change	(2.9%)	1.3%	1.5%	5.1%
Accrual Basis				
Operating Expenses (2)	514,755,031	523,834,057	537,347,897	541,046,687
Cost per Pupil	15,039	15,760	16,110	16,635
Percentage of Change	1.7%	4.8%	2.2%	3.3%
Teaching Staff	2,401	2,351	2,384	2,193

Source: District Treasurer's Office and Ohio Department of Education

N/A = Not available

(1) Expenditures do not include debt service or capital outlay

(2) Expenses do not include interest expense

CINCINNATI CITY SCHOOL DISTRICT, OHIO

2011	2012	2013	2014	2015	2016
32,009	30,756	31,744	30,221	32,697	32,721
548,361,413	537,053,531	525,175,015	538,949,863	586,568,355	577,429,766
17,131	17,462	16,544	17,834	17,940	17,647
5.8%	1.9%	(5.3%)	7.8%	0.6%	(1.6%)
561,569,166	563,999,462	564,658,137	551,762,393	599,661,600	611,799,316
17,544	18,338	17,788	18,258	18,340	18,697
5.5%	4.5%	(3.0%)	2.6%	0.5%	1.9%
2,363	2,023	2,804	2,183	2,333	2,560

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Operating Indicators by Function Last Ten Years

	2007	2008	2009
Governmental Activities			
Support Services			
Pupils			
Enrollment	33,881	33,438	33,121
Graduates	1,769	1,803	1,799
Percent of Students with Disabilities	20.50%	18.22%	20.00%
Percent of Students with English as Second Language	3.20%	3.00%	3.10%
Administration			
School Attendance Rate	94.70	94.80	95.20
Fiscal Services			
Purchase Orders Processed	18,758	21,595	19,293
Checks Issued (non payroll)	27,395	27,485	24,083
Operation and Maintenance of Plant			
District Square Footage Maintained	7,949,000	7,949,000	6,977,896
District Square Acreage Maintained	925	925	755
Percentage of Capacity Used	95.90%	86.00%	92.42%
Average Age of Buildings	51	46	42
Pupil Transportation			
Average Daily Students Transported	25,862	23,676	24,585
Average Daily Bus Fleet Miles	25,081	25,415	29,690
Number of Buses	328	431	358
Operation of Noninstructional Services			
Food Service			
Students Meals Served Daily	4,303,328	3,315,962	5,298,035
Free/Reduced Price Meals Daily	3,721,980	2,893,212	4,629,370
Percentage of Students Receiving Free and Reduced Lunch	86.49%	87.25%	87.38%
Extracurricular Activities			
High School Varsity Teams	145	100	126

Source: District Treasurer's Office

Information not available in this format prior to 2005

* 2012 enrollment data reflects an October 2011 enrollment head count.

Prior years reflect a count as of June 30.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

2010	2011	2012	2013	2014	2015	2016
32,525	32,009	30,756 *	29,928	30,221	32,697	33,999
1,766	1,736	1,605	1,609	1,789	1,660	1,623
20.80%	21.00%	20.10%	19.30%	19.40%	17.82%	19.00%
3.70%	3.70%	4.30%	5.10%	5.40%	5.10%	6.80%
97.90	95.80	95.00	95.70	95.80	95%	93%
19,943	16,250	0	11,953	15,335	18,383	20,088
26,662	25,885	22,137	18,602	15,302	15,255	15,763
5,916,068	5,983,415	5,892,176	6,073,977	6,073,977	6,073,977	6,079,477
755	755	755	755	755	755	755
94.55%	93.03%	0.00%	95.30%	95.30%	95.30%	95.30%
37	36	19	18	21	21	22
20,894	19,938	20,984	21,118	24,101	24,035	24,858
30,917	31,079	24,912	25,295	19,790	19,422	19,447
413	426	427	425	406	405	405
5,248,226	5,613,070	5,920,539	5,895,704	5,901,123	5,917,176	6,617,406
4,679,097	3,972,566	5,265,433	5,564,086	5,586,647	5,599,584	6,476,786
89.16%	70.77%	88.94%	94.38%	94.67%	94.63%	97.87%
142	144	126	121	113	114	161

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Operating Indicators - Teacher Base Salaries Last Ten Years

Fiscal Year	2007	2008	2009	2010
Minimum Salary	35,824	36,905	36,905	36,905
Maximum Salary	81,008	83,455	87,979	87,979
District Average Salary	62,760	64,029	67,097	64,344
County Average Salary	54,576	55,001	58,300	48,000
State Average Salary	51,346	53,410	54,656	53,000

Source: District Treasurer's Office and Ohio Department of Education

Operating Indicators - Teacher Base Salaries Last Ten Years

Fiscal Year	2007	2008	2009	2010
Bachelor's Degree	155	160	159	152
Bachelor + 15	570	519	519	488
Master's Degree	1,083	1,080	1,088	1,033
Master's Degree + 30	549	545	567	486
Doctorate	44	47	51	34
Total	2,401	2,351	2,384	2,193

Source: District Treasurer's Office

N/A = not available

CINCINNATI CITY SCHOOL DISTRICT, OHIO

2011	2012	2013	2014	2015	2016
39,262	40,926	42,619	40,832	40,832	41,649
83,455	83,455	83,455	86,793	82,826	88,529
64,638	65,966	66,470	63,081	64,243	63,950
42,195	N/A	N/A	N/A	N/A	N/A
56,715	N/A	N/A	N/A	N/A	N/A

2011	2012	2013	2014	2015	2016
197	127	245	191	257	302
486	401	501	415	431	494
1,054	958	1,220	982	1,030	1,098
572	507	779	548	573	624
54	30	59	47	42	42
2,363	2,023	2,804	2,183	2,333	2,560

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Capital Asset Statistics by Building Last Ten Years

	2007	2008	2009	2010
School Buildings				
High Schools				
Number of Buildings	10	11	11	11
Square Footage	2,882,307	2,638,069	2,638,069	2,443,649
Capacity (students)	11,361	14,655	13,415	10,950
Enrollment	10,895	10,681	12,597	9,927
Elementary Schools				
Number of Buildings	50	47	46	46
Square Footage	4,752,707	4,348,245	3,583,896	3,472,389
Capacity (students)	24,129	26,607	21,450	23,915
Enrollment	23,140	22,557	20,524	22,598
All Other				
Central Administration Building				
Square Footage	140,033	140,033	140,033	140,033
Maintenance Building				
Square Footage	150,779	150,779	150,779	150,779

Source: District Treasurer's Office

CINCINNATI CITY SCHOOL DISTRICT, OHIO

2011	2012	2013	2014	2015	2016
13	13	13	13	13	13
2,469,919	2,668,672	2,382,548	2,382,548	2,382,548	2,382,548
11,600	10,192	10,192	10,192	10,192	10,192
12,587	9,061	8,639	13,485	15,931	13,197
43	46	44	44	44	44
3,222,684	3,371,043	3,055,697	3,055,697	3,055,697	3,055,697
22,800	23,474	22,585	22,585	22,585	22,585
19,422	21,695	23,105	16,661	16,766	19,524
140,033	140,033	140,033	140,033	140,033	140,033
150,779	150,779	150,779	150,779	150,779	150,779

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Educational and Operating Statistics Last Ten Years

	2007	2008	2009	2010	2011
ACT Scores (Average)					
Cincinnati	19.4	19.0	18.9	19.1	18.1
Ohio	21.6	21.7	21.7	21.8	21.8
National	21.2	21.1	21.1	21.0	21.1
SAT Scores (Average)					
Cincinnati					
Verbal	475	497	518	524	513
Mathematical	469	486	508	514	501
Ohio					
Verbal	536	534	537	538	539
Mathematical	542	544	546	548	545
National					
Verbal	502	502	501	501	497
Mathematical	515	515	515	516	514
National Merit Scholars					
Finalist	3	0	0	7	0
Semi-Finalist	15	11	21	21	19
Cost per Student (ODE)					
Cincinnati	12,025	12,315	13,012	13,449	14,067
Ohio (Average)	9,343	9,939	10,184	10,513	10,513
Cost to Educate a Graduate					
Cincinnati	121,514	129,086	135,319	148,331	161,780
Ohio (Average)	91,193	101,747	105,992	116,176	126,689
Attendance Rate					
Cincinnati	94.70%	94.80%	95.20%	97.90%	95.80%
Ohio (Average)	94.10%	94.20%	94.30%	94.30%	94.50%
Graduation Rate					
Cincinnati	77.20%	80.00%	82.90%	80.40%	81.90%
Ohio (Average)	86.10%	86.90%	84.60%	83.00%	84.30%

Source:

District's Student Records and Ohio Department of Education

CINCINNATI CITY SCHOOL DISTRICT, OHIO

2012	2013	2014	2015	2016
19.3	18.8	18.5	19.1	19.2
21.8	21.8	22.0	22.0	22.0
21.1	20.9	21.0	21.0	20.8
548	568	588	601	624
535	558	566	581	608
543	548	555	557	556
548	556	562	563	563
496	496	497	495	494
514	514	513	511	508
17	0	2	4	2
22	0	18	20	22
14,720	N/A	N/A	13,973	13,240
10,571	N/A	N/A	10,826	10,863
175,847	190,567	N/A	167,844	170,103
137,202	147,773	N/A	127,659	130,081
95.00%	95.70%	95.80%	95.00%	93.00%
94.20%	94.20%	94.30%	94.10%	94.10%
63.90%	66.00%	73.60%	72.90%	N/A
83.80%	81.30%	82.20%	83.00%	N/A



CINCINNATI CITY SCHOOL DISTRICT



Single Audit Reports

June 30, 2016

This page intentionally left blank.

CINCINNATI CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/
Pass Through Grantor

<u>Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Disbursements</u>	<u>Non-Cash Disbursements</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program	3L70	10.553	\$4,611,576	\$0
National School Lunch Program	3L60	10.555	11,908,788	1,104,040
Snack Program	3L60	10.555	163,608	0
Summer Food Service Program for Children	3GE0	10.559	567,084	0
<i>Total Child Nutrition Cluster</i>			17,251,056	1,104,040
Team Nutrition Grants	3GF0	10.574	8,535	0
Fruit and Vegetable Program	3GG0	10.582	501,835	0
Child Care Food Program	3L80	10.558	88,580	0
Total U.S. Department of Agriculture			17,850,006	1,104,040
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Impact Aid	N/A	84.041	121,222	0
Total Impact Aid			121,222	0
<i>Passed Through Ohio Department of Education:</i>				
<i>Special Education Cluster:</i>				
Special Education Grants to States	3M20	84.027	10,389,048	0
Special Education Preschool Grants	3C50	84.173	140,501	0
Total Special Education Cluster			10,529,549	0
Title I Grants to Local Education Agencies	3M00	84.010	31,329,323	0
Teacher Incentive Fund	3CG0	84.374	795,776	0
School Improvement Grants	3AN0	84.377	1,733,511	0
Adult Education-Basic Grants to States	3ABL	84.002	1,050,331	0
Career and Technical Education-Basic Grants to States	3L90	84.048	1,078,475	0
Education for Homeless Children and Youth	3EJ0	84.196	352,120	0
Twenty-First Century Learning Centers	3Y20	84.287	1,495,119	0
English Language Acquisition	3Y70	84.365	393,354	0
Improving Teacher Quality State Grants	3Y60	84.367	1,877,671	0
Race To The Top - ARRA	3FD0	84.395A	1,000,089	0
Total U.S. Department of Education			51,756,540	-
<u>U.S. DEPARTMENT OF JUSTICE</u>				
National Institute of Justice Research, Evaluation, and Development	N/A	16.560	1,069,626	0
Total Department of Justice			1,069,626	-
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Passed through the Cincinnati-Hamilton County Community Action Agency:</i>				
Head Start	HS16	93.600	3,321,005	0
Total U.S. Department of Health and Human Services			3,321,005	0
Total Federal Awards			\$ 73,997,177	\$ 1,104,040

**CINCINNATI CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2016**

Note A - Significant Accounting Policies

The accompanying schedule of federal awards expenditures includes federal grant activity of the District and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of 2 CFR 200, Subpart F. The District did not elect to not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note B - Child Nutrition Cluster

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

Note C - Food Donation Program

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective programs that benefited from the use of those donated food commodities.

Note D - Matching Requirements

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Cincinnati City School District
Hamilton County
2651 Burnet Avenue
Cincinnati, OH 45219

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregated remaining fund information of the Cincinnati City School District (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 13, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses. Findings 2016-001 and 2016-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
January 13, 2017

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE**

Cincinnati City School District
Hamilton County
2651 Burnet Avenue
Cincinnati, OH 45219

Report on Compliance for Each Major Federal Program

We have audited the Cincinnati City School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Basis for Qualified Opinion on National Institute of Justice Research, Evaluation and Development Program

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding its National Institute of Justice Research, Evaluation and Development (CFDA #16.560) major federal program as described in finding number 2016-003 for *Activities Allowed or Unallowed and Allowable Costs/Cost Principles*. Compliance with such requirements is necessary, in our opinion, for the District to comply with requirements applicable to that program.

Qualified Opinion on National Institute of Justice Research, Evaluation and Development Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its National Institute of Justice Research, Evaluation and Development Program for the year ended June 30, 2016.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2016.

Other Matters

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2016-003 to be a material weakness.

The District's response to the internal control over compliance finding identified in our audit is described the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated January 13, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
January 13, 2017

**CINCINNATI CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant Deficiency(s) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes
- Significant Deficiency(s) identified? None reported

Type of auditor’s report issued on compliance for major federal programs: Qualified for National Institute of Justice Research, Evaluation and Development.
Unmodified for all others

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Identification of major federal programs:

Title I CFDA #84.010
National Institute of Justice Research, Evaluation
and Development CFDA #16.560
Head Start CFDA #93.600

Dollar threshold used to distinguish between Type A and Type B Programs \$2,253,037

Auditee qualified as low-risk auditee? No

Section II – Findings Related to the Financial Statements Required to be reported in Accordance with GAGAS

2016-001-Material Weakness-Controls Related to Monthly Reconciliation of Cash

At June 30, 2016 the bank reconciliation does not agree to the general ledger by \$79,690.50. Of this amount, \$67,952.17 is known but has not yet been booked to the general ledger. The remaining \$11,738.03 could not be supported. The remaining difference is immaterial and will be booked when amounts become known.

Recommendation

We recommend that the District's monthly cash reconciliation include timely follow up and that all reconciling items are properly recorded in the accounting system and / or clear the bank in the subsequent month.

Management's Response

The District agrees. During fiscal year 2016, the District made significant improvements / progress on the bank reconciliation of cash. The District believes the differences at June 30, 2016 related mainly to deposits in transit in the accounts receivable and payroll. The District's progress was slowed down due to an implementation of a new accounting system on July 1, 2016. See Corrective Action Plan.

2016-002-Material Weakness-Controls Related to Financial Reporting

The presentation of financial statements and related footnotes that are free of material misstatement is the responsibility of the District's management. Independent auditors are not part of an entity's internal control structure and should not be relied upon by management to detect misstatements in the financial statements.

Thus, it is important that management develop control procedures related to preparing financial statements and footnotes that enable management to prevent and detect potential misstatements in the financial statements and footnotes in a timely manner prior to audit.

Our audit identified misstatements in the District's financial statements that required adjustments and disclosures needed in order to present the financial statements in accordance with accounting principles generally accepted in the United States of America.

We provided adjustments to the District which corrected the misstatements prior to the issuance of the financial statements. The misstatements related to the General Fund assigned fund balance, compensated absences liability, and the implementation of GASB 72.

During the audit, the following audit adjustments were posted to the financial statements:

- The District's General Fund assigned fund balance was understated by \$44,856,251. When the appropriation measure is adopted for the subsequent year, if a portion of existing fund balance is included as a budgetary resource, then that portion of fund balance should be classified as assigned (GASB 54.16 and Z.54.13).
- The District understated the compensated absences liability by \$17,782,305. This understatement was due to the District failing to adjust for sick leave gross payroll correctly.
- GASB 72 requires the District to categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The District failed to implement the GASB 72 disclosure.

Recommendation

Develop a systematic, detailed financial statement preparation and review process.

Management's Response

The District agrees. See Corrective Action Plan.

Section III – Federal Award Findings and Questioned Costs

Finding 2016-003–National Institute of Justice Research, Evaluation & Development Program -CFDA# 16.560

Finding Type

Material Weakness / Material Noncompliance – *Activities Allowed or Unallowed and Allowable Cost / Cost Principles*

Criteria

Compliance requirements for *Activities Allowed or Unallowed and Allowable Cost / Cost Principles* are contained in the grant agreement. Our substantive sample of 25 grant expenditure transactions included 19 transactions that were identified as unallowable. During our audit we were provided a US Department of Justice monitoring review report that questioned these transactions.

Condition

Out of the 25 grant expenditure transactions sampled, 11 transactions were prior to the issuance of the Grant Adjustment Notice or occurred during the research project suspended / verification period of RAND Corporation. For 8 grant expenditure transactions the related vendor or services were not included / supported in budget.

Questioned Costs

The 19 out of the 25 grant expenditure transactions that were identified as unallowed totaled \$269,816.43.

Context

19 grant expenditure transactions were improperly approved for payment.

Cause and Effect

The District's internal control over compliance with the requirements applicable to federal programs were not designed to prevent, or detect and correct, noncompliance with *Activities Allowed or Unallowed and Allowable Cost / Cost Principles* compliance requirements. This resulted in District grant expenditures and cost that were unallowable.

Recommendation

We recommend the District to improve the internal controls related to the grant expenditure process and the payments to be reviewed by knowledgeable supervisory personnel.

Views of Responsible Officials and Planned Corrective Actions

The District agrees with the auditor's recommendation. The District is working with the US Department of Justice to resolve the issues related to this grant and improve the grant expenditure process. See Corrective Action Plan.

**CINCINNATI CITY SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016**

Finding Number	Finding Summary	Finding Corrected	Explanation
2015-001	Payroll calculations and payments	Yes	The District corrected this issue.
2015-002	Monthly Cash Reconciliations	No	The District is continuing to work on this. Although the monthly cash does not reconcile, improvements have been made and differences are smaller than the prior year. See Corrective Action Plan.
2015-003	Fund Transfers	Yes	The District corrected this issue.

**CINCINNATI CITY SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
JUNE 30, 2016**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2016-001	The District has made progress on this issue by implementing a new accounting system in FY16. The District has a person assigned to make sure bank reconciliations are prepared timely and accurately.	June 2017	Jennifer Wagner
2016-002	The District will review financial statements and disclosures before information is filed on the Hinkle System. The District will also work with its GAAP Consultant.	May 2017	Jennifer Wagner
2016-003	The District will monitor and train employees to follow Activities Allowed and Unallowed and Allowable Costs/ Cost Principles.	February 2017	Jennifer Wagner



Dave Yost • Auditor of State

CINCINNATI CITY SCHOOL DISTRICT

HAMILTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 13, 2017**