



**Auditor of State
Betty Montgomery**

**CINCINNATI CITY SCHOOL DISTRICT
HAMILTON COUNTY**

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**CINCINNATI CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

FEDERAL GRANTOR/ <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution Program	03-PU	10.550	\$0	\$606,077	\$0	\$694,329
National School Breakfast Program	05PU-02	10.553	2,126,066	0	662,309	0
National School Lunch Program	LLP4-02	10.555	7,132,217	0	9,593,362	0
National Child Care Program	21-CP-02	10.558	40,898	0	46,858	0
Summer Food Service Program	23-PU/24-PU-01	10.559	253,533	0	0	0
Total U.S. Department of Agriculture - Child Nutrition Cluster			<u>9,552,714</u>	<u>606,077</u>	<u>10,302,529</u>	<u>694,329</u>
U.S. DEPARTMENT OF EDUCATION						
Impact Aid - Facilities Maintenance	N/A	84.040	0	0	99,138	0
Federal Pell Grant Program	N/A	84.063	0	0	0	0
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	6BST	84.027	6,269,712	0	4,888,717	0
Special Education - Preschool Grant	PGS1-01/02	84.173	247,910	0	295,630	0
Total Special Education Cluster			<u>6,517,622</u>	<u>0</u>	<u>5,184,347</u>	<u>0</u>
School to Work Program	WKBE-01	17.249	(3,506)	0	0	0
Adult Education - State Grant Program	ABS1/ABSL-02	84.002	445,677	0	734,500	0
Grants to Local Educational Agencies (ESEA Title I)	C1S1-01/02	84.010	17,846,692	0	18,673,386	0
Vocational Education Basic Grants to State	20C1-01/02	84.048	1,427,925	0	1,336,481	0
Drug-Free Schools Grant	DRS1-00/01/02	84.186	302,836	0	635,425	0
Education for Homeless Children and Youth	HCS1-02	84.196	129,920	0	104,512	0
Even Start - State Education Agencies	EVS1-01/02	84.213	60,997	0	128,721	0
Capital Expenses	CXS1-00/01	84.216	(7,777)	0	396,250	0
Goals 2000 - State and Local Education Systemic Improvement	G2SP-01	84.276	189,794	0	232,088	0
Eisenhower Prof. Dev. State Grant	MSS1-00/01/02	84.281	334,621	0	286,297	0
Innovative Educational Program Strategies	C2S1-02	84.298	127,231	0	504,120	0
Comprehensive School Reform	RFS1/S2-01	84.332	204,286	0	250,255	0
Class Size Reduction	CRS1-01/02	84.340	2,374,036	0	2,546,059	0
Emergency Immigration Act	E1S1-00/01	84.162	1,770	0	2,568	0
Small Learning Community	N/A	84.215L	0	0	566,689	0
Dropout Prevention	N/A	84.215W	0	0	146,683	0
Technology Literacy Challenge Fund Grant	TF43-00	84.318	(39)	0	0	0
Title I Accountability Grant	AKS1-01/02	84.348	842,975	0	0	0
Total Department of Education			<u>30,795,061</u>	<u>0</u>	<u>31,827,519</u>	<u>0</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Administration for Children, Youth, and Families - Head Start	N/A	93.600	0	0	2,150,352	0
Department of Mental Retardation and Developmental Disabilities	N/A	93.778	2,557,850	0	2,557,850	0
Total Department of Health and Human Services			<u>2,557,850</u>	<u>0</u>	<u>4,708,202</u>	<u>0</u>
U.S. DEPARTMENT OF LABOR						
<i>Passed Through Ohio Department of Education:</i>						
Employment Services and Job Training - Pilot and Demonstration Programs	N/A	17.249	0	0	0	0
Total Department of Labor			<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL FEDERAL ASSISTANCE			<u>\$42,905,624</u>	<u>\$606,077</u>	<u>\$46,838,250</u>	<u>\$694,329</u>

The accompanying notes to this schedule are an integral part of this schedule.

**CINCINNATI CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2002**

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B -- FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. At June 30, 2001, the District had food commodities in inventory.

NOTE C -- MATCHING REQUIREMENTS

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



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Education:

We have audited the basic financial statements of the Cincinnati City School District, Hamilton County, Ohio (the District), as of and for the fiscal year ended June 30, 2002, and have issued our report thereon dated February 14, 2003, in which we noted the District adopted Governmental Accounting Standards Board Statements No. 34. 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.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-10431-001 through 2002-10431-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated February 14, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2002-10431-005 through 2002-10431-007.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe 2002-10431-005 of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 14, 2003.

This report is intended for the information and use of the Audit Committee, management, the Board of Education, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

February 14, 2003



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH CIRCULAR A-133

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

To the Board of Education:

Compliance

We have audited the compliance of the Cincinnati City School District, Hamilton County, Ohio (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the fiscal year ended June 30, 2002. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2002. We noted certain instances of noncompliance that do not require inclusion in this report that we have reported to management of the District in a separate letter dated February 14, 2003.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We noted other matters involving the internal control over federal compliance that do not require inclusion in this report that we have reported to management of the District in a separate letter dated February 14, 2003.

Schedule of Federal Awards Expenditures

We have audited the basic financial statements of the District as of and for the fiscal year ended June 30, 2002, and have issued our report thereon dated February 14, 2003, in which we noted the District adopted Governmental Accounting Standards Board Statements No. 34. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the Audit Committee, management, the Board of Education, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than the specified parties.



Betty Montgomery
Auditor of State

February 14, 2003

**CINCINNATI CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2002**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster - 10.550; 10.555;10.558 Special Education Cluster - 84.027; 84.173 Class Size Reduction - 84.340 Title II - 84.281 Drug Free - 84.186 Title I - 84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$1,425,977 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2002-10431-001

Finding For Recovery/Material Noncompliance

During the period July 1, 2001 through June 30, 2002, Ms. Jenny Kirkpatrick, Sponsor, was responsible for recording, depositing and reconciling of receipts for the Western Hills high school drill team candy sales. Contrary to District policy, Ms. Kirkpatrick did not maintain accurate or complete records for the fund raiser. The candy cost \$0.50 each and was sold for \$1.00 each. The amount collected and deposited for the candy sold was \$1,968 which accounts for \$984 of the total candy purchased. However, the total amount of the invoices for the candy purchased was \$1,266, resulting in a shortage of \$282.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money collected but not accounted for is hereby issued against Ms. Jenny Kirkpatrick, in the total amount of \$282, and in favor of the Cincinnati Public School District Western Hills high school drill team Fund (Fund 300).

FINDING NUMBER 2002-10431-002

Material Noncompliance

Ohio Rev. Code, Section 5705.41(D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This Section also provides for two exceptions to the above requirements:

- A. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Education may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than \$1,000 dollars, the Treasurer may authorize payment through a Then and Now Certificate without affirmation of the Board of Education, if such expenditure is otherwise valid.

Overall Disbursements

- Eleven percent (11%) of the transactions tested did not have certification prior to the obligation date and neither of the two exceptions provided above were utilized.

Federal Nutrition Cluster Program

- Fifteen percent (15%) of the contracts tested did not have certification prior to the obligation date and neither of the two exceptions provided above were utilized.

**FINDING NUMBER 2002-10431-002
(Continued)**

Federal Title II Program

- Thirteen percent (13%) of the transactions tested did not have certification prior to the obligation date and neither of the two exceptions provided above were utilized.

Federal Safe, Drug Free Program

- Eighteen percent (18%) of the transactions tested did not have certification prior to the obligation date and neither of the two exceptions provided above were utilized.

The failure to certify commitments could result in unauthorized expenditures and deficit fund balances. The District should enforce their policy of processing expenditures and initiating a certified purchase order for every transaction to provide assurance that a purchase order is issued before any items or services are ordered. The District should not approve the payment of an expenditure when proper procedures are not followed.

FINDING NUMBER 2002-10431-003

Material Noncompliance

Ohio Rev. Code, Section 9.833(C)(2), requires a subdivision to establish a separate internal service fund by ordinance or resolution to account for all claims, administrative and other program associated costs relating to self insurance. The District is self insured for medical insurance purposes and did not establish the required separate internal service fund. Costs associated with the District's self insurance were paid primarily in the General Fund and various other funds with payroll expenses.

FINDING NUMBER 2002-10431-004

Material Noncompliance

Ohio Rev. Code, Section 149.351(A), provides that "All records are the property of the public office and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under Sections 149.38 to 149.42, Ohio Rev. Code. Contrary to this Section, the District could not provide 15% of the invoices related to food service items, and 13% of the invoices related to the special education cluster items selected for review, and 20% of the employee Integris documents requested. Additional procedures were performed to ensure completeness. All civil service employee records were misplaced for the pay period selected for review, resulting in 45% of the check signoff and verification sheets not being provided for the federal employees selected for control testing. We reviewed the pay periods prior and subsequent to the pay period selected and the information was available and reasonable.

FINDING NUMBER 2002-10431-005

Material Weakness

The District has delegated employees' health insurance claims processing, which is a significant accounting function, to a third-party administrator. The District has not established procedures to determine whether the service organization has sufficient controls in place and operating effectively to reduce the risk that health insurance claims have not been completely and accurately processed in accordance with the health insurance contract.

We recommend the District implement procedures to assure the completeness and accuracy (including eligibility and allowability) of health insurance claims processed by its third-party administrator. Statement of Auditing Standards (SAS) No. 70 as amended, prescribes standards for reporting on the processing (i.e. control design and operation) of transactions by service organizations. An unqualified Tier II "Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness" in accordance with SAS 70, should provide the District with an appropriate level of assurance that health insurance claims are being processed in conformance with the contract.

We recommend the District specify in their contract with the third-party administrator that an annual Tier II SAS 70 audit be performed. The District should be provided with a copy of the SAS 70 report timely and should review the report's content. A SAS 70 audit should be conducted in accordance with American Institute of Certified Public Accountants' (AICPA) standards by a firm registered and considered in "good standing" with the Accountancy Board of the respective State. If the third-party administrator refuses to provide the District with a Tier II SAS 70 report, we recommend contracting with a third-party administrator that will provide such a report.

FINDING NUMBER 2002-10431-006

Reportable Condition

Payroll processing involves three separate computer systems, Peoplesoft, Integris, and Oracle. Although the allocation of payroll expenditures among the various payroll accounts should be the same in each system, we noted 16.7% and 13% of the transactions reviewed for general and federal payroll testing, respectively, had variances among the three systems. Time distribution reports are printed on a monthly basis by the payroll department however, the department does not print time distribution reports for each pay period. When prior information is not maintained fund allocations cannot be fully verified. Since the payroll system is a point in time system, this procedure does not allow for verification of an employee's pay allocation to funds and functions for each pay period. When the general ledger system (Oracle) does not match the payroll system (Integris), and Integris does not correspond to Peoplesoft, payroll could be allocated to the wrong funds and functions. This could cause an inaccurate amount of expenditures being shown in the funds and functions.

While the District is in the process of acquiring and installing a new payroll system we recommend allocation of payroll expenditures within the three computer systems be closely monitored each pay period, and that the payroll department print the time distribution report for every pay period to assist in this monitoring until the new system is implemented. Maintaining and retaining payroll reports listing each employee, his/her gross pay, the pay date and account allocation will provide the District information necessary to review payroll to ensure that each employee's compensation is being allocated to the proper account. It will also provide backup when there is a question regarding a previous payroll. We also recommend the District's Federal Administrator document that the monthly Oracle payroll reports have been reviewed to ensure employee wages paid from federal funds have been properly charged to the correct fund in order to comply with the requirements of Circular A-87 regarding support of time distribution for wages and salaries for employees allocated to federal programs.

FINDING NUMBER 2002-10431-007

Reportable Condition

The District has a policy that specifically states that student store sales of merchandise to pupils shall not exceed cost plus a markup of ten percent (10%). Questionnaires were sent to the schools inquiring about the existence of student stores and their policy for pricing the items sold at the stores. All of the schools that responded with functioning student stores stated that the markup exceeded the cost plus 10% markup policy. We recommend that the District review student store pricing so that such merchandise is priced in accordance with District policy and made available to students at fair prices.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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**CINCINNATI CITY SCHOOL DISTRICT
HAMILTON OF COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2002**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected ?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-10431-001	ORC Section 5705.41(D), failure to properly encumber	No	Partially corrected, some improvement, issued as Finding 2002-10431-002 and management letter.
2001-10431-002	ORC Section 5705.36(A), excluding the principle of the nonexpendable trust funds when certifying unencumbered balances	Yes	Corrected, finding no longer valid.
2001-10431-003	ORC Section 9.833(C)(2), establishment of a separate internal service fund for self insurance	No	Issued as Finding 2002-10431-003.
2001-10431-004	ORC Section 149.351(A), disposal/retention of records	No	Issued as Finding 2002-10431-004.
2001-10431-005	Reportable Condition, variances in payroll allocations between the three systems	No	Issued as Finding 2002-10431-006.
2001-10431-006	Reportable Condition, review of monthly reports for health care from the third party administrator	Yes	
2001-10431-007	Reportable Condition, student stores cost mark-up exceeded the District's 10% policy	No	Partially corrected. Issued as Finding 2002-10431-007.
2001-10431-008	Reportable Condition, second verification of lunchroom daily treasurer's reports	No	Partially corrected. Issued as a management letter comment.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Hamilton County, Ohio



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2002**

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

CINCINNATI CITY SCHOOL DISTRICT, OHIO

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HAMILTON COUNTY, OHIO

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CINCINNATI CITY SCHOOL DISTRICT, OHIO

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CINCINNATI CITY SCHOOL DISTRICT

2651 Burnet Avenue • P O Box 5384
Cincinnati, OH 45201-5384



Treasurer's Office: phone (513) 475-7170

FAX (513)-475-4483

February 14, 2003

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, 2002. This report 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, 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.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Cincinnati City School District's MD&A can be found immediately following the report of the independent accountants.

The CAFR is organized in three sections: the Introductory Section, the Financial Section and the Statistical Section. The Introductory Section, which is unaudited, includes this letter of transmittal, an organization chart and a list of the District's elected officials. The Financial Section includes the auditor's report, Management's Discussion and Analysis, basic financial statements and notes that provide an overview of the District's financial position and operating results, the combining and individual statements and schedules for nonmajor funds. The Statistical Section, which is unaudited, includes selected financial, economic and demographic information, generally on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations (June, 1997 Revision)*. Information related to this single audit, including a schedule of federal financial assistance, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs, are included in a separately issued single audit report.

The financial reporting entity includes all the funds of the primary government, the District. Component units are legally separate entities for which the primary government is financially accountable. The District reviewed potential component units for inclusion in the financial reporting entity. There were no entities identified as component units of the District for this report. The District offers a comprehensive academic curriculum through the following programs: college preparatory classes, advanced placement courses, gifted education vocational programs and a full range of services in special education. The District provides tutorial help, resource rooms, speech/language therapy, psychological services and counseling. In addition to academic and related services, the District also offers students the opportunity to participate in a wide range of extracurricular activities to extend their learning and increase their enjoyment of school.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal For the Fiscal Year Ended June 30, 2002

The District operates 77 school buildings: 63 elementary schools, 3 middle/junior high schools and 11 high schools. Through the use of a five-year building and maintenance plan, all facilities are kept in the best operating and physical condition possible. The District has been sensitive to an energy conservation program and is about to embark on a \$985 million, 10-year facilities improvement program. The District provides bus transportation (both private and public) and food services to its 41,694 students at buildings described above.

District Structure, Local Economic Condition and Outlook

The District includes the cities of Cincinnati and Cheviot, and the villages of Amberley and Golf Manor, most of the city of Silverton, and part of each of the following: the city of Wyoming, the village of Fairfax and the townships of Anderson, Columbia, Delhi, Green and Springfield, with a total area of approximately 90 square miles. The governing body is the Board of Education, which is made up of seven elected-at-large members with staggered four-year terms.

Subject to the provision of the State Constitution, the District operates pursuant to the Ohio Revised Code. Under such law, there is no authority for the District to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education. The Board is charged with the duties and responsibilities of managing the affairs of the District pursuant to the laws governing public education in Ohio. The Board of Education directly employs the Superintendent and Treasurer. The Board of Education serves as the legislative body of the District.

In early November of every other year an election is held within the District boundaries to elect, in alternating elections, three and four members to the Board of Education. They are elected for a term of four years. At the Board's organizational meeting in January each year the Board members elect a president and vice president. The Board also elects a Treasurer if the previous term has expired. Pursuant to the Ohio Revised Code, the Treasurer of the Board of Education is the chief fiscal officer of the District. However, certain of the financial functions of the District are the responsibility of the Superintendent of Schools.

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

As of June 30, 2002, Dr. Steven Adamowski was Superintendent of the District, first appointed to this position by the Board in August 1998. In August 2002, Dr. Adamowski resigned his position as Superintendent of the District. In September 2002, the Board appointed Alton L. Frailey as the Superintendent. Mr. Frailey holds a Bachelor of Science Degree in Elementary Education and a Master's Degree in Educational Administration from Stephen F. Austin State University. Mr. Frailey has 19 years experience in the education field. Mr. Frailey was most recently the assistant superintendent at a suburban Houston, Texas school district.

The Treasurer is appointed for a four-year term (following an initial two-year term) and serves as the fiscal officer of the Board of Education and, with the president of the Board of Education, executes all conveyances made by the Board of Education.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal For the Fiscal Year Ended June 30, 2002

The Treasurer is responsible directly to the Board for maintaining all financial records, overseeing the District's purchasing operations, issuing all payments, maintaining custody of all District funds and assets and investing idle funds as specified by Ohio Law. Michael Geoghegan became Treasurer of the Cincinnati City School District in August 2000 after serving as Director of Finance of Hamilton County. Mr. Geoghegan is a Certified Public Accountant, Certified Public Finance Officer, and Certified Internal Auditor and holds a Masters Degree in Business Administration from the University of Cincinnati.

For the fiscal year ended June 30, 2002, the District employed 7,182 employees (including non-teaching personnel and substitutes) and expended \$220,642,217 in salaries and wages to these employees and \$64,165,330 in fringe benefits, which included state employer retirement contributions, workers' compensation insurance, unemployment compensation, retirement severance payments and medical, dental and life insurance premiums. Of the District's current employees, 3,885 are certified by the Ohio Department of Education serving as classroom teachers, education specialists and administrators. The starting salary for a teacher with a bachelor's degree for the period beginning August 1, 2001 was \$31,706. The maximum teacher salary for the 2001-02 school year for a master's degree and 27 years of experience is \$69,608. Total K-12 enrollment of the District for the 2001-2002 school year was 41,694 students.

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

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

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

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 Ohio Bureau of Employment Services estimated total employment in Hamilton County at 425,200 at June 30, 2002. This 95.4% total employment rate compares favorably with the State of Ohio and national rate of 94.8% and 94.3%, respectively.

Fifty-four per cent (54%) of the U.S. population is within one hour's flight time and the Metropolitan Area is within 600 miles of 53% of the nation's purchasing power and 54% of the nation's manufacturing establishments. The corporate headquarters of numerous firms are located in the Metropolitan Area. Cincinnati is the home of several Fortune 500 corporations including Procter & Gamble, The Kroger Company, CInergy, American Financial Corporation, Fifth Third Bancorp, Ashland, Inc. and AK Steel. Nearly 400 Fortune 500 firms have operations in the Metropolitan Area.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal For the Fiscal Year Ended June 30, 2002

The Metropolitan Area is a growing center for international business, with approximately 1,000 firms engaged in international trade. Twenty-five percent (25%) of all jobs in the Metropolitan Area are related to exporting. Cincinnati exports more than any other city in Ohio and is ranked twenty-first (21st) in the United States. Metropolitan Area companies generate sales of approximately \$6.7 billion to customers outside the U.S. each year. Major export products include jet engines, plastics, machinery, computer software, paper and consumer goods. Directly imported products amount to over \$2 billion annually. Over 250 Greater Cincinnati firms are also owned by foreign firms from Japan, England, Western Europe and Canada. Foreign Trade Zone status is also available in Greater Cincinnati to assist firms engaged in international trade to lower import duty and tax expenses.

Metropolitan Cincinnati was the 31st largest metropolitan area in population according to the 1990 census. There are approximately 12.4 million net square feet of office space in the downtown area and 19.8 million net square feet in suburban office buildings and parks. There are approximately 2,000 million square feet of industrial space and 30 million square feet of retail space (1.6 million square feet downtown) in the area. At the end of 1999, Class A office space within the central business district was 98 percent occupied, the highest occupancy rate in 15 years. The estimated retail sales for 1999 in Hamilton County topped \$10.7 billion and sales surpassed \$20.5 billion for the entire Cincinnati Consolidated Metropolitan Statistical Area (CMSA).

The downtown area is home to the Dr. Albert B. Sabin Cincinnati Convention Center. The convention center has 162,000 total square feet of exhibit space and 88,000 square feet of meeting room space. The third floor includes a 30,000 square foot ballroom. Sharonville, in northeastern Hamilton County, is home to the 28,000 square foot Sharonville Convention Center. There are over 20,000 hotel and motel rooms in the area.

Cincinnati's Central Business District is a full-scale regional office center. In the past 15 years, the construction of new office buildings has been a major catalyst for new job growth and tax revenue generation. Past construction in the Cincinnati Business District has included department and specialty retail stores, new office towers, new apartments, and parking garages all surrounding Fountain Square and linked by the second level skywalk system. The estimated retail sales for 2000 (latest information available) in Hamilton County topped \$13 billion and sales surpassed \$22.9 billion for the entire Cincinnati Consolidated Metropolitan Statistical Area (CMSA).

The \$82 million Stanley J. Aronoff Center for the Arts located in downtown Cincinnati opened in the fall of 1995. The Center contains three theaters and draws half a million visitors annually. The area surrounding the Center for the Arts is called Backstage. Traffic from this facility has created eight new restaurants in a \$6 million, 22,000 square foot restaurant complex. In the same district a new development has started on the Contemporary Arts Center. The Arts Center, expected to cost \$34 million, will be the first construction in the United States of a Zaha Hadid design.

The Cincinnati Convention Center has operated above industry maximum occupancy rates since it was substantially expanded and renovated in 1987. Government, business, and community leaders identified the need of an expansion and in 1994, the State of Ohio provided a \$3 million grant to undertake and extensive feasibility study and schematic design which was completed in 1995. The study proposed a \$335 million expansion that would add 550,000 gross square feet to the existing 250,000 square foot facility. The Greater Cincinnati Convention and Visitors Bureau are coordinating efforts to reach consensus on a recommended funding plan to undertake the expansion effort.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2002

Since 1994 new businesses have opened at an unprecedented rate in the entertainment area in Over-the-Rhine. These new businesses bring new jobs to the downtown area and revitalize the Over-the-Rhine area making way for further development in that area. There are currently over 180 businesses operating in this growing entertainment district.

Xavier University opened the \$44 million multi-purpose convention center in 2000, which includes a conference center, a student-dining center and a new basketball arena. The College of Mt. St. Joseph has constructed the new \$7.5 million Harrington Center, a student union/recreation center. The new venue will include a 2,000-seat gymnasium, a day care/recreation center for students' children, a food court, and a bookstore.

The University of Cincinnati has constructed a conference center, molecular science research house, and guest lodging facility. The new \$60 million facility retains 70 jobs and creates 374 new jobs. Children's Hospital Medical Center is investing \$35 million to house a new research facility. The \$446.3 million Vontz Center for Molecular Studies at the University of Cincinnati has been completed. The new building is futuristic in form and even more in function. It was designed to house the most advanced laboratory and also to serve as a teaching facility for the study of cancer and neuroscience.

Recent Significant Accomplishments

For the Year. The District's enrollment (K-12) for the 2001-02 school year was 41,694 students. The District served over 70% of the 60,000-plus children who reside within its boundaries. The majority of enrolled students were members of ethnic minorities -- in the 2001-02 school year, 70.5 percent of students were African-American, 0.8 percent were Asian, 24.6 percent were Caucasian, 0.1 percent were Native American, 3.2 percent were other/multiracial, and 0.7 percent were Hispanic.

A significant majority of students in the District-- 63 percent -- were on free or reduced lunch plans during the 2001-02 school year. More than half of the District's elementary schools served student populations that were 70 percent or higher in poverty. Nearly fifteen percent of the students attending were served with Special Education needs.

Transportation was provided daily for 28,690 public students and 6,974 non-public students. Buses traveled an average of 34,586 miles each day. A self-supporting Food Services Department served an average of 20,554 lunches and 7,892 breakfasts per day for the 2001-02 school year.

Parental choice and involvement were encouraged. More than 12,000 students attended magnet or college preparatory programs outside of their neighborhoods. Magnet choices included a math and science academy, language instruction in nine languages, creative and performing arts K-12, the first public elementary and high school Montessori schools in the nation, Paideia instruction, a communications school, health and teaching professions and a premier college preparatory 7-12 high school offering 21 Advanced Placement courses, more than any other school in the nation.

Neighborhood schools offered several focused programs including Direct Instruction, Success for All, Roots & Wings and Expeditionary Learning. In order to give parents even more choice, the District has also sponsored three community schools, and is the first district in the State of Ohio to charter its own schools.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal For the Fiscal Year Ended June 30, 2002

Increasing student achievement is the focus of the Cincinnati City Schools. In January 2002, the District became the first of Ohio's large urban districts to climb out of Academic Emergency on the State Report Card. During the 2001-02 school year, record-high 31 schools reached the top ranking in our School Accountability Plan, which rates all schools based on test scores and other performance data. Eleven schools earned School Incentive Awards for exceptional progress, another record.

The District has been recognized as a national leader in school reform. Reforms include high-level performance standards for students, teachers and schools; a Student-based Budgeting process that funds the child and parent, not the school on a formula basis; a revolutionary Teacher Evaluation and Compensation System; an early literacy focus that included a Third-Grade Reading guarantee and mandatory summer school at the primary level. The Bill and Melissa Gates Foundation provided nearly \$2.4 million in grants for our pioneering plan to restructure our neighborhood high schools in smaller, more effective learning environments

The Cincinnati City Schools are changing from a low-performing, centrally controlled school district to a system of high-performing public schools. Continued reductions and downsizing of the central office resulted in an administrative cost of just 5.1 percent of budget. Resources and the control of resources have been moved to the school and classroom levels where the needs are more clearly defined. Schools and teachers are being held to a higher standard of accountability while being given the authority and resources to meet the challenges of an urban school system.

In May 2002, the Board of Education approved the \$985 million Facilities Improvement Plan for the District. Under the Plan, the District will build 35 schools and fully renovate and modernize 31 others – bringing school buildings for all District students up to State standards. The Facilities Improvement Plan was crafted with hundreds of hours of community input and partnership with the Ohio School Facilities Commission (OSFC). The OSFC, the agency directing a statewide campaign to upgrade Ohio's school buildings, is contributing about \$210 million, or 23% of the Plan's matchable cost.

The community input will continue as projects get underway, with the school community selecting the architect, and then working with the professionals to design the building. The first projects will be the construction of a new home for Rockdale Academy in the Avondale community and a new K-12 school in the East End community; they will be the District's first new buildings since 1982. Fifteen other construction and renovation projects are slated to begin in Segment One, which continues through 2005.

Under the Plan, all District schools will be air-conditioned, heated and properly ventilated, with classroom wired for the latest technology. New construction also creates the opportunity to build schools specifically designed for teachers working in teams, the District's educational model. Enclosed classrooms will be clustered in groups of four, with each group sharing a common extended-learning area; restrooms and teacher work areas – a move away from the century-old model of classrooms lined up along a central hallway. The Plan also calls for designing, wherever possible, schools that are community-learning centers, also known as extended learning schools. Areas such as libraries, conference rooms, auditoriums and gymnasiums would be available for community use after school hours. Many newly built schools would include space for student and community services such as health clinics and social-service agencies.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal For the Fiscal Year Ended June 30, 2002

By the Plan's completion in 2012, the District will be operating a total of 66 buildings, 14 fewer than in 2002. The reduction reflects the District's declining enrollment and the need to eliminate about 1 million square feet of excess space. More than half the money needed to complete the \$985 million Facilities Improvement Plan has been secured. A bond issue in the amount of \$480 million will need to be approved by the voters in order to complete the remaining financing.

Major Initiatives For The Future

In September 2002, the Board of Education unanimously selected Alton L. Frailey to become the District's next Superintendent, starting in November 2002. Mr. Frailey holds a Bachelor's and Master's Degrees in education from Austin State University in Texas. He was formerly Assistant Superintendent at Spring Branch (Texas) Independent School District. He was also a Board Member of the Cypress-Fairbanks (Texas) Independent School District. Mr. Frailey brings strong credentials, impressive people skills and a record of raising student test scores. He was also instrumental in passage to two voted bond issues while working in Texas.

The District's new content standards in language arts and mathematics – developed with state and local educators and based on national research and best practices – will be implemented in the 2002-03 school year for all grades. New standards in science and social studies start in the 2003-04 school year. The District, which has taught its own standards-based curriculum since 1993, adopted the State's new language arts and mathematics standards to more closely align with State tests. The new standards represent a philosophical shift away from memorizing facts to teaching students conceptual thinking.

For the 2002-03 school year, the District's high school restructuring program will create seven (7) new high schools that offer smaller, more focused learning environments to prepare students for graduation and higher education. These include three university high schools closely linked with the University of Cincinnati and Xavier University, an international high school, an entrepreneurship high school and two high schools for information and design technology. The new high schools will join the District's list of K-12 Schools of Choice, which include magnet elementary schools, the established specialty high schools and the computer-based Virtual High School.

Other key priorities for 2002-03 and beyond include the following:

- Secure funding for the Facilities Improvement Plan.
- Create additional High Schools of Choice to raise academic achievement.
- Integrate special education into the general standards-based education system.
- Strengthen standards-based evaluation systems for teachers and administrators.
- Launch a computer-based instructional management system to support learning.
- Improve professional development for teachers and administrators.
- Develop a new 5-year District strategic plan.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal For the Fiscal Year Ended June 30, 2002

Financial Information

The District uses Oracle Public Sector General Ledger, an automated, on-line general ledger accounting system, which provides the capability to prepare financial information based on generally accepted accounting principles (GAAP) for governments. Oracle Public Sector General Ledger is the basis for the District's accounting, budgetary, purchasing and capital assets controls. The financial statements contained in the CAFR have been prepared from this system, implemented by the Treasurer's office in January 1995 and upgraded to the latest 11i release in January 2002.

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 Board of Education, by statute, adopts the annual operating budget for the District on or about the first of each fiscal year (July 1). All disbursements and transfers of cash between funds require appropriations authority from the Board of Education. Budgets are controlled at the fund level. The encumbrance method of budgetary accounting is used to control expenditures during the year.

Cash Management Policies and Practices. Chapter 135 of the Ohio Revised Code sets forth the requirements and limitations of the state's political subdivisions, including the District. Under Section 135.14 of the Revised Code, the District may invest its funds provided that such investments must mature or be redeemable within five years from the date of purchase.

The District has invested in or is eligible, under the above-described legal limitations, to invest in U.S. Treasury bonds, notes and bills; federal agency securities; commercial paper, bankers acceptances, State Treasurer's Asset Reserve (STAR Ohio), certificates of deposit, repurchase agreements and eligible Treasury Obligation Funds. The District interprets the limits on Federal guaranteed investments, bankers' acceptances, commercial paper and all other legal investments very conservatively.

The District has never owned any derivative type investments, interest only investments or reverse repurchase agreements. Interest earned by the District for the fiscal year ended June 30, 2002 totaled \$10,546,905, primarily from investments in federal agency securities and discount notes. The District utilizes investment advisors for both its operating fund and bond proceeds. The District's operating fund portfolio outperformed STAROhio, the benchmark investment standard for Ohio school districts, by an average of 125 basis points during the fiscal year ended June 30, 2002. This resulted in an additional \$1.1 million of interest income to the General Fund during the year.

All brokers, dealers and financial institutions that give advice or make investment recommendations to the District sign the District's Investment Policy, thereby acknowledging their agreement to abide by the Policy's contents. Those who execute investment transactions for the District read and sign the Policy, thereby acknowledging their comprehension and receipt of the Policy.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal For the Fiscal Year Ended June 30, 2002

Risk Management. The District continues to protect its assets through a comprehensive insurance program. For the year, commercial insurance carriers provided insurance coverage for property, boiler and machinery, general/school board and umbrella liability, and vehicles.

The District provides health and life insurance to all eligible employees. Health insurance includes both medical and dental coverage. Medical insurance is currently provided on a self-insurance basis. The self-insurance program is administered by Humana/ChoiceCare, which provides claims review and processing services, along with stop-loss coverage. Life insurance coverage is provided by a commercial insurance carrier.

The District also participates in the Retrospective Rating Program administered by the Ohio Bureau of Workers Compensation. This Program provides for a minimum annual premium payment, plus approximately 20% of actual claim payments for the prior ten calendar years.

Other Information

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, 2001. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

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

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Independent Audit. State statute requires an annual audit be performed by the Auditor of State or by an independent certified public accountant approved by the Auditor of State. The Auditor of State has performed the District Audit for fiscal year ended June 30, 2002. In addition to meeting the requirements of state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act of 1984, the 1996 amendments thereto, and the related U.S. Office of Management and Budget's Circular A-133. Generally accepted auditing standards and the standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditor's report on the basic financial statements of the governmental activities, each major fund and the aggregate remaining fund information and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's report on internal controls and compliance with applicable laws and regulations can be found in a separately issued single audit report.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2002

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 Ms. Avis Sharpe, Assistant Treasurer/Controller, to Mr. Jerry Klekamp, Director of Accounting, Budget & Reporting, and to all other members of the Department. I am also grateful for the professional services of Donald J. Schonhardt & Associates and Bastin & Company, LLC. for their assistance in preparing this report. Due credit should also be given to the Board of Education and the Superintendent for their leadership and support in planning and conducting the operations of the District in a responsible and progressive manner.

Sincerely,



Michael J. Geoghegan, CPA
Treasurer/CFO

CINCINNATI CITY SCHOOL DISTRICT, OHIO

List of Principal Officials June, 30, 2002

Members of the Board of Education:

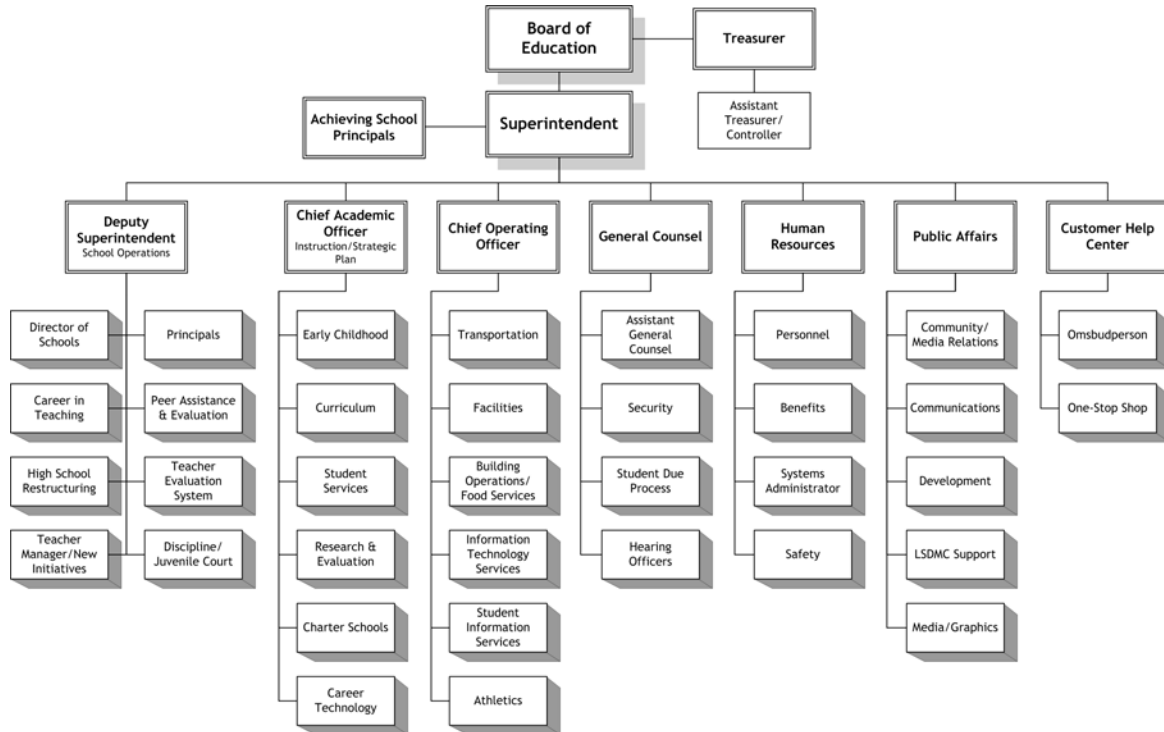
<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Rick Williams	President	December 31, 2003
Sally Warner	Vice President	December 31, 2005
Melanie Bates	Member	December 31, 2005
John J. Gilligan	Member	December 31, 2003
Catherine Ingram	Member	December 31, 2005
Dr. Florence Newell, Ed.D.	Member	December 31, 2003
Harriet Russell	Member	December 31, 2005

District Administration:

<u>Name</u>	<u>Title</u>
Steven J. Adamowski	Superintendent
Michael J. Geoghegan	Treasurer/CFO
Rosa E. Blackwell	Deputy Superintendent
Kathleen Ware	Associate Superintendent
Kenton Cashell	Business Executive
John S. Concannon	General Counsel
Deborah Heater	Director of Human Resources
Jan Leslie	Director of Public Affairs

CINCINNATI CITY SCHOOL DISTRICT, OHIO

School District Organizational Chart For the Fiscal Year Ended June, 30, 2002



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

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, 2001

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



William Patrick Pate
President

Jeffrey L. Essler
Executive Director





**Auditor of State
Betty Montgomery**

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Facsimile 513-361-8577
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INDEPENDENT ACCOUNTANTS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Cincinnati City School District, Hamilton County, Ohio (the Government), as of and for the year ended June 30, 2002, which collectively comprise the Government's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Government's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cincinnati City School District, Hamilton County, as of June 30, 2002 and, the respective changes in financial position and cash flow, where applicable, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, during the year ended June 30, 2002, the Government implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2003 on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

We conducted our audit to form opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund statements and statistical tables are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 14, 2003

CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2002*

Unaudited

The discussion and analysis of Cincinnati City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2002. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2002 are as follows:

- In total, net assets increased \$40,898,680, a 29% increase from 2001.
- General revenues accounted for \$411,917,454 in revenue or 80% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$104,401,401 or 20% of total revenues of \$516,318,855.
- The District had \$475,420,175 in expenses related to governmental activities; only \$104,401,401 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and unrestricted grants) of \$411,917,454 were adequate to provide for these programs.
- Among major funds, the general fund had \$401,933,601 in revenues and other financing sources and \$368,354,115 in expenditures and other financing uses. The general fund's fund balance increased \$33,579,486 to \$128,951,037. Revenues increased from 2001 by 6.7% primarily due to the increase in property tax revenues generated by a voter-approved November 2000 six-mill operating levy. Expenditures increased from 2001 by 4.7% primarily due to increases in salaries and wages for additional classroom teachers needed for class size reduction in K-3. Other increases included larger retirement severance payments and higher health insurance claims.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide longer term information about the District's overall financial status.
2. *The Fund Financial Statements* – These statements explain how services were financed in the short term, and report the District's operations in more detail than the government-wide statements.

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

CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Management's Discussion and Analysis
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Government-wide Statements

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

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

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional nonfinancial factors such as the property tax base, current property tax laws, student enrollment growth and facility conditions.

The government-wide financial statements of the District reflect the following category for its activities:

- Governmental Activities – The District's programs and services are reported as governmental activities and include instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Fund Financial Statements

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

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

Proprietary Funds – The District uses internal service funds to report activities that provide supplies and services for the District's other programs and activities. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

This is the first year for government-wide financial statements using the full accrual basis of accounting, therefore a comparison with prior year's information is not available. A comparative analysis will be provided in future years when prior year's information is available.

	Governmental Activities
	<u>2002</u>
Current and other assets	\$511,213,758
Capital assets, Net	97,018,615
Total assets	<u>608,232,373</u>
Long-term debt outstanding	208,534,011
Other liabilities	217,152,714
Total liabilities	<u>425,686,725</u>
Net assets	
Invested in capital assets, net of related debt	50,918,941
Restricted	30,525,349
Unrestricted	101,101,358
Total net assets	<u><u>\$182,545,648</u></u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

*Management's Discussion and Analysis
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Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2002:

	Governmental Activities
	<u>2002</u>
Revenues	
Program Revenues:	
Charges for Services and Sales	\$6,445,798
Operating Grants and Contributions	97,880,543
Capital Grants and Contributions	75,060
General revenues:	
Property Taxes	240,725,870
Revenue in Lieu of Taxes	13,994,122
Grants and Entitlements	143,443,480
Investment earnings	10,357,950
Other	3,396,032
Total revenues	<u>516,318,855</u>
Program Expenses	
Instruction:	
Instruction - Regular	214,853,229
Instruction - Special	56,276,047
Instruction - Vocational	10,405,177
Instruction - Other	2,083,093
Support Services:	
Pupils	21,749,313
Instructional Staff	24,600,912
Board of Education	243,629
Administration	33,394,787
Fiscal Services	5,373,728
Business	370,426
Operation and Maintenance of Plant	33,420,048
Pupil Transportation	23,572,004
Central	10,478,315
Operation of Non-Instructional Services	26,663,407
Extracurricular Activities	4,635,728
Debt Service:	
Interest and Fiscal Charges	7,300,332
Total expenses	<u>475,420,175</u>
Total Change in Net Assets	40,898,680
Beginning Net Assets	141,646,968
Ending Net Assets	<u>\$182,545,648</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Management's Discussion and Analysis
For the Fiscal Year Ended June, 30, 2002**

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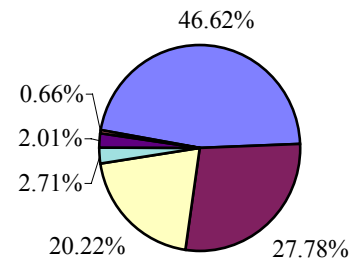
Governmental Activities

Net assets of the District's governmental activities increased by \$40,898,680. This was due to a combination of factors, including an increase in property tax revenues generated from the November 2000 operating levy, while minimizing increases to expenditures.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. In general, the overall revenue generated by the 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. However, the assessed millage cannot be reduced below 20 mills, according to state statutes.

Property taxes made up 47% of revenues for governmental activities for Cincinnati City Schools in fiscal year 2002. The District's reliance upon tax revenues is demonstrated by the following graph indicating 47% of total revenues from general tax revenues:

Revenue Sources	Amount	Percent of Total
Property Taxes	\$ 240,725,870	46.62%
General Grants	143,443,480	27.78%
Program Revenues	104,401,401	20.22%
Revenue in Lieu of Taxes	13,994,122	2.71%
Investment earnings	10,357,950	2.01%
General Other	3,396,032	0.66%
Total revenues	\$516,318,855	100.00%



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$259,652,052, which is greater than last year's total of \$246,695,759. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2002 and 2001.

	Fund Balance June 30, 2002	Fund Balance June 30, 2001	Increase (Decrease)
General	\$128,951,037	\$95,371,551	\$33,579,486
Debt Service	5,067,945	13,592,362	(8,524,417)
Classroom facilities			
Capital Projects	102,028,323	108,155,358	(6,127,035)
Other Governmental	23,604,747	29,576,488	(5,971,741)
Total	\$259,652,052	\$246,695,759	\$12,956,293

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Management's Discussion and Analysis
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General Fund – The District's General Fund balance increase is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2002 <u>Revenues</u>	2001 <u>Revenues</u>	Increase <u>(Decrease)</u>
Taxes	\$238,052,450	\$213,241,346	\$24,811,104
Tuition	711,648	542,380	169,268
In Lieu of Taxes	6,361,236	4,598,900	1,762,336
Investment Earnings	6,459,109	9,432,203	(2,973,094)
Intergovernmental - State	146,157,147	144,219,302	1,937,845
Intergovernmental - Federal	2,999,547	1,810,105	1,189,442
All Other Revenue	540,676	2,216,643	(1,675,967)
Total	\$401,281,813	\$376,060,879	\$25,220,934

General Fund revenues in 2002 increased approximately 6.7% compared to revenues in fiscal year 2001. The major factor contributing to this increase was the additional \$36 million in property tax revenues generated from the November 2000 levy, which increased by 11.6% in 2002, the first full year of levy receipts. Investment earnings decreased due to market factors.

	2002 <u>Expenditures</u>	2001 <u>Expenditures</u>	Increase <u>(Decrease)</u>
Instruction:			
Regular	174,153,161	\$151,063,441	\$23,089,720
Special	44,058,650	36,578,927	7,479,723
Vocational	6,806,344	6,569,873	236,471
Other	608,191	31,687	576,504
Supporting Services:			
Pupils	13,343,737	11,725,780	1,617,957
Instructional Staff	12,755,683	15,186,561	(2,430,878)
Board of Education	241,577	208,969	32,608
Administration	30,003,104	26,593,967	3,409,137
Fiscal Services	4,905,479	1,784,254	3,121,225
Business	347,721	402,902	(55,181)
Operation & Maintenance of Plant	32,045,113	32,855,158	(810,045)
Pupil Transportation	23,105,807	21,516,896	1,588,911
Central	8,468,285	14,420,653	(5,952,368)
Extracurricular Activities	3,667,111	2,898,677	768,434
Capital Outlay	8,696,586	809,747	7,886,839
Debt Service:			
Principal Retirement	0	23,188,093	(23,188,093)
Interest & Fiscal Charges	1,138,542	2,005,504	(866,962)
	\$364,345,091	\$347,841,089	\$16,504,002

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
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The expenditures increased by \$16,504,002 or 4.7% over the prior year mostly due to salary and wage increases for class size reduction, increases in health insurance claims, and increases in capital outlay with an offsetting reduction to debt retirement.

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 2002 the District did not amend its General Fund appropriations budget totaling \$460,500,000

For the General Fund, budget basis revenue of \$409.8 million did not significantly change over the original budget estimates of \$423 million. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2002 the District had \$97,018,615, net of accumulated depreciation, invested in land, land improvements, buildings and improvements, furniture fixtures and equipment, vehicles and construction in progress. All capital assets are related to governmental activities. The following table shows fiscal year 2001 and 2002 balances:

	Governmental		Increase (Decrease)
	Activities		
	2002	2001	
Land	\$ 11,696,565	\$ 11,696,565	\$ 0
Land improvements	12,166,836	9,263,600	2,903,236
Building and Improvements	163,314,504	149,883,608	13,430,896
Furniture Fixtures and Equipment	21,229,248	17,475,708	3,753,540
Vehicles	1,660,160	1,571,323	88,837
Construction in Progress	5,170,801	0	5,170,801
Less: Accumulated Depreciation	<u>(118,219,499)</u>	<u>(114,229,931)</u>	<u>(3,989,568)</u>
Totals	<u>\$97,018,615</u>	<u>\$75,660,873</u>	<u>\$ 21,357,742</u>

The primary increase occurred in buildings and improvements, which include projects for building improvements such as new roofs, windows and heating system replacements.

As of June 30, 2002, the District has contractual commitments of \$5,556,433 for additional construction and renovation items related to its facilities.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Management's Discussion and Analysis
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Debt

At June 30, 2002, the District had \$122,600,000 million in bonds outstanding, \$4,580,000 due within one year. The following table summarizes the District's debt and other long-term obligations outstanding as of June 30, 2002:

	<u>2002</u>	<u>2001</u>
Governmental Activities:		
Tax anticipation notes	\$ 15,000,000	\$ 30,050,000
General Obligation Bond:		
Building Acquisition	2,625,000	3,150,000
Energy Conservation	0	1,155,000
School Improvement	119,975,000	123,945,000
Long-term Notes payable	25,000,000	27,800,000
Capital Leases Payable	527,997	216,775
Compensated Absences	45,406,014	47,496,321
Totals	<u>\$ 208,534,011</u>	<u>\$ 233,813,096</u>

Under current state statutes, the District's combined voted and unvoted general obligation bonded debt issues are subject to a legal limitation based on 9% of the total assessed value of real and personal property. At June 30, 2002, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Notes 10 and 11.

ECONOMIC FACTORS

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

This diverse economic base continues to be a source of stability for the area, protecting it from severe peaks and valleys in the business cycle. The Ohio Bureau of Employment Services estimated total employment in Hamilton County at 425,200 at June 30, 2002. This 95.4% total employment rate compares favorably with the State of Ohio and national rate of 94.8% and 94.3%, respectively. All of these factors were considered in preparing the District's budget for the 2003 fiscal year.

A challenge facing the District is the future of state funding. On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including a change in the school districts that are used as the basis for determining the base cost support amount and fully funding parity aid no later than the beginning of fiscal year 2004. In general, it is expected the decision would result in an increase in State funding; however, on November 2, 2001, the Court granted the state's motion for reconsideration. On December 11, 2002, the Court issued its latest opinion,

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
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reaffirming its earlier decisions that Ohio's current school funding plan is unconstitutional. The Ohio Supreme Court relinquished jurisdiction over the case and directed the Ohio General Assembly to enact a school funding scheme that is "thorough and efficient". As of the date of these financial statements, the District is unable to determine what effect, if any, the decision and the reconsideration will have on its future state funding and on its financial operations.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, 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 financial information contact Michael J. Geoghegan, Treasurer/CFO of Cincinnati City School District.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Statement of Net Assets *June 30, 2002*

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$ 258,741,524
Investments	164,404
Receivables:	
Taxes	232,622,378
Accounts	1,155,539
Intergovernmental - State and Local	4,392,662
Intergovernmental - Federal	12,451,555
Inventory of Supplies at Cost	121,988
Inventory Held for Resale	142,882
Restricted Assets:	
Pooled Cash and Investments	1,420,826
Capital Assets, Net	<u>97,018,615</u>
Total Assets	<u>608,232,373</u>
Liabilities:	
Accounts Payable	8,734,866
Accrued Wages and Benefits	21,877,190
Intergovernmental Payable	834,256
Claims Payable	5,353,865
Deferred Revenue - Taxes	174,499,279
Deferred Revenue	4,706,771
Accrued Interest Payable	1,146,487
Long Term Liabilities:	
Due Within One Year	37,664,088
Due in More Than One Year	<u>170,869,923</u>
Total Liabilities	<u>425,686,725</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	50,918,941
Restricted For:	
Capital Projects	967,504
Debt Service	5,588,399
Permanent Fund:	
Expendable	317,754
Nonexpendable	768,034
Other Purposes	22,883,658
Unrestricted	<u>101,101,358</u>
Total Net Assets	<u>\$ 182,545,648</u>

See accompanying notes to the basic financial statements

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Statement of Activities *For the Fiscal Year Ended June 30, 2002*

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
Governmental Activities:					
Instruction:					
Instruction - Regular	214,853,229	2,574,651	37,190,264	0	(175,088,314)
Instruction - Special	56,276,047	16,977	11,350,403	0	(44,908,667)
Instruction - Vocational	10,405,177	0	710,759	51,692	(9,642,726)
Instruction - Other	2,083,093	10,136	1,089,968	0	(982,989)
Support Services:					
Pupils	21,749,313	6,632	10,360,080	0	(11,382,601)
Instructional Staff	24,600,912	75,097	11,798,138	23,368	(12,704,309)
Board of Education	243,629	0	0	0	(243,629)
Administration	33,394,787	0	2,474,930	0	(30,919,857)
Fiscal Services	5,373,728	0	416,690	0	(4,957,038)
Business	370,426	0	0	0	(370,426)
Operation and Maintenance of Plant	33,420,048	1	36,911	0	(33,383,136)
Pupil Transportation	23,572,004	0	443,285	0	(23,128,719)
Central	10,478,315	0	1,358,673	0	(9,119,642)
Operation of Non-Instructional Services	26,663,407	2,970,844	20,642,946	0	(3,049,617)
Extracurricular Activities	4,635,728	791,460	7,496	0	(3,836,772)
Debt Service:					
Interest and Fiscal Charges	7,300,332	0	0	0	(7,300,332)
Total Governmental Activities	475,420,175	6,445,798	97,880,543	75,060	(371,018,774)
General Revenues					
Property Taxes Levied for:					
General Purposes					239,988,500
Debt Service					737,370
Revenue in Lieu of Taxes					13,994,122
Grants and Entitlements not Restricted to Specific Programs					143,443,480
Investment Earnings					10,357,950
Miscellaneous					3,396,032
Total General Revenues					411,917,454
Change in Net Assets					40,898,680
Net Assets Beginning of Year					141,646,968
Net Assets End of Year					<u>\$ 182,545,648</u>

See accompanying notes to the basic financial statements

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Balance Sheet Governmental Funds June 30, 2002

	General	Debt Service	Classroom Facilities Capital Projects	Other Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$ 117,460,999	\$ 4,915,945	\$ 102,683,488	\$ 32,836,376
Investments	0	0	0	164,404
Receivables:				
Taxes	231,842,641	779,737	0	0
Accounts	433,067	0	0	152,241
Intergovernmental - State and Local	265,991	0	0	4,047,502
Intergovernmental - Federal	453,300	0	0	11,993,348
Interfund Loan Receivable	1,142,618	0	0	0
Advance to Other Funds	3,345,373	0	0	0
Inventory of Supplies at Cost	0	0	0	121,988
Inventory Held for Resale	0	0	0	142,882
Restricted Assets:				
Pooled Cash and Investments	1,420,826	0	0	0
Total Assets	\$ 356,364,815	\$ 5,695,682	\$ 102,683,488	\$ 49,458,741
Liabilities:				
Accounts Payable	\$ 6,015,490	\$ 0	\$ 655,165	\$ 2,064,211
Accrued Wages and Benefits	16,956,947	0	0	4,920,243
Intergovernmental Payable	834,256	0	0	0
Claims Payable	1,550,865	0	0	0
Interfund Loans Payable	0	0	0	1,142,618
Advances from Other Funds	0	0	0	3,345,373
Deferred Revenue - Taxes	184,802,641	627,737	0	0
Deferred Revenue	0	0	0	13,746,737
Compensated Absences Payable	2,184,829	0	0	634,812
Accrued Interest Payable	68,750	0	0	0
Tax Anticipation Notes Payable	15,000,000	0	0	0
Total Liabilities	227,413,778	627,737	655,165	25,853,994
Fund Balances:				
Reserved for Encumbrances	9,110,575	0	4,479,789	7,706,611
Reserved for Debt Service	0	4,915,945	0	0
Reserved for Property Taxes	47,040,000	152,000	0	0
Reserved for Budget Stabilization	1,420,826	0	0	0
Reserved for Endowments	0	0	0	768,034
Reserved for Advances	3,345,373	0	0	0
Unreserved, Undesignated in:				
General Fund	68,034,263	0	0	0
Special Revenue Funds	0	0	0	15,726,294
Capital Projects Funds (Deficit)	0	0	97,548,534	(913,946)
Permanent Fund	0	0	0	317,754
Total Fund Balances	128,951,037	5,067,945	102,028,323	23,604,747
Total Liabilities and Funds Balances	\$ 356,364,815	\$ 5,695,682	\$ 102,683,488	\$ 49,458,741

See accompanying notes to the basic financial statements

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Reconciliation Of Total Governmental Fund Balances To Net Assets Of Governmental Activities June 30, 2002

Total Governmental Funds		
\$ 257,896,808	Total Governmental Fund Balances	\$ 259,652,052
164,404		
232,622,378		
585,308	<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
4,313,493	Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	97,018,615
12,446,648		
1,142,618		
3,345,373		
121,988	Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	20,625,372
142,882		
1,420,826		
\$ 514,202,726		
8,734,866	Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(2,958,284)
21,877,190		
834,256		
1,550,865		
1,142,618	Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(191,792,107)
3,345,373		
185,430,378		
13,746,737		
2,819,641		
68,750	<i>Net Assets of Governmental Funds</i>	\$ 182,545,648
15,000,000		
254,550,674		
21,296,975		
4,915,945		
47,192,000		
1,420,826		
768,034		
3,345,373		
68,034,263		
15,726,294		
96,634,588		
317,754		
259,652,052		
\$ 514,202,726		

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2002**

	General	Debt Service	Classroom Facilities Capital Projects	Other Governmental Funds
Revenues:				
Taxes	\$ 238,052,450	\$ 731,654	\$ 0	\$ 0
Tuition	711,648	0	0	380,318
In Lieu of Taxes	6,361,236	7,491,800	0	0
Investment Earnings	6,459,109	100,428	3,672,322	279,034
Food Services	0	0	0	2,823,116
Intergovernmental - State	146,157,147	84,385	0	46,611,928
Intergovernmental - Federal	2,999,547	0	0	41,633,288
All Other Revenue	540,676	0	150,000	6,316,870
Total Revenue	401,281,813	8,408,267	3,822,322	98,044,554
Expenditures:				
Current:				
Instruction:				
Regular	174,153,161	0	0	35,389,217
Special	44,058,650	0	0	11,364,994
Vocational	6,806,344	0	0	3,317,008
Other	608,191	0	0	1,244,778
Supporting Services:				
Pupils	13,343,737	0	0	8,063,739
Instructional Staff	12,755,683	0	0	11,472,126
Board of Education	241,577	0	0	0
Administration	30,003,104	12,078	0	2,716,140
Fiscal Services	4,905,479	0	0	372,715
Business	347,721	0	0	0
Operation & Maintenance of Plant	32,045,113	0	0	871,992
Pupil Transportation	23,105,807	0	0	449,455
Central	8,468,285	0	0	1,619,428
Operation of Non-Instructional Services	0	0	0	25,330,107
Extracurricular Activities	3,667,111	0	0	865,245
Capital Outlay	8,696,586	0	9,949,357	6,742,453
Debt Service:				
Principal Retirement	0	5,650,000	0	27,800,000
Interest & Fiscal Charges	1,138,542	6,252,193	0	424,335
Total Expenditures	364,345,091	11,914,271	9,949,357	138,043,732
Excess (Deficiency) of Revenues Over Expenditures	36,936,722	(3,506,004)	(6,127,035)	(39,999,178)
Other Financing Sources (Uses):				
Proceeds from Capital Leases	651,788	0	0	0
Proceeds from the Sale of Notes	0	0	0	25,000,000
Operating Transfers In	0	21,375	0	9,164,937
Operating Transfers Out	(4,009,024)	(5,039,788)	0	(137,500)
Total Other Financing Sources (Uses)	(3,357,236)	(5,018,413)	0	34,027,437
Net Change in Fund Balance	33,579,486	(8,524,417)	(6,127,035)	(5,971,741)
Fund Balances at Beginning of Year (as Restated, See Note 2)	95,371,551	13,592,362	108,155,358	29,576,488
Fund Balances End of Year	\$ 128,951,037	\$ 5,067,945	\$ 102,028,323	\$ 23,604,747

See accompanying notes to the basic financial statements

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For The Fiscal Year Ended June 30, 2002**

Total Governmental Funds		
\$ 238,784,104	Net Change in Fund Balances - Total Governmental Funds	\$ 12,956,293
1,091,966	<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
13,853,036		
10,510,893		
2,823,116	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	21,668,231
192,853,460		
44,632,835		
7,007,546		
511,556,956		
209,542,378	Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of fixed assets net of proceeds received.	(310,489)
55,423,644		
10,123,352	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	4,674,933
1,852,969		
21,407,476	The issuance of long-term debt (e.g. long-term notes, leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.	8,138,778
24,227,809		
241,577		
32,731,322	In the statement of activities, interest is accrued on outstanding bonds and long-term notes payable, whereas in governmental funds, an interest expenditure is reported when due.	514,738
5,278,194		
347,721		
32,917,105	Some expenses reported in the statement of activities, long-term compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(2,535,828)
23,555,262		
10,087,713		
25,330,107		
4,532,356	The internal service funds are used by management to charge the costs of services to individual funds is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities.	(4,207,976)
25,388,396		
33,450,000		
7,815,070		
524,252,451		
(12,695,495)	Change in Net Assets of Governmental Activities	\$ 40,898,680
651,788		
25,000,000		
9,186,312		
(9,186,312)		
25,651,788		
12,956,293		
246,695,759		
\$ 259,652,052		

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2002***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 423,172,000	\$ 423,155,986	\$ 409,846,591	\$ (13,309,395)
Total Expenditures and Other Financing Uses	460,500,000	460,500,000	413,202,653	47,297,347
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(37,328,000)	(37,344,014)	(3,356,062)	33,987,952
Fund Balances, Beginning of Year	67,793,688	67,793,688	67,793,688	0
Prior Year Encumbrances	13,757,645	13,757,645	13,757,645	0
Fund Balances, End of Year	\$ 44,223,333	\$ 44,207,319	\$ 78,195,271	\$ 33,987,952

See accompanying notes to the basic financial statements

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Statement of Net Assets
Proprietary Fund
June 30, 2002***

	Governmental Activities - Internal Service Fund
Assets:	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 844,716
Total Assets	<u>844,716</u>
Liabilities:	
<i>Current Liabilities:</i>	
Claims Payable	<u>3,803,000</u>
Total Liabilities	<u>3,803,000</u>
Net Assets:	
Unrestricted	<u>(2,958,284)</u>
Total Net Assets	<u>\$ (2,958,284)</u>

See accompanying notes to the basic financial statements

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2002***

	Governmental Activities - Internal Service Fund
Operating Revenues:	
Interfund Charges	<u>\$ 32,061,356</u>
Total Operating Revenues	<u>32,061,356</u>
Operating Expenses:	
Claims	<u>36,269,332</u>
Total Operating Expenses	<u>36,269,332</u>
Operating Loss	(4,207,976)
Net Assets Beginning of Year	<u>1,249,692</u>
Net Assets End of Year	<u><u>\$ (2,958,284)</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, 2002

	Governmental Activities - Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Interfund Charges	\$20,857,525
Cash Payments for Claims	<u>(24,626,501)</u>
Net Cash Used by Operating Activities	<u>(3,768,976)</u>
Net Decrease in Cash and Cash Equivalents	(3,768,976)
Cash and Cash Equivalents at Beginning of Year	<u>4,613,692</u>
Cash and Cash Equivalents at End of Year	<u><u>\$844,716</u></u>
<u>Reconciliation of Operating Loss to Net Cash</u>	
<u>Used by Operating Activities:</u>	
Operating Loss	(\$4,207,976)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Claims Payable	<u>439,000</u>
Total Adjustments	<u>439,000</u>
Net Cash Used by Operating Activities	<u><u>(\$3,768,976)</u></u>

See accompanying notes to the basic financial statements

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Statement of Net Assets
Fiduciary Funds
June 30, 2002

	Private Purpose Trust	
	Special Trust Fund	Agency
Assets:		
Equity in Pooled Cash and Investments	\$ 1,077,799	\$ 37,822
Investments	511,166	0
Receivables:		
Interest	2,209	0
Total Assets	<u>1,591,174</u>	<u>37,822</u>
Liabilities:		
Accounts Payable	11,111	0
Due to Students	0	37,822
Total Liabilities	<u>11,111</u>	<u>37,822</u>
Net Assets:		
Unrestricted	<u>1,580,063</u>	<u>0</u>
Total Net Assets	<u><u>\$ 1,580,063</u></u>	<u><u>\$ 0</u></u>

See accompanying notes to the basic financial statements

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Statement of Changes in Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2002***

	Private Purpose Trust
	Special Trust Fund
Additions:	
Contributions:	
Private Donations	\$ 176,872
Total Contributions	<u>176,872</u>
Investment Earnings:	
Interest	36,012
Net Decrease in the Fair Value of Investments	<u>(20,954)</u>
Total Investment Earnings	<u>15,058</u>
Total Additions	<u>191,930</u>
Deductions:	
Administrative Expenses	3,182
Community Services	179,067
Extracurricular	<u>50,000</u>
Total Deductions	<u>232,249</u>
Change in Net Assets	(40,319)
Net Assets at Beginning of Year	<u>1,620,382</u>
Net Assets End of Year	<u>\$ 1,580,063</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, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

The District is the third largest in the State of Ohio and includes the cities of Cincinnati and Cheviot, and the villages of Amberley and Golf Manor, most of the city of Silverton, and part of each of the following: the city of Wyoming, the village of Fairfax and the townships of Anderson, Columbia, Delhi, Green and Springfield. The District's total area is approximately 90 square miles. As of June 30, 2002, the District employed 7,182 employees, including 4,242 certified by the Ohio Department of Education serving as classroom teachers, education specialists and administrators.

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

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

B. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation – Financial Statements (Continued)

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

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

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

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

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

The Fiduciary funds are reported using the economic resources measurement focus.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Fund Accounting

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

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

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

Bond Retirement Fund - The Bond Retirement debt service fund is used for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Classroom Facilities Fund - The Classroom Facilities capital projects fund accounts for financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds.

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

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

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

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds – Fiduciary fund reporting focuses on net assets and changes in net assets. The District has two types of fiduciary funds: private-purpose trust funds and agency funds. 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 agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operation.

D. Basis of Accounting

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

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

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

Current property taxes measurable at June 30, 2002, and which are not intended to finance fiscal 2002 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2002 are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

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

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Pursuant to GASB Statement No. 20, “*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*,” the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

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

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

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

E. Budgetary Process

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

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the fund level. Supplemental budgetary modifications may only be made by resolution of the Board of Education.

1. Tax Budget

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

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

Prior to April 1, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2002.

3. Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution establishes spending controls at the fund level. The appropriation resolution may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by management. During the year, several supplemental appropriations were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying basic financial statements.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Lapsing of Appropriations

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

6. Budgetary Basis of Accounting

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

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

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	General Fund
GAAP Basis (as reported)	\$33,579,486
Increase (Decrease):	
Accrued Revenues at June 30, 2002, received during FY 2003	(49,630,283)
Accrued Revenues at June 30, 2001, received during FY 2002	35,319,361
Accrued Expenditures at June 30, 2002, paid during FY 2003	18,021,830
Accrued Expenditures at June 30, 2001, paid during FY 2002	(21,844,808)
Interfund Balances 2002	(4,487,991)
Interfund Balances 2001	5,942,942
Note Retirement in 2002	(15,050,000)
Perspective Differences-Unbudgeted Funds	9,919,295
Encumbrances Outstanding	(15,125,894)
Budget Basis	(\$3,356,062)

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and investments with original maturities of less than three months.

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 4, "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the District records all its investments at fair value. See Note 4, "Cash, Cash Equivalents and Investments."

The District has invested funds in the STAR Ohio during 2002. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2002. See Note 4, "Cash, Cash Equivalents and Investments."

H. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds. The costs of inventory items are recorded as expenditures in the governmental funds when used. The amounts of unused commodities are reported at fair value and as deferred revenue, since title does not pass to the District until the commodities are used.

I. Capital Assets and Depreciation

1. Property, Plant and Equipment - Governmental Activities

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

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation (Continued)

1. Property, Plant and Equipment - Governmental Activities (Continued)

Contributed capital assets are recorded at fair market value at the date received. The District capitalizes costs of capital assets exceeding \$2,000. Capital asset values were initially determined by identifying historical costs where such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

2. Depreciation

All capital assets, except land, are depreciated. Depreciation has been provided using the straight-line method over the following estimated useful lives:

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

J. Long-Term Obligations

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	Debt Service Fund
Long-Term Notes Payable	Energy Conservation Fund
Capital Leases	General Fund
Tax Anticipation Notes	General Fund
Compensated Absences	All Funds that pay wages

K. Compensated Absences

GASB Statement No. 16 specifies that compensated absences should be accrued as employees earn them if both of the following conditions are met:

1. The employee's rights to receive compensation are attributable to services already rendered.
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.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences (Continued)

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

	<u>Certificated</u>	<u>Administrators</u>	<u>Non-Certificated</u>
<u>Vacation:</u> How Earned	Not Eligible	2.7 days per month of employment (27 days per year)	.84 days to 1.67 days per month of employment (10 to 20 days per year) depending on length of service.
Maximum Accumulation	Not Applicable	54 days	2 times the yearly accrual plus current year's accumulation
Vested	Not Applicable	As Earned	As Earned
Termination Entitlement	Not Applicable	Paid upon termination	Paid upon termination
Sick Leave: How Earned	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.
Maximum Accumulation	Unlimited	Unlimited	Unlimited
Vested	As Earned	As Earned	As Earned
Termination Entitlement	½ paid upon retirement or upon death with minimum service requirement	½ paid upon retirement or upon death with minimum service requirement	½ paid upon retirement or upon death with minimum service requirement
Personal Leave: How Earned	3 days granted as of August 1	3 days granted as of August 1	3 days granted as of August 1
Maximum Accumulation	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
Vested	Not Applicable	Not Applicable	Not Applicable
Termination Entitlement	Not Applicable	Not Applicable	Not Applicable

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences (Continued)

For governmental funds, compensated absences represents amounts that are due for termination payments. In the government wide statement of net assets, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account.

L. Net Assets

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

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

M. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

N. Interfund Activity

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

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. Fund balance reserves have also been established for these amounts.

P. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for advances, debt service, endowments, property taxes, budget stabilization and encumbered amounts which have not been accrued at year end. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles, but not available for appropriation under State statute. The reserve for budget stabilization is required by State statute.

Q. Estimates

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

R. Operating Revenues and Expenses

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

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002**

NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

A. Prior Period Adjustments

The balances reported at June 30, 2001 were restated from amounts previously reported to correct an error in accounting for accounts payable and to reclassify several funds that were incorrectly classified.

B. Changes in Accounting Principles

For fiscal year 2002, the District has implemented GASB Statement No. 34, “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments.*”

GASB 34 creates new basic financial statements for reporting on the District’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements split the District’s programs between business-type and governmental activities. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the enterprise and internal service funds from last year. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at June 30, 2001, caused by the elimination of the internal service fund and the conversion to the accrual basis of accounting.

C. Restatement of Fund Balance

The changes to the beginning retained earnings/fund balance, as well as the transition from fund balance to net assets of the governmental activities and the business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Fund Balance June 30, 2001	\$242,889,066	\$9,405,900
Adjustments:		
Reclassified from Enterprise Fund to Special Revenue Funds	6,277,407	(6,277,407)
Accounting Error for Payable	(2,416,148)	0
Reclass of Funds from Expendable Trust Funds to Nonexpendable Trust Funds	(54,566)	0
Total Prior Period Adjustments	<u>3,806,693</u>	<u>(6,277,407)</u>
GASB 34 Adjustments:		
Capital Assets	75,660,873	(1,878,801)
Internal Service Fund	1,249,692	(1,249,692)
Long-Term Liabilities	(197,909,795)	0
Long-Term (Deferred) Assets	15,950,439	0
Net Assets, June 30, 2001	<u>\$141,646,968</u>	<u>\$0</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2002

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

The fund deficits at June 30, 2002 of \$169,219 in the Head Start Fund, \$653,318 in the Disadvantaged Pupil Impact Aid Fund (special revenue funds) and of \$1,279,063 in the OSCF Big 8 Fund (capital projects fund) arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. The net asset deficit of \$2,958,284 in the Self Insurance Fund (internal service fund) arises from the recognition of expenses on the accrual basis which is greater than expenses recognized on the budgetary/cash 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.

B. Compliance

During fiscal year 2002, the following material non-compliance occurred:

1. The District failed to certify the availability of funds for certain commitments.
2. The District failed to establish the Internal Service Fund presented for financial reporting purposes on a budgetary/cash basis, as required by statute.

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;

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2002

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

- 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).

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public collateral are limited to obligations of the United States and its agencies and obligations of the State of Ohio, county, municipal corporation or other legally constituted authority of the State of Ohio, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, *“Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements,”* collateral held in single financial institution collateral pools with securities being held by the pledging financial institutions’ agent in the pool’s name are classified as Category 3.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2002

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

The Governmental Accounting Standards Board has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the District or by its agent in the District's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent, in the District's name.
- Category 3 Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Investments:

- Category 1 Insured or registered securities held by the District or its agent in the District's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name.

A. Deposits

At year end the carrying amount of the District's deposits was \$8,897,452 and the bank balance was \$15,451,762. The Federal Deposit Insurance Corporation (FDIC) covered \$147,729 of the bank balance and all remaining deposits were classified as Category 3. In accordance with Ohio Revised Code, the remaining balance was covered by pooled collateral.

B. Investments

The District's investments at June 30, 2002 are summarized below:

<u>Categorized Investments</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Fair Value</u>
Common Stock	\$675,570	\$0	\$675,570
U. S. Government Securities	0	247,401,517	247,401,517
Commercial Paper	0	4,966,167	4,966,167
Total Categorized	<u>675,570</u>	<u>252,367,684</u>	<u>253,043,254</u>
 <u>Non-Categorized Investments</u>			
STAR Ohio	<u>N/A</u>	<u>N/A</u>	<u>12,835</u>
Total Investments	<u>\$675,570</u>	<u>\$252,367,684</u>	<u>\$253,056,089</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002**

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

	<u>Pooled Cash and Investments</u>	<u>Investments</u>
Per Combined Balance Sheet	\$261,277,971	\$675,570
U.S. Government Securities	(247,401,517)	247,401,517
Commercial Paper	(4,966,167)	4,966,167
STAR Ohio	(12,835)	12,835
Per GASB Statement No. 3	<u>\$8,897,452</u>	<u>\$253,056,089</u>

NOTE 5 - PROPERTY TAXES

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the District. Real property taxes (other than public utility) collected during 2002 were levied after October 1, 2000 on assessed values as of January 1, 2000, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made the third year following reappraisal. The last revaluation was completed in 1999, and equalization adjustments were made during 2002. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually, the first payment is due April 30; with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002**

NOTE 5 - PROPERTY TAXES (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County including Cincinnati City School District. The County Auditor periodically remits to the District its portion of the taxes collected. The assessed values for collection in 2002, upon which the 2001 levies were based, were as follows:

	2001 Second Half Collections	2002 First Half Collections
Agricultural/Residential and Other Real Estate	\$4,953,068,920	\$4,964,323,920
Public Utility Personal	416,613,010	333,228,120
Tangible Personal Property	<u>728,375,690</u>	<u>737,473,360</u>
Total Assessed Value	<u>\$6,098,057,620</u>	<u>\$6,035,025,400</u>
Tax rate per \$1,000 of assessed valuation	\$56.93	\$57.15

NOTE 6 - RECEIVABLES

Receivables at June 30, 2002 consisted of taxes, accounts receivable, and intergovernmental receivables.

NOTE 7 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds at June 30, 2002:

Fund	Transfer In	Transfer Out
General Fund	\$0	(\$4,009,024)
Debt Service Fund	21,375	(5,039,788)
Other Governmental Funds	<u>9,164,937</u>	<u>(137,500)</u>
Total All Funds	<u>\$9,186,312</u>	<u>(\$9,186,312)</u>

Operating 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.

NOTE 8 - INTERFUND RECEIVABLES/PAYABLES

Interfund loans receivable/payable and advances to/from other funds – short-term loans at June 30, 2002 from one individual fund to another are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	<u>\$4,487,991</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 9 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2002:

Historical Cost:

Class	June 30, 2001	Additions	Deletions	June 30, 2002
Capital assets not being depreciated:				
Land	\$ 11,696,565	\$0	\$0	\$11,696,565
Capital assets being depreciated:				
Land Improvements	9,263,600	2,903,236	0	12,166,836
Buildings and Improvements	149,883,608	13,430,896	0	163,314,504
Furniture, Fixtures, and Equipment	17,475,708	4,036,125	(282,585)	21,229,248
Vehicles	1,571,323	222,691	(133,854)	1,660,160
Construction In Progress	0	5,170,801	0	5,170,801
Total Cost	<u>\$ 189,890,804</u>	<u>\$ 25,763,749</u>	<u>\$ (416,439)</u>	<u>\$ 215,238,114</u>
Accumulated Depreciation:				
Class	June 30, 2001	Additions	Deletions	June 30, 2002
Land Improvements	(\$7,742,000)	(\$283,869)	\$0	(\$8,025,869)
Buildings and Improvements	(92,657,118)	(2,546,606)	0	(95,203,724)
Furniture, Fixtures, and Equipment	(12,691,628)	(1,111,211)	23,884	(13,778,955)
Vehicles	(1,139,185)	(153,832)	82,066	(1,210,951)
Total Depreciation	<u>(\$114,229,931)</u>	<u>(\$4,095,518) *</u>	<u>\$105,950</u>	<u>(\$118,219,499)</u>
Net Value:	<u>\$75,660,873</u>			<u>\$97,018,615</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2002

NOTE 9 - CAPITAL ASSETS (Continued)

* Depreciation expenses were charged to governmental functions as follows:

Instruction:	
Regular	(\$2,853,703)
Special	(22,875)
Vocational	(318,954)
Adult/Continuing	(581)
Support Services:	
Pupils	(12,573)
Instructional Staff	(50,404)
Administration	(35,085)
Fiscal	(49,887)
Business	(745)
Operations & Maintenance of Plant	(92,020)
Pupil Transportation	(5,764)
Central	(461,512)
Extracurricular Activities	(17,848)
Other Noninstructional Services	(173,567)
Total Depreciation Expense	<u>(\$4,095,518)</u>

NOTE 10 - DEFINED BENEFIT PENSION PLANS

All of the District's full-time employees participate in one of two separate retirement systems which are cost-sharing, multiple-employer defined benefit pension plans.

A. School Employees Retirement System of Ohio (SERS of Ohio)

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

The SERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The SERS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the SERS of Ohio. Interested parties may obtain a copy by making a written request to SERS, 45 North Fourth Street, Columbus, Ohio 43215-3634 or by calling (614) 222-5853.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2002

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9% respectively. The contribution rates are determined actuarially, and are established and may be amended, up to statutory amounts, by the School Employees Retirement Board (Retirement Board) within the rates allowed by State statute. The required employer contribution rate is allocated to basic retirement benefits and health care by the Retirement Board. At June 30, 2002, 5.46% was allocated to fund the pension benefit and 8.54% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 2002, 2001, and 2000 were \$9,375,468, \$7,919,775, and \$8,136,012, respectively, which were equal to the required contributions for each year.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. The portion of the 2002 employer contribution rate that was used to fund health care for the year 2002 was 8.54%.

In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2002, the minimum pay has been established as \$12,400. The amount contributed to fund health care benefits, including the surcharge amounted to \$5,719,035.

Health care benefits are financed on a pay-as-you-go basis. The number of retirees and covered dependents currently receiving benefits is approximately 50,000. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2001 (the latest information available) were \$161,439,934 and the target level was \$242.2 million. Net assets available for payment of benefits at June 30, 2001 was \$315.7 million.

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

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

The STRS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits based on eligible service credit to plan members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. The STRS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the STRS of Ohio. Interested parties may obtain a copy by making a written request to STRS, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9.3%, respectively. The contribution requirements of plan members and the District are established and may be amended by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. At June 30, 2002, 9.5% was allocated to fund the pension benefit and 4.5% to fund health care. The District's contributions to the STRS of Ohio for the years ending June 30, 2002, 2001, and 2000 were \$24,737,256, \$26,439,792, and \$27,637,524, respectively, which were equal to the required contributions for each year.

STRS provides postemployment health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium.

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions to a Health Care Reserve Fund. For the fiscal year ended June 30, 2002, the board allocated employer contributions are equal to 4.5% of covered payroll to the Health Care Reserve Fund, which amounted to \$7,951,261 for the District. The balance of the Health Care Reserve Fund was \$3.256 billion at June 30, 2001 (the latest information available). For the fiscal year ended June 30, 2001, the net health care costs paid by STRS were \$300,772,000. There were 102,132 eligible benefit recipients.

NOTE 11 - NOTE PAYABLE

Note Payable activity of the District for the year ended June 30, 2002, was as follows:

Notes Payable	Balance June 30, 2001	Additions	Deletions	Balance June 30, 2002
Bond Anticipation Note 3.72%	\$4,860,000	\$0	(\$4,860,000)	\$0
	<u>\$4,860,000</u>	<u>\$0</u>	<u>(\$4,860,000)</u>	<u>\$0</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002**

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, 2002 is as follows:

		Balance			Balance	Amount Due
		June 30, 2001	Additions	Deductions	June 30, 2002	Within One Year
Acquisition of Building	3.25-10%	\$3,150,000	\$0	(\$525,000)	\$2,625,000	\$525,000
Energy Conservation	7.100%	405,000	0	(405,000)	0	0
Energy Conservation	5.7-10%	750,000	0	(750,000)	0	0
School Improvement	3.25-5.375%	123,945,000	0	(3,970,000)	119,975,000	4,055,000
Total General Obligation Bonds		128,250,000	0	(5,650,000)	122,600,000	4,580,000
Long-term Notes	4.00%	27,800,000	0	(27,800,000)	0	0
Long-term Notes	2.88%	0	25,000,000	0	25,000,000	25,000,000
Total Long-term Notes Payable		27,800,000	25,000,000	(27,800,000)	25,000,000	25,000,000
Tax Anticipation Notes	4.00%	10,050,000	0	(10,050,000)	0	0
Tax Anticipation Notes	2.88%	20,000,000	0	(5,000,000)	15,000,000	5,000,000
Total Tax Anticipation Notes Payable		30,050,000	0	(15,050,000)	15,000,000	5,000,000
Capital Leases Payable		216,775	651,788	(340,566)	527,997	264,447
Compensated Absences		47,496,321	10,314,805	(12,405,112)	45,406,014	2,819,641
Total Governmental Long-Term Debt		<u>\$233,813,096</u>	<u>\$35,966,593</u>	<u>(\$61,245,678)</u>	<u>\$208,534,011</u>	<u>\$37,664,088</u>

A summary of the District's future long-term debt funding requirements including principal and interest payments as of June 30, 2002, follows:

Years	General Obligation Bond			Tax Anticipation Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2003	\$4,580,000	\$6,012,046	\$10,592,046	\$5,000,000	\$825,000	\$5,825,000
2004	4,745,000	5,788,039	10,533,039	5,000,000	550,000	5,550,000
2005	4,955,000	5,534,384	10,489,384	5,000,000	275,000	5,275,000
2006	5,175,000	5,293,227	10,468,227	0	0	0
2007	5,360,000	5,065,622	10,425,622	0	0	0
2008-2012	54,945,000	20,851,853	75,796,853	0	0	0
2013-2017	7,745,000	10,961,418	18,706,418	0	0	0
2018-2022	35,095,000	3,904,559	38,999,559	0	0	0
Totals	<u>\$122,600,000</u>	<u>\$63,411,148</u>	<u>\$186,011,148</u>	<u>\$15,000,000</u>	<u>\$1,650,000</u>	<u>\$16,650,000</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2002

NOTE 13 - CAPITAL LEASE COMMITMENTS

The District is obligated under several leases accounted for as capital leases. The cost of the leased assets (copiers) is accounted for in the Governmental Activities Capital Assets and the related liability in the Governmental Activities Other Long-Term Obligations. The original cost of the assets under capital lease was \$645,023.

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, 2002

<u>Year Ending June 30,</u>	<u>Capital Leases</u>
2003	\$292,076
2004	219,440
2005	<u>53,053</u>
Minimum Lease Payments	564,569
Less: Amount representing interest at the District's incremental borrowing rate of interest	<u>(36,572)</u>
Present value of minimum lease payments	<u><u>\$527,997</u></u>

NOTE 14 - OPERATING LEASE COMMITMENTS

The District is committed under various leases for furniture and office equipment. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the fiscal year ended June 30, 2002, amounted to \$1,544,184. Future minimum lease payments for these leases are as follows:

<u>Year Ending June 30,</u>	<u>Operating Leases</u>
2003	\$1,456,008
2004	1,456,008
2005	1,456,008
2006	1,456,008
2007	<u>242,668</u>
Total Lease Payments	<u><u>\$6,066,700</u></u>

NOTE 15 - 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 \$500,000 deductible.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2002

NOTE 15 - RISK MANAGEMENT (Continued)

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

For fiscal year 2002, the District participated in the Ohio Bureau of Workers Compensation Retrospective Rating Program, which requires a minimum 20% annual premium payment plus actual claims from District employees for the prior 10 calendar years. The cost for Workers Compensation claims paid in fiscal year 2002 was \$1,059,761. The premium cost paid in fiscal year 2002 was \$1,355,889. Premium cost is for administrative charges for Ohio Bureau of Workers Compensation. In addition to the claims paid during fiscal year 2002, the Ohio Bureau of Workers Compensation established a reserve of \$2,385,120 for future claim payments.

The District is self insured for employee health care. The District began accounting for the self-insurance in a separate Internal Service Fund in 2001. The Self Insurance Fund pays covered claims to service providers, and recovers these costs from charges to other funds based on a rate of 12.91% of gross payroll. Incurred but not reported liabilities (IBNR's) are determined by the Actuarial Firm of Timothy P. Berghoff, FSA, MAAA. For the fiscal year ending June 30, 2002, the IBNR's were determined to be \$3,803,000.

Changes in the fund's claims liability amount in 2002 and 2001 were:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2001	\$0	\$31,748,084	(\$28,384,084)	\$3,364,000
2002	3,364,000	25,065,501	(24,626,501)	3,803,000

Dental insurance is offered to employees through Dental Care Plus. Total Premiums paid to Dental Care Plus were \$4,746,071. Dental Care Plus does not require an employee payroll deduction.

The District offers to all employees who work a minimum of sixty-percent of full time employees and who are not AFSCME union members, a benefit called Benefit Bank. Each employee that qualifies is given \$275 on January 2 each year and employees that are married or have dependents can receive an additional \$50 if they return the application for additional funds. Substitute teachers also qualify for a \$300 benefit each September 1 if in the prior school the substitute teacher worked at least eighty-nine days and returned to teach in the current school year. The Benefit Bank pays for any medical related expense that is not paid for by Choice Care or by Dental Care Plus. Also, any expense related to optical service such as glasses or eye exams can be submitted for reimbursement from the employees benefit bank balance.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002**

NOTE 16 – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2002, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve	Budget Stabilization Reserve	Total
Set-aside Cash Balance as of June 30, 2001	\$801,533	\$0	\$1,420,826	\$2,222,359
Current Year Set-Aside Requirement	5,518,515	5,518,515	0	11,037,030
Current Year Offset Credits	0	0	0	0
Qualifying Disbursements	<u>(18,866,028)</u>	<u>(7,499,962)</u>	<u>0</u>	<u>(26,365,990)</u>
Total	<u>(\$12,545,980)</u>	<u>(\$1,981,447)</u>	<u>\$1,420,826</u>	<u>(\$13,106,601)</u>
Cash Balance Carried Forward to FY 2003	<u>\$0</u>	<u>\$0</u>	<u>\$1,420,826</u>	<u>\$1,420,826</u>
Amount Restricted for Budget Stabilization				<u>\$1,420,826</u>
Total Restricted Assets				<u>\$1,420,826</u>

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

NOTE 17 - CONTRACTUAL COMMITMENTS

As of June 30, 2002, the District had entered into various construction contracts for renovations and improvements which it had a remaining unperformed and unpaid total commitment of approximately \$5,556,433.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2002

NOTE 18 - CONTINGENCIES

A. Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2002.

B. Litigation

The District is not a party to any legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects as of June 30, 2002.

C. State School Funding

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed, 'the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient.' The District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

NOTE 19 – SUBSEQUENT EVENTS

On September 5, 2002, the District renewed the School Energy Conservation Bond Anticipation Notes for \$22,200,000, the eighth renewal. The notes were issued for the purpose of renewing in reduced principal amount bond anticipation notes originally issued September 22, 1994, January 25, 1996, February 17, 2000, and September 12, 2001 for the purpose of financing the making or modification of installations or the remodeling of buildings for the purpose of significantly reducing energy consumption. The Notes mature on September 5, 2003.

On November 19, 2002, the District issued twenty (20) year School Improvement Bonds in the amount of \$120,000,000.

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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



CINCINNATI CITY SCHOOL DISTRICT, OHIO

Major Governmental Funds

Debt Service Fund

The Debt Service Funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment levies when the government is obligated in some manner for the payment.

Bond Retirement Fund

To account for all revenue derived from general or special levies, either within or exceeding the ten-mill limitation, which is levied for debt charges on bonds or loans, shall be paid into this fund.

Capital Project Fund

The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

Classroom Facilities Fund

To account for the for monies received and expended in connection with contracts entered into by the District and the Ohio Department of Education for the building and equipping of classroom facilities.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Governmental Funds
For the Fiscal Year Ended June 30, 2002***

BOND RETIREMENT FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 9,801,931	\$ 16,380,329	\$ 14,411,643	\$ (1,968,686)
Total Expenditures and Other Financing Uses	<u>23,200,000</u>	<u>29,788,540</u>	<u>22,904,059</u>	<u>6,884,481</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(13,398,069)</u>	<u>(13,408,211)</u>	<u>(8,492,416)</u>	<u>4,915,795</u>
Fund Balances, Beginning of Year	<u>13,408,361</u>	<u>13,408,361</u>	<u>13,408,361</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 10,292</u>	<u>\$ 150</u>	<u>\$ 4,915,945</u>	<u>\$ 4,915,795</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Governmental Funds
For the Fiscal Year Ended June 30, 2002***

CLASSROOM FACILITIES FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 112,000,000	\$ 112,000,000	\$ 2,712,233	\$ (109,287,767)
Total Expenditures and Other Financing Uses	75,000,000	75,000,000	15,543,699	59,456,301
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	37,000,000	37,000,000	(12,831,466)	(49,831,466)
Fund Balances, Beginning of Year	105,937,065	105,937,065	105,937,065	0
Prior Year Encumbrances	3,256,629	3,256,629	3,256,629	0
Fund Balances, End of Year	<u>\$ 146,193,694</u>	<u>\$ 146,193,694</u>	<u>\$ 96,362,228</u>	<u>\$ (49,831,466)</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Food Service Fund

A fund used to record financial transactions related to food service operations.

Other Grants Fund

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

District Managed Student Activity Fund

Used to account for those student activity programs which have student participation in the activity, but do not have student management of the programs

Auxiliary Services Fund

Used to account for monies that provide services and materials to pupils attending non-public schools within the District.

Head Start Fund

Used to account for monies distributed to Head Start agencies to expand their programs to serve more eligible children.

Disadvantaged Pupil Impact Aid Fund

Used to account for monies received for disadvantaged pupil impact aid.

Title VI B – Special Education Assistance Fund

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

Title II A – Economic Opportunity Act Fund

Used to account for funds provided to political subdivisions on the local level, or through a community action agency, which is the endorsing agency for federal assistance to the community.

Chapter I Fund – Education Consolidation and Improvement Act Fund

Used to account for federal funds for services provided to meet special education needs of educationally deprived children. This includes the following federal programs; Even Start, Capital Expense, Title One and Homeless Children Education.

Other Special Revenue Fund

The District maintains 54 special revenue funds. For reporting purposes, the District combines the 45 smallest funds into a fund titled “Other Special Revenue Funds”. These combined funds account for less than fifteen percent (15%) of the cash basis revenues and expenditures of all special revenue funds.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Capital Projects Funds

The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

Permanent Improvement Fund

Used to account for all transactions related to the acquiring, construction or improving of such permanent improvements as are authorized by Chapter 5705 of the Ohio Revised Code.

Building Fund

Used to account for the revenues and expenditures related to all special bond funds in the district.

Replacement Fund

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

Energy Conservation Fund

Used to account for federal grants monies provided to identify and implement energy conservation maintenance and operating procedures and acquire energy conservation measures to reduce consumption.

Vocational Education Equipment Fund

Used to account for revenue and expenditures involved in the replacement or updating of equipment essential for the instruction of students in job skills. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Power Up Fund

Used to account for state grants monies to be spent on electrical upgrades.

Interactive Video Distance Learning Fund

Used to account for monies received from the state to purchase video learning equipment.

Ohio School Net Fund

Used to account for wiring to all classrooms in the state and to provide a computer workstation and related technology for every classroom.

OSCF Big 8 Fund

Used to account for matching funds provided for the big eight school districts to be used for major renovations and repairs to school facilities.

Permanent Funds

The Permanent Funds are used to account for the financial resources that are legally restricted in that only the earnings, not the principal, may be used to support the District's programs.

Endowments Fund

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

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2002**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets:				
Equity in Pooled Cash and Investments	\$ 29,148,798	\$ 2,766,194	\$ 921,384	\$ 32,836,376
Investments	0	0	164,404	164,404
Receivables:				
Accounts	152,241	0	0	152,241
Intergovernmental - State and Local	4,047,502	0	0	4,047,502
Intergovernmental - Federal	11,993,348	0	0	11,993,348
Inventory of Supplies at Cost	121,988	0	0	121,988
Inventory Held for Resale	142,882	0	0	142,882
Total Assets	<u>\$ 45,606,759</u>	<u>\$ 2,766,194</u>	<u>\$ 1,085,788</u>	<u>\$ 49,458,741</u>
Liabilities:				
Accounts Payable	\$ 1,927,745	\$ 136,466	\$ 0	\$ 2,064,211
Accrued Wages and Benefits	4,919,870	373	0	4,920,243
Interfund Loans Payable	8,620	1,133,998	0	1,142,618
Advances from Other Funds	2,817,520	527,853	0	3,345,373
Deferred Revenue	13,746,737	0	0	13,746,737
Compensated Absences Payable	634,812	0	0	634,812
Total Liabilities	<u>24,055,304</u>	<u>1,798,690</u>	<u>0</u>	<u>25,853,994</u>
Fund Balances:				
Reserved for Encumbrances	5,825,161	1,881,450	0	7,706,611
Reserved for Endowments	0	0	768,034	768,034
Unreserved, Undesignated in:				
Special Revenue Funds	15,726,294	0	0	15,726,294
Capital Projects Funds	0	(913,946)	0	(913,946)
Permanent Fund	0	0	317,754	317,754
Total Fund Balances	<u>21,551,455</u>	<u>967,504</u>	<u>1,085,788</u>	<u>23,604,747</u>
Total Liabilities and Funds Balances	<u>\$ 45,606,759</u>	<u>\$ 2,766,194</u>	<u>\$ 1,085,788</u>	<u>\$ 49,458,741</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2002

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
Tuition	\$ 380,318	\$ 0	\$ 0	\$ 380,318
Investment Earnings	268,738	0	10,296	279,034
Food Services	2,823,116	0	0	2,823,116
Intergovernmental - State	46,311,399	300,529	0	46,611,928
Intergovernmental - Federal	41,633,288	0	0	41,633,288
All Other Revenue	6,316,870	0	0	6,316,870
Total Revenue	97,733,729	300,529	10,296	98,044,554
Expenditures:				
Current:				
Instruction:				
Regular	35,370,228	0	18,989	35,389,217
Special	11,364,994	0	0	11,364,994
Vocational	3,265,316	51,692	0	3,317,008
Other	1,244,778	0	0	1,244,778
Supporting Services:				
Pupils	8,063,739	0	0	8,063,739
Instructional Staff	10,367,468	1,104,581	77	11,472,126
Administration	2,716,140	0	0	2,716,140
Fiscal Services	372,715	0	0	372,715
Operation & Maintenance of Plant	844,986	27,006	0	871,992
Pupil Transportation	449,455	0	0	449,455
Central	1,605,032	14,396	0	1,619,428
Operation of Non-Instructional Services	25,330,107	0	0	25,330,107
Extracurricular Activities	865,245	0	0	865,245
Capital Outlay	13,082	6,729,371	0	6,742,453
Debt Service:				
Principal Retirement	0	27,800,000	0	27,800,000
Interest & Fiscal Charges	0	424,335	0	424,335
Total Expenditures	101,873,285	36,151,381	19,066	138,043,732
Excess (Deficiency) of Revenues Over Expenditures	(4,139,556)	(35,850,852)	(8,770)	(39,999,178)
Other Financing Sources (Uses):				
Proceeds from the Sale of Notes	0	25,000,000	0	25,000,000
Operating Transfers In	0	9,164,937	0	9,164,937
Operating Transfers Out	(137,500)	0	0	(137,500)
Total Other Financing Sources (Uses)	(137,500)	34,164,937	0	34,027,437
Net Change in Fund Balance	(4,277,056)	(1,685,915)	(8,770)	(5,971,741)
Fund Balances at Beginning of Year	25,828,511	2,653,419	1,094,558	29,576,488
Fund Balances End of Year	\$ 21,551,455	\$ 967,504	\$ 1,085,788	\$ 23,604,747

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2002**

	<u>Food Service</u>	<u>Other Grants</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>
Assets:				
Equity in Pooled Cash and Investments	\$ 4,551,044	\$ 941,076	\$ 2,078,641	\$ 3,064,008
Receivables:				
Accounts	0	137,500	3,073	2,209
Intergovernmental - State and Local	0	273,956	0	0
Intergovernmental - Federal	4,451	0	0	0
Inventory of Supplies at Cost	121,988	0	0	0
Inventory Held for Resale	142,882	0	0	0
Total Assets	<u>\$ 4,820,365</u>	<u>\$ 1,352,532</u>	<u>\$ 2,081,714</u>	<u>\$ 3,066,217</u>
Liabilities:				
Accounts Payable	\$ 134,649	\$ 104,918	\$ 143,892	\$ 415,679
Accrued Wages and Benefits	592,477	199,274	599	275,472
Interfund Loans Payable	0	0	0	0
Advances from Other Funds	0	0	0	0
Deferred Revenue	142,882	0	0	0
Compensated Absences Payable	67,248	22,133	77	44,876
Total Liabilities	<u>937,256</u>	<u>326,325</u>	<u>144,568</u>	<u>736,027</u>
Fund Balances:				
Reserved for Encumbrances	0	284,747	0	811,218
Unreserved, Undesignated in:				
Special Revenue Funds (Deficit)	3,883,109	741,460	1,937,146	1,518,972
Total Fund Balances (Deficit)	<u>3,883,109</u>	<u>1,026,207</u>	<u>1,937,146</u>	<u>2,330,190</u>
Total Liabilities and Funds Balances	<u>\$ 4,820,365</u>	<u>\$ 1,352,532</u>	<u>\$ 2,081,714</u>	<u>\$ 3,066,217</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2002**

<u>Head Start</u>	<u>Disadvantaged Pupil Impact Aid</u>	<u>Title VI-B</u>	<u>Title II-A</u>	<u>Chapter I</u>	<u>Other Special Revenue</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 1,463,698	\$ 1,044,151	\$ 1,425,393	\$ 134,860	\$ 4,683,291	\$ 9,762,636	\$ 29,148,798
0	0	975	152	228	8,104	152,241
3,726,277	0	0	0	0	47,269	4,047,502
0	0	311,894	629,097	6,716,721	4,331,185	11,993,348
0	0	0	0	0	0	121,988
0	0	0	0	0	0	142,882
<u>\$ 5,189,975</u>	<u>\$ 1,044,151</u>	<u>\$ 1,738,262</u>	<u>\$ 764,109</u>	<u>\$ 11,400,240</u>	<u>\$ 14,149,194</u>	<u>\$ 45,606,759</u>
\$ 49,379	\$ 0	\$ 74,712	\$ 9,233	\$ 366,824	\$ 628,459	\$ 1,927,745
167,855	1,459,569	282,040	132,321	1,394,743	415,520	4,919,870
0	0	0	0	0	8,620	8,620
1,529,002	0	0	109,494	697	1,178,327	2,817,520
3,588,315	0	1,440	144,339	6,557,224	3,312,537	13,746,737
24,643	237,900	32,962	16,478	132,684	55,811	634,812
<u>5,359,194</u>	<u>1,697,469</u>	<u>391,154</u>	<u>411,865</u>	<u>8,452,172</u>	<u>5,599,274</u>	<u>24,055,304</u>
1,306,160	0	117,628	53,304	880,988	2,371,116	5,825,161
<u>(1,475,379)</u>	<u>(653,318)</u>	<u>1,229,480</u>	<u>298,940</u>	<u>2,067,080</u>	<u>6,178,804</u>	<u>15,726,294</u>
<u>(169,219)</u>	<u>(653,318)</u>	<u>1,347,108</u>	<u>352,244</u>	<u>2,948,068</u>	<u>8,549,920</u>	<u>21,551,455</u>
<u>\$ 5,189,975</u>	<u>\$ 1,044,151</u>	<u>\$ 1,738,262</u>	<u>\$ 764,109</u>	<u>\$ 11,400,240</u>	<u>\$ 14,149,194</u>	<u>\$ 45,606,759</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, 2002***

	<u>Food Service</u>	<u>Other Grants</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>
Revenues:				
Tuition	\$ 0	\$ 375,730	\$ 0	\$ 0
Investment Earnings	142,647	0	74,620	50,826
Food Services	2,823,116	0	0	0
Intergovernmental - State	721,692	566,358	0	9,128,765
Intergovernmental - Federal	9,388,577	1,132	0	0
All Other Revenue	<u>100</u>	<u>3,051,072</u>	<u>2,018,697</u>	<u>0</u>
Total Revenue	<u>13,076,132</u>	<u>3,994,292</u>	<u>2,093,317</u>	<u>9,179,591</u>
Expenditures:				
Current:				
Instruction:				
Regular	0	1,344,430	1,057,133	0
Special	0	103,211	18,322	0
Vocational	0	69,169	91	0
Other	0	160,471	398	0
Supporting Services:				
Pupils	0	474,324	7,135	0
Instructional Staff	0	284,902	81,536	0
Administration	48,172	1,024,704	0	0
Fiscal Services	0	0	0	98,367
Operation & Maintenance of Plant	810,761	1,976	1	0
Pupil Transportation	0	1,600	0	0
Central	64,223	182	0	0
Operation of Non-Instructional Services	14,500,796	7,140	5,482	8,885,242
Extracurricular Activities	0	44,321	820,924	0
Capital Outlay	<u>0</u>	<u>8,000</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>15,423,952</u>	<u>3,524,430</u>	<u>1,991,022</u>	<u>8,983,609</u>
Excess (Deficiency) of Revenues				
Over Expenditures	(2,347,820)	469,862	102,295	195,982
Other Financing Sources (Uses):				
Operating Transfers Out	<u>0</u>	<u>(137,500)</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(137,500)</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(2,347,820)	332,362	102,295	195,982
Fund Balances (Deficit) at Beginning of Year	<u>6,230,929</u>	<u>693,845</u>	<u>1,834,851</u>	<u>2,134,208</u>
Fund Balances (Deficit) End of Year	<u>\$ 3,883,109</u>	<u>\$ 1,026,207</u>	<u>\$ 1,937,146</u>	<u>\$ 2,330,190</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, 2002

Head Start	Disadvantaged Pupil Impact Aid	Title VI-B	Title II-A	Chapter I	Other Special Revenue	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,588	\$ 380,318
0	0	0	645	0	0	268,738
0	0	0	0	0	0	2,823,116
4,607,453	28,281,346	0	0	0	3,005,785	46,311,399
0	0	5,191,413	2,247,867	16,998,002	7,806,297	41,633,288
0	0	0	0	25,185	1,221,816	6,316,870
<u>4,607,453</u>	<u>28,281,346</u>	<u>5,191,413</u>	<u>2,248,512</u>	<u>17,023,187</u>	<u>12,038,486</u>	<u>97,733,729</u>
1,423,257	25,959,712	0	1,335,621	0	4,250,075	35,370,228
0	0	1,597,720	26	8,865,907	779,808	11,364,994
0	2,565,285	0	0	0	630,771	3,265,316
0	42,438	0	161	133,653	907,657	1,244,778
1,955,167	0	2,376,701	345,526	412,071	2,492,815	8,063,739
638,170	0	427,483	417,359	6,932,287	1,585,731	10,367,468
156,403	0	289,031	40,610	982,630	174,590	2,716,140
51,953	0	2,920	0	194,269	25,206	372,715
9,046	0	0	4,466	0	18,736	844,986
6,781	0	0	6,784	425,585	8,705	449,455
7,549	0	0	5,849	8,000	1,519,229	1,605,032
0	0	235,226	0	1,564,751	131,470	25,330,107
0	0	0	0	0	0	865,245
0	0	0	0	5,082	0	13,082
<u>4,248,326</u>	<u>28,567,435</u>	<u>4,929,081</u>	<u>2,156,402</u>	<u>19,524,235</u>	<u>12,524,793</u>	<u>101,873,285</u>
359,127	(286,089)	262,332	92,110	(2,501,048)	(486,307)	(4,139,556)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(137,500)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(137,500)</u>
359,127	(286,089)	262,332	92,110	(2,501,048)	(486,307)	(4,277,056)
<u>(528,346)</u>	<u>(367,229)</u>	<u>1,084,776</u>	<u>260,134</u>	<u>5,449,116</u>	<u>9,036,227</u>	<u>25,828,511</u>
<u>\$ (169,219)</u>	<u>\$ (653,318)</u>	<u>\$ 1,347,108</u>	<u>\$ 352,244</u>	<u>\$ 2,948,068</u>	<u>\$ 8,549,920</u>	<u>\$ 21,551,455</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2002**

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Replacement</u>	<u>Energy Conservation</u>
Assets:				
Equity in Pooled Cash and Investments	\$ 356,922	\$ 19,884	\$ 20,217	\$ 1,430,026
Total Assets	<u>\$ 356,922</u>	<u>\$ 19,884</u>	<u>\$ 20,217</u>	<u>\$ 1,430,026</u>
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 50,390
Accrued Wages and Benefits	0	0	0	373
Interfund Loans Payable	0	0	0	0
Advances from Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,763</u>
Fund Balances:				
Reserved for Encumbrances	86,567	0	15,746	1,361,277
Unreserved, Undesignated in:				
Capital Projects Funds (Deficit)	<u>270,355</u>	<u>19,884</u>	<u>4,471</u>	<u>17,986</u>
Total Fund Balances	<u>356,922</u>	<u>19,884</u>	<u>20,217</u>	<u>1,379,263</u>
Total Liabilities and Funds Balances	<u>\$ 356,922</u>	<u>\$ 19,884</u>	<u>\$ 20,217</u>	<u>\$ 1,430,026</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2002**

<u>Power Up</u>	<u>Interactive Video Distance Learning</u>	<u>Ohio School Net</u>	<u>OSCF Big 8</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ 64,415	\$ 260,094	\$ 188,755	\$ 425,881	\$ 2,766,194
<u>\$ 64,415</u>	<u>\$ 260,094</u>	<u>\$ 188,755</u>	<u>\$ 425,881</u>	<u>\$ 2,766,194</u>
\$ 0	\$ 27,544	\$ 15,439	\$ 43,093	\$ 136,466
0	0	0	0	373
0	0	0	1,133,998	1,133,998
<u>0</u>	<u>0</u>	<u>0</u>	<u>527,853</u>	<u>527,853</u>
<u>0</u>	<u>27,544</u>	<u>15,439</u>	<u>1,704,944</u>	<u>1,798,690</u>
0	5,339	34,135	378,386	1,881,450
<u>64,415</u>	<u>227,211</u>	<u>139,181</u>	<u>(1,657,449)</u>	<u>(913,946)</u>
<u>64,415</u>	<u>232,550</u>	<u>173,316</u>	<u>(1,279,063)</u>	<u>967,504</u>
<u>\$ 64,415</u>	<u>\$ 260,094</u>	<u>\$ 188,755</u>	<u>\$ 425,881</u>	<u>\$ 2,766,194</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, 2002**

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Replacement</u>	<u>Energy Conservation</u>
Revenues:				
Intergovernmental - State	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures:				
Current:				
Instruction:				
Vocational	0	0	0	0
Supporting Services:				
Instructional Staff	0	0	0	0
Operation & Maintenance of Plant	27,006	0	0	0
Central	14,396	0	0	0
Capital Outlay	4,413	0	0	875,082
Debt Service:				
Principal Retirement	0	0	0	27,800,000
Interest & Fiscal Charges	148,262	0	0	276,073
Total Expenditures	<u>194,077</u>	<u>0</u>	<u>0</u>	<u>28,951,155</u>
Excess (Deficiency) of Revenues				
Over Expenditures	(194,077)	0	0	(28,951,155)
Other Financing Sources (Uses):				
Proceeds from the Sale of Notes	0	0	0	25,000,000
Operating Transfers In	5,039,788	0	0	4,125,149
Total Other Financing Sources (Uses)	<u>5,039,788</u>	<u>0</u>	<u>0</u>	<u>29,125,149</u>
Net Change in Fund Balance	4,845,711	0	0	173,994
Fund Balances at Beginning of Year	<u>(4,488,789)</u>	<u>19,884</u>	<u>20,217</u>	<u>1,205,269</u>
Fund Balances End of Year	<u>\$ 356,922</u>	<u>\$ 19,884</u>	<u>\$ 20,217</u>	<u>\$ 1,379,263</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, 2002***

<u>Vocational Education Equipment</u>	<u>Power Up</u>	<u>Video Learning</u>	<u>Ohio School Net</u>	<u>OSCF Big 8</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ 51,692	\$ 140,561	\$ 93,308	\$ 14,968	\$ 0	\$ 300,529
<u>51,692</u>	<u>140,561</u>	<u>93,308</u>	<u>14,968</u>	<u>0</u>	<u>300,529</u>
51,692	0	0	0	0	51,692
0	0	88,435	1,016,146	0	1,104,581
0	0	0	0	0	27,006
0	0	0	0	0	14,396
0	140,561	0	0	5,709,315	6,729,371
0	0	0	0	0	27,800,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>424,335</u>
<u>51,692</u>	<u>140,561</u>	<u>88,435</u>	<u>1,016,146</u>	<u>5,709,315</u>	<u>36,151,381</u>
0	0	4,873	(1,001,178)	(5,709,315)	(35,850,852)
0	0	0	0	0	25,000,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,164,937</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>34,164,937</u>
0	0	4,873	(1,001,178)	(5,709,315)	(1,685,915)
<u>0</u>	<u>64,415</u>	<u>227,677</u>	<u>1,174,494</u>	<u>4,430,252</u>	<u>2,653,419</u>
<u>\$ 0</u>	<u>\$ 64,415</u>	<u>\$ 232,550</u>	<u>\$ 173,316</u>	<u>\$ (1,279,063)</u>	<u>\$ 967,504</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002***

	<i>FOOD SERVICES FUND</i>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Financing Sources	<u>\$ 14,000,000</u>	<u>\$ 14,049,942</u>	<u>\$ 14,080,857</u>	<u>\$ 30,915</u>
Total Expenditures and Other Financing Uses	<u>18,785,000</u>	<u>18,837,590</u>	<u>15,389,296</u>	<u>3,448,294</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(4,785,000)</u>	<u>(4,787,648)</u>	<u>(1,308,439)</u>	<u>3,479,209</u>
Fund Balances, Beginning of Year	4,789,577	4,789,577	4,789,577	0
Prior Year Encumbrances	<u>715,209</u>	<u>715,209</u>	<u>715,209</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ 719,786</u></u>	<u><u>\$ 717,138</u></u>	<u><u>\$ 4,196,347</u></u>	<u><u>\$ 3,479,209</u></u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002***

	<i>OTHER GRANTS FUND</i>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Financing Sources	\$ 4,000,000	\$ 4,000,000	\$ 3,984,898	\$ (15,102)
Total Expenditures and Other Financing Uses	4,200,000	4,200,000	3,933,995	266,005
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(200,000)	(200,000)	50,903	250,903
Fund Balances, Beginning of Year	733,985	733,985	733,985	0
Prior Year Encumbrances	197,105	197,105	197,105	0
Fund Balances, End of Year	<u>\$ 731,090</u>	<u>\$ 731,090</u>	<u>\$ 981,993</u>	<u>\$ 250,903</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002***

DISTRICT MANAGED STUDENT ACTIVITY FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 2,600,000	\$ 2,019,027	\$ 2,067,998	\$ 48,971
Total Expenditures and Other Financing Uses	4,500,000	3,900,000	2,085,325	1,814,675
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(1,900,000)</u>	<u>(1,880,973)</u>	<u>(17,327)</u>	<u>1,863,646</u>
Fund Balances, Beginning of Year	1,961,508	1,961,508	1,961,508	0
Prior Year Encumbrances	<u>40,973</u>	<u>40,973</u>	<u>40,973</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 102,481</u>	<u>\$ 121,508</u>	<u>\$ 1,985,154</u>	<u>\$ 1,863,646</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002***

	<i>AUXILIARY SERVICES FUND</i>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Financing Sources	<u>\$ 9,000,000</u>	<u>\$ 9,000,000</u>	<u>\$ 9,180,462</u>	<u>\$ 180,462</u>
Total Expenditures and Other Financing Uses	<u>9,950,000</u>	<u>9,950,000</u>	<u>10,923,091</u>	<u>(973,091)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(950,000)</u>	<u>(950,000)</u>	<u>(1,742,629)</u>	<u>(792,629)</u>
Fund Balances, Beginning of Year	956,788	956,788	956,788	0
Prior Year Encumbrances	<u>2,425,990</u>	<u>2,425,990</u>	<u>2,425,990</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ 2,432,778</u></u>	<u><u>\$ 2,432,778</u></u>	<u><u>\$ 1,640,149</u></u>	<u><u>\$ (792,629)</u></u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002***

	<i>HEAD START FUND</i>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	\$ 4,105,000	\$ 5,259,872	\$ 6,267,664	\$ 1,007,792
Total Expenditures and Other Financing Uses	<u>3,292,000</u>	<u>4,590,682</u>	<u>6,677,747</u>	<u>(2,087,065)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>813,000</u>	<u>669,190</u>	<u>(410,083)</u>	<u>(1,079,273)</u>
Fund Balances, Beginning of Year	(63,561)	(63,561)	(63,561)	0
Prior Year Encumbrances	<u>473,646</u>	<u>473,646</u>	<u>473,646</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 1,223,085</u>	<u>\$ 1,079,275</u>	<u>\$ 2</u>	<u>\$ (1,079,273)</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total Revenues and Other Financing Sources	\$ 28,000,000	\$ 28,000,000	\$ 28,281,346	\$ 281,346
Total Expenditures and Other Financing Uses	28,000,000	28,000,000	28,281,348	(281,348)
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>0</u>	<u>0</u>	<u>(2)</u>	<u>(2)</u>
Fund Balances, Beginning of Year	<u>2</u>	<u>2</u>	<u>2</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ 2</u></u>	<u><u>\$ 2</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (2)</u></u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002***

	<i>TITLE VI-B FUND</i>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Financing Sources	\$ 5,035,000	\$ 7,278,137	\$ 6,652,357	\$ (625,780)
Total Expenditures and Other Financing Uses	4,800,000	5,100,000	5,696,287	(596,287)
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	235,000	2,178,137	956,070	(1,222,067)
Fund Balances, Beginning of Year	(232,587)	(232,587)	(232,587)	0
Prior Year Encumbrances	364,898	364,898	364,898	0
Fund Balances, End of Year	<u>\$ 367,311</u>	<u>\$ 2,310,448</u>	<u>\$ 1,088,381</u>	<u>\$ (1,222,067)</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002***

	<i>TITLE II-A FUND</i>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Financing Sources	<u>\$ 1,915,000</u>	<u>\$ 2,761,640</u>	<u>\$ 3,163,204</u>	<u>\$ 401,564</u>
Total Expenditures and Other Financing Uses	<u>1,575,000</u>	<u>2,483,621</u>	<u>3,285,348</u>	<u>(801,727)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>340,000</u>	<u>278,019</u>	<u>(122,144)</u>	<u>(400,163)</u>
Fund Balances, Beginning of Year	(336,503)	(336,503)	(336,503)	0
Prior Year Encumbrances	<u>458,648</u>	<u>458,648</u>	<u>458,648</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ 462,145</u></u>	<u><u>\$ 400,164</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ (400,163)</u></u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002***

	<i>CHAPTER I FUND</i>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Financing Sources	\$ 25,315,000	\$ 18,809,380	\$ 19,630,395	\$ 821,015
Total Expenditures and Other Financing Uses	28,000,000	22,400,000	21,308,267	1,091,733
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(2,685,000)</u>	<u>(3,590,620)</u>	<u>(1,677,872)</u>	<u>1,912,748</u>
Fund Balances, Beginning of Year	3,669,722	3,669,722	3,669,722	0
Prior Year Encumbrances	<u>861,279</u>	<u>861,279</u>	<u>861,279</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 1,846,001</u>	<u>\$ 940,381</u>	<u>\$ 2,853,129</u>	<u>\$ 1,912,748</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2002***

	<i>OTHER SPECIAL REVENUE FUNDS</i>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Financing Sources	<u>\$ 22,074,936</u>	<u>\$ 11,446,624</u>	<u>\$ 16,067,587</u>	<u>\$ 4,620,963</u>
Total Expenditures and Other Financing Uses	<u>25,266,000</u>	<u>17,098,239</u>	<u>20,865,820</u>	<u>(3,767,581)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(3,191,064)</u>	<u>(5,651,615)</u>	<u>(4,798,233)</u>	<u>853,382</u>
Fund Balances, Beginning of Year	7,249,394	7,249,394	7,249,394	0
Prior Year Encumbrances	<u>3,781,040</u>	<u>3,781,040</u>	<u>3,781,040</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ 7,839,370</u></u>	<u><u>\$ 5,378,819</u></u>	<u><u>\$ 6,232,201</u></u>	<u><u>\$ 853,382</u></u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2002***

	<i>PERMANENT IMPROVEMENT FUND</i>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>135,000</u>	<u>135,000</u>	<u>149,841</u>	<u>(14,841)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(135,000)</u>	<u>(135,000)</u>	<u>(149,841)</u>	<u>(14,841)</u>
Fund Balances, Beginning of Year	139,326	139,326	139,326	0
Prior Year Encumbrances	<u>280,870</u>	<u>280,870</u>	<u>280,870</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ 285,196</u></u>	<u><u>\$ 285,196</u></u>	<u><u>\$ 270,355</u></u>	<u><u>\$ (14,841)</u></u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2002***

	BUILDING FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0
Total Expenditures and Other Financing Uses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances, Beginning of Year	<u>19,884</u>	<u>19,884</u>	<u>19,884</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 19,884</u>	<u>\$ 19,884</u>	<u>\$ 19,884</u>	<u>\$ 0</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2002***

	<i>REPLACEMENT FUND</i>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0
Total Expenditures and Other Financing Uses	<u>0</u>	<u>20,218</u>	<u>15,746</u>	<u>4,472</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>0</u>	<u>(20,218)</u>	<u>(15,746)</u>	<u>4,472</u>
Fund Balances, Beginning of Year	<u>20,217</u>	<u>20,217</u>	<u>20,217</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 20,217</u>	<u>\$ (1)</u>	<u>\$ 4,471</u>	<u>\$ 4,472</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2002***

	ENERGY CONSERVATION FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Financing Sources	\$ 7,250,000	\$ 29,125,149	\$ 29,125,149	\$ 0
Total Expenditures and Other Financing Uses	29,312,000	29,224,461	31,377,657	(2,153,196)
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(22,062,000)</u>	<u>(99,312)</u>	<u>(2,252,508)</u>	<u>(2,153,196)</u>
Fund Balances, Beginning of Year	99,313	99,313	99,313	0
Prior Year Encumbrances	<u>2,171,554</u>	<u>2,171,554</u>	<u>2,171,554</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ (19,791,133)</u>	<u>\$ 2,171,555</u>	<u>\$ 18,359</u>	<u>\$ (2,153,196)</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2002***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 51,692</u>	<u>\$ 97,945</u>	<u>\$ 46,253</u>
Total Expenditures and Other Financing Uses	<u>0</u>	<u>0</u>	<u>97,945</u>	<u>(97,945)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>0</u>	<u>51,692</u>	<u>0</u>	<u>(51,692)</u>
Fund Balances, Beginning of Year	0	0	0	0
Prior Year Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 51,692</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (51,692)</u></u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2002***

	<i>POWER UP FUND</i>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	\$ 0	\$ 140,561	\$ 140,561	\$ 0
Total Expenditures and Other Financing Uses	<u>0</u>	<u>204,976</u>	<u>140,561</u>	<u>64,415</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>0</u>	<u>(64,415)</u>	<u>0</u>	<u>64,415</u>
Fund Balances, Beginning of Year	<u>64,415</u>	<u>64,415</u>	<u>64,415</u>	<u>0</u>
Fund Balances, End of Year	<u><u>\$ 64,415</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 64,415</u></u>	<u><u>\$ 64,415</u></u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2002***

INTERACTIVE VIDEO DISTANCE LEARNING FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 250,000	\$ 84,908	\$ 93,308	\$ 8,400
Total Expenditures and Other Financing Uses	0	308,431	96,054	212,377
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	250,000	(223,523)	(2,746)	220,777
Fund Balances, Beginning of Year	223,523	223,523	223,523	0
Prior Year Encumbrances	6,434	6,434	6,434	0
Fund Balances, End of Year	<u>\$ 479,957</u>	<u>\$ 6,434</u>	<u>\$ 227,211</u>	<u>\$ 220,777</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2002***

	<i>OHIO SCHOOL NET FUND</i>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Financing Sources	\$ 450,000	\$ 15,000	\$ 15,000	\$ 0
Total Expenditures and Other Financing Uses	<u>1,075,000</u>	<u>635,000</u>	<u>1,230,767</u>	<u>(595,767)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(625,000)</u>	<u>(620,000)</u>	<u>(1,215,767)</u>	<u>(595,767)</u>
Fund Balances, Beginning of Year	626,249	626,249	626,249	0
Prior Year Encumbrances	<u>728,698</u>	<u>728,698</u>	<u>728,698</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 729,947</u>	<u>\$ 734,947</u>	<u>\$ 139,180</u>	<u>\$ (595,767)</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2002***

	<i>OSCF BIG 8 FUND</i>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Financing Sources	\$ 3,000,000	\$ 12,674,198	\$ 1,745,928	\$ (10,928,270)
Total Expenditures and Other Financing Uses	250,000	2,250,000	8,811,108	(6,561,108)
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,750,000	10,424,198	(7,065,180)	(17,489,378)
Fund Balances, Beginning of Year	3,577,520	3,577,520	3,577,520	0
Prior Year Encumbrances	3,492,062	3,492,062	3,492,062	0
Fund Balances, End of Year	<u>\$ 9,819,582</u>	<u>\$ 17,493,780</u>	<u>\$ 4,402</u>	<u>\$ (17,489,378)</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Fund
For the Fiscal Year Ended June 30, 2002***

	ENDOWMENTS FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Financing	<u>\$ 1,100</u>	<u>\$ 1,100</u>	<u>\$ 1,100</u>	<u>\$ 0</u>
Total Expenditures and Other Financing	<u>26,868</u>	<u>26,868</u>	<u>26,868</u>	<u>0</u>
Excess of Revenue and Other Sources Over (Under) Expenditures Other Financing	<u>(25,768)</u>	<u>(25,768)</u>	<u>(25,768)</u>	<u>0</u>
Fund Balances, Beginning of Prior Year	<u>936,840</u> <u>6,238</u>	<u>936,840</u> <u>6,238</u>	<u>936,840</u> <u>6,238</u>	<u>0</u> <u>0</u>
Fund Balances, End of	<u><u>\$ 917,310</u></u>	<u><u>\$ 917,310</u></u>	<u><u>\$ 917,310</u></u>	<u><u>\$ 0</u></u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

Fiduciary Funds

Fiduciary fund types are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Agency Fund

Student Managed Activity Fund

Used to account for those student activity programs which have student participation in the activity and have students involved in the management of the program.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Schedule of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2002***

	Balance June 30, 2001	Additions	Deductions	Balance June 30, 2002
<u>Student Managed Activity Fund</u>				
Assets:				
Equity in Pooled Cash and Investments	\$41,621	\$45,962	(\$49,761)	\$37,822
Total Assets	<u>\$41,621</u>	<u>\$45,962</u>	<u>(\$49,761)</u>	<u>\$37,822</u>
Liabilities:				
Accounts Payable	\$196	\$0	(\$196)	\$0
Due to Students	41,425	45,962	(49,565)	37,822
Total Liabilities	<u>\$41,621</u>	<u>\$45,962</u>	<u>(\$49,761)</u>	<u>\$37,822</u>

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*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*

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CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
June 30, 2002***

Capital Assets

Land	\$11,696,565
Land Improvements	12,166,836
Buildings and Improvements	163,314,504
Furniture, Fixtures and Equipment	21,229,248
Vehicles	1,660,160
Construction in Progress	<u>5,170,801</u>
Total Capital Assets	<u><u>\$215,238,114</u></u>

Investment in Capital Assets from:

Acquisitions Prior to 1999	\$163,396,417
General Fund	10,653,540
Special Revenue Funds	958,734
Special Revenue Funds - Food Service	10,194,740
Capital Project Funds	21,394,151
Donations	<u>8,640,532</u>
Total Investment in Capital Assets	<u><u>\$215,238,114</u></u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2002***

<u>Function and Activity</u>	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings and Improvements</u>
Instructional Services			
Regular	\$11,060,465	\$8,776,200	\$129,533,916
Special	0	0	0
Vocational	75,100	0	13,153,592
Other	0	0	0
Support Services:			
Pupils	0	26,374	0
Instructional Staff	0	0	0
Administration	0	0	0
Fiscal Services	0	0	0
Business	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	561,000	218,700	6,854,000
Extracurricular Activities	0	268,700	342,100
Other Noninstructional Services	0	0	0
Facility Services	0	2,824,524	11,363,461
Architecture and Engineering	0	1,800	148,400
Building Acquisition and Construction	0	17,024	243,470
Building Improvement	0	33,514	1,675,565
 Total Capital Assets	 <u>\$11,696,565</u>	 <u>\$12,166,836</u>	 <u>\$163,314,504</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2002**

Furniture, Fixtures and Equipment	Vehicles	Construction in Progress	Total
\$6,314,262	\$92,543	\$0	\$155,777,386
266,210	0	0	266,210
360,119	0	0	13,588,811
8,133	0	0	8,133
184,268	0	0	210,642
671,185	0	0	671,185
313,291	22,888	0	336,179
411,404	0	0	411,404
12,040	0	0	12,040
651,248	873,865	0	1,525,113
25,615	21,045	0	46,660
2,306,042	21,051	0	9,960,793
36,018	0	0	646,818
9,669,413	525,327	0	10,194,740
0	103,441	20,000	14,311,426
0	0	3,909,146	4,059,346
0	0	754,048	1,014,542
0	0	487,607	2,196,686
<u>\$21,229,248</u>	<u>\$1,660,160</u>	<u>\$5,170,801</u>	<u>\$215,238,114</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule Changes by Function and Activity
June 30, 2002***

Function and Activity	June 30, 2001	Additions	Deletions	June 30, 2002
Instructional Services				
Regular	\$155,530,356	\$247,030	\$0	\$155,777,386
Special	57,763	208,447	0	266,210
Vocational	13,248,375	340,436	0	13,588,811
Other	0	8,133	0	8,133
Support Services:				
Pupils	44,736	165,906	0	210,642
Instructional Staff	34,471	636,714	0	671,185
Administration	345,295	2,135	(11,251)	336,179
Fiscal Services	96,916	314,488	0	411,404
Business	3,140	8,900	0	12,040
Operation and Maintenance of Plant	1,302,284	345,432	(122,603)	1,525,113
Pupil Transportation	25,615	21,045	0	46,660
Central	9,001,229	959,564	0	9,960,793
Extracurricular Activities	610,800	36,018	0	646,818
Other Noninstructional Services	9,589,824	887,501	(282,585)	10,194,740
Facility Services	0	14,311,426	0	14,311,426
Architecture and Engineering	0	4,059,346	0	4,059,346
Building Acquisition and Construction	0	1,014,542	0	1,014,542
Building Improvement	0	2,196,686	0	2,196,686
Total Capital Assets	<u>\$189,890,804</u>	<u>\$25,763,749</u>	<u>(\$416,439)</u>	<u>\$215,238,114</u>

STATISTICAL TABLES

***T**HE FOLLOWING UNAUDITED STATISTICAL TABLES REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND FISCAL CAPACITY OF THE DISTRICT.*

CINCINNATI CITY SCHOOL DISTRICT, OHIO

GENERAL FUND EXPENDITURES BY FUNCTION LAST TEN FISCAL YEARS

	2002		2001		2000		1999		1998		1997		1996		1995		1994		1993			
	Fiscal		Fiscal		Fiscal		Fiscal		Fiscal		Fiscal		Fiscal		Fiscal		Fiscal		Fiscal			
Current:																						
Regular	\$174,819,536		\$155,457,753		\$143,230,877		\$148,655,771		\$137,416,440		\$131,724,125		\$123,540,067		\$130,311,766		\$135,537,090		\$140,612,498			
Special	42,957,408		36,544,388		37,340,503		39,307,268		36,115,483		35,011,372		30,726,869		25,053,531		21,132,252		23,272,350			
Vocational	6,626,915		6,646,576		7,708,276		10,924,421		11,725,582		10,431,222		9,940,618		10,269,847		9,463,017		14,555,640			
Adult	69,436		31,528		22,799		0		0		15,620		90		172		1,224		2,496,129			
Support services:																						
Pupils	12,848,272		11,588,753		11,089,310		8,727,623		8,346,978		7,769,775		6,850,461		9,461,355		8,797,062		8,297,328			
Instructional staff	13,936,947		11,802,997		11,309,493		11,970,461		11,771,950		10,970,401		7,912,710		10,285,444		6,934,265		1,827,906			
General administration	237,333		215,720		190,101		218,741		248,689		205,853		134,249		153,192		127,856		395,602			
School administration	28,733,454		26,745,792		25,523,346		25,680,388		25,112,210		24,449,346		25,709,499		26,418,824		22,187,238		24,841,612			
Fiscal	4,473,642		1,827,438		2,289,454		2,506,700		1,520,336		937,462		1,172,413		4,329,511		4,333,916		7,399,934			
Business	328,517		408,122		862,675		927,132		1,043,511		1,007,520		865,691		1,170,400		1,344,370		813,345			
Operation and maintenance	31,231,365		30,846,606		28,156,671		27,887,256		26,799,501		26,598,751		25,943,459		29,595,369		25,545,975		34,982,552			
Pupil transportation	23,090,453		21,524,481		20,978,396		20,402,745		20,020,862		18,887,642		17,410,910		18,212,713		16,698,320		16,626,333			
Central	15,741,867		15,132,672		14,018,255		12,520,701		11,622,041		9,948,646		7,951,815		12,221,725		22,100,426		7,027,953			
Community services	0		0		0		0		0		0		888		(5)		0		275,025			
Extracurricular activities	3,603,534		2,830,733		2,628,136		2,222,398		2,087,636		1,935,762		1,231,212		1,653,631		1,456,245		1,615,594			
Capital outlay	7,904,893		2,193,401		1,225,452		1,155,947		1,310,267		518,504		887,525		1,857,585		756,506		404,512			
Debt service	10,301,250		41,798,794		51,841,359		66,024,391		90,689,285		89,102,666		59,305,023		63,584		24,707		24,621			
Miscellaneous	65,568		13,130		0		0		0		0		0		0		0		0			
Total General Fund Expenditures	\$376,970,390		\$365,608,884		\$358,415,103		\$379,131,943		\$385,830,771		\$369,514,667		\$319,583,499		\$281,058,644		\$276,440,469		\$285,468,934			

Source: Cincinnati City School District Financial Records.

Note: Table Prepared on a Cash Basis.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

GENERAL FUND REVENUES BY SOURCE LAST TEN FISCAL YEARS

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal
Taxes	\$235,752,597	\$220,285,246	\$192,273,000	\$210,030,000	\$199,543,000	\$197,676,300	\$142,916,800	\$176,247,411	\$176,104,538	\$173,673,162
Revenue in lieu of taxes	6,232,376	4,598,900	6,151,000	3,330,000	1,442,000	907,900	695,200	0	0	0
Tuition	712,502	542,380	269,000	491,000	413,000	408,800	319,400	499,587	423,183	588,275
Earnings on investments	5,016,534	9,432,203	5,189,000	4,773,000	4,979,000	4,738,800	3,571,100	3,159,943	2,401,175	3,810,030
Proceeds from Sale of Notes	0	20,550,000	0	0	0	0	0	0	0	0
Other local revenues	501,399	2,597,915	2,172,000	427,000	2,107,000	394,800	269,300	411,397	959,104	671,444
Intergovernmental - State	146,630,326	140,356,675	150,215,000	143,436,000	126,108,000	119,718,900	119,249,700	94,540,294	102,643,538	116,847,561
Intergovernmental - Federal	2,557,860	2,106,927	2,296,000	1,402,000	1,386,000	114,200	115,800	948,067	398,179	0
Total General Fund Revenue	\$397,403,594	\$400,470,246	\$358,565,000	\$363,889,000	\$335,978,000	\$323,959,700	\$267,137,300	\$275,806,699	\$282,929,717	\$295,590,472

Source: Cincinnati City School District Financial Records.

Note: Table Prepared on a Cash Basis.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN COLLECTION (CALENDAR) YEARS**

Collection Year	Tax Levied (1)	Current Tax Collections (2)	Percent Collected	Delinquent Collection	Total Tax Collections	Percent Of Total Collections To Levy	Outstanding Delinquent Taxes (3)	Percent Of Outstanding Delinquent Taxes To Tax Levied
1992	\$190,043,906	\$183,884,811	96.76%	\$8,539,866	\$192,424,677	101.25%	\$19,042,599	10.02%
1993	195,011,420	187,939,384	96.37%	7,730,585	195,669,969	100.34%	17,460,021	8.95%
1994	195,428,304	189,178,238	96.80%	7,496,787	196,675,025	100.64%	17,101,054	8.75%
1995	220,851,290	212,517,810	96.23%	7,969,737	220,487,547	99.84%	18,872,311	8.55%
1996	222,898,313	215,373,561	96.62%	10,267,741	225,641,302	101.23%	20,251,870	9.09%
1997	220,331,692	213,303,649	96.81%	10,031,224	223,334,873	101.36%	19,494,363	8.85%
1998	221,284,361	212,143,157	95.87%	8,858,476	221,001,633	99.87%	18,217,452	8.23%
1999	224,300,463	215,308,075	95.99%	9,588,696	224,896,771	100.27%	20,182,069	9.00%
2000	228,954,774	206,749,808	90.38%	7,184,271	213,934,079	93.44%	14,926,159	6.43%
2001	228,487,571	203,989,525	89.28%	8,523,140	212,512,665	93.00%	6,249,888	2.74%

Source: Hamilton County Auditor. Information is maintained on a calendar year basis by the County.

(1) Taxes levied and collected are presented on a cash basis.

(2) State reimbursements of rollback and homestead exemptions are included.

(3) Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

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

Fiscal Year	Collections
1993	\$37,289,557
1994	60,230,826
1995	54,089,574
1996	37,242,045
1997	64,449,746
1998	63,388,834
1999	62,644,710
2000	61,246,323
2001	60,954,426
2002	65,825,827

Source: Hamilton County Auditor.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN COLLECTION (CALENDAR) YEARS (1)

Collection Year	Real Property		Tangible Personal Property		Public Utilities Personal		Total		Ratio (3)
	Assessed Value (1)	Estimated Actual Value (2)	Assessed Value (1)	Estimated Actual Value (2)	Assessed Value (1)	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value	
1993	\$4,003,172,230	\$11,437,634,943	\$737,092,460	\$2,948,369,840	\$476,696,450	\$476,696,450	\$5,216,961,140	\$14,862,701,233	35.10%
1994	\$4,010,587,340	\$11,458,820,971	\$755,208,830	\$3,020,835,320	\$488,930,260	\$488,930,260	\$5,254,726,430	\$14,968,586,551	35.11%
1995	4,242,781,900	12,122,234,000	743,936,230	2,975,744,920	457,327,750	457,327,750	5,444,045,880	15,555,306,670	35.00%
1996	4,242,923,420	12,122,638,343	743,936,230	2,975,744,920	455,125,360	455,125,360	5,441,985,010	15,553,508,623	34.99%
1997	4,262,469,180	12,178,483,371	728,160,780	2,912,643,120	430,297,850	430,297,850	5,420,927,810	15,521,424,341	34.93%
1998	4,951,206,400	14,146,304,000	717,580,330	2,870,361,320	435,846,600	435,846,600	6,104,633,330	17,452,511,920	34.98%
1999	4,953,068,920	14,151,625,486	728,375,690	2,913,502,760	440,480,530	440,480,530	6,121,925,140	17,505,608,776	34.97%
2000	4,893,068,920	13,980,196,914	737,473,360	2,949,893,440	416,613,010	416,613,010	6,047,155,290	17,346,703,364	34.86%
2001	4,964,323,920	14,183,782,629	690,728,880	2,762,915,520	333,228,120	333,228,120	5,988,280,920	17,279,926,269	34.65%
2002	4,964,323,920	14,183,782,629	737,473,360	2,949,893,440	333,228,120	333,228,120	6,035,025,400	17,466,904,189	34.55%

Source: (1) Hamilton County Auditor.

(2) Real Property Assessed Value is 35% of Estimated Actual Value.
Tangible Personal Property Value is 25% of Estimated Actual Value.
Public Utilities Personal Value is equal to the Estimated Actual Value.

(3) Ratio represents assessed value / total estimated value.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (PER \$1,000 OF ASSESSED VALUATION) LAST TEN COLLECTION (CALENDAR) YEARS

Tax Year	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Collection Year	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Cincinnati Public School District	57.15	56.93	51.94	53.13	53.13	53.19	53.52	48.58	48.75	49.94
Hamilton County	21.47	19.92	20.83	19.54	19.01	19.44	18.30	18.30	18.33	18.56
City of Cheviot	12.56	12.62	12.66	12.82	12.84	13.00	13.02	13.38	13.38	13.68
City of Cincinnati	10.76	10.76	10.90	11.46	11.46	11.46	11.46	11.46	11.46	11.46
City of Indian Hill	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	1.30
City of Madeira	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50
City of Norwood	11.40	11.40	11.40	11.40	11.40	11.40	11.40	11.40	11.40	11.40
City of Silverton	8.15	8.15	8.15	8.15	11.15	11.15	11.15	11.15	11.15	6.14
City of Wyoming	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Village of Amberly	7.00	7.00	6.00	6.00	4.00	4.00	4.00	4.00	4.00	4.00
Village of Fairfax	2.76	2.76	2.76	2.76	2.76	2.76	2.76	2.76	2.76	2.76
City of Golf Manor	24.52	25.32	19.42	19.42	19.42	19.60	19.60	19.60	12.60	12.60
Anderson Township	14.15	14.15	12.18	12.18	11.18	11.18	11.18	11.18	11.18	9.52
Columbia Township	17.96	17.96	17.96	17.96	17.96	17.96	17.96	17.96	17.76	19.66
Delhi Township	20.46	20.46	20.46	20.46	20.46	20.46	20.46	20.46	20.66	16.86
Green Township	8.31	8.81	8.81	8.81	8.81	8.81	8.81	8.81	7.06	7.06
Springfield Township	20.30	14.30	14.30	14.30	14.30	15.67	15.67	15.67	15.67	15.66
Sycamore Township	7.75	7.75	7.75	7.75	7.60	7.60	7.60	7.60	7.60	7.74
Fairfax - Madison Pl.	2.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Eastern Emergency Ambulance	3.00	3.00	2.20	2.20	2.20	2.20	2.20	2.20	2.20	0.00
Village of Mairmont, Ohio	12.44	12.44	12.44	12.44	12.44	8.94	8.94	8.94	8.94	8.94

Source: Hamilton County Auditor.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

COMPUTATION OF LEGAL DEBT MARGIN JUNE 30, 2002

1. Assessed Valuation of District	\$6,035,025,400
2. Total Principal Amount of Outstanding Securities	162,600,000
3. Exempt securities included in item 2:	
(a) Notes with maturities over one year and issued in anticipation of the collection of the proceeds from a specifically identified voter- approved tax levy under Sections 5705.194 or 5705.21, ORC:	15,000,000
(b) Other exempt securities: 133.06(D), ORC:	0
	<u>15,000,000</u>
4. (a) Total securities subject to 9% limitation (item 2 minus item 3):	<u>147,600,000</u>
(b) Plus principal amount of securities subject to 133.06(H), ORC:	0
(c) Less bond retirement fund applicable to principal of such securities:	<u>2,625,000</u>
(d) Net amount subject to 9% limitation:	<u>144,975,000</u>
(e) Legal Debt Limitation	<u>543,152,286</u>
(f) Overall Legal Debt Margin	<u>\$398,177,286</u>
5. Securities included in item 4(a), but without authority of an election:	25,000,000
6. (a) Securities included in item 5 issued for energy conservation measures under Section 3313.372, ORC after August 19, 1994 and Section 133.06(G), ORC:	25,000,000
(b) Bond retirement fund applicable to principal of such securities:	<u>0</u>
(c) Net amount subject to 9/10 of 1% limitation of Section 133.06(G) ORC:	<u>25,000,000</u>
(d) Legal Debt Limitation	<u>54,315,229</u>
(e) Unvoted Energy Conservation Notes Legal Debt Margin	<u>\$29,315,229</u>
7. (a) Unvoted securities issued for other purposes (item 5 minus item 6a)	0
(b) Bond retirement fund applicable to principal of such securities:	<u>0</u>
(c) Net amount subject to 1/10 of 1% limitation of Section 133.06(A), ORC:	<u>0</u>
(d) Legal Debt Limitation	<u>6,035,025</u>
(e) Unvoted Legal Debt Margin	<u>\$6,035,025</u>

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**RATIO OF NET GENERAL BONDED DEBTS TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN COLLECTION (CALENDAR) YEARS**

Collection Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less Debt Service Fund (3)	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value (%)	Estimated Net Bonded Debt Per Capita
1993	364,040	\$5,216,961,140	\$20,015,000	N/A	\$20,015,000	0.38%	55
1994	364,040	5,254,726,430	17,590,000	12,983,337	4,606,663	0.09%	13
1995	364,040	5,444,045,880	15,125,000	8,569,204	6,555,796	0.12%	18
1996	364,040	5,441,985,010	13,115,000	8,528,683	4,586,317	0.08%	13
1997	364,040	5,420,927,810	11,060,000	8,601,443	2,458,557	0.05%	7
1998	364,040	6,104,633,330	8,955,000	4,368,683	4,586,317	0.08%	13
1999	364,040	6,121,925,140	7,465,000	3,453,867	4,011,133	0.07%	11
2000	364,040	6,047,155,290	5,915,000	3,642,469	2,272,531	0.04%	6
2001	331,285	5,988,280,920	128,250,000	13,408,361	114,841,639	1.92%	347
2002	331,285	6,035,025,400	122,600,000	4,915,945	117,684,055	1.95%	355

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

(2) Hamilton County Auditor.

(3) Cincinnati City School District Records.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

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

Fiscal Year	Principal	Interest and Fiscal Charges	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Expenditures %
1993	\$2,363,000	\$1,334,954	\$3,697,954	\$285,468,934	1.30%
1994	2,425,000	1,178,240	3,603,240	276,440,469	1.30%
1995	2,465,000	1,040,889	3,505,889	281,058,644	1.25%
1996	2,010,000	913,658	2,923,658	319,583,499	0.91%
1997	2,055,000	795,069	2,850,069	369,514,667	0.77%
1998	2,105,000	672,536	2,777,536	385,830,771	0.72%
1999	1,490,000	562,938	2,052,938	379,131,943	0.54%
2000	1,550,000	467,655	2,017,655	358,415,103	0.56%
2001	1,610,000	477,910	2,087,910	365,608,884	0.57%
2002	5,650,000	265,861	6,252,193	376,970,390	1.66%

Source: Cincinnati City School District Records.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2002**

Governmental Unit	Gross General Obligation	Percent Applicable to District	Amount Applicable to District
Direct:			
Cincinnati Public Schools	\$162,600,000	100.00%	\$162,600,000
Overlapping:			
Hamilton County	140,300,000	34.82%	48,852,460
City of Cheviot	400,000	100.00%	400,000
City of Cincinnati	337,298,000	99.95%	337,129,351
City of Madeira	2,175,135	0.37%	8,048
City of Norwood	5,890,292	1.37%	80,697
City of Silverton	522,677	93.67%	489,592
City of Wyoming	3,476,444	0.45%	15,644
Village of Amberly, Ohio	3,455,000	100.00%	3,455,000
City of Golf Manor	50,000	100.00%	50,000
Anderson Township	185,077	0.65%	1,203
Green Township	1,028,587	13.02%	133,922
Delhi	8,489,388	2.45%	207,990
Anderson	1,239,538	0.65%	8,057
Springfield Township	12,563,667	5.40%	678,438
Total Overlapping	<u>517,073,805</u>		<u>391,510,402</u>
Total Direct and Overlapping	<u><u>\$679,673,805</u></u>		<u><u>\$554,110,402</u></u>

Source: Cincinnati City School District Records.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

DEMOGRAPHIC STATISTICS LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Employment Level (2)	Unemployment Rate (3)	School Enrollment (4)
1993	364,040	162,334	6.0%	49,965
1994	364,040	163,109	5.1%	50,316
1995	364,040	163,061	4.5%	50,314
1996	364,040	166,001	4.6%	47,382
1997	364,040	165,737	3.8%	45,917
1998	364,040	164,435	3.8%	45,798
1999	364,040	164,037	3.8%	44,918
2000	364,040	168,176	3.8%	44,345
2001	331,285	168,144	3.8%	42,680
2002	331,285	167,933	4.6%	41,694

Sources: (1) Census Data (<http://demographics.com/db.uscity98.htm>)
(2) Bureau of Labor Statistics - Internet (<http://www.economagic.com>)
(3) Bureau of Labor Statistics - Internet (<http://www.economagic.com>)
(4) Cincinnati City School District Records.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

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

Year	Construction (1)	Bank Deposits (000's) (2)	Real Property Values (3)
1992	\$216,232,845	\$13,274,239	\$4,022,246,410
1993	182,642,757	20,249,023	4,003,172,230
1994	201,766,948	17,301,493	4,010,587,340
1995	258,999,335	19,276,655	4,242,781,900
1996	231,917,215	21,598,936	4,242,923,420
1997	266,664,102	18,070,437	4,262,469,180
1998	448,483,877	23,939,085	4,951,206,400
1999	730,928,855	41,302,569	4,953,068,920
2000	896,646,074	46,547,503	4,893,068,920
2001	459,043,015	55,046,464	4,964,323,920

Sources: (1) Cincinnati Department of Building Inspections.

(2) Total deposits of all banks headquartered in Hamilton County, Ohio. Data was not available for the District only. Department of Commerce, Banks Division (<http://www.ffiec.gov.nic>).

(3) Hamilton County Auditor.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**TOP TEN TAXPAYERS
ASSESSED VALUE
AS OF DECEMBER 31, 2001**

Name of Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
Cinergy	Public Utility	\$239,427,820	3.97%
The Procter and Gamble Company	Consumer Goods Manufacturing	120,653,810	2.00%
Cincinnati Bell Telephone	Public Utility	80,414,960	1.33%
City of Cincinnati	City Government	55,310,670	0.92%
Emery Realty	Real Estate Holdings	30,975,000	0.51%
Prudential Insurance	Real Estate Holdings	28,000,000	0.46%
Columbia Development	Real Estate Holdings	27,720,000	0.46%
Ohio Teachers Retirement	Real Estate Holdings	26,320,000	0.44%
Fifth Third Center	Real Estate Holdings	21,350,000	0.35%
Fath Properties Limited	Real Estate Holdings	18,803,980	0.31%
All Others		<u>5,386,049,160</u>	<u>89.25%</u>
Total		<u>\$6,035,025,400</u>	<u>100.00%</u>

Source: Cincinnati City School District Records

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**TEN LARGEST EMPLOYERS
AS OF JUNE 30, 2002**

Employer	Nature of Business	Number of Employees
University of Cincinnati	Education	14,084
The Proctor and Gamble Company	Consumer Goods Manufacturing	13,700
Health Alliance of Greater Cincinnati	Medical	13,505
Kroger Co.	Grocery Store	12,000
GE Aircraft Engines	Manufacturer	7,500
Mercy Health Partners	Healthcare	7,223
Cincinnati Public Schools	Education	7,132
TriHealth, Incorporated	Medical	6,758
City of Cincinnati	Government	6,500
Cincinnati Children's Hospital	Medical	6,433
Fifth Third Bank	Financial Institution	6,427

Source: Greater Cincinnati Chamber of Commerce/Business Courier Book of Lists April 15, 2002

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**NUMBER OF TEACHERS, EDUCATION AND YEARS OF EXPERIENCE
AS OF JUNE 30, 2002**

Education	Number of Teachers	Percentage of Total
Bachelor's Degree	500	16.06%
Bachelor's Degree with 150 Semester Hours	815	26.17%
Master's Degree	1,266	40.65%
Master's Degree with 30 Semester Hours	486	15.61%
Doctoral Degree	47	1.51%
Total Number of Teachers	3,114	100.00%

Experience	Number of Teachers	Percentage of Total
0 - 5 years	574	18.43%
6 - 10 years	454	14.58%
10 + years	2,086	66.99%
Total Number of Teachers	3,114	100.00%

Source: Human Resource Department.

CINCINNATI CITY SCHOOL DISTRICT, OHIO

TRANSPORTATION STATISTICS AS OF JUNE 30, 2002

Number of School Buses in Fleet	315
Number of Bus Drivers	390
Number of Miles Driven Per Day	19,908
Number of Miles Driven Annually	3,543,624
Average Annual Miles Per Bus	11,250
Number of Students Transported Per Day	
Public School Students	25,066
Non-Public School Students	6,974
Community School Students	3,624
Handicapped Students	2,399
Preschool Disability Students	96
Total	38,159
Number of Students Transported Per Year	6,792,302
Percent of Student Enrollment Transported	
Public	73%
Community School	9%
Non-Public	18%

Source: Cincinnati City School District T-1 of June, 2002

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

CINCINNATI CITY SCHOOL DISTRICT, OHIO

**SCHEDULE OF INSURANCE POLICIES
AS OF JUNE 30, 2002**

Company	Type of Insurance	Policy Number	Policy Period	Liability Limits	Deductible	Annual Premium
Hartford Insurance	Property (Fire/Catastrophe)	XG0000739	12/1/01 - 12/1/02	\$50,000,000	\$250,000	\$225,250
Hartford Insurance	Travel Accident	33SR801418	10/1/01 - 10/1/02	5,000	NONE	5,552
Royal Insurance	General and Auto Liability	BIND280415	12/15/01 - 12/15/02	50,000,000	25,000,000	85,000
Royal 7 Sunalliance	Commercial Umbrella Liability	RHI090367	12/15/01 - 12/15/02	5,000,000	NONE	159,470
Federal Insurance Company	Boiler and Machinery	76420047	12/1/01 - 12/1/02	50,000,000	5,000	28,000
St. Paul Fire & Marine Ins. Company	Commercial Umbrella Liability	QK01200067	12/15/01 - 12/15/02	5,000,000	NONE	86,600

SOURCE: Cincinnati City School District Insurance Listing Held by Treasurer



**Auditor of State
Betty Montgomery**

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800-282-0370

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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
MARCH 25, 2003**