



# Introductory Section







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

January 29, 2010

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, 2009. 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, 2009 are prepared in conformity with generally accepted accounting principles. The independent auditor's report is included as the first component of the financial section of this report.

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

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

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

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

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

***For the Fiscal Year Ended June 30, 2009***

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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 1984 and the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations (June, 2003 Revision)*. Information related to this single audit, including a schedule of federal financial assistance, the independent 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 58 schools: 42 elementary schools and 16 high schools. Several high school buildings contain more than one school. Through the use of a five-year building and maintenance plan, all facilities are kept in the best operating and physical condition possible. The District has been sensitive to an energy conservation program and is in the sixth year of a \$985 million, 10-year facilities improvement program.

The District's average daily student enrollment (K-12) for the 2008-09 school year was 33,121 students. The District served 66% of the 50,020 children who reside within its boundaries. The majority of enrolled students were members of ethnic minorities -- in the 2008-09 school year, 68.8 percent of students were African-American, 0.8 percent were Asian, 23.7 percent were Caucasian, 0.1 percent were Native American, 4.6 percent were other/multiracial, and 1.9 percent were Hispanic.

A significant majority of students in the District -- 70.45 percent were on free or reduced lunch plans during the 2008-09 school year. Seventy-two percent of the District's elementary schools served student populations that were 75 percent or higher in poverty. Sixty-eight and seven-tenths percent of the students attending were served with Special Education needs.

Transportation was provided daily for 15,487 public students, 3,891 for charter students and 4,214 for non-public students. Buses traveled an average of 29,690 miles each day. A self-supporting Food Services Department served an average of 18,691 lunches and 11,757 breakfasts per day for the 2008-09 school year.

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

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***For the Fiscal Year Ended June 30, 2009***

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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. On the State of Ohio's 2008-09 Report Card, the District is in its fifth year of "Continuous Improvement" and continues to make gains in academic achievement.

The Board of Education of the Cincinnati City School District (Board) is a body both politic and corporate charged with the responsibility of managing and controlling affairs of the District and is, together with the District, governed by the general laws of the State of Ohio (Ohio Revised Code). The Board is comprised of seven (7) members who are elected for overlapping four-year terms. The Board members during the fiscal year ended June 30, 2009 were:

	<u>Date Current Term Commenced</u>	<u>Present Term Expires</u>
Eileen Cooper Reed, President	01/01/06	12/31/09
Melanie Bates, Vice President	01/01/06	12/31/09
Eve Bolton	01/01/08	12/31/11
Susan Cranley	01/01/06	12/31/09
Michael Flannery	01/01/08	12/31/11
Catherine Ingram	01/01/06	12/31/09
Chris Nelms	01/01/08	12/31/11

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, 2009 for a term expiring July 31, 2012. Mrs. Ronan began her 33-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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***For the Fiscal Year Ended June 30, 2009***

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Mrs. 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 parent and community stakeholders. In 2005, she received the Excellence in Educational Leadership Award from The University Council for Educational Administration.

In her current position, Mrs. Ronan has been widely credited for leading a seamless transition from the administration of Rosa Blackwell, who retired in July, 2008. 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 15 lowest performing elementary schools. At the high school level, Mrs. Ronan has focused on increasing 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. In addition, she serves on numerous boards of civic, cultural, educational and social service organizations. Mrs. Ronan considers as a great privilege the opportunity lead the district in preparing the next generation of Cincinnati's young people with the skills required by a fast-paced, technologically demanding global economy. With her current leadership in developing new Science, Technology, Engineering, and Mathematics (STEM) elementary and high schools and partnering in a record \$20 million grant from the GE Foundation to improve math and science education in the district, her career has come full circle from her initial days as a math and science junior high school teacher.

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 Board appointed Jonathan L. Boyd as Treasurer/CFO for a three-year term commencing May 1, 2007 and ending July 31, 2010. In October 2009 the Board extended his contract through July 31, 2012. Mr. Boyd holds a Masters Degree in Administration from Central Michigan University and has served as a Treasurer in other Ohio Public Schools for the past 24 years. In 1998 Mr. Boyd was recognized by the Foundation of School Business Management as the Treasurer of Year for his accomplishments in serving Ohio Public Schools.

### **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.

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

***For the Fiscal Year Ended June 30, 2009***

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

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

Metropolitan Cincinnati was expanded to include 15 counties in mid-2003: Hamilton, Warren, Clermont, Butler and Brown counties in Ohio; Dearborn, Franklin and Ohio counties in Indiana; and Kenton, Boone, Bracken, Campbell, Grant, Gallatin and Pendleton counties in Kentucky. There are approximately 3.7 million net square feet of office space in the downtown Cincinnati area and 23.3 million net square feet in suburban office buildings and parks. There are approximately 239.7 million square feet of industrial space and 47.5 million square feet of retail space in the area (2.6 million square feet downtown). Retail sales for 2005 in Hamilton County topped \$14.0 billion and sales surpassed \$29.6 billion for the entire Cincinnati Metropolitan Statistical Area (MSA).

Among the Metropolitan Area's more prominent manufacturing groups are transportation equipment, which includes aircraft engines and motor vehicle parts; food and kindred products; metal working and general industrial machinery; chemicals; fabricated metal products; and printing and publishing. This diverse economic base continues to be a source of stability for the area, protecting it from severe peaks and valleys in the business cycle. Total wage and salary employment in Hamilton County was estimated at 575,700 in 2005 by the U.S. Department of Commerce's Bureau of Economic Analysis. Hamilton County is home to 56% of all regional jobs and to approximately 25,000 business and industry establishments.

The Ohio Bureau of Employment Services estimated total employment in Hamilton County at 393,456 at June 30, 2009. This 89.9% employment rate is slightly above the State of Ohio employment rate of 88.9% at June 30, 2009 and trails the national rate of 90.3% at this date.

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

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***For the Fiscal Year Ended June 30, 2009***

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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 fifth 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 2009, the District has either renovated or constructed a total of 25 schools. By the end of 2009 there will be 12 additional schools either being renovated or under construction for the next phase of the Facilities Master Plan. The District's new schools are distinctive, eye-catching buildings, with technology-ready classrooms and stand-out architectural features that provide an abundance of natural light and include courtyards that invite outdoor learning, and welcoming rotundas. As state-of-the-art, 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) and Disadvantaged Business Enterprises (DBE), which includes small businesses, and minority- and female-owned businesses. The District's expanded [Supplier Diversity Program](#) is working to cultivate new relationships with a broader base of businesses. Beginning July 2003 through June 2009, over 48% of the District's construction contracts were awarded to SBE, DBE and minority owned enterprises, exceeding the Board's 25% goal.



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

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***For the Fiscal Year Ended June 30, 2009***

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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, 2008. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. The June 30, 2008 CAFR was the ninth 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, 2009 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,



Jonathan L. Boyd  
Treasurer/CFO

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

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### ***List of Principal Officials June, 30, 2009***

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

<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
Eileen Cooper Reed	President	December 31, 2009
Melanie Bates	Vice President	December 31, 2009
Eve Bolton	Member	December 31, 2011
Susan Cranley	Member	December 31, 2009
Michael Flannery	Member	December 31, 2011
Catherine D. Ingram	Member	December 31, 2009
A. Chris Nelms	Member	December 31, 2011

#### **District Administration:**

<b>Name</b>	<b>Title</b>
Mary Ronan	Superintendent
Jonathan L. Boyd	Treasurer/CFO
Michael Alao	Internal Auditor
Cynthia Dillon	General Counsel
Laura Mitchell	Deputy Superintendent
William Myles	Assistant Superintendent
Tom Rothwell	Assistant Superintendent
Terry Elfers	Chief Operations Officer
Jennifer M. Wagner	Chief Information Officer
Teresa Johnson	Assistant Treasurer
Janet Walsh	Director of Public Affairs
Patricia Neal-Miller	Director of Human Resources

***School District Organizational Chart  
For the Fiscal Year Ended June, 30, 2009***



**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, 2008

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



President

Executive Director