



Hamilton County, OH

# Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2012





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

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*Hamilton County, Ohio*

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012**

*Prepared by:*  
Diana C. Whitt  
Treasurer/CFO



# CINCINNATI CITY SCHOOL DISTRICT, OHIO

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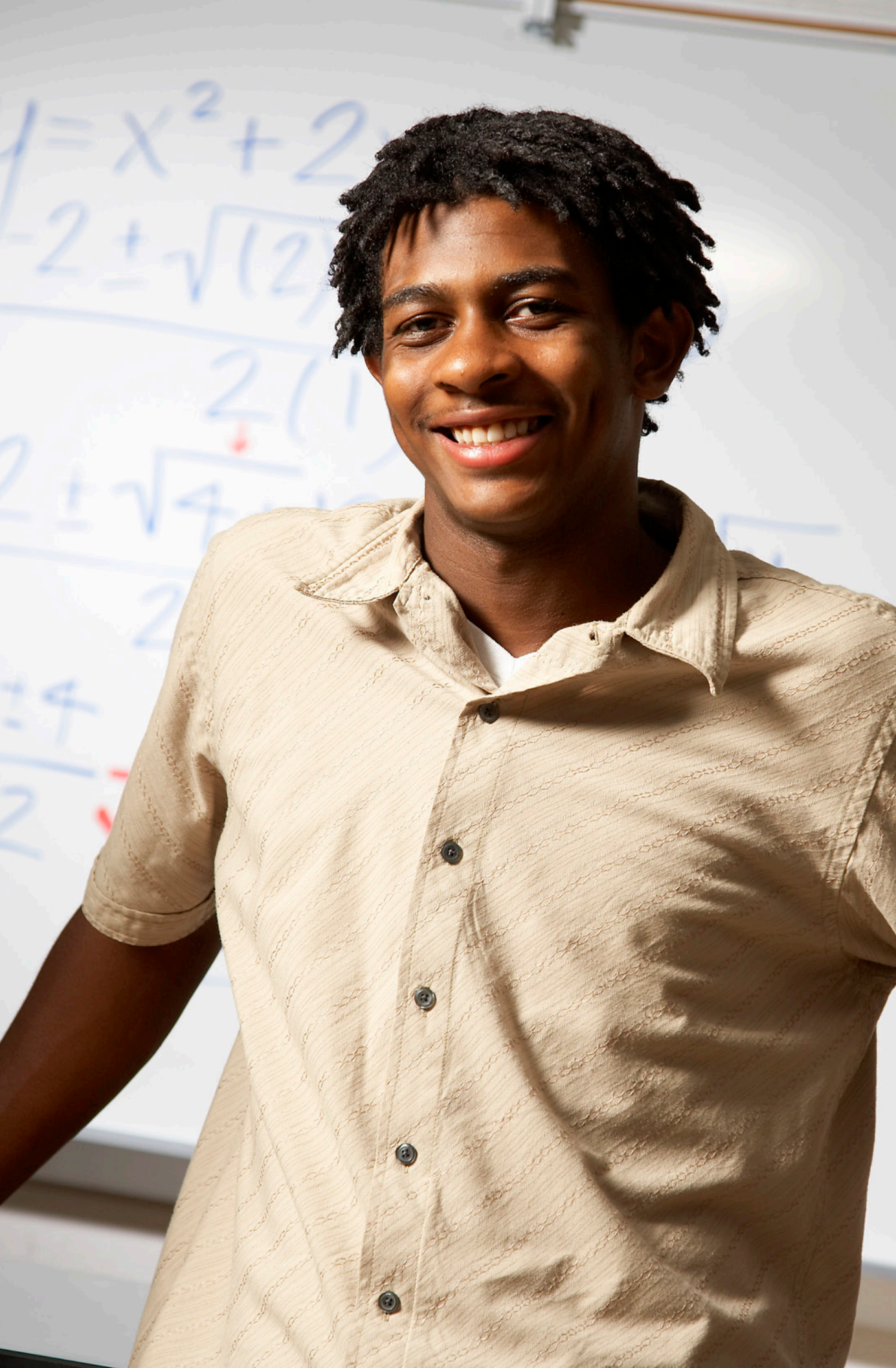
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# Introductory Section







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

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

December 7, 2012

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, 2012. This report was prepared by the Office of the Treasurer/CFO and includes the report of the independent auditor, Caudill & Associates. The independent auditors' report concludes that the District's financial statements for the year ended June 30, 2012 are prepared in conformity with generally accepted accounting principles. The independent auditor's report is included as the first component of the financial section of this report.

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

The District uses Oracle Public Sector General Ledger, an automated, on-line general ledger accounting system, which provides the capability to prepare financial information based on generally accepted accounting principles (GAAP) for governments. Oracle Public Sector General Ledger is the basis for the District's accounting, budgetary, purchasing and fixed assets controls. The financial statements contained in the CAFR have been prepared from this system, implemented by the Treasurer's office in January 1995 and upgraded to the latest version 11.5.10 release in June 2005.

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

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

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

***For the Fiscal Year Ended June 30, 2012***

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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 54 schools: 39 elementary schools and 12 high schools and 3 combined elementary and high school. Several high school buildings contain more than one school. Through the use of a five-year building and maintenance plan, all facilities are kept in the best operating and physical condition possible. The District has implemented a \$56 million energy conservation program and is in the ninth year of a \$1.1 billion, 10-year facilities improvement program.

The District's average daily student enrollment (K-12) for the 2011-2012 year was 30,756 students. The District served 65% of 48,692 of school aged children residing within the boundaries. The majority of enrolled students were members of ethnic minorities -- in the 2011-2012 school year, 65.4 percent of students were African-American, .9 percent were Asian, 25.3 percent were Caucasian white, 5.5 percent were other/multiracial, and 2.9 percent were Hispanic.

A significant majority of students in the District – 75.02 percent were on free or reduced lunch plans during the 2011-2012 school year. Eighty four percent of the District's elementary schools served student populations that were 75 percent or higher in poverty. Twenty-one percent of the students attending were served with Special Education needs.

Transportation was provided daily for 15,062 public students, 3,551 for charter students and 2,371 for non-public students. Buses traveled an average of 27,775 miles each day. A self-supporting Food Services Department served an average of 19,131 lunches and 13,045 breakfasts per day for the 2011-2012 school year.

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

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

***For the Fiscal Year Ended June 30, 2012***

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

The Board of Education of the Cincinnati City School District (Board) is a body both politic and corporate charged with the responsibility of managing and controlling affairs of the District and is, together with the District, governed by the general laws of the State of Ohio (Ohio Revised Code). The Board is comprised of seven (7) members who are elected for overlapping four-year terms. The Board members during the fiscal year ended June 30, 2012 were:

	<u>Current Term Commenced</u>	<u>Current Term Expires</u>
Eve Bolton, President	01/01/08	12/31/15
Vanessa White, Vice President	01/01/10	12/31/13
Melanie Bates	01/01/10	12/31/13
Catherine D. Ingram	01/01/10	12/31/13
Alexander P. Kuhns	01/01/12	12/31/15
A. Chris Nelms	01/01/08	12/31/15
Eileen Cooper Reed	01/01/10	12/31/13

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

The Cincinnati Board of Education named Mary A. Ronan as the Superintendent effective April 16, 2010 for a term expiring July 31, 2012. The Cincinnati Board of Education named Mary A. Ronan as the Superintendent effective April 16, 2010 for a term expiring July 31, 2012. In spring of 2012, the school board extended her contract for an additional three-period beginning August 2, 2012 and ending July 31, 2015.

Mrs. Ronan began her more than 30-year career with Cincinnati Public Schools as a math and science teacher at the former Merry Middle School – a building that now houses her office as Superintendent in the district's Education Center.

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

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

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

***For the Fiscal Year Ended June 30, 2012***

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Superintendent Mary Ronan's experiences in district administration include appointments as assistant superintendent and director of schools, roles in which she worked with principals to enhance leadership skills. At both the school and central administration levels, she has earned a reputation for building strong, supportive and open relationships with her staff as well as parents and community stakeholders. In 2005, she received the Excellence in Educational Leadership Award from The University Council for Educational Administration.

Mrs. Ronan has been widely credited with leading Cincinnati Public Schools to become Ohio's highest-performing urban school district. Eighty-one percent of the district's schools are rated as Excellent, Effective or in Continuous Improvement on the Ohio Report Card, the state's annual rating system. According to an analysis by Battelle for Kids, CPS ranked in the top 5 percent of districts statewide in the amount of learning growth experienced by students during the 2010-11 school year.

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

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

Mrs. Ronan considers it a great privilege to lead Cincinnati Public Schools in preparing the next generation of Cincinnati's young people with the skills required by our fast-paced, technologically demanding global economy. With the assistance of record grants totaling \$25.3-million from the GE Foundation, the district has worked to improve math and science education and advance skills in STEM (science, technology, engineering and mathematics) and to transition to new, rigorous Common Core academic standards in math and English arts.

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.

During the 2011-2012 fiscal year the Treasurer/CFO of the District was Mrs. Diana C. Whitt. The Board appointed Mrs. Whitt as Treasurer/CFO for a two-year term commencing September 1, 2011 and ending July 31, 2013. Mrs. Whitt has extensive experience that includes being the District Treasurer and Chief Financial Officer at Trotwood Madison City Schools near Dayton, Ohio, September 2002 thru September 2011. Mrs. Whitt also has corporate experience in financial management, consulting and sales. Mrs. Whitt received her B.A. Degree from Notre Dame College in South Euclid, Ohio and her Masters Degree from the University of Phoenix.

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

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

***For the Fiscal Year Ended June 30, 2012***

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### **Local Economic Condition and Outlook**

The economy of the District is based on a wide diversity of industry. The major sources of revenue to the District are local property taxes on real and personal property, along with State aid. Other funds, such as lunch and special classes are funded for their expenditures by designated State and Federal grants.

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

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

Metropolitan Cincinnati was expanded to include 15 counties: Hamilton, Warren, Clermont, Butler and Brown counties in Ohio; Dearborn, Franklin and Ohio counties in Indiana; and Kenton, Boone, Bracken, Campbell, Grant, Gallatin and Pendleton counties in Kentucky. There are approximately 11.9 million net square feet of office space in the downtown Cincinnati area and 25.1 million net square feet in suburban office buildings and parks. There are approximately 273 million square feet of industrial space. The retail market includes more than 50 million square feet regionally (3.8 million square feet downtown).

Among the Metropolitan Area's more prominent manufacturing groups are transportation equipment, which includes aircraft engines and motor vehicle parts; food and kindred products; metal working and general industrial machinery; chemicals; fabricated metal products; and printing and publishing. This diverse economic base continues to be a source of stability for the area, protecting it from severe peaks and valleys in the business cycle. Total wage and salary employment in Hamilton County was estimated at 484,171 in 2012 by the U.S. Bureau of Labor Statistics. The U.S. Bureau of Labor Statistics estimated total employment in Hamilton County at 484,110 at June 30, 2012. This 91.8% employment rate is slightly below the State of Ohio employment rate of 92.6% at June 30, 2012 and trails the national rate of 91.8% at this date.

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

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

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

***For the Fiscal Year Ended June 30, 2012***

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The Metropolitan Area is a growing center for international business, with approximately 1,000 firms engaged in international trade. Metropolitan Area companies annually generate sales of more than \$6.7 billion to customers outside the U.S. Major export products include jet engines, plastics, machinery, computers and software technology and consumer goods. Nearly 300 Greater Cincinnati firms are owned by foreign firms from Japan, England, Western Europe and Canada, among other countries. Twenty-five percent (25%) of all jobs in the Metropolitan Area are related to exporting. Cincinnati exports more than any other city in Ohio and is ranked twenty-first (21<sup>st</sup>) in the United States.

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

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

The District continues to see the results of its long-term financial planning. The District met or exceeded its budget goal for the sixth 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, \$985 million Facilities Master Plan (FMP) officially launched with the passage of a \$480 million bond issue in May 2003. During the period from January 2005 thru June 2012, the District has either renovated or constructed a total of 39 schools. By the end of 2012, five more schools will be completed to make a total of 44. By fall 2013 all but 1 of the remaining 6 additional schools in construction will be finished and the last building will be completed in 2014 to complete the Facilities Master Plan. 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, 21<sup>st</sup> century schoolhouses, these buildings quickly will become local landmarks and community anchors. The District's FMP is now fully funded.

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.



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

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

***For the Fiscal Year Ended June 30, 2012***

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### **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, 2011. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. The June 30, 2011 CAFR was the twelfth consecutive CAFR prepared by the District to receive this prestigious award.

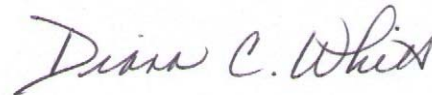
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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. The Auditor of State has contracted the District Audit for fiscal year ended June 30, 2012 to Caudill & Associates, an independent certified public accounting firm. In addition to meeting the requirements of state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act of 1984, the 1996 amendments thereto, and the related U.S. Office of Management and Budget's Circular A-133. Generally accepted auditing standards and the standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's report on internal controls and compliance with applicable laws and regulations can be found in a separately issued single audit report.

***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 Mrs. Teresa A. Johnson, CPA, Assistant Treasurer/Controller and to all other members of the Department. I am also grateful for the professional services of Donald J. Schonhardt & Associates and Bastin & Company, LLC, for their assistance in preparing this report. Due credit should also be given to the Board of Education and the Superintendent for their leadership and support in planning and conducting the operations of the District in a responsible and progressive manner.

Sincerely,



Diana C. Whitt  
Treasurer/CFO

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

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### ***List of Principal Officials June 30, 2012***

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

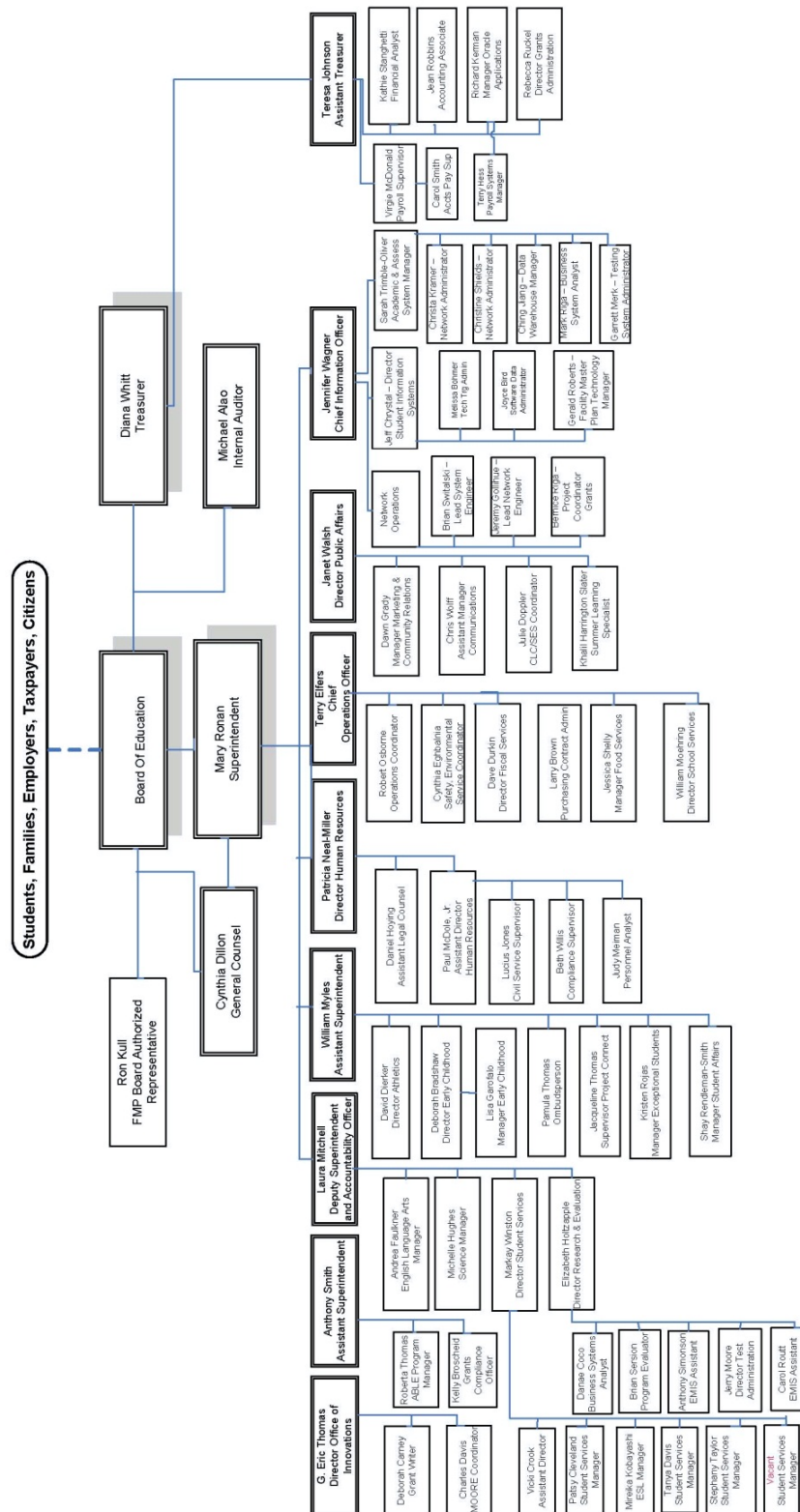
<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
Eve Bolton	President	December 31, 2015
Vanessa White	Vice President	December 31, 2013
Melanie Bates	Member	December 31, 2013
Catherine D. Ingram	Member	December 31, 2013
Alexander P. Kuhns	Member	December 31, 2015
A. Chris Nelms	Member	December 31, 2015
Eileen Cooper Reed	Member	December 31, 2013

#### **District Administration:**

<b>Name</b>	<b>Title</b>
Mary Ronan	Superintendent
Diana C. Whitt	Treasurer/CFO
C. Laura Mitchell	Deputy Superintendent
William M. Myles	Assistant Superintendent
Cynthia L. Dillon	General Counsel
Terry Elfers	Chief Operations Officer
Jennifer M. Wagner	Chief Information Officer
Janet Walsh	Director of Public Affairs
Teresa A. Johnson, CPA	Assistant Treasurer/Controller
Patricia Neal-Miller	Director of Human Resources
Michael Alao, CFE, CIA, CPA	Internal Auditor

# CINCINNATI CITY SCHOOL DISTRICT, OHIO

## School District Organizational Chart For the Fiscal Year Ended June 30, 2012



## *CINCINNATI CITY SCHOOL DISTRICT, OHIO*

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

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# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
Cincinnati City School District  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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



*Linda C. Danison*

President

*Jeffrey R. Enen*

Executive Director





# Financial Section







## Caudill & Associates, CPA

725 5<sup>th</sup> Street Portsmouth, OH 45662

P: 740.353.5171 | F: 740.353.3749

[www.caudillcpa.com](http://www.caudillcpa.com)

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants  
Kentucky Society of Certified Public Accountants

### Independent Auditor's Report

Cincinnati City School District  
Hamilton County  
2651 Burnet Avenue  
Cincinnati, Ohio 45431

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cincinnati City School District, Hamilton County, Ohio, as of and for the fiscal year ended June 30, 2012, which collectively comprise the Cincinnati City School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Cincinnati City School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cincinnati City School District, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund and the Schoolwide Building Program Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Education  
Cincinnati City School District

Independent Auditor's Report (Continued)

In accordance with *Government Auditing Standards*, we have also issued our report dated December 07, 2012, on our consideration of the Cincinnati City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. The purpose of that report is to describe the scope of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential 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 other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information provide additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.



Caudill & Associates, CPA  
December 07, 2012



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

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## ***Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2012***

***Unaudited***

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The discussion and analysis of the Cincinnati City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

### **FINANCIAL HIGHLIGHTS**

#### **Key financial highlights for 2012 are as follows:**

General revenues accounted for \$485,950,371 in revenue or 81.8% of all revenue. Program specific revenues in the form of charges for services and grants and contributions accounted for \$107,898,617 or 18.2% of total revenues of \$593,848,988.

The District had \$598,028,007 in expenses related to governmental activities; only \$107,898,617 of these expenses was offset by program specific revenues in the form of charges for services, grants or contributions. General revenues (primarily taxes totaling \$272,309,816, revenue in lieu of taxes totaling \$21,431,724, unrestricted state and federal revenues totaling \$185,176,443, investment earnings totaling \$608,212 plus prior year carry over revenues) were adequate to provide for these programs.

The assets of the District exceeded its liabilities at June 30, 2012 by \$611,748,361 (net assets). Of this amount, \$167,348,569 is considered unrestricted and may be used to meet the District's on-going obligations.

The District's total net assets decreased \$4,179,019 in fiscal year 2012, which represents a .7% decrease from the fiscal year 2011 balance. Revenues decreased by 12.4% and expenses increased .3% from prior year amounts. Virtually all of the revenues decreases arose from reduced intergovernmental revenues regardless of the classification (operating grants, capital grants or grants not restricted to specific programs). Expense levels increased at modest levels in 2012.

Among major funds, the general fund had \$432,123,899 in revenue, \$319,786,603 in expenditures and (\$128,862,567) in net other financing uses, resulting in the general fund balance decreasing by \$16,525,271 to \$131,505,880.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

# CINCINNATI CITY SCHOOL DISTRICT, OHIO

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## ***Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2012***

***Unaudited***

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These statements are as follows:

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

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

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

### **Government-wide Statements**

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

The two government-wide statements report the District's net assets and how they have changed. Net-assets (the difference between the District's assets and liabilities) are one way to measure the District's financial health or position.

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

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

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

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

### **Fund Financial Statements**

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

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

# CINCINNATI CITY SCHOOL DISTRICT, OHIO

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2012

*Unaudited*

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

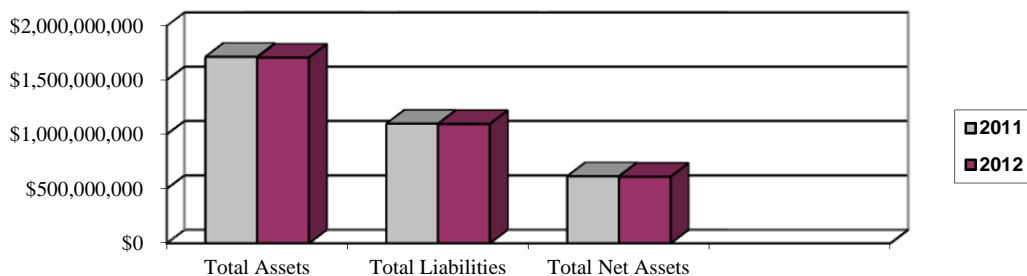
**Fiduciary Funds** – The District is the trustee, or fiduciary, for various student-managed activity programs, various scholarship programs and other items listed as agency and private purpose. It is also responsible for other assets that, due to a trust arrangement can only be used for the trust beneficiaries.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

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The following table provides a summary of the District's net assets for 2012 compared to 2011:

	Governmental Activities		Increase (Decrease)
	2012	2011	
Current and other assets	\$710,700,984	\$819,947,362	(\$109,246,378)
Capital assets, Net	996,649,312	894,567,072	102,082,240
Total assets	1,707,350,296	1,714,514,434	(7,164,138)
Long-term debt outstanding	797,754,592	794,310,009	3,444,583
Other liabilities	297,847,343	304,277,045	(6,429,702)
Total liabilities	1,095,601,935	1,098,587,054	(2,985,119)
Net assets			
Invested in capital assets, net of related debt	389,607,776	407,388,120	(17,780,344)
Restricted	54,792,016	19,363,096	35,428,920
Unrestricted	167,348,569	189,176,164	(21,827,595)
Total net assets	\$611,748,361	\$615,927,380	(\$4,179,019)

**Cincinnati City Schools Governmental Activities**



# CINCINNATI CITY SCHOOL DISTRICT, OHIO

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2012

*Unaudited*

**Changes in Net Assets** – The following table shows the net assets for the fiscal year 2012 compared to 2011:

	Governmental Activities		Increase (Decrease)
	2012	2011	
Revenues			
Program revenues:			
Charges for Services	\$15,929,681	\$21,964,268	(\$6,034,587)
Operating Grants	86,060,381	107,155,658	(21,095,277)
Capital Grants	5,908,555	56,581,124	(50,672,569)
General revenues:			
Property Taxes	272,309,816	265,290,427	7,019,389
Revenue in Lieu of Taxes	21,431,724	23,453,928	(2,022,204)
Grants and Entitlements	185,176,443	197,164,514	(11,988,071)
Other	7,032,388	6,247,045	785,343
Total revenues	593,848,988	677,856,964	(84,007,976)
Program Expenses			
Instruction:			
Regular	221,930,107	212,617,087	9,313,020
Special	73,856,224	77,918,902	(4,062,678)
Vocational	3,793,083	7,046,640	(3,253,557)
Other	577,036	613,450	(36,414)
Support Services:			
Pupils	27,942,924	29,702,228	(1,759,304)
Instructional Staff	46,927,907	49,720,996	(2,793,089)
Board of Education	398,130	343,414	54,716
Administration	29,292,929	35,904,173	(6,611,244)
Fiscal Services	7,369,914	7,006,980	362,934
Business	1,607,145	1,244,023	363,122
Operation and Maintenance of Plant	47,844,700	47,998,030	(153,330)
Pupil Transportation	30,269,005	27,155,167	3,113,838
Central	18,435,513	15,024,579	3,410,934
Non-Instructional Services	46,614,539	43,667,894	2,946,645
Extracurricular Activities	7,140,306	5,605,603	1,534,703
Interest and Fiscal Charges	34,028,545	34,495,353	(466,808)
Total expenses	598,028,007	596,064,519	1,963,488
Total Change in Net Assets	(4,179,019)	81,792,445	(85,971,464)
Beginning Net Assets	615,927,380	534,134,935	81,792,445
Ending Net Assets	\$611,748,361	\$615,927,380	(\$4,179,019)

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

### ***Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2012***

***Unaudited***

The most significant reasons for the \$4.2 million decrease in Net Assets from FY 2011 to FY 2012 are as follows:

The District's total net assets decreased \$4,179,019 in fiscal year 2012, representing a .7% decrease from the ending fiscal year 2011 net asset balance. In comparison, total net assets increased in fiscal year 2011 by \$81,792,445.

The majority of the decrease in fiscal year 2012 net assets is attributable to a large decrease in grant revenues in 2012. The District did not receive any additional monies from the Ohio School Facilities Commission (OSFC) the various segments under its Master Facilities Plan.

Property taxes revenues increased \$7 million or 2.6%. All grant revenues combined decreased \$83.8 million.

Total expenses increased at a very moderate .3% pace.

### ***Governmental Activities***

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

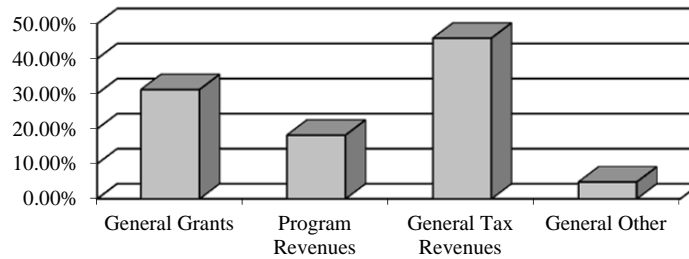
Property taxes made up 45.86% of revenues for governmental activities for the Cincinnati City School District in fiscal year 2012. The District's reliance upon tax revenues is demonstrated by the following table and graph:

Revenue Sources	2012	Percent of Total
General Grants	\$185,176,443	31.18%
Program Revenues	107,898,617	18.17%
General Tax Revenues	272,309,816	45.86%
General Other	28,464,112	4.79%
Total Revenue	<u>\$593,848,988</u>	<u>100.00%</u>

# CINCINNATI CITY SCHOOL DISTRICT, OHIO

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2012

*Unaudited*



## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$316,320,116, which is less than last year's total of \$413,221,192. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2012 and 2011.

	Fund Balance June 30, 2012	Fund Balance June 30, 2011	Increase (Decrease)
General	\$131,505,880	\$148,031,151	(\$16,525,271)
Schoolwide Building Program	80,440	(321,073)	401,513
Debt Service	28,654,095	(282,873)	28,936,968
Classroom Facilities			
Capital Projects	79,363,954	213,986,898	(134,622,944)
Other Governmental	76,715,747	51,807,089	24,908,658
<b>Total</b>	<b>\$316,320,116</b>	<b>\$413,221,192</b>	<b>(\$96,901,076)</b>

The District's General Fund's fund balance decreased during Fiscal year 2012 by \$16.5 million as revenues fell short of the total of expenditures and transfers in/out from/to other funds. By comparison, fiscal year 2011 increased by \$29.3 million. Revenues for 2012 decreased by \$29.7 million largely due to decreased tax and intergovernmental- state revenues. Operating expenditures increased \$25.5 million. Net transfers out to other funds decreased \$9.3 million.

The Schoolwide Building Project Fund was established during 2008 to pool Federal, state and local funds in order to upgrade the overall instructional program of a school building where at least 40 percent of the children are from low-income families. Funds are transferred when cash is required rather than when accruals occur.

The increase in the Debt Service Fund is primarily due to an increase in tax revenue collections by Hamilton County and lower debt service expenditures.

The decrease in the Classroom Facilities Capital Projects Fund is primarily due to construction activity. The FMP program activity increased as four new schools became operational in 2012 as well as continuing construction in progress efforts on other locations included in the FMP.

# **CINCINNATI CITY SCHOOL DISTRICT, OHIO**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012**

**Unaudited**

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

	2012 Revenues	2011 Revenues	Increase (Decrease)
Taxes	\$235,891,856	\$249,982,815	(\$14,090,959)
Tuition	1,558,235	1,123,004	435,231
In Lieu of Taxes	8,013,617	7,534,813	478,804
Investment Earnings	276,599	486,071	(209,472)
Intergovernmental - State	184,739,816	196,917,974	(12,178,158)
Intergovernmental - Federal	589,815	248,271	341,544
All Other Revenue	1,053,961	5,525,321	(4,471,360)
Total	<u>\$432,123,899</u>	<u>\$461,818,269</u>	<u>(\$29,694,370)</u>

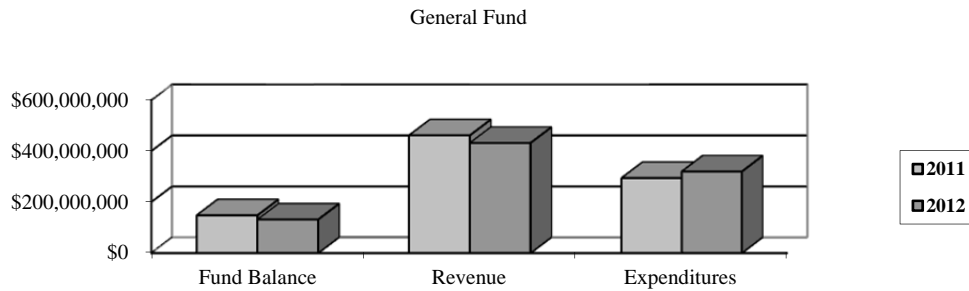
General Fund revenues in 2012 decreased from 2011 primarily due to decreases in tax and intergovernmental – state revenues.

	2012 Expenditures	2011 Expenditures	Increase (Decrease)
Instruction:			
Regular	\$137,028,425	\$126,174,501	\$10,853,924
Special	40,893,862	36,953,750	3,940,112
Vocational	3,147,194	5,525,707	(2,378,513)
Other	0	17,744	(17,744)
Supporting Services:			
Pupils	20,519,655	21,588,714	(1,069,059)
Instructional Staff	14,623,330	12,656,584	1,966,746
Board of Education	393,684	346,538	47,146
Administration	12,954,300	20,341,123	(7,386,823)
Fiscal Services	5,944,991	2,134,839	3,810,152
Business	1,419,773	1,142,991	276,782
Operation and Maintenance of Plant	29,511,711	22,306,516	7,205,195
Pupil Transportation	29,572,509	26,783,214	2,789,295
Central	18,472,609	14,129,288	4,343,321
Extracurricular Activities	5,301,033	3,846,782	1,454,251
Capital Outlay	3,527	284,400	(280,873)
Debt Service:			
Interest & Fiscal Charges	0	80,083	(80,083)
Total	<u>\$319,786,603</u>	<u>\$294,312,774</u>	<u>\$25,473,829</u>

## CINCINNATI CITY SCHOOL DISTRICT, OHIO

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2012

Unaudited



The \$25.5 million increase in total operating expenditures is a result of several factors. Student transportation costs increased as well as costs in the operation and maintenance of plant as facilities come on line as part of the FMP program. Central Services also increased as a result of increased compensated absence payouts for employees that retired during the year. Such increases were offset by lower administrative costs due to those retired employees. Regular and special instruction costs increased as a result of accounting for certain costs previously funded by transfers to the Schoolwide Building Program Fund. The Schoolwide Building Program Fund will be discontinued in fiscal year 2013.

During the course of fiscal year 2012 the District amended its General Fund budget for revenues and expenditures several times.

The General Fund's final budgeted revenues were increased 18.3% or \$81.9 million compared to the original budget estimates due to increasing estimated revenues primarily for taxes, intergovernmental revenues and the return of advances from other funds. Appropriations were increased by \$33.4 million primarily for regular instruction, administration costs and advances to other funds.

Actual final budget basis revenues were 15.1% below, or \$79.8 million, final budgeted amounts primarily as a result of lower than budgeted property tax receipts collected by Hamilton County. Actual final budget basis expenditures were lower than final appropriated amounts and varied by 7.5% or \$37.5 million.

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# CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2012**

**Unaudited**

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets** - At the end of fiscal 2012 the District had \$996,649,312 net of accumulated depreciation invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment, vehicles and construction in progress. The following table shows fiscal year 2012 balances:

	Governmental Activities		Increase (Decrease)
	2012	2011	
Land	\$37,384,776	\$37,249,030	\$135,746
Construction in Progress	213,274,523	178,590,342	34,684,181
Land Improvements	10,304,697	9,092,640	1,212,057
Buildings and Improvements	863,785,984	782,952,105	80,833,879
Furniture, Fixtures and Equipment	4,542,399	7,438,538	(2,896,139)
Vehicles	824,267	824,267	0
Less: Accumulated Depreciation	(133,467,334)	(121,579,850)	(11,887,484)
Totals	<u>\$996,649,312</u>	<u>\$894,567,072</u>	<u>\$102,082,240</u>

For financial reporting purposes the District capitalizes all assets in excess of \$25,000 unless they are purchased with Federal funding, in which case the threshold is \$5,000. The \$80,833,879 net increase in Buildings and Improvements during 2012 was a result of completing construction of four building projects as part of the District's ten year, \$985 million Facilities Master Plan and reclassified from construction in progress to other asset classifications. The \$34,684,181 net increase in Construction in Progress is a result of those schools where construction continued during 2012. The increase in capital asset balances, coupled with changes in debt balances, contributed to a net decrease in Government Activities Investment in Capital Assets, Net of Related Debt in the amount of \$17,780,344. Detailed information regarding capital asset activity is included in the notes to the basic financial statements (Note 10).

**Debt** - At June 30, 2012, the District had \$636,566,647 in General Obligation Bonds outstanding, \$27,777,168 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2012:

	2012	2011
Governmental Activities:		
General Obligation Bonds	\$636,566,647	\$624,312,582
Capital Leases	106,715,000	114,960,560
Compensated Absences	54,472,945	55,036,867
Totals	<u>\$797,754,592</u>	<u>\$794,310,009</u>

Detailed information regarding debt is included in the notes to the basic financial statements (Notes 13-14).

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

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***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012***

***Unaudited***

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### **ECONOMIC FACTORS**

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

The faltering economy, reduction of federal title funding, loss of federal stimulus dollars and anticipated revenue cuts coming from the state will challenge the district budget while continuing successful programs and elementary initiatives currently in place. The District continues to be vigilant in creating efficiencies and strategic investments in all operations in order to balance the 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 Diane C. Whitt, Treasurer/CFO of the Cincinnati City School District, 2651 Burnet Avenue, P.O. Box 5384, Cincinnati, Ohio 45201-5384.



# CINCINNATI CITY SCHOOL DISTRICT, OHIO

## Statement of Net Assets June 30, 2012

	Governmental Activities
<b>Assets:</b>	
Equity in Pooled Cash and Investments	\$ 305,463,588
Investments	240,310
Receivables:	
Taxes	323,767,058
Accounts	1,619,042
Intergovernmental - State and Local	9,438,498
Intergovernmental - Federal	28,456,843
Interest	75,484
Inventory of Supplies at Cost	99,985
Inventory Held for Resale	24,617
Restricted Assets:	
Pooled Cash and Investments	37,871,279
Non-Depreciable Capital Assets	250,659,299
Depreciable Capital Assets, Net	745,990,013
Unamortized Bond Issuance Costs	3,644,280
<b>Total Assets</b>	<b>1,707,350,296</b>
<b>Liabilities:</b>	
Accounts Payable	14,592,962
Accrued Wages and Benefits	30,107,474
Intergovernmental Payable	9,519,269
Claims Payable	2,883,000
Unearned Revenue - Taxes	237,910,065
Accrued Interest Payable	2,834,573
Long Term Liabilities:	
Due Within One Year	41,201,840
Due in More Than One Year	756,552,752
<b>Total Liabilities</b>	<b>1,095,601,935</b>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	389,607,776
Restricted For:	
Capital Projects	3,952,865
Debt Service	30,104,898
Permanent Fund:	
Expendable	487,719
Nonexpendable	768,034
State and Federal Grants	19,478,500
Unrestricted	167,348,569
<b>Total Net Assets</b>	<b>\$ 611,748,361</b>

See accompanying notes to the basic financial statements

# CINCINNATI CITY SCHOOL DISTRICT, OHIO

## Statement of Activities For the Fiscal Year Ended June 30, 2012

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>					
Instruction:					
Instruction - Regular	\$ 221,930,107	\$ 4,994,182	\$ 7,990,030	\$ 0	\$ (208,945,895)
Instruction - Special	73,856,224	147,286	16,868,458	0	(56,840,480)
Instruction - Vocational	3,793,083	4,232	1,024,607	0	(2,764,244)
Instruction - Other	577,036	4,308	576,979	0	4,251
Support Services:					
Pupils	27,942,924	373,542	3,830,150	0	(23,739,232)
Instructional Staff	46,927,907	4,449,534	18,431,753	0	(24,046,620)
Board of Education	398,130	0	0	0	(398,130)
Administration	29,292,929	1,510,668	5,036,103	0	(22,746,158)
Fiscal Services	7,369,914	57,390	865,177	0	(6,447,347)
Business	1,607,145	1,537	0	0	(1,605,608)
Operation and Maintenance of Plant	47,844,700	330,368	120,212	5,908,555	(41,485,565)
Pupil Transportation	30,269,005	20,100	323,971	0	(29,924,934)
Central	18,435,513	6,459	246,492	0	(18,182,562)
Operation of Non-Instructional Services	46,614,539	2,117,529	28,756,323	0	(15,740,687)
Extracurricular Activities	7,140,306	1,912,546	1,990,126	0	(3,237,634)
Interest and Fiscal Charges	34,028,545	0	0	0	(34,028,545)
<b>Total Governmental Activities</b>	<b>\$ 598,028,007</b>	<b>\$ 15,929,681</b>	<b>\$ 86,060,381</b>	<b>\$ 5,908,555</b>	<b>(490,129,390)</b>
<b>General Revenues</b>					
Property Taxes Levied for:					
General Purposes					225,246,490
Debt Service					47,063,326
Revenue in Lieu of Taxes					21,431,724
Grants and Entitlements not Restricted to Specific Programs					185,176,443
Investment Earnings					608,212
Miscellaneous					6,424,176
Total General Revenues					485,950,371
Change in Net Assets					(4,179,019)
Net Assets Beginning of Year					615,927,380
Net Assets End of Year					\$ 611,748,361

See accompanying notes to the basic financial statements

# CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	General	Schoolwide Building Program	Debt Service
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$ 127,072,776	\$ 626,370	\$ 25,523,403
Investments	0	0	0
Receivables:			
Taxes	289,113,399	0	34,653,659
Accounts	272,965	0	0
Intergovernmental - State and Local	0	0	0
Intergovernmental - Federal	0	0	0
Interest	43,228	0	0
Interfund Loans Receivable	11,166,187	0	0
Advances to Other Funds	0	0	0
Inventory of Supplies at Cost	0	0	0
Inventory Held for Resale	0	0	0
Restricted Assets:			
Pooled Cash and Investments	8,309,709	0	0
<b>Total Assets</b>	<b>\$ 435,978,264</b>	<b>\$ 626,370</b>	<b>\$ 60,177,062</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 2,832,217	\$ 80,902	\$ 81
Accrued Wages and Benefits	25,681,993	0	0
Intergovernmental Payable	8,044,506	0	0
Interfund Loans Payable	4,630,712	465,028	649,227
Advances from Other Funds	2,447,807	0	0
Deferred Revenue - Taxes	254,518,399	0	30,873,659
Deferred Revenue	15,509	0	0
Compensated Absences Payable	6,301,241	0	0
<b>Total Liabilities</b>	<b>304,472,384</b>	<b>545,930</b>	<b>31,522,967</b>
<b>Fund Balances:</b>			
Nonspendable	190,019	0	0
Restricted	0	80,440	28,654,095
Assigned	5,338,695	0	0
Unassigned	125,977,166	0	0
<b>Total Fund Balances</b>	<b>131,505,880</b>	<b>80,440</b>	<b>28,654,095</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 435,978,264</b>	<b>\$ 626,370</b>	<b>\$ 60,177,062</b>

See accompanying notes to the basic financial statements

# **CINCINNATI CITY SCHOOL DISTRICT, OHIO**

Classroom Facilities Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 82,112,395	\$ 59,158,283	\$ 294,493,227
0	240,310	240,310
0	0	323,767,058
5,988	1,324,657	1,603,610
8,987,611	450,887	9,438,498
0	28,456,843	28,456,843
0	32,256	75,484
0	0	11,166,187
0	2,782,050	2,782,050
0	99,985	99,985
0	24,617	24,617
3,688,418	25,873,152	37,871,279
<u>\$ 94,794,412</u>	<u>\$ 118,443,040</u>	<u>\$ 710,019,148</u>
\$ 6,437,462	\$ 5,242,300	\$ 14,592,962
0	4,425,481	30,107,474
0	1,474,763	9,519,269
0	5,421,220	11,166,187
0	334,243	2,782,050
0	0	285,392,058
8,992,996	24,829,286	33,837,791
0	0	6,301,241
<u>15,430,458</u>	<u>41,727,293</u>	<u>393,699,032</u>
0	892,636	1,082,655
79,363,954	77,468,008	185,566,497
0	0	5,338,695
0	(1,644,897)	124,332,269
<u>79,363,954</u>	<u>76,715,747</u>	<u>316,320,116</u>
<u>\$ 94,794,412</u>	<u>\$ 118,443,040</u>	<u>\$ 710,019,148</u>

## CINCINNATI CITY SCHOOL DISTRICT, OHIO

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### ***Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities June 30, 2012***

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**Total Governmental Fund Balances** \$ 316,320,116

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

Capital Assets used in governmental activities are not resources and therefore are not reported in the funds. 996,649,312

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

Accounts Receivable - accrual basis	143,619	
Taxes Receivable - accrual basis	47,481,993	
Interest Receivable - accrual basis	19,441	
Grants Receivable - accrual basis	<u>33,674,731</u>	
Total		81,319,784

Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 8,102,793

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

Amounts Due Within One Year	(41,201,840)	
Amounts Due in More Than One Year	(756,552,752)	
Compensated Absences - accrued on fund basis	6,301,241	
Accrued Interest on Long-Term Debt	(2,834,573)	
Bond Issuance Costs	<u>3,644,280</u>	
Total		<u>(790,643,644)</u>

***Net Assets of Governmental Activities*** \$ 611,748,361

See accompanying notes to the basic financial statements





# CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2012**

	General	Schoolwide Building Program	Debt Service
<b>Revenues:</b>			
Taxes	\$ 235,891,856	\$ 0	\$ 47,929,363
Tuition	1,558,235	0	0
In Lieu of Taxes	8,013,617	0	13,417,052
Investment Earnings	276,599	0	8,272
Food Services	0	0	0
Intergovernmental - State	184,739,816	0	5,573,995
Intergovernmental - Federal	589,815	0	1,286,808
All Other Revenue	1,053,961	0	0
<b>Total Revenue</b>	<b>432,123,899</b>	<b>0</b>	<b>68,215,490</b>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	137,028,425	68,359,250	0
Special	40,893,862	20,466,980	0
Vocational	3,147,194	16,528	0
Other	0	0	0
Supporting Services:			
Pupils	20,519,655	2,858,447	0
Instructional Staff	14,623,330	10,448,452	0
Board of Education	393,684	0	0
Administration	12,954,300	10,464,848	134,999
Fiscal Services	5,944,991	0	381,493
Business	1,419,773	0	0
Operation & Maintenance of Plant	29,511,711	3,058,775	0
Pupil Transportation	29,572,509	0	0
Central	18,472,609	1,000	0
Operation of Non-Instructional Services	0	99	0
Extracurricular Activities	5,301,033	12,131	0
Capital Outlay	3,527	0	0
Debt Service:			
Principal Retirement	0	0	19,715,000
Interest & Fiscal Charges	0	0	35,549,109
<b>Total Expenditures</b>	<b>319,786,603</b>	<b>115,686,510</b>	<b>55,780,601</b>

# *CINCINNATI CITY SCHOOL DISTRICT, OHIO*

Classroom Facilities Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 0	\$ 283,821,219
0	744,012	2,302,247
0	0	21,430,669
(28,299)	388,038	644,610
0	1,707,174	1,707,174
0	10,932,476	201,246,287
0	74,126,043	76,002,666
0	17,594,374	18,648,335
(28,299)	105,492,117	605,803,207
0	8,865,958	214,253,633
0	12,721,395	74,082,237
0	950,127	4,113,849
0	558,733	558,733
0	4,576,516	27,954,618
0	21,546,085	46,617,867
0	0	393,684
0	5,782,292	29,336,439
0	862,613	7,189,097
0	138,814	1,558,587
0	14,622,235	47,192,721
0	242,474	29,814,983
0	411,917	18,885,526
0	27,961,882	27,961,981
0	1,826,412	7,139,576
99,333,850	36,925,361	136,262,738
0	0	19,715,000
0	373,905	35,923,014
99,333,850	138,366,719	728,954,283

(Continued)

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

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***Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2012***

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	General	Schoolwide Building Program	Debt Service
Excess (Deficiency) of Revenues			
Over Expenditures	112,337,296	(115,686,510)	12,434,889
<b>Other Financing Sources (Uses):</b>			
Issuance of General Obligation Bonds	0	0	0
Transfers In	5,234,143	121,088,023	16,502,079
Transfers Out	(134,096,710)	(5,000,000)	0
<b>Total Other Financing Sources (Uses)</b>	<u>(128,862,567)</u>	<u>116,088,023</u>	<u>16,502,079</u>
Net Change in Fund Balance	(16,525,271)	401,513	28,936,968
<b>Fund Balances at Beginning of Year</b>	<u>148,031,151</u>	<u>(321,073)</u>	<u>(282,873)</u>
<b>Fund Balances End of Year</b>	<u><u>\$ 131,505,880</u></u>	<u><u>\$ 80,440</u></u>	<u><u>\$ 28,654,095</u></u>

See accompanying notes to the basic financial statements

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**CINCINNATI CITY SCHOOL DISTRICT, OHIO**

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Classroom Facilities Capital Projects	Other Governmental Funds	Total Governmental Funds
(99,362,149)	(32,874,602)	(123,151,076)
0	26,250,000	26,250,000
0	42,973,999	185,798,244
(35,260,795)	(11,440,739)	(185,798,244)
(35,260,795)	57,783,260	26,250,000
(134,622,944)	24,908,658	(96,901,076)
213,986,898	51,807,089	413,221,192
\$ 79,363,954	\$ 76,715,747	\$ 316,320,116

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

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### ***Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds To the Statement of Activities For the Fiscal Year Ended June 30, 2012***

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**Net Change in Fund Balances - Total Governmental Funds** \$ (96,901,076)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 108,816,585

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received. (6,734,345)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (11,946,746)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. (6,535,000)

In the statement of activities, interest is accrued on outstanding bonds and long-term notes payable, whereas in governmental funds, an interest expenditure is reported when due. 1,894,469

Some expenses reported in the statement of activities, including the long-term portion of compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 6,695,062

The internal service funds are used by management to charge the costs of services to individual funds is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities. 532,032

***Change in Net Assets of Governmental Activities*** \$ (4,179,019)

See accompanying notes to the basic financial statements



# CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2012***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 242,697,855	\$ 274,366,846	\$ 230,846,034	\$ (43,520,812)
Tuition	1,547,841	4,986,349	1,554,146	(3,432,203)
In Lieu of Taxes	8,264,215	9,342,590	7,866,466	(1,476,124)
Investment Earnings	400,629	452,906	381,347	(71,559)
Intergovernmental - State	194,080,741	221,668,351	184,739,816	(36,928,535)
Intergovernmental - Federal	619,638	700,492	589,815	(110,677)
All Other Revenues	498,893	572,172	2,047,093	1,474,921
Total Revenues	448,109,812	512,089,706	428,024,717	(84,064,989)
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	141,246,749	151,438,854	135,280,658	16,158,196
Special	43,537,157	44,916,148	40,489,165	4,426,983
Vocational	3,504,398	3,615,395	3,259,058	356,337
Other	271	280	252	28
Support Services:				
Pupils	22,638,785	23,355,844	21,053,867	2,301,977
Instructional Staff	15,681,941	16,178,650	14,584,065	1,594,585
Board of Education	436,975	450,816	406,383	44,433
Administration	15,486,374	15,976,888	12,812,973	3,163,915
Fiscal Services	6,486,986	6,692,454	6,032,839	659,615
Business	1,512,235	1,581,504	1,427,735	153,769
Operation and Maintenance of Plant	32,525,901	33,556,123	30,248,796	3,307,327
Pupil Transportation	32,629,474	33,662,977	30,345,119	3,317,858
Central	13,890,143	14,330,099	12,917,709	1,412,390
Extracurricular Activities	5,852,050	6,037,407	5,442,354	595,053
Capital Outlay	4,635	4,782	4,311	471
Total Expenditures	335,434,074	351,798,221	314,305,284	37,492,937
Excess (Deficiency) of Revenues Over (Under) Expenditures	112,675,738	160,291,485	113,719,433	(46,572,052)



# CINCINNATI CITY SCHOOL DISTRICT, OHIO

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	0	4,286,796	4,286,796
Transfers Out	(134,096,710)	(134,096,710)	(134,096,710)	0
Advances In	0	17,967,919	17,967,919	0
Advances Out	0	(16,500,291)	(16,500,291)	0
Refund of Prior Year's Expenditures	0	272	272	0
Refund of Prior Year's Receipts	0	(512,268)	(512,268)	0
Total Other Financing Sources (Uses):	(134,096,710)	(133,141,078)	(128,854,282)	4,286,796
Net Change in Fund Balance	(21,420,972)	27,150,407	(15,134,849)	(42,285,256)
Fund Balance at Beginning of Year	108,232,671	108,232,671	108,232,671	0
Prior Year Encumbrances	16,250,137	16,250,137	16,250,137	0
Fund Balance at End of Year	<u>\$ 103,061,836</u>	<u>\$ 151,633,215</u>	<u>\$ 109,347,959</u>	<u>\$ (42,285,256)</u>

See accompanying notes to the basic financial statements

# CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Special Revenue Fund – Schoolwide Building Program Fund  
For the Fiscal Year Ended June 30, 2012***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	87,979,408	72,399,641	72,273,105	126,536
Special	26,286,475	21,631,554	21,593,748	37,806
Vocational	24,221	19,932	19,897	35
Support Services:				
Pupils	3,690,723	3,037,154	3,031,846	5,308
Instructional Staff	13,410,402	11,035,631	11,016,344	19,287
Administration	13,369,042	11,001,596	10,982,367	19,229
Operation and Maintenance of Plant	3,923,293	3,228,540	3,222,897	5,643
Central	1,224	1,007	1,005	2
Operation of Non-Instructional Services	131	108	108	0
Extracurricular Activities	7,223	5,944	5,933	11
Total Expenditures	148,692,142	122,361,107	122,147,250	213,857
Excess (Deficiency) of Revenues Over (Under) Expenditures	(148,692,142)	(122,361,107)	(122,147,250)	213,857
<b>Other Financing Sources (Uses):</b>				
Transfers In	129,620,572	121,780,127	121,088,023	(692,104)
Transfers Out	(5,000,000)	(5,000,000)	(5,000,000)	0
Advances In	0	465,028	465,028	0
Total Other Financing Sources (Uses):	124,620,572	117,245,155	116,553,051	(692,104)
Net Change in Fund Balance	(24,071,570)	(5,115,952)	(5,594,199)	(478,247)
Fund Balance at Beginning of Year	5,008,999	5,008,999	5,008,999	0
Prior Year Encumbrances	585,200	585,200	585,200	0
Fund Balance at End of Year	\$ (18,477,371)	\$ 478,247	\$ 0	\$ (478,247)

See accompanying notes to the basic financial statements

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

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***Statement of Net Assets  
Proprietary Fund  
June 30, 2012***

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	Governmental Activities - Internal Service Fund
<b>Assets:</b>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Investments	\$ 10,970,361
Receivables:	
Accounts	<u>15,432</u>
<b>Total Assets</b>	<u>10,985,793</u>
<b>Liabilities:</b>	
<i>Current Liabilities:</i>	
Claims Payable	<u>2,883,000</u>
<b>Total Liabilities</b>	<u>2,883,000</u>
<b>Net Assets:</b>	
Unrestricted	<u>8,102,793</u>
<b>Total Net Assets</b>	<u><u>\$ 8,102,793</u></u>

See accompanying notes to the basic financial statements

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

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### ***Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Fund For the Fiscal Year Ended June 30, 2012***

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	Governmental Activities - Internal Service Fund
<b>Operating Revenues:</b>	
Interfund Charges	\$ 48,247,840
<b>Total Operating Revenues</b>	<u>48,247,840</u>
<b>Operating Expenses:</b>	
Claims	<u>47,715,808</u>
<b>Total Operating Expenses</b>	<u>47,715,808</u>
Change in Net Assets	532,032
Net Assets Beginning of Year	<u>7,570,761</u>
Net Assets End of Year	<u><u>\$ 8,102,793</u></u>
See accompanying notes to the basic financial statements	

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

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### ***Statement of Cash Flows***

#### ***Proprietary Fund***

***For the Fiscal Year Ended June 30, 2012***

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	Governmental Activities - Internal Service Fund
	<hr/>
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Interfund Charges	\$48,239,065
Cash Payments for Claims	<u>(48,239,065)</u>
Net Cash Provided by Operating Activities	<u>0</u>
Net Change in Cash and Cash Equivalents	0
Cash and Cash Equivalents at Beginning of Year	<u>10,970,361</u>
Cash and Cash Equivalents at End of Year	<u><u>\$10,970,361</u></u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income	\$532,032
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(8,649)
Decrease in Accounts Payable	(45,383)
Decrease in Claims Payable	<u>(478,000)</u>
Total Adjustments	<u>(532,032)</u>
Net Cash Provided by Operating Activities	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

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

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***Statement of Net Assets  
Fiduciary Funds  
June 30, 2012***

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	Private Purpose	
	Trust	
	Special Trust	
	Fund	Agency
<b>Assets:</b>		
Equity in Pooled Cash and Investments	\$ 1,129,326	\$ 119,595
Investments	433,153	0
Receivables:		
Accounts	1,042	0
<b>Total Assets</b>	<u>1,563,521</u>	<u>119,595</u>
<b>Liabilities:</b>		
Accounts Payable	90	0
Due to Students	0	119,595
<b>Total Liabilities</b>	<u>90</u>	<u>119,595</u>
<b>Net Assets:</b>		
Unrestricted	<u>1,563,431</u>	<u>0</u>
<b>Total Net Assets</b>	<u><u>\$ 1,563,431</u></u>	<u><u>\$ 0</u></u>

See accompanying notes to the basic financial statements

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

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***Statement of Changes in Net Assets***  
***Fiduciary Fund***  
***For the Fiscal Year Ended June 30, 2012***

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	Private Purpose
	Trust
	Special Trust
	Fund
<b>Additions:</b>	
Contributions:	
Private Donations	\$ 173,192
Total Contributions	173,192
Investment Earnings:	
Interest	19,265
Net Change in the Fair Value of Investments	155,721
Total Investment Earnings	174,986
Total Additions	348,178
<b>Deductions:</b>	
Administrative Expenses	1,531
Community Services	305,300
Extracurricular	13,148
Total Deductions	319,979
Change in Net Assets	28,199
Net Assets at Beginning of Year	1,535,232
Net Assets End of Year	\$ 1,563,431
See accompanying notes to the basic financial statements	