



**Auditor of State
Betty Montgomery**

**CINCINNATI CITY SCHOOL DISTRICT
HAMILTON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountant's Report..... (Under Separate Cover)	
Comprehensive Annual Financial Report (Under Separate Cover)	
Schedule of Federal Awards Expenditures.....	1
Notes to the Schedule of Federal Awards Expenditures	3
Independent Accountant's Report on Compliance and Internal Control Required by Government Auditing Standards.....	5
Independent Accountant's Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with Circular A-133.....	7
Schedule of Findings.....	9
Schedule of Prior Year Findings	13

This page intentionally left blank.

**CINCINNATI CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

FEDERAL GRANTOR/ <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution Program	03-PU	10.550	\$0	\$735,570	\$0	\$735,570
National School Breakfast Program	05PU-02/03	10.553	1,805,688	0	1,805,688	0
National School Lunch Program	LLP1-02/03, LLP4-02/03	10.555	6,917,543	0	6,917,543	0
National Child Care Program	21CP-02/CC-MO-03	10.558	49,372	0	49,372	0
Summer Food Service Program	23/24-PU-02	10.559	297,451	0	297,451	0
Total U.S. Department of Agriculture - Child Nutrition Cluster			9,070,054	735,570	9,070,054	735,570
U.S. DEPARTMENT OF EDUCATION						
Impact Aid - Facilities Maintenance	N/A	84.040	0	0	93,588	0
Small Learning Community	N/A	84.215L	0	0	800,253	0
Foreign Language Incentive	N/A	84.294	0	0	6,423	0
<i>Passed Through Ohio School Facilities Commission:</i>						
Emergency School Repair	N/A	84.352A	0	0	21,300	0
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States						
(IDEA Part B)	6BSA-02/6BSD-02/6BSF-01/02	84.027	4,967,561	0	7,051,888	0
Special Education - Preschool Grant	PGS1-01/02	84.173	237,105	0	208,748	0
Total Special Education Cluster			5,204,666	0	7,260,636	0
Adult Education - State Grant Program	ABS1-01/02/03	84.002	623,604	0	924,592	0
Grants to Local Educational Agencies	C1S1-02/03/C1SD-01/02/03/C1SK-03	84.010	16,582,799	0	20,837,495	0
(ESEA Title I)	20C1-02/03	84.048	1,430,391	0	1,726,473	0
Vocational Education Basic Grants to State	E1S1-00/01	84.162A	0	0	5,040	0
Emergency Immigration Act	DRS1-02/03	84.186	711,767	0	727,966	0
Drug-Free Schools Grant	HCS1-01/02/03	84.196	185,540	0	188,428	0
Education for Homeless Children and Youth	EVS3-00/01	84.213	151,243	0	(1,883)	0
Even Start - State Education Agencies	N/A	84.215W	0	0	234,581	0
Dropout Prevention	CXS1-01	84.216	53,118	0	60,091	0
Capital Expenses	ATS1/S2/S3-02	84.224	29,639	0	19,897	0
Assistive Technology	G2SP-01	84.276	0	0	98,692	0
Goals 2000 - State and Local Education Systemic Improvement	MSS1-00/01/02/MSS4-00	84.281	90,562	0	108,271	0
Eisenhower Prof. Dev. State Grant	C2S1-00/01/02/03	84.298	735,212	0	321,392	0
Innovative Educational Program Strategies	TJS1-03	84.318	96,005	0	22,492	0
Technology Literacy Challenge Fund Grant	STS1-01	84.323	37,500	0	1,200	0
State Improvement	RFS1-02/RFS2-01	84.332	137,926	0	150,529	0
Comprehensive School Reform	CRS1-02/TRS1-03	84.340/84.367	3,771,886	0	3,246,835	0
Class Size Reduction	AKS1-01/02	84.348	411,282	0	325,570	0
Title I Accountability Grant	T3S1-03	84.365	39,926	0	42,486	0
Title III Limited English Proficiency		93.558	0	0	4,525,642	0
Temporary Assistance for Needy Families			0	0	0	0
Total Department of Education			30,293,066	0	41,747,989	0

(Continued)

CINCINNATI CITY SCHOOL DISTRICT
HAMILTON COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Children, Youth, and Families - Head Start	N/A	93.600	1,981,295	0	1,981,295	0
Department of Mental Retardation and Developmental Disabilities	N/A	93.778	3,071,000	0	3,071,000	0
Total Department of Health and Human Services			5,052,295	0	5,052,295	0
TOTAL FEDERAL ASSISTANCE			\$44,415,415	\$735,570	\$55,870,338	\$735,570

The accompanying notes to this schedule are an integral part of this schedule.

**CINCINNATI CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2003**

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B – CHILD NUTRITION CLUSTER

Program regulations do not require the Government to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C -- MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE AND
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Education:

We have audited the basic financial statements of the Cincinnati City School District, Hamilton County, Ohio (the District), as of and for the fiscal year ended June 30, 2003, and have issued our report thereon dated December 22, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-001 through 2003-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 22, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2003-003 through 2003-005.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe 2003-003 of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 22, 2003.

This report is intended for the information and use of the Audit Committee, management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

December 22, 2003



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH CIRCULAR A-133

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

To the Board of Education:

Compliance

We have audited the compliance of the Cincinnati City School District, Hamilton County, Ohio (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the fiscal year ended June 30, 2003. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2003. We noted certain instances of noncompliance that do not require inclusion in this report that we have reported to management of the District in a separate letter dated December 22, 2003.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We noted other matters involving the internal control over federal compliance that do not require inclusion in this report that we have reported to management of the District in a separate letter dated December 22, 2003.

Schedule of Federal Awards Expenditures

We have audited the basic financial statements of the District as of and for the fiscal year ended June 30, 2003, and have issued our report thereon dated December 22, 2003. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the Audit Committee, management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than the specified parties.



Betty Montgomery
Auditor of State

December 22, 2003

**CINCINNATI CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2003**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Headstart - 93.600 TANF - 93.558 Title XIX - 93.778 Vocational Education - 84.048 Adult Basic - 84.002 Smaller Learning Communities - 84.215L Title I Accountability - 84.348 Title I - 84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$1,698,177 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2003-001

Material Noncompliance

Ohio Rev. Code, Section 9.833(C)(2), requires a subdivision to establish a separate internal service fund by ordinance or resolution to account for all claims, administrative and other program associated costs relating to self insurance. The District is self insured for medical insurance purposes and did not establish the required separate internal service fund. Costs associated with the District's self insurance were paid primarily in the General Fund and various other funds with payroll expenses.

FINDING NUMBER 2003-002

Material Noncompliance

Ohio Admin. Code, Section 117-2-02 (A), states "All public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the relates assets and liabilities, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code."

The District used "Direct Pays" for fifteen percent (15%) of the expenditures reviewed which represented 30 different vendors. "Direct Pays" do not follow the process of initiating a purchase order prior to incurring the expense. As a result, "direct pays", are not posted to the appropriation and authorization ledgers as provided in Section 117-2-02 (C)(2) and (D)(3) of the Ohio Administrative Code and are not subtracted from the appropriation balance to produce a declining unencumbered balance.

When the District does not encumber funds for all purchase orders, deficit fund balances could occur due to the unavailability of needed funds.

We recommend that the District establish procedures for direct pays to adhere to the District's process for initiating purchases. This would assist in ensuring that all purchases are accompanied by a properly executed purchase order and entered into the computerized ledger system.

FINDING NUMBER 2003-003

Material Weakness

The District has delegated employees' health insurance claims processing, which is a significant accounting function, to a third-party administrator. The District has not established procedures to determine whether the service organization has sufficient controls in place and operating effectively to reduce the risk that health insurance claims have not been completely and accurately processed in accordance with the health insurance contract. We tested controls at the third-party administrator as well as the District's records to provide assurance that controls were in place and operating effectively during the audit period.

We recommend the District implement procedures to assure the completeness and accuracy (including eligibility and allowability) of health insurance claims processed by its third-party administrator. Statement of Auditing Standards (SAS) No. 70 as amended, prescribes standards for reporting on the processing

FINDING NUMBER 2003-003
(Continued)

(i.e. control design and operation) of transactions by service organizations. An unqualified Tier II “Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness” in accordance with SAS 70, should provide the District with an appropriate level of assurance that health insurance claims are being processed in conformance with the contract.

We recommend the District specify in their contract with the third-party administrator that an annual Tier II SAS 70 audit be performed. The District should be provided with a copy of the SAS 70 report timely and should review the report’s content. A SAS 70 audit should be conducted in accordance with American Institute of Certified Public Accountants’ (AICPA) standards by a firm registered and considered in “good standing” with the Accountancy Board of the respective State. If the third-party administrator refuses to provide the District with a Tier II SAS 70 report, we recommend contracting with a third-party administrator that will provide such a report.

FINDING NUMBER 2003-004

Reportable Condition

The District should maintain accurate and timely records of their encumbrances to allow them to determine the amount of appropriations available for expenditures. The District’s outstanding encumbrance listing generated by the purchasing department did not agree with the amount presented in the District’s cash trial balances due to incorrect parameters used by the Treasurer’s office for the report generated from the general ledger system. We reviewed the outstanding encumbrances for seven funds totaling \$37,246,254, representing eighty-three percent (83%) of the total outstanding encumbrances listed in the cash trial balances presented in the District’s “4502” report, and noted that the total outstanding encumbrances in the seven funds, with the majority of the overstatement related to one fund, were overstated by \$8,956,628 or twenty-four percent (24%), resulting in an understatement of the amount available for expenditures and certification to the county. The amounts were adjusted for the financial statements, but not on the District’s general ledger system or the “4502” report. We recommend the District perform monthly reconciliations between the two departments to assist in determining the proper amount of outstanding encumbrances to record at year end for the financial statements.

FINDING NUMBER 2003-005

Reportable Condition

The District should maintain an accurate, integrated, comprehensive capital asset listing to assist in the monitoring and management of their capital assets. The District’s capital assets listing is comprised of segments consisting of an outside appraisal report obtained in 1999/2000, and each subsequent year end additions and deletion data generated from Oracle based on certain uniform school accounting system codes and check amounts. The financial statements were adjusted for errors noted in the initial capital asset data presented by the District. These errors resulted from the segmented capital asset records and a lack of detail review of the capital asset activity throughout the year. In addition, assets acquired during fiscal year 2003 were not tagged at the time of this report.

To promote adequate safeguards over their capital assets, and to reduce the risk that the District’s capital assets will be misstated, the District should develop a comprehensive capital asset listing containing such information as the tag number, description, cost, acquisition date, location, and depreciation expense. The District should also implement procedures to review and update the capital asset listing on a quarterly basis at a minimum. This should include, but not be limited to, reconciling the Oracle fixed asset data to an asset listing by location and invoices, and the development of a tracking system that uses addition and disposal forms to be completed by the staff and approved by management when assets are acquired, relocated, or disposed of.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

None

**CINCINNATI CITY SCHOOL DISTRICT
HAMILTON OF COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2003**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-10431-001	ORC Section 117.28, finding for recovery for unaccounted public monies	No	Finding no longer valid for the current audit period. The District is still investigating this situation
2002-10431-002	ORC Section 5705.41(D), failure to properly encumber	No	Partially corrected, issued in management letter
2002-10431-003	ORC Section 9.833(C)(2), establishment of a separate internal service fund for self insurance	No	Not corrected, issued as Finding 2003-10431-001
2002-10431-004	ORC Section 149.351(A), disposal/retention of records	No	Partially corrected, issued in management letter
2002-10431-005	Material weakness, failure to obtain a SAS 70 report for third party administrator for insurance.	No	Not corrected, issued as Finding 2003-10431-003
2002-10431-006	Reportable Condition, variances in payroll allocations between the three systems	No	Not corrected for the majority of the audit period; new system went on-line in June of 2003, issued in management letter
2002-10431-007	Reportable Condition, student stores cost mark-up exceeded the District's 10% policy	No	Partially corrected, issued in management letter.

This Page is Intentionally Left Blank.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Hamilton County, Ohio



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2003**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2003**

Prepared by:
Michael J. Geoghegan, CPA
Treasurer/CFO

This Page is Intentionally Left Blank.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

TABLE OF CONTENTS

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

I **INTRODUCTORY SECTION**

A Letter of Transmittalv
B List of Principal Officials..... xviii
C Organization Chart.....xix
D Certificate of Achievement.....xx

II **FINANCIAL SECTION**

A Independent Accountants' Report.....1
B Management's Discussion and Analysis3
C Basic Financial Statements:
 Government-wide Financial Statements:
 Statement of Net Assets14
 Statement of Activities15
 Fund Financial Statements:
 Governmental Funds:
 Balance Sheet16
 Reconciliation of Total Governmental Fund Balances to Net Assets of
 Governmental Activities17
 Statement of Revenues, Expenditures and Changes in Fund Balances18
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances to the Statement of Activities.....19
 Statement of Revenues, Expenditures and Changes in Fund Balance
 (Budget and Actual):
 General Fund20
 Proprietary Fund:
 Statement of Net Assets21
 Statement of Revenues, Expenses and Changes in Fund Net Assets22
 Statement of Cash Flows23
 Fiduciary Funds:
 Statement of Net Assets24
 Statement of Changes in Net Assets25
Notes to the Basic Financial Statements.....26

CINCINNATI CITY SCHOOL DISTRICT, OHIO

D Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Financial Statements:

Combining Balance Sheet.....	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	57
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	60
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	64

Individual Schedules of Revenues, Expenditures and Changes in Fund
Balance (Budget and Actual):

<i>General Fund</i>	66
<i>Debt Service Fund:</i>	
Bond Retirement Fund.....	67
<i>Capital Projects Funds:</i>	
Classroom Facilities Fund.....	68
<i>Special Revenue Funds:</i>	
Food Services Fund.....	69
Other Grants Fund.....	70
District Managed Student Activity Fund.....	71
Auxiliary Services Fund.....	72
Head Start Fund.....	73
Disadvantaged Pupil Impact Aid Fund.....	74
Title VI B – Special Education Assistance Fund.....	75
Title II A – Economic Opportunity Act Fund.....	76
Chapter I Fund – Education Consolidation and Improvement Act Fund ...	77
Other Special Revenue Funds.....	78

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Capital Projects Funds:

Permanent Improvement Fund	79
Building Fund	80
Replacement Fund	81
Energy Conservation Fund	82
Vocational Education Equipment Fund.....	83
Power Up Fund.....	84
Interactive Video Distance Learning Fund.....	85
Ohio SchoolNet Fund	86
School Building Assistance Fund.....	87
Emergency School Repair Fund	88

Permanent Fund:

Endowments Fund	89
-----------------------	----

Fiduciary Funds – Agency Fund:

Schedule of Changes in Assets and Liabilities	91
---	----

Capital Assets Used in the Operation of Governmental Funds:

Schedule by Source	93
Schedule by Function and Activity	94
Schedule of Changes by Function and Activity	96

CINCINNATI CITY SCHOOL DISTRICT, OHIO

III

STATISTICAL SECTION

General Fund Expenditures by Function - Last Ten Fiscal Years S 2

General Fund Revenues by Source - Last Ten Fiscal Years S 3

Property Tax Levies and Collections - Last Ten Calendar Years S 4

Tangible Personal Property Tax Collections - Last Ten Calendar Years S 5

Assessed and Estimated Actual Values of Taxable Property - Last Ten
Collection Calendar Years S 6

Property Tax Rates - Direct and Overlapping Governments - Last Ten
Calendar Years..... S 7

Computation of Legal Debt Margin..... S 8

Ratio of Net General Bonded Debt to Assessed Value and
Net Bonded Debt Per Capita - Last Ten Collection Years S 9

Ratio of Annual Debt Service Expenditures for General Bonded Debt to
Total General Fund Expenditures - Last Ten Years S 10

Computation of Direct and Overlapping Debt..... S 11

Demographic Statistics - Last Ten Years..... S 12

Construction, Bank Deposits and Property Values - Last Ten Calendar Years..... S 13

Top Ten Taxpayers – Assessed Value S 14

Ten Largest Employers S 15

Number of Teachers, Education and Years of Experience S 16

Transportation Statistics S 17

Schedule of Insurance Policies S 18

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: 1-513-475-7170 ★ FAX: 1-513-475-4483

December 22, 2003

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, 2003. This report was prepared by the Treasurer's Office and includes the report of the independent auditor, Betty Montgomery, Auditor of State of Ohio. 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, 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 CAFR is presented in three sections:

The Introductory Section, which is unaudited, includes this letter of transmittal, an organization chart and a list of the District's elected board members and other members of the administration.

The Financial Section begins with the Report of Independent Accountants and includes Management's Discussion and Analysis (MD&A), the basic financial statements and notes that provide an overview of the District's financial position and results of operations; required supplementary information; the combining statements for nonmajor funds and other schedules that provide information relative to the basic financial statements.

The Statistical Section, which is unaudited, includes selected financial, economic and demographic information, generally presented on a multi-year basis.

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 Report of Independent Auditors. 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 1984 and the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations (June, 1997 Revision)*. Information related to this single audit, including a schedule of federal financial assistance, the independent auditor's 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.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2003

Reporting Entity

The District has reviewed its reporting entity definition in order to insure conformance with the Government Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity". In evaluating how to define the District for financial reporting purposes, management has considered all agencies, departments and organizations making up the Cincinnati City School District (the primary government) and its potential component units.

The Board and Administration

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, 2003 were:

	Date Current Term <u>Commenced</u>	Present Term <u>Expires</u>
Sally Warner, President	01/01/02	12/31/05
Dr. Florence Newell, Vice President	01/01/00	12/21/03
Melanie Bates	01/01/02	12/31/05
John J. Gilligan	01/01/00	12/31/03
Catherine Ingram	01/01/02	12/31/05
Harriet Russell	01/01/02	12/31/05
Rick Williams	01/01/00	12/31/05

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.

In September 2002, the Board of Education appointed Alton L. Frailey as the Superintendent for a term commencing November 11, 2002 and ending July 31, 2006. Mr. Frailey holds a Bachelor of Science Degree in Elementary Education and a Master's Degree in Educational Administration from Stephen F. Austin State University. Mr. Frailey has 20 years experience in the education field. He was most recently the assistant superintendent at a suburban Houston, Texas school district.

The Treasurer is appointed for a four-year term (following an initial two-year term) 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, overseeing the District's purchasing operations, 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, 2003

The Board appointed Michael Geoghegan as Treasurer for a four-year term commencing January 1, 2003 and ending December 31, 2006. Mr. Geoghegan is a Certified Public Accountant, Certified Public Finance Officer, and Certified Internal Auditor and holds a Masters Degree in Business Administration from the University of Cincinnati. He served previously as Director of Finance for the Auditor of Hamilton County, Ohio.

The District and Its Facilities

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 72 school buildings: 61 elementary schools, 1 Arts School (4-12), 5 middle/high schools (7-12) and 12 high schools (9-12). Several high school buildings contain more than one school. 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 been sensitive to an energy conservation program and is beginning to embark on a \$985 million, 10-year facilities improvement program.

The District's enrollment (K-12) for the 2002-03 school year was 40,347 students. The District served 69.4% of the 56,335 children who reside within its boundaries. The majority of enrolled students were members of ethnic minorities -- in the 2002-03 school year, 70.5 percent of students were African-American, 0.8 percent were Asian, 24.7 percent were Caucasian, 0.1 percent were Native American, 3.2 percent were other/multiracial, and 0.6 percent were Hispanic.

A significant majority of students in the District - 62 percent - were on free or reduced lunch plans during the 2002-03 school year. More than half of the District's elementary schools served student populations that were 70 percent or higher in poverty. Nearly fifteen percent of the students attending were served with Special Education needs.

Transportation was provided daily for 27,978 public students and 6,829 non-public students. Buses traveled an average of 34,586 miles each day. A self-supporting Food Services Department served an average of 20,554 lunches and 7,892 breakfasts per day for the 2002-03 school year.

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 also offers students the opportunity to participate in a wide range of extracurricular activities to extend their learning and increase their enjoyment of school.

For the fiscal year ended June 30, 2003, the District employed 7,335 employees (including non-teaching personnel and substitutes) and expended \$229,804,077 in salaries and wages to these employees and \$66,701,486 in fringe benefits, which included state employer retirement contributions, workers' compensation insurance, unemployment compensation, retirement severance payments and medical, dental and life insurance premiums. Of the District's current employees, 3,985 are certified by the Ohio Department of Education serving as classroom teachers, education specialists and administrators. The

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2003

starting salary for a teacher with a bachelor's degree for the period beginning August 1, 2002 was \$32,815. The maximum teacher salary for the 2002-03 school year for a master's degree and 27 years of experience is \$72,044. Total K-12 enrollment of the District for the 2002-2003 school year was 40,347 students.

Local Economic Condition and Outlook

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 funds, such as lunch and special classes are funded for their expenditures by designated State and Federal grants.

The City of Cincinnati, founded in 1788 and incorporated in 1819, is the hub of a 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, and service industries as well as manufacturing.

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.

Fifty-four per cent (54%) of the U.S. population is within one hour's flight time and the Metropolitan Area is within 600 miles of 53% of the nation's purchasing power and 54% of the nation's manufacturing establishments. The corporate headquarters of numerous firms are located in the Metropolitan Area. Cincinnati is the home of several Fortune 500 corporations including Procter & Gamble, The Kroger Company, CInergy, and American Financial Corporation Fifth Third Bancorp, Ashland, Inc. and AK Steel. Nearly 400 Fortune 500 firms have operations in the Metropolitan Area.

The Metropolitan Area is a growing center for international business, with approximately 1,000 firms engaged in international trade. Twenty-five percent (25%) of all jobs in the Metropolitan Area are related to exporting. Cincinnati exports more than any other city in Ohio and is ranked twenty-first (21st) in the United States. Metropolitan Area companies generate sales of approximately \$6.7 billion to customers outside the U.S. each year. Major export products include jet engines, plastics, machinery, computer software, paper and consumer goods. Directly imported products amount to over \$2 billion annually. Over 250 Greater Cincinnati firms are also owned by foreign firms from Japan, England, Western Europe and Canada. Foreign Trade Zone status is also available in Greater Cincinnati to assist firms engaged in international trade to lower import duty and tax expenses.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2003

Metropolitan Cincinnati was the 31st largest metropolitan area in population according to the 2000 census. There are approximately 12.4 million net square feet of office space in the downtown area and 19.8 million net square feet in suburban office buildings and parks. There are approximately 2,000 million square feet of industrial space and 30 million square feet of retail space (1.6 million square feet downtown) in the area. At the end of 1999, Class A office space within the central business district was 98 percent occupied, the highest occupancy rate in 15 years. The estimated retail sales for 1999 in Hamilton County topped \$10.7 billion and sales surpassed \$20.5 billion for the entire Cincinnati Consolidated Metropolitan Statistical Area (CMSA).

The downtown area is home to the Dr. Albert B. Sabin Cincinnati Convention Center. The convention center has 162,000 total square feet of exhibit space and 88,000 square feet of meeting room space. The third floor includes a 30,000 square foot ballroom. Sharonville, in northeastern Hamilton County, is home to the 28,000 square foot Sharonville Convention Center. There are over 20,000 hotel and motel rooms in the area.

Cincinnati's Central Business District is a full-scale regional office center. In the past 15 years, the construction of new office buildings has been a major catalyst for new job growth and tax revenue generation. Past construction in the Cincinnati Business District has included department and specialty retail stores, new office towers, new apartments, and parking garages all surrounding Fountain Square and linked by the second level skywalk system. There are approximately 12.4 million net square feet of office space in the downtown area and 19.8 million net square feet in suburban office buildings and parks. There are approximately 2,000 million square feet of industrial space and 30 million square feet of retail space (1.6 million square feet downtown) in the area. The estimated retail sales for 2000 in Hamilton County topped \$13 billion and sales surpassed \$22.9 billion for the entire Cincinnati Consolidated Metropolitan Statistical Area (CMSA).

The \$82 million Stanley J. Aronoff Center for the Arts located in downtown Cincinnati opened in the fall of 1995. The Center contains three theaters and draws half a million visitors annually. The area surrounding the Center for the Arts is called Backstage. Traffic from this facility has created eight new restaurants in a \$6,000,000, 22,000 square foot restaurant complex. In the same district, the first construction in the United States of a Zaha Hadid design Contemporary Arts Center opened in 2003 at a cost of \$34 million.

The Cincinnati Convention Center has operated above industry maximum occupancy rates since it was substantially expanded and renovated in 1987. Government, business, and community leaders identified the need of an expansion and in 1994, the State of Ohio provided a \$3 million grant to undertake and extensive feasibility study and schematic design which was completed in 1995. The study proposed a \$335 million expansion that would add 550,000 gross square feet to the existing 250,000 square foot facility. The Greater Cincinnati Convention and Visitors Bureau are coordinating efforts to reach consensus on a recommended funding plan to undertake the expansion effort.

Since 1994 new businesses have opened at an unprecedented rate in the entertainment area in Over-the-Rhine. These new businesses bring new jobs to the downtown area and revitalize the Over-the-Rhine area making way for further development in that area. There are currently over 180 businesses operating in this growing entertainment district.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2003

Xavier University opened the \$44 million multi-purpose convention center in 2000, which includes a conference center, a student-dining center and a new basketball arena. The College of Mt. St. Joseph has constructed the new \$7.5 million Harrington Center, a student union/recreation center. The new venue will include a 2,000-seat gymnasium, a day care/recreation center for students' children, a food court, and a bookstore.

The University of Cincinnati has constructed a conference center, molecular science research house, and guest lodging facility. The new \$60 million facility retains 70 jobs and creates 374 new jobs. Children's Hospital Medical Center is investing \$35 million to house a new research facility. The 446.3 million Vontz Center for Molecular Studies at the University of Cincinnati has been completed. The new building is futuristic in form and even more in function. It was designed to house the most advanced laboratory and also to serve as a teaching facility for the study of cancer and neuroscience.

Despite some cooling on the national and regional levels, investment in manufacturing companies and in the urban core maintained a very positive outlook for the local economy. The 2002 Cincinnati USA Growth Report indicated that total capital and construction investment in the County was \$515,702,818. \$206 million of this total was due to construction investment and \$309 was non-construction investment. Local investment was roughly \$330 million. 2,021 new jobs were created by economic development projects and another 6,348 jobs were retained. Total earnings reported by these new or retained jobs equaled \$405.6 million. The total economic impact estimated at \$1.24 billion in business sales, \$367 million in household earnings, and 13,907 jobs.

In 2002, the City's Economic Development Department established 5 Enterprise Zone agreements that provide property tax incentives to facilitate new commercial development. These agreements will result in private investment of approximately \$59 million and will retain 1,346 current jobs and create 435 new jobs. Among the agreements is Fifth Third Bank's \$47.2 million expansion of its Madisonville check processing and customer service facility (retaining 1,100 jobs and creating 100 new jobs). In addition, Valu-PAC's \$9 million investment in the TechSolve Industrial Park will create 200 new jobs targeted toward low-income residents in the city's federally designated Empowerment Zone.

Major development projects along the Ohio River in downtown Cincinnati include Paul Brown Stadium, a \$450 million facility that opened in August 2000 which is the new home of the Cincinnati Bengals and the \$280 million Great American Ballpark, the new home of the Cincinnati Reds that is opened in April 2003. The National Underground Railroad Freedom center, a \$110 million national education center that will commemorate the historic efforts of the underground railroad, is expected to open in 2004.

The City of Cincinnati and Hamilton County have reconstituted the Port Authority to oversee development of the riverfront area along the Ohio River, known as "The Banks". The riverfront development plan includes residential housing, retail shops, office space, pedestrian plazas, and additional green spaces and amenities as well as the anchors described above.

The Fort Washington Way project is a \$300 million reconstruction of a major highway that has separated the downtown from its riverfront decades. The project reconnects the Central Business District to the City's riverfront by extending several downtown streets to the riverfront and more efficiently designed the highway system. Additional plans for the Central Riverfront call for the construction of a transit center, which will serve as the hub of a proposed mass transit system.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2003

Delta Air Lines recently constructed a \$17 million reservation facility at the corner of Plum Street and West Seventh Street. The new facility includes 57,000 square feet of office space, 8,000 square feet of retail space, and a 600 space parking garage. This facility will employ 1,000 persons who have been relocated from other office space in the City.

This wide diversity of industry contributes a high degree of economic stability to the city and provides a reliable base for tax income.

Recent Significant Accomplishments

For the Year. The following were highlights of Academic Excellence in the District during 2002-03:

- Two elementary schools – Bond Hill and Westwood – improved student performance enough in 2002-03 to move out of the School Improvement category under the federal No Child Left Behind Act.
- Laura L. Mitchell, then principal at Westwood Elementary School, received in 2002 a \$25,000 National Educator Award from the Milken Family Foundation for outstanding performance as an educator.
- Two high Schools – Clark Montessori and Walnut Hills earned top “Excellent” ratings on the 2002-03 Ohio School Report Card. Three schools – Fairview German Language, North Avondale Montessori and the School for Creative and Performing Arts – earned berths in the second highest Report Card category, “Effective”.
- Thirty District teachers earned the coveted certification from the National Board of Professional Teaching Standards in 2002. The District employs 100 Board-certified teachers – the highest number among Ohio’s school districts and among the top ten school districts nationally.
- *Cincinnati Magazine* featured Clark Montessori High School in 2003 as one of the top four high schools in the region.
- Walnut Hills High School was selected as the only Ohio school – and one of ten nationally – to participate in a study on how schools prepare students for college coursework. The study, conducted by ACT, Inc and the Education Trust, chose Walnut Hills from among 4,000 schools, based on strong ACT scores in English, Math and Science.

In September 2002, the Board of Education unanimously selected Alton L. Frailey to become the District’s next Superintendent, starting in November 2002. Mr. Frailey holds a Bachelor’s and Master’s Degrees in education from Austin State University in Texas. He was formerly Assistant Superintendent at Spring Branch (Texas) Independent School District. He was also a Board Member of the Cypress-Fairbanks (Texas) Independent School District. Mr. Frailey brings strong credentials, impressive people skills and a record of raising student test scores. He was also instrumental in passage to two voted bond issues while working in Texas.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2003

The District focused on the following strategies of academic success in 2002-03:

- Standards-based instruction
- Frequent monitoring of student progress
- Targeted intervention for students needing help
- Quality professional development
- Computerized Instructional Management System
- Organizational support to schools
- Extended learning opportunities
- Engagement of parents and community in supporting learning

Increasing student achievement is the primary focus of the District. Content standards that guide teaching in core academic areas and a dedication to aligning classroom curriculum to those standards are key components to Cincinnati Public Schools' *Building Excellence* movement. In 2002-03, the Board adopted standards for language arts and mathematics. Standards covering science and social studies will be introduced in 2003-04. The new standards, established by the Ohio Department of Education, clearly state what a student should know at each grade level. The new standards will become the basis for Ohio's new achievement tests and represent a philosophical shift away from students memorizing facts to teaching them conceptual thinking.

The 2002-03 Ohio School Report Card showed academic improvement for District students in 13 of 20 test areas measured, despite the District's overall rating of Academic Emergency. Vital to increasing academic performance is an instructional improvement project under way since Spring 2003. Its goal is to make sure classroom instruction aligns with the academic standards. The Redefining Curriculum Project's work by teachers, principals, Central Office administrators, parents and community members is among the most critical and important work of the District. The project looks at several areas related to instruction, including professional development, promotion from kindergarten through eighth grade, graduation requirements, District assessment, pacing guides, report cards and student tracking.

During the 2002-03 school year, parental choice and involvement were encouraged. More than 12,000 students attended magnet or college preparatory programs outside of their neighborhoods. Magnet choices included a math and science academy, language instruction in nine languages, creative and performing arts K-12, the first public elementary and high school Montessori schools in the nation, Paideia instruction, a communications school, health and teaching professions and a premier college preparatory 7-12 high school offering 21 Advanced Placement courses, more than any other school in the nation.

Neighborhood schools offered several focused programs including Direct Instruction, Success for All, Roots & Wings and Expeditionary Learning. In order to give parents even more choice, the District has also sponsored three community schools, the first district in the State of Ohio to charter its own schools.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2003

The District has been recognized as a national leader in school reform. Reforms include high-level performance standards for students, teachers and schools; a student-based budgeting process that funds the child and parent, not the school on a formula basis; a revolutionary Teacher Evaluation and Compensation System; an early literacy focus that included a Third-Grade Reading guarantee and mandatory summer school at the primary level. The Bill and Melissa Gates Foundation provided nearly \$3 million in grants for our pioneering plan to restructure our neighborhood high schools in smaller, more effective learning environments

The District's \$985 million Facilities Master Plan (Plan) was officially launched with the passage of a \$480 million bond issue in May 2003. The District's Plan is now fully funded with the following components:

First Stadium Bond Issue (Issued July 2001)	\$ 110,000,000
Qualified Zone Academy Bond (QZAB) (Issued December 2002)	5,000,000
"Repurposed" Bonds from Previous State Loan Fund Payments (Issued December 2002)	120,000,000
Voted Bond Issue (Issued October 2003)	480,000,000
Second Stadium Bond Issue (To be issued in June 2006)	<u>59,529,663</u>
Subtotal Local Funds	\$ 774,529,663
State Matching Funds	<u>210,667,485</u>
TOTAL	<u><u>\$ 985,197,148</u></u>

Under the Plan, all District schools will be air-conditioned, heated and property ventilated, with classroom wired for the latest technology. New construction also creates the opportunity to build schools specifically designed for teachers working in teams, the District's educational model. Enclosed classrooms will be clustered in groups of four, with each group sharing a common extended-learning area; restrooms and teacher work areas – a move away from the century-old model of classrooms line up along a central hallway. The Plan also calls for designing, wherever possible, schools that are community-learning centers, also known as extended learning schools. Areas such as libraries, conference rooms, auditoriums and gymnasiums would be available for community use after school hours. Many newly built schools would include space for student and community services such as health clinics and social-service agencies.

The Plan was crafted with hundreds of hours of community input and partnership with the Ohio School Facilities Commission (OSFC). The OSFC, the agency directing a statewide campaign to upgrade Ohio's school buildings, is contributing about \$210 million, or 23% of the Plan's match able cost. By the Plan's completion in 2012, the District will be operating a total of 66 buildings, 14 fewer than in 2002. The reduction reflects the District's declining enrollment and the need to eliminate about 1 million square feet of excess space.

The District broke ground on its first building project – The New Rockdale Academy – in June 2003. This 84,000 square foot elementary school will feature enclosed classrooms clustered in groups of four around a shared space, so that teachers working in teams have room for enhanced learning opportunities. Gone will be the century-old model of classrooms lined up along a central hallway. A special feature of the new Rockdale Academy is space for an expanded health clinic for students, operated in partnership with Neighborhood Health Care, Inc. and Cincinnati Children's Hospital Medical Center. For the community, the \$16 million building will provide easy access to rooms for evening meetings and to gymnasiums and auditoriums for student sports and other community events.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2003

Major Initiatives For The Future

In October and December, 2003, the District held groundbreaking ceremonies for two new school projects – a new school in the East End for preschool through 12th grade and a new K-6 Midway Elementary School on the District's west side. Fourteen additional projects will get started over the next fiscal year with final completion for the first segment of projects scheduled for Spring 2006. A total of \$277 million is budgeted for Segment 1 projects. Planning is already underway for Segment Two projects, which is targeted for OSFC approval in June 2004. The Board has given approval for seventeen new projects to be included in Segment 2. The community input will continue as both Segment 1 and 2 projects get underway, with the school community selecting the architect, and then working with the professionals to design the building.

The sale of the \$480 million unlimited tax general obligation bonds in October 2003 resulted in two significant accomplishments for the District. First, all three national bond ratings services upgraded the District's underlying bond rating to AA levels and the entire package of bonds was able to be sold at historically low interest rates Standard & Poor's cited "capable management, a fully funded and developed capital improvement program and established support from the local business community" as reasons it raised the District's rating to AA- with a positive outlook. Moody's Investors Services upgraded the District two rating categories to Aa3 – the District's highest rating ever from Moody's. And in its first ratings evaluation of the District, Fitch Ratings assigned a strong AA rating to the District. The lower interest rates, combined with the upgraded bond ratings, will result in a savings of \$30 million in debt service over the life of the bond issue. These savings will mean taxpayers will be assessed at a lower average millage than projected – 4.12 mills versus the 4.61 mills listed on the May ballot.

For the 2003-04 school year, the District's high school restructuring program will create two new high schools that offer smaller, more focused learning environments to prepare students for graduation and higher education. These include a new Public Service Learning High School on the Aiken High School Campus and a new Career Technical High School on the Woodward High School Campus. The new high schools will join the District's list of K-12 Schools of Choice, which include magnet elementary schools, the established specialty high schools and the computer-based Virtual High School.

Other key priorities for 2002-03 and beyond include the following:

- Advance out of the Academic Emergency category on the State Report Card to Continuous Improvement.
- Implement the first phase of the computer-based instructional management system to support learning.
- Improve professional development for teachers and administrators.
- Strengthen standards-based evaluation systems for teachers and administrators
- Develop a new 5-year District strategic plan.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2003

Financial Information

The District uses Oracle Public Sector General Ledger, an automated, on-line general ledger accounting system, which provides the capability to prepare financial information based on generally accepted accounting principles (GAAP) for governments. Oracle Public Sector General Ledger is the basis for the District's accounting, budgetary, purchasing and fixed assets controls. The financial statements contained in the CAFR have been prepared from this system, implemented by the Treasurer's office in January 1995 and upgraded to the latest 11i release in January 2002.

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 Board of Education, by statute, adopts the annual operating budget for the District on or about the first of each fiscal year (July 1). All disbursements and transfers of cash between funds require appropriations authority from the Board of Education. Budgets are controlled at the fund level. The encumbrance method of budgetary accounting is used to control expenditures during the year.

Cash Management Policies and Practices. Chapter 135 of the Ohio Revised Code sets forth the requirements and limitations of the state's political subdivisions, including the District. Under Section 135.14 of the Revised Code, the District may invest its funds provided that such investments must mature or be redeemable within five years from the date of purchase.

The District has invested in or is eligible, under the above-described legal limitations, to invest in U.S. Treasury bonds, notes and bills; federal agency securities; commercial paper, bankers acceptances, State Treasurer's Asset Reserve (STAR Ohio), certificates of deposit, repurchase agreements and eligible Treasury Obligation Funds. The District interprets the limits on Federal guaranteed investments, bankers' acceptances, commercial paper and all other legal investments very conservatively.

The District has never owned any derivative type investments, interest only investments or reverse repurchase agreements. Interest earned by the District for the fiscal year ended June 30, 2003 totaled \$5,722,269, primarily from investments in federal agency securities and discount notes. The District utilizes investment advisors for both its operating fund and bond proceeds. The District's operating fund portfolio outperformed STAROhio, the benchmark investment standard for Ohio school districts, by an average of 142 basis points during the fiscal year ended June 30, 2003. This resulted in an additional \$2.1 million of interest income to the General Fund during the year.

All brokers, dealers and financial institutions that give advice or make investment recommendations to the District shall sign the District's Investment Policy, thereby acknowledging their agreement to abide by the Policy's contents. Those who execute investment transactions for the District shall read and sign the Policy, thereby acknowledging their comprehension and receipt of the Policy.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2003

Risk Management. The District continues to protect its assets through a comprehensive insurance program. For the year, commercial insurance carriers provided insurance coverage for property and vehicles, boiler and machinery, general/school board and umbrella liability.

The District provides health and life insurance to all eligible employees. Health insurance includes both medical and dental coverage. Medical insurance is currently provided on a self-insurance basis. The self-insurance program is administered by Humana/ChoiceCare, which provides claims review and processing services, along with stop-loss coverage. Life insurance coverage is provided by a commercial insurance carrier.

The District also participates in the Retrospective Rating Program administered by the Ohio Bureau of Workers Compensation. This Program provides for a minimum annual premium payment, @ 20%, and actual claims payment for the prior ten calendar years.

Other Information

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, 2002. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting and is the first time the District has applied for and received this 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.

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. The Auditor of State has performed the District Audit for fiscal year ended June 30, 2003. In addition to meeting the requirements of state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act of 1984, the 1996 amendments thereto, and the related U.S. Office of Management and Budget's Circular A-133. 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 general-purpose 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.

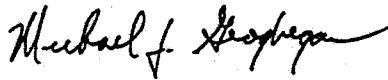
CINCINNATI CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2003

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 Ms. Avis Sharpe, Assistant Treasurer/Controller, to Mr. Jerry Klekamp, Director of Accounting, Budget & Reporting, and to all other members of the Department. I am also grateful for the professional services of Donald J. Schonhardt & Associates and Bastin & Company, LLC. for their assistance in preparing this report. 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,



Michael J. Geoghegan, CPA
Treasurer/CFO

CINCINNATI CITY SCHOOL DISTRICT, OHIO

List of Principal Officials June, 30, 2003

Members of the Board of Education:

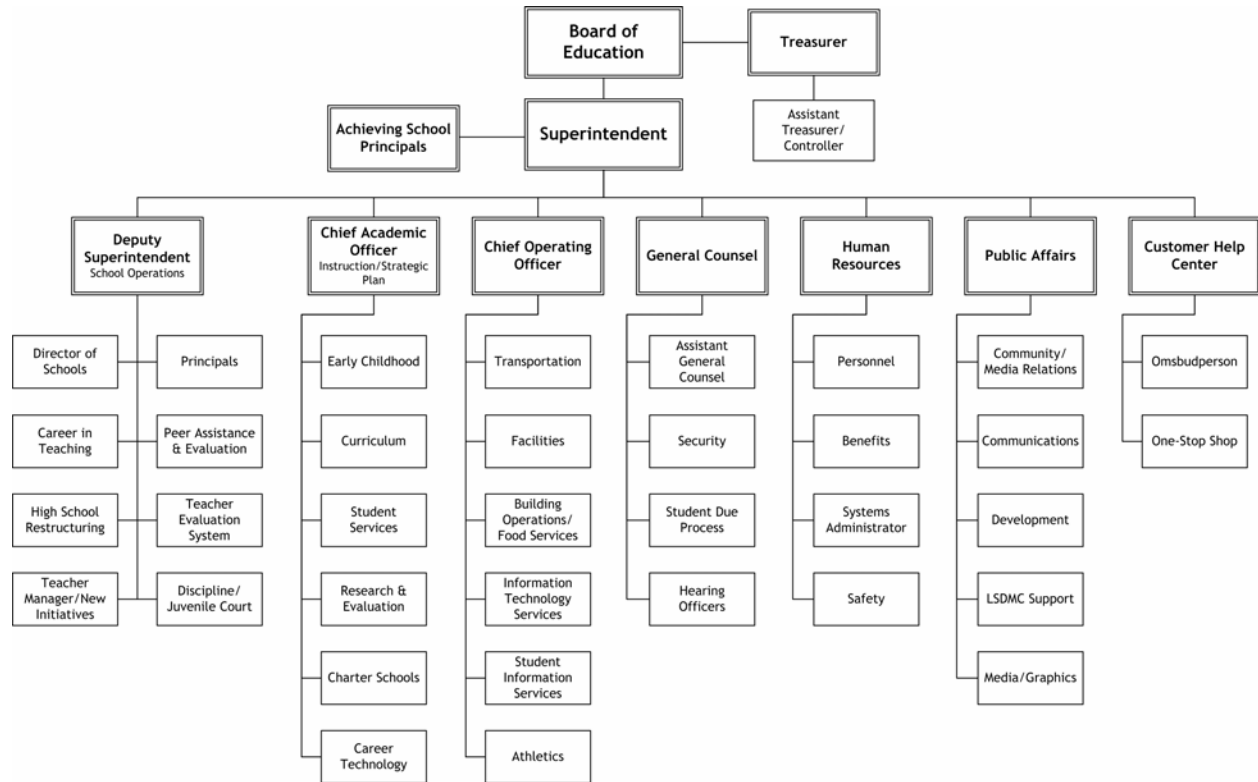
<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Sally Warner	President	December 31, 2005
Dr. Florence Newell, Ed.D.	Vice President	December 31, 2003
Melanie Bates	Member	December 31, 2005
John J. Gilligan	Member	December 31, 2003
Catherine Ingram	Member	December 31, 2005
Harriet Russell	Member	December 31, 2005
Rick Williams	Member	December 31, 2003

District Administration:

<u>Name</u>	<u>Title</u>
Alton L. Frailey	Superintendent
Michael J. Geoghegan	Treasurer/CFO
Rosa E. Blackwell	Deputy Superintendent
Mary Ronan	Associate Superintendent
Terry Jiyner	Chief Academic Officer
Michael Burson	Interim Business Executive
Jennifer Wagner	Interim Business Executive
C. Scott Romans	General Counsel
Deborah Heater	Director of Human Resources
Janet Walsh	Interim -Director of Public Affairs

CINCINNATI CITY SCHOOL DISTRICT, OHIO

School District Organizational Chart For the Fiscal Year Ended June, 30, 2003



CINCINNATI CITY SCHOOL DISTRICT, OHIO

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

**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, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

FINANCIAL SECTION





Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANT'S REPORT

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

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, Hamilton County, (the District) as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above 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 Cincinnati City School District, Hamilton County, as of June 30, 2003 and, the respective changes in financial position and cash flow, where applicable, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2003 on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to form opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

December 22, 2003

CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2003*

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, 2003. 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 2003 are as follows:

General revenues accounted for \$415,722,549 in revenue or 79% of all revenue. Program specific revenues in the form of charges for services and grants and contributions accounted for \$109,093,359 or 21% of total revenues of \$524,815,908.

The District had \$507,121,021 in expenses related to governmental activities; only \$109,093,359 of these expenses was offset by program specific revenues in the form of charges for services, grants or contributions. General revenues (primarily taxes totaling \$243,037,839, revenue in lieu of taxes totaling \$15,095,611, unrestricted state and federal revenues totaling \$144,831,670, investment earnings totaling \$8,693,979 plus prior year carry over revenues) were adequate to provide for these programs.

The assets of the District exceeded its liabilities at June 30, 2003 by \$200,543,910 (net assets). Of this amount, \$115,284,752 is considered unrestricted and may be used to meet the District's on-going obligations.

The District's total net assets increased \$17,684,887 in FY 2003, which represents a 9.42% increase from the FY 2002 balance. Government activities investment in capital assets, net of related debt, decreased \$26,525,261. Government activities restricted assets increased \$30,340,129 and unrestricted assets increased \$14,183,394.

Among major funds, the general fund had \$401,350,767 in revenue, \$385,642,911 in expenditures and (\$6,158,099) in net other financing uses, resulting in the general fund balance increasing by \$9,549,757 to \$138,500,794.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2003*

Unaudited

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:

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 assets includes all of the District's assets and liabilities. 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 assets and how they have changed. Net-assets (the difference between the District's assets and liabilities) are one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net assets are 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 falls 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.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2003*

Unaudited

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 Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Fund – The District utilizes an internal service fund to report activities that provides 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 Assets 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 Assets and Changes in Fiduciary Net Assets. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

This space intentionally left blank.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2003*

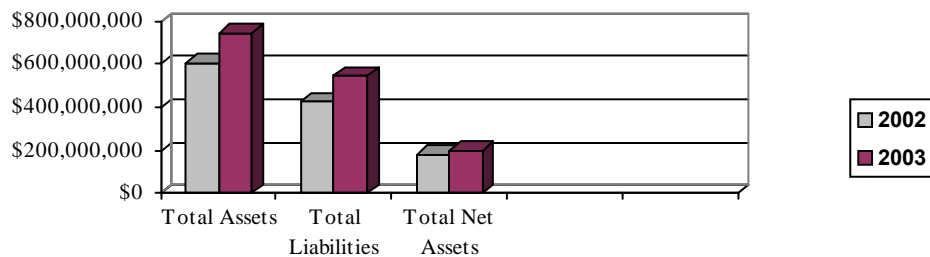
Unaudited

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The following table provides a summary of the District's net assets for 2003 compared to 2002:

	Governmental Activities	
	2003	2002
Current and other assets	\$635,310,815	\$511,213,758
Capital assets, Net	111,624,234	97,018,615
Total assets	746,935,049	608,232,373
Long-term debt outstanding	327,630,976	208,534,011
Other liabilities	218,760,163	217,152,714
Total liabilities	546,391,139	425,686,725
Net assets		
Invested in capital assets, net of related debt	24,393,680	50,918,941
Restricted	60,865,478	30,525,349
Unrestricted	115,284,752	101,101,358
Total net assets	\$200,543,910	\$182,545,648

Cincinnati City Schools Governmental Activities



CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2003*

Unaudited

Changes in Net Assets – The following table shows the net assets for the fiscal year 2003 compared to 2002:

	Governmental Activities	
	2003	2002
Revenues		
Program revenues:		
Charges for Services	\$9,450,186	\$6,445,798
Operating Grants	98,877,672	97,880,543
Capital Grants	765,501	75,060
General revenues:		
Property Taxes	243,037,839	240,725,870
Revenue in Lieu of Taxes	15,095,611	13,994,122
Grants and Entitlements	144,831,670	143,443,480
Other	12,757,429	13,753,982
Total revenues	524,815,908	516,318,855
Program Expenses		
Instruction:		
Regular	220,453,877	214,853,229
Special	63,132,571	56,276,047
Vocational	6,534,496	10,405,177
Other	1,703,846	2,083,093
Support Services:		
Pupils	22,810,661	21,749,313
Instructional Staff	24,920,010	24,600,912
Board of Education	432,025	243,629
Administration	34,103,376	33,394,787
Fiscal Services	5,874,202	5,373,728
Business	883,799	370,426
Operation and Maintenance of Plant	40,064,743	33,420,048
Pupil Transportation	22,336,585	23,572,004
Central	19,173,042	10,478,315
Non-Instructional Services	29,078,066	26,663,407
Extracurricular Activities	5,425,048	4,635,728
Interest and Fiscal Charges	10,194,674	7,300,332
Total expenses	507,121,021	475,420,175
Total Change in Net Assets	17,694,887	40,898,680
Beginning Net Assets	182,849,023	141,646,968
Ending Net Assets	\$200,543,910	\$182,545,648

CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2003*

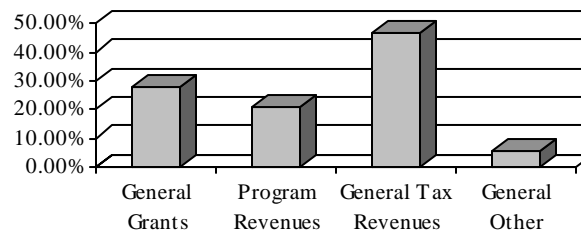
Unaudited

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 46% of revenues for governmental activities for the Cincinnati City School District in fiscal year 2003. The District's reliance upon tax revenues is demonstrated by the following graph indicating % of total revenues from general tax revenues

Revenue Sources	2003	Percent of Total
General Grants	\$144,831,670	27.60%
Program Revenues	109,093,359	20.79%
General Tax Revenues	243,037,839	46.31%
General Other	27,853,040	5.30%
Total Revenue	\$524,815,908	100.00%



CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2003*

Unaudited

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$375,450,867, which is greater than last year's total of \$259,652,052. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2003 and 2002.

	Fund Balance June 30, 2003	Fund Balance June 30, 2002	Increase (Decrease)
General	\$138,500,794	\$128,951,037	\$9,549,757
Debt Service	5,501,964	5,067,945	434,019
Classroom Facilities			
Capital Projects	180,976,309	102,028,323	78,947,986
Other Governmental	50,471,800	23,908,122	26,563,678
Total	<u>\$375,450,867</u>	<u>\$259,955,427</u>	<u>\$115,495,440</u>

The District's General Fund balance increase is a result of increased property tax collections. The increase in the Classroom Facilities fund is a direct result of the issuance of bonds to fund building projects. The increase in Other Governmental Funds is due to a transfer of bond proceeds to another of the capital projects funds.

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

	2003 Revenues	2002 Revenues	Increase (Decrease)
Taxes	\$241,165,616	\$238,052,450	\$3,113,166
Tuition	796,485	711,648	84,837
In Lieu of Taxes	5,312,071	6,361,236	(1,049,165)
Investment Earnings	5,722,269	6,459,109	(736,840)
Intergovernmental - State	145,161,926	146,157,147	(995,221)
Intergovernmental - Federal	2,617,700	2,999,547	(381,847)
All Other Revenue	574,700	540,676	34,024
Total	<u>\$401,350,767</u>	<u>\$401,281,813</u>	<u>\$68,954</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

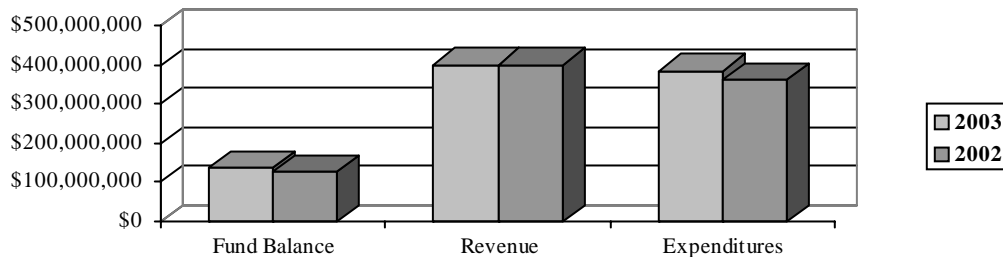
**Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2003**

Unaudited

General Fund revenues in 2003 increased very little with the increased property tax revenues helping to offset the losses in the other categories of revenue.

	2003 Expenditures	2002 Expenditures	Increase (Decrease)
Instruction:			
Regular	\$180,244,255	\$174,153,161	\$6,091,094
Special	49,254,193	44,058,650	5,195,543
Vocational	5,693,367	6,806,344	(1,112,977)
Other	761,314	608,191	153,123
Supporting Services:			
Pupils	12,024,293	13,343,737	(1,319,444)
Instructional Staff	12,938,945	12,755,683	183,262
Board of Education	426,281	241,577	184,704
Administration	31,342,193	30,003,104	1,339,089
Fiscal Services	4,869,309	4,905,479	(36,170)
Business	843,793	347,721	496,072
Operation and Maintenance of Plant	38,969,343	32,045,113	6,924,230
Pupil Transportation	21,499,347	23,105,807	(1,606,460)
Central	15,283,500	8,468,285	6,815,215
Non-Instructional Services	9,440	0	9,440
Extracurricular Activities	3,958,726	3,667,111	291,615
Capital Outlay	6,860,029	8,696,586	(1,836,557)
Debt Service:			
Interest & Fiscal Charges	664,583	1,138,542	(473,959)
Total	\$385,642,911	\$364,345,091	\$21,297,820

General Fund



The expenditures increased by approximately 5.85% due mainly to increases in salaries and benefits, in particular, health insurance costs.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2003**

Unaudited

The District's budget is prepared in accordance with Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2003, the District amended its general fund appropriations budget of \$437,209,400 by approving a \$2,828,000 supplemental appropriations resolution for certain facilities projects.

For the General Fund, fiscal year 2003 budget basis revenue of \$402,443,510 did not significantly change under the original budget estimate of \$449,990,382. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - At the end of fiscal 2003 the District had \$111,624,234 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 2003 balances:

	Governmental		Increase
	Activities		(Decrease)
	2003	2002	
Land	\$16,353,474	\$11,696,565	\$4,656,909
Land Improvements	12,169,471	12,166,836	2,635
Buildings and Improvements	166,731,668	163,314,504	3,417,164
Furniture, Fixtures and Equipment	24,877,174	21,229,248	3,647,926
Vehicles	1,919,755	1,660,160	259,595
Construction in Progress	11,666,171	5,170,801	6,495,370
Less: Accumulated Depreciation	(122,093,479)	(118,219,499)	(3,873,980)
Totals	<u>\$111,624,234</u>	<u>\$97,018,615</u>	<u>\$14,605,619</u>

For financial reporting purposes the District capitalizes all assets in excess of \$2,000. Detailed information regarding capital asset activity is included in the notes to the basic financial statements (Note 10).

Debt - At June 30, 2003, the District had \$246,547,692 in General Obligation Bonds outstanding, \$6,564,879 due within one year, \$22,200,000 in Long-Term Notes Payable, all due within one year, and \$10,000,000 in Tax Anticipation Notes Payable. The following table summarizes the District's debt outstanding as of June 30, 2003:

CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2003*

Unaudited

	<u>2003</u>
Governmental Activities:	
General Obligation Bonds	\$246,547,692
Long-Term Notes Payable	22,200,000
Tax Anticipation Notes	10,000,000
Capital Leases Payable	470,019
Compensated Absences	48,413,265
Totals	<u>\$327,630,976</u>

Under current state statutes, the District's debt issue is subject to a legal limitation based on 9% of the total assessed value of real and personal property. At June 30, 2003, the District's outstanding debt was below the legal limit. Detailed information regarding debt is included in the notes to the basic financial statements (Notes 12-14).

ECONOMIC FACTORS

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 funds, such as lunch and special classes are funded for their expenditures by designated State and Federal grants.

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 Ohio Bureau of Employment Services estimated total employment in Hamilton County at 425,200 at June 30, 2003. This 95.4% total employment rate compares favorably with the State of Ohio and national rate of 94.8% and 94.3%, respectively. All of these factors were considered in preparing the District's budget for the 2004 fiscal year.

A challenge facing the District is the future of state funding. The State's Biennium Budget (H.B. 95) for Fiscal Years 2004 and 2005 made several statutory changes to K-12 education funding that will impact the District's future general fund revenues. Specifically, H.B. 95:

- Maintained the \$5,088 and \$5,230 per pupil base cost formula amounts specified in current law for FY 2004 and FY 2005, respectively, but eliminated the prior specified formula amounts for FY 2006 and FY 2007 in anticipation of the Ohio General Assembly enacting a new school funding system in the future.
- Eliminated the requirement that the General Assembly every six years recalculate the base cost of providing an adequate education.
- Eliminated the practice of substituting a school district's Average Daily Membership (ADM) in the base cost formula, in place of its current-year formula ADM, if the three-year average is greater than the current-year number.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2003***

Unaudited

- Phased-out over a ten-year period the State reimbursement for \$10,000 business personal property tax exemption. In FY 2003, the District received \$2.3 million from the State for this reimbursement.
- Doubled the phase-out of the inventory tax from current 1% per year over the next 25 years to 2% year beginning in 2006. For FY 2003, District received approximately 48% of its tangible personal property tax revenues from the inventory tax, or roughly \$17.5 million.

The Governor's Blue Ribbon Task Force on Financing Student Success was charged by Ohio Governor Bob Taft to examine the state's system of funding primary and secondary education and to recommend a new system and mechanisms to pay for it. This commission is charged with reporting to the General Assembly recommendations to better Ohio's public school system. The initial goal was to complete work and issue recommendations by early 2004. The committee is expected to extend its work, at least until March 2004, because of the complicated issues surrounding school funding.

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 Michael J. Geoghegan, CPA, 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 Assets
June 30, 2003

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$ 372,134,072
Investments	161,753
Receivables:	
Taxes	235,985,625
Accounts	608,398
Intergovernmental - State and Local	701,363
Intergovernmental - Federal	19,404,171
Inventory of Supplies at Cost	125,344
Inventory Held for Resale	244,491
Restricted Assets:	
Pooled Cash and Investments	4,934,750
Capital Assets, Net	111,624,234
Unamortized Bond Issuance Costs	1,010,848
Total Assets	746,935,049
Liabilities:	
Accounts Payable	9,645,184
Accrued Wages and Benefits	24,005,649
Intergovernmental Payable	963,854
Claims Payable	5,166,380
Deferred Revenue - Taxes	177,281,324
Deferred Revenue	279,866
Accrued Interest Payable	1,417,906
Tax Anticipation Notes Payable	10,000,000
Long Term Liabilities:	
Due Within One Year	36,591,712
Due in More Than One Year	281,039,264
Total Liabilities	546,391,139
Net Assets:	
Invested in Capital Assets, Net of Related Debt	24,393,680
Restricted For:	
Capital Projects	33,583,348
Debt Service	5,212,708
Permanent Fund:	
Expendable	317,754
Nonexpendable	768,034
Other Purposes	20,983,634
Unrestricted	115,284,752
Total Net Assets	\$ 200,543,910

See accompanying notes to the basic financial statements

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Statement of Activities
For the Fiscal Year Ended June 30, 2003**

		Program Revenues			Net (Expense)
		Charges for	Operating	Capital Grants	Revenue and
		Services and	Grants and	and	Changes in
		Sales	Contributions	Contributions	Net Assets
	Expenses				Governmental
					Activities
Governmental Activities:					
Instruction:					
Instruction - Regular	220,453,877	3,132,654	38,772,123	0	(178,549,100)
Instruction - Special	63,132,571	52,401	12,807,412	0	(50,272,758)
Instruction - Vocational	6,534,496	143,559	362,968	0	(6,027,969)
Instruction - Other	1,703,846	81,256	1,079,434	0	(543,156)
Support Services:					
Pupils	22,810,661	514,763	7,362,825	0	(14,933,073)
Instructional Staff	24,920,010	478,413	9,310,257	765,501	(14,365,839)
Board of Education	432,025	0	0	0	(432,025)
Administration	34,103,376	907,755	1,541,725	0	(31,653,896)
Fiscal Services	5,874,202	1,439	593,371	0	(5,279,392)
Business	883,799	0	0	0	(883,799)
Operation and Maintenance of Plant	40,064,743	513	457,496	0	(39,606,734)
Pupil Transportation	22,336,585	406	801,652	0	(21,534,527)
Central	19,173,042	0	3,830,712	0	(15,342,330)
Operation of Non-Instructional Services	29,078,066	2,766,804	21,957,697	0	(4,353,565)
Extracurricular Activities	5,425,048	1,370,223	0	0	(4,054,825)
Debt Service:					
Interest and Fiscal Charges	10,194,674	0	0	0	(10,194,674)
Total Governmental Activities	507,121,021	9,450,186	98,877,672	765,501	(398,027,662)
General Revenues					
Property Taxes Levied for:					
General Purposes					242,138,738
Debt Service					899,101
Revenue in Lieu of Taxes					15,095,611
Grants and Entitlements not Restricted to Specific Programs					144,831,670
Investment Earnings					8,693,979
Miscellaneous					4,063,450
Total General Revenues					<u>415,722,549</u>
Change in Net Assets					17,694,887
Net Assets Beginning of Year					<u>182,849,023</u>
Net Assets End of Year					<u><u>\$ 200,543,910</u></u>

See accompanying notes to the basic financial statements

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Balance Sheet
Governmental Funds
June 30, 2003**

	<u>General</u>	<u>Debt Service</u>	<u>Facilities Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in Pooled Cash and Investments	\$ 118,478,754	\$ 1,843,040	\$ 181,749,551	\$ 64,095,065	\$ 366,166,410
Investments	0	0	0	161,753	161,753
Receivables:					
Taxes	235,178,124	807,501	0	0	235,985,625
Accounts	159,621	0	0	397,750	557,371
Intergovernmental - State and Local	0	0	0	701,363	701,363
Intergovernmental - Federal	0	0	0	19,404,171	19,404,171
Interfund Loan Receivable	1,990,543	0	0	0	1,990,543
Advance to Other Funds	9,376,255	0	0	78,131	9,454,386
Inventory of Supplies at Cost	0	0	0	125,344	125,344
Inventory Held for Resale	0	0	0	244,491	244,491
Restricted Assets:					
Pooled Cash and Investments	1,420,826	3,513,924	0	0	4,934,750
Total Assets	\$ 366,604,123	\$ 6,164,465	\$ 181,749,551	\$ 85,208,068	\$ 639,726,207
Liabilities:					
Accounts Payable	\$ 5,141,087	\$ 0	\$ 773,242	\$ 3,730,855	\$ 9,645,184
Accrued Wages and Benefits	20,427,818	0	0	3,577,831	24,005,649
Intergovernmental Payable	749,331	0	0	214,523	963,854
Claims Payable	842,258	0	0	241,122	1,083,380
Interfund Loans Payable	0	0	0	1,990,543	1,990,543
Advances from Other Funds	0	0	0	9,454,386	9,454,386
Deferred Revenue - Taxes	188,528,124	662,501	0	0	189,190,625
Deferred Revenue	0	0	0	15,527,008	15,527,008
Compensated Absences Payable	2,368,878	0	0	0	2,368,878
Accrued Interest Payable	45,833	0	0	0	45,833
Tax Anticipation Notes Payable	10,000,000	0	0	0	10,000,000
Total Liabilities	228,103,329	662,501	773,242	34,736,268	264,275,340
Fund Balances:					
Reserved for Encumbrances	9,897,677	0	5,200,712	9,134,856	31,090,319
Reserved for Debt Service	0	5,356,964	0	0	5,356,964
Reserved for Property Taxes	46,650,000	145,000	0	0	46,795,000
Reserved for Budget Stabilization	1,420,826	0	0	0	1,420,826
Reserved for Endowments	0	0	0	768,034	768,034
Reserved for Advances	9,376,255	0	0	0	9,376,255
Unreserved, Undesignated in:					
General Fund	71,156,036	0	0	0	71,156,036
Special Revenue Funds	0	0	0	9,898,574	9,898,574
Capital Projects Funds	0	0	175,775,597	30,346,122	199,264,645
Permanent Fund	0	0	0	324,214	324,214
Total Fund Balances	138,500,794	5,501,964	180,976,309	50,471,800	375,450,867
Total Liabilities and Funds Balances	\$ 366,604,123	\$ 6,164,465	\$ 181,749,551	\$ 85,208,068	\$ 639,726,207

See accompanying notes to the basic financial statements

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Reconciliation Of Total Governmental Fund Balances To Net Assets Of Governmental Activities June 30, 2003

Total Governmental Fund Balances \$ 375,450,867

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

Capital Assets used in governmental activities are not resources and therefore are not reported in the funds. 111,624,234

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.

Accounts Receivable - accrual basis	51,027	
Taxes Receivable - accrual basis	11,909,301	
Grants Receivable - accrual basis	15,247,142	
Total	<u>27,207,470</u>	27,207,470

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 assets. 1,884,662

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	(41,591,712)	
Amounts Due in More Than One Year	(286,039,264)	
Compensated Absences - accrued on fund basis	2,368,878	
Accrued Interest on Long-Term Debt	(1,372,073)	
Bond Issuance Costs	1,010,848	
Tax Anticipation Notes - accrued on fund basis	10,000,000	
Total	<u>(315,623,323)</u>	(315,623,323)

Net Assets of Governmental Funds **\$ 200,543,910**

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, 2003

	General	Debt Service	Classroom Facilities Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 241,165,616	\$ 894,021	\$ 0	\$ 0	\$ 242,059,637
Tuition	796,485	0	0	294,433	1,090,918
In Lieu of Taxes	5,312,071	9,983,600	0	0	15,295,671
Investment Earnings	5,722,269	52,058	2,869,153	39,302	8,682,782
Food Services	0	0	0	2,756,395	2,756,395
Intergovernmental - State	145,161,926	118,593	0	40,746,278	186,026,797
Intergovernmental - Federal	2,617,700	0	0	49,679,599	52,297,299
All Other Revenue	574,700	0	563,959	8,854,042	9,992,701
Total Revenue	401,350,767	11,048,272	3,433,112	102,370,049	518,202,200
Expenditures:					
Current:					
Instruction:					
Regular	180,244,255	0	0	37,894,738	218,138,993
Special	49,254,193	0	0	13,506,905	62,761,098
Vocational	5,693,367	0	0	568,242	6,261,609
Other	761,314	0	0	1,335,731	2,097,045
Supporting Services:					
Pupils	12,024,293	0	0	9,891,313	21,915,606
Instructional Staff	12,938,945	0	0	11,878,322	24,817,267
Board of Education	426,281	0	0	0	426,281
Administration	31,342,193	12,485	0	2,630,370	33,985,048
Fiscal Services	4,869,309	0	1,068,051	899,904	6,837,264
Business	843,793	0	0	42,811	886,604
Operation & Maintenance of Plant	38,969,343	0	0	772,395	39,741,738
Pupil Transportation	21,499,347	0	0	794,088	22,293,435
Central	15,283,500	0	0	3,502,390	18,785,890
Operation of Non-Instructional Services	9,440	0	0	27,750,878	27,760,318
Extracurricular Activities	3,958,726	0	0	1,421,144	5,379,870
Capital Outlay	6,860,029	0	5,098,725	10,234,391	22,193,145
Debt Service:					
Principal Retirement	0	7,795,000	0	25,000,000	32,795,000
Interest & Fiscal Charges	664,583	8,905,438	0	631,993	10,202,014
Total Expenditures	385,642,911	16,712,923	6,166,776	148,755,615	557,278,225
Excess (Deficiency) of Revenues Over Expenditures	15,707,856	(5,664,651)	(2,733,664)	(46,385,566)	(39,076,025)
Other Financing Sources (Uses):					
Proceeds from Capital Leases	273,894	0	0	0	273,894
General Obligation Bonds Issued	0	0	125,000,000	0	125,000,000
General Obligation Notes Issued	0	0	0	22,200,000	22,200,000
Premium on General Obligation Bonds Issued	0	6,098,670	998,901	0	7,097,571
Transfers In	0	0	0	50,749,244	50,749,244
Transfers Out	(6,431,993)	0	(44,317,251)	0	(50,749,244)
Total Other Financing Sources (Uses)	(6,158,099)	6,098,670	81,681,650	72,949,244	154,571,465
Net Change in Fund Balance	9,549,757	434,019	78,947,986	26,563,678	115,495,440
Fund Balances at Beginning of Year (as restated, see note 2)	128,951,037	5,067,945	102,028,323	23,908,122	259,955,427
Fund Balances End of Year	\$ 138,500,794	\$ 5,501,964	\$ 180,976,309	\$ 50,471,800	\$ 375,450,867

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, 2003

Net Change in Fund Balances - Total Governmental Funds \$ 115,495,440

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 capital outlays exceeded depreciation in the current period. 14,656,330

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 fixed assets net of proceeds received. (50,711)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 6,582,098

The issuance of long-term debt (e.g. long-term notes, leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. (120,380,542)

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. 7,340

Some expenses reported in the statement of activities, long-term compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (3,458,014)

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. 4,842,946

Change in Net Assets of Governmental Activities \$ 17,694,887

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, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 264,308,652	\$ 246,124,778	\$ 241,555,616	\$ (4,569,162)
Tuition	889,674	828,466	770,859	(57,607)
In Lieu of Taxes	6,239,704	5,810,426	5,406,401	(404,025)
Investment Earnings	6,524,483	6,075,613	5,653,148	(422,465)
Intergovernmental - State	167,570,338	156,041,854	145,161,925	(10,879,929)
Intergovernmental - Federal	3,544,342	3,300,499	3,071,000	(229,499)
All Other Revenues	913,189	850,364	824,561	(25,803)
Total Revenues	<u>449,990,382</u>	<u>419,032,000</u>	<u>402,443,510</u>	<u>(16,588,490)</u>
Expenditures:				
Current:				
Instruction:				
Regular	209,007,415	210,359,337	183,049,717	27,309,620
Special	56,951,159	57,319,536	49,630,646	7,688,890
Vocational	6,766,845	6,810,615	5,978,137	832,478
Other	945,231	951,345	798,493	152,852
Support Services:				
Pupils	13,944,967	14,035,167	12,789,559	1,245,608
Instructional Staff	17,463,765	17,576,726	16,641,829	934,897
Board of Education	488,099	491,257	454,461	36,796
Administration	36,980,876	37,220,080	32,251,392	4,968,688
Fiscal Services	6,018,016	6,056,943	5,892,351	164,592
Business	970,762	977,041	946,444	30,597
Operation and Maintenance of Plant	45,425,871	45,719,699	39,643,989	6,075,710
Pupil Transportation	25,194,787	25,357,754	21,488,625	3,869,129
Central	18,150,315	18,267,717	18,042,229	225,488
Operation of Non-Instructional Services	10,534	10,602	8,982	1,620
Extracurricular Activities	4,648,937	4,679,007	4,086,961	592,046
Capital Outlay	8,455,257	8,509,947	8,274,996	234,951
Total Expenditures	<u>451,422,836</u>	<u>454,342,773</u>	<u>399,978,811</u>	<u>54,363,962</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,432,454)	(35,310,773)	2,464,699	37,775,472
Other Financing Sources (Uses):				
Transfers Out	(14,213,436)	(14,305,373)	(12,119,493)	2,185,880
Total Other Financing Sources (Uses):	<u>(14,213,436)</u>	<u>(14,305,373)</u>	<u>(12,119,493)</u>	<u>2,185,880</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(15,645,890)	(49,616,146)	(9,654,794)	39,961,352
Fund Balance at Beginning of Year	78,195,271	78,195,271	78,195,271	0
Prior Year Encumbrances	15,125,894	15,125,894	15,125,894	0
Fund Balance at End of Year	<u>\$ 77,675,275</u>	<u>\$ 43,705,019</u>	<u>\$ 83,666,371</u>	<u>\$ 39,961,352</u>

See accompanying notes to the basic financial statements

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Statement of Net Assets
Proprietary Fund
June 30, 2003

	Governmental Activities - Internal Service Fund
Assets:	
<i>Current Assets:</i>	
Equity in Pooled Cash and Investments	\$ 5,967,662
Total Assets	<u>5,967,662</u>
Liabilities:	
<i>Current Liabilities:</i>	
Claims Payable	<u>4,083,000</u>
Total Liabilities	<u>4,083,000</u>
Net Assets:	
Unrestricted	<u>1,884,662</u>
Total Net Assets	<u><u>\$ 1,884,662</u></u>

See accompanying notes to the basic financial statements

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2003

	Governmental Activities - Internal Service Fund
Operating Revenues:	
Interfund Charges	\$ 34,852,841
Total Operating Revenues	<u>34,852,841</u>
Operating Expenses:	
Claims	<u>30,009,895</u>
Total Operating Expenses	<u>30,009,895</u>
Operating Income	4,842,946
Net Assets Beginning of Year	<u>(2,958,284)</u>
Net Assets End of Year	<u>\$ 1,884,662</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, 2003

	Governmental Activities - Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Interfund Charges	\$34,852,841
Cash Payments for Claims	<u>(29,729,895)</u>
Net Cash Provided by Operating Activities	<u>5,122,946</u>
Net Increase in Cash and Cash Equivalents	5,122,946
Cash and Cash Equivalents at Beginning of Year	<u>844,716</u>
Cash and Cash Equivalents at End of Year	<u><u>\$5,967,662</u></u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income	\$4,842,946
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Claims Payable	<u>280,000</u>
Total Adjustments	<u>280,000</u>
Net Cash Provided by Operating Activities	<u><u>\$5,122,946</u></u>

See accompanying notes to the basic financial statements

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Statement of Net Assets
Fiduciary Funds
June 30, 2003

	Private Purpose Trust	
	Special Trust Fund	Agency
Assets:		
Equity in Pooled Cash and Investments	\$ 821,773	\$ 44,649
Investments	411,325	0
Receivables:		
Total Assets	<u>1,233,098</u>	<u>44,649</u>
Liabilities:		
Accounts Payable	3,255	0
Due to Students	<u>0</u>	<u>44,649</u>
Total Liabilities	<u>3,255</u>	<u>44,649</u>
Net Assets:		
Unrestricted	<u>1,229,843</u>	<u>0</u>
Total Net Assets	<u><u>\$ 1,229,843</u></u>	<u><u>\$ 0</u></u>

See accompanying notes to the basic financial statements

CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Statement of Changes in Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2003*

	Private Purpose Trust
	Special Trust Fund
Additions:	
Contributions:	
Private Donations	\$ 27,736
Total Contributions	<u>27,736</u>
Investment Earnings:	
Interest	32,701
Net Decrease in the Fair Value of Investments	<u>(92,594)</u>
Total Investment Earnings	<u>(59,893)</u>
Total Additions	<u>(32,157)</u>
Deductions:	
Administrative Expenses	3,255
Community Services	7,794
Extracurricular	<u>3,639</u>
Total Deductions	<u>14,688</u>
Change in Net Assets	(46,845)
Net Assets at Beginning of Year (as restated, see note 2)	<u>1,276,688</u>
Net Assets End of Year	<u>\$ 1,229,843</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, 2003

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. As of June 30, 2003, the District employed 7,335 employees, including 4,375 certified by the Ohio Department of Education serving as classroom teachers, education specialists and administrators.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," 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 assets 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.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

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 and enterprise fund 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 and current liabilities, 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 is included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

The fiduciary funds are reported using the economic resources measurement focus.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

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 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.

Bond Retirement Fund - The Bond Retirement debt service fund is used for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Classroom Facilities Fund - The Classroom Facilities capital projects fund accounts for financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds.

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 assets.

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, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds – Fiduciary fund reporting focuses on net assets and changes in net assets. The District has two types of fiduciary funds: private-purpose trust funds and agency funds. 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 agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operation.

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, 2003, and which are not intended to finance fiscal 2003 operations, have been recorded as deferred revenues. 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. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2003 are reflected as a reservation of fund balance for future appropriations. 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, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

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. 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, 2003

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 reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2003.

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. 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, including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying basic financial statements.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. 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.

6. 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 (budgetary basis) as opposed to reservations of fund balance (GAAP basis).

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

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	
	<u>General Fund</u>
GAAP Basis (as reported)	\$9,549,757
Increase (Decrease):	
Accrued Revenues at June 30, 2003, received during FY 2004	(48,321,317)
Accrued Revenues at June 30, 2002, received during FY 2003	49,630,283
Accrued Expenditures at June 30, 2003, paid during FY 2004	31,863,156
Accrued Expenditures at June 30, 2002, paid during FY 2003	(18,021,830)
Interfund Balances 2003	(11,366,798)
Interfund Balances 2002	4,487,991
Note Retirement in 2003	(5,000,000)
Perspective Differences-Unbudgeted Funds	(6,641,348)
Encumbrances Outstanding	<u>(15,834,688)</u>
Budget Basis	<u>(\$9,654,794)</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and investments with original maturities of less than three months.

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 5, "Cash, Cash Equivalents 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 5, "Cash, Cash Equivalents and Investments."

The District has invested funds in the STAR Ohio during 2003. STAR 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2003. See Note 5, "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 revenue, since title does not pass to the District until the commodities are used.

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 Assets.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation (Continued)

1. Property, Plant and Equipment - Governmental Activities (Continued)

Contributed capital assets are recorded at fair market value at the date received. The District capitalizes costs of capital assets exceeding \$2,000. 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, 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	20
Buildings and Improvements	45
Furniture, Fixtures and Equipment	7 – 20
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
Long-Term Notes Payable	Energy Conservation Fund
Capital Leases	General Fund
Tax Anticipation Notes	General Fund
Compensated Absences	All Funds that pay wages

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.
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.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences (Continued)

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
Sick Leave: 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	½ paid upon retirement or upon death with minimum service requirement	½ paid upon retirement or upon death with minimum service requirement
Personal Leave: 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, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences (Continued)

For governmental funds, that portion of unpaid compensated absences that is due for termination payments. In the government wide statement of net assets, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account.

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction of improvement of those assets. Net assets 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 assets are available.

M. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

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.

O. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the Board of Education. The restricted assets in the debt service fund represents cash and cash equivalents set aside for debt retirement purposes. Fund balance reserves have also been established for these amounts.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for advances, debt service, endowments, property taxes, budget stabilization and encumbered amounts which have not been accrued at year end. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles, but not available for appropriation under State statute. The reserve for budget stabilization is required by State statute.

Q. 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.

R. 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.

NOTE 2 – PRIOR PERIOD ADJUSTMENT

The balances reported at June 30, 2002 in the Other Governmental Funds and in the Private Purpose Trust Fund were restated from amounts previously reported to correct an error in accounting for certain trust monies. The balance increased in Other Governmental Funds by \$303,375 from a balance of \$23,604,747 to a balance of \$23,908,122. The balance in the Private Purpose Trust Fund decreased by \$303,375 from a balance of \$1,580,063 to a balance of \$1,276,688.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 3 – 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 assets 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 capital outlays exceeded depreciation in the current period:

Fixed Asset Additions	\$19,498,599
Depreciation Expense	<u>(4,842,269)</u>
	\$14,656,330

Governmental revenues not reported in the funds:

Increase in Delinquent Tax Revenue	\$978,202
Decrease in Accounts Receivable	(603,280)
Increase in Grants Receivable	<u>6,207,176</u>
	\$6,582,098

Net amount of long-term debt issuance and bond and lease principal payments:

Bond Principal Payment	\$7,795,000
Long Term Note Payment	25,000,000
Capital Lease Payment	331,872
Capitalization of Bond Issuance Costs	1,064,051
Bond Issuance	(125,000,000)
Long Term Note Issuance	(22,200,000)
Capitalization of Bond premium	(7,097,571)
Capital Lease Issuance	<u>(273,894)</u>
	(\$120,380,542)

Interest expense not reported in the funds:

Increase in accrued interest on long term debt	(\$294,336)
Amortization of Bond Premium	354,879
Amortization of Bond Issuance Costs	<u>(53,203)</u>
	\$7,340

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

The fund deficits at June 30, 2003 of \$829,771 in the Head Start Fund, \$1,067,439 in the Disadvantaged Pupil Impact Aid Fund, \$1,118,679 in the Title VI-B Fund (special revenue funds) and of \$1,167,982 in the Permanent Improvement Fund and of \$1,421,603 in the School Building Assistance Fund (capital projects funds) 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.

B. Compliance

During fiscal year 2003, the District failed to establish the Internal Service Fund presented for financial reporting purposes on a budgetary/cash basis, as required by statute.

NOTE 5 - 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;

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

- 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;
- 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).

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 collateral are limited to obligations of the United States and its agencies and obligations of the State of Ohio, county, municipal corporation or other legally constituted authority of the State of Ohio, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, *“Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements,”* collateral held in single financial institution collateral pools with securities being held by the pledging financial institutions’ agent in the pool’s name are classified as Category 3.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

The Governmental Accounting Standards Board has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the District or by its agent in the District's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent, in the District's name.
- Category 3 Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Investments:

- Category 1 Insured or registered securities held by the District or its agent in the District's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name.

A. Deposits

At year end the carrying amount of the District's deposits was \$28,981,601 and the bank balance was \$36,963,691. The Federal Deposit Insurance Corporation (FDIC) covered \$200,262 of the bank balance and all remaining deposits were classified as Category 3. In accordance with Ohio Revised Code, the remaining balance was covered by pooled collateral.

B. Investments

The District's investments at June 30, 2003 are summarized below:

<u>Categorized Investments</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Fair Value</u>
Common Stock	\$573,078	\$0	\$573,078
U. S. Government Securities	0	308,426,822	308,426,822
Commercial Paper	0	40,513,800	40,513,800
Total Categorized	573,078	348,940,622	349,513,700
<u>Non-Categorized Investments</u>			
STAR Ohio	N/A	N/A	13,021
Total Investments	<u>\$573,078</u>	<u>\$348,940,622</u>	<u>\$349,526,721</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003**

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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.

	<u>Pooled Cash and Investments *</u>	<u>Investments</u>
Per Combined Balance Sheet	\$377,935,244	\$573,078
U.S. Government Securities	(308,426,822)	308,426,822
Commercial Paper	(40,513,800)	40,513,800
STAR Ohio	(13,021)	13,021
Per GASB Statement No. 3	<u>\$28,981,601</u>	<u>\$349,526,721</u>

* - Includes restricted pooled cash and investments

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the school district fiscal year runs from July through June. First half tax collections are received by the school 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, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Real property taxes received in calendar year 2003 were levied after April 1, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values for real property taxes are established by State law at thirty-five 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.

Public utility property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Public utility real and tangible personal property taxes received in calendar year 2003 became a lien December 31, 2001, were levied after April 1, 2002 and are collected in 2003 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 6 - PROPERTY TAXES (Continued)

Tangible personal property tax revenue received during calendar 2003 (other than public utility property) represents the collection of 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002, on the value as of December 31, 2002. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

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, 2003, are available to finance fiscal year 2003 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, 2003 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 revenue.

The amount available as an advance at June 30, 2003 was \$46,650,000 in the general fund and \$145,000 in the debt service fund. The amount available as an advance at June 30, 2002, was \$47,040,000 in the general fund and \$152,000 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 deferred.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2003 consisted of taxes, accounts receivable, and intergovernmental receivables.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003**

NOTE 8 - TRANSFERS

Following is a summary of transfers in and out for all funds at June 30, 2003:

Fund	Transfer In	Transfer Out
General Fund	\$0	(\$6,431,993)
Classroom Facilities Capital Projects	0	(44,317,251)
Other Governmental Funds	50,749,244	0
Total All Funds	<u>\$50,749,244</u>	<u>(\$50,749,244)</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.

During the year, the District transferred \$44,317,251 from its Classroom Facilities Capital Projects Fund to its Building Capital Projects Fund. Both the Classroom Facilities and Building Capital Projects Funds are used to account for the District's \$985 million facilities improvement program. The \$44,317,251 transfer was to fund the portion of the program for locally funded initiatives – those construction/renovation projects not co-funded by the State of Ohio. The source of the transfer was proceeds, including interest, from the June 2001 bond issue which is being repaid with in-lieu of tax monies from the City of Cincinnati and Hamilton County.

The \$6,431,993 transfer from the General Fund was to provide funds for a new maintenance fund required for the Facilities Improvement Program (\$3,000,000) and to help paydown and refinance the Energy Conservation Bond Anticipation Notes (\$3,431,993).

NOTE 9 - INTERFUND RECEIVABLES/PAYABLES

Interfund loans receivable/payable and advances to/from other funds – short-term loans at June 30, 2003 from one individual fund to another are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$11,366,798
Other Governmental Funds	Other Governmental Funds	78,131
Total		<u>\$11,444,929</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 10 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2003:

Historical Cost:

Class	June 30, 2002	Additions	Deletions	June 30, 2003
Capital assets not being depreciated:				
Land	\$ 11,696,565	\$4,656,909	\$0	\$16,353,474
Construction In Progress	5,170,801	6,495,370	0	11,666,171
Capital assets being depreciated:				
Land Improvements	12,166,836	2,635	0	12,169,471
Buildings and Improvements	163,314,504	4,436,164	(1,019,000)	166,731,668
Furniture, Fixtures, and Equipment	21,229,248	3,647,926	0	24,877,174
Vehicles	1,660,160	259,595	0	1,919,755
Total Cost	<u>\$ 215,238,114</u>	<u>\$ 19,498,599</u>	<u>(\$1,019,000)</u>	<u>\$ 233,717,713</u>

Accumulated Depreciation:

Class	June 30, 2002	Additions	Deletions	June 30, 2003
Land Improvements	(\$8,025,869)	(\$417,625)	\$0	(\$8,443,494)
Buildings and Improvements	(95,203,724)	(2,788,834)	968,289	(97,024,269)
Furniture, Fixtures, and Equipment	(13,778,955)	(1,456,406)	0	(15,235,361)
Vehicles	(1,210,951)	(179,404)	0	(1,390,355)
Total Depreciation	<u>(\$118,219,499)</u>	<u>(\$4,842,269) *</u>	<u>\$968,289</u>	<u>(\$122,093,479)</u>
Net Value:	<u>\$97,018,615</u>			<u>\$111,624,234</u>

* Depreciation expenses were charged to governmental functions as follows:

Instruction:	
Regular	(\$2,741,706)
Special	(54,255)
Vocational	(348,247)
Other	(1,645)
Support Services:	
Pupils	(111,118)
Instructional Staff	(111,219)
Administration	(39,631)
Fiscal	(62,527)
Business	(1,190)
Operations & Maintenance of Plant	(115,124)
Pupil Transportation	(12,140)
Central	(499,839)
Extracurricular Activities	(21,253)
Other Noninstructional Services	(722,375)
Total Depreciation Expense	<u>(\$4,842,269)</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 11 - 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. School Employees Retirement System of Ohio (SERS of Ohio)

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002 and 2001 were \$10,422,743, \$9,626,464 and \$7,880,619 respectively.

B. State Teachers Retirement System of Ohio (STRS of Ohio)

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System of Ohio (STRS of Ohio) (Continued)

receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations for the fiscal years ended June 30, 2003, 2002, and 2001 were \$30,641,899, \$30,622,363, and \$25,965,627 respectively.

NOTE 12 - NOTE PAYABLE

Note Payable activity of the District for the year ended June 30, 2003, was as follows:

Notes Payable		Balance			Balance
		June 30, 2002	Additions	Deletions	June 30, 2003
Tax Anticipation Note	2.88%	\$15,000,000	\$0	(\$5,000,000)	\$10,000,000
		\$15,000,000	\$0	(\$5,000,000)	\$10,000,000

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 13- LONG-TERM DEBT AND OTHER OBLIGATIONS

Detail of the changes in the long-term debt of the District for the year ended June 30, 2003 is as follows:

		Balance			Balance	Amount Due
		June 30, 2002	Additions	Deductions	June 30, 2003	Within One Year
Acquisition of Building	3.25-10%	\$2,625,000	\$0	(\$525,000)	\$2,100,000	\$525,000
School Improvement	3.25-5.375%	119,975,000	0	(4,055,000)	115,920,000	4,220,000
School Improvement	2.0-5.25%	0	120,000,000	(3,215,000)	116,785,000	1,465,000
School Improvement	0.970%	0	5,000,000	0	5,000,000	0
Sub-Total General Obligation Bonds		122,600,000	125,000,000	(7,795,000)	239,805,000	6,210,000
Premium General Obligation Bond		0	7,097,571	(354,879)	6,742,692	354,879
Total General Obligation Bonds		122,600,000	132,097,571	(8,149,879)	246,547,692	6,564,879
Long-term Notes	2.88%	25,000,000	0	(25,000,000)	0	0
Long-term Notes	2.88%	0	22,200,000	0	22,200,000	22,200,000
Total Long-term Notes Payable		25,000,000	22,200,000	(25,000,000)	22,200,000	22,200,000
Capital Leases Payable		527,997	273,894	(331,872)	470,019	297,938
Compensated Absences		45,406,014	48,413,265	(45,406,014)	48,413,265	7,528,895
Total Governmental Long-Term Debt		<u>\$193,534,011</u>	<u>\$202,984,730</u>	<u>(\$78,887,765)</u>	<u>\$317,630,976</u>	<u>\$36,591,712</u>

A summary of the District's future long-term debt funding requirements including principal and interest payments as of June 30, 2003, follows:

Years	General Obligation Bond		
	Principal	Interest	Total
2004	\$6,210,000	\$11,608,603	\$17,818,603
2005	8,415,000	11,303,672	19,718,672
2006	9,310,000	10,941,416	20,251,416
2007	9,895,000	10,528,234	20,423,234
2008	9,770,000	10,083,006	19,853,006
2009-2013	55,130,000	42,917,801	98,047,801
2014-2018	68,325,000	27,651,853	95,976,853
2019-2023	72,750,000	8,545,763	81,295,763
Totals	<u>\$239,805,000</u>	<u>\$133,580,348</u>	<u>\$373,385,348</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 14 - CAPITAL LEASE COMMITMENTS

The District is obligated under several leases accounted for as capital leases. The cost of the leased assets (copiers) is accounted for in the Governmental Activities Capital Assets and the related liability in the Governmental Activities Other Long-Term Obligations. The original cost of the assets under capital lease was \$918,917.

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, 2003

<u>Year Ending June 30,</u>	<u>Capital Leases</u>
2004	\$313,031
2005	146,643
2006	<u>29,901</u>
Minimum Lease Payments	489,575
Less: Amount representing interest at the District's incremental borrowing rate of interest	<u>(19,556)</u>
Present value of minimum lease payments	<u><u>\$470,019</u></u>

NOTE 15 - OPERATING LEASE COMMITMENTS

The District is committed under various leases for furniture and office equipment. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the fiscal year ended June 30, 2003, amounted to \$1,698,732. Future minimum lease payments for these leases are as follows:

<u>Year Ending June 30,</u>	<u>Operating Leases</u>
2004	\$1,694,134
2005	1,694,134
2006	1,485,508
2007	<u>242,668</u>
Total Lease Payments	<u><u>\$5,116,444</u></u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

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 \$500,000 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 2003, the District participated in the Ohio Bureau of Workers Compensation Retrospective Rating Program, which requires a minimum 20% 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 2003 was \$1,164,994. The premium cost paid in fiscal year 2003 was \$1,059,761. Premium cost is for administrative charges for Ohio Bureau of Workers Compensation. In addition to the claims paid during fiscal year 2003, the Ohio Bureau of Workers Compensation established a reserve of \$2,047,681 for future claim payments.

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 12.91% of gross payroll. Incurred but not reported liabilities (IBNR's) are determined by the Actuarial Firm of Timothy P. Berghoff, FSA, MAAA. For the fiscal year ending June 30, 2003, the IBNR's were determined to be \$4,083,000.

Changes in the fund's claims liability amount in 2003 and 2002 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2002	\$3,364,000	\$25,065,501	(\$24,626,501)	\$3,803,000
2003	3,803,000	30,009,895	(29,729,895)	4,083,000

Dental insurance is offered to employees through Dental Care Plus. Total Premiums paid to Dental Care Plus were \$2,926,962. Dental Care Plus does not require an employee payroll deduction.

The District offers to all employees who work a minimum of sixty-percent of full time employees and who are not AFSCME union members, a benefit called Benefit Bank. Each employee that qualifies is given \$275 on January 2 each year and employees that are married or have dependents can receive an additional \$50 if they return the application for additional funds. Substitute teachers also qualify for a \$300 benefit each September 1 if in the prior school the substitute teacher worked at least eighty-nine days and returned to teach in the current school year. The Benefit Bank pays for any medical related expense that is not paid for by Choice Care or by Dental Care Plus. Also, any expense related to optical service such as glasses or eye exams can be submitted for reimbursement from the employees benefit bank balance.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003**

NOTE 17 – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2003, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve	Budget Stabilization Reserve	Total
Set-aside Cash Balance as of June 30, 2002	\$0	\$0	\$1,420,826	\$1,420,826
Current Year Set-Aside Requirement	5,973,845	5,973,845	0	11,947,690
Current Year Offset Credits	0	0	0	0
Qualifying Disbursements	<u>(11,618,366)</u>	<u>(16,518,081)</u>	<u>0</u>	<u>(28,136,447)</u>
Total	<u>(\$5,644,521)</u>	<u>(\$10,544,236)</u>	<u>\$1,420,826</u>	<u>(\$14,767,931)</u>
Cash Balance Carried Forward to FY 2004	<u>\$0</u>	<u>\$0</u>	<u>\$1,420,826</u>	<u>\$1,420,826</u>
Amount Restricted for Budget Stabilization				<u>\$1,420,826</u>

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

NOTE 18 - CONTRACTUAL COMMITMENTS

As of June 30, 2003, the District had entered into various construction contracts for renovations and improvements which it had a remaining unperformed and unpaid total commitment of approximately \$9,666,190.

NOTE 19 - 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, 2003.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 19 – CONTINGENCIES (Continued)

B. Litigation

The District is not a party to any legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects as of June 30, 2003.

C. State School Funding

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed, 'the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient.' The District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

NOTE 20 – SUBSEQUENT EVENTS

On September 11, 2003, the District renewed the School Energy Conservation Bond Anticipation Notes for \$19,400,000, the ninth renewal. The notes were issued for the purpose of renewing in reduced principal amount bond anticipation notes originally issued September 22, 1994, January 25, 1996, February 17, 2000, September 12, 2001, and September 5, 2002 for the purpose of financing the making or modification of installations or the remodeling of buildings for the purpose of significantly reducing energy consumption. The Notes mature on September 10, 2004.

During July of 2003 the District issued \$200,000,000 of classroom facility bond anticipation notes. In October of 2003 the District issued \$480,000,000 of classroom facility construction and improvement general obligation bonds, series 2003.

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

CINCINNATI CITY SCHOOL DISTRICT, OHIO

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.

District Managed Student Activity Fund

Used to account for those student activity programs which have student participation in the activity, but do not have student management of the programs

Auxiliary Services Fund

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

Head Start Fund

Used to account for monies distributed to Head Start agencies to expand their programs to serve more eligible children.

Disadvantaged Pupil Impact Aid Fund

Used to account for monies received for disadvantaged pupil impact aid.

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.

Title II A – Economic Opportunity Act Fund

Used to account for funds provided to political subdivisions on the local level, or through a community action agency, which is the endorsing agency for federal assistance to the community.

Chapter I Fund – 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.

Other Special Revenue Fund

The District maintains 54 special revenue funds. For reporting purposes, the District combines the 45 smallest funds into a fund titled “Other Special Revenue Funds”. These combined funds account for less than fifteen percent (15%) of the cash basis revenues and expenditures of 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 the 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.

Energy Conservation Fund

Used to account for federal grants monies provided to identify and implement energy conservation maintenance and operating procedures and acquire energy conservation measures to reduce consumption.

Vocational Education Equipment Fund

Used to account for revenue and expenditures involved in the replacement or updating of equipment essential for the instruction of students in job skills. (The balance sheet and income statements are not presented due to lack of activity/balances throughout the year.)

Power Up Fund

Used to account for state grants monies to be spent on electrical upgrades.

Interactive Video Distance Learning Fund

Used to account for monies received from the state to purchase video learning equipment.

Ohio School Net Fund

Used to account for wiring to all classrooms in the state and to provide a computer workstation and related technology for every classroom.

School Building Assistance Fund

Used to account for matching funds provided for the big eight school districts to be used for major renovations and repairs to school facilities.

Emergency School Repair Fund

Used to account for funds provided for financial assistance to local education agencies (LES's) with urgent school repair and renovation needs.

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.

Endowments 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, 2003**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$ 24,691,112	\$ 38,469,172	\$ 934,781	\$ 64,095,065
Investments	4,286	0	157,467	161,753
Receivables:				
Accounts	360,595	37,155	0	397,750
Intergovernmental - State and Local	701,363	0	0	701,363
Intergovernmental - Federal	18,886,671	517,500	0	19,404,171
Advance to Other Funds	78,131	0	0	78,131
Inventory of Supplies at Cost	125,344	0	0	125,344
Inventory Held for Resale	244,491	0	0	244,491
Total Assets	\$ 45,091,993	\$ 39,023,827	\$ 1,092,248	\$ 85,208,068
Liabilities:				
Accounts Payable	\$ 3,275,845	\$ 455,010	\$ 0	\$ 3,730,855
Accrued Wages and Benefits	3,577,142	689	0	3,577,831
Intergovernmental Payable	214,523	0	0	214,523
Claims Payable	241,122	0	0	241,122
Interfund Loans Payable	343,676	1,646,867	0	1,990,543
Advances from Other Funds	6,528,698	2,925,688	0	9,454,386
Deferred Revenue	15,114,783	412,225	0	15,527,008
Total Liabilities	29,295,789	5,440,479	0	34,736,268
Fund Balances:				
Reserved for Encumbrances	5,897,630	3,237,226	0	9,134,856
Reserved for Endowments	0	0	768,034	768,034
Unreserved, Undesignated in:				
Special Revenue Funds	9,898,574	0	0	9,898,574
Capital Projects Funds	0	30,346,122	0	30,346,122
Permanent Fund	0	0	324,214	324,214
Total Fund Balances	15,796,204	33,583,348	1,092,248	50,471,800
Total Liabilities and Funds Balances	\$ 45,091,993	\$ 39,023,827	\$ 1,092,248	\$ 85,208,068

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, 2003**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
Tuition	\$ 294,433	\$ 0	\$ 0	\$ 294,433
Investment Earnings	23,676	554	15,072	39,302
Food Services	2,756,395	0	0	2,756,395
Intergovernmental - State	40,017,757	728,521	0	40,746,278
Intergovernmental - Federal	49,537,344	142,255	0	49,679,599
All Other Revenue	8,780,447	73,595	0	8,854,042
Total Revenue	<u>101,410,052</u>	<u>944,925</u>	<u>15,072</u>	<u>102,370,049</u>
Expenditures:				
Current:				
Instruction:				
Regular	37,886,126	0	8,612	37,894,738
Special	13,506,905	0	0	13,506,905
Vocational	568,242	0	0	568,242
Other	1,335,731	0	0	1,335,731
Supporting Services:				
Pupils	8,394,680	1,496,633	0	9,891,313
Instructional Staff	10,967,259	911,063	0	11,878,322
Administration	2,630,370	0	0	2,630,370
Fiscal Services	899,904	0	0	899,904
Business	42,811	0	0	42,811
Operation & Maintenance of Plant	718,561	53,834	0	772,395
Pupil Transportation	794,088	0	0	794,088
Central	3,502,390	0	0	3,502,390
Operation of Non-Instructional Services	27,750,878	0	0	27,750,878
Extracurricular Activities	1,421,144	0	0	1,421,144
Capital Outlay	49,589	10,184,802	0	10,234,391
Debt Service:				
Principal Retirement	0	25,000,000	0	25,000,000
Interest & Fiscal Charges	0	631,993	0	631,993
Total Expenditures	<u>110,468,678</u>	<u>38,278,325</u>	<u>8,612</u>	<u>148,755,615</u>
Excess (Deficiency) of Revenues				
Over Expenditures	(9,058,626)	(37,333,400)	6,460	(46,385,566)
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	22,200,000	0	22,200,000
Transfers In	3,000,000	47,749,244	0	50,749,244
Total Other Financing Sources (Uses)	<u>3,000,000</u>	<u>69,949,244</u>	<u>0</u>	<u>72,949,244</u>
Net Change in Fund Balance	(6,058,626)	32,615,844	6,460	26,563,678
Fund Balances at Beginning of Year	<u>21,854,830</u>	<u>967,504</u>	<u>1,085,788</u>	<u>23,908,122</u>
Fund Balances End of Year	<u>\$ 15,796,204</u>	<u>\$ 33,583,348</u>	<u>\$ 1,092,248</u>	<u>\$ 50,471,800</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2003**

	<u>Food Service</u>	<u>Other Grants</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>	<u>Head Start</u>
Assets:					
Equity in Pooled Cash and Investments	\$ 1,144,433	\$ 1,050,101	\$ 2,034,595	\$ 2,943,047	\$ 656,929
Investments	0	0	4,286	0	0
Receivables:					
Accounts	0	168,367	880	341	1,398
Intergovernmental - State and Local	0	0	0	0	630,559
Intergovernmental - Federal	197,726	0	0	0	0
Advance to Other Funds	0	5,978	0	0	0
Inventory of Supplies at Cost	125,344	0	0	0	0
Inventory Held for Resale	244,491	0	0	0	0
Total Assets	<u>\$ 1,711,994</u>	<u>\$ 1,224,446</u>	<u>\$ 2,039,761</u>	<u>\$ 2,943,388</u>	<u>\$ 1,288,886</u>
Liabilities:					
Accounts Payable	\$ 154,720	\$ 47,745	\$ 206,599	\$ 983,649	\$ 195,932
Accrued Wages and Benefits	373,087	136,698	131	156,241	196,995
Intergovernmental Payable	22,893	6,860	0	13,878	9,378
Claims Payable	25,733	7,710	0	15,599	10,540
Interfund Loans Payable	0	0	0	0	202,386
Advances from Other Funds	250,425	0	0	0	1,468,051
Deferred Revenue	436,605	0	0	0	35,375
Total Liabilities	<u>1,263,463</u>	<u>199,013</u>	<u>206,730</u>	<u>1,169,367</u>	<u>2,118,657</u>
Fund Balances:					
Reserved for Encumbrances	989,713	234,162	0	311,569	387,042
Unreserved, Undesignated in:					
Special Revenue Funds (Deficit)	<u>(541,182)</u>	<u>791,271</u>	<u>1,833,031</u>	<u>1,462,452</u>	<u>(1,216,813)</u>
Total Fund Balances (Deficit)	<u>448,531</u>	<u>1,025,433</u>	<u>1,833,031</u>	<u>1,774,021</u>	<u>(829,771)</u>
Total Liabilities and Funds Balances	<u>\$ 1,711,994</u>	<u>\$ 1,224,446</u>	<u>\$ 2,039,761</u>	<u>\$ 2,943,388</u>	<u>\$ 1,288,886</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2003**

Disadvantaged Pupil Impact Aid	Title VI-B	Title II-A	Chapter I	Other Special Revenue	Total Nonmajor Special Revenue Funds
\$ 0	\$ 579,564	\$ 525,225	\$ 3,005,259	\$ 12,751,959	\$ 24,691,112
0	0	0	0	0	4,286
0	0	188,324	404	881	360,595
0	0	0	0	70,804	701,363
0	1,661,937	307,404	10,127,871	6,591,733	18,886,671
0	0	0	0	72,153	78,131
0	0	0	0	0	125,344
0	0	0	0	0	244,491
<u>\$ 0</u>	<u>\$ 2,241,501</u>	<u>\$ 1,020,953</u>	<u>\$ 13,133,534</u>	<u>\$ 19,487,530</u>	<u>\$ 45,091,993</u>
\$ 0	\$ 94,565	\$ 18,214	\$ 1,176,798	\$ 397,623	\$ 3,275,845
911,272	305,541	124,835	962,866	409,476	3,577,142
73,525	17,385	5,014	46,495	19,095	214,523
82,642	19,540	5,636	52,262	21,460	241,122
0	0	0	0	141,290	343,676
0	1,261,212	74,236	2,481,552	993,222	6,528,698
0	1,661,937	119,116	6,763,692	6,098,058	15,114,783
<u>1,067,439</u>	<u>3,360,180</u>	<u>347,051</u>	<u>11,483,665</u>	<u>8,080,224</u>	<u>29,295,789</u>
0	363,037	108,302	865,674	2,638,131	5,897,630
<u>(1,067,439)</u>	<u>(1,481,716)</u>	<u>565,600</u>	<u>784,195</u>	<u>8,769,175</u>	<u>9,898,574</u>
<u>(1,067,439)</u>	<u>(1,118,679)</u>	<u>673,902</u>	<u>1,649,869</u>	<u>11,407,306</u>	<u>15,796,204</u>
<u>\$ 0</u>	<u>\$ 2,241,501</u>	<u>\$ 1,020,953</u>	<u>\$ 13,133,534</u>	<u>\$ 19,487,530</u>	<u>\$ 45,091,993</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, 2003**

	<u>Food Service</u>	<u>Other Grants</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>	<u>Head Start</u>
Revenues:					
Tuition	\$ 0	\$ 292,383	\$ 0	\$ 0	\$ 0
Investment Earnings	(26,269)	0	5,927	40,457	0
Food Services	2,756,395	0	0	0	0
Intergovernmental - State	524,902	0	0	9,488,320	595,184
Intergovernmental - Federal	9,705,176	0	0	0	3,473,680
All Other Revenue	0	3,638,983	1,987,752	0	0
Total Revenue	<u>12,960,204</u>	<u>3,931,366</u>	<u>1,993,679</u>	<u>9,528,777</u>	<u>4,068,864</u>
Expenditures:					
Current:					
Instruction:					
Regular	0	1,407,967	980,928	0	1,795,658
Special	0	34,693	22,159	0	0
Vocational	0	138,030	6,055	0	0
Other	0	60,166	294	0	0
Supporting Services:					
Pupils	0	511,924	6,316	0	1,473,606
Instructional Staff	0	405,324	77,459	0	1,223,910
Administration	16,488	926,487	0	0	150,629
Fiscal Services	0	1,410	0	230,088	44,839
Business	0	0	0	42,811	0
Operation & Maintenance of Plant	671,086	581	0	0	23,106
Pupil Transportation	0	398	0	0	6,179
Central	4,031	23	0	0	11,489
Operation of Non-Instructional Services	15,703,177	7,008	3,439	9,812,047	0
Extracurricular Activities	0	413,375	1,001,144	0	0
Capital Outlay	0	24,754	0	0	0
Total Expenditures	<u>16,394,782</u>	<u>3,932,140</u>	<u>2,097,794</u>	<u>10,084,946</u>	<u>4,729,416</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,434,578)	(774)	(104,115)	(556,169)	(660,552)
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(3,434,578)	(774)	(104,115)	(556,169)	(660,552)
Fund Balances (Deficit) at Beginning of Year	<u>3,883,109</u>	<u>1,026,207</u>	<u>1,937,146</u>	<u>2,330,190</u>	<u>(169,219)</u>
Fund Balances (Deficit) End of Year	<u>\$ 448,531</u>	<u>\$ 1,025,433</u>	<u>\$ 1,833,031</u>	<u>\$ 1,774,021</u>	<u>\$ (829,771)</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, 2003***

Disadvantaged Pupil Impact Aid	Title VI-B	Title II-A	Chapter I	Other Special Revenue	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,050	\$ 294,433
0	0	0	0	3,561	23,676
0	0	0	0	0	2,756,395
26,589,755	0	0	0	2,819,596	40,017,757
0	4,657,107	2,307,358	20,676,238	8,717,785	49,537,344
0	0	0	6,761	3,146,951	8,780,447
<u>26,589,755</u>	<u>4,657,107</u>	<u>2,307,358</u>	<u>20,682,999</u>	<u>14,689,943</u>	<u>101,410,052</u>
26,791,332	0	1,112,036	639,964	5,158,241	37,886,126
0	1,989,168	0	10,941,407	519,478	13,506,905
0	0	0	0	424,157	568,242
212,544	0	0	4,607	1,058,120	1,335,731
0	3,429,029	483,877	562,712	1,927,216	8,394,680
0	325,021	267,619	6,519,936	2,147,990	10,967,259
0	567,304	95,486	772,751	101,225	2,630,370
0	163,756	0	372,196	87,615	899,904
0	0	0	0	0	42,811
0	0	17,043	0	6,745	718,561
0	0	4,761	753,314	29,436	794,088
0	0	4,878	284	3,481,685	3,502,390
0	648,616	0	1,389,192	187,399	27,750,878
0	0	0	0	6,625	1,421,144
0	0	0	24,835	0	49,589
<u>27,003,876</u>	<u>7,122,894</u>	<u>1,985,700</u>	<u>21,981,198</u>	<u>15,135,932</u>	<u>110,468,678</u>
(414,121)	(2,465,787)	321,658	(1,298,199)	(445,989)	(9,058,626)
0	0	0	0	3,000,000	3,000,000
0	0	0	0	3,000,000	3,000,000
(414,121)	(2,465,787)	321,658	(1,298,199)	2,554,011	(6,058,626)
<u>(653,318)</u>	<u>1,347,108</u>	<u>352,244</u>	<u>2,948,068</u>	<u>8,853,295</u>	<u>21,854,830</u>
<u>\$ (1,067,439)</u>	<u>\$ (1,118,679)</u>	<u>\$ 673,902</u>	<u>\$ 1,649,869</u>	<u>\$ 11,407,306</u>	<u>\$ 15,796,204</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2003**

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Replacement</u>	<u>Energy Conservation</u>
Assets:				
Equity in Pooled Cash and Investments	\$ 1,829,714	\$ 34,830,404	\$ 4,770	\$ 984,935
Receivables:				
Accounts	0	0	0	0
Intergovernmental - Federal	0	0	0	0
Total Assets	<u>\$ 1,829,714</u>	<u>\$ 34,830,404</u>	<u>\$ 4,770</u>	<u>\$ 984,935</u>
Liabilities:				
Accounts Payable	\$ 377,767	\$ 43,661	\$ 0	\$ 0
Accrued Wages and Benefits	0	404	0	285
Interfund Loans Payable	0	0	0	0
Advances from Other Funds	2,619,929	0	0	0
Deferred Revenue	0	0	0	0
Total Liabilities	<u>2,997,696</u>	<u>44,065</u>	<u>0</u>	<u>285</u>
Fund Balances:				
Reserved for Encumbrances	1,451,947	239,614	299	972,290
Unreserved, Undesignated in:				
Capital Projects Funds (Deficit)	<u>(2,619,929)</u>	<u>34,546,725</u>	<u>4,471</u>	<u>12,360</u>
Total Fund Balances	<u>(1,167,982)</u>	<u>34,786,339</u>	<u>4,770</u>	<u>984,650</u>
Total Liabilities and Funds Balances	<u>\$ 1,829,714</u>	<u>\$ 34,830,404</u>	<u>\$ 4,770</u>	<u>\$ 984,935</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2003**

<u>Power Up</u>	<u>Interactive Video Distance Learning</u>	<u>Ohio School Net</u>	<u>School Building Assistance</u>	<u>Emergency School Repair</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ 64,415	\$ 14,507	\$ 221,415	\$ 312,050	\$ 206,962	\$ 38,469,172
0	36,980	0	175	0	37,155
0	0	0	0	517,500	517,500
<u>\$ 64,415</u>	<u>\$ 51,487</u>	<u>\$ 221,415</u>	<u>\$ 312,225</u>	<u>\$ 724,462</u>	<u>\$ 39,023,827</u>
\$ 0	\$ 0	\$ 12,492	\$ 9,570	\$ 11,520	\$ 455,010
0	0	0	0	0	689
0	0	0	1,646,867	0	1,646,867
0	106	0	77,391	228,262	2,925,688
0	0	0	0	412,225	412,225
0	106	12,492	1,733,828	652,007	5,440,479
0	14,507	60,647	302,480	195,442	3,237,226
64,415	36,874	148,276	(1,724,083)	(122,987)	30,346,122
64,415	51,381	208,923	(1,421,603)	72,455	33,583,348
<u>\$ 64,415</u>	<u>\$ 51,487</u>	<u>\$ 221,415</u>	<u>\$ 312,225</u>	<u>\$ 724,462</u>	<u>\$ 39,023,827</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, 2003**

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Replacement</u>	<u>Energy Conservation</u>
Revenues:				
Investment Earnings	\$ 0	\$ 554	\$ 0	\$ 0
Intergovernmental - State	0	0	0	0
Intergovernmental - Federal	0	0	0	0
All Other Revenue	1,231	72,364	0	0
Total Revenue	<u>1,231</u>	<u>72,918</u>	<u>0</u>	<u>0</u>
Expenditures:				
Current:				
Supporting Services:				
Pupils	1,496,633	0	0	0
Instructional Staff	0	0	0	0
Operation & Maintenance of Plant	29,502	6,455	15,447	0
Capital Outlay	0	9,617,259	0	394,613
Debt Service:				
Principal Retirement	0	0	0	25,000,000
Interest & Fiscal Charges	0	0	0	631,993
Total Expenditures	<u>1,526,135</u>	<u>9,623,714</u>	<u>15,447</u>	<u>26,026,606</u>
Excess (Deficiency) of Revenues				
Over Expenditures	(1,524,904)	(9,550,796)	(15,447)	(26,026,606)
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	0	0	22,200,000
Transfers In	0	44,317,251	0	3,431,993
Total Other Financing Sources (Uses)	<u>0</u>	<u>44,317,251</u>	<u>0</u>	<u>25,631,993</u>
Net Change in Fund Balance	(1,524,904)	34,766,455	(15,447)	(394,613)
Fund Balances (Deficit) at Beginning of Year	<u>356,922</u>	<u>19,884</u>	<u>20,217</u>	<u>1,379,263</u>
Fund Balances (Deficit) End of Year	<u><u>\$ (1,167,982)</u></u>	<u><u>\$ 34,786,339</u></u>	<u><u>\$ 4,770</u></u>	<u><u>\$ 984,650</u></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, 2003**

<u>Power Up</u>	<u>Interactive Video Distance Learning</u>	<u>Ohio School Net</u>	<u>School Building Assistance</u>	<u>Emergency School Repair</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 554
0	0	728,521	0	0	728,521
0	36,980	0	0	105,275	142,255
0	0	0	0	0	73,595
0	36,980	728,521	0	105,275	944,925
0	0	0	0	0	1,496,633
0	218,149	692,914	0	0	911,063
0	0	0	0	2,430	53,834
0	0	0	142,540	30,390	10,184,802
0	0	0	0	0	25,000,000
0	0	0	0	0	631,993
0	218,149	692,914	142,540	32,820	38,278,325
0	(181,169)	35,607	(142,540)	72,455	(37,333,400)
0	0	0	0	0	22,200,000
0	0	0	0	0	47,749,244
0	0	0	0	0	69,949,244
0	(181,169)	35,607	(142,540)	72,455	32,615,844
64,415	232,550	173,316	(1,279,063)	0	967,504
<u>\$ 64,415</u>	<u>\$ 51,381</u>	<u>\$ 208,923</u>	<u>\$ (1,421,603)</u>	<u>\$ 72,455</u>	<u>\$ 33,583,348</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
For the Fiscal Year Ended June 30, 2003***

	<i>GENERAL FUND</i>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	\$ 449,990,382	\$ 419,032,000	\$ 402,443,510	\$ (16,588,490)
Total Expenditures and Other Financing Uses	465,636,272	468,648,146	412,098,304	56,549,842
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(15,645,890)	(49,616,146)	(9,654,794)	39,961,352
Fund Balances, Beginning of Year	78,195,271	78,195,271	78,195,271	0
Prior Year Encumbrances	15,125,894	15,125,894	15,125,894	0
Fund Balances, End of Year	<u>\$ 77,675,275</u>	<u>\$ 43,705,019</u>	<u>\$ 83,666,371</u>	<u>\$ 39,961,352</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
For the Fiscal Year Ended June 30, 2003***

DEBT SERVICE FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 10,334,396</u>	<u>\$ 17,000,000</u>	<u>\$ 22,890,482</u>	<u>\$ 5,890,482</u>
Total Expenditures and Other Financing Uses	<u>10,650,000</u>	<u>21,900,000</u>	<u>22,449,463</u>	<u>(549,463)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(315,604)</u>	<u>(4,900,000)</u>	<u>441,019</u>	<u>5,341,019</u>
Fund Balances, Beginning of Year	<u>4,915,945</u>	<u>4,915,945</u>	<u>4,915,945</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ 4,600,341</u></u>	<u><u>\$ 15,945</u></u>	<u><u>\$ 5,356,964</u></u>	<u><u>\$ 5,341,019</u></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
For the Fiscal Year Ended June 30, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 120,000,000	\$ 84,000,000	\$ 129,289,957	\$ 45,289,957
Total Expenditures and Other Financing Uses	95,000,000	95,000,000	57,272,247	37,727,753
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	25,000,000	(11,000,000)	72,017,710	83,017,710
Fund Balances, Beginning of Year	96,362,228	96,362,228	96,362,228	0
Prior Year Encumbrances	5,134,954	5,134,954	5,134,954	0
Fund Balances, End of Year	<u>\$ 126,497,182</u>	<u>\$ 90,497,182</u>	<u>\$ 173,514,892</u>	<u>\$ 83,017,710</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, 2003***

FOOD SERVICE FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 13,000,000</u>	<u>\$ 11,000,000</u>	<u>\$ 12,386,555</u>	<u>\$ 1,386,555</u>
Total Expenditures and Other Financing Uses	<u>16,837,590</u>	<u>15,100,000</u>	<u>16,831,398</u>	<u>(1,731,398)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(3,837,590)</u>	<u>(4,100,000)</u>	<u>(4,444,843)</u>	<u>(344,843)</u>
Fund Balances, Beginning of Year	4,196,347	4,196,347	4,196,347	0
Prior Year Encumbrances	<u>511,286</u>	<u>511,286</u>	<u>511,286</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 870,043</u>	<u>\$ 607,633</u>	<u>\$ 262,790</u>	<u>\$ (344,843)</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, 2003***

	<i>OTHER GRANTS FUND</i>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	\$ 3,500,000	\$ 3,945,728	\$ 4,186,010	\$ 240,282
Total Expenditures and Other Financing Uses	4,200,000	4,200,000	4,303,782	(103,782)
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(700,000)	(254,272)	(117,772)	136,500
Fund Balances, Beginning of Year	981,993	981,993	981,993	0
Prior Year Encumbrances	389,665	389,665	389,665	0
Fund Balances, End of Year	<u>\$ 671,658</u>	<u>\$ 1,117,386</u>	<u>\$ 1,253,886</u>	<u>\$ 136,500</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, 2003***

DISTRICT MANAGED STUDENT ACTIVITY FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total Revenues and Other Financing Sources	\$ 2,400,000	\$ 1,950,000	\$ 2,032,166	\$ 82,166
Total Expenditures and Other Financing Uses	4,078,000	3,878,000	2,144,971	1,733,029
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,678,000)	(1,928,000)	(112,805)	1,815,195
Fund Balances, Beginning of Year	1,985,154	1,985,154	1,985,154	0
Prior Year Encumbrances	66,582	66,582	66,582	0
Fund Balances, End of Year	<u>\$ 373,736</u>	<u>\$ 123,736</u>	<u>\$ 1,938,931</u>	<u>\$ 1,815,195</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, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total Revenues and Other Financing Sources	\$ 9,400,000	\$ 9,000,000	\$ 9,528,777	\$ 528,777
Total Expenditures and Other Financing Uses	10,427,500	10,427,500	10,749,823	(322,323)
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,027,500)	(1,427,500)	(1,221,046)	206,454
Fund Balances, Beginning of Year	1,640,149	1,640,149	1,640,149	0
Prior Year Encumbrances	1,226,897	1,226,897	1,226,897	0
Fund Balances, End of Year	<u>\$ 1,839,546</u>	<u>\$ 1,439,546</u>	<u>\$ 1,646,000</u>	<u>\$ 206,454</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, 2003***

	<i>HEAD START 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	\$ 3,500,000	\$ 3,200,000	\$ 3,611,642	\$ 411,642
Total Expenditures and Other Financing Uses	5,012,989	1,680,000	5,108,616	(3,428,616)
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,512,989)	1,520,000	(1,496,974)	(3,016,974)
Fund Balances, Beginning of Year	2	2	2	0
Prior Year Encumbrances	1,355,539	1,355,539	1,355,539	0
Fund Balances, End of Year	<u>\$ (157,448)</u>	<u>\$ 2,875,541</u>	<u>\$ (141,433)</u>	<u>\$ (3,016,974)</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, 2003***

DISADVANTAGED PUPIL IMPACT AID FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 30,000,000</u>	<u>\$ 28,100,000</u>	<u>\$ 26,589,755</u>	<u>\$ (1,510,245)</u>
Total Expenditures and Other Financing Uses	<u>28,000,000</u>	<u>28,000,000</u>	<u>26,589,755</u>	<u>1,410,245</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>2,000,000</u>	<u>100,000</u>	<u>0</u>	<u>(100,000)</u>
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ 2,000,000</u></u>	<u><u>\$ 100,000</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (100,000)</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, 2003***

	<i>TITLE VI-B 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	\$ 3,200,000	\$ 3,660,000	\$ 4,967,561	\$ 1,307,561
Total Expenditures and Other Financing Uses	5,100,000	4,700,000	7,509,491	(2,809,491)
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,900,000)	(1,040,000)	(2,541,930)	(1,501,930)
Fund Balances, Beginning of Year	1,088,381	1,088,381	1,088,381	0
Prior Year Encumbrances	192,339	192,339	192,339	0
Fund Balances, End of Year	<u>\$ (619,280)</u>	<u>\$ 240,720</u>	<u>\$ (1,261,210)</u>	<u>\$ (1,501,930)</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, 2003***

	<i>TITLE II-A FUND</i>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u></u>
Total Revenues and Other Financing Sources	\$ 2,000,000	\$ 2,750,000	\$ 2,415,540	\$ (334,460)
Total Expenditures and Other Financing Uses	<u>2,483,621</u>	<u>2,483,621</u>	<u>2,107,811</u>	<u>375,810</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(483,621)</u>	<u>266,379</u>	<u>307,729</u>	<u>41,350</u>
Fund Balances, Beginning of Year	1	1	1	0
Prior Year Encumbrances	<u>62,537</u>	<u>62,537</u>	<u>62,537</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ (421,083)</u></u>	<u><u>\$ 328,917</u></u>	<u><u>\$ 370,267</u></u>	<u><u>\$ 41,350</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, 2003***

	<i>CHAPTER I 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	\$ 23,000,000	\$ 16,600,000	\$ 17,486,396	\$ 886,396
Total Expenditures and Other Financing Uses	22,400,000	19,400,000	23,545,965	(4,145,965)
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	600,000	(2,800,000)	(6,059,569)	(3,259,569)
Fund Balances, Beginning of Year	2,853,129	2,853,129	2,853,129	0
Prior Year Encumbrances	1,247,812	1,247,812	1,247,812	0
Fund Balances, End of Year	<u>\$ 4,700,941</u>	<u>\$ 1,300,941</u>	<u>\$ (1,958,628)</u>	<u>\$ (3,259,569)</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, 2003***

	<i>OTHER SPECIAL REVENUE FUNDS</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>\$ 10,675,600</u>	<u>\$ 15,520,090</u>	<u>\$ 19,090,332</u>	<u>\$ 3,570,242</u>
Total Expenditures and Other Financing Uses	<u>22,431,588</u>	<u>19,344,123</u>	<u>19,037,304</u>	<u>306,819</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(11,755,988)</u>	<u>(3,824,033)</u>	<u>53,028</u>	<u>3,877,061</u>
Fund Balances, Beginning of Year	6,839,442	6,839,442	6,839,442	0
Prior Year Encumbrances	<u>3,226,569</u>	<u>3,226,569</u>	<u>3,226,569</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ (1,689,977)</u></u>	<u><u>\$ 6,241,978</u></u>	<u><u>\$ 10,119,039</u></u>	<u><u>\$ 3,877,061</u></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, 2003**

	<i>PERMANENT IMPROVEMENT 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>\$ 1,645,580</u>	<u>\$ 0</u>	<u>\$ 1,231</u>	<u>\$ 1,231</u>
Total Expenditures and Other Financing Uses	<u>0</u>	<u>270,000</u>	<u>2,954,210</u>	<u>(2,684,210)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>1,645,580</u>	<u>(270,000)</u>	<u>(2,952,979)</u>	<u>(2,682,979)</u>
Fund Balances, Beginning of Year	270,355	270,355	270,355	0
Prior Year Encumbrances	<u>86,567</u>	<u>86,567</u>	<u>86,567</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ 2,002,502</u></u>	<u><u>\$ 86,922</u></u>	<u><u>\$ (2,596,057)</u></u>	<u><u>\$ (2,682,979)</u></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, 2003**

BUILDING FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 44,000,000</u>	<u>\$ 44,390,169</u>	<u>\$ 390,169</u>
Total Expenditures and Other Financing Uses	<u>5,000,000</u>	<u>44,000,000</u>	<u>9,862,924</u>	<u>34,137,076</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(5,000,000)</u>	<u>0</u>	<u>34,527,245</u>	<u>34,527,245</u>
Fund Balances, Beginning of Year	<u>19,884</u>	<u>19,884</u>	<u>19,884</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ (4,980,116)</u></u>	<u><u>\$ 19,884</u></u>	<u><u>\$ 34,547,129</u></u>	<u><u>\$ 34,527,245</u></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, 2003***

REPLACEMENT FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>20,217</u>	<u>4,472</u>	<u>15,746</u>	<u>(11,274)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(20,217)</u>	<u>(4,472)</u>	<u>(15,746)</u>	<u>(11,274)</u>
Fund Balances, Beginning of Year	4,471	4,471	4,471	0
Prior Year Encumbrances	<u>15,746</u>	<u>15,746</u>	<u>15,746</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 15,745</u></u>	<u><u>\$ 4,471</u></u>	<u><u>\$ (11,274)</u></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, 2003***

VOCATIONAL EDUCATION EQUIPMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>51,692</u>	<u>51,692</u>	<u>0</u>	<u>51,692</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(51,692)</u>	<u>(51,692)</u>	<u>0</u>	<u>51,692</u>
Fund Balances, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ (51,692)</u></u>	<u><u>\$ (51,692)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 51,692</u></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, 2003***

OHIO SCHOOL NET FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 50,000</u>	<u>\$ 725,000</u>	<u>\$ 728,521</u>	<u>\$ 3,521</u>
Total Expenditures and Other Financing Uses	<u>1,282,000</u>	<u>860,000</u>	<u>769,000</u>	<u>91,000</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(1,232,000)</u>	<u>(135,000)</u>	<u>(40,479)</u>	<u>94,521</u>
Fund Balances, Beginning of Year	139,180	139,180	139,180	0
Prior Year Encumbrances	<u>49,575</u>	<u>49,575</u>	<u>49,575</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ (1,043,245)</u></u>	<u><u>\$ 53,755</u></u>	<u><u>\$ 148,276</u></u>	<u><u>\$ 94,521</u></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, 2003**

POWER UP FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 150,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>204,976</u>	<u>64,000</u>	<u>0</u>	<u>64,000</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(54,976)</u>	<u>(64,000)</u>	<u>0</u>	<u>64,000</u>
Fund Balances, Beginning of Year	<u>64,415</u>	<u>64,415</u>	<u>64,415</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ 9,439</u></u>	<u><u>\$ 415</u></u>	<u><u>\$ 64,415</u></u>	<u><u>\$ 64,000</u></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, 2003***

INTERACTIVE VIDEO DISTANCE LEARNING FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 225,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>308,431</u>	<u>227,000</u>	<u>260,200</u>	<u>(33,200)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(83,431)</u>	<u>(227,000)</u>	<u>(260,200)</u>	<u>(33,200)</u>
Fund Balances, Beginning of Year	227,211	227,211	227,211	0
Prior Year Encumbrances	<u>32,883</u>	<u>32,883</u>	<u>32,883</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ 176,663</u></u>	<u><u>\$ 33,094</u></u>	<u><u>\$ (106)</u></u>	<u><u>\$ (33,200)</u></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, 2003**

	<i>SCHOOL BUILDING ASSISTANCE 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>\$ 2,100,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 77,391</u>
Total Expenditures and Other Financing Uses	<u>0</u>	<u>66,000</u>	<u>488,288</u>	<u>(422,288)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>2,100,000</u>	<u>(66,000)</u>	<u>(488,288)</u>	<u>(344,897)</u>
Fund Balances, Beginning of Year	4,402	4,402	4,402	0
Prior Year Encumbrances	<u>421,479</u>	<u>421,479</u>	<u>421,479</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ 2,525,881</u></u>	<u><u>\$ 359,881</u></u>	<u><u>\$ (62,407)</u></u>	<u><u>\$ (344,897)</u></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, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total Revenues and Other Financing Sources	\$ 25,718,000	\$ 22,200,000	\$ 25,718,000	\$ 3,518,000
Total Expenditures and Other Financing Uses	29,224,460	22,200,000	27,139,512	(4,939,512)
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,506,460)	0	(1,421,512)	(1,421,512)
Fund Balances, Beginning of Year	18,359	18,359	18,359	0
Prior Year Encumbrances	1,411,667	1,411,667	1,411,667	0
Fund Balances, End of Year	<u>\$ (2,076,434)</u>	<u>\$ 1,430,026</u>	<u>\$ 8,514</u>	<u>\$ (1,421,512)</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, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 0	\$ 75,000	\$ 0	\$ (75,000)
Total Expenditures and Other Financing Uses	0	75,000	228,262	(153,262)
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	(228,262)	(228,262)
Fund Balances, Beginning of Year	0	0	0	0
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (228,262)</u>	<u>\$ (228,262)</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, 2003***

	<i>PERMANENT FUND</i>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	\$ 0	\$ 0	\$ 21,996	\$ 21,996
Total Expenditures and Other Financing Uses	5,075	0	11,281	(11,281)
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(5,075)	0	10,715	10,715
Fund Balances, Beginning of Year	916,309	916,309	916,309	0
Prior Year Encumbrances	5,075	5,075	5,075	0
Fund Balances, End of Year	<u>\$ 916,309</u>	<u>\$ 921,384</u>	<u>\$ 932,099</u>	<u>\$ 10,715</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

Schedule of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2003

	Balance June 30, 2002	Additions	Deductions	Balance June 30, 2003
<i>Student Managed Activity Fund</i>				
Assets:				
Equity in Pooled Cash and Investments	\$37,822	\$56,745	(\$49,918)	\$44,649
Total Assets	<u>\$37,822</u>	<u>\$56,745</u>	<u>(\$49,918)</u>	<u>\$44,649</u>
Liabilities:				
Due to Students	\$37,822	\$56,745	(\$49,918)	\$44,649
Total Liabilities	<u>\$37,822</u>	<u>\$56,745</u>	<u>(\$49,918)</u>	<u>\$44,649</u>

*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
June 30, 2003***

Capital Assets

Land	\$16,353,474
Land Improvements	12,169,471
Buildings and Improvements	166,731,668
Furniture, Fixtures and Equipment	24,877,174
Vehicles	1,919,755
Construction in Progress	<u>11,666,171</u>
Total Capital Assets	<u><u>\$233,717,713</u></u>

Investment in Capital Assets from:

Acquisitions Prior to 1999	\$162,377,417
General Fund	12,065,526
Special Revenue Funds	1,828,477
Special Revenue Funds - Food Service	11,033,835
Capital Project Funds	37,771,926
Donations	<u>8,640,532</u>
Total Investment in Capital Assets	<u><u>\$233,717,713</u></u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2003**

Function and Activity	Land	Land Improvements	Buildings and Improvements
Instructional Services			
Regular	\$11,060,465	\$8,776,200	\$128,578,857
Special	0	0	0
Vocational	75,100	0	13,153,592
Other	0	0	0
Support Services:			
Pupils	0	29,009	2,278
Instructional Staff	0	0	6,410
Administration	0	0	0
Fiscal Services	0	0	0
Business	0	0	0
Operation and Maintenance of Plant	0	0	33,492
Pupil Transportation	0	0	0
Central	561,000	218,700	6,854,000
Extracurricular Activities	0	268,700	342,100
Other Noninstructional Services	0	0	378,261
Facility Services	0	2,824,524	11,438,484
Site Acquisition	4,656,909	0	0
Architecture and Engineering	0	1,800	214,402
Building Acquisition and Construction	0	17,024	4,046,973
Building Improvement	0	33,514	1,682,819
 Total Capital Assets	 \$16,353,474	 \$12,169,471	 \$166,731,668

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2003***

Furniture, Fixtures and Equipment	Vehicles	Construction in Progress	Total
\$6,563,412	\$92,543	\$0	\$155,071,477
503,144	0	0	503,144
458,669	0	0	13,687,361
14,901	0	0	14,901
1,491,560	0	0	1,522,847
884,885	0	0	891,295
388,424	22,888	0	411,312
475,750	0	0	475,750
16,493	0	0	16,493
1,020,470	890,763	0	1,944,725
85,415	21,045	0	106,460
2,555,055	21,051	0	10,209,806
69,607	0	0	680,407
10,341,636	525,327	0	11,245,224
7,753	346,138	1,039,943	15,656,842
0	0	0	4,656,909
0	0	4,460,939	4,677,141
0	0	5,677,682	9,741,679
0	0	487,607	2,203,940
<u>\$24,877,174</u>	<u>\$1,919,755</u>	<u>\$11,666,171</u>	<u>\$233,717,713</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule Changes by Function and Activity
June 30, 2003***

Function and Activity	June 30, 2002	Additions	Deletions	June 30, 2003
Instructional Services				
Regular	\$155,777,386	\$313,091	(\$1,019,000)	\$155,071,477
Special	266,210	236,934	0	503,144
Vocational	13,588,811	98,550	0	13,687,361
Other	8,133	6,768	0	14,901
Support Services:				
Pupils	210,642	1,312,205	0	1,522,847
Instructional Staff	671,185	220,110	0	891,295
Administration	336,179	75,133	0	411,312
Fiscal Services	411,404	64,346	0	475,750
Business	12,040	4,453	0	16,493
Operation and Maintenance of Plant	1,525,113	419,613	0	1,944,726
Pupil Transportation	46,660	59,800	0	106,460
Central	9,960,793	249,013	0	10,209,806
Extracurricular Activities	646,818	33,589	0	680,407
Other Noninstructional Services	10,194,740	1,050,484	0	11,245,224
Facility Services	14,311,426	1,345,415	0	15,656,841
Site Acquisition	0	4,656,909	0	4,656,909
Architecture and Engineering	4,059,346	617,795	0	4,677,141
Building Acquisition and Construction	1,014,542	8,727,137	0	9,741,679
Building Improvement	2,196,686	7,254	0	2,203,940
Total Capital Assets	\$215,238,114	\$19,498,599	(\$1,019,000)	\$233,717,713

STATISTICAL SECTION



STATISTICAL TABLES

***T**HE FOLLOWING UNAUDITED STATISTICAL TABLES REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND FISCAL CAPACITY OF THE DISTRICT.*

CINCINNATI CITY SCHOOL DISTRICT, OHIO

GENERAL FUND EXPENDITURES BY FUNCTION LAST TEN FISCAL YEARS

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal
Current:										
Instruction:										
Regular	\$178,829,594	\$174,819,536	\$155,457,753	\$143,230,877	\$148,655,771	\$137,416,440	\$131,724,125	\$123,540,067	\$130,311,766	\$135,537,090
Special	48,561,036	42,957,408	36,544,388	37,340,503	39,307,268	36,115,483	35,011,372	30,726,869	25,053,531	21,132,252
Vocational	5,769,944	6,626,915	6,646,576	7,708,276	10,924,421	11,725,582	10,431,222	9,940,618	10,269,847	9,463,017
Adult	137,459	69,436	31,528	22,799	0	0	15,620	90	172	1,224
Support services:										
Pupils	11,890,575	12,848,272	11,588,753	11,089,310	8,727,623	8,346,978	7,769,775	6,850,461	9,461,355	8,797,062
Instructional staff	14,890,979	13,936,947	11,802,997	11,309,493	11,970,461	11,771,950	10,970,401	7,912,710	10,285,444	6,934,265
General administration	416,192	237,333	215,720	190,101	218,741	248,689	205,853	134,249	153,192	127,856
School administration	31,532,803	28,733,454	26,745,792	25,523,346	25,680,388	25,112,210	24,449,346	25,709,499	26,418,824	22,187,238
Fiscal	5,131,434	4,473,642	1,827,438	2,289,454	2,506,700	1,520,336	937,462	1,172,413	4,329,511	4,333,916
Business	827,748	328,517	408,122	862,675	927,132	1,043,511	1,007,520	865,691	1,170,400	1,344,370
Operation and maintenance	38,733,669	31,231,365	30,846,606	28,156,671	27,887,256	26,799,501	26,598,751	25,943,459	29,595,369	25,545,975
Pupil transportation	21,483,056	23,090,453	21,524,481	20,978,396	20,402,745	20,020,862	18,887,642	17,410,910	18,212,713	16,698,320
Central	15,476,386	15,741,867	15,132,672	14,018,255	12,520,701	11,622,041	9,948,646	7,951,815	12,221,725	22,100,426
Community services	8,982	0	0	0	0	0	0	888	(5)	0
Extracurricular activities	3,964,049	3,603,534	2,830,733	2,628,136	2,222,398	2,087,636	1,935,762	1,231,212	1,653,631	1,456,245
Capital outlay	7,209,617	7,904,893	2,193,401	1,225,452	1,155,947	1,310,267	518,504	887,525	1,857,585	756,506
Debt service	0	10,301,250	41,798,794	51,841,359	66,024,391	90,689,285	89,102,666	59,305,023	63,584	24,707
Miscellaneous	55,081	65,568	13,130	0	0	0	0	0	0	0
Total General Fund Expenditures	\$384,918,604	\$376,970,390	\$365,608,884	\$358,415,103	\$379,131,943	\$385,830,771	\$369,514,667	\$319,583,499	\$281,058,644	\$276,440,469

Source: Cincinnati City School District Financial Records.

Note: Table Prepared on a Cash Basis.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

GENERAL FUND REVENUES BY SOURCE LAST TEN FISCAL YEARS

	2003 Fiscal	2002 Fiscal	2001 Fiscal	2000 Fiscal	1999 Fiscal	1998 Fiscal	1997 Fiscal	1996 Fiscal	1995 Fiscal	1994 Fiscal
Taxes	\$229,010,615	\$235,752,597	\$220,285,246	\$192,273,000	\$210,030,000	\$199,543,000	\$197,676,300	\$142,916,800	\$176,247,411	\$176,104,538
Revenue in lieu of taxes	5,406,401	6,232,376	4,598,900	6,151,000	3,330,000	1,442,000	907,900	695,200	0	0
Tuition	770,859	712,502	542,380	269,000	491,000	413,000	408,800	319,400	499,587	423,183
Earnings on investments	5,653,148	5,016,534	9,432,203	5,189,000	4,773,000	4,979,000	4,738,800	3,571,100	3,159,943	2,401,175
Proceeds from Sale of Notes	0	0	20,550,000	0	0	0	0	0	0	0
Other local revenues	791,234	501,399	2,597,915	2,172,000	427,000	2,107,000	394,800	269,300	411,397	959,104
Intergovernmental - State	144,008,166	146,630,326	140,356,675	150,215,000	143,436,000	126,108,000	119,718,900	119,249,700	94,540,294	102,643,538
Intergovernmental - Federal	3,071,000	2,557,860	2,106,927	2,296,000	1,402,000	1,386,000	114,200	115,800	948,067	398,179
Total General Fund Revenue	\$388,711,423	\$397,403,594	\$400,470,246	\$358,565,000	\$363,889,000	\$335,978,000	\$323,959,700	\$267,137,300	\$275,806,699	\$282,929,717

Source: Cincinnati City School District Financial Records.

Note: Table Prepared on a Cash Basis.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN COLLECTION (CALENDAR) YEARS

Collection Year	Tax Levied (1)	Current Tax Collections (2)	Percent Collected	Delinquent Collection	Total Tax Collections	Percent Of Total Collections To Levy	Outstanding Delinquent Taxes (3)	Percent Of Outstanding Delinquent Taxes To Tax Levied
1993	\$195,011,420	\$187,939,384	96.37%	\$7,730,585	\$195,669,969	100.34%	\$17,460,021	8.95%
1994	195,428,304	189,178,238	96.80%	7,496,787	196,675,025	100.64%	17,101,054	8.75%
1995	220,851,290	212,517,810	96.23%	7,969,737	220,487,547	99.84%	18,872,311	8.55%
1996	222,898,313	215,373,561	96.62%	10,267,741	225,641,302	101.23%	20,251,870	9.09%
1997	220,331,692	213,303,649	96.81%	10,031,224	223,334,873	101.36%	19,494,363	8.85%
1998	221,284,361	212,143,157	95.87%	8,858,476	221,001,633	99.87%	18,217,452	8.23%
1999	224,300,463	215,308,075	95.99%	9,588,696	224,896,771	100.27%	20,182,069	9.00%
2000	228,954,774	206,749,808	90.38%	7,184,271	213,934,079	93.44%	14,926,159	6.43%
2001	228,487,571	203,989,525	89.28%	8,523,140	212,512,665	93.00%	6,249,888	2.74%
2002	236,176,178	208,901,271	88.45%	9,007,450	217,908,721	92.26%	7,137,874	3.02%

Source: Hamilton County Auditor. Information is maintained on a calendar year basis by the County.

(1) Taxes levied and collected are presented on a cash basis.

(2) State reimbursements of rollback and homestead exemptions are included.

(3) Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**TANGIBLE PERSONAL PROPERTY TAX COLLECTIONS
LAST TEN FISCAL YEARS (Unaudited)**

Fiscal Year	Collections
1994	\$60,230,826
1995	54,089,574
1996	37,242,045
1997	64,449,746
1998	63,388,834
1999	62,644,710
2000	61,246,323
2001	60,954,426
2002	65,825,827
2003	56,211,741

Source: Hamilton County Auditor.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN COLLECTION (CALENDAR) YEARS (1)

Collection Year	Real Property		Tangible Personal Property		Public Utilities Personal		Total		Ratio (3)
	Assessed Value (1)	Estimated Actual Value (2)	Assessed Value (1)	Estimated Actual Value (2)	Assessed Value (1)	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value	
1993	\$4,022,212,030	\$11,492,034,371	\$719,057,000	\$2,876,228,000	\$476,696,450	\$476,696,450	\$5,217,965,480	\$14,844,958,821	35.15%
1994	4,007,172,230	11,449,063,514	737,092,460	2,948,369,840	488,980,260	488,980,260	5,233,244,950	14,886,413,614	35.15%
1995	4,010,587,340	11,458,820,971	755,208,830	3,020,835,320	457,321,750	457,321,750	5,223,117,920	14,936,978,041	34.97%
1996	4,242,781,900	12,122,234,000	743,936,230	2,975,744,920	455,125,360	455,125,360	5,441,843,490	15,553,104,280	34.99%
1997	4,242,923,420	12,122,638,343	728,160,780	2,912,643,120	430,297,850	430,297,850	5,401,382,050	15,465,579,313	34.93%
1998	4,262,469,180	12,178,483,371	717,580,330	2,870,361,320	435,846,600	435,846,600	5,415,896,110	15,484,691,291	34.98%
1999	4,951,206,400	14,151,625,486	728,375,690	2,913,502,760	440,480,530	440,480,530	6,120,062,620	17,505,608,776	34.96%
2000	4,953,068,920	14,151,625,486	737,473,360	2,949,893,440	416,613,010	416,613,010	6,107,155,290	17,518,131,936	34.86%
2001	4,964,323,920	14,183,782,629	690,728,880	2,762,915,520	333,228,120	333,228,120	5,988,280,920	17,279,926,269	34.65%
2002	5,514,801,900	15,756,576,857	578,133,500	2,312,534,000	351,841,850	351,841,850	6,444,777,250	18,420,952,707	34.99%

Source: (1) Hamilton County Auditor. Data available thru year 2002 only.

(2) Real Property Assessed Value is 35% of Estimated Actual Value.
Tangible Personal Property Value is 25% of Estimated Actual Value.
Public Utilities Personal Value is equal to the Estimated Actual Value.

(3) Ratio represents assessed value / total estimated value.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (PER \$1,000 OF ASSESSED VALUATION) LAST TEN COLLECTION (CALENDAR) YEARS

Tax Year	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Collection Year	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Cincinnati Public School District	56.25	57.15	56.93	51.94	53.13	53.13	53.19	53.52	48.58	48.75
Hamilton County	21.87	21.47	19.92	20.83	19.54	19.01	19.44	18.30	18.30	18.33
City of Cheviot	12.42	12.56	12.62	12.66	12.82	12.84	13.00	13.02	13.38	13.38
City of Cincinnati	10.63	10.76	10.76	10.90	11.46	11.46	11.46	11.46	11.46	11.46
City of Indian Hill	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96
City of Madeira	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50
City of Norwood	11.40	11.40	11.40	11.40	11.40	11.40	11.40	11.40	11.40	11.40
City of Silverton	8.15	8.15	8.15	8.15	8.15	11.15	11.15	11.15	11.15	11.15
City of Wyoming	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Village of Amberly	7.00	7.00	7.00	6.00	6.00	4.00	4.00	4.00	4.00	4.00
Village of Fairfax	2.76	2.76	2.76	2.76	2.76	2.76	2.76	2.76	2.76	2.76
City of Golf Manor	24.52	24.52	25.32	19.42	19.42	19.42	19.60	19.60	19.60	12.60
Anderson Township	14.15	14.15	14.15	12.18	12.18	11.18	11.18	11.18	11.18	11.18
Columbia Township	17.96	17.96	17.96	17.96	17.96	17.96	17.96	17.96	17.96	17.76
Delhi Township	20.46	20.46	20.46	20.46	20.46	20.46	20.46	20.46	20.46	20.66
Green Township	8.31	8.31	8.81	8.81	8.81	8.81	8.81	8.81	8.81	7.06
Springfield Township	20.30	20.30	14.30	14.30	14.30	14.30	15.67	15.67	15.67	15.67
Sycamore Township	7.75	7.75	7.75	7.75	7.75	7.60	7.60	7.60	7.60	7.60
Fairfax - Madison Pl.	2.50	2.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Eastern Emergency Ambulance	3.00	3.00	3.00	2.20	2.20	2.20	2.20	2.20	2.20	2.20
Village of Mairemont, Ohio	12.44	12.44	12.44	12.44	12.44	12.44	8.94	8.94	8.94	8.94

Source: Hamilton County Auditor.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

COMPUTATION OF LEGAL DEBT MARGIN JUNE 30, 2003

1. Assessed Valuation of District		<u>\$6,444,777,250</u>
2. Total Principal Amount of Outstanding Securities		272,005,000
3. Exempt securities included in item 2:		
(a) Notes with maturities over one year and issued in anticipation of the collection of the proceeds from a specifically identified voter- approved tax levy under Sections 5705.194 or 5705.21, ORC:	10,000,000	
(b) Other exempt securities: 133.06(D), ORC:	0	
		<u>10,000,000</u>
4. (a) Total securities subject to 9% limitation (item 2 minus item 3):		<u>262,005,000</u>
(b) Plus principal amount of securities subject to 133.06(H), ORC:		0
(c) Less bond retirement fund applicable to principal of such securities:		<u>2,100,000</u>
(d) Net amount subject to 9% limitation:		<u>259,905,000</u>
(e) Legal Debt Limitation		<u>580,029,953</u>
(f) Overall Legal Debt Margin		<u>\$320,124,953</u>
5. Securities included in item 4(a), but without authority of an election:		22,200,000
6. (a) Securities included in item 5 issued for energy conservation measures under Section 3313.372, ORC after August 19, 1994 and Section 133.06(G), ORC:		22,200,000
(b) Bond retirement fund applicable to principal of such securities:		<u>0</u>
(c) Net amount subject to 9/10 of 1% limitation of Section 133.06(G) ORC:		<u>22,200,000</u>
(d) Legal Debt Limitation		<u>58,002,995</u>
(e) Unvoted Energy Conservation Notes Legal Debt Margin		<u>\$35,802,995</u>
7. (a) Unvoted securities issued for other purposes (item 5 minus item 6a)		0
(b) Bond retirement fund applicable to principal of such securities:		<u>0</u>
(c) Net amount subject to 1/10 of 1% limitation of Section 133.06(A), ORC:		<u>0</u>
(d) Legal Debt Limitation		<u>6,444,777</u>
(e) Unvoted Legal Debt Margin		<u>\$6,444,777</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

RATIO OF NET GENERAL BONDED DEBTS TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA LAST TEN COLLECTION (CALENDAR) YEARS

Collection Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less Debt Service Fund (3)	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value (%)	Estimated Net Bonded Debt Per Capita
1994	364,040	\$5,254,726,430	\$17,590,000	\$12,983,337	\$4,606,663	0.09%	13
1995	364,040	5,444,045,880	15,125,000	8,569,204	6,555,796	0.12%	18
1996	364,040	5,441,985,010	13,115,000	8,528,683	4,586,317	0.08%	13
1997	364,040	5,420,927,810	11,060,000	8,601,443	2,458,557	0.05%	7
1998	364,040	6,104,633,330	8,955,000	4,368,683	4,586,317	0.08%	13
1999	364,040	6,121,925,140	7,465,000	3,453,867	4,011,133	0.07%	11
2000	364,040	6,047,155,290	5,915,000	3,642,469	2,272,531	0.04%	6
2001	331,285	5,988,280,920	128,250,000	13,408,361	114,841,639	1.92%	347
2002	331,285	6,035,025,400	122,600,000	4,915,945	117,684,055	1.95%	355
2003	331,285	6,444,777,250	239,805,000	1,741,965	238,063,035	3.70%	719

Source: (1) Census Data - Internet (<http://demographics.com/db.uscity98.htm>)

(2) Hamilton County Auditor.

(3) Cincinnati City School District Records.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES
LAST TEN FISCAL YEARS**

Fiscal Year	Principal	Interest and Fiscal Charges	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Expenditures %
1994	\$2,425,000	\$1,178,240	\$3,603,240	\$276,440,469	1.30%
1995	2,465,000	1,040,889	3,505,889	281,058,644	1.25%
1996	2,010,000	913,658	2,923,658	319,583,499	0.91%
1997	2,055,000	795,069	2,850,069	369,514,667	0.77%
1998	2,105,000	672,536	2,777,536	385,830,771	0.72%
1999	1,490,000	562,938	2,052,938	379,131,943	0.54%
2000	1,550,000	467,655	2,017,655	358,415,103	0.56%
2001	1,610,000	477,910	2,087,910	365,608,884	0.57%
2002	5,650,000	265,861	6,252,193	376,970,390	1.66%
2003	7,795,000	8,954,478	16,749,478	384,918,604	4.35%

Source: Cincinnati City School District Records.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2003**

Governmental Unit	Gross General Obligation	Percent Applicable to District	Amount Applicable to District
Direct:			
Cincinnati Public Schools	\$272,005,000	100.00%	\$272,005,000
Overlapping:			
Hamilton County	130,790,000	34.72%	45,410,288
City of Cheviot	320,000	100.00%	320,000
City of Cincinnati	370,952,000	99.95%	370,766,524
City of Madeira	1,970,000	0.33%	6,501
City of Norwood	5,328,228	1.58%	84,186
City of Silverton	387,477	93.16%	360,974
City of Wyoming	6,080,714	0.28%	17,026
Village of Amberly, Ohio	3,080,000	100.00%	3,080,000
City of Golf Manor	0	100.00%	0
Anderson Township	185,077	0.65%	1,203
Green Township	833,331	12.97%	108,083
Delhi	8,214,369	2.22%	182,359
Anderson	3,254,167	0.60%	19,525
Springfield Township	12,485,252	5.35%	667,961
Total Overlapping	543,880,615		421,024,630
Total Direct and Overlapping	\$815,885,615		\$693,029,630

Source: Cincinnati City School District Records.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

DEMOGRAPHIC STATISTICS LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Employment Level (2)	Unemployment Rate (3)	School Enrollment (4)
1994	364,040	163,109	5.1%	50,316
1995	364,040	163,061	4.5%	50,314
1996	364,040	166,001	4.6%	47,382
1997	364,040	165,737	3.8%	45,917
1998	364,040	164,435	3.8%	45,798
1999	364,040	164,037	3.8%	44,918
2000	364,040	168,176	3.8%	44,345
2001	331,285	168,144	3.8%	42,680
2002	331,285	167,933	4.6%	41,694
2003	331,285	165,200	8.1%	40,599

Sources: (1) Census Data (<http://demographics.com/db.uscity98.htm>)
(2) Bureau of Labor Statistics - Internet (<http://www.economagic.com>)
(3) Bureau of Labor Statistics - Internet (<http://www.economagic.com>)
(4) Cincinnati City School District Records.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

CONSTRUCTION, BANK DEPOSITS AND PROPERTY VALUES LAST TEN CALENDAR YEARS

Year	Construction (1)	Bank Deposits (000's) (2)	Real Property Values (3)
1993	\$182,642,757	\$20,249,023	\$4,003,172,230
1994	201,766,948	17,301,493	4,010,587,340
1995	258,999,335	19,276,655	4,242,781,900
1996	231,917,215	21,598,936	4,242,923,420
1997	266,664,102	18,070,437	4,262,469,180
1998	448,483,877	23,939,085	4,951,206,400
1999	730,928,855	41,302,569	4,953,068,920
2000	896,646,074	46,547,503	4,893,068,920
2001	459,043,015	55,046,464	4,964,323,920
2002	579,062,094	59,210,000	5,514,801,900

Sources: (1) Cincinnati Department of Building Inspections.

(2) Total deposits of all banks headquartered in Hamilton County, Ohio. Data was not available for the District only. Department of Commerce, Banks Division (<http://www.ffiec.gov.nic>).

(3) Hamilton County Auditor.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**TOP TEN TAXPAYERS
ASSESSED VALUE
AS OF JUNE 30, 2003**

Name of Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
Cinergy	Public Utility	\$254,420,360	3.95%
The Procter and Gamble Company	Consumer Goods Manufacturing	102,209,960	1.59%
Cincinnati Bell Telephone	Public Utility	79,206,240	1.23%
City of Cincinnati	City Government	64,551,250	1.00%
Hamilton County Commissioners*	County Government	53,048,590	0.82%
Emery Realty	Real Estate Holdings	31,255,000	0.48%
Prudential Insurance	Real Estate Holdings	28,000,000	0.43%
Columbia Development	Real Estate Holdings	27,737,510	0.43%
Ohio Teachers Retirement	Real Estate Holdings	27,125,000	0.42%
Western & Southern Life	Real Estate Holdings	22,800,520	0.35%
All Others		<u>5,754,422,820</u>	<u>89.30%</u>
Total		<u>\$6,444,777,250</u>	<u>100.00%</u>

Source: Cincinnati City School District Records

CINCINNATI CITY SCHOOL DISTRICT, OHIO

TEN LARGEST EMPLOYERS AS OF JUNE 30, 2003

Employer	Nature of Business	Number of Employees
University of Cincinnati	Education	15,400
Health Alliance of Greater Cincinnati	Healthcare	13,139
The Procter & Gamble Company	Manufacturer	13,000
Kroger Co.	Grocery Store	13,000
Toyota Motor Manufacturing	automotive Manufacturer	8,360
Fifth Third Bank	Financial Services	7,800
Cincinnati Public Schools	Education	7,335
City of Cincinnati	Government	7,223
TriHealth Inc.	Healthcare	7,055
Cincinnati children's Hospital	Medical	7,029

Source: Greater Cincinnati Chamber of Commerce/Business Courier Book of Lists April 4, 2003

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**NUMBER OF TEACHERS, EDUCATION AND YEARS OF EXPERIENCE
AS OF JUNE 30, 2003**

Education	Number of Teachers	Percentage of Total
Bachelor's Degree	463	15.68%
Bachelor's Degree with 150 Semester Hours	772	26.14%
Master's Degree	1,199	40.59%
Master's Degree with 30 Semester Hours	472	15.98%
Doctoral Degree	47	1.59%
Total Number of Teachers	2,953	100.00%

Experience	Number of Teachers	Percentage of Total
0 - 5 years	522	17.68%
6 - 10 years	266	9.01%
10 + years	2,165	73.32%
Total Number of Teachers	2,953	100.00%

Source: Human Resource Department.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

TRANSPORTATION STATISTICS AS OF JUNE 30, 2003

Number of School Buses in Fleet	383
Number of Bus Drivers	395
Number of Miles Driven Per Day	19,908
Number of Miles Driven Annually	3,543,624
Average Annual Miles Per Bus	9,252
Number of Students Transported Per Day	
Public School Students	24,393
Non-Public School Students	6,829
Community School Students	3,585
Handicapped Students	2,515
Preschool Disability Students	<u>85</u>
Total	37,407
Number of Students Transported Per Year	6,658,446
Percent of Student Enrollment Transported	
Public	73%
Community School	9%
Non-Public	18%

Source: Cincinnati City School District T-1 of June, 2003

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**SCHEDULE OF INSURANCE POLICIES
AS OF JUNE 30, 2003**

Company	Type of Insurance	Policy Number	Policy Period	Liability Limits	Deductible	Annual Premium
Hartford Insurance	Property (Fire/Catastrophe)	XG0000739	12/1/02 - 12/1/03	\$50,000,000	\$250,000	\$270,000
Allianz Underwriters	Property (Fire/Catastrophe)	CLP3002686	12/1/02 - 12/1/03	75,000,000	250,000	100,000
Acordia	School Board Liability Broker Fee	LIABFEE03	12/15/02 - 12/15/03			20,000
Acordia	Property Insurance Fee	PROPFEE03	06/30/03 - 06/30/04			20,000
Gensis Insurance	Commercial Umbrella Liability	GDX014410	12/15/02 - 12/15/03	3,000,000	NONE	191,000
Empire Indemnity Insurance Co.	Commercial Umbrella Liability	BIND350555	12/15/02 - 12/15/03	10,000,000	NONE	127,500
Markel Insurance Co.	Commercial Umbrella Liability	YXB300944	12/15/02 - 04/21/03	3,000,000	NONE	40,973
Federal Insurance Company	Boiler and Machinery	76420047	12/1/02 - 12/1/03	50,000,000	5,000	30,115
Travelers Insurance Company	Equipment Floater Fine Arts	BIND351499	12/30/02 - 12/30/03	1,324,300	2,500	3,723

SOURCE: Cincinnati City School District Insurance Listing Held by Treasurer



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
FEBRUARY 10, 2004**