



Cincinnati Public Schools
Hamilton County, OH

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2018



OHIO AUDITOR OF STATE KEITH FABER



Board of Education
Cincinnati City School District
2651 Burnet Avenue
Cincinnati, Ohio 45201

We have reviewed the *Independent Auditor's Report* of the Cincinnati City School District, Hamilton County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2017 through June 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Ohio Auditor of State

A handwritten signature in cursive script that reads "Keith Faber".

January 14, 2019

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CINCINNATI CITY SCHOOL DISTRICT, OHIO

Hamilton County, Ohio

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

*Prepared by:
Jennifer Wagner
Treasurer/CFO*



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Introductory Section





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

December 28, 2018

To the Honorable Board of Education and
Citizens of the Cincinnati City School District

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the Board of Education of the Cincinnati City School District (the "District") for the fiscal year ended June 30, 2018. This report was prepared by the Office of the Treasurer/CFO and includes the report of the independent auditor, Plattenburg & Associates, Inc. The independent auditor's report concludes that the District's financial statements for the year ended June 30, 2018 and are prepared in conformity with generally accepted accounting principles. The independent auditor's report is included as the first component of the financial section of this report.

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

The District uses Powerschool's Business Plus as its general ledger accounting system, e-procurement software, capital asset system, and human resource/payroll system. The general ledger, e-procurement, and capital asset system went live on July 1, 2016 and the HR/payroll system went live on July 1, 2017.

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

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

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

Profile of the District

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

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

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

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

Transportation was provided daily for 18,450 public students, 4,183 for charter students, and 4,722 for non-public students. Buses traveled an average of 22,335 miles each day. A self-supporting Food Services Department served an average of 22,923 lunches and 15,480 breakfasts each day in the 2017-2018 school year.

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

The Board of Education of the Cincinnati City School District (Board) is a body both political and corporate, charged with the responsibility of managing and controlling affairs of the District and is, together with the District, governed by the general laws of the State of Ohio (Ohio Revised Code). The Board is comprised of seven (7) members who are elected for overlapping four-year terms. The Board members during the fiscal year ended June 30, 2018 were:

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

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

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

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

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

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

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

Local Economic Condition and Outlook

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

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

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

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

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

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

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

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

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

Long-term Financial Planning

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

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

Facilities Master Plan (FMP) Surges Forward

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

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

Historic Combination Preschool and K-12 Levy Sought

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

Awards and Acknowledgments

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017.

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

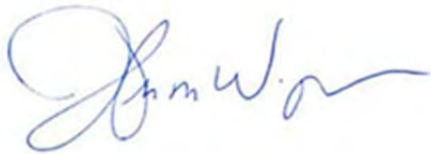
Independent Audit

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

Acknowledgments

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

Sincerely,



Jennifer M. Wagner
Treasurer/CFO

Cincinnati City School District Hamilton County, Ohio

List of Principal Officers June 30, 2018

Members of the Board of Education

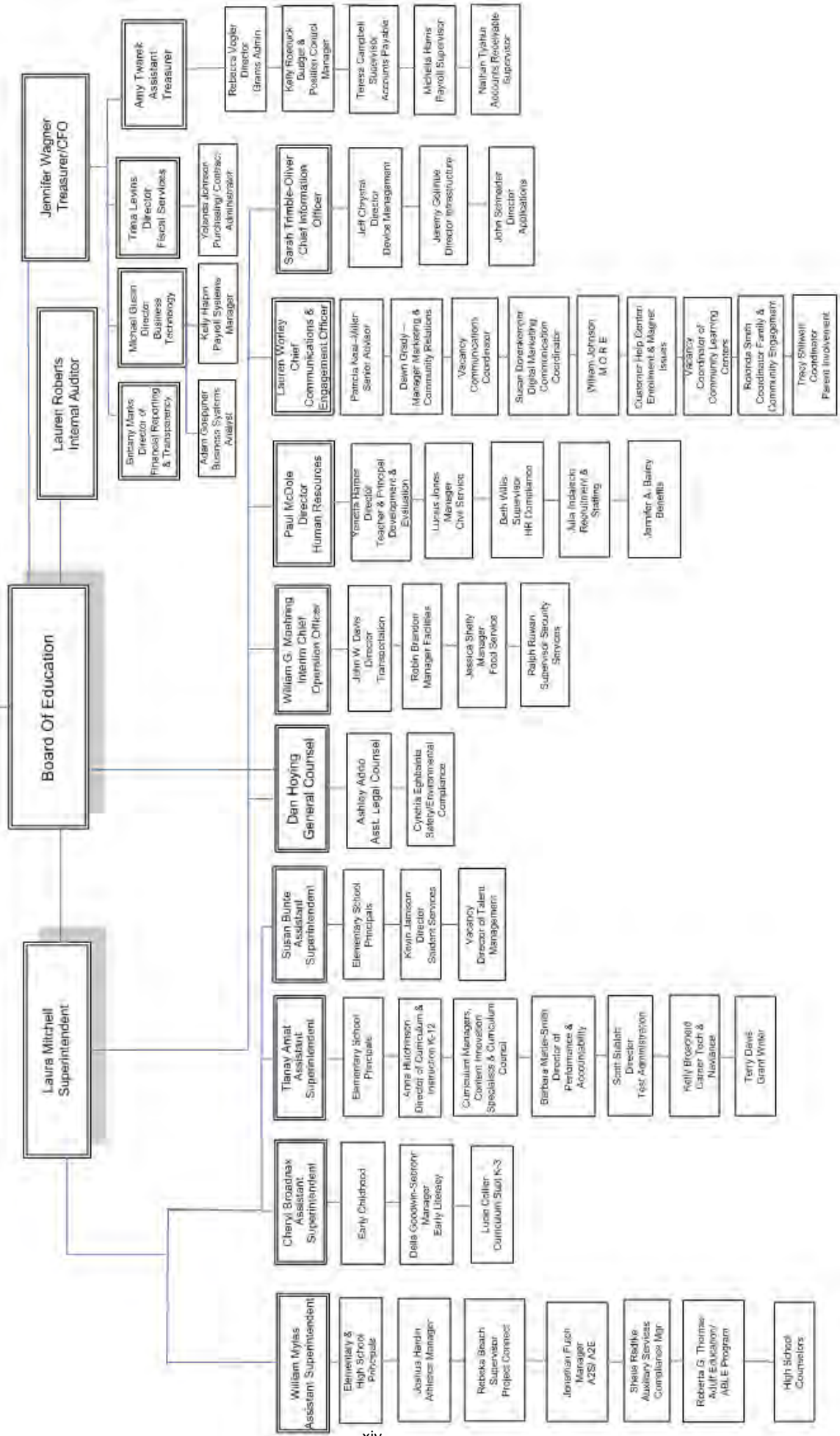
<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Carolyn Jones	President	December 31, 2019
Ericka Copeland-Dansby	Vice President	December 31, 2021
Melanie Bates	Member	December 31, 2021
Eve Bolton	Member	December 31, 2019
Ozie Davis III	Member	December 31, 2019
Ryan Messer	Member	December 31, 2021
Mike Moroski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

District Administration

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

Cincinnati Public Schools Organizational Chart

Students, Families, Employers, Taxpayers, Citizens





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Cincinnati City School District
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO





Financial Section



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matters

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

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

Plattenburg & Associates, Inc.

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

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

The discussion and analysis of the Cincinnati City School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

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

Overview of the Financial Statements

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

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

Government-wide Financial Statements

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

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(Unaudited)

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

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

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

Fund Financial Statements

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

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

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

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

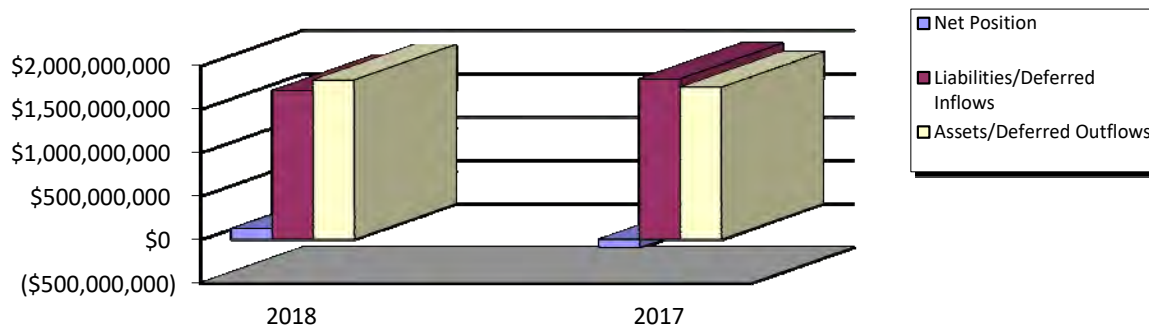
The District as a Whole

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

Cincinnati City School District, Ohio
Management's Discussion and Analysis
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(Unaudited)

Table 1
Net Position

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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(Unaudited)

Table 2
Changes in Net Position

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

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

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

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

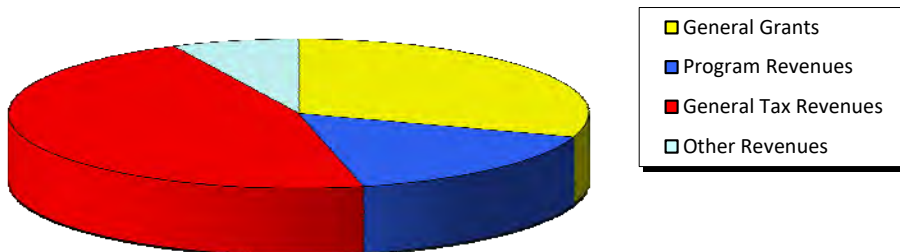
The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

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

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

Governmental Activities
Revenue Sources

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



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

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

Governmental Activities

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

Table 3
Governmental Activities

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

The District’s Funds

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

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

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

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

General Fund Budgeting Highlights

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

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

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

Capital Assets and Debt Administration

Capital Assets

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

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

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

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

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(Unaudited)

Debt

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

Table 5
Outstanding Debt at Year End

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

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

Economic Factors

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

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

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

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

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Treasurer/CFO of the Cincinnati City School District, 2651 Burnet Avenue, P.O. Box 5384, Cincinnati, Ohio 45201-5384.

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

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

See accompanying notes to the basic financial statements.

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

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

General Revenues:

Property Taxes Levied for:

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

Total General Revenues 594,758,402

Change in Net Position 218,941,077

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

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

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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

Total Governmental Fund Balance		\$284,004,273
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets used in the operation of Governmental Funds		944,918,405
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent Property Tax	43,257,589	
Interest	92,589	
Intergovernmental	<u>4,611,078</u>	
		47,961,256
An internal service fund is used by management to charge back costs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		
Internal Service Net Position		5,180,170
In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		
		(2,099,473)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(55,921,995)
Deferred charge on refunding associated with long-term liabilities that are not reported in the funds.		
		24,293,218
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	205,768,565	
Deferred inflows of resources related to pensions	(26,980,080)	
Deferred outflows of resources related to OPEB	11,495,819	
Deferred inflows of resources related to OPEB	<u>(15,253,442)</u>	
		175,030,862
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net Pension Liability	(576,365,965)	
Net OPEB Liability	(137,853,244)	
Other Amounts	<u>(588,260,164)</u>	
		<u>(1,302,479,373)</u>
Net Position of Governmental Activities		<u>\$120,887,343</u>

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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

Note 1 - Summary Of Significant Accounting Policies

Reporting Entity

The Cincinnati City School District, Ohio (District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District is a city school district as defined by Section 3311.02 of the Ohio Revised Code. The District operates under a locally elected seven member Board of Education and is responsible for the provision of public education to residents of the District. The District also provides both special education and career/technical education for residents of the District.

The District is the third largest in the State of Ohio and includes the cities of Cincinnati and Cheviot, and the villages of Amberley, Golf Manor, most of the village of Silverton, and part of each of the following: the city of Wyoming, the village of Fairfax and the townships of Anderson, Columbia, Delhi, Green and Springfield. The District's total area is approximately 90 square miles.

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

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

Basis of Presentation – Financial Statements

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

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

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

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

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

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

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

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

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are grouped into the categories governmental, proprietary and fiduciary.

Governmental Funds - These are funds through which most governmental functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds. The measurement focus is upon determination of "current financial resources" (sources, uses and balances of financial resources). The following are the District's major governmental funds:

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

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

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

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

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

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

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

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

Basis of Accounting

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

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

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

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

Current property taxes measurable at June 30, 2018, and which are not intended to finance fiscal 2018 operations, have been recorded as deferred inflows of resources. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

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

Revenues – Exchange and Non-exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Cash and Cash Equivalents

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

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

Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, *“Accounting and Financial Reporting for Certain Investments and for External Investment Pools”*, the District records all its investments at fair value.

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

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

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

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

Donor-Restricted Endowment

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

Inventory

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

Prepaid Items

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

Capital Assets

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

Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. The District capitalizes costs of capital assets exceeding \$25,000 (non-Federal Funds) and \$5,000 for assets purchased with Federal Funds. Capital asset values were initially determined by identifying historical costs where such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

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

Depreciation

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

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

Long-Term Obligations

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

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

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

Compensated Absences

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

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

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

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	<u>Certificated</u>	<u>Administrators</u>	<u>Non-Certificated</u>
<u>Vacation:</u>			
<i>How Earned</i>	Not Eligible	*27 days per year for those hired as of 7/31/13. For those hired after 7/31/13: 0-5 yr = 15 days/yr., after 5 th year anniversary = 20 days, after 10 th yr. anniversary = 25 days	0.84 days to 1.67 days per month of employment (10 to 20 days per year) depending on length of service.
<i>Maximum Accumulation</i>	Not Applicable	54 days if hired as of 8/1/02, 10 days if hired after 8/1/02	2 times the yearly accrual plus current year's accumulation
<i>Vested</i>	Not Applicable	As Earned	As Earned
<i>Termination Entitlement</i>	Not Applicable	Paid upon termination	Paid upon termination
<u>Sick Leave:</u>			
<i>How Earned</i>	1.25 days month of employment (15 days per year. If 96% attendance, then 1 additional day.	1.25 days month of employment (15 days per year.	1.25 days month of employment (15 days per year.
<i>Maximum Accumulation</i>	Unlimited Hired after 5/22/04 - 200 days	Unlimited	Unlimited
<i>Vested</i>	As Earned	As Earned	As Earned
<i>Termination Entitlement</i>	½ paid upon retirement or upon death with minimum service requirement. ¼ for all new hires after 5/26/04.	¼ paid upon retirement or upon death with minimum service requirement – capped at 240 days	½ paid upon retirement or upon death with minimum service requirement. ¼ for all new hires after 4/1/04 – capped at 200 days
<u>Personal Leave:</u>			
<i>How Earned</i>	3 days granted as of August 1	3 days granted as of August 1	3 days granted as of August 1
<i>Maximum Accumulation</i>	Not Applicable Converted to sick leave on August 1	Not Applicable Converted to sick leave on August 1	Not Applicable Converted to sick leave on August 1
<i>Vested</i>	Not Applicable	Not Applicable	Not Applicable
<i>Termination Entitlement</i>	Not Applicable	Not Applicable	Not Applicable

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

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

Net Position

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

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

Pensions/Other Postemployment Benefits (OPEB)

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

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Restricted Assets

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

Fund Balance

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

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

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

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

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

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

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

Deferred Outflows/Inflows of Resources

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

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

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

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are interfund charges for the internal service fund. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

Revenue in Lieu of Taxes

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

Note 2 – Fund Balances

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

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

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

Note 3 – Deficit Fund Equities

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

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

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

Cincinnati City School District, Ohio
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Note 4 - Cash, Cash Equivalents and Investments

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by a number of individual funds.

Statutes require the classification of funds held by the District into three categories. Category 1 consists of "active" funds - those funds required to be kept in a "cash" or "near cash" status for immediate use by the District. Such funds must be maintained either as cash in the District Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Deposits

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

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

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

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

Investments

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

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

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

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

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

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

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

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

Note 5 - Property Taxes

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

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

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

The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2018, are available to finance fiscal year 2018 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2018 and for which there is an

Cincinnati City School District, Ohio
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enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal yearend. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

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

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

Note 6 – Receivables

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

Note 7 – Transfers

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

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

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

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

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

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

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Note 8 - Interfund Receivables/Payables

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

Fund	Receivables	Payables
General Fund	\$6,005,000	\$0
Other Governmental Funds	0	6,005,000
Total All Funds	\$6,005,000	\$6,005,000

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

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

Note 9 - Capital Assets

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

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

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Depreciation expenses were charged to governmental functions as follows:

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

Note 10 - Defined Benefit Pension Plans

Net Pension Liability

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

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

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

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

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

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Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

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

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

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

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

Discount Rate

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

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

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

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

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

Changes in Benefit Terms

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

Actuarial Assumptions - STRS

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

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

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

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

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

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

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

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

Discount Rate

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

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

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

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

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Changes in Assumptions

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

Changes in Benefit Terms

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

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

Net Other Postemployment Benefits (OPEB) Liability

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

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

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

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

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

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Plan Description - School Employees Retirement System (SERS)

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

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

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

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

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

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

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

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

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

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

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

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

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

Discount Rate

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

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

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

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

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

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

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:

Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

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

Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Actuarial Assumptions - STRS

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

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

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

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

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

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

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

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

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

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

Discount Rate

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

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

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

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

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

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

Changes in Assumptions – STRS

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

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

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

Note 12- Long-Term Debt and Other Obligations

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

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

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

Principal and Interest Requirements

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

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

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

Defeased Debt

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

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

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

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

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

Note 13 - Capital Lease Commitment

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

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

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

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

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

Note 14 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District maintains comprehensive insurance coverage with private carriers for real property, boilers and machinery, building contents, general/Board liability and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real Property and contents are covered with a \$250,000 deductible. There has been no significant

Cincinnati City School District, Ohio
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For The Fiscal Year Ended June 30, 2018

reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past four fiscal years.

For fiscal year 2018, the District participated in the Ohio Bureau of Workers Compensation Retrospective Rating Program, which requires a minimum 31% annual premium payment plus actual claims from District employees for the prior 10 calendar years. The cost for Workers Compensation claims paid in fiscal year 2018 was \$880,134. The premium cost paid in fiscal year 2018 was \$770,126. Premium cost is for administrative charges for Ohio Bureau of Workers Compensation. In addition to the claims paid during fiscal year 2018, the Ohio Bureau of Workers Compensation established a reserve of \$1,219,197 for future claim payments.

The District is self-insured for employee health care. The District began accounting for the self-insurance in a separate Internal Service Fund in 2001. The Self Insurance Fund pays covered claims to service providers, and recovers these costs from charges to other funds based on a rate of 17.15% of gross payroll. Incurred but not reported liabilities (IBNR's) are determined by the actuarial firm of Mercer. For the fiscal year ending June 30, 2018, the IBNR's were determined to be \$5,860,000.

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

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

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

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

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

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

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

Note 15 – Statutory Reserves

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

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

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

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

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

Note 16 – Contingencies

Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2018.

Litigation

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

Foundation Funding

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

Note 17 – Construction and Other Commitments

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

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

Note 18 – Tax Abatements entered Into By Other Governments

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

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

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

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

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

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

Cincinnati City School District, Ohio
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For The Fiscal Year Ended June 30, 2018

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

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

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

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

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REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

See accompanying notes to the required supplementary information.

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

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

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

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

See accompanying notes to the required supplementary information.

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

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

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

See accompanying notes to the required supplementary information.

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

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

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

See accompanying notes to the required supplementary information.

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

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

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

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

See accompanying notes to the required supplementary information.

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

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

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

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

See accompanying notes to the required supplementary information.

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

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

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

See accompanying notes to the required supplementary information.

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

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

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

(2) - Includes Surcharge.

See accompanying notes to the required supplementary information.

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

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

See accompanying notes to the required supplementary information.

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

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

See accompanying notes to the required supplementary information.

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

Note 1 - Budgetary Process

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

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

Tax Budget

By January 15, the Superintendent and Treasurer submit an annual operating budget for the following fiscal year to the Board of Education for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the period July 1 to June 30 of the following fiscal year.

Estimated Resources

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

Appropriations

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

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

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

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

Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

Budgetary Basis of Accounting

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

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

Net Change in Fund Balance

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

Note 2 - SERS Change in Assumptions-Net Pension Liability

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

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

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

Changes in Assumptions

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

Changes in Benefit Terms

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

Note 4 - SERS Change in Assumptions-Net OPEB Liability

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

Municipal Bond Index Rate:

Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

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

Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Note 5 - STRS Change in Assumptions-Net OPEB Liability

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

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

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

MAJOR GOVERNMENTAL FUND

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Capital Project Funds

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

Permanent Fund

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

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

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

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

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



NONMAJOR SPECIAL REVENUE FUNDS

Fund Descriptions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NONMAJOR CAPITAL PROJECTS FUNDS

Fund Description

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

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

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

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

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

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

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

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

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

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

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

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

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

NONMAJOR PERMANENT FUND

Fund Description

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

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

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

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

OTHER GENERAL FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NONMAJOR FUNDS

Fiduciary Funds

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

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

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

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

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Statistical Section



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STATISTICAL SECTION

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

Contents:

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

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

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

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

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

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

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

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

Source: District Treasurer's Office

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

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

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

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

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

Source: District Treasurer's Office

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

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

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

Source: District Records

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

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

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

Source: District Records

Note:

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

(a) Restated from balances previously reported.

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

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

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

Source: District Records

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

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

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

Source: District Records

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

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

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

Source: District Records

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

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

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

Source: County Auditor

Note:

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

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

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

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

Source: County Auditor

Note:

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

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



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

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

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

Source: County Auditor - Land and Buildings

Note:

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

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

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

Source: County Auditor

Note:

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

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

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

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

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

Sources:

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

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

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

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

Sources:

- (1) U.S. Bureau of Census of Population
- (2) Hamilton County Auditor
- (3) Includes all general obligation bonded debt supported by property taxes
- (4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes

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



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

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

Source: Ohio Municipal Advisory Council

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

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

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

Note:

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

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

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

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

Sources:

- (1) US Bureau of Census of Population
- (2) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available by County, Total Personal Income is a calculation
- (3) State Department of Labor Statistics
- (4) District Treasurer's Office

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



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

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

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

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

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

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

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

Source: District Treasurer's Office

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

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

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

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

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

Note:

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

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

(2) Expenses do not include interest expense

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

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

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

Source: District Treasurer's Office

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

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

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

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

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

N/A Information not available

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

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

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

Source: District Treasurer's Office

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

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

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

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

N/A Information not available

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



CINCINNATI CITY SCHOOL DISTRICT



Single Audit Reports

June 30, 2018

CINCINNATI CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/
Pass Through Grantor

<u>Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Disbursements</u>	<u>Non-Cash Disbursements</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
School Breakfast Program	3L70	10.553	\$5,197,731	\$0
National School Lunch Program	3L60	10.555	12,421,340	1,253,138
Summer Food Service Program for Children	3GE0	10.559	424,953	0
<i>Total Child Nutrition Cluster</i>			<u>18,044,024</u>	<u>1,253,138</u>
Child Nutrition Discretionary Grants Limited Availability	3GF0	10.579	26,152	0
Fresh Fruit and Vegetable Program	3GG0	10.582	605,426	0
Child and Adult Care Food Program	3L80	10.558	94,090	0
Total U.S. Department of Agriculture			<u>18,769,692</u>	<u>1,253,138</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Impact Aid	N/A	84.041	19,084	0
Total Impact Aid			<u>19,084</u>	<u>0</u>
<i>Passed Through Ohio Department of Education:</i>				
Special Education Cluster:				
Special Education Grants to States	3M20	84.027	9,711,451	0
Special Education Preschool Grants	3C50	84.173	243,457	0
Total Special Education Cluster			<u>9,954,908</u>	<u>0</u>
Title I Grants to Local Education Agencies	3M00	84.010	24,371,931	0
School Improvement Grants	3AN0	84.377	106,300	0
Adult Education-Basic Grants to States	3ABL	84.002	1,018,318	0
Career and Technical Education-Basic Grants to States	3L90	84.048	1,180,491	0
Education for Homeless Children and Youth	3EJ0	84.196	313,542	0
Twenty-First Century Community Learning Centers	3Y20	84.287	262,782	0
English Language Acquisition State Grants	3Y70	84.365	416,706	0
Supporting Effective Instruction State Grants	3Y60	84.367	2,274,928	0
Student Support and Academic Enrichment Program	3HI0	84.424	63,390	0
Total U.S. Department of Education			<u>39,982,380</u>	<u>0</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Passed through the Cincinnati-Hamilton County Community Action Agency:</i>				
Head Start	HS18	93.600	3,392,095	0
Total U.S. Department of Health and Human Services			<u>3,392,095</u>	<u>0</u>
Total Federal Awards			<u>\$ 62,144,167</u>	<u>\$ 1,253,138</u>

See accompanying notes to The Schedule of Expenditures of Federal Awards.

CINCINNATI CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Note A - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is a summary of the activity of the District's federal award programs. The schedule has been prepared using the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The District did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note B - Child Nutrition Cluster

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

Note C - Food Donation Program

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective programs that benefited from the use of those donated food commodities.

Note D - Matching Requirements

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregated remaining fund information of the Cincinnati City School District (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 28, 2018, wherein we noted the District adopted GASB No. 75 as disclosed in Note 19.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plattensburg & Associates, Inc.

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the Cincinnati City School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 28, 2018, which contained unmodified opinions on those financial statements, wherein we noted the District adopted GASB No. 75 as disclosed in Note 19. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plattenburg & Associates, Inc.

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

**CINCINNATI CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant Deficiency(s) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant Deficiency(s) identified? None reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

- Title I Grants to Local Education Agencies Program CFDA #84.010
- Supporting Effective Instruction State Grants Program CFDA #84.367

Dollar threshold used to distinguish between Type A and Type B Programs \$1,901,920

Auditee qualified as low-risk auditee? No

Section II – Findings Related to the Financial Statements Required to be reported in Accordance with GAGAS

None

Section III – Federal Award Findings and Questioned Costs

None

**CINCINNATI CITY SCHOOL DISTRICT
 SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2018**

Finding Number	Finding Summary	Finding Corrected	Initial Occurrence	Explanation
2017-001	Monthly Cash Reconciliations	Partially	FY 2015	The District made progress on this issue. This has been moved to the management letter.

OHIO AUDITOR OF STATE KEITH FABER



CINCINNATI CITY SCHOOL DISTRICT

HAMILTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 24, 2019**