

**CINCINNATI CITY  
SCHOOL DISTRICT, OHIO**

Single Audit Reports

June 30, 2005





**Auditor of State  
Betty Montgomery**

Board of Education  
Cincinnati City School District  
2651 Burnet Ave.  
Cincinnati, OH 45219

We have reviewed the *Independent Auditors' Report* of the Cincinnati City School District, Hamilton County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2004 through June 30, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

May 16, 2006

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# CINCINNATI CITY SCHOOL DISTRICT, OHIO

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**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2005

<u>Federal Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Federal Revenues</u>	<u>Federal Expenditures</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
Nutrition Cluster:				
National School Lunch Program <i>(Passed through the Ohio Department of Education)</i>	N/A	10.555	\$ 1,361,148	1,361,148
Food Donation	N/A	10.550	804,914	804,914
School Breakfast Program	05PU	10.553	2,381,234	2,381,234
National School Lunch Program	LLP4/LLP1	10.555	7,393,807	7,393,807
Summer Food Service Program	23PU/24PU	10.559	<u>320,854</u>	<u>320,854</u>
Nutrition Cluster Total			<u>12,261,957</u>	<u>12,261,957</u>
<i>(Passed through the Ohio Department of Education)</i>				
Child and Adult Care Food Program	CCM0	10.558	<u>55,543</u>	<u>55,543</u>
Total U.S. Department of Agriculture			<u>12,317,500</u>	<u>12,317,500</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
Impact Aid- Facilities Maintenance	N/A	84.040	24,805	93,432
Small Learning Community	N/A	84.215L	341,841	295,201
Elementary/Secondary School Counseling	N/A	84.215E	408,271	261,636
Dropout Prevention	N/A	84.215W	-	1,172
Community Technology Centers	N/A	84.341A	46,273	128,649
Project Safe Neighborhoods	N/A	84.341A	87,228	132,555
Transition to Teaching	N/A	84.350A	100,000	144,883
<i>(Passed through the Ohio Department of Education)</i>				
Adult Education- State Grant Program	ABS1	84.002	677,517	718,352
Title I Grants to Local Educational Agencies	C1S1/C1SK	84.010	22,947,943	23,386,876
Special Education Cluster:				
Special Education - Grants to States	6BSF	84.027	11,755,540	8,578,415
Special Education - Preschool Grants	PGS1	84.173	<u>264,487</u>	<u>205,181</u>
Special Education Cluster Total			<u>12,020,027</u>	<u>8,783,596</u>
Vocational Education - Basic Grants to State	2OC1	84.048	1,928,067	1,705,116
Safe & Drug-Free Schools & Communities - State Grants	DRS1	84.186	413,180	249,050
Education for Homeless Children and Youth	HCSP	84.196	251,302	225,497
Twenty-First Century Community Learning Centers	T1S1	84.287	599,839	622,021
State Grants for Innovative Programs	C2S1	84.298	620,384	584,113
Education Technology State Grants	TJS1	84.318	2,664,610	2,617,076
Comprehensive School Reform Demonstration	RFS2/RFCC	84.332	335,380	326,967
Reading First State Grants	RSS1	84.357	2,665,728	3,049,198
English Language Acquisition Grants	T3S1/T3S2	84.365	227,737	184,705
Improving Teacher Quality State Grants	TRS1	84.367	<u>5,250,215</u>	<u>4,519,949</u>
Total U.S. Department of Education			<u>51,610,347</u>	<u>48,030,044</u>

(Continued)

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2005

<u>Federal Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Federal Revenues</u>	<u>Federal Expenditures</u>
<b><u>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</u></b>				
<i>(Passed through the Ohio Department of Education)</i>				
Temporary Assistance for Needy Families	HSHS	93.558	721,507	721,507
<i>(Passed through the Cincinnati-Hamilton County Community Action Agency)</i>				
Temporary Assistance for Needy Families	N/A	93.558	<u>2,931,230</u>	<u>2,794,949</u>
			<u>3,652,737</u>	<u>3,516,456</u>
<i>(Passed through the Ohio Department of Education)</i>				
Refugee and Entrant Assistance- Discretionary Grants	N/A	93.576	-	8,550
<i>(Passed through the Cincinnati-Hamilton County Community Action Agency)</i>				
Head Start	N/A	93.600	2,372,282	2,285,037
<i>(Passed through the Ohio Department of Mental Retardation Retardation and Development Disabilities)</i>				
State Children's Insurance Program	N/A	93.767	287,524	287,524
Medical Assistance Program	N/A	93.778	<u>3,126,713</u>	<u>3,126,713</u>
Total U.S. Department of Health & Human Services			<u>9,439,256</u>	<u>9,224,280</u>
Total Federal Awards			\$ <u>73,367,103</u>	<u>69,571,824</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The Schedule of Expenditures of Federal Awards is a summary of the activity of the School District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B - FOOD DONATION**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

**NOTE C - MATCHING REQUIREMENTS**

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



**Clark, Schaefer, Hackett & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS

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

To the Board of Education  
Cincinnati City School District, Ohio:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cincinnati City School District, Ohio (the School District) as of and for the year ended June 30, 2005, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 29, 2005. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance And Other Matters

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

We noted certain matters that we reported to management of the School District in a separate letter dated December 29, 2005.

This report is intended solely for the information and use of 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.

*Clark, Schaefer, Haskett & Co.*

Cincinnati, Ohio  
December 29, 2005



**Clark, Schaefer, Hackett & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Education  
Cincinnati City School District, Ohio:

Compliance

We have audited the compliance of Cincinnati City School District, Ohio (the School 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 year ended June 30, 2005. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School 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 School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

## Internal Control Over Compliance

The management of the School 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 School 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 the 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 reportable 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 caused by error or fraud 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 have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District as of and for the year ended June 30, 2005, and have issued our report thereon dated December 29, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying schedule of expenditures of federal awards 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 basic 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 solely for the information and use of 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.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
December 29, 2005

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Schedule of Findings and Questioned Costs

Year Ended June 30, 2005

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	none
• Reportable condition(s) identified that are not considered to be material weaknesses?	none
Noncompliance material to financial statements noted?	none

Federal Awards

Internal Control over major programs:	
• Material weakness(es) identified?	none
• Reportable condition(s) identified not considered to be material weaknesses?	none
Type of auditors' report issued on compliance for major programs:	unqualified
Any audit findings disclosed that are required To be reported in accordance with section 510(a) of OMB Circular A-133?	none

Identification of major programs:

- Nutrition Cluster:*
  - CFDA 10.550 – Food Donation*
  - CFDA 10.553 – School Breakfast Program*
  - CFDA 10.555 – National School Lunch Program*
  - CFDA 10.559 – Summer Food Service Program for Children*
- CFDA 84.010 – Title I Grants to Local Educational Agencies*
- Special Education Cluster:*
  - CFDA 84.027 – Special Education – Grants to States*
  - CFDA 84.173 – Special Education – Preschool Grants*
- CFDA 93.778 – Medical Assistance Program*

Dollar threshold to distinguish between Type A and Type B Programs:	\$2,087,155
Auditee qualified as low-risk auditee?	no

**Section II - Financial Statement Findings**

None.

**Section III - Federal Award Findings and Questioned Costs**

None.

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

Schedule of Prior Audit Findings

Year Ended June 30, 2005

**Findings and Questioned Costs for Federal Programs**

The prior audit disclosed no instances of noncompliance with requirements of major federal programs. In addition, no reportable conditions or material weaknesses with internal controls over compliance with requirements of major federal programs were reported in the prior year.

**Findings Related to the Financial Statements Reported in Accordance with GAGAS**

**2004-1** Noncompliance/Reportable Condition related to Ohio Revised Code Section 9.833(C)(1) and 9.833(C)(2) and internal accounting for the self-insurance fund.

**Status:** Corrected.

**2004-2** Noncompliance with Ohio Revised Code Section 5705.41(D).

**Status:** Partially corrected, included in the 2005 management letter.

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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*Hamilton County, Ohio*



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2005**



***CINCINNATI CITY SCHOOL DISTRICT, OHIO***

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*Hamilton County, Ohio*

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2005**

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



**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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HAMILTON COUNTY, OHIO**

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**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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# *INTRODUCTORY SECTION*

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

December 27, 2005

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, 2005. This report was prepared by the Office of the Treasurer/CFO and includes the report of the independent auditor, Clark, Schaeffer, Hackett & Company. The independent auditor's report concludes that the District's financial statements for the year ended June 30, 2005 are prepared in conformity with generally accepted accounting principles. The independent auditor's report is included as the first component of the financial section of this report.

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

The District uses 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 11.5.10 release in June 2005.

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.

## ***CINCINNATI CITY SCHOOL DISTRICT, OHIO***

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### ***Letter of Transmittal For the Fiscal Year Ended June 30, 2005***

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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 Independent Auditors' 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; 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 Independent Auditors' Report. This Report can be found on the District's web site: <http://www.cps-k12.org>.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations (June, 2003 Revision)*. Information related to this single audit, including a schedule of federal financial assistance, the independent 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.

### ***Profile of the District***

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

The District operates 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 in the third year of a \$985 million, 10-year facilities improvement program.

The District's enrollment (K-12) for the 2004-05 school year was 37,168 students. The District served 67.5% of the 55,090 children who reside within its boundaries. The majority of enrolled students were members of ethnic minorities -- in the 2004-05 school year, 71.2 percent of students were African-American, 0.8 percent were Asian, 23.8 percent were Caucasian, 0.1 percent were Native American, 3.2 percent were other/multiracial, and 0.9 percent were Hispanic.

## **CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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### ***Letter of Transmittal***

***For the Fiscal Year Ended June 30, 2005***

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A significant majority of students in the District – 66.8 percent - were on free or reduced lunch plans during the 2004-05 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 8,881 non-public students. Buses traveled an average of 41,923 miles each day. A self-supporting Food Services Department served an average of 20,554 lunches and 7,892 breakfasts per day for the 2004-05 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. On the State of Ohio's 2004-05 Report Card, the District moved up one category to "Continuous Improvement" and continues to make gains in academic achievement.

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, 2005 were:

	Date Current Term <u>Commenced</u>	Present Term <u>Expires</u>
Dr. Florence Newell, President	01/01/04	12/31/07
Harriet Russell, Vice President	01/01/02	12/31/05
Melanie Bates	01/01/02	12/31/05
John J. Gilligan	01/01/04	12/31/07
Catherine Ingram	01/01/02	12/31/05
Sally Warner	01/01/02	12/31/05
Rick Williams	01/01/04	12/31/07

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.

## ***CINCINNATI CITY SCHOOL DISTRICT, OHIO***

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### ***Letter of Transmittal***

***For the Fiscal Year Ended June 30, 2005***

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In April 2005, the Board appointed Rosa E. Blackwell as the Superintendent for a term commencing April 8, 2005 and ending July 31, 2008. A graduate of CPS' Hughes High School, she joined the district in 1972 as a teacher, later becoming a curriculum supervisor, a principal at elementary, junior high and high schools, and the district's deputy superintendent. She has served the children of Cincinnati for over three decades.

Mrs. Blackwell is a widely respected administrator and community leader whose leadership skills and experience include supporting teachers and other employees through quality professional development, holding employees accountable for high performance, directing successful efforts to meet CPS' financial needs, and developing partnerships and strong working relationships with diverse stakeholders to support district progress.

Her wide education experience and knowledge resulted in her being one of the first associates of the Mayerson Academy for Human Resource Development, a privately endowed, state-of-the-art training facility with the primary mission of providing first-class professional development for CPS employees.

As CPS' deputy superintendent, Mrs. Blackwell's responsibilities included developing and executing important district initiatives such as high school restructuring, the Teacher Evaluation System, the Positive School Culture initiative and building schools that serve as Community Learning Centers.

Mrs. Blackwell earned bachelor's and master's degrees in education, and her superintendent's certificate, at Cincinnati's Xavier University. She also pursued post-graduate studies in reading, counseling and learning disabilities at Xavier and in political science and educational administration at St. John's College in Santa Fe, New Mexico.

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.

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.

### **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.

## ***CINCINNATI CITY SCHOOL DISTRICT, OHIO***

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### ***Letter of Transmittal***

***For the Fiscal Year Ended June 30, 2005***

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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.

Metropolitan Cincinnati was expanded to include 15 counties in mid-2003: Hamilton, Warren, Clermont, Butler and Brown counties in Ohio; Dearborn, Franklin and Ohio counties in Indiana; and Kenton, Boone, Bracken, Campbell, Grant, Gallatin and Pendleton counties in Kentucky. There are approximately 3.7 million net square feet of office space in the downtown Cincinnati area and 23.3 million net square feet in suburban office buildings and parks. There are approximately 239.7 million square feet of industrial space and 47.5 million square feet of retail space in the area (2.6 million square feet downtown). Retail sales for 2004 in Hamilton County topped \$13.2 billion and sales surpassed \$28 billion for the entire Cincinnati Metropolitan Statistical Area (MSA).

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. Total wage and salary employment in Hamilton County was estimated at 585,100 in 2002 by the U.S. Department of Commerce's Bureau of Economic Analysis. Hamilton County is home to 56% of all regional jobs and to approximately 25,000 business and industry establishments.

The Ohio Bureau of Employment Services estimated total employment in Hamilton County at 410,700 at June 30, 2005. This 93.9% employment rate is slightly above the State of Ohio employment rate of 93.8% at June 30, 2005 and trails the national rate of 94.8% at this date.

More than half of the nation's population, manufacturers, and purchasing power are located within 600 miles of Greater Cincinnati. The corporate headquarters of numerous firms are located in the Metropolitan Area, including eleven 2004 Fortune 500 corporations: the Kroger Company, Procter and Gamble, Federated Department Stores, Ashland Inc., Fifth Third Bancorp, CINergy, AK Steel, Western & Southern Financial Group, Omnicare, Inc, American Financial Group and Cincinnati Financial Corporation. The national headquarters for Sara Lee Foods and the North American headquarters for Lenscrafters are also located in the area.

The Metropolitan Area is a growing center for international business, with approximately 1,000 firms engaged in international trade. Metropolitan Area companies annually generate sales of more than \$6.7 billion to customers outside the U.S. Major export products include jet engines, plastics, machinery, computers and software technology and consumer goods. Nearly 300 Greater Cincinnati firms are owned by foreign firms from Japan, England, Western Europe and Canada, among other countries. 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.

## ***CINCINNATI CITY SCHOOL DISTRICT, OHIO***

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### ***Letter of Transmittal***

***For the Fiscal Year Ended June 30, 2005***

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Despite some cooling on the national level, investment in manufacturing companies and in the urban core has maintained a positive outlook for the local economy. The 2003 CincinnatiUSA Growth Report indicated that total manufacturing investment for the year was \$458.8 million, or 445 of all construction and non-construction investment during the year. Investment in Hamilton County, the most urban county in the region, led all other counties with 62% of total investment. Capital and construction investment in Hamilton County was \$643 million: \$257 million in construction investment and \$386 million in non-construction investment. Local investment accounted for \$411 million of the total. 2,095 jobs were created by economic development projects and another 5,854 were retained. Total earnings reported by these new or retained jobs equaled \$371 million. Total economic impact is estimated at \$1.38 billion in business sales, \$409 million in household earnings, and 14,997 jobs.

### **Long-term Financial Planning**

During FY 2005, the District implemented its Fiscal Responsibility Plan under the leadership of Superintendent Blackwell. The following strategies were initiated:

- ❖ 543 certificated teaching positions were eliminated for FY 2005-06 to align with a 17% decline in enrollment the previous five years, as follows:
  - Employee Severance Plan – 291
  - Long-Term Substitutes Eliminated – 136
  - Reduction In Force – 116
- ❖ Six small schools were either closed or merged, resulting in a non-personnel savings of \$2.5 million.
- ❖ Current year spending closely monitored, including two-month early cut-off in requisitions, District-wide hiring freeze and restrictions on out-of-town travel.
- ❖ 137 centrally-funded positions were eliminated for FY 2005-06
- ❖ An Employee Severance Plan (ESP) was implemented resulting in 673 employees leaving the District at either June 30, 2005 or June 30, 2006. The ESP was targeted for high salaried employees making a base salary of at least \$50,000 for teachers and administrators. Other employee groups had lower base salary eligibility thresholds. The average salary of the 382 teachers taking the ESP was \$68,395. Total ESP costs were \$30,363,386 in salary benefits and \$15,683,322 in sick leave (for those eligible to retire) and vacation benefits, which are being financed over five years through the issuance of \$43,600,000 in tax anticipation notes in August, 2005. Total projected savings from the ESP over six years, including salary, benefits and sick leave avoidance payments in subsequent budget years amounts to \$257 million. Both Moody's Investors Service and Standard & Poor's reviewed the District's Fiscal Responsibility Plan and affirmed its AA bond ratings for the District, the highest of any urban district in the State.

The above cost-savings strategies allowed the District to finish the year \$13.8 million under budget and to reduce the FY 2006 budget \$41 million below FY 2005 levels. FY 2005-06 strategies include (1) Rightsizing non-teaching positions; (2) Aggressive ongoing monitoring and evaluation of spending; and (3) Accelerating aggressive efforts to retain and attract students.

# CINCINNATI CITY SCHOOL DISTRICT, OHIO

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## *Letter of Transmittal For the Fiscal Year Ended June 30, 2005*

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### ***Facilities Master Plan (FMP) Surges Forward***

The District's ten-year, \$985 million Facilities Master Plan (FMP), officially launched with the passage of a \$480 million bond issue in May 2003, took a big step forward this year with the opening of the District's first new school in January 2005 – Rockdale Academy – and four additional new schools greeting students for the new FY 2006 school year – Midway School, Roll Hill Academy, Winton Hills Academy and Pleasant Hill Academy. Three more new buildings are scheduled for completion in FY 2006 and one full renovation is finishing up. In total, 28 new or renovated school building projects were underway as of June 30, 2005. The District's new schools are distinctive, eye-catching buildings, with technology-ready classrooms and stand-out architectural features that provide an abundance of natural light and include courtyards that invite outdoor learning, and welcoming rotundas. As state-of-the-art, 21st century schoolhouses, these buildings quickly will become local landmarks and community anchors. The District's FMP 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 early 2006)	<u>59,529,663</u>
Subtotal Local Funds	\$ 774,529,663
State Matching Funds	<u>210,667,485</u>
<b>TOTAL</b>	<b><u>\$ 985,197,148</u></b>

The District's 10-year rebuilding plan will generate an economic impact of \$2.35 billion for Greater Cincinnati, including creating 2,339 jobs and \$718 million in wages, according to a University of Cincinnati study. To help more businesses get a piece of that pie, the district has revamped its policies to generate more opportunities for Small Business Enterprises (SBE) and Disadvantaged Business Enterprises (DBE), which includes small businesses, and minority- and female-owned businesses. The District's expanded Supplier Diversity Program is working to cultivate new relationships with a broader base of businesses. In FY 2005, over 29% of the District's construction contracts were awarded to minority-owned enterprises, exceeding the Board's 25% goal.

Approval from the District's partner in the FMP – the Ohio School Facilities Commission – has been granted to begin Segment Two, which will comprise 17 new school building projects. The District also employed a professional Program Management firm – CSA Central, Inc. + 3D/International, Inc. Joint Venture – in early 2005 to oversee management of the FMP for Segments Two, Three and Four.

### **Awards and Acknowledgments**

***GFOA Certificate of Achievement.*** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2004. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. The June 30, 2004 CAFR was the fifth consecutive CAFR prepared by the District to receive this prestigious award.

## CINCINNATI CITY SCHOOL DISTRICT, OHIO

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### *Letter of Transmittal For the Fiscal Year Ended June 30, 2005*

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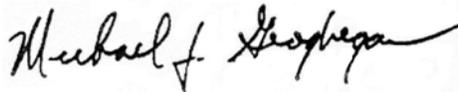
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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 contracted the District Audit for fiscal year ended June 30, 2005 to Clark, Schaefer, Hackett & Company, an independent certified public accounting firm. 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 basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's report on internal controls and compliance with applicable laws and regulations can be found in a separately issued single audit report.

**Acknowledgements.** 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***

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### ***List of Principal Officials June, 30, 2005***

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#### **Members of the Board of Education:**

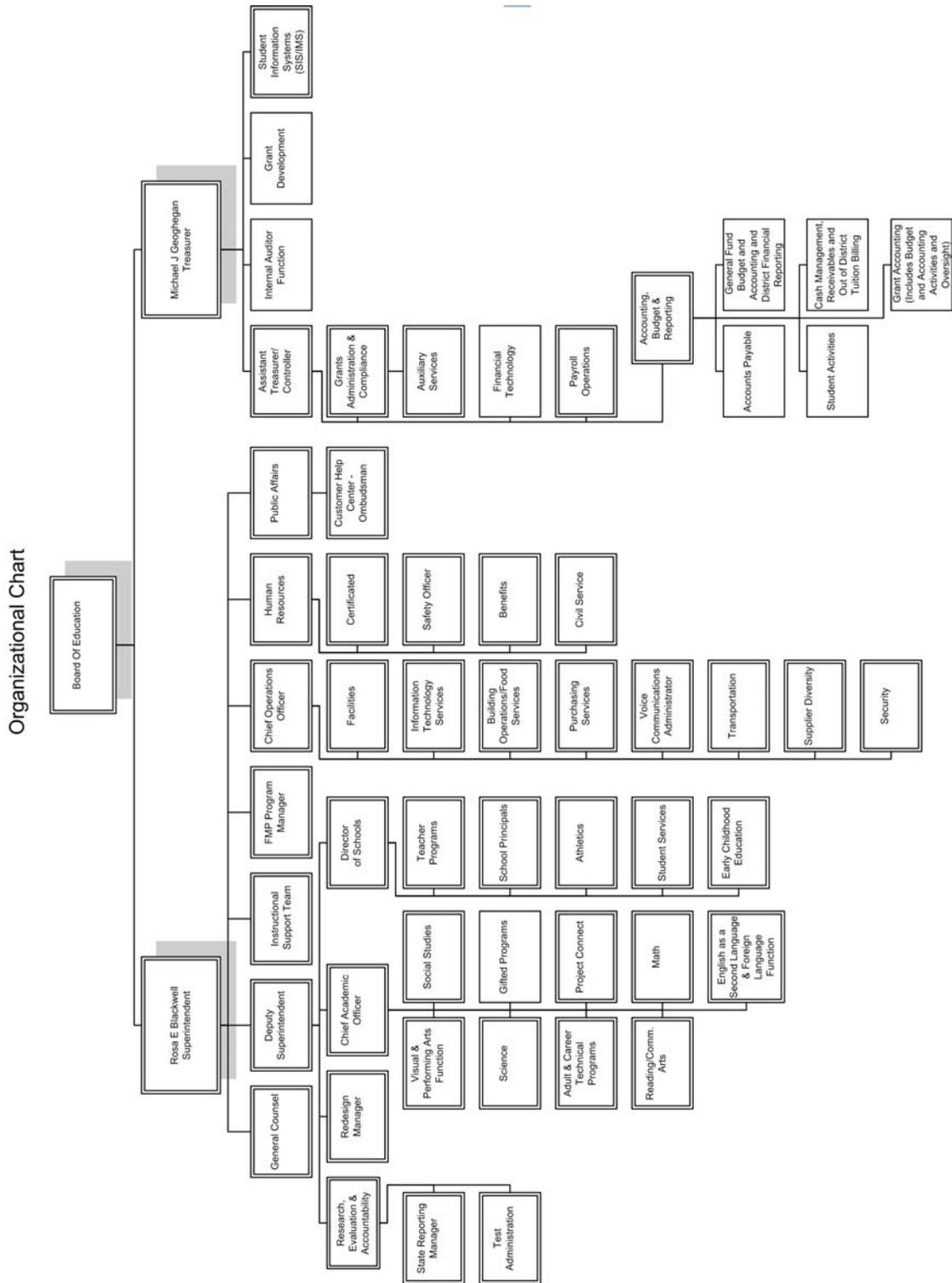
<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Term Expires</u></b>
Dr. Florence Newell, Ed. D.	President	December 31, 2007
Harriet Russell	Vice President	December 31, 2005
Melanie Bates	Member	December 31, 2005
John J. Gilligan	Member	December 31, 2007
Catherine Ingram	Member	December 31, 2005
Sally Warner	Member	December 31, 2005
Rick Williams	Member	December 31, 2007

#### **District Administration:**

<b><u>Name</u></b>	<b><u>Title</u></b>
Rosa E. Blackwell	Superintendent
Michael J. Geoghegan	Treasurer/CFO
Catherine L. Mitchell	Deputy Superintendent
Thomas Gunnell	Chief Operations Officer
Deborah Heater	Director of Human Resources
Cynthia Dillon	General Counsel
Janet Walsh	Director of Public Affairs
William Myles	Director of Instructional Support Team

# CINCINNATI CITY SCHOOL DISTRICT, OHIO

## School District Organizational Chart For the Fiscal Year Ended June, 30, 2005



*CINCINNATI CITY SCHOOL DISTRICT, OHIO*

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

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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, 2004

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.



*Nancy L. Zjelle*

President

*Jeffrey R. Emery*

Executive Director



## *FINANCIAL SECTION*

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Clark, Schaefer, Hackett & Co.  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Cincinnati City School District, Ohio:

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, Ohio (the School District), as of and for the year ended June 30, 2005, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School 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 School District, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof 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 29, 2005, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 14 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
December 29, 2005

# CINCINNATI CITY SCHOOL DISTRICT, OHIO

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*Management's Discussion and Analysis  
For the Fiscal Year Ended June, 30, 2005*

*Unaudited*

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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, 2005. 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 2005 are as follows:**

General revenues accounted for \$438,077,755 in revenue or 68.6% of all revenue. Program specific revenues in the form of charges for services and grants and contributions accounted for \$200,053,612 or 31.4% of total revenues of \$638,131,367.

The District had \$616,862,112 in expenses related to governmental activities; only \$200,053,612 of these expenses was offset by program specific revenues in the form of charges for services, grants or contributions. General revenues (primarily taxes totaling \$257,719,165, revenue in lieu of taxes totaling \$14,877,443, unrestricted state and federal revenues totaling \$149,003,219, investment earnings totaling \$11,517,721 plus prior year carry over revenues) were adequate to provide for these programs.

The assets of the District exceeded its liabilities at June 30, 2005 by \$249,677,067 (net assets). Of this amount, \$31,471,831 is considered unrestricted and may be used to meet the District's on-going obligations.

The District's total net assets increased \$21,269,255 in fiscal year 2005, which represents a 9.3% increase from the fiscal year 2004 balance. The bulk of the increase is attributable to two key transactions that occurred in FY 2005: First, the District received the second segment (\$56 million) of the Ohio School Facilities Commission grant for school construction projects which acted to offset the second transaction: the implementation of an Employee Severance Plan (ESP) for all qualifying employees during FY 2005 which included up to one year's salary capped at \$60,000 and accumulated but unused sick leave for those eligible to retire (\$46.5 million).

Among major funds, the general fund had \$402,748,683 in revenue, \$411,593,061 in expenditures and (\$11,901,804) in net other financing uses, resulting in the general fund balance decreasing by \$20,746,182 to \$84,050,669.

## **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.

# CINCINNATI CITY SCHOOL DISTRICT, OHIO

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*Management's Discussion and Analysis  
For the Fiscal Year Ended June, 30, 2005*

*Unaudited*

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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 fall into one category:

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

## **Fund Financial Statements**

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

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

# CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Management's Discussion and Analysis  
For the Fiscal Year Ended June, 30, 2005*

*Unaudited*

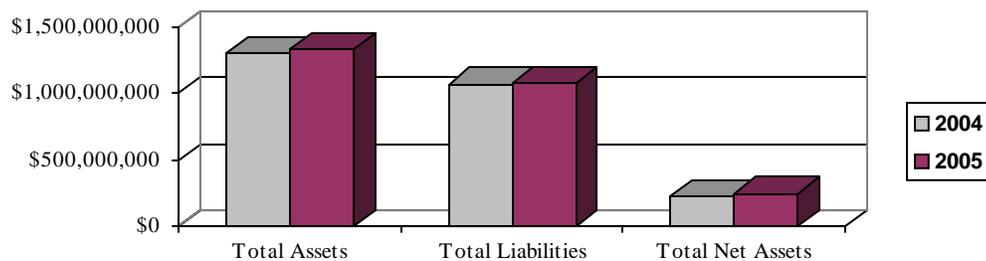
**Fiduciary Funds** – The District is the trustee, or fiduciary, for various student-managed activity programs, various scholarship programs and other items listed as agency and private purpose. It is also responsible for other assets that, due to a trust arrangement can only be used for the trust beneficiaries. 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.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The following table provides a summary of the District's net assets for 2005 compared to 2004:

	Governmental Activities		Increase (Decrease)
	2005	Restated 2004	
	2005	2004	
Current and other assets	\$1,077,744,749	\$1,161,655,679	(\$83,910,930)
Capital assets, Net	252,613,780	135,199,565	117,414,215
Total assets	1,330,358,529	1,296,855,244	33,503,285
Long-term debt outstanding	824,851,095	817,939,392	6,911,703
Other liabilities	255,830,367	250,508,040	5,322,327
Total liabilities	1,080,681,462	1,068,447,432	12,234,030
Net assets			
Invested in capital assets, net of related debt	123,801,968	39,172,974	84,628,994
Restricted	94,403,268	104,899,762	(10,496,494)
Unrestricted	31,471,831	84,335,076	(52,863,245)
Total net assets	\$249,677,067	\$228,407,812	\$21,269,255

**Cincinnati City Schools Governmental Activities**



## CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Management's Discussion and Analysis  
For the Fiscal Year Ended June, 30, 2005*

*Unaudited*

*Changes in Net Assets* – The following table shows the net assets for the fiscal year 2005 compared to 2004:

	Governmental Activities		Increase (Decrease)
	2005	2004	
Revenues			
Program revenues:			
Charges for Services	\$10,070,422	\$9,244,928	\$825,494
Operating Grants	126,815,341	105,858,803	20,956,538
Capital Grants	63,167,849	362,250	62,805,599
General revenues:			
Property Taxes	257,719,165	263,560,824	(5,841,659)
Revenue in Lieu of Taxes	14,877,443	14,269,160	608,283
Grants and Entitlements	149,003,219	173,939,321	(24,936,102)
Other	16,477,928	11,776,210	4,701,718
Total revenues	<u>638,131,367</u>	<u>579,011,496</u>	<u>59,119,871</u>
Program Expenses			
Instruction:			
Regular	221,590,261	233,043,337	(11,453,076)
Special	78,163,915	68,179,784	9,984,131
Vocational	7,952,193	7,254,606	697,587
Other	1,743,840	1,600,216	143,624
Support Services:			
Pupils	28,917,415	29,128,330	(210,915)
Instructional Staff	35,799,980	33,996,376	1,803,604
Board of Education	348,475	330,013	18,462
Administration	83,855,686	37,435,189	46,420,497
Fiscal Services	4,319,078	4,796,236	(477,158)
Business	1,161,363	1,117,893	43,470
Operation and Maintenance of Plant	39,950,347	49,649,606	(9,699,259)
Pupil Transportation	24,960,104	24,686,563	273,541
Central	17,193,132	31,066,121	(13,872,989)
Non-Instructional Services	29,840,292	29,907,760	(67,468)
Extracurricular Activities	5,731,005	5,581,501	149,504
Interest and Fiscal Charges	35,335,026	29,215,795	6,119,231
Total expenses	<u>616,862,112</u>	<u>586,989,326</u>	<u>29,872,786</u>
Total Change in Net Assets	21,269,255	(7,977,830)	29,247,085
Beginning Net Assets, Restated	228,407,812	219,688,546	8,719,266
Restatement - See Note 2	0	16,697,096	(16,697,096)
Ending Net Assets	<u>\$249,677,067</u>	<u>\$228,407,812</u>	<u>\$21,269,255</u>

# CINCINNATI CITY SCHOOL DISTRICT, OHIO

## Management's Discussion and Analysis For the Fiscal Year Ended June, 30, 2005

Unaudited

As referenced in the Highlights Section of the MD&A, the biggest reason for the \$21.2 million increase in Net Assets from FY 2004 to FY 2005 was the result of two key transactions. The large increase in capital grants and contributions reflect the new segment of the OSCF grant revenues available in 2005. The large increase in the Administrative function highlights the impact of the ESP liability. Subsequent to the balance sheet date of June 30, 2005, the District issued Tax Anticipation Notes in the amount of \$43,600,000 to liquidate the ESP liability by making a one-time payment in the same amount to the third party administrator of the ESP.

The ESP was an integral component of the District's overall Fiscal Accountability Plan put in place during 2005. In addition to the ESP, the Fiscal Accountability Plan included the consolidation/merging/closing of six (6) schools; containment of costs in the FY 2005 budget, which is in part reflected in the \$13.8 million reduction in central support services above and a reduction in certificated teaching personnel of 17% to match the enrollment declines over the past five years. In addition to under spending the FY 2005 general operating budget by \$13.6 million, the District's Fiscal Accountability Plan resulted in a FY 2006 general operating budget that was \$41 million lower than FY 2005. The District projects savings of \$260 million over a six-year period as a result of the Fiscal Accountability Plan.

### 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.

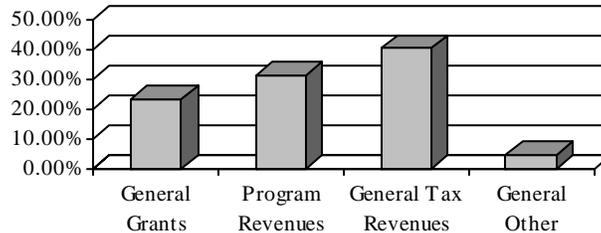
Property taxes made up 40.39% of revenues for governmental activities for the Cincinnati City School District in fiscal year 2005. The District's reliance upon tax revenues is demonstrated by the following graph:

Revenue Sources	2005	Percent of Total
General Grants	\$149,003,219	23.35%
Program Revenues	200,053,612	31.35%
General Tax Revenues	257,719,165	40.39%
General Other	31,355,371	4.91%
Total Revenue	<u>\$638,131,367</u>	<u>100.00%</u>

## CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Management's Discussion and Analysis  
For the Fiscal Year Ended June, 30, 2005*

*Unaudited*



### FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$726,006,542, which is less than last year's total of \$832,222,292. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2005 and 2004.

	Fund Balance June 30, 2005	Restated Fund Balance June 30, 2004	Increase (Decrease)
General	\$84,050,669	\$104,796,851	(\$20,746,182)
Debt Service	15,714,852	15,765,336	(50,484)
Building Capital Projects	306,786,894	29,713,618	277,073,276
Classroom Facilities			
Capital Projects	303,542,729	663,800,248	(360,257,519)
Other Governmental	15,911,398	18,146,239	(2,234,841)
<b>Total</b>	<b>\$726,006,542</b>	<b>\$832,222,292</b>	<b>(\$106,215,750)</b>

The reduction in the District's General Fund balance is due to continued salary and benefit costs exceeding available current year resources as a result of the District not adjusting staffing to student enrollment declines over the past five years and the fact that by state statute the District's local property tax revenues are not allowed to grow with inflation. The staffing issue was addressed and corrected in the Fiscal Accountability Plan implemented during FY 2005 where 543 certificated teaching positions were eliminated for FY 2006 through the ESP and reduction-in-force. The increase in the Building Capital Projects Fund balance in the amount of \$277,073,276 and the decrease in the Classroom Facilities Capital Projects Fund balance in amount of \$360,257,519 was due primarily to the reallocation of the \$480,000,000 capital bonds proceeds between the two funds during the year.

## CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Management's Discussion and Analysis  
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**Unaudited**

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

	2005 Revenues	2004 Revenues	Increase (Decrease)
Taxes	\$229,584,858	\$244,734,270	(\$15,149,412)
Tuition	1,277,033	1,026,186	250,847
In Lieu of Taxes	4,893,843	4,333,783	560,060
Investment Earnings	3,453,121	1,334,504	2,118,617
Intergovernmental - State	159,750,239	150,151,676	9,598,563
Intergovernmental - Federal	3,414,237	2,697,583	716,654
All Other Revenue	375,352	624,125	(248,773)
<b>Total</b>	<b>\$402,748,683</b>	<b>\$404,902,127</b>	<b>(\$2,153,444)</b>

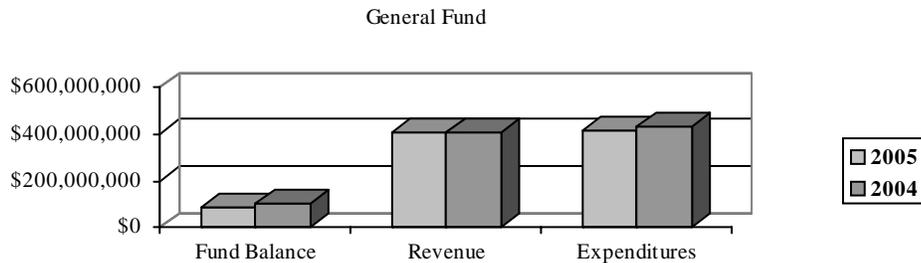
General Fund revenues in 2005 decreased slightly from 2004 due to increased personal property tax delinquencies; a higher than projected amount of real estate refunds from the county board of revision and the continued 4% reduction in assessed valuation of business inventory pursuant to state law.

	2005 Expenditures	2004 Expenditures	Increase (Decrease)
<b>Instruction:</b>			
Regular	\$190,850,794	\$192,891,484	(\$2,040,690)
Special	53,346,484	53,366,280	(19,796)
Vocational	6,447,444	6,146,340	301,104
Other	1,069,030	690,146	378,884
<b>Supporting Services:</b>			
Pupils	15,529,407	14,402,743	1,126,664
Instructional Staff	19,019,794	19,080,256	(60,462)
Board of Education	349,910	329,933	19,977
Administration	39,106,452	34,362,708	4,743,744
Fiscal Services	2,684,677	3,120,159	(435,482)
Business	1,077,170	1,110,023	(32,853)
Operation and Maintenance of Plant	39,026,899	48,148,810	(9,121,911)
Pupil Transportation	24,586,213	23,891,200	695,013
Central	11,560,824	24,684,738	(13,123,914)
<b>Non-Instructional Services</b>	85	5,202	(5,117)
Extracurricular Activities	4,708,699	4,186,288	522,411
Capital Outlay	2,114,596	2,538,494	(423,898)
<b>Debt Service:</b>			
Interest & Fiscal Charges	114,583	389,584	(275,001)
<b>Total</b>	<b>\$411,593,061</b>	<b>\$429,344,388</b>	<b>(\$17,751,327)</b>

# CINCINNATI CITY SCHOOL DISTRICT, OHIO

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The expenditures decreased by approximately 4.13% due mainly to Fiscal Accountability Plan measures enacted in FY 2005 that included a District-wide hiring freeze; two-month early cutoff of spending; cancellation of outstanding encumbrances; reduction in out-of-district tuition payments and a non-repeat of one-time expenditures incurred in FY 2004 for facility and maintenance-related items, including a District-wide lead abatement project.

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. There were no budgetary amendments to the General Fund during FY 2005; in fact, the General Fund expenditures were \$13.6 million under budget for FY 2005

The State of Ohio requires urban school districts to separately report both revenues and related expenditures received under its Disadvantaged Pupil Impact Aid (DPIA, special revenue fund) program even though they are budgeted and accounted for in the General Fund during the year. These DPIA allocations amounted to approximately \$30.6 million in FY 2005 and account for the majority of the budget variances for both General Fund revenues and expenditures.

For the General Fund, fiscal year 2005 budget basis revenue of \$411,723,000 did not change from the original budget estimate. The General Fund had an adequate fund balance to cover expenditures.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets** - At the end of fiscal 2005 the District had \$252,613,780 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 2005 balances:

	Governmental Activities		Increase (Decrease)
	2005	2004	
Land	\$31,670,721	\$19,221,314	\$12,449,407
Construction in Progress	135,158,971	42,737,083	92,421,888
Land Improvements	10,052,419	9,543,552	508,867
Buildings and Improvements	181,783,790	166,751,187	15,032,603
Furniture, Fixtures and Equipment	7,102,497	5,895,465	1,207,032
Vehicles	502,881	502,881	0
Less: Accumulated Depreciation	(113,657,499)	(109,451,917)	(4,205,582)
<b>Totals</b>	<b>\$252,613,780</b>	<b>\$135,199,565</b>	<b>\$117,414,215</b>

# CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Management's Discussion and Analysis  
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For financial reporting purposes the District capitalizes all assets in excess of \$25,000. The \$92,421,888 increase in Construction in Progress during 2005 was a result of construction of twelve building projects as part of the District's ten year, \$985 million Facilities Master Plan. The increase in capital asset balances, coupled with lower debt balances, contributed to a net increase in Government Activities Investment in Capital Assets, Net of Related Debt in the amount of \$84,268,994. The net decrease in the balance of the Restricted for Capital Projects in the amount of \$12,956,341 was aided by the signing of the second segment of the OSCF grant in the amount of \$56 million. Detailed information regarding capital asset activity is included in the notes to the basic financial statements (Note 10).

**Debt** - At June 30, 2005, the District had \$721,838,146 in General Obligation Bonds outstanding, \$15,577,487 due within one year, and \$29,600,000 in Long-Term Notes Payable, all due within one year. The following table summarizes the District's debt outstanding as of June 30, 2005:

	<u>2005</u>
Governmental Activities:	
General Obligation Bonds	\$721,838,146
Long-Term Notes Payable	29,600,000
Capital Leases	29,772
Compensated Absences	43,125,379
Employee Severance Plan	30,257,798
Totals	<u>\$824,851,095</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, 2005, the District's outstanding debt was below the legal limit. The amounts outstanding for the Employee Severance Plan and \$16,263,778 of Compensated Absences are directly related to the implementation of the District's Employee Severance Plan during FY 2005. Detailed information regarding debt is included in the notes to the basic financial statements (Notes 13-14).

## **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 program expenditures, such as those for the free and reduced lunch program and special needs classes and those to meet the requirements of No Child Left Behind are funded by designated State and Federal grants.

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 410,700 at June 30, 2005. This 93.9% total employment rate compares slightly favorably with the State of Ohio total employment rate of 93.8% but trails the national rate of 94.8% at June 30, 2005. All of these factors were considered in preparing the District's budget for the 2005 fiscal year.

## CINCINNATI CITY SCHOOL DISTRICT, OHIO

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A challenge facing the District is the future of state funding and changes to local rates of property taxation as a result of the State's recent Biennium Budget, Am Sub HB 66. This State Biennium Budget Bill made several statutory changes to K-12 education funding that will impact the District's future general fund revenues, as follows:

### **Basic Aid**

While the state per-pupil amount was increased 2.2% in FY 2006 to \$5,283 and 2.3% in FY 2007 to \$5,403, the manner in which it was derived was through an "inputs" approach versus an "outcomes" approach as in the past. Under the "inputs" approach, the Legislature has broken the per pupil allocation into 3 components: (1) the cost of a classroom teacher at a 20:1 ratio at \$53,680 (including fringes) in FY06 and \$54,941 in FY07 was calculated to cost \$2,684 per pupil in FY06 and \$2,747 in FY07. Personnel Support was calculated to cost \$1,807 in FY06 and \$1,850 in FY07 and Non Personnel Support was calculated to cost \$792 per pupil in FY06 and \$806 per pupil in FY07.

The Legislature then supplemented the per pupil allocations in FY06 and FY07 with four components – Large Group Intervention, Professional Development, Data-Based Decision Making and Data-Based Decision Making for Professional Development that provided an additional \$40 per pupil in FY06 and \$48 per pupil in FY07. The building blocks are items that the general assembly has determined should be part of an adequate education. Building block funds are unrestricted and as of this date no reporting as to their use has been required. For FY06, total "Building Blocks" supplemental basic aid revenue is projected to be \$1,647,406.

Other changes include the phase out of the cost-of-doing business factor over the two-year biennium by one-third each year until it is eliminated for FY08. (The final phase out of the cost-of-doing-business factor will have cost the District over \$90 million since the phase out began in 2002.) A second ADM count was added for FY07 to take place the third week of February. The final ADM for the year would be the average of the two counts. Special Education weights remain at 90% funded; transportation funding is increased 2% each year, and three guarantees are now included in law: The lower of the basic aid formula guarantee or per pupil guarantee from the prior year and a transitional aid guarantee which basically assures that all districts received at least the amount of total state basic aid that they received the year before. For FY06 and 07, the District's unrestricted aid through the state funding formula is projected stay constant at the FY05 level.

The now expired Disadvantaged Pupil Impact Aid (DPIA) program has been renamed Poverty-Based Assistance (PBA). This reclassified funding source within the state foundation formula will provide the District funding in eight different areas. Guarantees that school districts receive at least as much PBA as DPIA received in FY 2005 but subtracts out of the FY 05 payments made that year to e-schools (charters). PBA funds are 100% restricted with expenditure and reporting plans requirements not yet released by ODE. Funding is based on the District's Poverty Based Index, which is determined by dividing the District's PBA Percentage (a derived formula) by the State's PBA percentage. CPS's Poverty Based Index is 3.17, over 3 times the State average.

The District will receive \$30,388,813 in gross PBA allocations in FY 2006 (a little less than the DPIA allocation in FY 2005) and \$36,650,312 in gross PBA allocations in FY 2007, an increase of \$6,261,499 as the academic intervention funds and other new programs get fully phased in. This will account for any increase in State funding to the District over the biennium period.

## **CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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*Management's Discussion and Analysis  
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### **Tax Reform**

Am. Sub. HB 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by 2009, and the tax on telephone and telecommunications property will be eliminated by 2011. The tax is phased out by reducing the assessment rate on the property each year. At the same time, the bill replaces the revenue lost due to phasing out the tax. In the first five years, school districts and local governments are reimbursed fully for the lost revenue, with one exception for inventory noted below; in the following seven years, the reimbursements are fully phased out.

Reimbursements for the phased out valuations will be made for the base year amount (tax year 2004) except that school districts and other taxing authorities are only reimbursed for inventory property assessment percentage reductions beyond those already in place before the passage of HB 66. This means taxing authorities are only reimbursed for the amount of revenue projected by using listed percentages for inventory property of 23% in 2006, 21% in 2007, 19% in 2008 and 17% in 2009 (pre HB 66 assessment percentages). Thus, we will not be fully held harmless. The \$15,641,737 in tangible personal property tax revenues remaining in FY10 are those from Public Utility Tangible Personal Property that the Legislature has not yet determined to eliminate.

In general, state reimbursements will be made for the District's "qualifying levies" in place as of August 31, 2005 for the tax year 2004 tangible personal property values in place as of that date. "Qualifying levies" are those levies that were in effect for the collection of tangible personal property taxes for tax year 2004 and any levies that were approved by the voters prior to September 1, 2005 and first levied for tax year 2006. These include the District's voted "fixed-rate levies" for current expenses and its unvoted inside millage levy. "Fixed-sum levies" are those levied to raise a specified amount of revenue and include the District's Emergency Levy and its voted bond issues. For fixed-sum levies, HB 66 includes a "half-mill-threshold" to limit the increase in the total tax rate for the sum of all qualifying "fixed-sum" levies to 0.5 mill for the additional taxes needed to produce the same amount of revenue after the valuation reductions. The District's fixed sum levies will be fully reimbursed during their term of existence.

New machinery and equipment put in place beginning tax year 2005 will be taxed at a zero value. For fiscal years 2006 and 2007, the state will over-reimburse the Districts at a rate of 33.8% instead of 25% for the revenues the District otherwise would have received prior to the reimbursements that begin in tax year 2006.

Other tax reform changes include acceleration of the phase-out of the \$10,000 exemption replacement payments, ending by 2010 instead of 2013; the elimination of 10% Rollback on Commercial Real Property and the lowering of the interest rate taxing entities have to pay when refunding overpayments to taxpayers (also reduces the interest rate paid by taxpayers when late payments are made).

## **CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***Management's Discussion and Analysis  
For the Fiscal Year Ended June, 30, 2005***

***Unaudited***

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### **Other Changes**

- The School Voucher Program has been expanded through the new Educational Choice Scholarship Program, which will begin in FY 2007 for students in academic watch or academic emergency school districts. Up to 14,000 vouchers will be available to the nearly 30,000 students eligible to apply statewide. Vouchers range from \$4,000 for grade K-4 to \$5,000 for grades 9-12. The school district of legal residence would have \$5,200 deducted annually for those students qualifying for the scholarship.
- Sponsorship of new community (charter) schools has been capped at 250 until July 1, 2007. A moratorium was created on the establishment of any new Internet or computer-based community (charter) schools until July 1, 2006.
- A new School Employees Health Care Board has been created to design life and medical plans for public school employees that would be administered through the Ohio Department of Administrative Services (DAS) after a study that has been commissioned to determine the feasibility of such a statewide plan recommends its adoption. All school districts would be mandated to choose from plans developed by the new board when their current collective bargaining agreements expire. However, districts participating in local health care consortiums of two or more districts with 5,000 or more employees, existing as of January 1, 2005, can request permission to continue offering the plans of the consortium.

### **Local Levy Options**

- School districts would be allowed to levy additional, voter-approved property taxes that would not be subject to HB 920 reduction factors. However, the Ohio Department of Taxation (ODT) has stated this provision is unconstitutional.
- Overlapping school districts and municipal corporations would be allowed to levy income taxes to be shared.
- Allows districts to collect taxes on earned income only with a voter approved income tax operating levy.

### **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, 2005

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in Pooled Cash and Investments	\$ 713,443,810
Investments	191,750
Receivables:	
Taxes	261,164,599
Accounts	2,001,054
Intergovernmental - State and Local	66,268,223
Intergovernmental - Federal	19,265,047
Interest	2,543,547
Inventory of Supplies at Cost	86,674
Inventory Held for Resale	87,797
Restricted Assets:	
Pooled Cash and Investments	7,385,662
Capital Assets, Net	252,613,780
Unamortized Bond Issuance Costs	5,306,586
<b>Total Assets</b>	<u>1,330,358,529</u>
<b>Liabilities:</b>	
Accounts Payable	20,910,821
Accrued Wages and Benefits	44,935,114
Intergovernmental Payable	1,847,416
Claims Payable	5,749,702
Unearned Revenue - Taxes	178,820,197
Unearned Revenue	87,797
Accrued Interest Payable	3,479,320
Long Term Liabilities:	
Due Within One Year	53,691,543
Due in More Than One Year	771,159,552
<b>Total Liabilities</b>	<u>1,080,681,462</u>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	123,801,968
Restricted For:	
Capital Projects	59,677,761
Debt Service	13,412,818
Permanent Fund:	
Expendable	350,786
Nonexpendable	768,034
Other Purposes	20,193,869
Unrestricted	31,471,831
<b>Total Net Assets</b>	<u>\$ 249,677,067</u>

See accompanying notes to the basic financial statements

# CINCINNATI CITY SCHOOL DISTRICT, OHIO

## Statement of Activities For the Fiscal Year Ended June 30, 2005

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>					
Instruction:					
Instruction - Regular	\$ 221,590,261	\$ 3,677,601	\$ 28,952,359	\$ 0	\$ (188,960,301)
Instruction - Special	78,163,915	73,777	29,206,588	0	(48,883,550)
Instruction - Vocational	7,952,193	10,281	1,365,335	0	(6,576,577)
Instruction - Other	1,743,840	25,341	737,811	0	(980,688)
Support Services:					
Pupils	28,917,415	349,154	12,694,699	0	(15,873,562)
Instructional Staff	35,799,980	557,818	18,950,063	0	(16,292,099)
Board of Education	348,475	0	0	0	(348,475)
Administration	83,855,686	1,489,825	2,820,380	0	(79,545,481)
Fiscal Services	4,319,078	35,973	1,158,336	0	(3,124,769)
Business	1,161,363	5,262	0	0	(1,156,101)
Operation and Maintenance of Plant	39,950,347	167,573	872,156	63,167,849	24,257,231
Pupil Transportation	24,960,104	965	12,894	0	(24,946,245)
Central	17,193,132	2,684	5,765,484	0	(11,424,964)
Operation of Non-Instructional Services	29,840,292	2,728,504	24,279,236	0	(2,832,552)
Extracurricular Activities	5,731,005	945,664	0	0	(4,785,341)
Debt Service:					
Interest and Fiscal Charges	35,335,026	0	0	0	(35,335,026)
<b>Total Governmental Activities</b>	<b>\$ 616,862,112</b>	<b>\$ 10,070,422</b>	<b>\$ 126,815,341</b>	<b>\$ 63,167,849</b>	<b>(416,808,500)</b>
<b>General Revenues</b>					
Property Taxes Levied for:					
General Purposes					230,848,360
Debt Service					26,870,805
Revenue in Lieu of Taxes					14,877,443
Grants and Entitlements not Restricted to Specific Programs					149,003,219
Investment Earnings					11,517,721
Miscellaneous					4,960,207
Total General Revenues					438,077,755
Change in Net Assets					21,269,255
Net Assets Beginning of Year, Restated (See Note 2)					228,407,812
Net Assets End of Year					<b>\$ 249,677,067</b>

See accompanying notes to the basic financial statements

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2005**

	General	Debt Service	Building Capital Projects
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$ 63,891,715	\$ 1,849,442	\$ 304,768,546
Investments	0	0	0
Receivables:			
Taxes	232,820,057	28,344,542	0
Accounts	564,089	574	75,887
Intergovernmental - State and Local	115,169	0	0
Intergovernmental - Federal	0	0	0
Interest	1,087	0	0
Interfund Loans Receivable	236,001	0	0
Advances to Other Funds	2,834,666	0	2,759,739
Inventory of Supplies at Cost	0	0	0
Inventory Held for Resale	0	0	0
Restricted Assets:			
Pooled Cash and Investments	1,420,826	5,964,836	0
<b>Total Assets</b>	<u><u>\$ 301,883,610</u></u>	<u><u>\$ 36,159,394</u></u>	<u><u>\$ 307,604,172</u></u>
<b>Liabilities:</b>			
Accounts Payable	\$ 4,453,274	\$ 0	\$ 817,278
Accrued Wages and Benefits	35,151,846	0	0
Intergovernmental Payable	768,350	0	0
Claims Payable	915,136	0	0
Interfund Loans Payable	0	0	0
Advances from Other Funds	1,885,130	0	0
Deferred Revenue - Taxes	169,425,057	20,444,542	0
Deferred Revenue	0	0	0
Compensated Absences Payable	5,234,148	0	0
<b>Total Liabilities</b>	<u><u>217,832,941</u></u>	<u><u>20,444,542</u></u>	<u><u>817,278</u></u>
<b>Fund Balances:</b>			
Reserved for Encumbrances	9,466,538	0	13,287,857
Reserved for Debt Service	0	7,814,852	0
Reserved for Property Taxes	63,395,000	7,900,000	0
Reserved for Budget Stabilization	1,420,826	0	0
Reserved for Endowments	0	0	0
Reserved for Advances	2,834,666	0	2,759,739
Unreserved, Undesignated in:			
General Fund	6,933,639	0	0
Special Revenue Funds	0	0	0
Capital Projects Funds	0	0	290,739,298
Permanent Fund	0	0	0
<b>Total Fund Balances</b>	<u><u>84,050,669</u></u>	<u><u>15,714,852</u></u>	<u><u>306,786,894</u></u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 301,883,610</u></u>	<u><u>\$ 36,159,394</u></u>	<u><u>\$ 307,604,172</u></u>

See accompanying notes to the basic financial statements

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

Classroom Facilities Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 313,937,618	\$ 24,529,987	\$ 708,977,308
0	191,750	191,750
0	0	261,164,599
0	1,301,523	1,942,073
65,620,314	532,740	66,268,223
0	19,265,047	19,265,047
2,542,460	0	2,543,547
0	309,594	545,595
0	452,379	6,046,784
0	86,674	86,674
0	87,797	87,797
0	0	7,385,662
<u>\$ 382,100,392</u>	<u>\$ 46,757,491</u>	<u>\$ 1,074,505,059</u>
\$ 12,147,883	\$ 3,492,386	\$ 20,910,821
0	9,783,268	44,935,114
0	1,079,066	1,847,416
0	254,566	1,169,702
0	545,595	545,595
0	4,161,654	6,046,784
0	0	189,869,599
66,409,780	11,529,558	77,939,338
0	0	5,234,148
<u>78,557,663</u>	<u>30,846,093</u>	<u>348,498,517</u>
51,282,456	5,817,482	79,854,333
0	0	7,814,852
0	0	71,295,000
0	0	1,420,826
0	768,034	768,034
0	452,379	6,046,784
0	0	6,933,639
0	8,996,661	8,996,661
252,260,273	(473,944)	542,525,627
0	350,786	350,786
<u>303,542,729</u>	<u>15,911,398</u>	<u>726,006,542</u>
<u>\$ 382,100,392</u>	<u>\$ 46,757,491</u>	<u>\$ 1,074,505,059</u>

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
June 30, 2005***

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**Total Governmental Fund Balances** \$ 726,006,542

***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. 252,613,780

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

Accounts Receivable - accrual basis	58,981	
Taxes Receivable - accrual basis	11,049,402	
Interest Receivable - accrual basis	789,466	
Grants Receivable - accrual basis	<u>77,062,075</u>	
Total		88,959,924

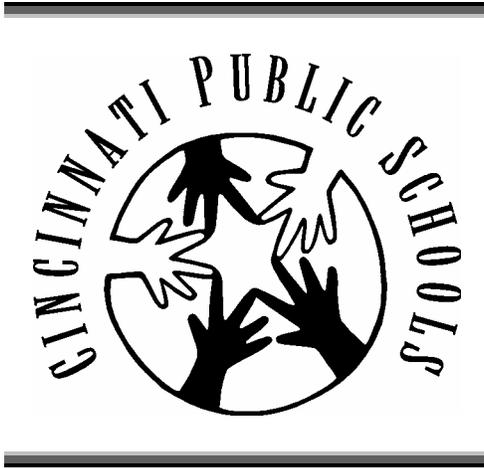
Internal service funds are used by management to charge  
the costs of insurance to individual funds. The assets  
and liabilities of the internal service funds are included in  
governmental activities in the statement of net assets. (113,498)

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	(53,691,543)	
Amounts Due in More Than One Year	(771,159,552)	
Compensated Absences - accrued on fund basis	5,234,148	
Accrued Interest on Long-Term Debt	(3,479,320)	
Bond Issuance Costs	<u>5,306,586</u>	
Total		<u>(817,789,681)</u>

***Net Assets of Governmental Funds*** \$ 249,677,067

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, 2005**

	General	Debt Service	Building Capital Projects
<b>Revenues:</b>			
Taxes	\$ 229,584,858	\$ 26,740,286	\$ 0
Tuition	1,277,033	0	0
In Lieu of Taxes	4,893,843	9,983,600	0
Investment Earnings	3,453,121	89,935	7,831,385
Food Services	0	0	0
Intermediate Sources	0	0	0
Intergovernmental - State	159,750,239	3,069,526	0
Intergovernmental - Federal	3,414,237	0	0
All Other Revenue	375,352	0	230,000
<b>Total Revenue</b>	<b>402,748,683</b>	<b>39,883,347</b>	<b>8,061,385</b>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	190,850,794	0	0
Special	53,346,484	0	0
Vocational	6,447,444	0	0
Other	1,069,030	0	0
Supporting Services:			
Pupils	15,529,407	0	0
Instructional Staff	19,019,794	0	0
Board of Education	349,910	0	0
Administration	39,106,452	370,129	0
Fiscal Services	2,684,677	0	0
Business	1,077,170	0	90,655
Operation & Maintenance of Plant	39,026,899	0	257,758
Pupil Transportation	24,586,213	0	0
Central	11,560,824	0	0
Operation of Non-Instructional Services	85	0	0
Extracurricular Activities	4,708,699	0	0
Capital Outlay	2,114,596	0	23,047,779
Debt Service:			
Principal Retirement	0	10,105,000	0
Interest & Fiscal Charges	114,583	35,072,990	0
<b>Total Expenditures</b>	<b>411,593,061</b>	<b>45,548,119</b>	<b>23,396,192</b>
Excess (Deficiency) of Revenues Over Expenditures	(8,844,378)	(5,664,772)	(15,334,807)
<b>Other Financing Sources (Uses):</b>			
General Obligation Notes Issued	0	0	0
Transfers In	0	5,614,288	480,000,000
Transfers Out	(11,901,804)	0	(187,591,917)
<b>Total Other Financing Sources (Uses)</b>	<b>(11,901,804)</b>	<b>5,614,288</b>	<b>292,408,083</b>
Net Change in Fund Balance	(20,746,182)	(50,484)	277,073,276
<b>Fund Balances at Beginning of Year, Restated (See Note 2)</b>	<b>104,796,851</b>	<b>15,765,336</b>	<b>29,713,618</b>
<b>Fund Balances End of Year</b>	<b>\$ 84,050,669</b>	<b>\$ 15,714,852</b>	<b>\$ 306,786,894</b>

See accompanying notes to the basic financial statements

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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Classroom Facilities Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 0	\$ 256,325,144
0	457,742	1,734,775
0	0	14,877,443
7,194,275	143,280	18,711,996
0	2,557,890	2,557,890
0	292,406	292,406
29,531,534	40,318,646	232,669,945
0	70,915,471	74,329,708
0	9,830,834	10,436,186
<u>36,725,809</u>	<u>124,516,269</u>	<u>611,935,493</u>
0	31,729,285	222,580,079
0	24,719,536	78,066,020
0	1,248,287	7,695,731
0	690,014	1,759,044
0	13,249,638	28,779,045
0	16,824,584	35,844,378
0	0	349,910
0	3,369,965	42,846,546
0	1,626,399	4,311,076
0	4,231	1,172,056
0	766,494	40,051,151
0	11,619	24,597,832
0	5,234,880	16,795,704
0	29,089,577	29,089,662
0	1,006,477	5,715,176
104,575,245	180,124	129,917,744
0	32,400,000	42,505,000
0	487,516	35,675,089
<u>104,575,245</u>	<u>162,638,626</u>	<u>747,751,243</u>
(67,849,436)	(38,122,357)	(135,815,750)
0	29,600,000	29,600,000
187,591,917	6,287,516	679,493,721
(480,000,000)	0	(679,493,721)
<u>(292,408,083)</u>	<u>35,887,516</u>	<u>29,600,000</u>
(360,257,519)	(2,234,841)	(106,215,750)
<u>663,800,248</u>	<u>18,146,239</u>	<u>832,222,292</u>
<u>\$ 303,542,729</u>	<u>\$ 15,911,398</u>	<u>\$ 726,006,542</u>

## **CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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### ***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, 2005***

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**Net Change in Fund Balances - Total Governmental Funds** \$ (106,215,750)

***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.	117,414,215
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	26,215,746
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.	13,047,309
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.	340,063
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.	(23,097,685)
The internal service fund is 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 fund is allocated among the governmental activities.	<u>(6,434,643)</u>
<b><i>Change in Net Assets of Governmental Activities</i></b>	<b><u><u>\$ 21,269,255</u></u></b>

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, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 232,394,569	\$ 232,394,569	\$ 223,974,858	\$ (8,419,711)
Tuition	1,325,721	1,325,721	1,277,690	(48,031)
In Lieu of Taxes	5,039,973	5,039,973	4,857,374	(182,599)
Investment Earnings	3,183,139	3,183,139	3,067,813	(115,326)
Intergovernmental - State	165,636,106	165,636,106	159,635,070	(6,001,036)
Intergovernmental - Federal	3,542,586	3,542,586	3,414,237	(128,349)
All Other Revenues	600,906	600,906	579,135	(21,771)
Total Revenues	<u>411,723,000</u>	<u>411,723,000</u>	<u>396,806,177</u>	<u>(14,916,823)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	219,379,692	219,379,692	199,062,753	20,316,939
Special	58,900,355	58,900,355	53,445,544	5,454,811
Vocational	7,077,652	7,077,652	6,422,185	655,467
Other	1,211,153	1,211,153	1,098,987	112,166
Support Services:				
Pupils	17,714,981	17,714,981	16,074,382	1,640,599
Instructional Staff	21,584,585	21,584,585	19,585,619	1,998,966
Board of Education	387,383	387,383	351,507	35,876
Administration	37,600,519	37,600,519	34,118,304	3,482,215
Fiscal Services	2,906,461	2,906,461	2,637,291	269,170
Business	1,210,755	1,210,755	1,098,626	112,129
Operation and Maintenance of Plant	44,383,256	44,383,256	40,272,886	4,110,370
Pupil Transportation	28,505,546	28,505,546	25,865,624	2,639,922
Central	20,886,054	20,886,054	18,951,779	1,934,275
Operation of Non-Instructional Services	996	996	904	92
Extracurricular Activities	5,193,942	5,193,942	4,712,927	481,015
Capital Outlay	2,516,805	2,516,805	2,283,722	233,083
Total Expenditures	<u>469,460,135</u>	<u>469,460,135</u>	<u>425,983,040</u>	<u>43,477,095</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(57,737,135)	(57,737,135)	(29,176,863)	28,560,272
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	0	41,997,240	41,997,240
Transfers Out	0	0	(52,861,607)	(52,861,607)
Advances In	0	0	19,042,621	19,042,621
Advances Out	0	0	(15,943,595)	(15,943,595)
Refund of Prior Year's Receipts	0	0	(206,456)	(206,456)
Total Other Financing Sources (Uses):	<u>0</u>	<u>0</u>	<u>(7,971,797)</u>	<u>(7,971,797)</u>
Net Change in Fund Balance	(57,737,135)	(57,737,135)	(37,148,660)	20,588,475
Fund Balance at Beginning of Year	70,202,303	70,202,303	70,202,303	0
Prior Year Encumbrances	22,211,330	22,211,330	22,211,330	0
Fund Balance at End of Year	<u>\$ 34,676,498</u>	<u>\$ 34,676,498</u>	<u>\$ 55,264,973</u>	<u>\$ 20,588,475</u>

See accompanying notes to the basic financial statements

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***Statement of Net Assets  
Proprietary Fund  
June 30, 2005***

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	Governmental Activities - Internal Service Fund
<b>Assets:</b>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Investments	\$ 4,466,502
<b>Total Assets</b>	<u>4,466,502</u>
<b>Liabilities:</b>	
<i>Current Liabilities:</i>	
Claims Payable	<u>4,580,000</u>
<b>Total Liabilities</b>	<u>4,580,000</u>
<b>Net Assets:</b>	
Unrestricted	<u>(113,498)</u>
<b>Total Net Assets</b>	<u>\$ (113,498)</u>

See accompanying notes to the basic financial statements

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Fund**  
**For the Fiscal Year Ended June 30, 2005**

---

	Governmental Activities - Internal Service Fund
<b>Operating Revenues:</b>	
Interfund Charges	\$ 29,033,004
<b>Total Operating Revenues</b>	<u>29,033,004</u>
<b>Operating Expenses:</b>	
Claims	<u>35,467,647</u>
<b>Total Operating Expenses</b>	<u>35,467,647</u>
Change in Net Assets	(6,434,643)
Net Assets Beginning of Year	<u>6,321,145</u>
Net Assets End of Year	<u>\$ (113,498)</u>

See accompanying notes to the basic financial statements

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***Statement of Cash Flows  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2005***

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	Governmental Activities - Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Interfund Charges	\$29,033,004
Cash Payments for Claims	<u>(35,164,647)</u>
Net Cash Used by Operating Activities	<u>(6,131,643)</u>
Net Decrease in Cash and Cash Equivalents	(6,131,643)
Cash and Cash Equivalents at Beginning of Year	10,598,145
Cash and Cash Equivalents at End of Year	<u><u>\$4,466,502</u></u>
<u>Reconciliation of Operating Loss to Net Cash</u>	
<u>Used by Operating Activities:</u>	
Operating Loss	(\$6,434,643)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Claims Payable	303,000
Total Adjustments	<u>303,000</u>
Net Cash Used by Operating Activities	<u><u>(\$6,131,643)</u></u>

See accompanying notes to the basic financial statements

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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**Statement of Net Assets**  
**Fiduciary Funds**  
**June 30, 2005**

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	Private Purpose Trust <u>Special Trust</u> Fund	<u>Agency</u>
<b>Assets:</b>		
Equity in Pooled Cash and Investments	\$ 744,081	\$ 54,098
Investments	448,890	0
Receivables:		
Interest	2,867	0
<b>Total Assets</b>	<u>1,195,838</u>	<u>54,098</u>
<b>Liabilities:</b>		
Accounts Payable	6,596	0
Accrued Wages and Benefits	1,662	0
Due to Students	0	54,098
<b>Total Liabilities</b>	<u>8,258</u>	<u>54,098</u>
<b>Net Assets:</b>		
Unrestricted	1,187,580	0
<b>Total Net Assets</b>	<u>\$ 1,187,580</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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**Statement of Changes in Net Assets**  
**Fiduciary Fund**  
**For the Fiscal Year Ended June 30, 2005**

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	Private Purpose Trust <u>Special Trust</u> <u>Fund</u>
<b>Additions:</b>	
Contributions:	
Private Donations	\$ 1,532
Total Contributions	<u>1,532</u>
Investment Earnings:	
Interest	27,011
Net Decrease in the Fair Value of Investments	<u>(40,586)</u>
Total Investment Earnings	<u>(13,575)</u>
Total Additions	<u>(12,043)</u>
<b>Deductions:</b>	
Administrative Expenses	2,217
Community Services	35,194
Extracurricular	<u>80,892</u>
Total Deductions	<u>118,303</u>
Change in Net Assets	(130,346)
Net Assets at Beginning of Year	<u>1,317,926</u>
Net Assets End of Year	<u>\$ 1,187,580</u>

See accompanying notes to the basic financial statements

# CINCINNATI CITY SCHOOL DISTRICT, OHIO

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005*

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### 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, 2005, the District employed 5,621 employees, including 3,245 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. Interfund services provided and used are not eliminated in the process of consolidation.

# CINCINNATI CITY SCHOOL DISTRICT, OHIO

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005*

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **B. Basis of Presentation – Financial Statements** (Continued)

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

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

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets 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.

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

# CINCINNATI CITY SCHOOL DISTRICT, OHIO

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005*

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### 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.

**Debt Service Fund** - The Debt Service fund is used for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Building Fund** - The Building capital projects fund accounts for revenues and expenditures related to all special bond funds in the District.

**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

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005*

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

#### **D. Basis of Accounting**

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

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

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

Current property taxes measurable at June 30, 2005, and which are not intended to finance fiscal 2005 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, 2005 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

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005*

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### 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

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005*

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### 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 2005.

##### 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**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2005**

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**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:

Net Change in Fund Balance	
	General Fund
GAAP Basis (as reported)	(\$20,746,182)
Increase (Decrease):	
Accrued Revenues at June 30, 2005, received during FY 2006	(63,040,923)
Accrued Revenues at June 30, 2004, received during FY 2005	56,448,943
Accrued Expenditures at June 30, 2005, paid during FY 2006	46,522,754
Accrued Expenditures at June 30, 2004, paid during FY 2005	(40,515,622)
Interfund Balances 2005	1,649,129
Interfund Balances 2004	1,449,897
Note Retirement in 2005	(5,000,000)
Encumbrances Outstanding	(13,916,656)
Budget Basis	(\$37,148,660)

# CINCINNATI CITY SCHOOL DISTRICT, OHIO

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005*

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **F. Cash and Cash Equivalents**

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 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 2005. 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, 2005. 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**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2005**

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

2. Depreciation

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

<u>Description</u>	<u>Estimated Lives (in years)</u>
Land Improvements	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.

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Compensated Absences** (Continued)

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

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

	<b><u>Certificated</u></b>	<b><u>Administrators</u></b>	<b><u>Non-Certificated</u></b>
<b><u>Vacation:</u> How Earned</b>	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.
<b>Maximum Accumulation</b>	Not Applicable	54 days	2 times the yearly accrual plus current year's accumulation
<b>Vested</b>	Not Applicable	As Earned	As Earned
<b>Termination Entitlement</b>	Not Applicable	Paid upon termination	Paid upon termination
<b>Sick Leave: How Earned</b>	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.
<b>Maximum Accumulation</b>	Unlimited	Unlimited	Unlimited
<b>Vested</b>	As Earned	As Earned	As Earned
<b>Termination Entitlement</b>	½ paid upon retirement or upon death with minimum service requirement. ¼ for all new hires after 6/30/04.	½ paid upon retirement or upon death with minimum service requirement. ¼ for all days earned after 9/1/01.	½ paid upon retirement or upon death with minimum service requirement. ¼ for all new hires after 6/30/04.
<b>Personal Leave: How Earned</b>	3 days granted as of August 1	3 days granted as of August 1	3 days granted as of August 1
<b>Maximum Accumulation</b>	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
<b>Vested</b>	Not Applicable	Not Applicable	Not Applicable
<b>Termination Entitlement</b>	Not Applicable	Not Applicable	Not Applicable

# CINCINNATI CITY SCHOOL DISTRICT, OHIO

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005*

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **K. Compensated Absences** (Continued)

For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." 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. Net Assets restricted for Other Purposes include restricted state and federal grants.

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, 2005

### 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.

#### **S. Revenue in Lieu of Taxes**

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

### NOTE 2 – PRIOR PERIOD ADJUSTMENT

The balances reported at June 30, 2004 in the Classroom Facilities Capital Projects Funds was restated from balances previously reported to correct errors in the amount of intergovernmental and interest receivables. The balances reported at June 30, 2004 in Governmental Activities (entity wide) was restated from balances previously reported due to the change made on a fund basis and to recognize the revenue associated with both receivables. The table below reflects these changes:

	Classroom Facilities Capital Projects Fund	Governmental Activities
Fund Balance at June 30, 2004 (As Reported)	\$687,363,380	\$211,710,716
Intergovernmental Receivable	(141,441,790)	(141,441,790)
Interest Receivable	2,690,579	2,690,579
Deferred Revenue	115,188,079	115,188,079
Revenue Recognition	0	40,260,228
Restated Fund Balance at June 30, 2004	\$663,800,248	\$228,407,812

# CINCINNATI CITY SCHOOL DISTRICT, OHIO

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

### 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	\$121,619,797
Depreciation Expense	<u>(4,205,582)</u>
	\$117,414,215

*Governmental revenues not reported in the funds:*

Increase in Delinquent Tax Revenue	\$1,394,021
Increase in Accounts Receivable	29,244
Decrease in Interest Receivable	(352,781)
Increase in Grants Receivable	<u>25,145,262</u>
	\$26,215,746

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

Bond Principal Payment	\$10,105,000
Long Term Note Payment	32,400,000
Capital Lease Payment	142,309
Long Term Note Issuance	<u>(29,600,000)</u>
	\$13,047,309

*Interest expense not reported in the funds:*

Increase in accrued interest on long term debt	(\$278,135)
Amortization of Bond Premium	847,487
Amortization of Bond Issuance Costs	<u>(229,289)</u>
	\$340,063

### NOTE 4 – DEFICIT FUND EQUITIES

The fund deficits at June 30, 2005 of \$1,310,834 in the Food Services Fund, \$1,068,723 in the Auxiliary Services Fund, \$566,128 in the Head Start Fund, \$3,308,444 in the Disadvantaged Pupil Impact Aid Fund (special revenue funds) and of \$1,485,543 in the School Building Assistance Fund and of \$60,380 in the Emergency School Repair 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 except for the Food Services Fund which has a budgetary/cash basis deficit of \$1,510,063. The General Fund provided an interfund loan to cover the cash basis deficit in the Food Services Fund. The General Fund provides operating transfers when cash is required, not when accruals occur.

## **CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005***

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#### **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;
- 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).

## **CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005***

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

##### **A. Deposits**

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

At year end the carrying amount of the District's deposits was \$25,643,098 and the bank balance was \$41,016,311. The Federal Deposit Insurance Corporation (FDIC) covered \$200,000 of the bank balance and \$40,816,311 was insured by collateralized securities held by the pledging institution's trust department in the District's name.

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## **CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005***

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

##### **B. Investments**

The District's investments at June 30, 2005 were as follows:

	<u>Fair Value</u>	<u>Weighted Average Maturities in Days</u>
STAR Ohio	\$4,949,615	60
FFCB	31,887,651	62
FHLB	172,704,941	163
FHLMC	238,964,410	182
FNMA	247,464,210	189
US Treasuries	654,366	60
Total Investments	<u>\$696,625,193</u>	
Portfolio Weighted Average Maturity (Days)		<u>166</u>

*Interest Rate Risk* – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

*Credit Risk* – The District's investments at June 30, 2005 in FFCB, FHLB, FHLMC and FNMA are rated AAA by Standard and Poor's. Its investment in STAR Ohio is rated AAAM by Standard and Poor's. Obligations of the US Government are explicitly guaranteed by the US Government and are not considered to have credit risk.

*Concentration of Credit Risk* – The District places no limit on the amount the District may invest in one issuer. Of the District's total investments, .71% are STAR Ohio, 4.6% are FFCB, 24.8% are FHLB, 34.3% are FHLMC, 35.5% are FNMA and .09% are US Treasuries.

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2005**

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**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	\$721,627,651	\$640,640
U.S. Government Securities	(691,021,515)	691,021,515
STAR Ohio	(4,963,038)	4,963,038
Per GASB Statement No. 3	<u>\$25,643,098</u>	<u>\$696,625,193</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 2005 represents collections of calendar year 2004 taxes. Real property taxes received in calendar year 2005 were levied after April 1, 2004, on the assessed value listed as of January 1, 2004, 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 2005 represents collections of calendar year 2004 taxes. Public utility real and tangible personal property taxes received in calendar year 2005 became a lien December 31, 2004, were levied after April 1, 2004 and are collected in 2005 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**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005***

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#### **NOTE 6 - PROPERTY TAXES (Continued)**

Tangible personal property tax revenue received during calendar 2005 (other than public utility property) represents the collection of 2005 taxes. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2004, on the value as of December 31, 2004. 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, 2005, are available to finance fiscal year 2005 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, 2005 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, 2005 was \$63,395,000 in the general fund and \$7,900,000 in the debt service fund. The amount available as an advance at June 30, 2004, was \$57,785,000 in the general fund and \$7,505,000 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, 2005 consisted of taxes, accounts receivable, interest receivable and intergovernmental receivables.

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2005**

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**NOTE 8 - TRANSFERS**

Following is a summary of transfers in and out for all funds at June 30, 2005:

Fund	Transfer In	Transfer Out
General Fund	\$0	(\$11,901,804)
Debt Service Fund	5,614,288	0
Building Capital Projects Fund	480,000,000	(187,591,917)
Classroom Facilities Capital Projects Fund	187,591,917	(480,000,000)
Other Governmental Funds	6,287,516	0
Total All Funds	<u>\$679,493,721</u>	<u>(\$679,493,721)</u>

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

The transfer from the General Fund was to provide funds for a maintenance fund required for the Facilities Improvement Program, to help paydown debt and refinance the Energy Conservation and Computer Technology Bond Anticipation Notes and to assist in meeting current obligations. The transfers between the major capital projects funds were required to place monies in the appropriate funds for capital expenditure.

**NOTE 9 - INTERFUND RECEIVABLES/PAYABLES**

Interfund loans receivable/payable and advances to/from other funds at June 30, 2005 from one individual fund to another are as follows:

Fund	Receivables	Payables
General Fund	\$3,070,667	\$1,885,130
Building Capital Projects Fund	2,759,739	0
Other Governmental Funds	761,973	4,707,249
Total	<u>\$6,592,379</u>	<u>\$6,592,379</u>

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

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2005**

**NOTE 10 - CAPITAL ASSETS**

Summary by category of changes in governmental activities capital assets at June 30, 2005:

*Historical Cost:*

Class	June 30, 2004	Additions	Deletions	June 30, 2005
<b>Capital assets not being depreciated:</b>				
Land	\$ 19,221,314	\$12,449,407	\$0	\$31,670,721
Construction In Progress	42,737,083	107,062,711	(14,640,823)	135,158,971
<b>Capital assets being depreciated:</b>				
Land Improvements	9,543,552	508,867	0	10,052,419
Buildings and Improvements	166,751,187	15,032,603	0	181,783,790
Furniture, Fixtures, and Equipment	5,895,465	1,207,032	0	7,102,497
Vehicles	502,881	0	0	502,881
Total Cost	\$ 244,651,482	\$ 136,260,620	(\$14,640,823)	\$ 366,271,279
<b>Accumulated Depreciation:</b>				
Class	June 30, 2004	Additions	Deletions	June 30, 2005
Land Improvements	(\$6,576,542)	(\$362,617)	\$0	(\$6,939,159)
Buildings and Improvements	(99,451,454)	(3,132,036)	0	(102,583,490)
Furniture, Fixtures, and Equipment	(2,996,261)	(679,409)	0	(3,675,670)
Vehicles	(427,660)	(31,520)	0	(459,180)
Total Depreciation	(\$109,451,917)	(\$4,205,582) *	\$0	(\$113,657,499)
<b>Net Value:</b>	<b>\$135,199,565</b>			<b>\$252,613,780</b>

\* Depreciation expenses were charged to governmental functions as follows:

Instruction:	
Regular	\$2,241,497
Special	30,800
Vocational	320,849
Support Services:	
Pupils	175,976
Instructional Staff	58,853
Administration	6,239
Fiscal	42,639
Operation and Maintenance of Plant	186,090
Pupil Transportation	7,907
Central	330,573
Extracurricular Activities	14,002
Other Noninstructional Services	790,157
Total Depreciation Expense	\$4,205,582

## **CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005***

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#### **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)**

All non-certified employees of the District, with minor exceptions, performing duties that do not require a certificate issued by the Ohio Department of Education are eligible to participate in the School Employees Retirement System of Ohio, a cost-sharing, multiple-employer public employee retirement system.

The SERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The SERS of Ohio issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for the SERS of Ohio. Interested parties may obtain a copy by making a written request to SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 10% respectively. The contribution rates are determined actuarially, and are established and may be amended, up to statutory amounts, by the School Employees Retirement Board (Retirement Board) within the rates allowed by State statute. The required employer contribution rate is allocated to basic retirement benefits and health care by the Retirement Board. At June 30, 2004, (latest information available) 9.09% was allocated to fund the pension benefit and 4.91% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 2005, 2004, and 2003 were \$8,809,066, \$8,920,100, and \$10,422,743, respectively, which were equal to the required contributions for each year.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply. The portion of the 2004 employer contribution rate (latest information available) that was used to fund health care for the year 2004 was 4.91%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2005, the minimum pay has been established as \$27,400. The amount contributed to fund health care benefits, including the surcharge amounted to \$3,089,465.

## **CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005***

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#### **NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)**

##### **A. School Employees Retirement System of Ohio (SERS of Ohio) (Continued)**

Health care benefits are financed on a pay-as-you-go basis. The number of retirees and covered dependents currently receiving benefits is approximately 62,000. The target level for the health care reserve is 150% of annual health care expenses before premium deduction. Expenses for health care at June 30, 2004 (the latest information available) were \$223,443,805 and the target level was \$335.2 million. Net assets available for payment of benefits at June 30, 2004 were \$300.8 million.

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

All certified employees of the District are eligible to participate in the State Teachers Retirement System of Ohio, a cost-sharing, multiple-employer public employee retirement system.

The STRS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits based on eligible service credit to plan members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. The STRS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the STRS of Ohio. Interested parties may obtain a copy by making a written request to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, or by calling (614) 227-4090 or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. 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 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. 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.

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2005**

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)**

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 10%, respectively. The contribution requirements of plan members and the District are established and may be amended by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. At June 30, 2004, (latest information available) 13% was allocated to fund the pension benefit and 1% to fund health care. The District's contributions to the STRS of Ohio for the years ending June 30, 2005, 2004, and 2003 were \$30,693,847, \$29,202,323, and \$30,641,899, respectively, which were equal to the required contributions for each year.

STRS provides postemployment health care benefits to retirees who participated in the DB or Combined Plans and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care cost will be absorbed by STRS. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, health care benefits are not guaranteed.

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions to the Health Care Stabilization Fund. For the fiscal year ended June 30, 2004, (latest information available) the board allocated employer contributions are equal to 1% of covered payroll to the Health Care Stabilization Fund, which amounted to \$2,192,418 for the District. The balance of the Health Care Stabilization Fund was \$3.1 billion at June 30, 2004 (the latest information available). For the fiscal year ended June 30, 2004, the net health care costs paid by STRS were \$268,739,000. There were 111,853 eligible benefit recipients.

**NOTE 12 – TAX ANTICIPATION NOTE PAYABLE**

Note Payable activity of the District for the year ended June 30, 2005, was as follows:

Notes Payable	Balance June 30, 2004	Additions	Deletions	Balance June 30, 2005
Tax Anticipation Note      2.88%	\$5,000,000	\$0	(\$5,000,000)	\$0
	\$5,000,000	\$0	(\$5,000,000)	\$0

The tax anticipation notes were originally issued to provide for the current expenses of the General Fund.

## CINCINNATI CITY SCHOOL DISTRICT, OHIO

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005*

#### 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, 2005 is as follows:

		Balance June 30, 2004	Additions	Deductions	Balance June 30, 2005	Amount Due Within One Year
Acquisition of Building	3.25-10%	\$1,575,000	\$0	(\$525,000)	\$1,050,000	\$525,000
	(Original Issue Amount = \$10,500,000)					
School Improvement	3.25-5.375%	111,700,000	0	(4,430,000)	107,270,000	4,650,000
	(Original Issue Amount = \$123,945,000)					
School Improvement	2.0-5.25%	115,320,000	0	(3,460,000)	111,860,000	4,135,000
	(Original Issue Amount = \$120,000,000)					
School Improvement	0.970%	5,000,000	0	0	5,000,000	0
	(Original Issue Amount = \$5,000,000)					
School Improvement	2.0-5.25%	480,000,000	0	(1,690,000)	478,310,000	5,420,000
	(Original Issue Amount = \$480,000,000)					
Sub-Total General Obligation Bonds		713,595,000	0	(10,105,000)	703,490,000	14,730,000
Premium General Obligation Bond		19,195,633	0	(847,487)	18,348,146	847,487
Total General Obligation Bonds		732,790,633	0	(10,952,487)	721,838,146	15,577,487
Long-term Notes	1.75%	19,400,000	0	(19,400,000)	0	0
Long-term Notes	1.75%	13,000,000	0	(13,000,000)	0	0
Long-term Notes	2.50%	0	29,600,000	0	29,600,000	29,600,000
Total Long-term Notes Payable		32,400,000	29,600,000	(32,400,000)	29,600,000	29,600,000
Capital Leases Payable		172,081	0	(142,309)	29,772	29,772
Compensated Absences		52,576,678	43,125,379	(52,576,678)	43,125,379	5,165,123
* Employee Severance Plan		0	30,257,798	0	30,257,798	3,319,161
Total Governmental Long-Term Debt		\$817,939,392	\$102,983,177	(\$96,071,474)	\$824,851,095	\$53,691,543

\* In fiscal year 2005, the District offered an Employee Severance Plan, which included salary, accrued sick leave and accrued vacation leave paid out over a time period from 60 to 96 months. No payments relating to the Employee Severance Plan were made until after fiscal year end. The Employee Severance Plan liability above includes only the salary component, while the accrued sick and vacation components are reported within the compensated absences liability.

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2005**

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**NOTE 13- LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)**

A summary of the District's future long-term debt funding requirements including principal and interest payments as of June 30, 2005 follows:

Years	General Obligation Bonds		
	Principal	Interest	Total
2006	\$14,730,000	\$34,500,541	\$49,230,541
2007	16,795,000	33,802,610	50,597,610
2008	17,040,000	33,072,406	50,112,406
2009	17,825,000	32,336,372	50,161,372
2010	19,910,000	9,549,419	29,459,419
2011-2015	117,475,000	40,240,504	157,715,504
2016-2020	157,450,000	24,408,520	181,858,520
2021-2025	145,070,000	8,144,500	153,214,500
2026-2030	76,435,000	3,767,413	80,202,413
2031-2032	120,760,000	6,038,000	126,798,000
Totals	<u>\$703,490,000</u>	<u>\$225,860,285</u>	<u>\$929,350,285</u>

**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 \$338,174.

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, 2005

Year Ending June 30,	Capital Leases
2006	\$29,901
Minimum Lease Payments	29,901
Less: Amount representing interest at the District's incremental borrowing rate of interest	(129)
Present value of minimum lease payments	<u>\$29,772</u>

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2005***

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**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, 2005 amounted to \$1,778,255. Future minimum lease payments for these leases are as follows:

<u>Year Ending June 30,</u>	<u>Operating Leases</u>
2006	\$1,587,607
2007	256,025
Total Lease Payments	<u><u>\$1,843,632</u></u>

**NOTE 16 - RISK MANAGEMENT**

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

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

For fiscal year 2005 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 2005 was \$1,169,758. The premium cost paid in fiscal year 2005 was \$996,129. Premium cost is for administrative charges for Ohio Bureau of Workers Compensation. In addition to the claims paid during fiscal year 2005, the Ohio Bureau of Workers Compensation established a reserve of \$2,151,887 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 12.39% 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, 2005, the IBNR's were determined to be \$4,580,000.

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2005**

**NOTE 16 - RISK MANAGEMENT (Continued)**

Changes in the fund's claims liability amount in 2005 and 2004 were:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2004	\$4,083,000	\$32,921,818	(\$32,727,818)	\$4,277,000
2005	4,277,000	35,467,647	(35,164,647)	4,580,000

Dental insurance is offered to employees through Dental Care Plus. Total Premiums paid to Dental Care Plus were \$2,991,510. 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 Humana 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.

**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, 2005, the reserve activity (cash-basis) was as follows:

	<u>Textbook Reserve</u>	<u>Capital Acquisition Reserve</u>	<u>Budget Stabilization Reserve</u>	<u>Total</u>
Set-aside Cash Balance as of June 30, 2004	\$0	\$0	\$1,420,826	\$1,420,826
Current Year Set-Aside Requirement	5,851,170	5,851,170	0	11,702,340
Qualifying Disbursements	(15,566,423)	(24,125,681)	0	(39,692,104)
Total	<u>(\$9,715,253)</u>	<u>(\$18,274,511)</u>	<u>\$1,420,826</u>	<u>(\$26,568,938)</u>
Balance Carried Forward to FY 2006	<u>\$0</u>	<u>\$0</u>	<u>\$1,420,826</u>	<u>\$1,420,826</u>
Amount Designated for Budget Stabilization				<u>\$1,420,826</u>

Am. Sub. Senate Bill 345 amended ORC Section 5705.29 effectively eliminating the requirement for the District to establish and maintain a budget stabilization reserve. By resolution, the Board can eliminate the reserve in accordance with the Act. As of June 30, 2005, the Board had not acted on the Senate Bill requirements to eliminate the reserve balance. In the General Fund, the \$1,420,826 portion of the non-BWC (Bureau of Workers' Compensation) monies was designated for set-aside. The District is still required by State law to maintain the textbook reserve and the capital acquisition reserve.

## **CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005***

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#### **NOTE 18 - CONTRACTUAL COMMITMENTS**

As of June 30, 2005, the District had entered into various construction contracts for renovations and improvements which it had a remaining unperformed and unpaid total commitment of approximately \$76.2 million.

#### **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, 2005.

##### **B. Litigation**

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

##### **C. 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 July 26, 2005, the District issued School Improvement Refunding Bonds, Series 2005 for \$69,405,000. The bonds were issued for the purpose of refunding callable portions of the Series 2001 Bonds due beginning on December 1, 2012. The bonds mature in various amounts ranging from \$640,000 on December 1, 2005 to \$4,500,000 in 2021 and carry an interest rate of 3 to 5 percent.

## **CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005***

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#### **NOTE 20 – SUBSEQUENT EVENTS (Continued)**

On September 8, 2005, the District issued two issues of General Obligation Bonds, totaling \$26,800,000 (\$13,800,000 School Energy Conservation Bonds and \$13,000,000 School Computer Technology Bonds). The bonds were issued for the purpose of permanently financing School Energy Conservation Bond Anticipation Notes originally issued September 22, 1994, January 25, 1996 and February 17, 2000 and School Computer Technology Bond Anticipation Notes originally issued December 30, 2003. The School Energy Conservation Bonds mature in various amounts ranging from \$2,510,000 on December 1, 2006 to \$3,025,000 in 2010 and carry an interest rate of 3.7 to 5 percent. The School Computer Technology Bonds mature in various amounts ranging from \$2,360,000 on December 1, 2006 to \$2,850,000 in 2010 and carry an interest rate of 3.7 to 5 percent.

On August 2, 2005, the District issued Tax Anticipation Notes for \$43,600,000. The notes mature in various amounts ranging from \$7,870,000 on December 1, 2006 to \$9,610,000 in 2010 and carry an interest rate of 5 percent. The primary purpose of the notes is to provide long range funding for the District's Early Retirement Incentive Package.



*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

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

*Nonmajor Governmental Funds*

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*Special Revenue Funds*

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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 – 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***

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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.

**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 is not presented because there are no assets or liabilities at year end.)

**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***

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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, 2005**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$ 21,662,237	\$ 1,936,394	\$ 931,356	\$ 24,529,987
Investments	4,286	0	187,464	191,750
Receivables:				
Accounts	1,264,543	36,980	0	1,301,523
Intergovernmental - State and Local	532,740	0	0	532,740
Intergovernmental - Federal	19,265,047	0	0	19,265,047
Interfund Loans Receivable	309,594	0	0	309,594
Advances to Other Funds	452,379	0	0	452,379
Inventory of Supplies at Cost	86,674	0	0	86,674
Inventory Held for Resale	87,797	0	0	87,797
<b>Total Assets</b>	<b>\$ 43,665,297</b>	<b>\$ 1,973,374</b>	<b>\$ 1,118,820</b>	<b>\$ 46,757,491</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 3,449,868	\$ 42,518	\$ 0	\$ 3,492,386
Accrued Wages and Benefits	9,690,649	92,619	0	9,783,268
Intergovernmental Payable	1,077,041	2,025	0	1,079,066
Claims Payable	252,155	2,411	0	254,566
Interfund Loans Payable	95,184	450,411	0	545,595
Advances from Other Funds	3,066,142	1,095,512	0	4,161,654
Deferred Revenue	11,529,558	0	0	11,529,558
<b>Total Liabilities</b>	<b>29,160,597</b>	<b>1,685,496</b>	<b>0</b>	<b>30,846,093</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	5,055,660	761,822	0	5,817,482
Reserved for Endowments	0	0	768,034	768,034
Reserved for Advances	452,379	0	0	452,379
Unreserved, Undesignated in:				
Special Revenue Funds	8,996,661	0	0	8,996,661
Capital Projects Funds	0	(473,944)	0	(473,944)
Permanent Fund	0	0	350,786	350,786
<b>Total Fund Balances</b>	<b>14,504,700</b>	<b>287,878</b>	<b>1,118,820</b>	<b>15,911,398</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 43,665,297</b>	<b>\$ 1,973,374</b>	<b>\$ 1,118,820</b>	<b>\$ 46,757,491</b>

**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, 2005**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Tuition	\$ 457,742	\$ 0	\$ 0	\$ 457,742
Investment Earnings	122,360	0	20,920	143,280
Food Services	2,557,890	0	0	2,557,890
Intermediate Sources	0	292,406	0	292,406
Intergovernmental - State	39,997,841	320,805	0	40,318,646
Intergovernmental - Federal	70,915,471	0	0	70,915,471
All Other Revenue	9,673,530	156,554	750	9,830,834
<b>Total Revenue</b>	<b>123,724,834</b>	<b>769,765</b>	<b>21,670</b>	<b>124,516,269</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	31,313,361	390,512	25,412	31,729,285
Special	24,719,536	0	0	24,719,536
Vocational	1,248,287	0	0	1,248,287
Other	690,014	0	0	690,014
Supporting Services:				
Pupils	11,420,744	1,828,894	0	13,249,638
Instructional Staff	16,824,584	0	0	16,824,584
Administration	3,369,965	0	0	3,369,965
Fiscal Services	1,137,783	488,616	0	1,626,399
Business	4,231	0	0	4,231
Operation & Maintenance of Plant	754,219	12,275	0	766,494
Pupil Transportation	11,619	0	0	11,619
Central	5,234,880	0	0	5,234,880
Operation of Non-Instructional Services	29,089,577	0	0	29,089,577
Extracurricular Activities	1,006,477	0	0	1,006,477
Capital Outlay	120,528	59,596	0	180,124
Debt Service:				
Principal Retirement	0	32,400,000	0	32,400,000
Interest & Fiscal Charges	0	487,516	0	487,516
<b>Total Expenditures</b>	<b>126,945,805</b>	<b>35,667,409</b>	<b>25,412</b>	<b>162,638,626</b>
Excess (Deficiency) of Revenues Over Expenditures	(3,220,971)	(34,897,644)	(3,742)	(38,122,357)
<b>Other Financing Sources (Uses):</b>				
General Obligation Notes Issued	0	29,600,000	0	29,600,000
Transfers In	3,000,000	3,287,516	0	6,287,516
<b>Total Other Financing Sources (Uses)</b>	<b>3,000,000</b>	<b>32,887,516</b>	<b>0</b>	<b>35,887,516</b>
Net Change in Fund Balance	(220,971)	(2,010,128)	(3,742)	(2,234,841)
<b>Fund Balances at Beginning of Year</b>	<b>14,725,671</b>	<b>2,298,006</b>	<b>1,122,562</b>	<b>18,146,239</b>
<b>Fund Balances End of Year</b>	<b>\$ 14,504,700</b>	<b>\$ 287,878</b>	<b>\$ 1,118,820</b>	<b>\$ 15,911,398</b>

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2005**

	Food Service	Other Grants	District Managed Student Activity	Auxiliary Services
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,030,831	\$ 1,802,529	\$ 16,135
Investments	0	0	4,286	0
Receivables:				
Accounts	0	297,929	1,722	560
Intergovernmental - State and Local	0	0	0	0
Intergovernmental - Federal	1,314,261	0	0	0
Interfund Loans Receivable	0	0	0	0
Advances to Other Funds	1	5,978	0	0
Inventory of Supplies at Cost	86,674	0	0	0
Inventory Held for Resale	87,797	0	0	0
<b>Total Assets</b>	<u>\$ 1,488,733</u>	<u>\$ 2,334,738</u>	<u>\$ 1,808,537</u>	<u>\$ 16,695</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 104,498	\$ 100,243	\$ 116,478	\$ 415,130
Accrued Wages and Benefits	1,047,063	291,823	1,217	639,654
Intergovernmental Payable	22,887	6,378	0	13,981
Claims Payable	27,259	7,597	0	16,653
Interfund Loans Payable	0	0	0	0
Advances from Other Funds	1,510,063	0	0	0
Deferred Revenue	87,797	0	0	0
<b>Total Liabilities</b>	<u>2,799,567</u>	<u>406,041</u>	<u>117,695</u>	<u>1,085,418</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	0	74,534	20,575	467,535
Reserved for Advances	1	5,978	0	0
Unreserved, Undesignated in:				
Special Revenue Funds (Deficit)	(1,310,835)	1,848,185	1,670,267	(1,536,258)
<b>Total Fund Balances (Deficit)</b>	<u>(1,310,834)</u>	<u>1,928,697</u>	<u>1,690,842</u>	<u>(1,068,723)</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,488,733</u>	<u>\$ 2,334,738</u>	<u>\$ 1,808,537</u>	<u>\$ 16,695</u>

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

Head Start	Disadvantaged Pupil Impact Aid	Title VI-B	Title II-A	Chapter I	Other Special Revenue	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 2,052,614	\$ 465,041	\$ 931,350	\$ 14,363,737	\$ 21,662,237
0	0	0	0	0	0	4,286
0	0	0	0	979	963,353	1,264,543
0	0	0	0	0	532,740	532,740
0	0	2,353,931	449,403	8,722,221	6,425,231	19,265,047
0	0	218,838	0	0	90,756	309,594
0	0	0	0	434,748	11,652	452,379
0	0	0	0	0	0	86,674
0	0	0	0	0	0	87,797
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,625,383</u>	<u>\$ 914,444</u>	<u>\$ 10,089,298</u>	<u>\$ 22,387,469</u>	<u>\$ 43,665,297</u>
\$ 0	\$ 0	\$ 500,575	\$ 24	\$ 921,663	\$ 1,291,257	\$ 3,449,868
748	3,157,238	845,438	271,967	1,954,196	1,481,305	9,690,649
0	69,011	18,480	5,945	42,715	897,644	1,077,041
0	82,195	22,010	7,080	50,875	38,486	252,155
648	0	0	0	0	94,536	95,184
564,732	0	0	79,862	0	911,485	3,066,142
0	0	2,353,931	215,693	4,458,696	4,413,441	11,529,558
<u>566,128</u>	<u>3,308,444</u>	<u>3,740,434</u>	<u>580,571</u>	<u>7,428,145</u>	<u>9,128,154</u>	<u>29,160,597</u>
0	0	1,071,933	3,710	1,222,739	2,194,634	5,055,660
0	0	0	0	434,748	11,652	452,379
(566,128)	(3,308,444)	(186,984)	330,163	1,003,666	11,053,029	8,996,661
(566,128)	(3,308,444)	884,949	333,873	2,661,153	13,259,315	14,504,700
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,625,383</u>	<u>\$ 914,444</u>	<u>\$ 10,089,298</u>	<u>\$ 22,387,469</u>	<u>\$ 43,665,297</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, 2005**

	Food Service	Other Grants	District Managed Student Activity	Auxiliary Services
<b>Revenues:</b>				
Tuition	\$ 0	\$ 457,742	\$ 0	\$ 0
Investment Earnings	15,416	190	28,602	78,152
Food Services	2,557,890	0	0	0
Intergovernmental - State	582,454	0	0	9,540,922
Intergovernmental - Federal	11,317,875	0	0	0
All Other Revenue	10,872	3,791,570	1,937,398	0
<b>Total Revenue</b>	<b>14,484,507</b>	<b>4,249,502</b>	<b>1,966,000</b>	<b>9,619,074</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	0	1,214,584	927,861	0
Special	0	43,910	20,401	0
Vocational	0	5,666	3,442	0
Other	0	20,376	0	0
Supporting Services:				
Pupils	0	277,520	4,274	0
Instructional Staff	0	375,481	96,693	0
Administration	0	1,197,945	0	0
Fiscal Services	0	28,925	0	149,792
Business	0	4,231	0	0
Operation & Maintenance of Plant	0	17,330	474	0
Pupil Transportation	0	776	0	0
Central	0	2,159	0	0
Operation of Non-Instructional Services	15,588,360	126,660	2,364	11,161,754
Extracurricular Activities	0	0	1,006,477	0
Capital Outlay	0	117,055	0	0
<b>Total Expenditures</b>	<b>15,588,360</b>	<b>3,432,618</b>	<b>2,061,986</b>	<b>11,311,546</b>
Excess (Deficiency) of Revenues Over Expenditures	(1,103,853)	816,884	(95,986)	(1,692,472)
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balance	(1,103,853)	816,884	(95,986)	(1,692,472)
<b>Fund Balances (Deficit) at Beginning of Year</b>	<b>(206,981)</b>	<b>1,111,813</b>	<b>1,786,828</b>	<b>623,749</b>
<b>Fund Balances (Deficit) End of Year</b>	<b>\$ (1,310,834)</b>	<b>\$ 1,928,697</b>	<b>\$ 1,690,842</b>	<b>\$ (1,068,723)</b>

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

Head Start	Disadvantaged Pupil Impact Aid	Title VI-B	Title II-A	Chapter I	Other Special Revenue	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 457,742
0	0	0	0	0	0	122,360
0	0	0	0	0	0	2,557,890
224,726	25,655,835	0	0	0	3,993,904	39,997,841
0	0	11,755,540	2,452,292	25,094,098	20,295,666	70,915,471
0	0	0	0	0	3,933,690	9,673,530
<u>224,726</u>	<u>25,655,835</u>	<u>11,755,540</u>	<u>2,452,292</u>	<u>25,094,098</u>	<u>28,223,260</u>	<u>123,724,834</u>
2,213	26,492,043	13,118	1,267,493	19,921	1,376,128	31,313,361
0	0	2,229,369	0	13,853,703	8,572,153	24,719,536
0	0	0	0	0	1,239,179	1,248,287
0	0	0	0	0	669,638	690,014
112,869	0	4,652,377	575,444	202,516	5,595,744	11,420,744
473	0	691,553	412,540	7,748,788	7,499,056	16,824,584
50	0	954,867	85,453	676,390	455,260	3,369,965
0	0	157,272	13,062	478,372	310,360	1,137,783
0	0	0	0	0	0	4,231
104	0	0	37,354	658,121	40,836	754,219
0	0	2,442	418	0	7,983	11,619
0	0	0	3,121	0	5,229,600	5,234,880
0	0	783,018	0	1,254,652	172,769	29,089,577
0	0	0	0	0	0	1,006,477
0	0	0	0	3,473	0	120,528
<u>115,709</u>	<u>26,492,043</u>	<u>9,484,016</u>	<u>2,394,885</u>	<u>24,895,936</u>	<u>31,168,706</u>	<u>126,945,805</u>
109,017	(836,208)	2,271,524	57,407	198,162	(2,945,446)	(3,220,971)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,000,000</u>	<u>3,000,000</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,000,000</u>	<u>3,000,000</u>
109,017	(836,208)	2,271,524	57,407	198,162	54,554	(220,971)
(675,145)	(2,472,236)	(1,386,575)	276,466	2,462,991	13,204,761	14,725,671
<u>\$ (566,128)</u>	<u>\$ (3,308,444)</u>	<u>\$ 884,949</u>	<u>\$ 333,873</u>	<u>\$ 2,661,153</u>	<u>\$ 13,259,315</u>	<u>\$ 14,504,700</u>

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

**Combining Balance Sheet  
Nonmajor Capital Projects Funds  
June 30, 2005**

	Permanent Improvement	Replacement	Energy Conservation	Power Up
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$ 787,938	\$ 1,177	\$ 910,001	\$ 64,415
Receivables:				
Accounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Assets</b>	<u><u>\$ 787,938</u></u>	<u><u>\$ 1,177</u></u>	<u><u>\$ 910,001</u></u>	<u><u>\$ 64,415</u></u>
<b>Liabilities:</b>				
Accounts Payable	\$ 294	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits	92,619	0	0	0
Intergovernmental Payable	2,025	0	0	0
Claims Payable	2,411	0	0	0
Interfund Loans Payable	0	0	0	0
Advances from Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities</b>	<u>97,349</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	207,271	0	515,910	0
Unreserved, Undesignated in:				
Capital Projects Funds (Deficit)	<u>483,318</u>	<u>1,177</u>	<u>394,091</u>	<u>64,415</u>
<b>Total Fund Balances</b>	<u>690,589</u>	<u>1,177</u>	<u>910,001</u>	<u>64,415</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 787,938</u></u>	<u><u>\$ 1,177</u></u>	<u><u>\$ 910,001</u></u>	<u><u>\$ 64,415</u></u>

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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Interactive Video Distance Learning	Ohio School Net	School Building Assistance	Emergency School Repair	Total Nonmajor Capital Projects Funds
\$ 14,401	\$ 158,462	\$ 0	\$ 0	\$ 1,936,394
<u>36,980</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>36,980</u>
<u>\$ 51,381</u>	<u>\$ 158,462</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,973,374</u>
\$ 0	\$ 42,224	\$ 0	\$ 0	\$ 42,518
0	0	0	0	92,619
0	0	0	0	2,025
0	0	0	0	2,411
0	0	450,411	0	450,411
<u>0</u>	<u>0</u>	<u>1,035,132</u>	<u>60,380</u>	<u>1,095,512</u>
<u>0</u>	<u>42,224</u>	<u>1,485,543</u>	<u>60,380</u>	<u>1,685,496</u>
6,000	0	0	32,641	761,822
<u>45,381</u>	<u>116,238</u>	<u>(1,485,543)</u>	<u>(93,021)</u>	<u>(473,944)</u>
<u>51,381</u>	<u>116,238</u>	<u>(1,485,543)</u>	<u>(60,380)</u>	<u>287,878</u>
<u>\$ 51,381</u>	<u>\$ 158,462</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,973,374</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, 2005***

	<u>Permanent Improvement</u>	<u>Replacement</u>	<u>Energy Conservation</u>	<u>Power Up</u>
<b>Revenues:</b>				
Intermediate Sources	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental - State	0	0	0	0
All Other Revenue	68,419	0	88,135	0
<b>Total Revenue</b>	<u>68,419</u>	<u>0</u>	<u>88,135</u>	<u>0</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	0	0	0	0
Supporting Services:				
Pupils	1,828,894	0	0	0
Fiscal Services	488,616	0	0	0
Operation & Maintenance of Plant	0	3,593	0	0
Capital Outlay	0	0	15,849	0
Debt Service:				
Principal Retirement	13,000,000	0	19,400,000	0
Interest & Fiscal Charges	148,959	0	338,557	0
<b>Total Expenditures</b>	<u>15,466,469</u>	<u>3,593</u>	<u>19,754,406</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(15,398,050)	(3,593)	(19,666,271)	0
<b>Other Financing Sources (Uses):</b>				
General Obligation Notes Issued	13,000,000	0	16,600,000	0
Transfers In	148,959	0	3,138,557	0
<b>Total Other Financing Sources (Uses)</b>	<u>13,148,959</u>	<u>0</u>	<u>19,738,557</u>	<u>0</u>
Net Change in Fund Balance	(2,249,091)	(3,593)	72,286	0
<b>Fund Balances (Deficit) at Beginning of Year</b>	<u>2,939,680</u>	<u>4,770</u>	<u>837,715</u>	<u>64,415</u>
<b>Fund Balances (Deficit) End of Year</b>	<u>\$ 690,589</u>	<u>\$ 1,177</u>	<u>\$ 910,001</u>	<u>\$ 64,415</u>

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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Interactive Video Distance Learning	Ohio School Net	School Building Assistance	Emergency School Repair	Total Nonmajor Capital Projects Funds
\$ 0	\$ 0	\$ 0	\$ 292,406	\$ 292,406
0	320,805	0	0	320,805
0	0	0	0	156,554
<u>0</u>	<u>320,805</u>	<u>0</u>	<u>292,406</u>	<u>769,765</u>
0	390,512	0	0	390,512
0	0	0	0	1,828,894
0	0	0	0	488,616
0	0	0	8,682	12,275
0	0	40,030	3,717	59,596
0	0	0	0	32,400,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>487,516</u>
<u>0</u>	<u>390,512</u>	<u>40,030</u>	<u>12,399</u>	<u>35,667,409</u>
0	(69,707)	(40,030)	280,007	(34,897,644)
0	0	0	0	29,600,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,287,516</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>32,887,516</u>
0	(69,707)	(40,030)	280,007	(2,010,128)
<u>51,381</u>	<u>185,945</u>	<u>(1,445,513)</u>	<u>(340,387)</u>	<u>2,298,006</u>
<u>\$ 51,381</u>	<u>\$ 116,238</u>	<u>\$ (1,485,543)</u>	<u>\$ (60,380)</u>	<u>\$ 287,878</u>

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Governmental Funds – General Fund  
For the Fiscal Year Ended June 30, 2005***

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	<i>GENERAL FUND</i>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Financing Sources	<u>\$ 411,723,000</u>	<u>\$ 411,723,000</u>	<u>\$ 457,846,038</u>	<u>\$ 46,123,038</u>
Total Expenditures and Other Financing Uses	<u>469,460,135</u>	<u>469,460,135</u>	<u>494,994,698</u>	<u>(25,534,563)</u>
Net Change in Fund Balance	<u>(57,737,135)</u>	<u>(57,737,135)</u>	<u>(37,148,660)</u>	<u>20,588,475</u>
Fund Balances, Beginning of Year	70,202,303	70,202,303	70,202,303	0
Prior Year Encumbrances	<u>22,211,330</u>	<u>22,211,330</u>	<u>22,211,330</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ 34,676,498</u></u>	<u><u>\$ 34,676,498</u></u>	<u><u>\$ 55,264,973</u></u>	<u><u>\$ 20,588,475</u></u>

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Governmental Funds – Debt Service Fund  
For the Fiscal Year Ended June 30, 2005***

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	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total Revenues and Other Financing Sources	\$ 51,557,491	\$ 50,240,135	\$ (1,317,356)
Total Expenditures and Other Financing Uses	51,501,594	50,687,193	814,401
Net Change in Fund Balance	55,897	(447,058)	(502,955)
Fund Balances, Beginning of Year	8,259,742	8,259,742	0
Prior Year Encumbrances	1,594	1,594	0
Fund Balances, End of Year	<u>\$ 8,317,233</u>	<u>\$ 7,814,278</u>	<u>\$ (502,955)</u>

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Governmental Funds – Capital Projects Fund  
For the Fiscal Year Ended June 30, 2005***

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	<b>BUILDING FUND</b>		<b>Variance with Final Budget Positive (Negative)</b>
	<b>Final Budget</b>	<b>Actual</b>	
Total Revenues and Other Financing Sources	<u>\$ 26,675,000</u>	<u>\$ 488,061,385</u>	<u>\$ 461,386,385</u>
Total Expenditures and Other Financing Uses	<u>43,582,780</u>	<u>225,120,843</u>	<u>(181,538,063)</u>
Net Change in Fund Balance	<u>(16,907,780)</u>	<u>262,940,542</u>	<u>279,848,322</u>
Fund Balances, Beginning of Year	24,140,088	24,140,088	0
Prior Year Encumbrances	<u>3,582,781</u>	<u>3,582,781</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ 10,815,089</u></u>	<u><u>\$ 290,663,411</u></u>	<u><u>\$ 279,848,322</u></u>

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Governmental Funds – Capital Projects Fund  
For the Fiscal Year Ended June 30, 2005***

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	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Total Revenues and Other Financing Sources	\$ 18,000,000	\$ 221,825,466	\$ 203,825,466
Total Expenditures and Other Financing Uses	201,044,824	638,059,739	(437,014,915)
Net Change in Fund Balance	(183,044,824)	(416,234,273)	(233,189,449)
Fund Balances, Beginning of Year	626,448,108	626,448,108	0
Prior Year Encumbrances	41,014,824	41,014,824	0
Fund Balances, End of Year	\$ 484,418,108	\$ 251,228,659	\$ (233,189,449)

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***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, 2005***

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	<b>FOOD SERVICE FUND</b>		<b>Variance with Final Budget Positive (Negative)</b>
	<b>Final Budget</b>	<b>Actual</b>	
Total Revenues and Other Financing Sources	<u>\$ 15,243,336</u>	<u>\$ 14,093,856</u>	<u>\$ (1,149,480)</u>
Total Expenditures and Other Financing Uses	<u>13,980,968</u>	<u>14,362,223</u>	<u>(381,255)</u>
Net Change in Fund Balance	<u>1,262,368</u>	<u>(268,367)</u>	<u>(1,530,735)</u>
Fund Balances, Beginning of Year	(1,525,943)	(1,525,943)	0
Prior Year Encumbrances	<u>263,968</u>	<u>263,968</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ 393</u></u>	<u><u>\$ (1,530,342)</u></u>	<u><u>\$ (1,530,735)</u></u>

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***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, 2005***

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	<b>OTHER GRANTS FUND</b>		<b>Variance with Final Budget Positive (Negative)</b>
	<b>Final Budget</b>	<b>Actual</b>	
Total Revenues and Other Financing Sources	\$ 3,943,276	\$ 4,091,677	\$ 148,401
Total Expenditures and Other Financing Uses	5,260,614	3,528,680	1,731,934
Net Change in Fund Balance	(1,317,338)	562,997	1,880,335
Fund Balances, Beginning of Year	1,032,443	1,032,443	0
Prior Year Encumbrances	260,614	260,614	0
Fund Balances, End of Year	\$ (24,281)	\$ 1,856,054	\$ 1,880,335

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***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, 2005***

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	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Total Revenues and Other Financing Sources	\$ 1,900,000	\$ 1,965,224	\$ 65,224
Total Expenditures and Other Financing Uses	3,815,958	2,223,195	1,592,763
Net Change in Fund Balance	(1,915,958)	(257,971)	1,657,987
Fund Balances, Beginning of Year	1,802,947	1,802,947	0
Prior Year Encumbrances	120,958	120,958	0
Fund Balances, End of Year	\$ 7,947	\$ 1,665,934	\$ 1,657,987

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***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, 2005***

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	<b>AUXILIARY FUND</b>		<b>Variance with Final Budget Positive (Negative)</b>
	<b>Final Budget</b>	<b>Actual</b>	
Total Revenues and Other Financing Sources	<u>\$ 10,738,079</u>	<u>\$ 10,451,725</u>	<u>\$ (286,354)</u>
Total Expenditures and Other Financing Uses	<u>12,333,405</u>	<u>12,910,967</u>	<u>(577,562)</u>
Net Change in Fund Balance	<u>(1,595,326)</u>	<u>(2,459,242)</u>	<u>(863,916)</u>
Fund Balances, Beginning of Year	449,307	449,307	0
Prior Year Encumbrances	<u>1,143,405</u>	<u>1,143,405</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ (2,614)</u>	<u>\$ (866,530)</u>	<u>\$ (863,916)</u>

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***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, 2005***

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	<b>HEAD START FUND</b>		<b>Variance with Final Budget Positive (Negative)</b>
	<b>Final Budget</b>	<b>Actual</b>	
Total Revenues and Other Financing Sources	\$ 224,726	\$ 418,991	\$ 194,265
Total Expenditures and Other Financing Uses	108,077	903,662	(795,585)
Net Change in Fund Balance	116,649	(484,671)	(601,320)
Fund Balances, Beginning of Year	(83,138)	(83,138)	0
Prior Year Encumbrances	3,077	3,077	0
Fund Balances, End of Year	<u>\$ 36,588</u>	<u>\$ (564,732)</u>	<u>\$ (601,320)</u>

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***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, 2005***

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	<i>DISADVANTAGED PUPIL IMPACT AID FUND</i>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Total Revenues and Other Financing Sources	\$ 30,509,000	\$ 25,655,835	\$ (4,853,165)
Total Expenditures and Other Financing Uses	30,500,000	25,655,835	4,844,165
Net Change in Fund Balance	9,000	0	(9,000)
Fund Balances, Beginning of Year	0	0	0
Fund Balances, End of Year	\$ 9,000	\$ 0	\$ (9,000)

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***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, 2005***

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	<b>TITLE VI-B FUND</b>		<b>Variance with Final Budget Positive (Negative)</b>
	<b>Final Budget</b>	<b>Actual</b>	
Total Revenues and Other Financing Sources	<u>\$ 12,096,466</u>	<u>\$ 14,268,798</u>	<u>\$ 2,172,332</u>
Total Expenditures and Other Financing Uses	<u>11,288,064</u>	<u>14,135,436</u>	<u>(2,847,372)</u>
Net Change in Fund Balance	<u>808,402</u>	<u>133,362</u>	<u>(675,040)</u>
Fund Balances, Beginning of Year	(141,320)	(141,320)	0
Prior Year Encumbrances	<u>488,064</u>	<u>488,064</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ 1,155,146</u></u>	<u><u>\$ 480,106</u></u>	<u><u>\$ (675,040)</u></u>

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***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, 2005***

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	<b>TITLE II-A FUND</b>		<b>Variance with Final Budget Positive (Negative)</b>
	<b>Final Budget</b>	<b>Actual</b>	
Total Revenues and Other Financing Sources	\$ 1,920,000	\$ 2,498,375	\$ 578,375
Total Expenditures and Other Financing Uses	2,370,987	2,428,217	(57,230)
Net Change in Fund Balance	(450,987)	70,158	521,145
Fund Balances, Beginning of Year	370,162	370,162	0
Prior Year Encumbrances	20,987	20,987	0
Fund Balances, End of Year	\$ (59,838)	\$ 461,307	\$ 521,145

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***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, 2005***

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	<b>CHAPTER I FUND</b>		<b>Variance with Final Budget Positive (Negative)</b>
	<b>Final Budget</b>	<b>Actual</b>	
Total Revenues and Other Financing Sources	<u>\$ 26,826,551</u>	<u>\$ 26,935,544</u>	<u>\$ 108,993</u>
Total Expenditures and Other Financing Uses	<u>28,863,151</u>	<u>29,686,130</u>	<u>(822,979)</u>
Net Change in Fund Balance	<u>(2,036,600)</u>	<u>(2,750,586)</u>	<u>(713,986)</u>
Fund Balances, Beginning of Year	(445,617)	(445,617)	0
Prior Year Encumbrances	<u>1,983,151</u>	<u>1,983,151</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ (499,066)</u></u>	<u><u>\$ (1,213,052)</u></u>	<u><u>\$ (713,986)</u></u>

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***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, 2005***

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	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Total Revenues and Other Financing Sources	\$ 33,121,372	\$ 40,855,546	\$ 7,734,174
Total Expenditures and Other Financing Uses	35,172,563	44,804,384	(9,631,821)
Net Change in Fund Balance	(2,051,191)	(3,948,838)	(1,897,647)
Fund Balances, Beginning of Year	11,116,786	11,116,786	0
Prior Year Encumbrances	2,980,849	2,980,849	0
Fund Balances, End of Year	\$ 12,046,444	\$ 10,148,797	\$ (1,897,647)

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***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, 2005***

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	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Total Revenues and Other Financing Sources	\$ 13,067,958	\$ 13,217,378	\$ 149,420
Total Expenditures and Other Financing Uses	16,446,943	16,113,014	333,929
Net Change in Fund Balance	(3,378,985)	(2,895,636)	483,349
Fund Balances, Beginning of Year	609,066	609,066	0
Prior Year Encumbrances	2,866,943	2,866,943	0
Fund Balances, End of Year	\$ 97,024	\$ 580,373	\$ 483,349

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***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, 2005***

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	<b>REPLACEMENT FUND</b>		<b>Variance with Final Budget Positive (Negative)</b>
	<b>Final Budget</b>	<b>Actual</b>	
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>4,500</u>	<u>3,593</u>	<u>907</u>
Net Change in Fund Balance	<u>(4,500)</u>	<u>(3,593)</u>	<u>907</u>
Fund Balances, Beginning of Year	<u>4,770</u>	<u>4,770</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ 270</u></u>	<u><u>\$ 1,177</u></u>	<u><u>\$ 907</u></u>

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***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, 2005***

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	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Total Revenues and Other Financing Sources	\$ 19,826,692	\$ 19,826,692	\$ 0
Total Expenditures and Other Financing Uses	20,678,823	20,288,871	389,952
Net Change in Fund Balance	(852,131)	(462,179)	389,952
Fund Balances, Beginning of Year	117,448	117,448	0
Prior Year Encumbrances	738,822	738,822	0
Fund Balances, End of Year	\$ 4,139	\$ 394,091	\$ 389,952

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***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, 2005***

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	<b>POWER UP FUND</b>		<b>Variance with Final Budget Positive (Negative)</b>
	<b>Final Budget</b>	<b>Actual</b>	
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>60,000</u>	<u>0</u>	<u>60,000</u>
Net Change in Fund Balance	<u>(60,000)</u>	<u>0</u>	<u>60,000</u>
Fund Balances, Beginning of Year	<u>64,415</u>	<u>64,415</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ 4,415</u></u>	<u><u>\$ 64,415</u></u>	<u><u>\$ 60,000</u></u>

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***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, 2005***

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**INTERACTIVE VIDEO DISTANCE LEARNING FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total Revenues and Other Financing Sources	\$ 0	\$ 0	\$ 0
Total Expenditures and Other Financing Uses	16,131	7,731	8,400
Net Change in Fund Balance	(16,131)	(7,731)	8,400
Fund Balances, Beginning of Year	1	1	0
Prior Year Encumbrances	16,131	16,131	0
Fund Balances, End of Year	<u>\$ 1</u>	<u>\$ 8,401</u>	<u>\$ 8,400</u>

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***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, 2005***

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	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Total Revenues and Other Financing Sources	\$ 320,905	\$ 320,805	\$ (100)
Total Expenditures and Other Financing Uses	545,000	359,484	185,516
Net Change in Fund Balance	(224,095)	(38,679)	185,416
Fund Balances, Beginning of Year	185,825	185,825	0
Prior Year Encumbrances	120	120	0
Fund Balances, End of Year	\$ (38,150)	\$ 147,266	\$ 185,416

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***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, 2005***

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	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total Revenues and Other Financing Sources	\$ 0	\$ 450,411	\$ 450,411
Total Expenditures and Other Financing Uses	0	450,411	(450,411)
Net Change in Fund Balance	0	0	0
Fund Balances, Beginning of Year	0	0	0
Fund Balances, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***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, 2005***

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	<b>EMERGENCY SCHOOL REPAIR FUND</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Total Revenues and Other Financing Sources	<u>\$ 583,030</u>	<u>\$ 297,706</u>	<u>\$ (285,324)</u>
Total Expenditures and Other Financing Uses	<u>242,642</u>	<u>373,605</u>	<u>(130,963)</u>
Net Change in Fund Balance	<u>340,388</u>	<u>(75,899)</u>	<u>(416,287)</u>
Fund Balances, Beginning of Year	0	0	0
Prior Year Encumbrances	<u>43,258</u>	<u>43,258</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ 383,646</u></u>	<u><u>\$ (32,641)</u></u>	<u><u>\$ (416,287)</u></u>

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***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, 2005***

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	<i>PERMANENT FUND</i>		<b>Variance with Final Budget Positive (Negative)</b>
	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Financing Sources	\$ 12,500	\$ 23,006	\$ 10,506
Total Expenditures and Other Financing Uses	300,000	28,260	271,740
Net Change in Fund Balance	(287,500)	(5,254)	282,246
Fund Balances, Beginning of Year	967,693	967,693	0
Prior Year Encumbrances	2,848	2,848	0
Fund Balances, End of Year	<u>\$ 683,041</u>	<u>\$ 965,287</u>	<u>\$ 282,246</u>



***CINCINNATI CITY SCHOOL DISTRICT, OHIO***

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***Fiduciary Funds***

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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***

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**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**

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***Schedule of Changes in Assets and Liabilities  
Agency Fund  
For the Fiscal Year Ended June 30, 2004***

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	Balance June 30, 2004	Additions	Deductions	Balance June 30, 2005
<b><i><u>Student Managed Activity Fund</u></i></b>				
Assets:				
Equity in Pooled Cash and Investments	\$57,808	\$55,228	(\$58,938)	\$54,098
Total Assets	<u>\$57,808</u>	<u>\$55,228</u>	<u>(\$58,938)</u>	<u>\$54,098</u>
Liabilities:				
Due to Students	\$57,808	\$55,228	(\$58,938)	\$54,098
Total Liabilities	<u>\$57,808</u>	<u>\$55,228</u>	<u>(\$58,938)</u>	<u>\$54,098</u>

*CAPITAL ASSETS USED IN THE  
OPERATION OF GOVERNMENTAL FUNDS*

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**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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***Capital Assets Used in the Operation of Governmental Funds  
Schedule by Source  
June 30, 2005***

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Capital Assets

Land	\$31,670,721
Land Improvements	10,052,419
Buildings and Improvements	181,783,790
Furniture, Fixtures and Equipment	7,102,497
Vehicles	502,881
Construction in Progress	<u>135,158,971</u>
Total Capital Assets	<u><u>\$366,271,279</u></u>

Investment in Capital Assets from:

Acquisitions Prior to 1999	\$153,939,374
General Fund	11,363,363
Special Revenue Funds	938,431
Special Revenue Funds - Food Service	1,041,894
Capital Project Funds	190,347,685
Donations	<u>8,640,532</u>
Total Investment in Capital Assets	<u><u>\$366,271,279</u></u>

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

***Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
June 30, 2005***

Function and Activity	Land	Land Improvements	Buildings and Improvements
Instructional Services			
Regular	\$11,001,378	\$6,535,300	\$127,375,142
Special	0	0	0
Vocational	75,100	0	13,153,592
Support Services:			
Pupils	0	26,374	0
Instructional Staff	0	0	0
Administration	0	0	0
Fiscal Services	0	0	0
Operation and Maintenance of Plant	0	468,837	4,266,854
Pupil Transportation	0	0	0
Central	561,000	123,000	6,854,000
Extracurricular Activities	0	172,800	325,200
Other Noninstructional Services	0	0	224,551
Facility Services	0	2,692,594	9,944,000
Site Acquisition	7,023,853	0	0
Architecture and Engineering	0	0	467,011
Building Acquisition and Construction	13,009,390	0	17,504,609
Building Improvement	0	33,514	1,668,831
Total Capital Assets	<u>\$31,670,721</u>	<u>\$10,052,419</u>	<u>\$181,783,790</u>

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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Furniture, Fixtures and Equipment	Vehicles	Construction in Progress	Total
\$1,696,041	\$29,353	\$0	\$146,637,214
226,474	0	0	226,474
242,852	0	0	13,471,544
1,309,740	0	0	1,336,114
411,971	0	0	411,971
80,544	0	0	80,544
298,473	0	0	298,473
78,112	25,972	0	4,839,775
55,348	0	0	55,348
1,204,786	0	0	8,742,786
0	0	0	498,000
456,479	374,142	0	1,055,172
0	73,414	0	12,710,008
0	0	0	7,023,853
0	0	13,353,061	13,820,072
1,041,677	0	121,805,910	153,361,586
0	0	0	1,702,345
<u>\$7,102,497</u>	<u>\$502,881</u>	<u>\$135,158,971</u>	<u>\$366,271,279</u>

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

***Capital Assets Used in the Operation of Governmental Funds  
Schedule Changes by Function and Activity  
June 30, 2005***

Function and Activity	June 30, 2004	Additions	Deletions	June 30, 2005
Instructional Services				
Regular	\$146,637,214	\$0	\$0	\$146,637,214
Special	204,721	21,753	0	226,474
Vocational	13,385,494	86,050	0	13,471,544
Support Services:				
Pupils	1,289,106	47,008	0	1,336,114
Instructional Staff	411,971	0	0	411,971
Administration	70,000	10,544	0	80,544
Fiscal Services	298,473	0	0	298,473
Operation and Maintenance of Plant	2,904,734	1,935,041	0	4,839,775
Pupil Transportation	55,348	0	0	55,348
Central	8,742,786	0	0	8,742,786
Extracurricular Activities	498,000	0	0	498,000
Other Noninstructional Services	1,055,172	0	0	1,055,172
Facility Services	12,669,978	40,030	0	12,710,008
Site Acquisition	4,691,785	2,332,068	0	7,023,853
Architecture and Engineering	10,557,229	3,262,843	0	13,820,072
Building Acquisition and Construction	39,477,126	128,525,283	(14,640,823)	153,361,586
Building Improvement	1,702,345	0	0	1,702,345
Total Capital Assets	<u>\$244,651,482</u>	<u>\$136,260,620</u>	<u>(\$14,640,823)</u>	<u>\$366,271,279</u>

*STATISTICAL SECTION*

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*STATISTICAL TABLES*

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***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

	2005	2004	2003	2002	2001	2000	1999	1998	1997
	Fiscal								
Current:									
Instruction:									
Regular	\$193,498,859	\$189,011,880	\$178,829,594	\$174,819,536	\$155,457,753	\$143,230,877	\$148,655,771	\$137,416,440	\$131,724,125
Special	51,699,504	52,723,964	48,561,036	42,957,408	36,544,388	37,340,503	39,307,268	36,115,483	35,011,372
Vocational	6,212,375	6,036,098	5,769,944	6,626,915	6,646,576	7,708,276	10,924,421	11,725,582	10,431,222
Adult	91,788	83,065	137,459	69,436	31,528	22,799	0	0	15,620
Support services:									
Pupils	15,549,240	13,860,861	11,890,575	12,848,272	11,588,753	11,089,310	8,727,623	8,346,978	7,769,775
Instructional staff	18,945,766	18,335,650	14,890,979	13,936,947	11,802,997	11,309,493	11,970,461	11,771,950	10,970,401
General administration	340,023	342,284	416,192	237,333	215,720	190,101	218,741	248,689	205,853
School administration	33,003,676	33,931,451	31,532,803	28,733,454	26,745,792	25,523,346	25,680,388	25,112,210	24,449,346
Fiscal	2,551,132	3,239,075	5,131,434	4,473,642	1,827,438	2,289,454	2,506,700	1,520,336	937,462
Business	1,062,734	1,124,900	827,748	328,517	408,122	862,675	927,132	1,043,511	1,007,520
Operation and maintenance	38,957,191	48,050,344	38,733,669	31,231,365	30,846,606	28,156,671	27,887,256	26,799,501	26,598,751
Pupil transportation	25,020,607	23,884,025	21,483,056	23,090,453	21,524,481	20,978,396	20,402,745	20,020,862	18,887,642
Central	18,332,634	19,173,590	15,476,386	15,741,867	15,132,672	14,018,255	12,520,701	11,622,041	9,948,646
Community services	874	5,534	8,982	0	0	0	0	0	0
Extracurricular activities	4,558,958	4,169,345	3,964,049	3,603,534	2,830,733	2,628,136	2,222,398	2,087,636	1,935,762
Capital outlay	2,209,114	2,295,656	7,209,617	7,904,893	2,193,401	1,225,452	1,155,947	1,310,267	518,504
Debt service	0	0	0	10,301,250	41,798,794	51,841,359	66,024,391	90,689,285	89,102,666
Miscellaneous	0	0	55,081	65,568	13,130	0	0	0	0
Total General Fund Expenditures	\$412,034,475	\$416,267,722	\$384,918,604	\$376,970,390	\$365,608,884	\$358,415,103	\$379,131,943	\$385,830,771	\$369,514,667

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

	2005 Fiscal	2004 Fiscal	2003 Fiscal	2002 Fiscal	2001 Fiscal	2000 Fiscal	1999 Fiscal	1998 Fiscal	1997 Fiscal
Taxes	\$223,974,858	\$232,049,270	\$229,010,615	\$235,752,597	\$220,285,246	\$192,273,000	\$210,030,000	\$199,543,000	\$197,676,300
Revenue in lieu of taxes	4,857,374	4,325,120	5,406,401	6,232,376	4,598,900	6,151,000	3,330,000	1,442,000	907,900
Tuition	1,277,690	1,036,196	770,859	712,502	542,380	269,000	491,000	413,000	408,800
Earnings on investments	3,067,813	4,264,843	5,653,148	5,016,534	9,432,203	5,189,000	4,773,000	4,979,000	4,738,800
Proceeds from Sale of Notes	0	0	0	0	20,550,000	0	0	0	0
Other local revenues	579,135	599,115	791,234	501,399	2,597,915	2,172,000	427,000	2,107,000	394,800
Intergovernmental - State	159,635,070	150,151,676	144,008,166	146,630,326	140,356,675	150,215,000	143,436,000	126,108,000	119,718,900
Intergovernmental - Federal	3,414,237	2,697,583	3,071,000	2,557,860	2,106,927	2,296,000	1,402,000	1,386,000	114,200
<b>Total General Fund Revenue</b>	<b>\$396,806,177</b>	<b>\$395,123,803</b>	<b>\$388,711,423</b>	<b>\$397,403,594</b>	<b>\$400,470,246</b>	<b>\$358,565,000</b>	<b>\$363,889,000</b>	<b>\$335,978,000</b>	<b>\$323,959,700</b>

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
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	236,176,571	208,901,271	88.45%	9,007,450	217,908,721	92.26%	7,137,874	3.02%
2003	269,841,204	232,064,137	86.00%	10,873,765	242,937,903	90.03%	9,655,381	3.58%
2004	268,010,681	231,598,791	86.41%	10,910,499	242,509,290	90.48%	11,049,402	4.12%

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**

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

<b>Fiscal Year</b>	<b>Collections</b>
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
2004	57,944,756
2005	51,000,001

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	
1995	4,010,587,340	11,458,820,971	737,092,460	2,948,369,840	457,321,750	457,321,750	5,205,001,550	14,864,512,561	35.02%
1996	4,242,781,900	12,122,234,000	755,205,830	3,020,823,320	455,125,360	455,125,360	5,453,113,090	15,598,182,680	34.96%
1997	4,242,923,420	12,122,638,343	743,936,230	2,975,744,920	430,297,850	430,297,850	5,417,157,500	15,528,681,113	34.88%
1998	4,262,469,180	12,178,483,371	728,160,780	2,870,361,320	435,846,600	435,846,600	5,426,476,560	15,484,691,291	35.04%
1999	4,951,206,400	14,151,625,486	717,580,330	2,870,321,320	440,480,530	440,480,530	6,109,267,260	17,462,427,336	34.99%
2000	4,953,068,920	14,151,625,486	728,375,690	2,913,502,760	416,613,010	416,613,010	6,098,057,620	17,481,741,256	34.88%
2001	4,964,323,920	14,183,782,629	737,473,360	2,949,893,440	333,228,120	333,228,120	6,035,025,400	17,466,904,189	34.55%
2002	5,514,801,900	15,756,576,857	690,728,880	2,762,915,520	351,841,850	351,841,850	6,444,777,250	18,420,952,707	34.99%
2003	5,578,561,520	15,938,747,200	577,133,500	2,308,534,000	354,260,790	354,260,790	6,509,955,810	18,601,541,990	35.00%
2004	5,487,899,220	15,679,712,057	575,489,567	2,301,958,268	348,115,260	348,115,260	6,411,504,047	18,329,785,585	34.98%

Source: (1) Hamilton County Auditor. Data available thru year 2004 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	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Collection Year	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Cincinnati Public School District	60.83	60.75	56.25	57.15	56.93	51.94	53.13	53.13	53.19	53.52
City of Cheviot	12.22	12.24	12.42	12.56	12.62	12.66	12.82	12.84	13.00	13.02
City of Cincinnati	10.34	10.36	10.63	10.76	10.76	10.90	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	8.15	8.15	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	7.00	7.00	6.00	6.00	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	24.52	24.52	25.32	19.42	19.42	19.42	19.60	19.60
Anderson Township	14.15	14.15	14.15	14.15	14.15	12.18	12.18	11.18	11.18	11.18
Columbia Township	21.26	21.26	17.96	17.96	17.96	17.96	17.96	17.96	17.96	17.96
Delhi Township	20.46	20.46	20.46	20.46	20.46	20.46	20.46	20.46	20.46	20.46
Green Township	8.31	8.31	8.31	8.31	8.81	8.81	8.81	8.81	8.81	8.81
Springfield Township	20.30	20.30	20.30	20.30	14.30	14.30	14.30	14.30	15.67	15.67
Sycamore Township	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.60	7.60	7.60
Fairfax - Madison Pl.	2.76	2.76	2.50	2.50	0.00	0.00	0.00	0.00	0.00	0.00
Village of Mairmont, Ohio	14.37	14.37	12.44	12.44	12.44	12.44	12.44	12.44	8.94	8.94

Source: Hamilton County Auditor.

# CINCINNATI CITY SCHOOL DISTRICT, OHIO

## COMPUTATION OF LEGAL DEBT MARGIN JUNE 30, 2005

1. Assessed Valuation of District		<u>\$6,411,504,047</u>
2. Total Principal Amount of Outstanding Securities		733,090,000
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:	0	
(b) Other exempt securities: 133.06(D), ORC:	121,270,000	<u>121,270,000</u>
4. (a) Total securities subject to 9% limitation (item 2 minus item 3):		<u>611,820,000</u>
(b) Plus principal amount of securities subject to 133.06(H), ORC:		112,270,000
(c) Less bond retirement fund applicable to principal of such securities:		<u>(5,800,000)</u>
(d) Net amount subject to 9% limitation:		<u>718,290,000</u>
(e) Legal Debt Limitation *		<u>724,090,000</u>
(f) Overall Legal Debt Margin		<u>\$5,800,000</u>
5. Securities included in item 4(a), but without authority of an election:		244,730,000
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:		16,600,000
(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>16,600,000</u>
(d) Legal Debt Limitation		<u>57,703,536</u>
(e) Unvoted Energy Conservation Notes Legal Debt Margin		<u>\$41,103,536</u>
7. (a) Unvoted securities issued for other purposes (item 5 minus item 6a)		228,130,000
(b) Bond retirement fund applicable to principal of such securities:		<u>5,800,000</u>
(c) Net amount subject to 1/10 of 1% limitation of Section 133.06(A), ORC:		<u>4,000,000</u>
(d) Legal Debt Limitation		<u>6,411,504</u>
(e) Unvoted Legal Debt Margin		<u>\$2,411,504</u>

\* Section 133.06 (I), Ohio Revised Code, provides authority for higher legal debt limitation.

## **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**

<b>Collection Year</b>	<b>Population (1)</b>	<b>Assessed Value (2)</b>	<b>Gross Bonded Debt (3)</b>	<b>Less Debt Service Fund (3)</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt To Assessed Value (%)</b>	<b>Estimated Net Bonded Debt Per Capita</b>
1996	364,040	5,205,001,550	13,115,000	8,528,683	4,586,317	0.08%	13
1997	364,040	5,453,113,090	11,060,000	8,601,443	2,458,557	0.05%	7
1998	364,040	5,417,157,500	8,955,000	4,368,683	4,586,317	0.08%	13
1999	364,040	5,426,476,560	7,465,000	3,453,867	4,011,133	0.07%	11
2000	364,040	6,109,267,260	5,915,000	3,642,469	2,272,531	0.04%	6
2001	331,285	6,098,057,620	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
2004	331,285	6,509,955,810	713,595,000	5,815,827	707,779,173	10.87%	2,136
2005	331,285	6,411,504,047	703,490,000	7,814,279	695,675,721	10.85%	2,100

Source: (1) Census Data - Internet (<http://demographia.com/db-2000uscity98.htm>)

(2) Hamilton County Auditor.

(3) Cincinnati City School District Records.

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**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest and Fiscal Charges</b>	<b>Total Debt Service</b>	<b>Total General Fund Expenditures</b>	<b>Ratio of Debt Service to General Expenditures %</b>
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	8,215,000	3,629,931	11,844,931	384,918,604	3.08%
2004	6,465,000	6,233,063	12,698,063	416,267,722	3.05%
2005	8,460,000	5,906,788	14,366,788	411,593,061	3.49%

Source: Cincinnati City School District Records.

## **CINCINNATI CITY SCHOOL DISTRICT, OHIO**

### **COMPUTATION OF DIRECT AND OVERLAPPING DEBT AS OF JUNE 30, 2005**

<b>Governmental Unit</b>	<b>Gross General Obligation</b>	<b>Percent Applicable to District</b>	<b>Amount Applicable to District</b>
Direct:			
Cincinnati Public Schools	\$734,605,000	100.00%	\$734,605,000
Overlapping:			
Hamilton County	123,690,000	34.22%	42,326,718
City of Cheviot	160,000	100.00%	160,000
City of Cincinnati	353,231,660	99.96%	353,090,367
City of Madeira	1,535,000	0.32%	4,912
City of Norwood	10,791,739	0.46%	49,642
City of Silverton	272,777	93.21%	254,255
City of Wyoming	3,592,727	0.11%	3,952
Village of Amberly, Ohio	2,234,992	100.00%	2,234,992
Fairfax Village	695,000	19.04%	132,328
Golf Manor Village	0	100.00%	0
Mariemont Village	0	0.05%	0
Anderson Township	0	0.59%	0
Columbia	320,000	56.13%	179,616
Green Township	500,000	12.91%	64,550
Delhi	7,565,000	2.22%	167,943
Anderson Township Park Dist.	2,277,627	0.59%	13,438
Springfield Township	14,228,414	5.36%	762,643
Total Overlapping	<u>521,094,936</u>		<u>399,445,357</u>
Total Direct and Overlapping	<u><u>\$1,255,699,936</u></u>		<u><u>\$1,134,050,357</u></u>

Source: Cincinnati City School District Records.

## **CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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### **DEMOGRAPHIC STATISTICS LAST TEN FISCAL YEARS**

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<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Employment Level (2)</b>	<b>Unemployment Rate (3)</b>	<b>School Enrollment (4)</b>
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
2004	331,285	165,400	8.1%	38,786
2005	331,285	161,800	6.1%	36,866

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Sources: (1) Census Data (<http://demographics.com/db-2000uscity98.htm>)  
(2) Labor Force Estimates, Ohio Bureau of Employment Services  
(3) Labor Force Extimates, Ohio Bureau of Employment Services  
(4) Cincinnati City School District Records.

## **CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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### **CONSTRUCTION, BANK DEPOSITS AND PROPERTY VALUES LAST TEN CALENDAR YEARS**

<b>Year</b>	<b>Construction (1)</b>	<b>Bank Deposits (000's) (2)</b>	<b>Real Property Values (3)</b>
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
2003	333,396,140	61,886,561	5,578,561,520
2004	486,905,325	56,879,658	5,487,899,220

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**

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**TOP TEN TAXPAYERS  
ASSESSED VALUE  
AS OF JUNE 30, 2005**

Name of Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
Cinergy	Public Utility	\$253,634,200	3.96%
The Procter and Gamble Company	Consumer Goods Manufacturing	89,091,760	1.39%
Cincinnati Bell Telephone	Public Utility	70,961,820	1.11%
Emery Realty	Real Estate Holdings	31,255,000	0.49%
Prudential Insurance	Real Estate Holdings	26,337,500	0.41%
Kroger	Retail Grocery Store	23,894,010	0.37%
Columbia Development	Real Estate Holdings	22,802,930	0.36%
Fifth Third Center	Real Estate Holdings	20,491,170	0.32%
Cincinnati Suburban Bell	Public Utility	18,129,940	0.28%
Fath Properties	Real Estate Holdings	17,597,400	0.27%
All Others		<u>5,837,308,337</u>	<u>91.04%</u>
Total		<u>\$6,411,504,067</u>	<u>100.00%</u>

Source: Cincinnati City School District Records

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**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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**TEN LARGEST EMPLOYERS  
AS OF JUNE 30, 2005**

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<b>Employer</b>	<b>Nature of Business</b>	<b>Number of Employees</b>
University of Cincinnati	Education	15,400
The Kroger Company	Consumer Goods Distribution	13,470
Health Alliance of Greater Cincinnati	Health Care	12,827
The Procter & Gamble Co.	Consumer Goods Manufacturing	12,500
Toyota Motor Manufacturing	Automotive	8,523
Cincinnati Public Schools	Education	7,596
TriHealth, Inc.	Health Care	7,319
Fifth Third Bancorp	Financial Institution	7,253
Children's Hospital Medical Center	Health Care	7,202
GE Aircraft Engines	Aircraft Engines	7,000

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Source: Greater Cincinnati Chamber of Commerce/Business Courier Book of Lists

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**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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**NUMBER OF TEACHERS, EDUCATION AND YEARS OF EXPERIENCE  
AS OF JUNE 30, 2005**

<b>Education</b>	<b>Number of Teachers</b>	<b>Percentage of Total</b>
Bachelor's Degree	243	9.47%
Bachelor's Degree with 150 Semester Hours	658	25.65%
Master's Degree	1,077	41.99%
Master's Degree with 30 Semester Hours	541	21.10%
Doctoral Degree	46	1.79%
Total Number of Teachers	2,565	100.00%

<b>Experience</b>	<b>Number of Teachers</b>	<b>Percentage of Total</b>
0 - 5 years	389	15.17%
6 - 10 years	325	12.67%
10 + years	1,851	72.16%
Total Number of Teachers	2,565	100.00%

Source: Human Resource Department.

# CINCINNATI CITY SCHOOL DISTRICT, OHIO

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## TRANSPORTATION STATISTICS AS OF JUNE 30, 2005

Number of School Buses in Fleet	354
Number of Bus Drivers	418
Number of Miles Driven Per Day	26,736
Number of Miles Driven Annually	4,705,536
Average Annual Miles Per Bus	13,292
Number of Students Transported Per Day	
Public School Students	20,461
Non-Public School Students	5,573
Community School Students	5,099
Handicapped Students	2,748
Preschool Disability Students	<u>85</u>
Total	33,966
Number of Students Transported Per Year	5,978,016
Percent of Student Enrollment Transported	
Public	69%
Community School	15%
Non-Public	16%

Source: Cincinnati City School District T-1 of June, 2005

Note: The District does not own any school buses. All pupil transportation is contracted.

**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

**SCHEDULE OF INSURANCE POLICIES  
AS OF JUNE 30, 2005**

<b>Company</b>	<b>Type of Insurance</b>	<b>Policy Number</b>	<b>Policy Period</b>	<b>Liability Limits</b>	<b>Deductible</b>	<b>Annual Premium</b>
Hartford Insurance	Property (Fire/Catastrophe)	BIND386998	12/1/04 - 12/1/05	\$25,000,000	\$250,000	\$247,000
Liberty Mutual Insurance	Property (Fire/Catastrophe)	BIND391803	12/1/04 - 12/1/05	75,000,000	250,000	58,875
Princeton E & S Insurance Co.	School Board Liability	BIND391803	12/15/04 - 02/15/06	10,000,000	250,000	389,247
Clarendon America Insurance Co.	Umbrella/Excess Liability	XLXOO311010	12/15/04 - 02/15/06	5,000,000	NONE	50,000
Hartford	Business/Auto	33UENGF9023	12/15/04 - 02/15/06	1,000,000	NONE	122,544
Federal Insurance Co.	Boiler & Machinery	76420047	12/1/04 - 12/1/05	50,000,000	5000	38,038
Acordia	Liability Broker Fee	LIABFEE05	06/1/05 - 12/1/05	NONE	NONE	30,000
Acordia	Property Insurance Fee	PROPFEEO5	06/1/05 - 12/1/05	NONE	NONE	30,000
Travelers Insurance Company	Equipment Floater Fine Arts	BIND369457	12/30/04 - 12/30/05	1,324,300	2,500	3,723

SOURCE: Cincinnati City School District Insurance Listing Held by Treasurer



**Auditor of State  
Betty Montgomery**

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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  
MAY 30, 2006**