



Cincinnati Public Schools
Hamilton County, OH

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2018



CINCINNATI CITY SCHOOL DISTRICT, OHIO

Hamilton County, Ohio

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR
ENDED JUNE 30, 2018**

*Prepared by:
Jennifer Wagner
Treasurer/CFO*



TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| INTRODUCTORY SECTION | |
| Letter of Transmittal | vii |
| List of Principal Officers | xiii |
| Organizational Chart | xiv |
| GFOA Certificate of Achievement for Excellence in Financial Reporting | xv |
| FINANCIAL SECTION | |
| Independent Auditor's Report | 1 |
| Management's Discussion and Analysis | 3 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Position | 14 |
| Statement of Activities | 15 |
| Fund Financial Statements: | |
| Balance Sheet - Governmental Funds | 16 |
| Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities | 17 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds | 18 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities | 19 |
| Statement of Net Position - Proprietary Fund | 20 |
| Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund | 21 |
| Statement of Cash Flows - Proprietary Fund | 22 |
| Statement of Fiduciary Net Position - Fiduciary Funds | 23 |
| Statement of Changes in Fiduciary Net Position - Fiduciary Fund | 24 |
| Notes to the Basic Financial Statements | 25 |
| Required Supplementary Information: | |
| Schedule of the District's Proportionate Share of the Net Pension Liability - STRS | 67 |
| Schedule of the District's Proportionate Share of the Net Pension Liability - SERS | 68 |
| Schedule of District Contributions for Net Pension Liability - STRS | 69 |
| Schedule of District Contributions for Net Pension Liability - SERS | 70 |
| Schedule of the District's Proportionate Share of the Net OPEB Liability - STRS | 71 |
| Schedule of the District's Proportionate Share of the Net OPEB Liability - SERS | 72 |
| Schedule of District Contributions for OPEB Liability- STRS | 73 |
| Schedule of District Contributions for OPEB Liability - SERS | 74 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance | |
| Budget and Actual (Non-GAAP Budgetary Basis) - General Fund | 75 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance | |
| Budget and Actual (Non-GAAP Budgetary Basis) - Schoolwide Building Program Fund | 76 |
| Notes to the Required Supplementary Information | 77 |
| Combining Statements and Individual Fund Schedules: | |
| Major Governmental Fund | |
| Fund Description | 81 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance | |
| Budget and Actual (Non-GAAP Budgetary Basis) - Debt Service | 82 |

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| Combining Statements and Individual Fund Schedules (Continued): | |
| Nonmajor Governmental Funds | |
| Fund Descriptions | 83 |
| Combining Balance Sheet | 84 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance | 85 |
| Nonmajor Special Revenue Funds | |
| Fund Descriptions | 87 |
| Combining Balance Sheet | 88 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance | 90 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance | |
| Budget and Actual (Non-GAAP Budgetary Basis): | |
| Food Service | 92 |
| Other Grants | 93 |
| Classroom Facilities Maintenance | 94 |
| Auxilliary Services | 95 |
| Title VI-B | 96 |
| School Improvement | 97 |
| Chapter 1 | 98 |
| Miscellaneous Federal Grants | 99 |
| Other Special Revenue | 100 |
| Nonmajor Capital Projects Funds | |
| Fund Descriptions | 101 |
| Combining Balance Sheet | 102 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance | 103 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance | |
| Budget and Actual (Non-GAAP Budgetary Basis): | |
| Permanent Improvement | 104 |
| Replacement | 105 |
| Classroom Facilities | 106 |
| Nonmajor Permanent Fund | |
| Fund Description | 107 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance | |
| Budget and Actual (Non-GAAP Budgetary Basis): | |
| Permanent Fund | 108 |
| Other General Funds | |
| Fund Descriptions | 109 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance | |
| Budget and Actual (Non-GAAP Budgetary Basis): | |
| Rotary Special Services | 110 |
| Rotary | 111 |
| Public School Support | 112 |
| Special Enterprise | 113 |
| District | 114 |
| Nonmajor Fiduciary Fund | |
| Fund Description | 115 |
| Statement of Changes in Assets and Liabilities | 116 |

TABLE OF CONTENTS

| | <u>Schedule</u> | <u>Page</u> |
|--|-----------------|-------------|
| STATISTICAL SECTION | | |
| Statistical Narrative | | 119 |
| Net Position by Component | 1 | 120 |
| Changes in Net Position | 2 | 122 |
| General Revenues and Total Change in Net Position | 3 | 124 |
| Fund Balances - Governmental Funds | 4 | 126 |
| Governmental Funds Revenues | 5 | 128 |
| Governmental Funds Expenditures and Debt Service Ratio | 6 | 130 |
| Other Financing Sources and Uses and Net Change in Fund Balances | 7 | 132 |
| Assessed Value and Estimated True Values of Taxable Property | 8 | 134 |
| Property Tax Rates of Direct and Overlapping Governments | 9 | 136 |
| Real Estate Tax and Public Utilities Personal Property | 10 | 139 |
| Property Tax Levies and Collections | 11 | 140 |
| Ratio of Outstanding Debt By Type | 12 | 142 |
| Ratios of General Bonded Debt Outstanding | 13 | 144 |
| Direct and Overlapping Governmental Activities Debt | 14 | 147 |
| Debt Limitations | 15 | 148 |
| Demographic and Economic Statistics | 16 | 150 |
| Principal Employers | 17 | 153 |
| School District Employees by Type | 18 | 154 |
| Operating Indicators - Cost per Pupil | 19 | 156 |
| Operating Indicators by Function | 20 | 158 |
| Operating Indicators - Teacher Base Salaries | 21 | 160 |
| Capital Asset Statistics by Building | 22 | 162 |
| Educational and Operating Statistics | 23 | 164 |



Introductory Section





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

December 28, 2018

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, 2018. This report was prepared by the Office of the Treasurer/CFO and includes the report of the independent auditor, Plattenburg & Associates, Inc. The independent auditor's report concludes that the District's financial statements for the year ended June 30, 2018 and 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 Powerschool's Business Plus as its general ledger accounting system, e-procurement software, capital asset system, and human resource/payroll system. The general ledger, e-procurement, and capital asset system went live on July 1, 2016 and the HR/payroll system went live on July 1, 2017.

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

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

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

Profile of the District

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

The District operates 4 preschools, 42 elementary schools (pre-K-6, pre-K-8), 11 high schools (7-12), and 4 combination schools (K-12). Through the use of a five-year building and maintenance plan, all facilities are kept in the best operating and physical condition possible. The District has implemented a \$56 million energy conservation program and has completed a \$1.1 billion, 10-year Facilities Master Plan program.

The District's average daily student enrollment (K-12) for the 2017-2018 year was 34,816 students. The District served 60% of the estimated 55,044 of school-aged children residing within its boundaries. The majority of enrolled students were members of ethnic minorities — in the 2017-2018 school year, 62.7% of students were African-American, 23.7% were Caucasian, 6.3% were other/multiracial, 5.8% were Hispanic, 1.5% were Asian or Pacific Islander.

A significant majority of students in the District — 83% — were on the federal free or reduced-price lunch plan during the 2017-2018 school year. Ninety percent of the District's elementary schools served students where 82% or more are economically disadvantaged. Nineteen percent of the students attending were served with Special Education needs.

Transportation was provided daily for 18,450 public students, 4,183 for charter students, and 4,722 for non-public students. Buses traveled an average of 22,335 miles each day. A self-supporting Food Services Department served an average of 22,923 lunches and 15,480 breakfasts each day in the 2017-2018 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 offers students opportunities to participate in a wide range of extracurricular activities to extend learning and increase enjoyment of school.

The Board of Education of the Cincinnati City School District (Board) is a body both political 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, 2018 were:

| <u>Board Members</u> | <u>Current Term Commenced</u> | <u>Current Term Expires</u> |
|--|-----------------------------------|---------------------------------|
| Carolyn Jones, President | 01/01/2016 | 12/31/2019 |
| Ericka Copeland-Dansby, Vice President | 01/01/2018 | 12/31/2021 |
| Melanie Bates | 01/01/2018 | 12/31/2021 |
| Eve Bolton | 01/01/2016 | 12/31/2019 |
| Ryan Messer | 01/01/2018 | 12/31/2021 |
| Mike Moroski | 01/01/2018 | 12/31/2021 |
| Ozie Davis III | 05/25/2018 | 12/31/2019 |

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

The Cincinnati Board of Education named Mrs. Laura Mitchell as Superintendent effective August 1, 2017. She has a current contract ending July 31, 2020. Mrs. Mitchell has over three decades experience in the education field.

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

The Cincinnati Board of Education appointed Mrs. Jennifer M. Wagner, as Treasurer/Chief Financial Officer on February 9, 2015. Currently, Mrs. Wagner is serving a 3-year contract commencing from August 1, 2018 thru July 31, 2021.

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

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

Local Economic Condition and Outlook

The economy of the District is based on a wide diversity of industry located in the District's geographic territory. The major sources of revenue to the District are largely derived from local property taxes on

real and personal property, but also include financial aid from the State of Ohio. Other funds, such as lunch and special classes are funded for their expenditures by designated State and Federal grants.

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

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

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

In 2018, the City issued a total of 10,877 permits for all construction, including new construction and construction on existing residential and non-residential property, with an estimated cost of \$752,270,000. This represents 10.8% decrease in estimated cost values over the 2017 fiscal year. The number of permits issued for new residential increased by 49.02% from 2017.

Among the Metropolitan Area's more prominent manufacturing groups are transportation equipment, which includes aircraft engines and motor vehicle parts; food and kindred products; metal working and general industrial machinery; chemicals; fabricated metal products; and printing and publishing. This diverse economic base continues to be a source of stability for the area, protecting it from severe peaks and valleys in the business cycle. The U.S. Bureau of Labor Statistics estimated total employment in Hamilton County at 510,500 at March 31, 2018. According to the United States Department of Labor, Bureau of Labor Statistics, the State of Ohio unemployment rate was 4.6% at August, 2018 compared to the national rate of 3.9%.

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

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

Long-term Financial Planning

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

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

Facilities Master Plan (FMP) Surges Forward

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

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

Historic Combination Preschool and K-12 Levy Sought

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

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, 2017.

The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. The June 30, 2017 CAFR was the seventeenth consecutive CAFR prepared by the District to receive this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

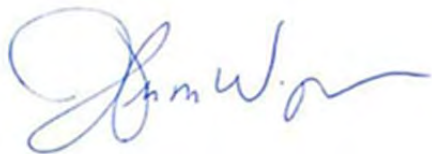
Independent Audit

State statute requires an annual audit be performed by the Auditor of State or by an independent certified public accountant approved by the Auditor of State. Plattenburg & Associates, Inc. has performed the District Audit for fiscal year ended June 30, 2018. In addition to meeting the requirements of state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act and Uniform Guidance. Generally accepted auditing standards and the standards set forth in the General Accounting Office's Government Auditing Standards were used by the auditors in conducting the engagement. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's report on internal controls and compliance with applicable laws and regulations can be found in a separately issued report.

Acknowledgments

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

Sincerely,



Jennifer M. Wagner
Treasurer/CFO

Cincinnati City School District Hamilton County, Ohio

List of Principal Officers June 30, 2018

Members of the Board of Education

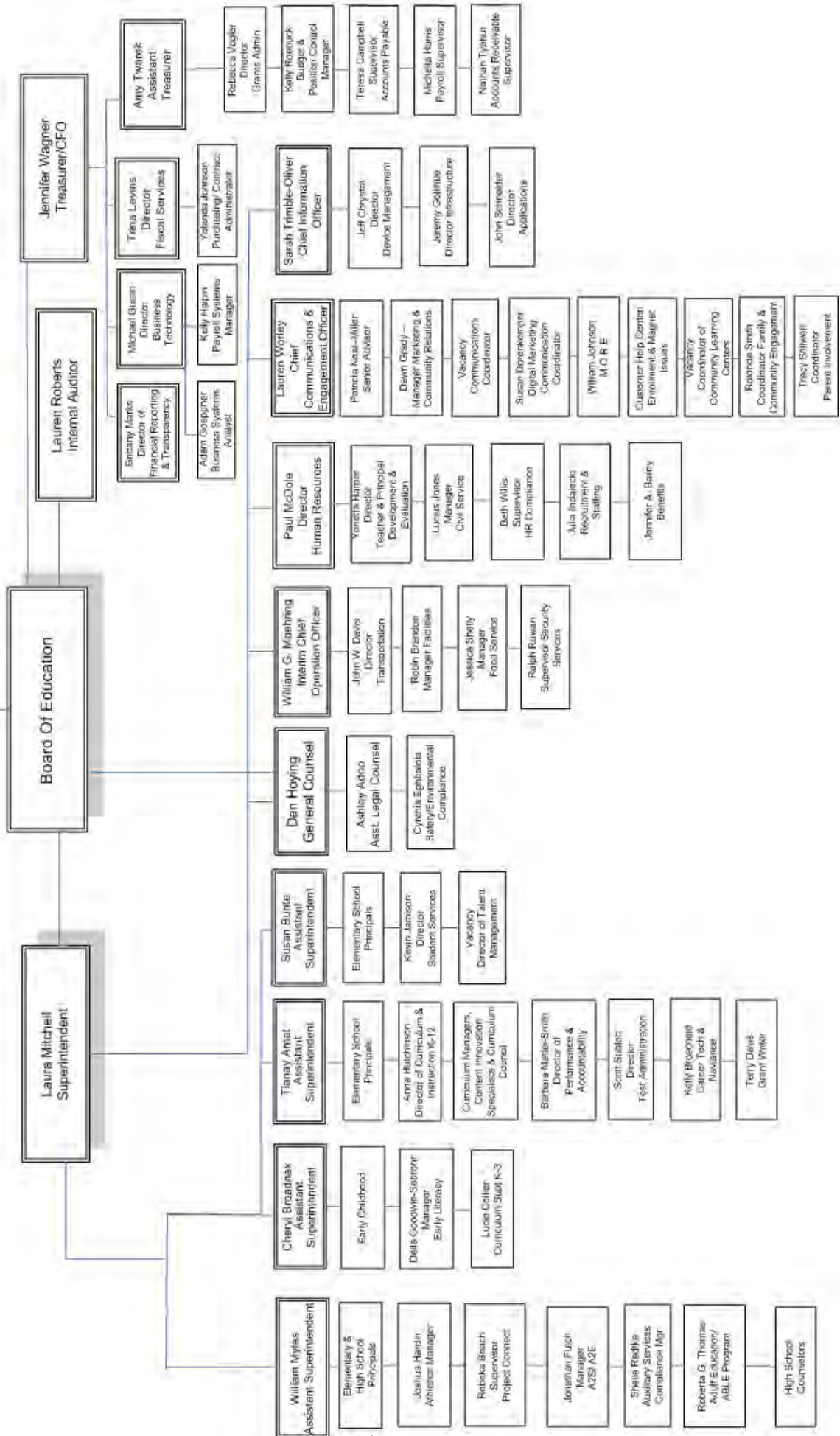
| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|------------------------|---------------------|----------------------------|
| Carolyn Jones | President | December 31, 2019 |
| Ericka Copeland-Dansby | Vice President | December 31, 2021 |
| Melanie Bates | Member | December 31, 2021 |
| Eve Bolton | Member | December 31, 2019 |
| Ozie Davis III | Member | December 31, 2019 |
| Ryan Messer | Member | December 31, 2021 |
| Mike Moroski | Member | December 31, 2021 |

District Administration

| <u>Name</u> | <u>Title</u> |
|-----------------------|---|
| C. Laura Mitchell | Superintendent |
| Jennifer M. Wagner | Treasurer/CFO |
| William M. Myles | Assistant Superintendent |
| Cheryl Broadnax | Assistant Superintendent |
| Susan Bunte | Assistant Superintendent |
| Tianay Amat | Assistant Superintendent |
| Daniel J. Hoying | General Counsel |
| Sarah Trimble- Oliver | Chief Information Officer |
| William Moehring | Chief Operating Officer (Interim) |
| Lauren Worley | Chief Communications and Engagement Officer |
| Paul McDole, Jr. | Director of Human Resources |

Cincinnati Public Schools Organizational Chart

Students, Families, Employers, Taxpayers, Citizens





Government Finance Officers Association

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

Presented to

**Cincinnati City School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrell

Executive Director/CEO





Financial Section



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cincinnati City School District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 19 to the financial statements, during the year ended June 30, 2018, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
December 28, 2018

Cincinnati City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

The discussion and analysis of the Cincinnati City School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. 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, notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- Net position of governmental activities increased \$218,941,077 which represents a 223% increase from 2017. Most of the increase in net position relates to the change in net pension liability and other post employments benefits liability.
- General revenues accounted for \$594,758,402 in revenue or 84% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$115,837,523 or 16% of total revenues of \$710,595,925.
- The District had \$491,654,848 in expenses related to governmental activities; \$115,837,523 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$594,758,402 were also used to provide for these programs.

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The General, Schoolwide Building Program and Debt Service funds are the major funds of the District.

Government-wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018?" The Government-wide Financial Statements answer this question. These statements include *all assets and deferred outflows of resources, and liabilities and deferred inflows of resources* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Cincinnati City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

These two statements report the District's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Government-wide Financial Statements, overall financial position of the District is presented in the following manner:

- **Governmental Activities** – Most of the District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and interest and fiscal charges.

Fund Financial Statements

The analysis of the District's major funds is presented in the Fund Financial Statements (see Table of Contents). Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

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 differences) between governmental *activities* (reported in the Statement of Net Position 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 Position and the Statement of Activities.

Fiduciary Funds - Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

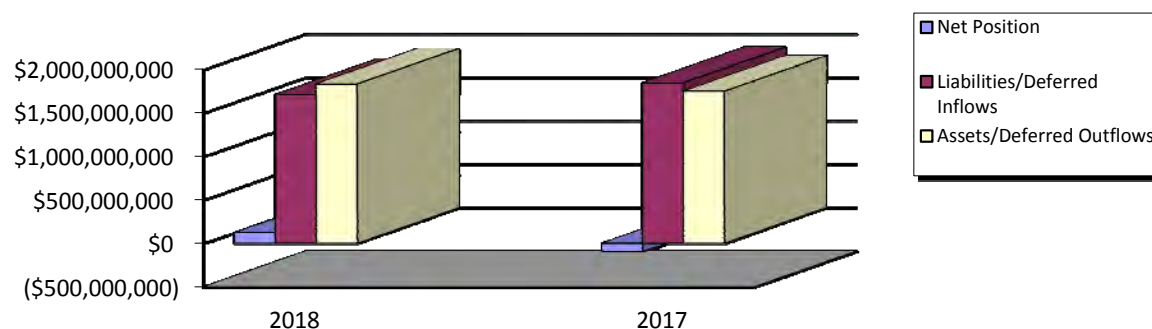
The District as a Whole

As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2018 compared to 2017:

Cincinnati City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

Table 1
Net Position

| | Governmental Activities | |
|--------------------------------------|-------------------------|-----------------|
| | 2018 | 2017 - Restated |
| Assets: | | |
| Current and Other Assets | \$645,641,655 | \$593,448,691 |
| Capital Assets | 944,918,405 | 963,041,742 |
| Total Assets | 1,590,560,060 | 1,556,490,433 |
| Deferred Outflows of Resources: | | |
| Deferred Charge on Refunding | 24,293,218 | 26,323,026 |
| OPEB | 11,495,819 | 1,326,967 |
| Pension | 205,768,565 | 165,003,135 |
| Total Deferred Outflows of Resources | 241,557,602 | 192,653,128 |
| Liabilities: | | |
| Other Liabilities | 59,472,053 | 52,806,432 |
| Long-Term Liabilities | 1,359,990,543 | 1,568,946,625 |
| Total Liabilities | 1,419,462,596 | 1,621,753,057 |
| Deferred Inflows of Resources: | | |
| Property Taxes | 236,774,201 | 200,541,307 |
| Grants and Other Taxes | 12,760,000 | 12,755,000 |
| OPEB | 15,253,442 | 0 |
| Pension | 26,980,080 | 12,147,931 |
| Total Deferred Inflows of Resources | 291,767,723 | 225,444,238 |
| Net Position: | | |
| Net Investment in Capital Assets | 380,951,459 | 371,310,816 |
| Restricted | 78,229,586 | 73,449,346 |
| Unrestricted | (338,293,702) | (542,813,896) |
| Total Net Position | \$120,887,343 | (\$98,053,734) |



Cincinnati City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

The net pension liability (NPL) is one of the largest single liabilities reported by the District at June 30, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the District's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all

Cincinnati City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from \$61,752,339 to (\$98,053,734).

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2018, the District's assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$120,887,343.

At year-end, capital assets represented 59% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture, fixtures, and equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2018, totaled \$380,951,459. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$78,229,586 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Current assets increased from the prior year primarily due to an increase in cash and investments and property tax receivable. Capital assets decreased due to depreciation expense being larger than current year additions. Long term liabilities decreased due to the decrease in the Net Pension Liability.

Table 2 shows the changes in net position for fiscal years 2018 and 2017.

Cincinnati City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

Table 2
Changes in Net Position

| | Governmental Activities | |
|---|-------------------------|----------------|
| | 2018 | 2017 |
| Program Revenues: | | |
| Charges for Services | \$10,279,019 | \$11,566,102 |
| Operating Grants | 105,558,504 | 108,589,212 |
| General Revenue: | | |
| Property Taxes | 330,240,804 | 305,430,115 |
| Revenue in Lieu of Taxes | 38,950,054 | 38,572,039 |
| Grants and Entitlements | 214,006,688 | 212,121,089 |
| Other | 11,560,856 | 14,926,442 |
| Total Revenues | 710,595,925 | 691,204,999 |
| Program Expenses: | | |
| Instruction | 237,787,267 | 360,397,469 |
| Support Services: | | |
| Pupil and Instructional Staff | 38,082,206 | 62,698,929 |
| General and School Administrative, Fiscal and Business | 23,245,743 | 47,205,936 |
| Operations and Maintenance | 29,370,711 | 46,913,820 |
| Pupil Transportation | 43,970,755 | 44,019,249 |
| Central | 31,281,050 | 34,584,762 |
| Operation of Non-Instructional Services | 55,012,656 | 79,605,624 |
| Extracurricular Activities | 5,102,019 | 6,604,429 |
| Interest and Fiscal Charges | 27,802,441 | 28,843,652 |
| Total Expenses | 491,654,848 | 710,873,870 |
| Change in Net Position | 218,941,077 | (19,668,871) |
| Beginning - Net Position, Restated | (98,053,734) | N/A |
| Ending - Net Position | \$120,887,343 | (\$98,053,734) |

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$1,326,967 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$16,440,044. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Cincinnati City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

| | |
|--|-----------------|
| Total 2018 operating expenses under GASB 75 | \$491,654,848 |
| Negative OPEB expense under GASB 75 | 16,440,044 |
| 2018 contractually required contribution | 1,755,162 |
| Adjusted 2018 operating expenses | 509,850,054 |
| Total 2017 operating expenses under GASB 45 | 710,873,870 |
| Change in operating expenses not related to OPEB | (\$201,023,816) |

The District revenues came from mainly two sources. Property taxes levied for general and debt service purposes and grants and entitlements comprised 77% of the District's revenues for governmental activities.

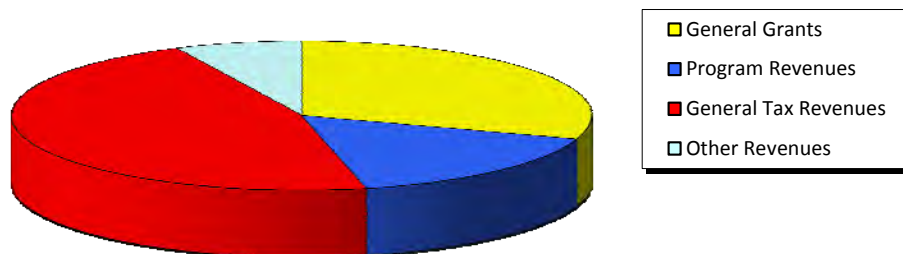
The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner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

Thus Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service.

Property taxes made up 46% of governmental activities for the District in fiscal year 2018. The District's reliance upon tax revenues is demonstrated in the following graph:

Governmental Activities
Revenue Sources

| Revenue Sources | 2018 | Percent of Total |
|----------------------|---------------|---------------------|
| General Grants | \$214,006,688 | 30.1% |
| Program Revenues | 115,837,523 | 16.3% |
| General Tax Revenues | 330,240,804 | 46.5% |
| Other Revenues | 50,510,910 | 7.1% |
| Total Revenues | \$710,595,925 | 100.00% |



Cincinnati City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

Instruction comprises 48% of governmental program expenses. Support services expenses were 34% of governmental program expenses. All other expenses including interest and fiscal charges were 18%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Total revenues increased from the prior year mainly due to an increase in property tax revenue. Total expenses decreased primarily due to changes related to net pension liability and other post employment benefits liability.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

| | Total Cost of Services | | Net Cost of Services | |
|---|------------------------|----------------------|------------------------|------------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Instruction | \$237,787,267 | \$360,397,469 | (\$190,084,107) | (\$317,897,473) |
| Support Services: | | | | |
| Pupil and Instructional Staff | 38,082,206 | 62,698,929 | (26,181,026) | (46,505,129) |
| School Administrative, General | | | | |
| Administration, Fiscal and Business | 23,245,743 | 47,205,936 | (19,211,227) | (40,309,008) |
| Operations and Maintenance | 29,370,711 | 46,913,820 | (28,632,619) | (46,060,014) |
| Pupil Transportation | 43,970,755 | 44,019,249 | (40,737,901) | (40,955,845) |
| Central | 31,281,050 | 34,584,762 | (31,041,929) | (34,225,354) |
| Operation of Non-Instructional Services | 55,012,656 | 79,605,624 | (9,658,553) | (32,004,799) |
| Extracurricular Activities | 5,102,019 | 6,604,429 | (2,467,522) | (3,917,282) |
| Interest and Fiscal Charges | 27,802,441 | 28,843,652 | (27,802,441) | (28,843,652) |
| Total Expenses | <u>\$491,654,848</u> | <u>\$710,873,870</u> | <u>(\$375,817,325)</u> | <u>(\$590,718,556)</u> |

The District's Funds

The District has three major governmental funds: the General Fund, the Schoolwide Building Program and the Debt Service Fund. Assets of these funds comprised \$588,082,364 (92%) of the total \$640,422,273 governmental fund assets.

General Fund: Fund balance at June 30, 2018 was \$216,446,061. Fund balance decreased \$1,576,037 from the prior year. The primary reason for the decrease in fund balance was due to a larger amount being transferred out of the fund during the 2018 compared to the prior year.

Schoolwide Building Project Fund: Fund balance at June 30, 2018 was (\$9,261,021). Fund balance decreased \$3,098,676 from the prior year. The primary reason for the decrease in fund balance was due to an increase in total expenditures for 2018.

Cincinnati City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

Debt Service Fund: Fund balance at June 30, 2018 was \$43,020,259. Fund balance increased \$6,523,968 from the prior year. The primary reason for the increase in fund balance was due to an increase in property tax and intergovernmental revenues.

General Fund Budgeting Highlights

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

During the course of fiscal year 2018, the District amended its general fund budget, however none were significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, final budget basis estimated revenue was \$584,514,990, compared to original budget estimates of \$556,970,865. Of the \$27,544,125 difference, most was due to a conservative estimate for taxes and intergovernmental revenue. The District's ending unobligated actual fund balance for the General Fund was \$109,736,939.

Capital Assets and Debt Administration

Capital Assets

At fiscal year end, the District had \$944,918,405 invested in land, land improvements, buildings and improvements, furniture, fixtures, and equipment, and vehicles. Table 4 shows fiscal year 2018 balances compared to fiscal year 2017:

Table 4
Capital Assets at Year End
(Net of Depreciation)

| | Governmental Activities | |
|------------------------------------|-------------------------|----------------------|
| | 2018 | 2017 |
| Land | \$36,231,387 | \$36,231,387 |
| Land Improvements | 4,765,808 | 4,131,849 |
| Buildings and Improvements | 901,886,634 | 921,635,129 |
| Furniture, Fixtures, and Equipment | 1,845,440 | 868,706 |
| Vehicles | 189,136 | 174,671 |
| Total Net Capital Assets | <u>\$944,918,405</u> | <u>\$963,041,742</u> |

Capital assets decreased due to depreciation expense exceeding current year additions. See Note 9 to the basic financial statements for further details on the District's capital assets.

Cincinnati City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

Debt

At fiscal year end, the District had \$588,260,164 in debt outstanding, \$30,135,000 due within one year. Table 5 summarizes debt outstanding at year end.

Table 5
Outstanding Debt at Year End

| | Governmental Activities | |
|-----------------------------------|-------------------------|----------------------|
| | 2018 | 2017 |
| Governmental Activities: | | |
| School Improvement Refunding 2018 | \$70,660,000 | \$0 |
| School Improvement Refunding | 26,035,000 | 34,055,000 |
| School Improvement Refunding | 294,400,000 | 308,460,000 |
| School Improvement Refunding | 11,355,000 | 81,620,000 |
| Energy Conservation | 21,715,000 | 21,715,000 |
| Energy Conservation | 3,000,000 | 3,000,000 |
| Energy Conservation | 26,250,000 | 26,250,000 |
| Premiums General Obligation Bonds | 26,296,834 | 32,508,067 |
| Capital Leases | 100,485,000 | 101,845,000 |
| Premiums Capital Leases | 8,063,330 | 8,600,885 |
| Total Outstanding Debt | <u>\$588,260,164</u> | <u>\$618,053,952</u> |

See Note 12 and 13 to the basic financial statements for further details on the District's long-term obligations.

Economic Factors

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

The economy of the District is based on a wide diversity of industry. The major sources of revenue to the District are local property taxes on real and personal property, along with State aid. Other program expenditures, such as those for the free and reduced lunch program and special needs classes and those to meet the requirements of Every Student Succeeds Act, are funded by designated State and Federal grants.

The District's revenues increased by 2.8% and expenses decreased by 30.4% from prior year amounts on the full-accrual basis.

The economy, changes in federal and state funding amounts and varying spending restrictions on funding received will challenge the District's budget while continuing current successful programs and implementing new initiatives. Major initiatives include the District's My Tomorrow technology and

Cincinnati City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

college and workforce readiness initiative, Vision 2020, a multiyear plan to strengthen neighborhood schools through rigorous curriculum, specialized program focuses and preschool expansion through partnerships with Cincinnati Preschool Promise initiative (\$15 million of the District's \$48 million emergency levy that passed in November 2016 will support this initiative). As a result of the challenges mentioned above, it is imperative that the School District's Management continue to carefully plan in order to provide the resources required to meet the student needs over the next several years. Strategies will need to be developed to be able to cope with the increasing needs of the School District's student population and matching costs with the financial structure that exists, which combines the local revenue and the State foundation funding. The current varying economic conditions of the State, along with the rising cost of materials and labor, present funding challenges. The School district administration acknowledges that fact and knows that it must be creative in managing its budget. The diverse economic base in industry will continue to be a source of stability for the area, protecting it from severe peaks and valleys in the business cycle.

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 the Treasurer/CFO of the Cincinnati City School District, 2651 Burnet Avenue, P.O. Box 5384, Cincinnati, Ohio 45201-5384.

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Cincinnati City School District, Ohio
Statement of Net Position
June 30, 2018

| | Governmental Activities |
|---------------------------------------|----------------------------|
| Assets: | |
| Equity in Pooled Cash and Investments | \$214,600,046 |
| Restricted Cash and Investments | 22,611,163 |
| Receivables (Net): | |
| Taxes | 382,260,458 |
| Accounts | 1,101,886 |
| Interest | 179,641 |
| Intergovernmental | 24,357,236 |
| Prepaid | 379,485 |
| Inventory | 151,740 |
| Nondepreciable Capital Assets | 36,231,387 |
| Depreciable Capital Assets, Net | 908,687,018 |
| Total Assets | 1,590,560,060 |
| Deferred Outflows of Resources: | |
| Deferred Charge on Refunding | 24,293,218 |
| Pension | 205,768,565 |
| OPEB | 11,495,819 |
| Total Deferred Outflows of Resources | 241,557,602 |
| Liabilities: | |
| Accounts Payable | 15,609,557 |
| Accrued Wages and Benefits | 34,753,813 |
| Contracts Payable | 1,134,291 |
| Retainage Payable | 14,919 |
| Accrued Interest Payable | 2,099,473 |
| Claims Payable | 5,860,000 |
| Long-Term Liabilities: | |
| Due Within One Year | 35,121,543 |
| Due In More Than One Year | |
| Net Pension Liability | 576,365,965 |
| Net OPEB Liability | 137,853,244 |
| Other Amounts | 610,649,791 |
| Total Liabilities | 1,419,462,596 |
| Deferred Inflows of Resources: | |
| Property Taxes | 236,774,201 |
| Grants and Other Taxes | 12,760,000 |
| Pension | 26,980,080 |
| OPEB | 15,253,442 |
| Total Deferred Inflows of Resources | 291,767,723 |
| Net Position: | |
| Net Investment in Capital Assets | 380,951,459 |
| Restricted for: | |
| Debt Service | 44,518,596 |
| Capital Projects | 1,583,686 |
| State and Federal Grants | 30,806,444 |
| Permanent Fund: | |
| Expendable | 552,826 |
| Nonexpendable | 768,034 |
| Unrestricted | (338,293,702) |
| Total Net Position | \$120,887,343 |

See accompanying notes to the basic financial statements.

Cincinnati City School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2018

| | | Program Revenues | | Net (Expense) Revenue and Changes in Net Position |
|---|----------------------|-----------------------------------|---------------------------------------|--|
| | Expenses | Charges for Services and Sales | Operating Grants and Contributions | Governmental Activities |
| Governmental Activities: | | | | |
| Instruction: | | | | |
| Regular | \$167,799,459 | \$4,956,525 | \$2,740,614 | (\$160,102,320) |
| Special | 62,676,277 | 643,199 | 30,630,160 | (31,402,918) |
| Vocational | 4,337,511 | 244,647 | 3,255,396 | (837,468) |
| Other | 2,974,020 | 113,408 | 5,119,211 | 2,258,599 |
| Support Services: | | | | |
| Pupil | 14,226,293 | 107,624 | 2,754,067 | (11,364,602) |
| Instructional Staff | 23,855,913 | 267,394 | 8,772,095 | (14,816,424) |
| General Administration | 237,763 | 0 | 0 | (237,763) |
| School Administration | 16,123,666 | 117,795 | 3,564,579 | (12,441,292) |
| Fiscal | 6,864,012 | 13,517 | 263,021 | (6,587,474) |
| Business | 20,302 | 6,449 | 69,155 | 55,302 |
| Operations and Maintenance | 29,370,711 | 67,911 | 670,181 | (28,632,619) |
| Pupil Transportation | 43,970,755 | 193,333 | 3,039,521 | (40,737,901) |
| Central | 31,281,050 | 16,716 | 222,405 | (31,041,929) |
| Operation of Non-Instructional Services | 55,012,656 | 2,953,729 | 42,400,374 | (9,658,553) |
| Extracurricular Activities | 5,102,019 | 576,772 | 2,057,725 | (2,467,522) |
| Interest and Fiscal Charges | 27,802,441 | 0 | 0 | (27,802,441) |
| Total Governmental Activities | <u>\$491,654,848</u> | <u>\$10,279,019</u> | <u>\$105,558,504</u> | <u>(\$375,817,325)</u> |

General Revenues:

Property Taxes Levied for:

| | |
|---|-------------------|
| General Purposes | 302,471,421 |
| Debt Service Purposes | 27,769,383 |
| Grants and Entitlements, Not Restricted | 214,006,688 |
| Revenue in Lieu of Taxes | 38,950,054 |
| Investment Earnings | 1,038,007 |
| Other Revenues | <u>10,522,849</u> |

Total General Revenues 594,758,402

Change in Net Position 218,941,077

Net Position - Beginning of Year, Restated (98,053,734)

Net Position - End of Year \$120,887,343

See accompanying notes to the basic financial statements.

Cincinnati City School District, Ohio
Balance Sheet
Governmental Funds
June 30, 2018

| | General | Schoolwide Building Program | Debt Service | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|-----------------------------------|---------------------|--------------------------------|--------------------------------|
| Assets: | | | | | |
| Equity in Pooled Cash and Investments | \$139,372,095 | \$12,161,230 | \$11,385,446 | \$40,456,893 | \$203,375,664 |
| Restricted Cash and Investments | 14,919 | 0 | 22,596,244 | 0 | 22,611,163 |
| Receivables (Net): | | | | | |
| Taxes | 349,906,564 | 0 | 32,353,894 | 0 | 382,260,458 |
| Accounts | 427,125 | 568,958 | 0 | 105,803 | 1,101,886 |
| Interest | 87,657 | 0 | 91,984 | 0 | 179,641 |
| Intergovernmental | 12,760,000 | 0 | 0 | 11,597,236 | 24,357,236 |
| Interfund | 6,005,000 | 0 | 0 | 0 | 6,005,000 |
| Prepaid | 123,930 | 227,318 | 0 | 28,237 | 379,485 |
| Inventory | 0 | 0 | 0 | 151,740 | 151,740 |
| Total Assets | <u>508,697,290</u> | <u>12,957,506</u> | <u>66,427,568</u> | <u>52,339,909</u> | <u>640,422,273</u> |
| Liabilities: | | | | | |
| Accounts Payable | 10,996,167 | 559,962 | 0 | 3,869,216 | 15,425,345 |
| Accrued Wages and Benefits | 11,309,103 | 20,743,567 | 0 | 2,701,143 | 34,753,813 |
| Compensated Absences | 453,970 | 914,998 | 0 | 220,207 | 1,589,175 |
| Contracts Payable | 0 | 0 | 0 | 1,134,291 | 1,134,291 |
| Retainage Payable | 14,919 | 0 | 0 | 0 | 14,919 |
| Interfund Payable | 0 | 0 | 0 | 6,005,000 | 6,005,000 |
| Total Liabilities | <u>22,774,159</u> | <u>22,218,527</u> | <u>0</u> | <u>13,929,857</u> | <u>58,922,543</u> |
| Deferred Inflows of Resources: | | | | | |
| Property Taxes | 256,677,896 | 0 | 23,353,894 | 0 | 280,031,790 |
| Grants and Other Taxes | 12,760,000 | 0 | 0 | 4,611,078 | 17,371,078 |
| Investment Revenue | 39,174 | 0 | 53,415 | 0 | 92,589 |
| Total Deferred Inflows of Resources | <u>269,477,070</u> | <u>0</u> | <u>23,407,309</u> | <u>4,611,078</u> | <u>297,495,457</u> |
| Fund Balances: | | | | | |
| Nonspendable | 980,761 | 227,318 | 0 | 796,271 | 2,004,350 |
| Restricted | 0 | 0 | 43,020,259 | 33,872,235 | 76,892,494 |
| Assigned | 30,492,006 | 0 | 0 | 0 | 30,492,006 |
| Unassigned | 184,973,294 | (9,488,339) | 0 | (869,532) | 174,615,423 |
| Total Fund Balances | <u>216,446,061</u> | <u>(9,261,021)</u> | <u>43,020,259</u> | <u>33,798,974</u> | <u>284,004,273</u> |
| Total Liabilities, Deferred Inflows and Fund Balances | <u>\$508,697,290</u> | <u>\$12,957,506</u> | <u>\$66,427,568</u> | <u>\$52,339,909</u> | <u>\$640,422,273</u> |

See accompanying notes to the basic financial statements.

Cincinnati City School District, Ohio
Reconciliation of Total Governmental Fund Balance to Net Position
of Governmental Activities
June 30, 2018

| | |
|---------------------------------|---------------|
| Total Governmental Fund Balance | \$284,004,273 |
|---------------------------------|---------------|

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

| | |
|--|-------------|
| Capital assets used in the operation of Governmental Funds | 944,918,405 |
|--|-------------|

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

| | | |
|-------------------------|------------|------------|
| Delinquent Property Tax | 43,257,589 | |
| Interest | 92,589 | |
| Intergovernmental | 4,611,078 | |
| | | 47,961,256 |

An internal service fund is used by management to charge back costs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.

| | |
|-------------------------------|-----------|
| Internal Service Net Position | 5,180,170 |
|-------------------------------|-----------|

In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.

(2,099,473)

Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.

| | |
|----------------------|--------------|
| Compensated Absences | (55,921,995) |
|----------------------|--------------|

Deferred charge on refunding associated with long-term liabilities that are not reported in the funds.

24,293,218

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.

| | | |
|--|--------------|-------------|
| Deferred outflows of resources related to pensions | 205,768,565 | |
| Deferred inflows of resources related to pensions | (26,980,080) | |
| Deferred outflows of resources related to OPEB | 11,495,819 | |
| Deferred inflows of resources related to OPEB | (15,253,442) | |
| | | 175,030,862 |

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

| | | |
|-----------------------|---------------|-----------------|
| Net Pension Liability | (576,365,965) | |
| Net OPEB Liability | (137,853,244) | |
| Other Amounts | (588,260,164) | |
| | | (1,302,479,373) |

| | |
|---|----------------------|
| Net Position of Governmental Activities | <u>\$120,887,343</u> |
|---|----------------------|

See accompanying notes to the basic financial statements.

Cincinnati City School District, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2018

| | General | Schoolwide Building Program | Debt Service | Other Governmental Funds | Total Governmental Funds |
|--|---------------|-----------------------------------|-----------------|--------------------------------|--------------------------------|
| Revenues: | | | | | |
| Property and Other Taxes | \$290,852,988 | \$0 | \$26,809,499 | \$0 | \$317,662,487 |
| Tuition and Fees | 5,687,252 | 0 | 0 | 372,964 | 6,060,216 |
| Investment Earnings | 782,055 | 0 | 193,864 | 63,028 | 1,038,947 |
| Intergovernmental | 234,566,239 | 0 | 6,793,886 | 77,460,447 | 318,820,572 |
| Extracurricular Activities | 98,839 | 0 | 0 | 2,321,263 | 2,420,102 |
| Charges for Services | 0 | 0 | 0 | 1,798,702 | 1,798,702 |
| Revenue in Lieu of Taxes | 23,037,574 | 0 | 15,912,480 | 0 | 38,950,054 |
| Other Revenues | 6,301,632 | 0 | 0 | 3,977,986 | 10,279,618 |
| Total Revenues | 561,326,579 | 0 | 49,709,729 | 85,994,390 | 697,030,698 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 132,387,207 | 119,824,409 | 0 | 2,126,967 | 254,338,583 |
| Special | 49,241,731 | 36,858,744 | 0 | 6,293,984 | 92,394,459 |
| Vocational | 2,197,173 | 2,818,354 | 0 | 1,840,628 | 6,856,155 |
| Other | 530,555 | 1,236,088 | 0 | 3,740,854 | 5,507,497 |
| Support Services: | | | | | |
| Pupil | 22,189,519 | 3,707,500 | 0 | 2,398,257 | 28,295,276 |
| Instructional Staff | 18,582,301 | 3,877,203 | 0 | 8,250,352 | 30,709,856 |
| General Administration | 313,910 | 0 | 0 | 0 | 313,910 |
| School Administration | 11,973,329 | 16,200,663 | 0 | 3,549,881 | 31,723,873 |
| Fiscal | 8,108,023 | 0 | 410,284 | 212,185 | 8,730,492 |
| Business | 252,428 | 0 | 0 | 70,146 | 322,574 |
| Operations and Maintenance | 34,271,425 | 6,340,246 | 0 | 4,414,279 | 45,025,950 |
| Pupil Transportation | 44,394,673 | 0 | 0 | 70,211 | 44,464,884 |
| Central | 35,894,282 | 0 | 0 | 275,379 | 36,169,661 |
| Operation of Non-Instructional Services | 4,253,139 | 43,500 | 0 | 41,448,945 | 45,745,584 |
| Extracurricular Activities | 3,526,328 | 3,785 | 0 | 2,510,941 | 6,041,054 |
| Capital Outlay | 15,474 | 0 | 0 | 4,586,006 | 4,601,480 |
| Debt Service: | | | | | |
| Principal Retirement | 0 | 0 | 28,755,000 | 0 | 28,755,000 |
| Interest and Fiscal Charges | 0 | 0 | 26,941,466 | 0 | 26,941,466 |
| Bond Issuance Cost | 0 | 0 | 712,019 | 0 | 712,019 |
| Total Expenditures | 368,131,497 | 190,910,492 | 56,818,769 | 81,789,015 | 697,649,773 |
| Excess of Revenues Over (Under) Expenditures | 193,195,082 | (190,910,492) | (7,109,040) | 4,205,375 | (619,075) |
| Other Financing Sources (Uses): | | | | | |
| Proceeds from Sale of Capital Assets | 33,205 | 0 | 0 | 210,026 | 243,231 |
| Issuance of Refunding Bonds | 0 | 0 | 70,660,000 | 0 | 70,660,000 |
| Payments to Bond Escrow Account | 0 | 0 | (69,947,981) | 0 | (69,947,981) |
| Transfers In | 0 | 187,811,816 | 12,920,989 | 3,801,154 | 204,533,959 |
| Transfers (Out) | (194,804,324) | 0 | 0 | (9,729,635) | (204,533,959) |
| Total Other Financing Sources (Uses) | (194,771,119) | 187,811,816 | 13,633,008 | (5,718,455) | 955,250 |
| Net Change in Fund Balance | (1,576,037) | (3,098,676) | 6,523,968 | (1,513,080) | 336,175 |
| Fund Balance - Beginning of Year | 218,022,098 | (6,162,345) | 36,496,291 | 35,312,054 | 283,668,098 |
| Fund Balance - End of Year | \$216,446,061 | (\$9,261,021) | \$43,020,259 | \$33,798,974 | \$284,004,273 |

See accompanying notes to the basic financial statements.

Cincinnati City School District, Ohio
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

| | | |
|--|--------------|---------------|
| Net Change in Fund Balance - Total Governmental Funds | | \$336,175 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital asset additions 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 of the difference between capital asset additions and depreciation in the current period. | | |
| Capital assets used in governmental activities | 9,289,751 | |
| Depreciation Expense | (27,413,088) | |
| | | (18,123,337) |
| Governmental funds report district pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense. | | |
| District pension contributions | 39,797,312 | |
| Pension expense | 158,911,595 | |
| District OPEB contributions | 1,755,162 | |
| OPEB expense | 16,440,044 | |
| | | 216,904,113 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Delinquent Property Taxes | 12,578,317 | |
| Interest | (940) | |
| Intergovernmental | 744,619 | |
| | | 13,321,996 |
| In the statement of activities, certain costs and proceeds associated with long-term debt obligations issued during the year are accrued and amortized over the life of the debt obligation. In governmental funds these costs and proceeds are recognized as financing sources and uses. | | |
| Bonds Refunded | 69,282,888 | |
| Refunding Bonds | (70,660,000) | |
| | | (1,377,112) |
| Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | | |
| | | 28,755,000 |
| In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due. | | |
| | | 130,045 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | | |
| Compensated Absences | (16,641,402) | |
| Amortization of Bond Premium | 2,415,900 | |
| Amortization of Deferred Charge on Refunding | (2,029,808) | |
| | | (16,255,310) |
| The internal service fund used by management to charge back costs to individual funds is not reported in the entity-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. | | |
| Change in Net Position - Internal Service Funds | | (4,750,493) |
| Change in Net Position of Governmental Activities | | \$218,941,077 |

See accompanying notes to the basic financial statements.

Cincinnati City School District, Ohio
Statement of Net Position
Proprietary Fund
June 30, 2018

| | Governmental Activities- Internal Service Fund |
|---------------------------------------|---|
| Current Assets: | |
| Equity in Pooled Cash and Investments | <u>\$11,224,382</u> |
| Total Current Assets | <u>11,224,382</u> |
| Liabilities: | |
| Current Liabilities: | |
| Accounts Payable | 184,212 |
| Claims Payable | <u>5,860,000</u> |
| Total Current Liabilities | <u>6,044,212</u> |
| Net Position: | |
| Unrestricted | <u>5,180,170</u> |
| Total Net Position | <u>\$5,180,170</u> |

See accompanying notes to the basic financial statements.

Cincinnati City School District, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2018

| | Governmental Activities- Internal Service Fund |
|----------------------------------|---|
| Operating Revenues: | |
| Interfund Charges | \$51,848,379 |
| Investment Earnings | 2,113 |
| Total Operating Revenues | 51,850,492 |
| Operating Expenses: | |
| Claims | 56,600,985 |
| Total Operating Expenses | 56,600,985 |
| Operating Income (Loss) | (4,750,493) |
| Net Position - Beginning of Year | 9,930,663 |
| Net Position - End of Year | \$5,180,170 |

See accompanying notes to the basic financial statements.

Cincinnati City School District, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2018

| | Governmental Activities- Internal Service Fund |
|--|---|
| Cash Flows from Operating Activities: | |
| Cash Received from Customers | \$51,850,492 |
| Cash Payments for Claims | <u>(55,774,762)</u> |
| Net Cash Provided (Used) by Operating Activities | (3,924,270) |
| Cash and Cash Equivalents - Beginning of Year | <u>15,148,652</u> |
| Cash and Cash Equivalents - End of Year | <u><u>11,224,382</u></u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | |
| Operating Income (Loss) | (4,750,493) |
| Adjustments: | |
| Changes in Assets & Liabilities: | |
| Increase (Decrease) in Accounts Payables | (948,777) |
| Increase (Decrease) in Claims Payables | <u>1,775,000</u> |
| Net Cash Provided (Used) by Operating Activities | <u><u>(\$3,924,270)</u></u> |

See accompanying notes to the basic financial statements.

Cincinnati City School District, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

| | Education Private Purpose Trust | Agency |
|---------------------------------------|---------------------------------------|------------------|
| Assets: | | |
| Equity in Pooled Cash and Investments | <u>\$1,421,418</u> | <u>\$121,907</u> |
| Total Assets | <u>1,421,418</u> | <u>121,907</u> |
| Liabilities: | | |
| Accounts Payable | 2,908 | 17,271 |
| Other Liabilities | <u>0</u> | <u>104,636</u> |
| Total Liabilities | <u>2,908</u> | <u>\$121,907</u> |
| Net Position: | | |
| Held in Trust | <u>1,418,510</u> | |
| Total Net Position | <u>\$1,418,510</u> | |

See accompanying notes to the basic financial statements.

Cincinnati City School District, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2018

| | Education Private Purpose Trust |
|---|---------------------------------------|
| Additions: | |
| Donations | \$29,070 |
| Investment Earnings | <u>(51,337)</u> |
| Total Additions | <u>(22,267)</u> |
| Deductions: | |
| Instruction | 14,206 |
| Support Services | 1,295 |
| Operation of Non-Instructional Services | 60,247 |
| Other | <u>2,628</u> |
| Total Deductions | <u>78,376</u> |
| Change in Net Position | (100,643) |
| Net Position - Beginning of Year | <u>1,519,153</u> |
| Net Position - End of Year | <u><u>\$1,418,510</u></u> |

See accompanying notes to the basic financial statements.

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Note 1 - Summary Of Significant Accounting Policies

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, Golf Manor, most of the village of Silverton, and part of each of the following: the city of Wyoming, the village of Fairfax and the townships of Anderson, Columbia, Delhi, Green and Springfield. The District's total area is approximately 90 square miles.

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

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

Basis of Presentation – Financial Statements

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

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.

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

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

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

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

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

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

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:

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

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

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

Debt Service Fund – This fund is used to account for the accumulation of resources for and the payment of general long-term debt principal, interest, and related cost.

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

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

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

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

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.

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

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, 2018, and which are not intended to finance fiscal 2018 operations, have been recorded as deferred inflows of resources. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

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

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.

Non-exchange 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 non-exchange transactions must also be available before it can be recognized.

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.

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

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.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Donor-Restricted Endowment

The District administers an endowment fund, which is restricted by the donors for various purposes through-out the District. Donor-restricted endowments are reported at fair value. The amount of net appreciation on investments of donor-restricted endowments that is available for authorization for expenditure by the District is \$552,826. The District authorizes expenditures from donor-restricted endowment in compliance with the wishes expressed by the donor and the Ohio Revised Code.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories are accounted for using the purchase method on the fund level statements and using the consumption method on the government-wide statements. On the fund financial statements, reported material and supplies inventory is equally offset by a fund balance assignment in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventory consists of expendable supplies held for consumption.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and expenditure/expense is reported in the year in which the services are consumed.

Capital Assets

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

Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. 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.

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

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</u> |
|-----------------------------------|------------------------|
| Land Improvements | 20 years |
| Buildings and Improvements | 7-45 years |
| Furniture, Fixtures and Equipment | 5-7 years |
| Vehicles | 5 years |

Long-Term Obligations

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

| <u>Obligation</u> | <u>Fund</u> |
|--------------------------|-------------------------------------|
| General Obligation Bonds | Debt Service Fund |
| Capital Leases | Debt Service Fund |
| Compensated Absences | General Fund, Special Revenue Funds |

Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Compensated Absences

Compensated absences should be accrued as employees earn them if both of the following conditions are met:

1. The employee's rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or cash payment. The District includes in its liabilities any employee who has at least 20 years of service or an employee who has five years of service and is at least 60 years of age.

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

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

| | <u>Certificated</u> | <u>Administrators</u> | <u>Non-Certificated</u> |
|--------------------------------|--|--|---|
| <u>Vacation:</u> | | | |
| <i>How Earned</i> | Not Eligible | *27 days per year for those hired as of 7/31/13. For those hired after 7/31/13: 0-5 yr = 15 days/yr., after 5 th year anniversary = 20 days, after 10 th yr. anniversary = 25 days | 0.84 days to 1.67 days per month of employment (10 to 20 days per year) depending on length of service. |
| <i>Maximum Accumulation</i> | Not Applicable | 54 days if hired as of 8/1/02, 10 days if hired after 8/1/02 | 2 times the yearly accrual plus current year's accumulation |
| <i>Vested</i> | Not Applicable | As Earned | As Earned |
| <i>Termination Entitlement</i> | Not Applicable | Paid upon termination | Paid upon termination |
| <u>Sick Leave:</u> | | | |
| <i>How Earned</i> | 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. |
| <i>Maximum Accumulation</i> | Unlimited Hired after 5/22/04 - 200 days | Unlimited | Unlimited |
| <i>Vested</i> | As Earned | As Earned | As Earned |
| <i>Termination Entitlement</i> | ½ paid upon retirement or upon death with minimum service requirement. ¼ for all new hires after 5/26/04. | ¼ paid upon retirement or upon death with minimum service requirement – capped at 240 days | ½ paid upon retirement or upon death with minimum service requirement. ¼ for all new hires after 4/1/04 – capped at 200 days |
| <u>Personal Leave:</u> | | | |
| <i>How Earned</i> | 3 days granted as of August 1 | 3 days granted as of August 1 | 3 days granted as of August 1 |
| <i>Maximum Accumulation</i> | 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 |
| <i>Vested</i> | Not Applicable | Not Applicable | Not Applicable |
| <i>Termination Entitlement</i> | Not Applicable | Not Applicable | Not Applicable |

Compensated absences accumulated by governmental fund type employees are retired as an expense when earned in the government-wide financial statements. For governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements.

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

These amounts are recorded in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported in the fund financial statements.

Net Position

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

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

Pensions/Other Postemployment Benefits (OPEB)

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

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.

Restricted Assets

Restricted assets in the governmental funds represent cash and cash equivalents set aside to establish amounts set aside for debt retirement purposes, amounts to be utilized for capital improvements and amounts held in retainage for contractors.

Fund Balance

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

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

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

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

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

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

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

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. For the District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, OPEB, and for pension. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB are explained in Notes 10 and 11.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, grants and other taxes (which includes tax incremental financing 'TIF'), pension, OPEB, and investment revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance year 2019 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Other taxes (TIFs) have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Grants and investment earnings have been recorded as deferred inflows on the governmental fund financial statements. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. For more pension and OPEB related information, see Notes 10 and 11.

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.

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.

Revenue in Lieu of Taxes

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

Note 2 – Fund Balances

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

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

| Fund Balances | General Fund | Schoolwide Building Program | Debt Service | Other Governmental Funds | Total |
|----------------------------------|---------------|-----------------------------|--------------|--------------------------|---------------|
| Nonspendable: | | | | | |
| Prepays | \$123,930 | \$227,318 | \$0 | \$28,237 | \$379,485 |
| Unclaimed Monies | 856,831 | 0 | 0 | 0 | 856,831 |
| Endowment | 0 | 0 | 0 | 768,034 | 768,034 |
| Total Nonspendable | 980,761 | 227,318 | 0 | 796,271 | 2,004,350 |
| Restricted for: | | | | | |
| Food Service | 0 | 0 | 0 | 14,720,247 | 14,720,247 |
| Other Grants | 0 | 0 | 0 | 2,731,988 | 2,731,988 |
| Classroom Facilities Maintenance | 0 | 0 | 0 | 3,458,808 | 3,458,808 |
| Auxiliary Services | 0 | 0 | 0 | 994,519 | 994,519 |
| Title VI-B | 0 | 0 | 0 | 538,984 | 538,984 |
| School Improvement | 0 | 0 | 0 | 83,483 | 83,483 |
| Chapter I | 0 | 0 | 0 | 3,255,876 | 3,255,876 |
| Other Special Revenue | 0 | 0 | 0 | 5,951,818 | 5,951,818 |
| Debt Service | 0 | 0 | 43,020,259 | 0 | 43,020,259 |
| Permanent Improvement | 0 | 0 | 0 | 1,578,634 | 1,578,634 |
| Replacement | 0 | 0 | 0 | 1,177 | 1,177 |
| Classroom Facilities | 0 | 0 | 0 | 3,875 | 3,875 |
| Permanent | 0 | 0 | 0 | 552,826 | 552,826 |
| Total Restricted | 0 | 0 | 43,020,259 | 33,872,235 | 76,892,494 |
| Assigned to: | | | | | |
| Budgetary Resource | 22,214,002 | 0 | 0 | 0 | 22,214,002 |
| Public School Support | 394,242 | 0 | 0 | 0 | 394,242 |
| Encumbrances | 7,883,762 | 0 | 0 | 0 | 7,883,762 |
| Total Assigned | 30,492,006 | 0 | 0 | 0 | 30,492,006 |
| Unassigned (Deficit) | 184,973,294 | (9,488,339) | 0 | (869,532) | 174,615,423 |
| Total Fund Balance | \$216,446,061 | (\$9,261,021) | \$43,020,259 | \$33,798,974 | \$284,004,273 |

Fund balance classified as assigned for encumbrances in the general fund are assigned for all ordinary day-to-day operations of the District, for the purchase and sale of school supplies, and for specific local revenue sources.

Note 3 – Deficit Fund Equities

The following funds had deficit fund balances at June 30, 2018:

| Fund | Deficit |
|-----------------------------------|-------------|
| Schoolwide Building Program Fund | \$9,261,021 |
| Other Governmental Funds: | |
| Miscellaneous Federal Grants Fund | 869,532 |

The fund deficits arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. The deficits do not exist under the budgetary/cash basis of accounting. The General Fund provides operating transfers when cash is required, not when accruals occur.

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Note 4 - 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).

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2018, \$104,318,567 of the District's bank balance of \$104,568,567 was exposed to custodial credit risk because it was uninsured and collateralized.

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State.

Investments

The District's investments at June 30, 2018 were as follows:

| | Fair Value | Fair Value Hierarchy | Weighted Average Maturity (Years) |
|--|----------------------|-------------------------|--------------------------------------|
| Federal Home Loan Bank | \$9,262,546 | Level 2 | 2.89 |
| Certificates of Deposit | 6,150,106 | Level 2 | 1.03 |
| Federal National Mortgage Association | 30,522,939 | Level 2 | 1.97 |
| Federal Home Loan Mortgage Corporation | 5,935,145 | Level 2 | 2.54 |
| Federal Farm Credit Bank | 22,883,636 | Level 2 | 5.22 |
| U.S. Treasury Notes | 7,290,579 | Level 1 | 11.67 |
| Federal Home Loan Bank - Discount Note | 3,285,725 | Level 2 | 0.07 |
| Commercial Paper | 39,363,169 | Level 2 | 0.28 |
| STAR Ohio | 3,583,556 | N/A | 0.13 |
| Money Market Funds | 5,929,883 | N/A | 0.00 |
| Common Stock | 1,133,197 | Level 1 | 0.00 |
| Total Investments | <u>\$135,340,481</u> | | |
| Portfolio Weighted Average Maturity | | | 2.37 |

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Inputs to the valuation techniques used in fair the measurement for Level 2 include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 inputs are significant unobservable inputs. The above table identifies the District's recurring fair value measurements as of June 30, 2018. STAR Ohio is reported at its share price (Net Asset Value per share).

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

Concentration of Credit Risk – The District places no limit on the amount the District may invest in one issuer. Of the District's total investments, 7% are Federal Home Loan Bank, 5% are CDs, 23% are Federal National Mortgage Association, 4% are Federal Home Loan Mortgage Corporation, 17% are Federal

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Farm Credit Bank, 5% are U.S. Treasury Notes, 2% are Federal Home Loan Bank – Discount Note, 29% are Commercial Paper, 3% are STAR Ohio, 4% are Money Market Funds and 1% are Common Stock.

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

Credit Risk – The District has not formally adopted its own investment policy but does follow the Ohio Revised Code (ORC) which limits the amount of credit risk it's going to allow any governmental entity to become involved in. It accomplishes this by compiling a specific list of investments, to the exclusion of all other investments, which governmental entities are legally allowed to participate in. The District further minimizes its credit risk by placing most of its available funds in obligations of the US Government or its Agencies; STAR Ohio, which is comprised mostly of US Government and Agency obligations and is specifically authorized and endorsed by the Ohio State Treasurer. The District's investments in Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank, U.S. Treasury Notes, and Federal Home Loan Bank – Discount Note were rated AAA by Standard & Poor's and Aaa by Moody's Investor Service. Commercial Paper was rated A-1+ by Standard & Poor's ratings and P-1 by Moody's Investment Service. The District's investments in STAROhio were rated AAAM by Standard & Poor's. Money Market Funds and Negotiable CDs were not rated.

Note 5 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar 2018 represents collections of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed value listed as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2018 represent collections of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 became a lien December 31, 2016, were levied after April 1, 2017 and are collected in calendar year 2018 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2018, are available to finance fiscal year 2018 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, 2018 and for which there is an

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

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 yearend. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

The assessed value, by property classification, upon which taxes collected in 2018 were based as follows:

| | Amount |
|---|------------------------|
| Agricultural/Residential and Other Real Estate | \$5,972,228,960 |
| Public Utility | 493,875,780 |
| Total | <u>\$6,466,104,740</u> |

Note 6 – Receivables

Receivables at June 30, 2018 consisted of taxes, accounts, interest, interfund, and intergovernmental.

Note 7 – Transfers

Following is a summary of transfers in and out for all funds at June 30, 2018:

| Fund | Transfer In | Transfer Out |
|----------------------------------|----------------------|----------------------|
| General Fund | \$0 | \$194,804,324 |
| Schoolwide Building Program Fund | 187,811,816 | 0 |
| Debt Service | 12,920,989 | 0 |
| Other Governmental Funds | 3,801,154 | 9,729,635 |
| Total All Funds | <u>\$204,533,959</u> | <u>\$204,533,959</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.

Transfers out totaling \$9,182,637 from the Chapter 1 Fund and the Other Special Revenue Fund were made to the Schoolwide Building Program Fund in accordance with a consolidated funding application approved by the Ohio Department of Education.

Transfers out totaling \$546,998 from the Classroom Facilities Fund were made to the Permanent Improvement Fund to transfer the remainder of the local share monies from the Facilities Master Plan project for the District.

All transfers above are in compliance with the Ohio Revised Code.

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Note 8 - Interfund Receivables/Payables

Interfund loans receivable/payable to/from other funds at June 30, 2018 from one individual fund to another are as follows:

| <u>Fund</u> | <u>Receivables</u> | <u>Payables</u> |
|--------------------------|--------------------|--------------------|
| General Fund | \$6,005,000 | \$0 |
| Other Governmental Funds | 0 | 6,005,000 |
| Total All Funds | <u>\$6,005,000</u> | <u>\$6,005,000</u> |

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

All interfund balances are expected to be paid within one year.

Note 9 - Capital Assets

Summary by category of changes in governmental activities capital assets at June 30, 2018:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|-----------------------|------------------|---------------------------|
| Governmental Activities | | | | |
| <i>Capital Assets, not being depreciated:</i> | | | | |
| Land | \$36,231,387 | \$0 | \$0 | \$36,231,387 |
| <i>Capital Assets, being depreciated:</i> | | | | |
| Land Improvements | 12,584,003 | 1,046,030 | 0 | 13,630,033 |
| Buildings and Improvements | 1,154,233,541 | 6,735,722 | 0 | 1,160,969,263 |
| Furniture, Fixtures, and Equipment | 2,226,377 | 1,426,811 | 0 | 3,653,188 |
| Vehicles | <u>1,047,544</u> | <u>81,188</u> | <u>329,844</u> | <u>798,888</u> |
| Totals at Historical Cost | 1,206,322,852 | 9,289,751 | 329,844 | 1,215,282,759 |
| Less Accumulated Depreciation: | | | | |
| Land Improvements | 8,452,154 | 412,071 | 0 | 8,864,225 |
| Building and Improvements | 232,598,412 | 26,484,217 | 0 | 259,082,629 |
| Furniture, Fixtures, and Equipment | 1,357,671 | 450,077 | 0 | 1,807,748 |
| Vehicles | <u>872,873</u> | <u>66,723</u> | <u>329,844</u> | <u>609,752</u> |
| Total Accumulated Depreciation | <u>243,281,110</u> | <u>27,413,088</u> | <u>329,844</u> | <u>270,364,354</u> |
| Governmental Activities Capital Assets, Net | <u>\$963,041,742</u> | <u>(\$18,123,337)</u> | <u>\$0</u> | <u>\$944,918,405</u> |

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Depreciation expenses were charged to governmental functions as follows:

| | |
|---|----------------------------|
| Instruction: | |
| Regular | \$84,817 |
| Special | 11,864 |
| Vocational | 10,289 |
| Support Services: | |
| Pupil | 2,416 |
| Instructional Staff | 651 |
| Operations and Maintenance | 523,689 |
| Central | 117,533 |
| Operation of Non-Instructional Services | 26,661,829 |
| Total Depreciation Expense | <u><u>\$27,413,088</u></u> |

Note 10 - Defined Benefit Pension Plans

Net Pension Liability

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

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

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

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

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

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

| | Eligible to Retire on or before August 1, 2017 * | Eligible to Retire on or after August 1, 2017 |
|------------------------------|--|--|
| Full Benefits | Any age with 30 years of service credit Age 65 with 5 years of service credit | Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit |
| Actuarially Reduced Benefits | Age 60 with 5 years of service credit Age 55 with 25 years of service credit | Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit |

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.20% for the first thirty years of service and 2.50% for years of service credit over 30 or \$86.00 multiplied by the years of service credit. Final average salary is the average of the highest three years of salary.

Post-Retirement Increases – Before January 1, 2018; on each anniversary of the initial date of retirement, the allowances of all retirees and survivors are increased by 3% of the base benefit. On or after January 1, 2018; on each anniversary of the initial retirement, the allowance of all retirees and survivors are increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0% nor greater than 2.5%. COLA’s shall be suspended for calendar years 2018, 2019, and 2020.

Funding Policy – Plan members are required to contribute 10% of their annual covered salary and the employer is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5%. The remaining 0.5% was allocated to the Health Care Fund.

The contractually required contribution to SERS was \$11,241,704 for fiscal year 2018. Of this amount \$1,581,200 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – Licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least 10 years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, plan members were required to contribute 14% of their annual covered salary. The employer was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The contractually required contribution to STRS was \$28,555,608 for fiscal year 2018. Of this amount \$2,552,966 is reported as accrued wages and benefits.

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

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on the share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

| | SERS | STRS | Total |
|--|---------------|-----------------|-----------------|
| Proportionate Share of the Net Pension Liability | \$149,069,149 | \$427,296,816 | \$576,365,965 |
| Proportion of the Net Pension Liability: | | | |
| Current Measurement Date | 2.49497340% | 1.79874957% | |
| Prior Measurement Date | 2.42301850% | 1.70823873% | |
| Change in Proportionate Share | 0.07195490% | 0.09051084% | |
| Pension Expense | (\$2,523,333) | (\$156,388,262) | (\$158,911,595) |

At June 30, 2018, reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | SERS | STRS | Total |
|--|--------------|---------------|---------------|
| Deferred Outflows of Resources | | | |
| Differences between expected and actual experience | \$6,415,419 | \$16,500,198 | \$22,915,617 |
| Changes of assumptions | 7,708,479 | 93,454,508 | 101,162,987 |
| Changes in employer proportionate share of net pension liability | 7,084,602 | 34,808,047 | 41,892,649 |
| Contributions subsequent to the measurement date | 11,241,704 | 28,555,608 | 39,797,312 |
| Total Deferred Outflows of Resources | \$32,450,204 | \$173,318,361 | \$205,768,565 |
| Deferred Inflows of Resources | | | |
| Differences between expected and actual experience | \$0 | \$3,443,845 | \$3,443,845 |
| Net difference between projected and actual earnings on pension plan investments | 707,599 | 14,101,294 | 14,808,893 |
| Changes in employer proportionate share of net pension liability | 2,061,885 | 6,665,457 | 8,727,342 |
| Total Deferred Inflows of Resources | \$2,769,484 | \$24,210,596 | \$26,980,080 |

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

\$39,797,312 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Fiscal Year Ending June 30: | SERS | STRS | Total |
|--------------------------------|---------------------|----------------------|----------------------|
| 2019 | \$9,154,139 | \$29,102,162 | \$38,256,301 |
| 2020 | 9,626,960 | 46,062,957 | 55,689,917 |
| 2021 | 3,133,027 | 37,922,384 | 41,055,411 |
| 2022 | (3,475,110) | 7,464,654 | 3,989,544 |
| Total | <u>\$18,439,016</u> | <u>\$120,552,157</u> | <u>\$138,991,173</u> |

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented below:

| | |
|--|---|
| Wage Inflation | 3.00% |
| Future Salary Increases, including inflation | 3.50% - 18.20% |
| COLA or Ad Hoc COLA | 2.50% |
| Investment Rate of Return | 7.50% net of investments expense, including inflation |
| Actuarial Cost Method | Entry Age Normal (Level Percent of Payroll) |
| Actuarial Assumptions Experience Study Date | 5 year period ended June 30, 2015 |

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Prior to 2017, an assumption of 3.0% was used for COLA or Ad Hoc COLA.

For 2017, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disable members were based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in the SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------|------------------------------|---|
| Cash | 1.00% | 0.50% |
| US Stocks | 22.50% | 4.75% |
| Non-US Stocks | 22.50% | 7.00% |
| Fixed Income | 19.00% | 1.50% |
| Private Equity | 10.00% | 8.00% |
| Real Assets | 15.00% | 5.00% |
| Multi-Asset Strategies | 10.00% | 3.00% |
| Total | <u>100.00%</u> | |

Discount Rate

The total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return 7.50%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, as well as

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.50%, or one percentage point higher 8.50% than the current rate.

| | 1% Decrease 6.50% | Current Discount Rate 7.50% | 1% Increase 8.50% |
|--|-------------------------|-----------------------------------|-------------------------|
| Proportionate share of the net pension liability | \$206,869,240 | \$149,069,149 | \$100,649,784 |

Changes in Benefit Terms

The COLA was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.5% with a floor of 0% beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | July 1, 2017 | July 1, 2016 |
|-----------------------------------|--|---|
| Inflation | 2.50% | 2.75% |
| Projected salary increases | 12.50% at age 20 to 2.50% at age 65 | 12.25% at age 20 to 2.75% at age 70 |
| Investment Rate of Return | 7.45%, net of investment expenses, including inflation | 7.75%, net of investment expenses, including inflation |
| Payroll Increases | 3.00% | 3.50% |
| Cost-of-Living Adjustments (COLA) | 0%, effective July 1, 2017 | 2% simple applied as follows: for members retiring before August 1, 2013, 2% per year; for members retiring August 1 2013, or later, 2% COLA commences on fifth anniversary of retirement date. |

For the July 1, 2017, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For the July 1, 2016 actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Actuarial assumptions used in the July 1 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016. Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

STRS Ohio's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return* |
|----------------------|-------------------|---|
| Domestic Equity | 28.00% | 7.35% |
| International Equity | 23.00% | 7.55% |
| Alternatives | 17.00% | 7.09% |
| Fixed Income | 21.00% | 3.00% |
| Real Estate | 10.00% | 6.00% |
| Liquidity Reserves | 1.00% | 2.25% |
| Total | 100.00% | |

*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate

The discount rate used to measure the total pension liability was 7.45% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table represents the net pension liability as of June 30, 2017, calculated using the current period discount rate assumption of 7.45%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.45% or one percentage point higher 8.45% than the current assumption:

| | 1% Decrease 6.45% | Current Discount Rate 7.45% | 1% Increase 8.45% |
|--|----------------------|--------------------------------|----------------------|
| Proportionate share of the net pension liability | \$612,515,444 | \$427,296,816 | \$271,277,884 |

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Changes in Assumptions

The Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms

Effective July 1, 2017, the COLA was reduced to zero.

Note 11 – Defined Benefit Other Postemployment Benefits (OPEB) Plans

Net Other Postemployment Benefits (OPEB) Liability

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at year-end is included in accrued liabilities on the accrual basis of accounting.

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, 0.5% of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2.0% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the surcharge obligation was \$1,338,806.

The surcharge, added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$1,755,162 for fiscal year 2018. Of this amount \$1,338,806 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the employer's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

| | SERS | STRS | Total |
|---|--------------|----------------|----------------|
| Proportionate Share of the Net OPEB Liability | \$67,672,673 | \$70,180,571 | \$137,853,244 |
| Proportion of the Net OPEB Liability: | | | |
| Current Measurement Date | 2.52158340% | 1.79874957% | |
| Prior Measurement Date | 2.44796257% | 1.70823873% | |
| Change in Proportionate Share | 0.07362083% | 0.09051084% | |
| OPEB Expense | \$4,283,784 | (\$20,723,828) | (\$16,440,044) |

At June 30, 2018, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | SERS | STRS | Total |
|--|-------------|-------------|--------------|
| Deferred Outflows of Resources | | | |
| Differences between expected and actual experience | \$0 | \$4,051,257 | \$4,051,257 |
| Changes in employer proportionate share of net pension liability | 1,540,363 | 4,149,037 | 5,689,400 |
| Contributions subsequent to the measurement date | 1,755,162 | 0 | 1,755,162 |
| Total Deferred Outflows of Resources | \$3,295,525 | \$8,200,294 | \$11,495,819 |
| Deferred Inflows of Resources | | | |
| Changes of assumptions | \$6,421,788 | \$5,653,266 | \$12,075,054 |
| Net difference between projected and actual earnings on pension plan investments | 178,707 | 2,999,681 | 3,178,388 |
| Total Deferred Inflows of Resources | \$6,600,495 | \$8,652,947 | \$15,253,442 |

\$1,755,162 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

| Fiscal Year Ending June 30: | SERS | STRS | Total |
|--------------------------------|----------------------|--------------------|----------------------|
| 2019 | (\$1,813,309) | (\$325,416) | (\$2,138,725) |
| 2020 | (1,813,309) | (325,416) | (2,138,725) |
| 2021 | (1,388,837) | (325,416) | (1,714,253) |
| 2022 | (44,677) | (325,415) | (370,092) |
| 2023 | 0 | 424,505 | 424,505 |
| Thereafter | 0 | 424,505 | 424,505 |
| Total | <u>(\$5,060,132)</u> | <u>(\$452,653)</u> | <u>(\$5,512,785)</u> |

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented below:

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Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

| | |
|--|--|
| Wage Inflation | 3.00% |
| Future Salary Increases, including inflation | 3.50% to 18.20% |
| Investment Rate of Return | 7.50% net of investments expense, including inflation |
| Municipal Bond Index Rate: | |
| Measurement Date | 3.56% |
| Prior Measurement Date | 2.92% |
| Single Equivalent Interest Rate, net of plan investment expense, including price inflation: | |
| Measurement Date | 3.63% |
| Prior Measurement Date | 2.98% |
| Medical Trend Assumption | |
| Medicare | 5.50% to 5.00% |
| Pre-Medicare | 7.50% to 5.00% |

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

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Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------|------------------------------|---|
| Cash | 1.00% | 0.50% |
| US Stocks | 22.50% | 4.75% |
| Non-US Stocks | 22.50% | 7.00% |
| Fixed Income | 19.00% | 1.50% |
| Private Equity | 10.00% | 8.00% |
| Real Assets | 15.00% | 5.00% |
| Multi-Asset Strategies | 10.00% | 3.00% |
| Total | <u>100.00%</u> | |

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

| | <u>1% Decrease 2.63%</u> | <u>Current Discount Rate 3.63%</u> | <u>1% Increase 4.63%</u> |
|---|----------------------------------|--|----------------------------------|
| Proportionate share of the net OPEB liability | \$81,723,370 | \$67,672,673 | \$56,540,934 |

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

| | 1% Decrease 6.50% decreasing to 4.00% | Current Trend Rate 7.50% decreasing to 5.00% | 1% Increase 8.50% decreasing to 6.00% |
|---|---|--|---|
| Proportionate share of the net OPEB liability | \$54,911,303 | \$67,672,673 | \$84,562,565 |

Changes in Assumptions – SERS

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:

| | |
|------------------|--------------|
| Fiscal year 2018 | 3.56 percent |
| Fiscal year 2017 | 2.92 percent |

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

| | |
|------------------|--------------|
| Fiscal year 2018 | 3.63 percent |
| Fiscal year 2017 | 2.98 percent |

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

| | |
|-----------------------------------|---|
| Inflation | 2.50% |
| Projected salary increases | 12.50% at age 20 to 2.50% at age 65 |
| Investment Rate of Return | 7.45%, net of investment expenses, including inflation |
| Payroll Increases | 3.00% |
| Cost-of-Living Adjustments (COLA) | 0.00%, effective July 1, 2017 |
| Blended Discount Rate of Return | 4.13% |
| Health Care Cost Trends | 6.00% to 11.00% initial, 4.5% ultimate |

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Since the prior measurement date, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

| Asset Class | Target Allocation | Long-Term Expected Rate of Return* |
|----------------------|----------------------|--|
| Domestic Equity | 28.00% | 7.35% |
| International Equity | 23.00% | 7.55% |
| Alternatives | 17.00% | 7.09% |
| Fixed Income | 21.00% | 3.00% |
| Real Estate | 10.00% | 6.00% |
| Liquidity Reserves | 1.00% | 2.25% |
| Total | 100.00% | |

*10 year annualized geometric nominal returns, which includes the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate

The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13%) or one percentage point higher (5.13%) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

| | 1% Decrease 3.13% | Current Discount Rate 4.13% | 1% Increase 5.13% |
|---|-------------------------|-----------------------------------|-------------------------|
| Proportionate share of the net OPEB liability | \$94,216,290 | \$70,180,571 | \$51,184,498 |
| | 1% Decrease | Current Trend Rate | 1% Increase |
| Proportionate share of the net OPEB liability | \$48,758,453 | \$70,180,571 | \$98,374,585 |

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Note 12- Long-Term Debt and Other Obligations

Detail of the changes in the long-term debt of the District for the year ended June 30, 2018 is as follows:

| | | Restated Beginning Balance | Additions | Deletions | Ending Balance | Due In One Year |
|---|--------------|----------------------------------|--------------|-----------------|-------------------|--------------------|
| School Improvement Refunding 2018 (Issue Amount = \$70,660,000) | 2.603-3.795% | \$0 | \$70,660,000 | \$0 | \$70,660,000 | \$0 |
| School Improvement Refunding 2005 (Issue Amount = \$69,405,000) | 3.0-5.0% | 34,055,000 | 0 | (8,020,000) | 26,035,000 | 8,415,000 |
| School Improvement Refunding 2006 (Issue Amount = \$380,945,000) | 4.0-5.25% | 308,460,000 | 0 | (14,060,000) | 294,400,000 | 14,760,000 |
| School Improvement Refunding 2010 (Issue Amount = \$104,900,000) | 2.5-5.25% | 81,620,000 | 0 | (70,265,000) | 11,355,000 | 5,555,000 |
| Energy Conservation 2010 (Issue Amount = \$21,715,000) | 5.439% | 21,715,000 | 0 | 0 | 21,715,000 | 0 |
| Energy Conservation 2011 (Issue Amount = \$3,000,000) | 4.991% | 3,000,000 | 0 | 0 | 3,000,000 | 0 |
| Energy Conservation 2012 (Issue Amount = \$26,250,000) | 5.150% | 26,250,000 | 0 | 0 | 26,250,000 | 0 |
| Premium General Obligation Bond | | 32,508,067 | 0 | (6,211,233) | 26,296,834 | 0 |
| Subtotal General Obligation Bonds | | 507,608,067 | 70,660,000 | (98,556,233) | 479,711,834 | 28,730,000 |
| Refunding Lease 2014 | 3.25-5.0% | 72,490,000 | 0 | (800,000) | 71,690,000 | 835,000 |
| Refunding Lease 2015 | 0.45-3.75% | 29,355,000 | 0 | (560,000) | 28,795,000 | 570,000 |
| Premium on Capital Lease | | 8,600,885 | 0 | (537,555) | 8,063,330 | 0 |
| Compensated Absences | | 40,618,042 | 21,244,289 | (4,351,161) | 57,511,170 | 4,986,543 |
| Subtotal Bonds and Other Amounts | | 658,671,994 | 91,904,289 | (104,804,949) | 645,771,334 | 35,121,543 |
| Net Pension Liabilities | | | | | | |
| STRS | | 571,798,994 | 0 | (144,502,178) | 427,296,816 | 0 |
| SERS | | 177,342,597 | 0 | (28,273,448) | 149,069,149 | 0 |
| Subtotal Net Pension Liability | | 749,141,591 | 0 | (172,775,626) | 576,365,965 | 0 |
| Net OPEB Liabilities | | | | | | |
| STRS | | 91,357,051 | 0 | (21,176,480) | 70,180,571 | 0 |
| SERS | | 69,775,989 | 0 | (2,103,316) | 67,672,673 | 0 |
| Subtotal Net OPEB Liability | | 161,133,040 | 0 | (23,279,796) | 137,853,244 | 0 |
| Total Long-Term Obligations | | \$1,568,946,625 | \$91,904,289 | (\$300,860,371) | \$1,359,990,543 | \$35,121,543 |

The School Improvement and School Improvement Refunding Bonds were issued as part of the District's ten-year, \$1.1 billion Facilities Master Plan (FMP) launched in May 2003 in order to renovate or constructed new a total of 49 schools. As discussed below, proceeds from the School Improvement Refunding Bonds were used to advance refund previously bonds issued under the FMP. The Energy Conservation Bonds were issued as part of the District's \$56 million project for the installation of equipment and other upgrades to the schools for energy conservation and efficiency measures. The bonds are general obligation bonds of the District and mature in varying amounts through 2032 and carry interest rates between 0.97% and 5.439%. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefitting from their service.

Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements including principal and interest payments as of June 30, 2018 follows:

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

| Fiscal Year Ending June 30 | General Obligation Bonds | | |
|-------------------------------|--------------------------|----------------------|----------------------|
| | Principal | Interest | Total |
| 2019 | \$28,730,000 | \$21,771,551 | \$50,501,551 |
| 2020 | 30,940,000 | 20,258,225 | 51,198,225 |
| 2021 | 27,635,000 | 18,695,471 | 46,330,471 |
| 2022 | 28,910,000 | 17,391,545 | 46,301,545 |
| 2023 | 25,530,000 | 16,131,727 | 41,661,727 |
| 2024-2028 | 159,195,000 | 58,224,723 | 217,419,723 |
| 2029-2032 | 152,475,000 | 18,082,066 | 170,557,066 |
| Total | <u>\$453,415,000</u> | <u>\$170,555,308</u> | <u>\$623,970,308</u> |

Defeased Debt

In September 2006, the District partially refunded \$397,305,000 of the Classroom Facilities Construction and Improvement Bonds Series 2003, in the original issue amount of \$480,000,000, through the issuance of the \$380,945,000 of the Classroom Facilities Construction and Improvement Refunding Bonds Series 2006. The net proceeds were invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The 2006 refunding bonds had an outstanding balance of \$294,400,000 as of June 30, 2018.

In July 2005, the District partially refunded \$70,095,000 of the Improvement Bonds Series 2001, through the issuance of the \$69,405,000 of the School Improvement Refunding Bonds 2005. The net proceeds were invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The 2005 refunding bonds had an outstanding balance of \$26,035,000 as of June 30, 2018.

In May 2010, the District refunded \$77,685,000 of the School Improvement Bonds Series 2002, in the original issue amount of \$120,000,000, through the issuance of the \$104,900,000 of School Improvement Refunding Bonds, Series 2010. Proceeds in the amount of \$103,964,664 from the 2010 Refunding Bonds were invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The 2010 refunding bonds had an outstanding balance of \$11,355,000 as of June 30, 2018.

In April 2018, the District issued \$70,660,000 in refunding bonds for the purpose of partially refunding \$64,950,000 of the outstanding bonds and \$4,332,888 in premium of the \$104,900,000 School Improvement Refunding Bonds Series 2010, which were issued to refund a portion of the District's \$120,000,000 School Improvement Bonds. The \$120,000,000 School Improvement Bonds were originally issued for the purpose of paying a portion of the local share of school construction under the State of Ohio Classroom Facilities Assistance Program. A portion of the proceeds of \$69,947,981 of the Bonds (other than accrued interest) remaining after payment of the issuance costs will be placed in an escrow account. The Bonds bear interest, computed on the basis of a 360-day year consisting of twelve 30-day months and will mature on June 1, 2020 through 2031. The refunding reduced the District's total debt service payments by \$3,130,753 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$3,016,978.

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Note 13 - Capital Lease Commitment

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

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2018:

| Fiscal Year Ending June 30, | Capital Lease |
|--|----------------------|
| 2019 | \$5,890,911 |
| 2020 | 5,881,722 |
| 2021 | 5,879,543 |
| 2022 | 5,878,268 |
| 2023 | 10,634,757 |
| 2024-2028 | 53,611,348 |
| 2029-2033 | 56,568,417 |
| Total Minimum Lease Payments | 144,344,966 |
| Less: Amount Representing Interest at the District's incremental borrowing rate of interest | (43,859,966) |
| Present Value of Minimum Lease Payments | <u>\$100,485,000</u> |

In November 2014, the District partially defeased the 2006 Certificates of Participation (COPS) in the amount of \$75,850,000, through of the issuance of \$72,490,000 of the 2014 COPS. The net proceeds of the 2014 COPS were invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the 2006 COPS. The refunded COPS, were called on December 15, 2016. The 2014 COPS had an outstanding balance of \$71,690,000 as of June 30, 2018.

In February 2015, the District partially defeased the 2006 COPS in the amount of \$26,945,000 through the issuance of \$30,055,000 of the 2015 COPS. The net proceeds of the 2015 COPS were invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the 2006 COPS. The refunded COPS, were called on December 15, 2016. The 2015 COPS had an outstanding balance of \$28,795,000 as of June 30, 2018.

Note 14 - 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

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

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 four fiscal years.

For fiscal year 2018, the District participated in the Ohio Bureau of Workers Compensation Retrospective Rating Program, which requires a minimum 31% annual premium payment plus actual claims from District employees for the prior 10 calendar years. The cost for Workers Compensation claims paid in fiscal year 2018 was \$880,134. The premium cost paid in fiscal year 2018 was \$770,126. Premium cost is for administrative charges for Ohio Bureau of Workers Compensation. In addition to the claims paid during fiscal year 2018, the Ohio Bureau of Workers Compensation established a reserve of \$1,219,197 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 17.15% of gross payroll. Incurred but not reported liabilities (IBNR's) are determined by the actuarial firm of Mercer. For the fiscal year ending June 30, 2018, the IBNR's were determined to be \$5,860,000.

Changes in the fund's claims liability amount in 2018 and 2017 were:

| | 2018 | 2017 |
|--|----------------------|----------------------|
| Claims Liability at Beginning of Fiscal Year | \$4,085,000 | \$5,077,000 |
| Current Year Claims and Changes in Estimates | 57,549,762 | 55,572,092 |
| Claims Payments | (55,774,762) | (56,564,092) |
| Balance at Fiscal Year End | <u>\$5,860,000</u> * | <u>\$4,085,000</u> * |

* The District estimates all claims outstanding at the end of the year will be paid off within one year.

Dental insurance is offered to employees through Dental Care Plus. Total premiums paid to Dental Care Plus were \$2,528,860. Dental Care Plus does not require an employee payroll deduction.

Effective 01/01/2017 all Wellness Dollars will be put onto the Navia Card. Navia will administer all claims and reimbursements. An employee could be audited by the IRS; therefore, it is up to the employee to keep such receipts and records.

Employees earn wellness dollars (up to \$500/employee plus \$500/spouse) in the current year by participating in the Wellness Works Plan and turning in all documentation by 12/31 of each year. These monies will be deposited to their Navia Card the following calendar year by March 1st of said year.

Effective 01/01/2018, there will be no limit to the amount carried over from year to year and once an Employee has been given the money on their Navia Card, it is theirs to keep whether they resign or retire from CPS.

Note 15 – Statutory Reserves

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

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

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

| | Capital Acquisition |
|--|------------------------|
| Set Aside Cash Balance as of June 30, 2017 | \$0 |
| Current Year Set Aside Requirement | 5,868,558 |
| Current Year Offset Credits | (28,601,338) |
| Qualifying Disbursements | (12,920,989) |
| Set Aside Cash Balance as of June 30, 2018 | (\$35,653,769) |
| Balance Carried Forward to FY 2019 | \$0 |

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

Note 16 – Contingencies

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, 2018.

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.

Foundation Funding

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2018 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

Note 17 – Construction and Other Commitments

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

| Description | Remaining Commitment |
|-----------------------------|-------------------------|
| General | \$18,879,929 |
| Schoolwide Building Program | 901,849 |
| Other Governmental | 9,747,982 |
| Total | <u>\$29,529,760</u> |

Note 18 – Tax Abatements entered Into By Other Governments

Other governments entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area (“CRA”) program with the taxing districts of the District. The CRA program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the District, the City of Cincinnati has entered into such an agreement. Under this agreement the District’s property taxes were reduced by approximately \$9,319,859. The District receives \$5 million annually from the city of Cincinnati in association with the forgone property tax revenue.

Note 19 – Implementation of New Accounting Principles and Restatement of Net Position

For the fiscal year ended June 30, 2018, the District has implemented GASB Statement No. 81, Irrevocable Split-Interest Agreements, and GASB No. 86, Certain Debt Extinguishment Issues, and GASB Statement No. 85, Omnibus 2017, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, and related guidance from (GASB) Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting).

GASB Statement No. 81 sets out to improve accounting and financial reporting for irrevocable split interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the District.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the District’s fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 86 sets out to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. One of the criteria for determining an in-substance defeasance is that the trust hold only monetary assets that are essentially risk-free. If the substitution of essentially risk-free monetary assets with monetary assets that are not essentially risk-free is not prohibited, governments should disclose that fact in the period in which the debt is defeased in substance. In subsequent periods, governments should disclose the amount of debt defeased in substance that remains outstanding for which that risk of substitution exists. The implementation of

Cincinnati City School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

GASB Statement No. 86 did not have an effect on the financial statements of the District.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2017:

| | |
|--|------------------------------|
| Net position June 30, 2017 | \$61,752,339 |
| Adjustments: | |
| Net OPEB Liability | (161,133,040) |
| Deferred Outflow - Payments Subsequent to Measurement Date | <u>1,326,967</u> |
| Restated Net Position June 30, 2017 | <u><u>(\$98,053,734)</u></u> |

Other than employer contributions subsequent to the measurement date, the school district made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

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REQUIRED SUPPLEMENTARY INFORMATION

Cincinnati City School District, Ohio
Required Supplementary Information
Schedule of the District's Proportionate Share
of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Four Fiscal Years (1)

| | 2018 | 2017 | 2016 | 2015 |
|--|---------------|---------------|---------------|---------------|
| District's Proportion of the Net Pension Liability | 1.79874957% | 1.70823873% | 1.74740381% | 1.62880719% |
| District's Proportionate Share of the Net Pension Liability | \$427,296,816 | \$571,798,994 | \$482,931,304 | \$396,182,278 |
| District's Covered Payroll | \$190,226,657 | \$180,593,564 | \$184,907,993 | \$169,293,408 |
| District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 224.63% | 316.62% | 261.17% | 234.02% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 75.30% | 66.80% | 72.10% | 74.70% |

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2015 is not available.

Note- Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Cincinnati City School District, Ohio
Required Supplementary Information
Schedule of the District's Proportionate Share
of the Net Pension Liability
School Employees Retirement System of Ohio
Last Four Fiscal Years (1)

| | 2018 | 2017 | 2016 | 2015 |
|--|---------------|---------------|---------------|---------------|
| District's Proportion of the Net Pension Liability | 2.4949734% | 2.4230185% | 2.4998620% | 2.2590180% |
| District's Proportionate Share of the Net Pension Liability | \$149,069,149 | \$177,342,597 | \$142,644,532 | \$114,327,615 |
| District's Covered Payroll | \$80,985,471 | \$63,806,729 | \$64,264,135 | \$66,015,094 |
| District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 184.07% | 277.94% | 221.97% | 173.18% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 69.50% | 62.98% | 69.16% | 71.70% |

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2015 is not available.

Note- Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Cincinnati City School District, Ohio
Required Supplementary Information
Schedule of District Contributions
for Net Pension Liability
State Teachers Retirement System of Ohio
Last Five Fiscal Years (1)

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Contractually Required Contribution | \$28,555,608 | \$26,631,732 | \$25,283,099 | \$25,887,119 | \$22,008,143 |
| Contributions in Relation to the Contractually Required Contribution | <u>(28,555,608)</u> | <u>(26,631,732)</u> | <u>(25,283,099)</u> | <u>(25,887,119)</u> | <u>(22,008,143)</u> |
| Contribution Deficiency (Excess) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| District Covered Payroll | \$203,968,629 | \$190,226,657 | \$180,593,564 | \$184,907,993 | \$169,293,408 |
| Contributions as a Percentage of Covered Payroll | 14.00% | 14.00% | 14.00% | 14.00% | 13.00% |

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

See accompanying notes to the required supplementary information.

Cincinnati City School District, Ohio
Required Supplementary Information
Schedule of District Contributions
for Net Pension Liability
School Employees Retirement System of Ohio
Last Five Fiscal Years (1)

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---------------------|---------------------|--------------------|--------------------|--------------------|
| Contractually Required Contribution | \$11,241,704 | \$11,337,966 | \$8,932,942 | \$8,470,013 | \$9,149,692 |
| Contributions in Relation to the Contractually Required Contribution | <u>(11,241,704)</u> | <u>(11,337,966)</u> | <u>(8,932,942)</u> | <u>(8,470,013)</u> | <u>(9,149,692)</u> |
| Contribution Deficiency (Excess) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| District Covered Payroll | \$83,271,881 | \$80,985,471 | \$63,806,729 | \$64,264,135 | \$66,015,094 |
| Contributions as a Percentage of Covered Payroll | 13.50% | 14.00% | 14.00% | 13.18% | 13.86% |

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

See accompanying notes to the required supplementary information.

Cincinnati City School District, Ohio
Required Supplementary Information
Schedule of the District's Proportionate Share
of the Net Postemployment Benefits Other Than Pension (OPEB) Liability
State Teachers Retirement System of Ohio
Last Two Fiscal Years (1)

| | 2018 | 2017 |
|---|---------------|---------------|
| District's Proportion of the Net OPEB Liability | 1.79874957% | 1.70823873% |
| District's Proportionate Share of the Net OPEB Liability | \$70,180,571 | \$91,357,051 |
| District's Covered Payroll | \$190,226,657 | \$180,593,564 |
| District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll | 36.89% | 50.59% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 47.10% | 37.30% |

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

Note- Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Cincinnati City School District, Ohio
Required Supplementary Information
Schedule of the District's Proportionate Share
of the Net Postemployment Benefits Other Than Pension (OPEB) Liability
School Employees Retirement System of Ohio
Last Two Fiscal Years (1)

| | 2018 | 2017 |
|---|--------------|--------------|
| District's Proportion of the Net OPEB Liability | 2.52158340% | 2.44796257% |
| District's Proportionate Share of the Net OPEB Liability | \$67,672,673 | \$69,775,989 |
| District's Covered Payroll | \$80,985,471 | \$63,806,729 |
| District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll | 83.56% | 109.36% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 12.46% | 11.49% |

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

Note- Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Cincinnati City School District, Ohio
Required Supplementary Information
Schedule of District Contributions to
Postemployment Benefits Other Than Pension (OPEB)
State Teachers Retirement System of Ohio
Last Three Fiscal Years (1)

| | 2018 | 2017 | 2016 |
|---|---------------|---------------|---------------|
| Contractually Required Contribution to OPEB | \$0 | \$0 | \$0 |
| Contributions to OPEB in Relation to the Contractually Required Contribution | 0 | 0 | 0 |
| Contribution Deficiency (Excess) | \$0 | \$0 | \$0 |
| District Covered Payroll | \$203,968,629 | \$190,226,657 | \$180,593,564 |
| Contributions to OPEB as a Percentage of Covered Payroll | 0.00% | 0.00% | 0.00% |

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

Cincinnati City School District, Ohio
Required Supplementary Information
Schedule of District Contributions to
Postemployment Benefits Other Than Pension (OPEB)
School Employees Retirement System of Ohio
Last Three Fiscal Years (1)

| | 2018 | 2017 | 2016 |
|---|--------------------|--------------------|--------------------|
| Contractually Required Contribution to OPEB (2) | \$1,755,162 | \$1,326,967 | \$1,206,453 |
| Contributions to OPEB in Relation to the Contractually Required Contribution | <u>(1,755,162)</u> | <u>(1,326,967)</u> | <u>(1,206,453)</u> |
| Contribution Deficiency (Excess) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| District Covered Payroll | \$83,271,881 | \$80,985,471 | \$63,806,729 |
| Contributions to OPEB as a Percentage of Covered Payroll | 2.11% | 1.64% | 1.89% |

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) - Includes Surcharge.

See accompanying notes to the required supplementary information.

Cincinnati City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

| | General Fund | | | |
|--|-----------------|---------------|---------------|----------------------------|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Taxes | \$302,397,043 | \$317,351,617 | \$320,624,320 | \$3,272,703 |
| Revenue in lieu of taxes | 21,727,903 | 22,802,423 | 23,037,574 | 235,151 |
| Tuition and Fees | 4,330,311 | 4,544,460 | 4,591,325 | 46,865 |
| Investment Earnings | 1,395,480 | 1,464,491 | 1,479,594 | 15,103 |
| Intergovernmental | 221,220,190 | 232,160,289 | 234,554,453 | 2,394,164 |
| Other Revenues | 5,899,938 | 6,191,710 | 6,255,562 | 63,852 |
| Total Revenues | 556,970,865 | 584,514,990 | 590,542,828 | 6,027,838 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 134,343,071 | 134,350,342 | 132,052,153 | 2,298,189 |
| Special | 53,428,749 | 53,431,640 | 52,517,642 | 913,998 |
| Vocational | 2,266,439 | 2,266,562 | 2,227,790 | 38,772 |
| Other | 400,304 | 400,326 | 393,478 | 6,848 |
| Support Services: | | | | |
| Pupil | 23,365,097 | 23,366,362 | 22,966,658 | 399,704 |
| Instructional Staff | 19,533,690 | 19,534,747 | 19,200,587 | 334,160 |
| General Administration | 333,459 | 333,477 | 327,773 | 5,704 |
| School Administration | 12,396,410 | 12,397,081 | 12,185,017 | 212,064 |
| Fiscal | 8,343,830 | 8,344,282 | 8,201,545 | 142,737 |
| Business | 1,121,112 | 1,121,173 | 1,101,994 | 19,179 |
| Operations and Maintenance | 36,578,966 | 36,580,945 | 35,955,194 | 625,751 |
| Pupil Transportation | 47,632,700 | 47,635,278 | 46,820,432 | 814,846 |
| Central | 40,624,641 | 40,626,839 | 39,931,879 | 694,960 |
| Operation of Non-Instructional Services | 3,582,272 | 3,582,465 | 3,521,184 | 61,281 |
| Extracurricular Activities | 3,597,003 | 3,597,197 | 3,535,664 | 61,533 |
| Capital Outlay | 565 | 565 | 555 | 10 |
| Total Expenditures | 387,548,308 | 387,569,281 | 380,939,545 | 6,629,736 |
| Excess of Revenues Over (Under) Expenditures | 169,422,557 | 196,945,709 | 209,603,283 | 12,657,574 |
| Other Financing Sources (Uses): | | | | |
| Proceeds from Sale of Capital Assets | 31,317 | 32,866 | 33,205 | 339 |
| Advances In | 10,850,948 | 11,387,565 | 11,505,000 | 117,435 |
| Advances (Out) | (6,109,178) | (6,109,509) | (6,005,000) | 104,509 |
| Transfers In | 3,728,508 | 3,912,895 | 3,953,247 | 40,352 |
| Transfers (Out) | (202,205,734) | (202,216,677) | (198,757,571) | 3,459,106 |
| Total Other Financing Sources (Uses) | (193,704,139) | (192,992,860) | (189,271,119) | 3,721,741 |
| Net Change in Fund Balance | (24,281,582) | 3,952,849 | 20,332,164 | 16,379,315 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 89,404,775 | 89,404,775 | 89,404,775 | 0 |
| Fund Balance End of Year | \$65,123,193 | \$93,357,624 | \$109,736,939 | \$16,379,315 |

See accompanying notes to the required supplementary information.

Cincinnati City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

| | Schoolwide Building Program Fund | | | |
|---|---|-----------------|---------------|-------------------------------|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Other Revenues | \$0 | \$0 | \$0 | \$0 |
| Total Revenues | 0 | 0 | 0 | 0 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 124,098,594 | 124,098,594 | 117,837,581 | 6,261,013 |
| Special | 38,046,086 | 38,046,086 | 36,126,588 | 1,919,498 |
| Vocational | 3,074,569 | 3,074,569 | 2,919,451 | 155,118 |
| Other | 1,280,885 | 1,280,885 | 1,216,262 | 64,623 |
| Support Services: | | | | |
| Pupil | 3,872,320 | 3,872,320 | 3,676,954 | 195,366 |
| Instructional Staff | 4,468,077 | 4,468,077 | 4,242,654 | 225,423 |
| School Administration | 17,126,486 | 17,126,486 | 16,262,422 | 864,064 |
| Operations and Maintenance | 6,729,663 | 6,729,663 | 6,390,139 | 339,524 |
| Operation of Non-Instructional Services | 42,475 | 42,475 | 40,332 | 2,143 |
| Total Expenditures | 198,739,155 | 198,739,155 | 188,712,383 | 10,026,772 |
| Excess of Revenues Over (Under) Expenditures | (198,739,155) | (198,739,155) | (188,712,383) | 10,026,772 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 199,363,331 | 218,878,506 | 187,811,816 | (31,066,690) |
| Total Other Financing Sources (Uses) | 199,363,331 | 218,878,506 | 187,811,816 | (31,066,690) |
| Net Change in Fund Balance | 624,176 | 20,139,351 | (900,567) | (21,039,918) |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 660 | 660 | 660 | 0 |
| Fund Balance End of Year | \$624,836 | \$20,140,011 | (\$899,907) | (\$21,039,918) |

See accompanying notes to the required supplementary information.

Cincinnati City School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2018

Note 1 - Budgetary Process

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

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

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.

Estimated Resources

Prior to April 1, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement, as final budget, reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2018.

Appropriations

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

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

Cincinnati City School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2018

results to the final budget, modified for the aforementioned advances and transfers, including all amendments and modifications.

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.

Budgetary Basis of Accounting

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

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

Net Change in Fund Balance

| | General Fund | Schoolwide Building Program Fund |
|--------------------------|---------------------|--|
| GAAP Basis (as reported) | (\$1,576,037) | (\$3,098,676) |
| Increase (Decrease): | | |
| GAAP Basis | | |
| Revenue Accruals | 29,216,249 | 0 |
| Expenditure Accruals | 6,071,881 | 3,099,847 |
| Advances In | 11,505,000 | 0 |
| Advances (Out) | (6,005,000) | 0 |
| Encumbrances | (18,608,729) | (901,738) |
| Funds Budgeted Elsewhere | (271,200) | 0 |
| Budget Basis | <u>\$20,332,164</u> | <u>(\$900,567)</u> |

Note 2 - SERS Change in Assumptions-Net Pension Liability

The COLA was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.5% with a floor of 0% beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Cincinnati City School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2018

Note 3 - STRS Change in Assumptions and Benefit Terms-Net Pension Liability

Changes in Assumptions

The Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms

Effective July 1, 2017, the COLA was reduced to zero.

Note 4 - SERS Change in Assumptions-Net OPEB Liability

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:

| | |
|------------------|--------------|
| Fiscal year 2018 | 3.56 percent |
| Fiscal year 2017 | 2.92 percent |

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

| | |
|------------------|--------------|
| Fiscal year 2018 | 3.63 percent |
| Fiscal year 2017 | 2.98 percent |

Note 5 - STRS Change in Assumptions-Net OPEB Liability

For fiscal year 2018, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

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***COMBINING STATEMENTS AND INDIVIDUAL
FUND SCHEDULES***

MAJOR GOVERNMENTAL FUND

Debt Service Fund – The Debt Service Fund is used for the accumulation of resources for and the payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the District is obligated in some manner for the payment.

The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance are included in the Basic Financial Statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) follows this page.

Cincinnati City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

| | Debt Service Fund | | |
|---|-------------------------|--------------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Taxes | \$29,402,888 | \$28,809,499 | (\$593,389) |
| Revenue in lieu of taxes | 16,227,979 | 15,900,477 | (327,502) |
| Investment Earnings | 489,270 | 479,396 | (9,874) |
| Intergovernmental | 6,944,387 | 6,804,240 | (140,147) |
| Total Revenues | 53,064,524 | 51,993,612 | (1,070,912) |
| Expenditures: | | | |
| Current: | | | |
| Support Services: | | | |
| Fiscal | 453,521 | 410,284 | 43,237 |
| Debt Service: | | | |
| Principal Retirement | 28,755,000 | 28,755,000 | 0 |
| Interest and Fiscal Charges | 32,810,877 | 26,941,466 | 5,869,411 |
| Issuance Costs | 787,053 | 712,019 | 75,034 |
| Total Expenditures | 62,806,451 | 56,818,769 | 5,987,682 |
| Excess of Revenues Over (Under) Expenditures | (9,741,927) | (4,825,157) | 4,916,770 |
| Other Financing Sources (Uses): | | | |
| Issuance of Refunding Bonds | 70,660,000 | 70,660,000 | 0 |
| Payments to Bond Escrow Account | (69,947,981) | (69,947,981) | 0 |
| Transfers In | 13,187,122 | 12,920,989 | (266,133) |
| Total Other Financing Sources (Uses) | 13,899,141 | 13,633,008 | (266,133) |
| Net Change in Fund Balance | 4,157,214 | 8,807,851 | 4,650,637 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 30,459,371 | 30,459,371 | 0 |
| Fund Balance End of Year | \$34,616,585 | \$39,267,222 | \$4,650,637 |

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The term *proceeds of specific revenue sources* establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

Capital Project Funds

The Building Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition and construction of capital facilities and other capital assets. Capital project funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Permanent Fund

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

Cincinnati City School District, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

| | Nonmajor Special Revenue Funds | Nonmajor Capital Projects Funds | Nonmajor Permanent Fund | Total Nonmajor Governmental Funds |
|---|---|--|-------------------------------|--|
| Assets: | | | | |
| Equity in Pooled Cash and Investments | \$37,298,479 | \$1,837,554 | \$1,320,860 | \$40,456,893 |
| Receivables (Net): | | | | |
| Accounts | 105,803 | 0 | 0 | 105,803 |
| Intergovernmental | 11,597,236 | 0 | 0 | 11,597,236 |
| Prepaid | 28,237 | 0 | 0 | 28,237 |
| Inventory | 151,740 | 0 | 0 | 151,740 |
| Total Assets | <u>49,181,495</u> | <u>1,837,554</u> | <u>1,320,860</u> | <u>52,339,909</u> |
| Liabilities: | | | | |
| Accounts Payable | 3,869,216 | 0 | 0 | 3,869,216 |
| Accrued Wages and Benefits | 2,701,143 | 0 | 0 | 2,701,143 |
| Compensated Absences | 220,207 | 0 | 0 | 220,207 |
| Contracts Payable | 880,423 | 253,868 | 0 | 1,134,291 |
| Interfund Payable | 6,005,000 | 0 | 0 | 6,005,000 |
| Total Liabilities | <u>13,675,989</u> | <u>253,868</u> | <u>0</u> | <u>13,929,857</u> |
| Deferred Inflows of Resources: | | | | |
| Grants and Other Taxes | 4,611,078 | 0 | 0 | 4,611,078 |
| Total Deferred Inflows of Resources | <u>4,611,078</u> | <u>0</u> | <u>0</u> | <u>4,611,078</u> |
| Fund Balances: | | | | |
| Nonspendable | 28,237 | 0 | 768,034 | 796,271 |
| Restricted | 31,735,723 | 1,583,686 | 552,826 | 33,872,235 |
| Unassigned | (869,532) | 0 | 0 | (869,532) |
| Total Fund Balances | <u>30,894,428</u> | <u>1,583,686</u> | <u>1,320,860</u> | <u>33,798,974</u> |
| Total Liabilities, Deferred Inflows and Fund Balances | <u>\$49,181,495</u> | <u>\$1,837,554</u> | <u>\$1,320,860</u> | <u>\$52,339,909</u> |

Cincinnati City School District, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2018

| | Nonmajor Special Revenue Funds | Nonmajor Capital Projects Funds | Nonmajor Permanent Fund | Total Nonmajor Governmental Funds |
|--|---|--|-------------------------------|--|
| Revenues: | | | | |
| Tuition and Fees | \$372,964 | \$0 | \$0 | \$372,964 |
| Investment Earnings | (328) | 50,864 | 12,492 | 63,028 |
| Intergovernmental | 77,460,447 | 0 | 0 | 77,460,447 |
| Extracurricular Activities | 2,321,263 | 0 | 0 | 2,321,263 |
| Charges for Services | 1,798,702 | 0 | 0 | 1,798,702 |
| Other Revenues | 3,240,404 | 737,582 | 0 | 3,977,986 |
| Total Revenues | 85,193,452 | 788,446 | 12,492 | 85,994,390 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 2,121,292 | 0 | 5,675 | 2,126,967 |
| Special | 6,293,984 | 0 | 0 | 6,293,984 |
| Vocational | 1,840,628 | 0 | 0 | 1,840,628 |
| Other | 3,740,854 | 0 | 0 | 3,740,854 |
| Support Services: | | | | |
| Pupil | 2,398,257 | 0 | 0 | 2,398,257 |
| Instructional Staff | 8,250,352 | 0 | 0 | 8,250,352 |
| School Administration | 3,549,881 | 0 | 0 | 3,549,881 |
| Fiscal | 211,688 | 497 | 0 | 212,185 |
| Business | 70,146 | 0 | 0 | 70,146 |
| Operations and Maintenance | 4,414,279 | 0 | 0 | 4,414,279 |
| Pupil Transportation | 70,211 | 0 | 0 | 70,211 |
| Central | 275,379 | 0 | 0 | 275,379 |
| Operation of Non-Instructional Services | 41,443,952 | 0 | 4,993 | 41,448,945 |
| Extracurricular Activities | 2,510,941 | 0 | 0 | 2,510,941 |
| Capital Outlay | 1,635,469 | 2,950,537 | 0 | 4,586,006 |
| Total Expenditures | 78,827,313 | 2,951,034 | 10,668 | 81,789,015 |
| Excess of Revenues Over (Under) Expenditures | 6,366,139 | (2,162,588) | 1,824 | 4,205,375 |
| Other Financing Sources (Uses): | | | | |
| Proceeds from Sale of Capital Assets | 0 | 210,026 | 0 | 210,026 |
| Transfers In | 3,254,156 | 546,998 | 0 | 3,801,154 |
| Transfers (Out) | (9,182,637) | (546,998) | 0 | (9,729,635) |
| Total Other Financing Sources (Uses) | (5,928,481) | 210,026 | 0 | (5,718,455) |
| Net Change in Fund Balance | 437,658 | (1,952,562) | 1,824 | (1,513,080) |
| Fund Balance - Beginning of Year | 30,456,770 | 3,536,248 | 1,319,036 | 35,312,054 |
| Fund Balance - End of Year | \$30,894,428 | \$1,583,686 | \$1,320,860 | \$33,798,974 |



NONMAJOR SPECIAL REVENUE FUNDS

Fund Descriptions

Food Service – Fund used to record financial transactions related to the food service operation.

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

Classroom Facilities Maintenance – Used to account for the proceeds of a levy for the maintenance of facilities.

Auxiliary Services – Used to account for state funds used to provide services and materials to students attending non-public schools within the boundaries of the District.

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

School Improvement – Used to account for federal funds for school improvements.

Chapter I – 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.

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

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

Cincinnati City School District, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

| | Food Service | Other Grants | Classroom Facilities Maintenance | Auxiliary Services | Title VI-B |
|---|---------------------|--------------------|--|-----------------------|--------------------|
| Assets: | | | | | |
| Equity in Pooled Cash and Investments | \$15,012,269 | \$3,877,794 | \$3,658,117 | \$1,892,020 | \$1,490,472 |
| Receivables (Net): | | | | | |
| Accounts | 44 | 32,217 | 0 | 15,892 | 15,715 |
| Intergovernmental | 0 | 0 | 0 | 0 | 2,669,874 |
| Prepaid | 0 | 0 | 0 | 6,349 | 6,279 |
| Inventory | 151,740 | 0 | 0 | 0 | 0 |
| Total Assets | <u>15,164,053</u> | <u>3,910,011</u> | <u>3,658,117</u> | <u>1,914,261</u> | <u>4,182,340</u> |
| Liabilities: | | | | | |
| Accounts Payable | 404,393 | 279,169 | 199,309 | 259,792 | 442,041 |
| Accrued Wages and Benefits | 1,400 | 18,431 | 0 | 579,405 | 572,903 |
| Compensated Absences | 38,013 | 0 | 0 | 74,196 | 0 |
| Contracts Payable | 0 | 880,423 | 0 | 0 | 0 |
| Interfund Payable | 0 | 0 | 0 | 0 | 1,300,000 |
| Total Liabilities | <u>443,806</u> | <u>1,178,023</u> | <u>199,309</u> | <u>913,393</u> | <u>2,314,944</u> |
| Deferred Inflows of Resources: | | | | | |
| Grants and Other Taxes | 0 | 0 | 0 | 0 | 1,322,133 |
| Total Deferred Inflows of Resources | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>1,322,133</u> |
| Fund Balances: | | | | | |
| Nonspendable | 0 | 0 | 0 | 6,349 | 6,279 |
| Restricted | 14,720,247 | 2,731,988 | 3,458,808 | 994,519 | 538,984 |
| Unassigned | 0 | 0 | 0 | 0 | 0 |
| Total Fund Balances | <u>14,720,247</u> | <u>2,731,988</u> | <u>3,458,808</u> | <u>1,000,868</u> | <u>545,263</u> |
| Total Liabilities, Deferred Inflows and Fund Balances | <u>\$15,164,053</u> | <u>\$3,910,011</u> | <u>\$3,658,117</u> | <u>\$1,914,261</u> | <u>\$4,182,340</u> |

| School Improvement | Chapter I | Miscellaneous Federal Grants | Other Special Revenue | Total Nonmajor Special Revenue Funds |
|--------------------|--------------------|------------------------------|-----------------------|--------------------------------------|
| \$651,364 | \$3,668,997 | \$314,488 | \$6,732,958 | \$37,298,479 |
| 0 | 30,986 | 0 | 10,949 | 105,803 |
| 1,091,696 | 5,252,168 | 152,471 | 2,431,027 | 11,597,236 |
| 0 | 12,381 | 0 | 3,228 | 28,237 |
| 0 | 0 | 0 | 0 | 151,740 |
| <u>1,743,060</u> | <u>8,964,532</u> | <u>466,959</u> | <u>9,178,162</u> | <u>49,181,495</u> |
| 454,610 | 975,928 | 112,118 | 741,856 | 3,869,216 |
| 0 | 1,129,749 | 9 | 399,246 | 2,701,143 |
| 0 | 57,707 | 0 | 50,291 | 220,207 |
| 0 | 0 | 0 | 0 | 880,423 |
| <u>1,000,000</u> | <u>1,200,000</u> | <u>1,100,000</u> | <u>1,405,000</u> | <u>6,005,000</u> |
| <u>1,454,610</u> | <u>3,363,384</u> | <u>1,212,127</u> | <u>2,596,393</u> | <u>13,675,989</u> |
| 204,967 | 2,332,891 | 124,364 | 626,723 | 4,611,078 |
| <u>204,967</u> | <u>2,332,891</u> | <u>124,364</u> | <u>626,723</u> | <u>4,611,078</u> |
| 0 | 12,381 | 0 | 3,228 | 28,237 |
| 83,483 | 3,255,876 | 0 | 5,951,818 | 31,735,723 |
| 0 | 0 | (869,532) | 0 | (869,532) |
| <u>83,483</u> | <u>3,268,257</u> | <u>(869,532)</u> | <u>5,955,046</u> | <u>30,894,428</u> |
| <u>\$1,743,060</u> | <u>\$8,964,532</u> | <u>\$466,959</u> | <u>\$9,178,162</u> | <u>\$49,181,495</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, 2018

| | Food Service | Other Grants | Classroom Facilities Maintenance | Auxiliary Services | Title VI-B |
|--|-----------------|-----------------|--|-----------------------|------------|
| Revenues: | | | | | |
| Tuition and Fees | \$0 | \$0 | \$0 | \$0 | \$0 |
| Investment Earnings | 0 | 0 | 0 | 544 | 0 |
| Intergovernmental | 19,287,390 | 0 | 0 | 10,194,078 | 10,671,262 |
| Extracurricular Activities | 0 | 0 | 0 | 0 | 0 |
| Charges for Services | 1,798,702 | 0 | 0 | 0 | 0 |
| Other Revenues | 23,594 | 2,986,906 | 469 | 13,081 | 18,685 |
| Total Revenues | 21,109,686 | 2,986,906 | 469 | 10,207,703 | 10,689,947 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 0 | 321,862 | 0 | 0 | 167,935 |
| Special | 0 | 331,616 | 0 | 0 | 4,417,568 |
| Vocational | 0 | 61,490 | 0 | 0 | 536,890 |
| Other | 0 | 33,648 | 0 | 0 | 0 |
| Support Services: | | | | | |
| Pupil | 0 | 45,426 | 0 | 0 | 1,125,413 |
| Instructional Staff | 0 | 757,573 | 0 | 0 | 300,198 |
| School Administration | 0 | 461,528 | 0 | 0 | 1,704,611 |
| Fiscal | 0 | 648 | 0 | 0 | 74,228 |
| Business | 70,146 | 0 | 0 | 0 | 0 |
| Operations and Maintenance | 640,131 | 1,860 | 3,726,369 | 0 | 410 |
| Pupil Transportation | 0 | 2,241 | 0 | 0 | 0 |
| Central | 0 | 99,247 | 0 | 0 | 373 |
| Operation of Non-Instructional Services | 19,597,112 | 488,108 | 0 | 9,423,697 | 1,572,172 |
| Extracurricular Activities | 0 | 166,053 | 0 | 0 | 0 |
| Capital Outlay | 0 | 1,635,469 | 0 | 0 | 0 |
| Total Expenditures | 20,307,389 | 4,406,769 | 3,726,369 | 9,423,697 | 9,899,798 |
| Excess of Revenues Over (Under) Expenditures | 802,297 | (1,419,863) | (3,725,900) | 784,006 | 790,149 |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | 0 | 0 | 3,254,156 | 0 | 0 |
| Transfers (Out) | 0 | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 3,254,156 | 0 | 0 |
| Net Change in Fund Balance | 802,297 | (1,419,863) | (471,744) | 784,006 | 790,149 |
| Fund Balance - Beginning of Year | 13,917,950 | 4,151,851 | 3,930,552 | 216,862 | (244,886) |
| Fund Balance - End of Year | \$14,720,247 | \$2,731,988 | \$3,458,808 | \$1,000,868 | \$545,263 |

| School Improvement | Chapter I | Miscellaneous Federal Grants | Other Special Revenue | Total Nonmajor Special Revenue Funds |
|--------------------|-------------|------------------------------|-----------------------|--------------------------------------|
| \$0 | \$0 | \$0 | \$372,964 | \$372,964 |
| 0 | 0 | 0 | (872) | (328) |
| 1,895,315 | 23,713,550 | 308,818 | 11,390,034 | 77,460,447 |
| 0 | 0 | 0 | 2,321,263 | 2,321,263 |
| 0 | 0 | 0 | 0 | 1,798,702 |
| 366 | 32,863 | 106 | 164,334 | 3,240,404 |
| 1,895,681 | 23,746,413 | 308,924 | 14,247,723 | 85,193,452 |
| 123,792 | 1,288,723 | 0 | 218,980 | 2,121,292 |
| 13,959 | 1,231,985 | 0 | 298,856 | 6,293,984 |
| 0 | 0 | 0 | 1,242,248 | 1,840,628 |
| 168,607 | 2,980,694 | 0 | 557,905 | 3,740,854 |
| 10,918 | 659,023 | 42,545 | 514,932 | 2,398,257 |
| 1,520,142 | 4,194,486 | 173,117 | 1,304,836 | 8,250,352 |
| 18,000 | 788,067 | 0 | 577,675 | 3,549,881 |
| 18,116 | 49,017 | 4,990 | 64,689 | 211,688 |
| 0 | 0 | 0 | 0 | 70,146 |
| 275 | 0 | 0 | 45,234 | 4,414,279 |
| 9,860 | 57,147 | 0 | 963 | 70,211 |
| 0 | 95,759 | 0 | 80,000 | 275,379 |
| 0 | 4,329,879 | 118,160 | 5,914,824 | 41,443,952 |
| 0 | 0 | 0 | 2,344,888 | 2,510,941 |
| 0 | 0 | 0 | 0 | 1,635,469 |
| 1,883,669 | 15,674,780 | 338,812 | 13,166,030 | 78,827,313 |
| 12,012 | 8,071,633 | (29,888) | 1,081,693 | 6,366,139 |
| 0 | 0 | 0 | 0 | 3,254,156 |
| 0 | (8,304,287) | 0 | (878,350) | (9,182,637) |
| 0 | (8,304,287) | 0 | (878,350) | (5,928,481) |
| 12,012 | (232,654) | (29,888) | 203,343 | 437,658 |
| 71,471 | 3,500,911 | (839,644) | 5,751,703 | 30,456,770 |
| \$83,483 | \$3,268,257 | (\$869,532) | \$5,955,046 | \$30,894,428 |

Cincinnati City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

| | Food Service Fund | | |
|---|-------------------------|--------------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Intergovernmental | \$20,843,861 | \$18,498,447 | (\$2,345,414) |
| Charges for Services | 2,026,759 | 1,798,702 | (228,057) |
| Other Revenues | 26,585 | 23,594 | (2,991) |
| Total Revenues | 22,897,205 | 20,320,743 | (2,576,462) |
| Expenditures: | | | |
| Current: | | | |
| Support Services: | | | |
| Business | 96,872 | 70,146 | 26,726 |
| Operations and Maintenance | 884,024 | 640,131 | 243,893 |
| Operation of Non-Instructional Services | 30,246,588 | 21,901,868 | 8,344,720 |
| Total Expenditures | 31,227,484 | 22,612,145 | 8,615,339 |
| Net Change in Fund Balance | (8,330,279) | (2,291,402) | 6,038,877 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 14,254,350 | 14,254,350 | 0 |
| Fund Balance End of Year | \$5,924,071 | \$11,962,948 | \$6,038,877 |

Cincinnati City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

| | Other Grants Fund | | |
|---|-------------------------|-------------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Intergovernmental | \$624,735 | \$453,293 | (\$171,442) |
| Other Revenues | 4,072,896 | 2,955,195 | (1,117,701) |
| Total Revenues | 4,697,631 | 3,408,488 | (1,289,143) |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 592,728 | 366,837 | 225,891 |
| Special | 542,338 | 335,651 | 206,687 |
| Vocational | 99,954 | 61,861 | 38,093 |
| Other | 59,595 | 36,883 | 22,712 |
| Support Services: | | | |
| Pupil | 91,128 | 56,399 | 34,729 |
| Instructional Staff | 1,560,331 | 965,683 | 594,648 |
| School Administration | 781,613 | 483,737 | 297,876 |
| Fiscal | 1,047 | 648 | 399 |
| Operations and Maintenance | 3,005 | 1,860 | 1,145 |
| Pupil Transportation | 3,621 | 2,241 | 1,380 |
| Central | 175,220 | 108,443 | 66,777 |
| Operation of Non-Instructional Services | 836,134 | 517,480 | 318,654 |
| Extracurricular Activities | 279,787 | 173,159 | 106,628 |
| Capital Outlay | 2,824,713 | 1,748,204 | 1,076,509 |
| Total Expenditures | 7,851,214 | 4,859,086 | 2,992,128 |
| Excess of Revenues Over (Under) Expenditures | (3,153,583) | (1,450,598) | 1,702,985 |
| Other Financing Sources (Uses): | | | |
| Transfers In | 699,957 | 507,872 | (192,085) |
| Transfers (Out) | (820,904) | (508,054) | 312,850 |
| Total Other Financing Sources (Uses) | (120,947) | (182) | 120,765 |
| Net Change in Fund Balance | (3,274,530) | (1,450,780) | 1,823,750 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 3,937,977 | 3,937,977 | 0 |
| Fund Balance End of Year | \$663,447 | \$2,487,197 | \$1,823,750 |

Cincinnati City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

| | Classroom Facilities Maintenance Fund | | |
|---|--|-------------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Other Revenues | \$938 | \$469 | (\$469) |
| Total Revenues | 938 | 469 | (469) |
| Expenditures: | | | |
| Current: | | | |
| Support Services: | | | |
| Operations and Maintenance | 4,556,238 | 4,487,534 | 68,704 |
| Total Expenditures | 4,556,238 | 4,487,534 | 68,704 |
| Excess of Revenues Over (Under) Expenditures | (4,555,300) | (4,487,065) | 68,235 |
| Other Financing Sources (Uses): | | | |
| Transfers In | 6,507,374 | 3,254,156 | (3,253,218) |
| Total Other Financing Sources (Uses) | 6,507,374 | 3,254,156 | (3,253,218) |
| Net Change in Fund Balance | 1,952,074 | (1,232,909) | (3,184,983) |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 4,186,905 | 4,186,905 | 0 |
| Fund Balance End of Year | \$6,138,979 | \$2,953,996 | (\$3,184,983) |

Cincinnati City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

| | Auxiliary Services Fund | | |
|---|-------------------------------|-------------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Investment Earnings | \$611 | \$544 | (\$67) |
| Intergovernmental | 11,467,676 | 10,202,122 | (1,265,554) |
| Other Revenues | 14,704 | 13,081 | (1,623) |
| Total Revenues | 11,482,991 | 10,215,747 | (1,267,244) |
| Expenditures: | | | |
| Current: | | | |
| Operation of Non-Instructional Services | 11,137,029 | 10,062,496 | 1,074,533 |
| Total Expenditures | 11,137,029 | 10,062,496 | 1,074,533 |
| Net Change in Fund Balance | 345,962 | 153,251 | (192,711) |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 1,000,497 | 1,000,497 | 0 |
| Fund Balance End of Year | \$1,346,459 | \$1,153,748 | (\$192,711) |

Cincinnati City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

| | Title VI-B Fund | | |
|---|--------------------|--------------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Intergovernmental | \$14,997,311 | \$11,037,320 | (\$3,959,991) |
| Other Revenues | 25,389 | 18,685 | (6,704) |
| Total Revenues | 15,022,700 | 11,056,005 | (3,966,695) |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 234,247 | 174,435 | 59,812 |
| Special | 6,166,756 | 4,592,145 | 1,574,611 |
| Vocational | 740,870 | 551,697 | 189,173 |
| Support Services: | | | |
| Pupil | 1,671,666 | 1,244,825 | 426,841 |
| Instructional Staff | 430,447 | 320,537 | 109,910 |
| School Administration | 2,300,975 | 1,713,447 | 587,528 |
| Fiscal | 128,137 | 95,419 | 32,718 |
| Operations and Maintenance | 551 | 410 | 141 |
| Central | 501 | 373 | 128 |
| Operation of Non-Instructional Services | 2,106,717 | 1,568,791 | 537,926 |
| Total Expenditures | 13,780,867 | 10,262,079 | 3,518,788 |
| Excess of Revenues Over (Under) Expenditures | 1,241,833 | 793,926 | (447,907) |
| Other Financing Sources (Uses): | | | |
| Advances In | 1,766,416 | 1,300,000 | (466,416) |
| Advances (Out) | (5,102,990) | (3,800,000) | 1,302,990 |
| Total Other Financing Sources (Uses) | (3,336,574) | (2,500,000) | 836,574 |
| Net Change in Fund Balance | (2,094,741) | (1,706,074) | 388,667 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 2,310,075 | 2,310,075 | 0 |
| Fund Balance End of Year | \$215,334 | \$604,001 | \$388,667 |

Cincinnati City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

| | School Improvement Fund | | |
|---|-------------------------------|-------------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Intergovernmental | \$2,380,220 | \$1,385,173 | (\$995,047) |
| Other Revenues | 629 | 366 | (263) |
| Total Revenues | 2,380,849 | 1,385,539 | (995,310) |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 282,464 | 185,480 | 96,984 |
| Special | 21,258 | 13,959 | 7,299 |
| Other | 258,885 | 169,997 | 88,888 |
| Support Services: | | | |
| Pupil | 16,627 | 10,918 | 5,709 |
| Instructional Staff | 2,363,441 | 1,551,953 | 811,488 |
| School Administration | 27,412 | 18,000 | 9,412 |
| Fiscal | 32,721 | 21,486 | 11,235 |
| Operations and Maintenance | 419 | 275 | 144 |
| Pupil Transportation | 45,473 | 29,860 | 15,613 |
| Total Expenditures | 3,048,700 | 2,001,928 | 1,046,772 |
| Excess of Revenues Over (Under) Expenditures | (667,851) | (616,389) | 51,462 |
| Other Financing Sources (Uses): | | | |
| Advances In | 1,718,356 | 1,000,000 | (718,356) |
| Advances (Out) | (913,729) | (600,000) | 313,729 |
| Total Other Financing Sources (Uses) | 804,627 | 400,000 | (404,627) |
| Net Change in Fund Balance | 136,776 | (216,389) | (353,165) |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 342,493 | 342,493 | 0 |
| Fund Balance End of Year | \$479,269 | \$126,104 | (\$353,165) |

Cincinnati City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

| | Chapter 1 Fund | | |
|---|-------------------|--------------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Intergovernmental | \$29,794,920 | \$25,773,878 | (\$4,021,042) |
| Other Revenues | 37,990 | 32,863 | (5,127) |
| Total Revenues | 29,832,910 | 25,806,741 | (4,026,169) |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 1,679,746 | 1,407,702 | 272,044 |
| Special | 1,742,267 | 1,460,098 | 282,169 |
| Other | 3,390,084 | 2,841,042 | 549,042 |
| Support Services: | | | |
| Pupil | 921,672 | 772,402 | 149,270 |
| Instructional Staff | 5,032,055 | 4,217,087 | 814,968 |
| School Administration | 964,687 | 808,451 | 156,236 |
| Fiscal | 52,563 | 44,050 | 8,513 |
| Pupil Transportation | 288,943 | 242,147 | 46,796 |
| Central | 114,303 | 95,791 | 18,512 |
| Operation of Non-Instructional Services | 5,264,035 | 4,411,497 | 852,538 |
| Total Expenditures | 19,450,355 | 16,300,267 | 3,150,088 |
| Excess of Revenues Over (Under) Expenditures | 10,382,555 | 9,506,474 | (876,081) |
| Other Financing Sources (Uses): | | | |
| Advances In | 1,387,215 | 1,200,000 | (187,215) |
| Advances (Out) | (4,057,062) | (3,400,000) | 657,062 |
| Transfers (Out) | (9,909,121) | (8,304,287) | 1,604,834 |
| Total Other Financing Sources (Uses) | (12,578,968) | (10,504,287) | 2,074,681 |
| Net Change in Fund Balance | (2,196,413) | (997,813) | 1,198,600 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 2,715,095 | 2,715,095 | 0 |
| Fund Balance End of Year | \$518,682 | \$1,717,282 | \$1,198,600 |

Cincinnati City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

| | Miscellaneous Federal Grants Fund | | |
|---|---|-------------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Intergovernmental | \$416,958 | \$353,252 | (\$63,706) |
| Other Revenues | 125 | 106 | (19) |
| Total Revenues | 417,083 | 353,358 | (63,725) |
| Expenditures: | | | |
| Current: | | | |
| Support Services: | | | |
| Pupil | 48,896 | 42,545 | 6,351 |
| Instructional Staff | 475,884 | 414,073 | 61,811 |
| Fiscal | 5,735 | 4,990 | 745 |
| Operation of Non-Instructional Services | 143,366 | 124,745 | 18,621 |
| Total Expenditures | 673,881 | 586,353 | 87,528 |
| Excess of Revenues Over (Under) Expenditures | (256,798) | (232,995) | 23,803 |
| Other Financing Sources (Uses): | | | |
| Advances In | 1,298,376 | 1,100,000 | (198,376) |
| Advances (Out) | (1,264,204) | (1,100,000) | 164,204 |
| Total Other Financing Sources (Uses) | 34,172 | 0 | (34,172) |
| Net Change in Fund Balance | (222,626) | (232,995) | (10,369) |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 360,114 | 360,114 | 0 |
| Fund Balance End of Year | \$137,488 | \$127,119 | (\$10,369) |

Cincinnati City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

| | Other Special Revenue Fund | | |
|---|----------------------------------|-------------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Tuition and Fees | \$513,881 | \$372,964 | (\$140,917) |
| Intergovernmental | 17,736,937 | 12,873,086 | (4,863,851) |
| Extracurricular Activities | 3,198,308 | 2,321,263 | (877,045) |
| Other Revenues | 226,426 | 164,335 | (62,091) |
| Total Revenues | 21,675,552 | 15,731,648 | (5,943,904) |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 393,727 | 282,918 | 110,809 |
| Special | 480,986 | 345,619 | 135,367 |
| Vocational | 1,828,552 | 1,313,930 | 514,622 |
| Other | 790,984 | 568,372 | 222,612 |
| Support Services: | | | |
| Pupil | 723,910 | 520,175 | 203,735 |
| Instructional Staff | 2,088,717 | 1,500,875 | 587,842 |
| School Administration | 819,671 | 588,985 | 230,686 |
| Fiscal | 90,027 | 64,690 | 25,337 |
| Operations and Maintenance | 63,041 | 45,299 | 17,742 |
| Pupil Transportation | 1,340 | 963 | 377 |
| Central | 139,167 | 100,000 | 39,167 |
| Operation of Non-Instructional Services | 8,398,150 | 6,034,600 | 2,363,550 |
| Extracurricular Activities | 3,816,246 | 2,742,213 | 1,074,033 |
| Total Expenditures | 19,634,518 | 14,108,639 | 5,525,879 |
| Excess of Revenues Over (Under) Expenditures | 2,041,034 | 1,623,009 | (418,025) |
| Other Financing Sources (Uses): | | | |
| Advances In | 1,935,853 | 1,405,000 | (530,853) |
| Advances (Out) | (3,626,779) | (2,606,069) | 1,020,710 |
| Transfers (Out) | (1,222,370) | (878,350) | 344,020 |
| Total Other Financing Sources (Uses) | (2,913,296) | (2,079,419) | 833,877 |
| Net Change in Fund Balance | (872,262) | (456,410) | 415,852 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 5,732,700 | 5,732,700 | 0 |
| Fund Balance End of Year | \$4,860,438 | \$5,276,290 | \$415,852 |

NONMAJOR CAPITAL PROJECTS FUNDS

Fund Description

Permanent Improvement Fund – The Permanent Improvement Fund is used to account for financial resources, to maintain the District's facilities, as well as provide for major equipment and instructional material purchases

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

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

Cincinnati City School District, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2018

| | Permanent Improvement | Replacement | Classroom Facilities | Total Nonmajor Capital Projects Funds |
|---|--------------------------|----------------|-------------------------|--|
| Assets: | | | | |
| Equity in Pooled Cash and Investments | <u>\$1,832,502</u> | <u>\$1,177</u> | <u>\$3,875</u> | <u>\$1,837,554</u> |
| Total Assets | <u>1,832,502</u> | <u>1,177</u> | <u>3,875</u> | <u>1,837,554</u> |
| Liabilities: | | | | |
| Contracts Payable | <u>253,868</u> | <u>0</u> | <u>0</u> | <u>253,868</u> |
| Total Liabilities | <u>253,868</u> | <u>0</u> | <u>0</u> | <u>253,868</u> |
| Fund Balances: | | | | |
| Restricted | <u>1,578,634</u> | <u>1,177</u> | <u>3,875</u> | <u>1,583,686</u> |
| Total Fund Balances | <u>1,578,634</u> | <u>1,177</u> | <u>3,875</u> | <u>1,583,686</u> |
| Total Liabilities, Deferred Inflows and Fund Balances | <u>\$1,832,502</u> | <u>\$1,177</u> | <u>\$3,875</u> | <u>\$1,837,554</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, 2018

| | Permanent Improvement | Replacement | Classroom Facilities | Total Nonmajor Capital Projects Funds |
|--|--------------------------|-------------|-------------------------|--|
| Revenues: | | | | |
| Investment Earnings | \$50,864 | \$0 | \$0 | \$50,864 |
| Other Revenues | 737,582 | 0 | 0 | 737,582 |
| Total Revenues | 788,446 | 0 | 0 | 788,446 |
| Expenditures: | | | | |
| Current: | | | | |
| Support Services: | | | | |
| Fiscal | 497 | 0 | 0 | 497 |
| Capital Outlay | 2,906,208 | 0 | 44,329 | 2,950,537 |
| Total Expenditures | 2,906,705 | 0 | 44,329 | 2,951,034 |
| Excess of Revenues Over (Under) Expenditures | (2,118,259) | 0 | (44,329) | (2,162,588) |
| Other Financing Sources (Uses): | | | | |
| Proceeds from Sale of Capital Assets | 210,026 | 0 | 0 | 210,026 |
| Transfers In | 546,998 | 0 | 0 | 546,998 |
| Transfers (Out) | 0 | 0 | (546,998) | (546,998) |
| Total Other Financing Sources (Uses) | 757,024 | 0 | (546,998) | 210,026 |
| Net Change in Fund Balance | (1,361,235) | 0 | (591,327) | (1,952,562) |
| Fund Balance - Beginning of Year | 2,939,869 | 1,177 | 595,202 | 3,536,248 |
| Fund Balance - End of Year | \$1,578,634 | \$1,177 | \$3,875 | \$1,583,686 |

Cincinnati City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

| | Permanent Improvement Fund | | |
|---|----------------------------------|-------------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Investment Earnings | \$84,841 | \$125,864 | \$41,023 |
| Other Revenues | 497,180 | 737,582 | 240,402 |
| Total Revenues | 582,021 | 863,446 | 281,425 |
| Expenditures: | | | |
| Current: | | | |
| Support Services: | | | |
| Fiscal | 435 | 497 | (62) |
| Capital Outlay | 4,069,320 | 4,653,825 | (584,505) |
| Total Expenditures | 4,069,755 | 4,654,322 | (584,567) |
| Excess of Revenues Over (Under) Expenditures | (3,487,734) | (3,790,876) | (303,142) |
| Other Financing Sources (Uses): | | | |
| Proceeds from Sale of Capital Assets | 141,572 | 210,026 | 68,454 |
| Transfers In | 368,713 | 546,998 | 178,285 |
| Total Other Financing Sources (Uses) | 510,285 | 757,024 | 246,739 |
| Net Change in Fund Balance | (2,977,449) | (3,033,852) | (56,403) |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 4,506,794 | 4,506,794 | 0 |
| Fund Balance End of Year | \$1,529,345 | \$1,472,942 | (\$56,403) |

Cincinnati City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

| | Replacement Fund | | |
|---|---------------------|---------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Intergovernmental | \$0 | \$0 | \$0 |
| Total Revenues | 0 | 0 | 0 |
| Expenditures: | | | |
| Current: | | | |
| Capital Outlay | 0 | 0 | 0 |
| Total Expenditures | 0 | 0 | 0 |
| Net Change in Fund Balance | 0 | 0 | 0 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 1,177 | 1,177 | 0 |
| Fund Balance End of Year | \$1,177 | \$1,177 | \$0 |

Cincinnati City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

| | Classroom Facilities Fund | | |
|---|---------------------------------|-------------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Taxes | \$0 | \$0 | \$0 |
| Total Revenues | 0 | 0 | 0 |
| Expenditures: | | | |
| Current: | | | |
| Capital Outlay | 367,239 | 484,434 | (117,195) |
| Total Expenditures | 367,239 | 484,434 | (117,195) |
| Excess of Revenues Over (Under) Expenditures | (367,239) | (484,434) | (117,195) |
| Other Financing Sources (Uses): | | | |
| Transfers (Out) | (414,668) | (546,998) | (132,330) |
| Total Other Financing Sources (Uses) | (414,668) | (546,998) | (132,330) |
| Net Change in Fund Balance | (781,907) | (1,031,432) | (249,525) |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 1,035,307 | 1,035,307 | 0 |
| Fund Balance End of Year | \$253,400 | \$3,875 | (\$249,525) |

NONMAJOR PERMANENT FUND

Fund Description

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

The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance are included in the Combining Financial Statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) follows this page.

Cincinnati City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

| | Permanent Fund | | |
|---|-------------------|-------------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Investment Earnings | \$159,627 | \$9,653 | (\$149,974) |
| Total Revenues | 159,627 | 9,653 | (149,974) |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 553,139 | 5,675 | 547,464 |
| Operation of Non-Instructional Services | 486,678 | 4,993 | 481,685 |
| Total Expenditures | 1,039,817 | 10,668 | 1,029,149 |
| Net Change in Fund Balance | (880,190) | (1,015) | 879,175 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 1,003,729 | 1,003,729 | 0 |
| Fund Balance End of Year | \$123,539 | \$1,002,714 | \$879,175 |

OTHER GENERAL FUNDS

With the implementation of GASB Statement No. 54, certain funds that the District prepares legally adopted budgets for no longer meet the definition to be reported as Special Revenue funds and have been included with the General Fund in the governmental fund financial statements. The District has only presented the budget schedules for these funds.

Rotary Special Services- A fund to report any activity for which a fee is charged to external users for goods or services. Activities using this fund tend to be curricular in nature. As an example, this fund would be used to account for receipts and purchases made in connection with the sale of consumer services provided by vocational education classes such as cosmetology or auto mechanics. As another example, this fund should be used to account for “Life Enrichment Programs” offered by a school district.

Rotary- A fund provided to account for operations that provide goods or services to other governmental units on a cost-reimbursement basis. The use of the fund may be applied to situations where the district acts as a fiscal agent for a multi-district program.

Public School Support- Fund used to account for specific local revenue sources generated by individual school buildings. Expenditures include field trips, items to support co-curricular and extra-curricular programs, and recognition programs.

Special Enterprise- A fund to report any activity for which a fee is charged to external users for goods or services. This fund can also account for any activity where debt is backed solely by fees and charges, there is legal requirement to recover costs, or the school board has decided to recover costs.

District- A fund used to account for those assets held by a school district as an agent for individuals, private organization, and other governmental units. Agency funds could include a central payroll account. In an agency fund, assets equals liabilities and the fund balance is zero.

Cincinnati City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

| | Rotary Special Services Fund (1) | | |
|---|--|-------------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Tuition and Fees | \$1,540,537 | \$1,011,554 | (\$528,983) |
| Intergovernmental | 17,949 | 11,786 | (6,163) |
| Extracurricular Activities | 150,320 | 98,704 | (51,616) |
| Other Revenues | 2,731 | 1,793 | (938) |
| Total Revenues | 1,711,537 | 1,123,837 | (587,700) |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 82,131 | 47,729 | 34,402 |
| Other | 227,270 | 132,074 | 95,196 |
| Support Services: | | | |
| Instructional Staff | 85,961 | 49,955 | 36,006 |
| School Administration | 6,833 | 3,971 | 2,862 |
| Fiscal | 24,927 | 14,486 | 10,441 |
| Operations and Maintenance | 12,288 | 7,141 | 5,147 |
| Operation of Non-Instructional Services | 1,252,971 | 728,143 | 524,828 |
| Extracurricular Activities | 11,791 | 6,852 | 4,939 |
| Total Expenditures | 1,704,172 | 990,351 | 713,821 |
| Net Change in Fund Balance | 7,365 | 133,486 | 126,121 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 1,714,065 | 1,714,065 | 0 |
| Fund Balance End of Year | \$1,721,430 | \$1,847,551 | \$126,121 |

(1) - This fund is included in General Fund in GAAP Statements but not for Budgetary Statements

Cincinnati City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

| | Rotary Fund (1) | | |
|---|--------------------|-------------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Other Revenues | \$303,102 | \$1,066,452 | \$763,350 |
| Total Revenues | 303,102 | 1,066,452 | 763,350 |
| Expenditures: | | | |
| Current: | | | |
| Support Services: | | | |
| Pupil | 336 | 100 | 236 |
| Instructional Staff | 7,343 | 2,184 | 5,159 |
| School Administration | 3,560 | 1,059 | 2,501 |
| Business | 1,742,939 | 518,425 | 1,224,514 |
| Total Expenditures | 1,754,178 | 521,768 | 1,232,410 |
| Net Change in Fund Balance | (1,451,076) | 544,684 | 1,995,760 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 1,559,338 | 1,559,338 | 0 |
| Fund Balance End of Year | \$108,262 | \$2,104,022 | \$1,995,760 |

(1) - This fund is included in General Fund in GAAP Statements but not for Budgetary Statements

Cincinnati City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

| | Public School Support Fund (1) | | |
|---|--------------------------------------|-----------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Extracurricular Activities | \$357 | \$135 | (\$222) |
| Other Revenues | 277,784 | 104,943 | (172,841) |
| Total Revenues | 278,141 | 105,078 | (173,063) |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 427,717 | 158,578 | 269,139 |
| Support Services: | | | |
| Instructional Staff | 55,330 | 20,514 | 34,816 |
| School Administration | 11,199 | 4,152 | 7,047 |
| Business | 33,675 | 12,485 | 21,190 |
| Operations and Maintenance | 2,757 | 1,022 | 1,735 |
| Central | 13,688 | 5,075 | 8,613 |
| Extracurricular Activities | 4,278 | 1,586 | 2,692 |
| Total Expenditures | 548,644 | 203,412 | 345,232 |
| Excess of Revenues Over (Under) Expenditures | (270,503) | (98,334) | 172,169 |
| Other Financing Sources (Uses): | | | |
| Transfers In | 136,744 | 51,660 | (85,084) |
| Total Other Financing Sources (Uses) | 136,744 | 51,660 | (85,084) |
| Net Change in Fund Balance | (133,759) | (46,674) | 87,085 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 408,199 | 408,199 | 0 |
| Fund Balance End of Year | \$274,440 | \$361,525 | \$87,085 |

(1) - This fund is included in General Fund in GAAP Statements but not for Budgetary Statements

Cincinnati City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

| | Special Enterprise Fund (1) | | |
|---|-----------------------------------|---------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Tuition and Fees | \$0 | \$0 | \$0 |
| Total Revenues | 0 | 0 | 0 |
| Expenditures: | | | |
| Current: | | | |
| Operation of Non-Instructional Services | 0 | 0 | 0 |
| Total Expenditures | 0 | 0 | 0 |
| Net Change in Fund Balance | 0 | 0 | 0 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 3,205 | 3,205 | 0 |
| Fund Balance End of Year | \$3,205 | \$3,205 | \$0 |

(1) - This fund is included in General Fund in GAAP Statements but not for Budgetary Statements

Cincinnati City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

| | District Fund (1) | | |
|---|----------------------|-----------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Intergovernmental | \$0 | \$0 | \$0 |
| Total Revenues | 0 | 0 | 0 |
| Expenditures: | | | |
| Current: | | | |
| Operation of Non-Instructional Services | 0 | 0 | 0 |
| Total Expenditures | 0 | 0 | 0 |
| Net Change in Fund Balance | 0 | 0 | 0 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 856,830 | 856,830 | 0 |
| Fund Balance End of Year | \$856,830 | \$856,830 | \$0 |

(1) - This fund is included in General Fund in GAAP Statements but not for Budgetary Statements

NONMAJOR FUNDS

Fiduciary Funds

Fiduciary fund types are used to account for resources that belong to various student groups in the District. Students are involved in the management of the program.

Student Activity Fund- Fund used to account for resources that belong to various student groups in the District. Students are involved in the management of the program.

Cincinnati City School District, Ohio
Statement of Changes In Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2018

| | Student Activity | | | |
|---------------------------------------|-------------------|-----------|------------|----------------|
| | Beginning Balance | Additions | Deductions | Ending Balance |
| Assets: | | | | |
| Equity in Pooled Cash and Investments | \$93,738 | \$163,827 | \$135,658 | \$121,907 |
| Total Assets | 93,738 | 163,827 | 135,658 | 121,907 |
| Liabilities: | | | | |
| Accounts Payable | 10,265 | 17,271 | 10,265 | 17,271 |
| Other Liabilities | 83,473 | 146,556 | 125,393 | 104,636 |
| Total Liabilities | \$93,738 | \$163,827 | \$135,658 | \$121,907 |

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Statistical Section

STATISTICAL SECTION

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

Contents:

Financial Trends - These schedules contain trend information to help the reader understand how the District's financial position has changed over time.

Revenue Capacity - These schedules contain information to help the reader understand and assess the District's most significant local revenue source, the property tax.

Debt Capacity - These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Economic and Demographic Information - These schedules offer economic and demographic indicators to help the reader understand the environment within which the District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.

Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

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

Cincinnati City School District, Ohio
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Schedule 1

| | 2009 | 2010 | 2011 | 2012 |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental Activities | | | | |
| Net Investment In Capital Assets | \$326,129,887 | \$353,689,363 | \$407,388,120 | \$389,607,776 |
| Restricted | 38,704,259 | 32,392,909 | 19,363,096 | 54,792,016 |
| Unrestricted | 90,286,275 | 148,052,663 | 189,176,164 | 167,348,569 |
| Total Net Position | <u>\$455,120,421</u> | <u>\$534,134,935</u> | <u>\$615,927,380</u> | <u>\$611,748,361</u> |

Source: District Treasurer's Office

(a) Restated for implementation of GASB 68 in 2015, Accounting and Reporting for Pensions.

(b) Restated for implementation of GASB 75 in 2018, Accounting and Reporting for OPEB.

| 2013 | 2014 (a) | 2015 | 2016 | 2017 (b) | 2018 |
|----------------------|---------------------|---------------------|---------------------|-----------------------|----------------------|
| \$371,260,025 | \$378,833,045 | \$373,215,575 | \$372,710,520 | \$371,310,816 | \$380,951,459 |
| 75,648,432 | 77,150,658 | 75,156,251 | 66,741,338 | 73,449,346 | 78,229,586 |
| 171,671,926 | (398,789,436) | (375,932,419) | (358,030,648) | (542,813,896) | (338,293,702) |
| <u>\$618,580,383</u> | <u>\$57,194,267</u> | <u>\$72,439,407</u> | <u>\$81,421,210</u> | <u>(\$98,053,734)</u> | <u>\$120,887,343</u> |

Cincinnati City School District, Ohio
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Schedule 2

| | 2009 | 2010 | 2011 | 2012 |
|---|-----------------|-----------------|-----------------|-----------------|
| Expenses | | | | |
| Governmental Activities: | | | | |
| Instruction | \$297,678,292 | \$300,121,513 | \$298,196,079 | \$300,156,450 |
| Pupil | 25,454,794 | 29,830,994 | 29,702,228 | 27,942,924 |
| Instructional Staff | 44,172,580 | 39,819,027 | 49,720,996 | 46,927,907 |
| General Administration | 443,575 | 339,142 | 343,414 | 398,130 |
| School Administration | 33,399,805 | 35,453,480 | 35,904,173 | 29,292,929 |
| Fiscal | 2,982,641 | 6,833,916 | 7,006,980 | 7,369,914 |
| Business | 1,382,889 | 1,196,647 | 1,244,023 | 1,607,145 |
| Operation and Maintenance | 41,344,253 | 41,693,266 | 47,998,030 | 47,844,700 |
| Pupil Transportation | 29,877,750 | 31,574,052 | 27,155,167 | 30,269,005 |
| Central | 19,309,398 | 10,143,405 | 15,024,579 | 18,435,513 |
| Operation of Non-instructional Services | 34,574,667 | 37,670,655 | 43,667,894 | 46,614,539 |
| Extracurricular Activities | 6,727,253 | 6,370,590 | 5,605,603 | 7,140,306 |
| Interest and Fiscal Charges | 35,008,872 | 31,351,857 | 34,495,353 | 34,028,545 |
| Total Government Expenses | 572,356,769 | 572,398,544 | 596,064,519 | 598,028,007 |
| Program Revenues | | | | |
| Governmental Activities: | | | | |
| Charges for Services | | | | |
| Instruction | 6,799,768 | 8,363,276 | 9,295,532 | 5,150,008 |
| Support Services | 7,001,505 | 5,914,193 | 6,448,862 | 6,749,598 |
| Operation of Non-Instructional Services | 2,183,221 | 1,977,207 | 2,035,610 | 2,117,529 |
| Extracurricular Activities | 1,947,178 | 1,906,058 | 4,184,264 | 1,912,546 |
| Operating Grants and Contributions | 126,199,712 | 119,193,346 | 107,155,658 | 86,060,381 |
| Capital Grants and Contributions | 0 | 11,920,000 | 56,581,124 | 5,908,555 |
| Total Government Revenues | 144,131,384 | 149,274,080 | 185,701,050 | 107,898,617 |
| Net (Expense)/Revenue | | | | |
| Total Government Net Expense | (\$428,225,385) | (\$423,124,464) | (\$410,363,469) | (\$490,129,390) |

Source: District Treasurer's Office

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| \$296,271,517 | \$300,457,224 | \$305,205,203 | \$336,638,459 | \$360,397,469 | \$237,787,267 |
| 35,346,133 | 38,352,619 | 36,943,283 | 28,531,385 | 30,054,505 | 14,226,293 |
| 36,716,764 | 21,048,281 | 35,105,522 | 24,959,869 | 32,644,424 | 23,855,913 |
| 380,683 | 389,815 | 406,132 | 340,883 | 351,955 | 237,763 |
| 32,566,236 | 29,462,944 | 32,228,666 | 31,635,312 | 34,925,681 | 16,123,666 |
| 6,796,344 | 8,209,680 | 8,972,208 | 7,460,647 | 9,062,075 | 6,864,012 |
| 1,122,066 | 1,300,440 | 2,051,368 | 2,178,785 | 2,866,225 | 20,302 |
| 48,446,538 | 43,099,032 | 46,511,084 | 43,000,810 | 46,913,820 | 29,370,711 |
| 31,522,565 | 29,401,931 | 32,192,259 | 31,450,938 | 44,019,249 | 43,970,755 |
| 19,827,610 | 18,914,522 | 32,127,115 | 37,892,403 | 34,584,762 | 31,281,050 |
| 51,851,575 | 55,719,694 | 62,166,963 | 61,543,956 | 79,605,624 | 55,012,656 |
| 3,810,106 | 5,406,211 | 5,751,797 | 6,165,869 | 6,604,429 | 5,102,019 |
| 37,947,116 | 33,103,064 | 31,162,366 | 30,150,818 | 28,843,652 | 27,802,441 |
| 602,605,253 | 584,865,457 | 630,823,966 | 641,950,134 | 710,873,870 | 491,654,848 |
| 12,655,589 | 8,460,298 | 12,868,018 | 16,285,449 | 6,772,663 | 5,957,779 |
| 5,685,337 | 4,306,981 | 2,397,627 | 1,397,762 | 1,037,816 | 790,739 |
| 1,522,720 | 1,994,311 | 1,665,441 | 1,487,689 | 3,245,620 | 2,953,729 |
| 1,726,634 | 2,838,688 | 3,577,248 | 2,942,914 | 510,003 | 576,772 |
| 85,983,762 | 74,439,049 | 90,857,795 | 87,856,672 | 108,589,212 | 105,558,504 |
| 795,249 | 825,988 | 301,335 | 0 | 0 | 0 |
| 108,369,291 | 92,865,315 | 111,667,464 | 109,970,486 | 120,155,314 | 115,837,523 |
| (\$494,235,962) | (\$492,000,142) | (\$519,156,502) | (\$531,979,648) | (\$590,718,556) | (\$375,817,325) |

Cincinnati City School District, Ohio
General Revenues and Total Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Schedule 3

| | 2009 | 2010 | 2011 | 2012 |
|--|-----------------|-----------------|-----------------|-----------------|
| Governmental Activities: | | | | |
| Net (Expense)/Revenue | | | | |
| Total Government Net Expense | (\$428,225,385) | (\$423,124,464) | (\$410,363,469) | (\$490,129,390) |
| General Revenues: | | | | |
| Property Taxes Levied for | | | | |
| General Purposes | 265,885,389 | 255,859,268 | 250,219,075 | 225,246,490 |
| Debt Service Purposes | 23,498,488 | 30,695,071 | 15,071,352 | 47,063,326 |
| Grants and Entitlements not Restricted | 165,610,526 | 192,804,062 | 197,164,514 | 185,176,443 |
| Revenue in Lieu of Taxes | 10,919,337 | 17,497,711 | 23,453,928 | 21,431,724 |
| Investment Earnings | 10,097,650 | 2,452,857 | 1,298,188 | 608,212 |
| Other Revenues | 1,384,948 | 2,830,009 | 4,948,857 | 6,424,176 |
| Total Primary Government | 477,396,338 | 502,138,978 | 492,155,914 | 485,950,371 |
| Change in Net Position | | | | |
| Total Primary Government | \$49,170,953 | \$79,014,514 | \$81,792,445 | (\$4,179,019) |

Source: District Records

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| (\$494,235,962) | (\$492,000,142) | (\$519,156,502) | (\$531,979,648) | (\$590,718,556) | (\$375,817,325) |
| 249,843,745 | 244,261,485 | 258,835,153 | 262,244,529 | 280,579,314 | 302,471,421 |
| 31,761,784 | 31,109,541 | 27,735,023 | 28,161,591 | 24,850,801 | 27,769,383 |
| 189,651,837 | 200,504,547 | 216,053,122 | 224,292,717 | 212,121,089 | 214,006,688 |
| 26,729,545 | 28,579,107 | 26,478,019 | 24,113,624 | 38,572,039 | 38,950,054 |
| 445,696 | 822,672 | 1,422,750 | 2,128,904 | (172,016) | 1,038,007 |
| 2,635,377 | 445,127 | 3,879,693 | 20,086 | 15,098,458 | 10,522,849 |
| 501,067,984 | 505,722,479 | 534,403,760 | 540,961,451 | 571,049,685 | 594,758,402 |
| \$6,832,022 | \$13,722,337 | \$15,247,258 | \$8,981,803 | (\$19,668,871) | \$218,941,077 |

Cincinnati City School District, Ohio
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Schedule 4

| | 2009 | 2010 | 2011 | 2012 |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | |
| Reserved | (\$75,520,891) | (\$52,610,506) | | |
| Unreserved | 10,296,495 | 45,882,306 | | |
| Nonspendable | | | \$0 | \$190,019 |
| Assigned | | | 11,987,019 | 5,338,695 |
| Unassigned | | | 136,044,132 | 125,977,166 |
| Total General Fund | <u>(65,224,396)</u> | <u>(6,728,200)</u> | <u>148,031,151</u> | <u>131,505,880</u> |
| All Other Governmental Funds | | | | |
| Reserved | 149,613,198 | 171,293,861 | | |
| Unreserved, Reported in: | | | | |
| Special Revenue Funds | (5,327,271) | 5,435,099 | | |
| Capital Project Funds | 246,422,216 | 246,788,752 | | |
| Permanent Fund | <u>457,573</u> | <u>461,968</u> | | |
| Nonspendable | | | 1,276,452 | 892,636 |
| Restricted | | | 265,207,563 | 185,566,497 |
| Unassigned | | | (1,293,974) | (1,644,897) |
| Total All Other Governmental Funds | <u>391,165,716</u> | <u>423,979,680</u> | <u>265,190,041</u> | <u>184,814,236</u> |
| Total Governmental Funds | <u>\$325,941,320</u> | <u>\$417,251,480</u> | <u>\$413,221,192</u> | <u>\$316,320,116</u> |

Source: District Records

Note:

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

(a) Restated from balances previously reported.

| 2013 | 2014 | 2015 (a) | 2016 | 2017 | 2018 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| \$974,486 | \$557,803 | \$485,160 | \$857,411 | \$990,520 | \$980,761 |
| 8,521,334 | 19,161,684 | 12,599,416 | 56,027,949 | 18,056,928 | 30,492,006 |
| 148,757,794 | 141,975,346 | 157,809,894 | 138,407,368 | 198,974,650 | 184,973,294 |
| 158,253,614 | 161,694,833 | 170,894,470 | 195,292,728 | 218,022,098 | 216,446,061 |
| 920,196 | 904,636 | 853,798 | 876,281 | 1,071,490 | 1,023,589 |
| 112,333,005 | 94,935,693 | 83,197,999 | 81,922,483 | 72,097,025 | 76,892,494 |
| (3,993,282) | (4,068,620) | (2,255,891) | (11,892,034) | (7,522,515) | (10,357,871) |
| 109,259,919 | 91,771,709 | 81,795,906 | 70,906,730 | 65,646,000 | 67,558,212 |
| \$267,513,533 | \$253,466,542 | \$252,690,376 | \$266,199,458 | \$283,668,098 | \$284,004,273 |

Cincinnati City School District, Ohio
Governmental Funds Revenues,
Last Ten Fiscal Years
(modified accrual basis of accounting)
Schedule 5

| | 2009 | 2010 | 2011 | 2012 |
|----------------------------|----------------------|----------------------|----------------------|----------------------|
| Revenues: | | | | |
| Taxes | \$277,728,502 | \$281,808,058 | \$265,214,494 | \$283,821,219 |
| Tuition and Fees | 1,750,008 | 2,460,003 | 1,897,589 | 2,302,247 |
| Investment Earnings | 10,996,692 | 3,037,728 | 1,358,433 | 644,610 |
| Intergovernmental | 320,734,890 | 354,361,741 | 358,166,085 | 277,248,953 |
| Extracurricular Activities | 0 | 0 | 0 | 0 |
| Charges for Services | 2,116,608 | 1,909,984 | 1,875,863 | 1,707,174 |
| Revenue in Lieu of Taxes | 10,919,337 | 17,497,711 | 23,453,928 | 21,430,669 |
| Other Revenues | 15,545,489 | 13,513,339 | 23,474,337 | 18,648,335 |
| Total Revenues | <u>\$639,791,526</u> | <u>\$674,588,564</u> | <u>\$675,440,729</u> | <u>\$605,803,207</u> |

Source: District Records

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$283,096,196 | \$285,258,719 | \$285,717,387 | \$290,418,514 | \$311,694,871 | \$317,662,487 |
| 2,491,311 | 2,807,829 | 4,802,184 | 4,775,891 | 6,658,787 | 6,060,216 |
| 443,349 | 797,567 | 1,407,193 | 2,119,634 | (193,825) | 1,038,947 |
| 283,580,291 | 283,596,821 | 317,127,220 | 310,772,789 | 327,169,070 | 318,820,572 |
| 0 | 0 | 0 | 0 | 2,541,328 | 2,420,102 |
| 1,446,185 | 1,440,373 | 1,453,317 | 1,284,140 | 2,348,894 | 1,798,702 |
| 26,730,600 | 28,578,036 | 26,479,090 | 24,113,624 | 38,572,039 | 38,950,054 |
| 17,902,623 | 14,014,220 | 17,441,684 | 17,111,136 | 15,115,550 | 10,279,618 |
| <u>\$615,690,555</u> | <u>\$616,493,565</u> | <u>\$654,428,075</u> | <u>\$650,595,728</u> | <u>\$703,906,714</u> | <u>\$697,030,698</u> |

Cincinnati City School District, Ohio
Governmental Funds Expenditures and Debt Service Ratio,
Last Ten Fiscal Years
(modified accrual basis of accounting)
Schedule 6

| | 2009 | 2010 | 2011 | 2012 |
|--|----------------------|----------------------|----------------------|----------------------|
| Instruction | \$286,786,488 | \$297,745,242 | \$297,086,004 | \$293,008,452 |
| Pupil | 24,873,130 | 29,369,730 | 30,236,201 | 27,954,618 |
| Instructional Staff | 43,556,762 | 39,776,483 | 49,750,441 | 46,617,867 |
| General Administration | 432,078 | 341,454 | 346,538 | 393,684 |
| School Administration | 33,010,049 | 35,249,350 | 36,399,488 | 29,336,439 |
| Fiscal | 2,924,642 | 6,790,917 | 7,049,604 | 7,189,097 |
| Business | 1,338,302 | 1,198,780 | 1,280,016 | 1,558,587 |
| Operation and Maintenance | 40,587,586 | 41,379,393 | 48,264,749 | 47,192,721 |
| Pupil Transportation | 29,623,267 | 31,456,572 | 27,202,285 | 29,814,983 |
| Central | 18,714,730 | 10,105,563 | 14,474,208 | 18,885,526 |
| Operation of Non-instructional Services | 25,494,720 | 27,092,882 | 30,506,964 | 27,961,981 |
| Extracurricular Activities | 6,616,085 | 6,347,799 | 5,764,915 | 7,139,576 |
| Capital Outlay | 121,159,988 | 122,738,738 | 125,449,441 | 136,262,738 |
| Debt Service | | | | |
| Principal Retirement | 19,900,000 | 17,035,000 | 24,605,000 | 19,715,000 |
| Interest and Fiscal Charges | 38,011,339 | 35,394,959 | 36,665,669 | 35,923,014 |
| Bond Issuance Cost | 0 | 0 | 0 | 0 |
| Total Expenditures | <u>\$693,029,166</u> | <u>\$702,022,862</u> | <u>\$735,081,523</u> | <u>\$728,954,283</u> |
| Debt Service as a Percentage of Noncapital Expenditures | 10.05% | 9.02% | 10.06% | 9.26% |

Source: District Records

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$283,748,911 | \$306,098,679 | \$315,668,621 | \$323,228,635 | \$338,664,149 | \$359,096,694 |
| 33,566,049 | 39,025,863 | 37,253,130 | 29,743,931 | 28,199,812 | 28,295,276 |
| 38,211,520 | 21,269,377 | 35,447,785 | 25,047,831 | 31,498,453 | 30,709,856 |
| 364,567 | 401,626 | 398,908 | 363,199 | 318,094 | 313,910 |
| 31,326,700 | 30,582,949 | 32,757,573 | 32,371,201 | 32,060,595 | 31,723,873 |
| 6,637,044 | 8,289,888 | 8,783,126 | 7,670,199 | 8,419,272 | 8,730,492 |
| 1,139,823 | 1,332,834 | 2,031,642 | 2,222,119 | 1,483,148 | 322,574 |
| 46,630,433 | 43,339,485 | 45,892,705 | 43,720,529 | 40,670,030 | 45,025,950 |
| 30,094,029 | 29,424,540 | 31,995,979 | 31,438,072 | 43,798,041 | 44,464,884 |
| 19,533,495 | 19,027,217 | 31,540,078 | 38,239,134 | 31,040,849 | 36,169,661 |
| 29,992,148 | 34,735,143 | 39,035,762 | 37,203,857 | 51,645,189 | 45,745,584 |
| 3,930,296 | 5,422,262 | 5,763,046 | 6,181,059 | 6,387,109 | 6,041,054 |
| 80,883,297 | 28,375,824 | 5,399,065 | 1,987,104 | 9,801,477 | 4,601,480 |
| 27,250,000 | 28,575,000 | 30,045,000 | 26,305,000 | 32,420,000 | 28,755,000 |
| 35,883,608 | 34,639,869 | 34,361,208 | 31,364,776 | 30,045,556 | 26,941,466 |
| 0 | 0 | 0 | 0 | 0 | 712,019 |
| <u>\$669,191,920</u> | <u>\$630,540,556</u> | <u>\$656,373,628</u> | <u>\$637,086,646</u> | <u>\$686,451,774</u> | <u>\$697,649,773</u> |
| 10.29% | 10.50% | 9.56% | 9.07% | 9.15% | 8.19% |

Cincinnati City School District, Ohio
Other Financing Sources and Uses and Net Change in Fund Balances,
Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)
Schedule 7

| | 2009 | 2010 | 2011 | 2012 |
|---|----------------|---------------|----------------|----------------|
| Other Financing Sources (Uses) | | | | |
| Sale of Capital Assets | \$0 | \$0 | \$0 | \$0 |
| Refunding Leases Initiated | 0 | 0 | 0 | 0 |
| Premium on Initiation of Refunding Leases | 0 | 0 | 0 | 0 |
| Issuance of General Obligation Bonds | 0 | 21,715,000 | 3,000,000 | 26,250,000 |
| Issuance of Refunding Bonds | 0 | 104,900,000 | 0 | 0 |
| Premium on Refunding Bonds | 0 | 9,387,925 | 0 | 0 |
| Payment to Refunded Bond Escrow Agent | 0 | (103,964,664) | 0 | 0 |
| Transfers In | 152,935,825 | 410,008,330 | 196,495,786 | 185,798,244 |
| Transfers (Out) | (152,935,825) | (410,008,330) | (196,495,786) | (185,798,244) |
| Total Other Financing Sources (Uses) | 0 | 32,038,261 | 3,000,000 | 26,250,000 |
| Net Change in Fund Balances | (\$53,237,640) | \$4,603,963 | (\$56,640,794) | (\$96,901,076) |

Source: District Records

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------------|----------------|---------------|---------------|---------------|---------------|
| \$4,694,782 | \$0 | \$0 | \$0 | \$13,700 | \$243,231 |
| 0 | 0 | 102,545,000 | 0 | 0 | 0 |
| 0 | 0 | 9,675,995 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 70,660,000 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | (111,049,490) | 0 | 0 | (69,947,981) |
| 12,402,825 | 15,688,015 | 18,512,185 | 206,314,966 | 209,878,498 | 204,533,959 |
| (12,402,825) | (15,688,015) | (18,512,185) | (206,314,966) | (209,878,498) | (204,533,959) |
| 4,694,782 | 0 | 1,171,505 | 0 | 13,700 | 955,250 |
| (\$48,806,583) | (\$14,046,991) | (\$774,048) | \$13,509,082 | \$17,468,640 | \$336,175 |

Cincinnati City School District, Ohio
Assessed Valuations and Estimated True Values of Taxable Property
Last Ten Calendar (Tax) Years
(amounts in thousands)
Schedule 8

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|-------------|-------------|-------------|-------------|-------------|
| Real Property | | | | | |
| Assessed | \$6,275,000 | \$6,290,000 | \$6,292,744 | \$5,707,605 | \$5,612,343 |
| Actual | 17,928,571 | 17,971,429 | 17,979,269 | 16,307,443 | 16,035,266 |
| Public Utility | | | | | |
| Assessed | 281,000 | 281,000 | 304,596 | 322,343 | 341,979 |
| Actual | 281,000 | 281,000 | 304,596 | 322,343 | 341,979 |
| Tangible Personal Property | | | | | |
| Assessed | 31,500 | 15,500 | 0 | 0 | 0 |
| Actual | 504,000 | 248,000 | 0 | 0 | 0 |
| Total (in thousands) | | | | | |
| Assessed | 6,587,500 | 6,586,500 | 6,597,340 | 6,029,948 | 5,954,322 |
| Actual | 18,713,571 | 18,500,429 | 18,283,865 | 16,629,786 | 16,377,245 |
| Assessed Value as a Percentage of Actual Value | 35.20% | 35.60% | 36.08% | 36.26% | 36.36% |
| Total Direct Tax Rate | \$59.67 | \$67.95 | \$67.87 | \$68.54 | \$70.76 |

Source: County Auditor

Note:

Presented on a calendar year basis because that is the manner in which the information is maintained by the County. Assessed value of Real Property is at 35%, Assessed value of Public Utility is at 100% and Assessed Value of Tangible Personal Property is at 25% through 2005, at 18.75% for 2006, 12.5% for 2007, and 6.25% for 2008 and 0% for 2009. Additionally, telephone and telecommunications property was reclassified to general business personal property and assessed at 10% as of 2009 and 0% for 2010.

| 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------|-------------|-------------|-------------|-------------|
| \$5,543,750 | \$5,595,890 | \$5,621,926 | \$5,642,260 | \$5,972,228 |
| 15,839,286 | 15,988,257 | 16,062,646 | 16,120,744 | 17,063,509 |
| 382,312 | 419,717 | 432,540 | 473,997 | 493,875 |
| 382,312 | 419,717 | 432,540 | 473,997 | 493,875 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 5,926,062 | 6,015,607 | 6,054,466 | 6,116,257 | 6,466,103 |
| 16,221,598 | 16,407,974 | 16,495,186 | 16,594,741 | 17,557,384 |
| 36.53% | 36.66% | 36.70% | 36.86% | 36.83% |
| \$71.34 | \$71.49 | \$70.65 | \$77.91 | \$77.23 |

Cincinnati City School District, Ohio
Property Tax Rates of Direct and Overlapping Governments
Last Ten Collection Years
(per \$1,000 of assessed value)
Schedule 9

| | 2009 | 2010 | 2011 | 2012 |
|-----------------------------|--------|--------|--------|--------|
| Direct District Rates | | | | |
| General Fund | 62.95 | 62.87 | 63.54 | 65.76 |
| Debt Service Fund | 5.00 | 5.00 | 5.00 | 5.00 |
| Total Direct District Rates | 67.95 | 67.87 | 68.54 | 70.76 |
| Overlapping Rates | | | | |
| Hamilton County | 20.63 | 20.48 | 19.45 | 19.03 |
| Cities | | | | |
| Cheviot | 14.52 | 20.13 | 20.13 | 20.13 |
| Cincinnati | 9.89 | 9.82 | 0.00 | 10.50 |
| Indian Hill | 0.96 | 0.96 | 0.96 | 0.96 |
| Madeira | 7.50 | 7.50 | 7.50 | 7.50 |
| Norwood | 11.40 | 11.40 | 11.40 | 11.40 |
| Silverton | 8.15 | 8.15 | 8.15 | 8.15 |
| Wyoming | 10.00 | 10.00 | 10.00 | 10.00 |
| Villages | | | | |
| Amberly | 7.00 | 7.00 | 7.00 | 7.00 |
| Fairfax | 2.76 | 2.76 | 2.76 | 2.76 |
| Golf Manor | 38.52 | 38.52 | 38.52 | 38.52 |
| Mariemont | 14.37 | 14.37 | 14.37 | 14.37 |
| Townships | | | | |
| Anderson | 16.85 | 16.85 | 16.85 | 16.85 |
| Columbia | 18.76 | 14.76 | 14.76 | 17.01 |
| Delhi | 26.34 | 26.34 | 26.34 | 26.34 |
| Green | 11.71 | 11.71 | 11.71 | 11.71 |
| Springfield | 20.30 | 22.80 | 22.80 | 22.80 |
| Sycamore | 8.75 | 8.75 | 8.75 | 8.75 |
| Total Overlapping Rates | 316.36 | 320.17 | 309.99 | 324.54 |

Source: County Auditor

Note:

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

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--------|--------|--------|--------|--------|--------|
| 66.34 | 66.49 | 65.65 | 65.05 | 72.81 | 72.13 |
| 5.00 | 5.00 | 5.00 | 5.10 | 5.10 | 5.10 |
| 71.34 | 71.49 | 70.65 | 70.15 | 77.91 | 77.23 |
| 19.03 | 19.03 | 18.85 | 18.85 | 18.85 | 19.16 |
| 20.13 | 20.13 | 20.13 | 20.13 | 20.13 | 20.13 |
| 10.85 | 12.20 | 12.10 | 12.10 | 12.04 | 12.04 |
| 0.96 | 0.96 | 0.96 | 0.96 | 0.96 | 0.96 |
| 7.50 | 7.50 | 7.50 | 7.50 | 7.50 | 7.50 |
| 11.40 | 11.40 | 11.40 | 11.40 | 11.40 | 11.40 |
| 8.15 | 8.15 | 8.15 | 8.15 | 8.15 | 8.15 |
| 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| 17.00 | 17.00 | 17.00 | 17.00 | 17.00 | 15.00 |
| 2.76 | 2.76 | 2.76 | 1.80 | 2.76 | 2.76 |
| 38.52 | 38.52 | 38.52 | 43.52 | 43.52 | 43.52 |
| 14.37 | 14.37 | 14.37 | 14.37 | 14.37 | 16.35 |
| 14.57 | 14.57 | 14.57 | 14.57 | 18.12 | 18.12 |
| 17.10 | 17.01 | 17.01 | 18.61 | 18.61 | 22.01 |
| 26.34 | 28.09 | 30.58 | 30.58 | 31.12 | 31.12 |
| 11.71 | 11.71 | 14.66 | 14.66 | 14.66 | 14.66 |
| 23.80 | 23.80 | 23.80 | 23.80 | 23.80 | 23.80 |
| 8.75 | 8.75 | 8.75 | 8.75 | 8.75 | 8.75 |
| 334.28 | 337.44 | 341.76 | 346.90 | 359.65 | 362.66 |



Cincinnati City School District, Ohio
Principal Taxpayers
Real Estate Tax and Public Utilities Personal Property
Current Calendar Year and Nine Years Ago
Schedule 10

| Taxpayer | Nature of Business | Calendar Year 2017 | |
|------------------------------|------------------------------|--------------------|------------------------------------|
| | | Assessed Value | Percentage of Total Assessed Value |
| Duke Energy Ohio Inc. | Public Utility | \$378,445,810 | 5.85% |
| Duke Energy Ohio Inc | Public Utility | 121,149,660 | 1.87% |
| City of Cincinnati | Municipality | 100,474,380 | 1.55% |
| The Proctor & Gamble Company | Consumer Goods Manufacturing | 53,961,420 | 0.83% |
| Christ Hospital | Health Care | 42,183,610 | 0.65% |
| Fifth Third Bank | Real Estate Holding | 32,113,090 | 0.50% |
| Emery Realty Inc | Real Estate Holding | 23,766,200 | 0.37% |
| Cardinal Funding Company | Finance | 23,446,260 | 0.36% |
| OTR | Real Estate Holding | 19,925,860 | 0.31% |
| Regency Centers | Real Estate Holding | 19,590,580 | 0.30% |
| | Subtotal | 815,056,870 | 12.60% |
| | All Others | 5,651,046,130 | 87.40% |
| | Total | \$6,466,103,000 | 100.00% |

| Taxpayer | Nature of Business | Calendar Year 2008 | |
|----------------------------|---------------------|--------------------|------------------------------------|
| | | Assessed Value | Percentage of Total Assessed Value |
| Duke Energy Ohio Inc | Public Utility | \$277,525,400 | 4.23% |
| City of Cincinnati | Consumer Goods | 95,344,520 | 1.45% |
| Proctor and Gamble Company | Consumer Goods | 59,941,900 | 0.91% |
| Carew Realty | Real Estate Holding | 29,263,860 | 0.45% |
| OTR | Real Estate Holding | 24,325,000 | 0.37% |
| Columbia Development | Real Estate Holding | 24,239,670 | 0.37% |
| Fifth Third Bank | Finance | 21,799,510 | 0.33% |
| Regency Centers | Consumer Goods | 21,799,510 | 0.33% |
| Jewish Health Systems | Health Care | 20,496,940 | 0.31% |
| Cincinnati Bell Telephone | Public Utility | 17,692,070 | 0.27% |
| | Subtotal | 592,428,380 | 9.03% |
| | All Others | 5,963,571,620 | 90.97% |
| | Total | \$6,556,000,000 | 100.00% |

Source: County Auditor - Land and Buildings

Note:

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

Cincinnati City School District, Ohio
Property Tax Levies and Collections
Last Ten Collection Years
(amounts in thousands)
Schedule 11

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|-----------|-----------|-----------|-----------|-----------|
| Total Tax Levy (1) | \$278,080 | \$310,725 | \$325,378 | \$310,483 | \$312,059 |
| Collections within the Fiscal Year of the Levy | | | | | |
| Current Tax Collections (2) | 255,997 | 250,932 | 260,668 | 256,563 | 263,761 |
| Percent of Levy Collected | 92.06% | 80.76% | 80.11% | 82.63% | 84.52% |
| Delinquent Tax Collections | 14,997 | 12,543 | 16,232 | 15,936 | 11,725 |
| Total Tax Collections | 270,994 | 263,475 | 276,900 | 272,499 | 275,486 |
| Percent of Total Tax Collections To Tax Levy | 97.45% | 84.79% | 85.10% | 87.77% | 88.28% |
| Accumulated Outstanding Delinquent Taxes (3) | 21,615 | 29,563 | 29,345 | 22,483 | 22,535 |
| Percentage of Accumulated Delinquent Taxes to Total Tax Levy | 7.77% | 9.51% | 9.02% | 7.24% | 7.22% |

Source: County Auditor

Note:

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

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

| 2013 | 2014 | 2015 | 2016 | 2017 |
|-----------|-----------|-----------|-----------|-----------|
| \$304,954 | \$311,559 | \$311,560 | \$367,968 | \$377,546 |
| 266,216 | 271,843 | 271,843 | 353,927 | 361,481 |
| 87.30% | 87.25% | 87.25% | 96.18% | 95.74% |
| 10,725 | 10,472 | 10,472 | 10,913 | 12,032 |
| 276,941 | 282,315 | 282,315 | 364,840 | 373,513 |
| 90.81% | 90.61% | 90.61% | 99.15% | 98.93% |
| 25,739 | 27,022 | 29,116 | 30,679 | 43,257 |
| 8.44% | 8.67% | 9.35% | 8.34% | 11.46% |

Cincinnati City School District, Ohio
Ratio of Outstanding Debt By Type
Last Ten Fiscal Years
Schedule 12

| | 2009 | 2010 | 2011 | 2012 |
|-------------------------------|---------------|---------------|---------------|---------------|
| Governmental Activities (1) | | | | |
| General Obligation Bonds | \$628,860,293 | \$640,782,247 | \$624,312,582 | \$660,062,686 |
| Tax Anticipation Notes | 18,755,000 | 9,610,000 | 0 | 0 |
| Capital Leases | 124,116,676 | 122,866,118 | 114,960,560 | 106,715,000 |
| Total Governmental Activities | 771,731,969 | 773,258,365 | 739,273,142 | 766,777,686 |
| Population (2) | | | | |
| City of Cincinnati | 332,458 | 332,458 | 332,252 | 296,943 |
| Outstanding Debt Per Capita | 2,321 | 2,326 | 2,225 | 2,582 |
| Income (3) | | | | |
| Personal (in thousands) (4) | 13,415,678 | 12,942,590 | 13,447,900 | 12,889,999 |
| Percentage of Personal Income | 5.75% | 5.97% | 5.50% | 5.95% |

Sources:

- (1) District Treasurer's Office
- (2) City of Cincinnati Comprehensive Annual Financial Report (Calendar Year)
- (3) US Department of Commerce, Bureau of Economic Analysis (Calendar Year)
- (4) Per Capita Income by Cincinnati Metropolitan Area (Calendar Year), Total Personal Income is a calculation

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| \$630,873,616 | \$600,399,546 | \$568,734,053 | \$541,293,560 | \$507,608,067 | \$479,711,834 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 105,815,000 | 104,875,000 | 114,320,995 | 112,318,400 | 110,445,885 | 108,548,330 |
| 736,688,616 | 705,274,546 | 683,055,048 | 653,611,960 | 618,053,952 | 588,260,164 |
| 296,223 | 296,550 | 296,550 | 297,517 | 298,550 | 298,800 |
| 2,487 | 2,378 | 2,303 | 2,197 | 2,070 | 1,969 |
| 13,307,226 | 13,407,915 | 13,847,699 | 14,465,872 | 14,881,523 | 15,398,957 |
| 5.54% | 5.26% | 4.93% | 4.52% | 4.15% | 3.82% |

Cincinnati City School District, Ohio
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
Schedule 13

| | 2009 | 2010 | 2011 | 2012 |
|---|-------------|-------------|-------------|-------------|
| Population (1) | 332,458 | 332,458 | 332,252 | 296,943 |
| Assessed Value (in thousands) (2) | \$6,587,500 | \$6,586,500 | \$6,597,340 | \$6,029,948 |
| General Bonded Debt (3) | | | | |
| General Obligation Bonds | 628,860,293 | 640,782,247 | 624,312,582 | 660,062,686 |
| Resources Available to Pay Principal (4) | 9,466,772 | 12,439,296 | (282,873) | 28,654,095 |
| Net General Bonded Debt | 619,393,521 | 628,342,951 | 624,595,455 | 631,408,591 |
| Ratio of Net Bonded Debt to Estimated Actual Value | 9.40% | 9.54% | 9.47% | 10.47% |
| Net Bonded Debt per Capita | 1,863 | 1,890 | 1,880 | 2,126 |

Sources:

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

(2) Hamilton County Auditor

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

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

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 296,223 | 296,550 | 296,550 | 297,517 | 298,550 | 298,800 |
| \$5,954,322 | \$5,926,062 | \$6,015,607 | \$6,054,466 | \$6,116,257 | \$6,466,103 |
| 630,873,616 | 600,399,546 | 568,734,053 | 541,293,560 | 507,608,067 | 479,711,834 |
| 33,416,766 | 36,585,283 | 35,185,555 | 39,829,930 | 36,496,291 | 43,020,259 |
| 597,456,850 | 563,814,263 | 533,548,498 | 501,463,630 | 471,111,776 | 436,691,575 |
| 10.03% | 9.51% | 8.87% | 8.28% | 7.70% | 6.75% |
| 2,017 | 1,901 | 1,799 | 1,685 | 1,578 | 1,461 |



Cincinnati City School District, Ohio
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018
Schedule 14

| Governmental Unit | Net Debt Outstanding | Percentage Applicable to Cincinnati Public School District (1) | Amount Applicable to Cincinnati Public School District (1) |
|-----------------------------------|-------------------------|---|---|
| Direct | | | |
| Cincinnati Public School District | <u>\$588,260,164</u> | 100.00% | <u>\$588,260,164</u> |
| Overlapping Debt | | | |
| Hamilton County | 133,845,000 | 33.43% | 44,744,384 |
| Cities | | | |
| Cheviot | 345,000 | 100.00% | 345,000 |
| Cincinnati | 489,190,000 | 99.98% | 489,092,162 |
| Madeira | 240,000 | 0.48% | 1,152 |
| Norwood | 878,206 | 0.02% | 176 |
| Wyoming | 9,215,000 | 0.01% | 922 |
| Villages | | | |
| Silverton | 685,000 | 92.90% | 636,365 |
| Townships | | | |
| Anderson | 8,130,000 | 0.14% | 11,382 |
| Delhi | 2,260,000 | 1.59% | 35,934 |
| Springfield | 7,210,000 | 4.24% | 305,704 |
| Sycamore | <u>14,895,000</u> | 3.15% | <u>469,193</u> |
| Total Overlapping Debt | <u>666,893,206</u> | | <u>535,642,372</u> |
| Total Direct and Overlapping Debt | <u>\$1,255,153,370</u> | | <u>\$1,123,902,536</u> |

Source: Ohio Municipal Advisory Council

(1) Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the District by the total assessed valuation of the government.

Cincinnati City School District, Ohio
Debt Limitations
Last Ten Collection Years
(amounts in thousands)
Schedule 15

| | 2009 | 2010 | 2011 | 2012 |
|--|-------------|-------------|-------------|-------------|
| Net Assessed Valuation | \$6,587,500 | \$6,586,500 | \$6,597,340 | \$6,029,948 |
| Overall Direct Debt Limitation | | | | |
| Legal Debt Limitation (%) (1) | 9.00% | 9.00% | 9.00% | 9.00% |
| Legal Debt Limitation (\$) (1) | 592,875 | 592,785 | 593,761 | 542,695 |
| Applicable District Debt Outstanding | 628,860 | 640,782 | 624,313 | 660,063 |
| Less: Applicable Debt Service Fund Amounts (2) | (9,467) | (12,439) | 0 | (28,654) |
| Net Indebtedness Subject to Limitation | 619,393 | 628,343 | 624,313 | 631,409 |
| Overall Legal Debt Margin | (26,518) | (35,558) | (30,552) | (88,713) |
| Unvoted Direct Debt Limitation | | | | |
| Legal Debt Limitation (%) (1) | 0.10% | 0.10% | 0.10% | 0.10% |
| Legal Debt Limitation (\$) (1) | 6,588 | 6,587 | 6,597 | 6,030 |
| Unvoted Legal Debt Margin | 6,588 | 6,587 | 6,597 | 6,030 |
| Energy Conservation Bond Limitation | | | | |
| Legal Debt Limitation (%) (1) | 0.90% | 0.90% | 0.90% | 0.90% |
| Legal Debt Limitation (\$) (1) | 59,288 | 59,279 | 59,376 | 54,270 |
| Authorized by the Board | (5,900) | (24,740) | (24,715) | (50,965) |
| Unvoted Energy Conservation Bond Legal Debt Margin | \$53,388 | \$34,539 | \$34,661 | \$3,305 |

Note:

- (1) Ohio Bond Law sets a limit of 9% for overall debt, 1/10 of 1% for unvoted debt, and 9/10 of 1% for energy conservation debt
- (2) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| \$5,954,322 | \$5,926,062 | \$6,015,607 | \$6,054,466 | \$6,116,257 | \$6,466,103 |
| 9.00% | 9.00% | 9.00% | 9.00% | 9.00% | 9.00% |
| 535,889 | 533,346 | 541,405 | 544,902 | 550,463 | 581,949 |
| 630,874 | 600,400 | 568,734 | 541,294 | 507,608 | 479,712 |
| (33,417) | (36,586) | (35,186) | (39,830) | (36,496) | (43,020) |
| 597,457 | 563,814 | 533,548 | 501,464 | 471,112 | 436,692 |
| (61,568) | (30,468) | 7,857 | 43,438 | 79,351 | 145,257 |
| 0.10% | 0.10% | 0.10% | 0.10% | 0.10% | 0.10% |
| 5,954 | 5,926 | 6,016 | 6,054 | 6,116 | 6,466 |
| 5,954 | 5,926 | 6,016 | 6,054 | 6,116 | 6,466 |
| 0.90% | 0.90% | 0.90% | 0.90% | 0.90% | 0.90% |
| 53,589 | 53,335 | 54,140 | 54,490 | 55,046 | 58,195 |
| (50,965) | (50,965) | (50,965) | (50,965) | (50,965) | (50,965) |
| \$2,624 | \$2,370 | \$3,175 | \$3,525 | \$4,081 | \$7,230 |

Cincinnati City School District, Ohio
Demographic and Economic Statistics
Last Ten Calendar Years
Schedule 16

| Calendar Year | 2008 | 2009 | 2010 | 2011 | 2012 |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| Population (1) | | | | | |
| City of Cincinnati | 332,458 | 332,458 | 332,252 | 296,943 | 296,223 |
| Hamilton County | 845,303 | 845,303 | 802,374 | 802,374 | 802,374 |
| Income (2) (a) | | | | | |
| Total Personal (in thousands) | \$14,155,808 | \$12,965,832 | \$12,614,612 | \$12,571,087 | \$13,053,849 |
| Per Capita | 42,579 | 39,000 | 37,967 | 42,335 | 44,068 |
| Unemployment Rate (3) | | | | | |
| Federal | 5.8% | 9.3% | 9.6% | 8.9% | 7.6% |
| State | 6.6% | 10.2% | 10.1% | 8.6% | 7.2% |
| Hamilton County | 5.6% | 8.9% | 9.4% | 8.6% | 7.5% |
| Fiscal Year | 2009 | 2010 | 2011 | 2012 | 2013 |
| School Enrollment (4) | | | | | |
| Grades K - 5 | 15,486 | 15,545 | 15,105 | 14,982 | 16,474 |
| Grades 6 - 8 | 7,311 | 7,053 | 6,976 | 6,713 | 6,631 |
| Grades 9 - 12 | 10,558 | 9,927 | 9,928 | 9,061 | 8,639 |
| Total School Enrollment | 33,355 | 32,525 | 32,009 | 30,756 | 31,744 |

Sources:

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis

(a) Per Capita Income is only available by County, Total Personal Income is a calculation

(3) State Department of Labor Statistics

(4) District Treasurer's Office

| 2013 | 2014 | 2015 | 2016 | 2017 |
|--------------|--------------|--------------|--------------|--------------|
| 296,550 | 296,550 | 297,517 | 298,550 | 298,800 |
| 802,374 | 802,374 | 802,374 | 802,374 | 813,822 |
| \$13,638,612 | \$17,020,938 | \$17,304,016 | \$14,881,523 | \$15,398,957 |
| 45,991 | 57,397 | 58,161 | 49,846 | 51,536 |
| 6.1% | 6.2% | 4.3% | 6.0% | 4.3% |
| 5.5% | 5.7% | 4.9% | 5.0% | 5.1% |
| 5.4% | 5.3% | 4.5% | 4.6% | 4.4% |
| 2014 | 2015 | 2016 | 2017 | 2018 |
| 15,366 | 16,766 | 16,603 | 16,835 | 16,755 |
| 6,599 | 7,120 | 7,198 | 7,031 | 7,404 |
| 8,256 | 8,811 | 8,920 | 8,966 | 9,042 |
| 30,221 | 32,697 | 32,721 | 32,832 | 33,201 |



Cincinnati City School District, Ohio
Principal Employers
Current Calendar Year and Nine Years Ago
Schedule 17

| Employer | 2017 | |
|--|---------------------|--------------------------------|
| | Number of Employees | Percentage of Total Employment |
| The Kroger Co. | 21,646 | 1.00% |
| Children's Hospital Medical Center | 15,257 | 0.71% |
| UC Health | 12,200 | 0.56% |
| TriHealth Inc. | 11,992 | 0.55% |
| Cincinnati/Northern Kentucky International Airport | 10,166 | 0.47% |
| The Procter and Gamble Co. | 10,000 | 0.46% |
| University of Cincinnati | 9,981 | 0.46% |
| Mercy Health | 9,000 | 0.42% |
| St. Elizabeth Healthcare | 8,236 | 0.38% |
| GE Aviation | 7,800 | 0.36% |
| Total | 116,278 | 5.38% |
| Total Metropolitan Statistical Area | 2,161,441 | |

| Employer | 2008 | |
|-------------------------------------|---------------------|--------------------------------|
| | Number of Employees | Percentage of Total Employment |
| The Kroger Co. | 15,600 | 1.49% |
| University of Cincinnati | 15,536 | 1.48% |
| The Procter & Gamble Co. | 12,900 | 1.23% |
| Children's Hospital Medical Center | 10,347 | 0.99% |
| TriHealth Inc. | 9,850 | 0.94% |
| Health Alliance | 9,475 | 0.91% |
| Wal-Mart Stores | 7,787 | 0.74% |
| Fifth Third Bancorp | 7,633 | 0.73% |
| ABX Air Inc. | 7,500 | 0.72% |
| Archdiocese of Cincinnati | 7,500 | 0.72% |
| Total | 104,128 | 9.95% |
| Total Metropolitan Statistical Area | 1,046,300 | |

Source: City of Cincinnati, Comprehensive Annual Financial Report, December 31, 2017

Cincinnati City School District, Ohio
School District Employees by Type
Last Ten Fiscal Years
Schedule 18

| | 2009 | 2010 | 2011 (a) | 2012 |
|--|-----------------|-----------------|-----------------|-----------------|
| Supervisory | | | | |
| Executive Administration | 0.00 | 0.00 | 9.00 | 11.00 |
| Principals | 57.00 | 56.00 | 56.00 | 53.00 |
| Assistant Principals | 40.50 | 41.00 | 41.00 | 36.60 |
| Supervisor/Coordinator/Director | 0.00 | 0.00 | 76.00 | 63.75 |
| Consultants/Supervisors of Instruction | 22.80 | 25.00 | 0.00 | 0.00 |
| Instructional Administrators | 4.00 | 5.00 | 0.00 | 0.00 |
| Noninstructional Administrators | 58.00 | 62.00 | 0.00 | 0.00 |
| Other Official/Administration | 0.00 | 0.00 | 2.00 | 2.00 |
| Instruction | | | | |
| Classroom Teachers | 2,178.67 | 2,193.00 | 2,118.00 | 1,973.74 |
| Teacher Support | 0.00 | 0.00 | 99.00 | 74.45 |
| Student Services | | | | |
| Guidance Counselors | 16.80 | 17.00 | 15.00 | 14.00 |
| Instructional Paraprofessional/T. Aide | 0.00 | 0.00 | 843.00 | 791.95 |
| Librarians/Librarian Aide | 24.60 | 24.00 | 23.00 | 21.30 |
| Psychologists | 71.20 | 72.00 | 62.00 | 53.60 |
| Therapist/Therapist Asst./Interpreter | 0.00 | 0.00 | 102.00 | 107.77 |
| Social Workers | 35.63 | 31.00 | 21.00 | 17.73 |
| Other Professionals (noninstructional) | 110.91 | 113.00 | 68.00 | 81.91 |
| Support Services | | | | |
| Accounting/Office Clerical | 0.00 | 0.00 | 286.00 | 264.99 |
| Clerical/Secretaries | 335.68 | 324.00 | 0.00 | 0.00 |
| Custodial/Grounds | 0.00 | 0.00 | 198.00 | 193.00 |
| Food Service | 173.19 | 164.00 | 164.00 | 165.12 |
| Maintenance/Trade Crafts | 0.00 | 0.00 | 125.00 | 117.99 |
| Maintenance/Grounds | 344.77 | 339.00 | 0.00 | 0.00 |
| Safety/Security | 148.67 | 113.00 | 119.00 | 99.00 |
| Technical | 0.00 | 0.00 | 19.00 | 31.05 |
| Tutors/Aides | 1,019.54 | 957.00 | 0.00 | 0.00 |
| Other Support Services | 0.00 | 0.00 | 23.00 | 26.97 |
| Total Employees | <u>4,641.96</u> | <u>4,536.00</u> | <u>4,469.00</u> | <u>4,200.92</u> |

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

Source: District Treasurer's Office

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

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------|----------|----------|----------|----------|----------|
| 10.00 | 17.00 | 12.00 | 12.00 | 13.00 | 10.30 |
| 57.00 | 57.00 | 53.00 | 57.00 | 55.00 | 58.00 |
| 29.00 | 33.00 | 36.00 | 40.00 | 42.00 | 38.00 |
| 59.75 | 116.50 | 69.00 | 84.60 | 81.60 | 84.60 |
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2.00 | 4.00 | 2.00 | 1.00 | 2.00 | 2.10 |
| 1,970.97 | 2,005.83 | 2,091.00 | 2,469.70 | 2,486.90 | 2,531.40 |
| 99.65 | 102.10 | 100.00 | 62.30 | 176.80 | 246.00 |
| 14.60 | 15.60 | 22.00 | 28.00 | 30.20 | 29.20 |
| 766.09 | 772.46 | 764.00 | 973.10 | 993.60 | 841.29 |
| 18.50 | 15.00 | 15.00 | 14.50 | 13.00 | 12.50 |
| 51.41 | 58.35 | 66.00 | 70.10 | 89.20 | 85.00 |
| 99.10 | 93.91 | 101.00 | 105.70 | 95.90 | 125.39 |
| 16.33 | 13.20 | 15.00 | 19.20 | 16.00 | 39.00 |
| 65.85 | 68.27 | 86.00 | 86.40 | 50.80 | 48.84 |
| 236.63 | 246.33 | 272.00 | 294.16 | 295.20 | 320.94 |
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 190.63 | 194.63 | 203.00 | 209.00 | 208.00 | 212.00 |
| 165.16 | 167.44 | 245.00 | 190.70 | 179.90 | 210.00 |
| 107.99 | 115.68 | 116.00 | 121.00 | 117.00 | 102.00 |
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 96.00 | 110.78 | 119.00 | 133.00 | 130.00 | 136.00 |
| 16.00 | 30.00 | 19.00 | 21.20 | 17.00 | 19.00 |
| 0.00 | 0.00 | 69.00 | 1.00 | 0.00 | 0.00 |
| 55.67 | 53.46 | 0.00 | 70.00 | 39.40 | 41.09 |
| 4,128.33 | 4,290.54 | 4,475.00 | 5,063.66 | 5,132.50 | 5,192.65 |

Cincinnati City School District, Ohio
Operating Indicators - Cost per Pupil
Last Ten Fiscal Years
Schedule 19

| | 2009 | 2010 | 2011 | 2012 |
|----------------------------|---------------|---------------|---------------|---------------|
| Enrollment | 33,355 | 32,525 | 32,009 | 30,756 |
| Modified Accrual Basis | | | | |
| Operating Expenditures (1) | \$513,957,839 | \$526,854,165 | \$548,361,413 | \$537,053,531 |
| Cost per Pupil | \$15,409 | \$16,198 | \$17,131 | \$17,462 |
| Percentage of Change | 1.4% | 4.9% | 5.4% | 1.9% |
| Accrual Basis | | | | |
| Operating Expenditures (2) | \$537,347,897 | \$541,046,687 | \$561,569,166 | \$563,999,462 |
| Cost per Pupil | \$16,110 | \$16,635 | \$17,544 | \$18,338 |
| Percentage of Change | 2.2% | 3.2% | 5.2% | 4.3% |
| Teaching Staff | 2,384 | 2,193 | 2,363 | 2,023 |

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

Note:

Accrual Basis, Operating Expenditures for 2018 decreased significantly due to due to the negative pension and OPEB expenses associated with net pension and OPEB liability. These changes are discussed further in the footnotes and RSI footnote associated with the financial statements.

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

(2) Expenses do not include interest expense

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 31,744 | 30,221 | 32,697 | 32,721 | 32,832 | 34,816 |
| \$525,175,015 | \$538,949,863 | \$586,568,355 | \$577,429,766 | \$614,184,741 | \$636,639,808 |
| \$16,544 | \$17,834 | \$17,940 | \$17,647 | \$18,707 | \$18,286 |
| (5.5%) | 7.2% | 0.6% | (1.7%) | 5.7% | (2.3%) |
| \$564,658,137 | \$551,762,393 | \$599,661,600 | \$611,799,316 | \$682,030,218 | \$463,852,407 |
| \$17,788 | \$18,258 | \$18,340 | \$18,697 | \$20,773 | \$13,323 |
| (3.1%) | 2.6% | 0.4% | 1.9% | 10.0% | (55.9%) |
| 2,804 | 2,183 | 2,333 | 2,560 | 2,694 | 2,807 |

Cincinnati City School District, Ohio
Operating Indicators by Function
Last Ten Fiscal Years
Schedule 20

| | 2009 | 2010 | 2011 | 2012 (a) |
|---|-----------|-----------|-----------|-----------|
| Governmental Activities | | | | |
| Support Services | | | | |
| Pupils | | | | |
| Enrollment | 33,121 | 32,525 | 32,009 | 30,756 |
| Graduates | 1,799 | 1,766 | 1,736 | 1,605 |
| Percent of Students with Disabilities | 20.00% | 20.80% | 21.00% | 20.10% |
| Percent of Students with English as Second Language | 3.10% | 3.70% | 3.70% | 4.30% |
| Administration | | | | |
| School Attendance Rate | 94.80 | 97.90 | 95.80 | 95.00 |
| Fiscal Services | | | | |
| Purchase Orders Processed | 19,293 | 19,943 | 16,250 | 13,250 |
| Checks Issued (non payroll) | 24,083 | 26,662 | 25,885 | 22,137 |
| Operation and Maintenance | | | | |
| District Square Footage Maintained | 6,977,896 | 5,916,038 | 5,983,415 | 5,892,176 |
| District Square Acreage Maintained | 755 | 755 | 755 | 755 |
| Percentage of Capacity Used | 92.42% | 94.55% | 93.03% | ~93.00% |
| Average Age of Buidlings | 42 | 37 | 36 | 19 |
| Pupil Transportation | | | | |
| Average Daily Students Transported | 24,585 | 20,894 | 19,938 | 20,984 |
| Average Daily Bus Fleet Miles | 29,690 | 30,917 | 31,079 | 24,912 |
| Number of Buses | 358 | 413 | 426 | 427 |
| Operation of Noninstructional Services | | | | |
| Food Service | | | | |
| Students Meals Served Daily | 5,298,035 | 5,248,226 | 5,613,070 | 5,920,539 |
| Free/Reduced Price Meals Daily | 4,629,370 | 4,679,097 | 3,972,566 | 5,265,433 |
| Percentage of Students Receiving Free/Reduced Lunch | 87.38% | 89.16% | 70.77% | 88.94% |
| Extracurricular Activities | | | | |
| High School Varsity Teams | 126 | 142 | 144 | 126 |

Source: District Treasurer's Office

(a) 2012 enrollment data reflects an October 2011 enrollment head count, prior years reflect a count as of June 30
N/A Information not available

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-----------|-----------|-----------|-----------|-----------|-----------|
| 29,928 | 30,221 | 32,697 | 33,999 | 32,832 | 34,816 |
| 1,609 | 1,789 | 1,660 | 1,623 | 1,646 | N/A |
| 19.30% | 19.40% | 17.82% | 19.00% | 18.40% | 18.79% |
| 5.10% | 5.40% | 5.10% | 6.80% | 6.30% | 6.00% |
| 95.70 | 95.80 | 95.00 | 93.00 | 95.20 | 90.00 |
| 11,953 | 15,335 | 18,383 | 20,088 | 15,667 | 14,141 |
| 18,602 | 15,302 | 15,255 | 15,763 | 18,508 | 15,287 |
| 6,073,977 | 6,073,977 | 6,073,977 | 6,079,477 | 6,480,139 | 6,380,866 |
| 755 | 755 | 755 | 755 | 730 | 730 |
| 95.30% | 95.30% | 95.30% | 95.30% | 100.00% | 100.00% |
| 18 | 21 | 21 | 22 | 22 | 8 |
| 21,118 | 24,101 | 24,035 | 24,858 | 26,747 | 27,355 |
| 25,295 | 19,790 | 19,422 | 19,447 | 20,308 | 22,335 |
| 425 | 406 | 405 | 405 | 416 | 383 |
| 5,895,704 | 5,901,123 | 5,917,176 | 6,617,406 | 6,683,877 | 6,475,479 |
| 5,564,086 | 5,586,647 | 5,599,584 | 6,476,786 | 6,437,203 | 6,226,839 |
| 94.38% | 94.67% | 94.63% | 97.87% | 96.31% | 96.16% |
| 121 | 113 | 114 | 161 | 167 | 159 |

Cincinnati City School District, Ohio
Operating Indicators - Teacher Base Salaries
Last Ten Fiscal Years
Schedule 21

| | 2009 | 2010 | 2011 | 2012 |
|-------------------------|----------|----------|----------|----------|
| Salary | | | | |
| Minimum Salary | \$36,905 | \$36,905 | \$39,262 | \$40,926 |
| Maximum Salary | 87,979 | 87,979 | 83,455 | 83,455 |
| District Average Salary | 67,097 | 64,344 | 64,638 | 65,966 |
| County Average Salary | 58,300 | 48,000 | 42,195 | N/A |
| State Average Salary | 54,656 | 53,000 | 56,715 | N/A |
| Teachers | | | | |
| Bachelor's Degree | 159 | 152 | 197 | 127 |
| Bachelor + 15 | 519 | 488 | 486 | 401 |
| Master's Degree | 1,088 | 1,033 | 1,054 | 958 |
| Master's Degree + 30 | 567 | 486 | 572 | 507 |
| Doctorate | 51 | 34 | 54 | 30 |
| Total | 2,384 | 2,193 | 2,363 | 2,023 |

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

N/A Information not available

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------|----------|----------|----------|----------|----------|
| \$42,619 | \$40,832 | \$40,832 | \$41,649 | \$41,649 | \$42,482 |
| 83,455 | 86,793 | 82,826 | 88,529 | 88,529 | 93,911 |
| 66,470 | 63,081 | 64,243 | 63,950 | 63,709 | 66,759 |
| N/A | N/A | N/A | N/A | N/A | N/A |
| N/A | N/A | N/A | N/A | N/A | N/A |
| 245 | 191 | 257 | 302 | 290 | 262 |
| 501 | 415 | 431 | 494 | 465 | 444 |
| 1,220 | 982 | 1,030 | 1,098 | 1,097 | 1,137 |
| 779 | 548 | 573 | 624 | 523 | 655 |
| 59 | 47 | 42 | 42 | 28 | 37 |
| 2,804 | 2,183 | 2,333 | 2,560 | 2,403 | 2,535 |

Cincinnati City School District, Ohio
Capital Asset Statistics by Building
Last Ten Fiscal Years
Schedule 22

| | 2009 | 2010 | 2011 | 2012 |
|---------------------------------|-----------|-----------|-----------|-----------|
| School Buildings | | | | |
| High Schools | | | | |
| Number of Buildings | 11 | 11 | 13 | 13 |
| Square Footage | 2,638,069 | 2,443,649 | 2,469,919 | 2,668,672 |
| Capacity (Students) | 13,415 | 10,950 | 11,600 | 10,192 |
| Enrollment | 12,597 | 9,927 | 12,587 | 9,061 |
| Elementary Schools | | | | |
| Number of Buildings | 46 | 46 | 43 | 46 |
| Square Footage | 3,583,896 | 3,472,389 | 3,222,684 | 3,371,043 |
| Capacity (Students) | 21,450 | 23,915 | 22,800 | 23,474 |
| Enrollment | 20,524 | 22,598 | 19,422 | 21,695 |
| All Other Buildings | | | | |
| Central Administration Building | | | | |
| Square Footage | 140,033 | 140,033 | 140,033 | 140,033 |
| Maintenance Building | | | | |
| Square Footage | 150,779 | 150,779 | 150,779 | 150,779 |

Source: District Treasurer's Office

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-----------|-----------|-----------|-----------|-----------|-----------|
| 13 | 13 | 13 | 13 | 13 | 13 |
| 2,382,548 | 2,382,548 | 2,382,548 | 2,382,548 | 2,279,274 | 2,287,348 |
| 10,192 | 10,192 | 10,192 | 10,192 | 10,192 | 10,192 |
| 8,639 | 13,485 | 15,931 | 16,118 | 15,997 | 11,225 |
| 44 | 44 | 44 | 44 | 44 | 46 |
| 3,055,697 | 3,055,697 | 3,055,697 | 3,055,697 | 3,055,697 | 3,802,706 |
| 22,585 | 22,585 | 22,585 | 22,585 | 22,585 | 23,205 |
| 23,105 | 16,661 | 16,766 | 16,603 | 16,835 | 23,591 |
| 140,033 | 140,033 | 140,033 | 140,033 | 140,033 | 140,033 |
| 150,779 | 150,779 | 150,779 | 150,779 | 150,779 | 150,779 |

Cincinnati City School District, Ohio
Educational and Operating Statistics
Last Ten Fiscal Years
Schedule 23

| | 2009 | 2010 | 2011 | 2012 |
|----------------------------|-----------|-----------|-----------|-----------|
| ACT Scores (Average) | | | | |
| Cincinnati | 18.9 | 19.1 | 18.1 | 19.3 |
| Ohio | 21.7 | 21.8 | 21.8 | 21.8 |
| National | 21.1 | 21.0 | 21.1 | 21.1 |
| SAT Scores (Average) | | | | |
| Cincinnati | | | | |
| Verbal | 518 | 524 | 513 | 548 |
| Mathematical | 508 | 514 | 501 | 535 |
| Ohio | | | | |
| Verbal | 537 | 538 | 539 | 543 |
| Mathematical | 546 | 548 | 545 | 548 |
| National | | | | |
| Verbal | 501 | 501 | 497 | 496 |
| Mathematical | 515 | 516 | 514 | 514 |
| National Merit Scholars | | | | |
| Finalist | 0 | 7 | 0 | 17 |
| Semi-Finalist | 21 | 21 | 19 | 22 |
| Spending per Student (ODE) | | | | |
| Cincinnati | \$13,012 | \$13,449 | \$14,067 | \$14,720 |
| Ohio (Average) | 10,184 | 10,513 | 10,513 | 10,571 |
| Cost to Educate a Graduate | | | | |
| Cincinnati | \$135,319 | \$148,331 | \$161,780 | \$175,847 |
| Ohio (Average) | 105,992 | 116,176 | 126,689 | 137,202 |
| Attendance Rate | | | | |
| Cincinnati | 95.2% | 97.9% | 95.8% | 95.0% |
| Ohio (Average) | 94.4% | 94.3% | 94.5% | 94.2% |
| Graduation Rate | | | | |
| Cincinnati | 82.9% | 80.4% | 81.9% | 63.9% |
| Ohio (Average) | 84.6% | 83.0% | 84.3% | 83.8% |

Source: District's Student Records and Ohio Department of Education

N/A Information not available

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-----------|----------|-----------|-----------|---------|----------|
| 18.8 | 18.5 | 19.1 | 19.2 | 19.4 | 19.3 |
| 21.8 | 22.0 | 22.0 | 22.0 | 22.0 | 19.4 |
| 20.9 | 21.0 | 21.0 | 20.8 | 21.0 | N/A |
| 568 | 588 | 601 | 624 | 624 | 642 |
| 558 | 566 | 581 | 608 | 608 | 622 |
| 548 | 555 | 557 | 556 | 556 | N/A |
| 556 | 562 | 563 | 563 | 563 | N/A |
| 496 | 497 | 495 | 494 | 494 | N/A |
| 514 | 513 | 511 | 508 | 508 | N/A |
| 0 | 2 | 4 | 2 | 18 | 0 |
| 0 | 18 | 20 | 22 | 2 | 24 |
| \$10,781 | \$10,777 | \$10,037 | \$9,518 | \$9,949 | \$10,117 |
| 8,814 | 9,189 | 9,228 | 8,840 | 9,149 | 9,353 |
| \$190,567 | N/A | \$167,844 | \$170,103 | N/A | N/A |
| 147,773 | N/A | 127,659 | 130,081 | N/A | N/A |
| 95.7% | 95.8% | 95.0% | 93.0% | 95.2% | 90.0% |
| 94.2% | 94.3% | 94.1% | 94.1% | N/A | 93.7% |
| 66.0% | 73.6% | 72.9% | 72.8% | 74.7% | N/A |
| 81.3% | 82.2% | 83.0% | 83.6% | 84.2% | N/A |

