

**CITY OF CINCINNATI, OHIO**

Single Audit Reports

Year Ended December 31, 2007





Mary Taylor, CPA  
Auditor of State

City Council  
City of Cincinnati  
City Hall, Room 250  
801 Plum Street  
Cincinnati, Ohio 45202

We have reviewed the *Independent Auditors' Report* of the City of Cincinnati, Hamilton County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

September 19, 2008

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# CITY OF CINCINNATI, OHIO

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**CITY OF CINCINNATI, OHIO**  
**Schedule of Expenditure of Federal Awards**  
**(Non-GAAP Budgetary Basis)**  
**For the year ended December 31, 2007**  
(Amounts in Thousands)

Grantor/Program Title	Fund	CFDA #	Grant #	Grant and Contract Revenue Received	Contributions and other Revenue	CFS Expenditures
<b>1 U.S. Department of Agriculture</b>						
* Passed through Ohio Department of Health						
* Hamilton County WIC Program	391	10.557	0 31-2-001-1-CL-06	\$ 153	\$ -	\$ (153)
* Hamilton County WIC Program	391	10.557	0 31-2-001-1-CL-07	2,667	-	(2,428)
* Hamilton County WIC Program	391	10.557	0 31-2-001-1-CL-08	32	-	(83)
Total for CFDA No. 10.557				<u>2,852</u>	<u>0</u>	<u>(2,664)</u>
<b>U.S. Department of Agriculture</b>						
* Passed through Ohio Department of Education						
* Child and Adult Care Food Program	319	10.558	0 31-2-001-1-CL-06	3	-	(39)
Total for CFDA No. 10.558				<u>3</u>	<u>0</u>	<u>(39)</u>
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>				<b>2,855</b>	<b>0</b>	<b>(2,703)</b>
<b>2 U.S. Department of Health and Human Services</b>						
* Passed through Council on Aging of Southwestern Ohio						
* Special Programs for the Aging Title III Part B	324	93.044		31	-	(31)
(a.) Total for CFDA No. 93.044				<u>31</u>	<u>0</u>	<u>(31)</u>
* Special Programs for the Aging Title III Part C	324	93.045		212	17	(206)
(a.) Total for CFDA No. 93.045				<u>212</u>	<u>17</u>	<u>(206)</u>
* Passed through YMCA of Greater Cincinnati						
* TANF- Cincy After School	319	93.558		156	-	(116)
Total for CFDA No. 93.558				<u>156</u>	<u>0</u>	<u>(116)</u>
* Passed through Cincinnati Health Network						
* Homeless Health Care Program	448	93.151	0 Contract #75-9509	110	-	(92)
* Homeless Health Care Program	448	93.151	0 Contract #65-9432	0	-	(7)
(b.) Total for CFDA No. 93.151				<u>110</u>	<u>0</u>	<u>(99)</u>
* Passed through Ohio Department of Health						
* Regional Lead Poisoning Prevention	380	93.197	0 31-2-001-1-BE-06	0	-	(9)
* Regional Lead Poisoning Prevention	380	93.197	0 31-2-001-1-BE-07	81	28	(51)
* Regional Lead Poisoning Prevention	380	93.197	0 31-2-001-1-BE-08	22	-	(89)
Total for CFDA No. 93.197				<u>103</u>	<u>28</u>	<u>(149)</u>
* Passed through Neighborhood Health Care						
* Cincinnati Health Network	446	93.224	0 Contract #65-9435	7	-	-
* Cincinnati Health Network	446	93.224	0 Contract #75-9551	330	-	(246)
Total for CFDA No. 93.224				<u>337</u>	<u>0</u>	<u>(246)</u>
* Passed through Ohio Department of Health						
* Immunization Action Plan Special	415	93.268	0 31-2-001-2-AZ-06	117	-	(61)
* Immunization Action Plan Special	415	93.268	0 31-2-001-2-AZ-07	304	-	(306)
Total for CFDA No. 93.268				<u>421</u>	<u>0</u>	<u>(367)</u>
* Passed through Ohio Department of Health						
* Federal AIDS Prevention	378	93.940	0 31-2-001-2-AS-07	30	-	(30)
* Federal AIDS Prevention	378	93.940	0 31-2-001-2-AS-08	612	-	(623)
Total for CFDA No. 93.940				<u>642</u>	<u>0</u>	<u>(653)</u>
* Passed through Ohio Department of Health						
* STD Control Program	378	93.977	0 31-2-001-2-BX-08	71	-	(69)
Total for CFDA No. 93.977				<u>71</u>	<u>0</u>	<u>(69)</u>
STD/HIV Prevention Training Centers	379	93.978	0 R30/CCR516650-08	240	-	(238)
STD/HIV Prevention Training Centers	379	93.978	0 R30/CCR516650-07	0	-	(1)
Total for CFDA No. 93.978				<u>240</u>	<u>0</u>	<u>(239)</u>
* Passed through Ohio Department of Health						
* Heart Health in Hamilton County	425	93.991	0 31-2-001-2-ED-07	141	-	(97)
* Heart Health in Hamilton County	425	93.991	0 31-2-001-2-ED-06	4	-	-
Total for CFDA No. 93.991				<u>145</u>	<u>0</u>	<u>(97)</u>

(Continued)

**CITY OF CINCINNATI, OHIO**  
**Schedule of Expenditure of Federal Awards**  
**(Non-GAAP Budgetary Basis)**  
**For the year ended December 31, 2007**  
(Amounts in Thousands)

Grantor/Program Title	Fund	CFDA #	Grant #	Grant and Contract Revenue Received	Contributions and other Revenue	CFS Expenditures
<b>(Continued)</b>						
* <i>Passed through Ohio Department of Health</i>						
* Public Health Infrastructure	350	93.283	0 31-2-001-2-B1-06	117	-	(117)
* Public Health Infrastructure	350	93.283	0 31-2-001-2-B1-07	44	-	-
* Public Health Infrastructure	350	93.283	0 31-2-001-2-B1-08	0	-	(116)
Total for CFDA No. 93.283				<u>161</u>	<u>0</u>	<u>(233)</u>
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				<b>2,629</b>	<b>45</b>	<b>(2,505)</b>
<b>3 U.S. Department of Housing &amp; Urban Development</b>						
* Community Development Block Grant	304	14.218	0 B06-MC390003	9,785	-	(9,868)
* Community Development Block Grant	304	14.218	0 B07-MC390003	4,890	2,486	(6,866)
(c.) Total for CFDA No. 14.218				<u>14,675</u>	<u>2,486</u>	<u>(16,734)</u>
* Emergency Shelter Grant	445	14.231	0 S-06-MC-39-0003	153	-	(153)
* Emergency Shelter Grant	445	14.231	0 S-07-MC-39-0003	515	-	(523)
Total for CFDA No. 14.231				<u>668</u>	<u>0</u>	<u>(676)</u>
* HOME-Shelter Plus Care	410	14.238	0 OH16C20-0001	135	-	(135)
* HOME-Shelter Plus Care	410	14.238	0 OH16C30-0001	187	-	(175)
* HOME-Shelter Plus Care	410	14.238	0 OH16C40-0001	270	-	(270)
* HOME-Shelter Plus Care	410	14.238	0 OH16C40-0015	1,346	-	(1,346)
* HOME-Shelter Plus Care	410	14.238	0 OH16C50-0021	1,101	-	(1,101)
* HOME-Shelter Plus Care	410	14.238	0 OH16C50-0001	50	-	(50)
Total for CFDA No. 14.238				<u>3,089</u>	<u>0</u>	<u>(3,077)</u>
* HOME	411	14.239	0 M-00-MC-39-0213	86	-	(86)
* HOME	411	14.239	0 M-03-MC-39-0213	662	-	(662)
* HOME	411	14.239	0 M-04-MC-39-0213	3,300	-	(3,300)
* HOME	411	14.239	0 M-06-MC-39-0213	150	-	(269)
* HOME	411	14.239	0 M-07-MC-39-0213	376	926	(986)
* HOME	411	14.239	0 M-96-MC-39-0213	1,500	-	(1,500)
Total for CFDA No. 14.239				<u>6,074</u>	<u>926</u>	<u>(6,803)</u>
* Housing Opportunities For People With Aids	465	14.241	0 O-HH-06-F001	65	-	(65)
* Housing Opportunities For People With Aids	465	14.241	0 O-HH-07-F001	476	-	(476)
Total for CFDA No. 14.241				<u>541</u>	<u>0</u>	<u>(541)</u>
Empowerment Zone	386	14.244	0 EZ-99-04-0009	1,022	-	(1,022)
Total for CFDA No. 14.244				<u>1,022</u>	<u>0</u>	<u>(1,022)</u>
Cincinnati Lead Abatement Program	381	14.900	0 OHLA0022-94	0	-	2
Total for CFDA No. 14.900				<u>0</u>	<u>0</u>	<u>2</u>
<b>TOTAL DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</b>				<b>26,069</b>	<b>3,412</b>	<b>(28,851)</b>
<b>4 U.S. Department of the Interior</b>						
* <i>Passed through Ohio Department of Natural Resources</i>						
* ODNR-Hooked on Fishing	324	15.605	0	10	-	(9)
(d.) Total for CFDA No. 15.605				<u>10</u>	<u>0</u>	<u>(9)</u>
<b>TOTAL DEPARTMENT OF THE INTERIOR</b>				<b>10</b>	<b>0</b>	<b>(9)</b>
<b>5 U.S. Department of Justice</b>						
Juvenile Accountability	368	16.540	0 2006-JB-015-A242	30	-	(30)
Total for CFDA No. 16.540				<u>30</u>	<u>0</u>	<u>(30)</u>
* <i>Passed through Ohio Office of Criminal Justice Services</i>						
Mental Health Associates (Byrne)	368	16.579	0 2004-JG-A02-6256	27	-	(52)
* Delinquency Prevention	447	16.579	0 2000-DG-BOV-7655	3	-	(6)
* Delinquency Prevention	447	16.579	0 2006-JG-B01-6248	30	-	(30)
* Computer Cop	447	16.579	0 2005-JG-B01-6260	4	-	(4)
* Computer Cop	447	16.579	0 2006-JG-B01-6260	49	-	(49)
Total for CFDA No. 16.579				<u>113</u>	<u>0</u>	<u>(141)</u>
* <i>Passed through Ohio Office of Criminal Justice Services</i>						
* Domestic Violence Advocacy	368	16.588	0 2006-WF-VA5-8583	54	-	(54)
Total for CFDA No. 16.588				<u>54</u>	<u>0</u>	<u>(54)</u>

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**CITY OF CINCINNATI, OHIO**  
**Schedule of Expenditure of Federal Awards**  
**(Non-GAAP Budgetary Basis)**  
**For the year ended December 31, 2007**  
(Amounts in Thousands)

Grantor/Program Title	Fund	CFDA #	Grant #	Grant and Contract Revenue Received	Contributions and other Revenue	CFS Expenditures
<b>Continued</b>						
Local Law Enforcement Block Grant	345	16.592	0 2004-LB-BX-0452	\$ 0	\$ (1)	\$ (107)
Total for CFDA No. 16.592				<u>0</u>	<u>(1)</u>	<u>(107)</u>
Bulletproof Vests	368	16.607	0 01004115	0	-	(60)
Total for CFDA No. 16.607				<u>0</u>	<u>0</u>	<u>(60)</u>
* <i>Passed through Ohio Office of Criminal Justice Services</i>						
* Project Safe Neighborhood	368	16.609	0 2003-PS-PSN-300	6	-	(6)
Total for CFDA No. 16.609				<u>6</u>	<u>0</u>	<u>(6)</u>
Computer Aided Dispatch	980	16.710	0 2004-CK-WX-0135	86	-	(86)
Police Risk Management Systems	980	16.710	0 2003-CK-WX 0167	0	-	(142)
Universal Hiring Program	346	16.710	0 2002-UL-WX-0038	375	-	(375)
Total for CFDA No. 16.710				<u>461</u>	<u>0</u>	<u>(603)</u>
Justice Assistance Grant	375	16.738	0 2007-DJ-BX-1160	596	8	(298)
Total for CFDA No. 16.738				<u>596</u>	<u>8</u>	<u>(298)</u>
<b>TOTAL DEPARTMENT OF JUSTICE</b>				<b>1,260</b>	<b>7</b>	<b>(1,299)</b>
<b>6 U.S. Department of Transportation</b>						
Lunken Parking lot Expansion	980	20.106	0 3-39-0018-1905	20	-	(21)
Local Match Funds - FAA Projects '04	980	20.106	0 3-39-0018-1704	107	-	(15)
Lunken Improvements - '02	980	20.106	0 3-39-0018-1502	40	(5)	-
Lunken Improvements - '03	980	20.106	0 3-39-0018-1603	(119)	-	(6)
Total for CFDA No. 20.106				<u>48</u>	<u>(5)</u>	<u>(42)</u>
* <i>Passed through Ohio Department of Transportation</i>						
* Hopple St., Meeker to I-75 Improv.	980	20.205	0 PID 04905	0	-	(2)
* Beechmont Ave SR 32 to Corbly	980	20.205	0 PID04959	0	(491)	-
* Queen City Ave-White/Wyoming	980	20.205	0 PID04909	0	-	(3)
* Queen City Ave-White/Wyoming	980	20.205	0 PID10599	38	-	43
* Ohio River Trail Salem to Downtown	980	20.205	0 PID20399	88	-	(69)
* ML King Woodside to Eden	980	20.205	0 PID11262	2,560	-	(2,304)
Gilbert Ave Greenway	980	20.205	0 PID 78010 ODOT	234	(75)	(401)
Kennedy Connector	980	20.205	0 OH dept of Dev	515	-	(3)
Columbia Pwy Access Management	980	20.205	0 PID 11895 ODOT	135	-	(145)
Hamilton Ave. Windmere to Groesbeck	980	20.205	0 PID 24503 ODOT	416	67	(809)
Walvogel Viaduct Replacement 06	980	20.205	0 PID 20082 ODOT	4,197	-	(5,152)
(e.) Total for CFDA No. 20.205				<u>8,183</u>	<u>(499)</u>	<u>(8,845)</u>
* <i>Passed through Governor's Highway Safety Office</i>						
Law Enforcement Overtime Program	368	20.600	0 GG-2007-31-00-00-00279	77	-	(78)
Law Enforcement Overtime Program	368	20.600	0 GG-2007-31-00-00-00346	63	-	(60)
(f.) Total for CFDA No. 20.600				<u>140</u>	<u>0</u>	<u>(138)</u>
<b>TOTAL DEPARTMENT OF TRANSPORTATION</b>				<b>8,371</b>	<b>(504)</b>	<b>(9,025)</b>
<b>7 Environmental Protection Agency</b>						
Brownfield Job Training	474	66.815	0 JT96546102	16	-	(3)
Brownfield Job Training	474	66.815	0 JT96546101	2	-	(2)
Total for CFDA No. 66.815				<u>18</u>	<u>0</u>	<u>(5)</u>
<b>TOTAL ENVIRONMENTAL PROTECTION AGENCY</b>				<b>18</b>	<b>0</b>	<b>(5)</b>
<b>8 National Park Service</b>						
Showboat Majestic Improvements	980	15.919	0 39-03-ML-1381	53	-	(1)
Urban Park and Recovery	980	15.919	0 39-CTY-1610-01-01	0	-	(5)
Mt. Auburn Hopkins Park	980	15.919	0 39-CTY-1610-02-01	280	-	(26)
Total for CFDA No. 15.919				<u>333</u>	<u>0</u>	<u>(32)</u>
<b>TOTAL NATIONAL PARK SERVICE</b>				<b>333</b>	<b>0</b>	<b>(32)</b>

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**CITY OF CINCINNATI, OHIO**  
**Schedule of Expenditure of Federal Awards**  
**(Non-GAAP Budgetary Basis)**  
**For the year ended December 31, 2007**  
(Amounts in Thousands)

Grantor/Program Title Continued	Fund	CFDA #	Grant #	Grant and Contract Revenue Received	Contributions and other Revenue	CFS Expenditures
<b>9 Department of Homeland Security</b>						
* <i>Passed through Hamilton County Emergency Mgt. Agency</i>						
* Urban Areas Security Initiative		97.008	0 S05-UASIS-31-0291	\$ 950	\$ -	\$ (950)
* Urban Areas Security Initiative		97.008	0 S05-UASIS-31-0291	51	-	(51)
* Urban Areas Security Initiative		97.008	0 S05-UASIS-31-0236	216	-	(216)
* Urban Areas Security Initiative		97.008	0 S05-UASIS-31-0236	1	-	(1)
* Urban Areas Security Initiative		97.008	0 S05-UASIS-31-0236	4	-	(4)
<b>Total for CFDA No . 97.008</b>				<u>1,222</u>	<u>0</u>	<u>(1,222)</u>
<b>9 Department of Homeland Security</b>						
* <i>Passed through Hamilton County Emergency Mgt. Agency</i>						
Homeland Security Grant Program		97.073	0 S05-SHSP5-31-0231	35	-	(35)
Homeland Security Grant Program		97.073	0 S05-SHSP5-31-0231	82	-	(82)
<b>Total for CFDA No . 97.073</b>				<u>117</u>	<u>0</u>	<u>(117)</u>
* <i>Passed through Ohio Dept. of Natural Resources</i>						
* Paddle Safe Cincinnati	324	97.012	0	0	-	(1)
<b>Total for CFDA No . 97.012</b>				<u>0</u>	<u>0</u>	<u>(1)</u>
* <i>Passed through Ohio Dept. of Public Safety</i>						
* FEMA-Katrina	479	97.036	0 FEMA 3250-EM-061-15000	286	-	(286)
<b>Total for CFDA No . 97.036</b>				<u>286</u>	<u>0</u>	<u>(286)</u>
Fire Prevention & Safety Grant	472	97.044	0 EMW-2006-FP-02745	30	-	(45)
<b>Total for CFDA No . 97.044</b>				<u>30</u>	<u>0</u>	<u>(45)</u>
* <i>Passed through Ohio Emergency Management Agency</i>						
Metropolitan Medical Response System	454	97.071	0 S-06-MMRs6-31-0241	474	-	(472)
Metropolitan Medical Response System	393	97.071	0 EMW-2004-GR-0554	81	-	(9)
* Metropolitan Medical Response System	454	97.071	0 70-0560-0-1-999	0	-	(7)
<b>Total for CFDA No . 97.044</b>				<u>555</u>	<u>0</u>	<u>(488)</u>
* <i>Passed through Ohio Management Agency</i>						
* 2005 Buffer Zone	368	97.078	0 2005-GR-T5-0012	261	-	(391)
<b>Total for CFDA No . 97.012</b>				<u>261</u>	<u>0</u>	<u>(391)</u>
<b>TOTAL DEPARTMENT OF HOMELAND SECURITY</b>				<u>2,470</u>	<u>0</u>	<u>(2,550)</u>
 <b>TOTAL FEDERAL GRANTS &amp; SUBSIDIES (Non-GAAP Basis)</b>				 <u>\$ 44,016</u>	 <u>\$ 2,961</u>	 <u>\$ (46,980)</u>
Less Amount Recognized as Contributed Capital				\$ 44,016		
Less Accrual of Federal Grant & Subsidies at 12/31/06				(1,405)		
Plus Accrual of Federal Grant & Subsidies at 12/31/07				675		
Huntington Meadows - Revenue that was paid back in 2007				<u>(1,500)</u>		
<b>Amount Recognized as Federal Grants &amp; Subsidies (GAAP Basis)</b>				<u>\$ 41,786</u>		

\* Indicates Federal monies passed through another agency to the City of Cincinnati.

The Schedule of Expenditures of Federal Awards is presented on a Non-GAAP budgetary basis. Total Community Development loans outstanding at December 31, 2007 totaled \$55,357,000.00 Total Rental Rehab loans outstanding totaled \$6,198,000.



**Clark, Schaefer, Hackett & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS

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

To the Honorable Mayor and Members of the City Council  
City of Cincinnati, Ohio:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cincinnati Ohio ("City") as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 30, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is a more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance And Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated June 30, 2008.

This report is intended solely for the information and use of the Mayor and Members of City Council, management, the Ohio Auditor of State, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

*Clark, Schaefer, Hachett & Co.*

Cincinnati, Ohio  
June 30, 2008





**Clark, Schaefer, Hackett & Co.**

CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor and Members of the City Council  
City of Cincinnati, Ohio:

Compliance

We have audited the compliance of City of Cincinnati, Ohio ("City") 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 year ended December 31, 2007. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City'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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City'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 City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City'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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in the entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2007, and have issued our report thereon dated June 30, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards 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 basic 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 solely for the information and use of the Mayor and Members of City Council, management, and 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.

*Clark, Schaefer, Hachett & Co.*

Cincinnati, Ohio  
June 30, 2008

**CITY OF CINCINNATI, OHIO**

Schedule of Findings and Questioned Costs

Year Ended December 31, 2007

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued :	unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Noncompliance material to financial statements noted?	none

**Federal Awards**

Internal Control over major programs:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Type of auditors' report issued on compliance for major programs:	unqualified
Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133?	no
Identification of major programs:	
<i>CFDA 14.218 – Community Development Block Grants/Entitlement Grants</i>	
<i>CFDA 14.238 – Shelter Plus Care</i>	
<i>CFDA 14.239 – HOME Investment Partnerships Program</i>	
Dollar threshold to distinguish between Type A and Type B Programs:	\$1,409,395
Auditee qualified as low-risk auditee?	no

**Section II - Financial Statement Findings**

None.

**Section III - Federal Award Findings and Questioned Costs**

None.

## CITY OF CINCINNATI, OHIO

### Schedule of Prior Audit Findings

Year Ended December 31, 2007

#### **Finding 2006-1 – Schedule of Expenditures of Federal Awards**

*Condition:* During our testing of capital assets, we noted the City received approximately \$6.9 million of contributed equipment that was purchased by Hamilton County with U.S. Department of Homeland Security funding. Based on the requirements of OMB Circular A-133, this equipment purchased with federal funds should be reported on the City's Schedule of Expenditures of Federal Awards, but was not included on the original schedule prepared by the City.

*Current Status:* Corrected.

#### **Finding 2006-2 – CDBG Subrecipient Monitoring**

*Condition:* The tickler file used to monitor subrecipients' submission of audit reports was not maintained consistently and accurately throughout the year. Further, the file was not complete as it did not include all subrecipients. The City was unable to provide documentation on its monitoring efforts such as the required submission of audit reports by subrecipients, and follow-up when audit reports submitted did not include all required reports or included audit findings. Additionally, there was no formal policy or procedure in place to perform during the award monitoring activities or to track and monitor the on-site reviews that did occur.

*Current Status:* Partially corrected. Repeated a portion of the finding in our management letter dated June 30, 2008.

Comprehensive Annual  
**Financial Report**

for the year ended December 31, 2007



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City of Cincinnati, Ohio

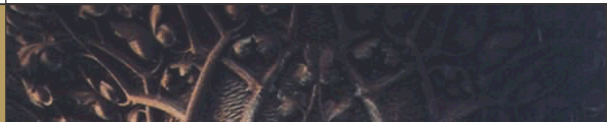






*The new Fountain Square was presented to the people of Cincinnati on October 16, 2006, making it a welcoming venue for all Cincinnatians and visitors to enjoy. Upon the re-opening of Fountain Square, the Tyler Davidson Fountain, reappeared for a dramatic unveiling and found herself in a slightly new position, facing Southward. As part of the City's efforts to revitalize downtown, the Square brings a new look for the heart of the Queen City.*





*Comprehensive Annual*  
**Financial Report**

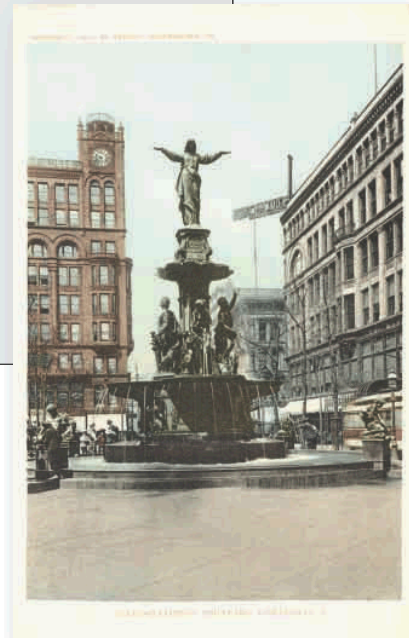
for the year ended December 31, 2007

*Director of Finance:*  
**Joe Gray**

*Assistant Director of Finance:*  
**Kathleen A. Creager, CPA**

*Finance Manager:*  
**Pamela J. Sacherman**

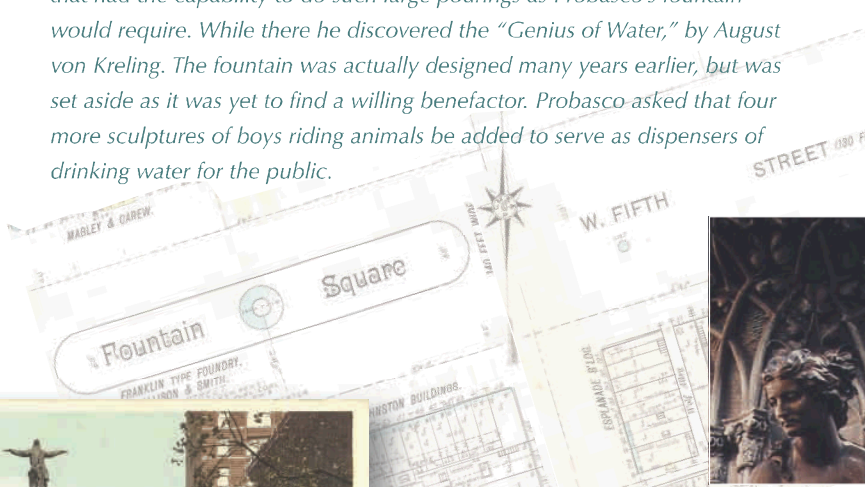
City of Cincinnati, Ohio



## *City of Cincinnati* Introductory Section

*In 1866, Cincinnati businessman, Henry Probasco, began his search for a memorial to his friend and business partner, Tyler Davidson. Probasco was looking for a drinking fountain for the people of Cincinnati with a modern feel that celebrated humanity, rather than the mythological, as traditional monuments of the time usually did.*

*His search for a fitting memorial took Probasco to the Royal Bronze Foundry of Bavaria in Munich. This foundry was one of the few in the world that had the capability to do such large pourings as Probasco's fountain would require. While there he discovered the "Genius of Water," by August von Kreling. The fountain was actually designed many years earlier, but was set aside as it was yet to find a willing benefactor. Probasco asked that four more sculptures of boys riding animals be added to serve as dispensers of drinking water for the public.*





**CITY OF CINCINNATI, OHIO  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 For the year ended December 31, 2007**

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# City of Cincinnati

DEPARTMENT OF FINANCE

SUITE 250, CITY HALL  
801 PLUM STREET  
CINCINNATI OH 45202  
PHONE (513) 352-3731

June 30, 2008

JOE GRAY  
DIRECTOR OF FINANCE

The Honorable Mayor, Members of City Council,  
and the Citizens of the City of Cincinnati, Ohio

We are pleased to submit the City of Cincinnati's Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2007. State law requires that the City of Cincinnati annually publish a complete set of financial statements for the results of its fiscal operations, presented in conformity with generally accepted accounting principles (GAAP). This report is prepared by the Department of Finance, which is responsible for the accuracy of the data and the completeness and fairness of its presentation, including disclosures. We believe that the information presented is accurate in all material respects and reported in a manner designed to show the financial position and operating results of the City.

GAAP requires 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) that is located on page 3. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Cincinnati's 2007 CAFR is presented in three sections: Introductory, Financial, and Statistical. The Introductory section, which provides information on the general contents of the report, contains this letter of transmittal, an organizational chart of City government, and a list of City officials. The Financial section is comprised of the auditor's report, the MD&A, the basic financial statements, required supplementary information, and various statements and schedules pertaining to the City's funds and activities. The Statistical section provides various financial, economic, and demographic data about the City, generally on a multi-year basis.

The Administration believes that the City's internal control structure provides reasonable assurance that assets are safeguarded, transactions are recorded and reported appropriately, and policies are followed. The concept of reasonable assurance recognizes that the cost of a control procedure should not exceed the expected benefit.

An important element of the City's control structure is the ongoing program to promote control consciousness throughout the organization. The Administration's commitment to this program is emphasized through written policies and procedures, and a well-qualified financial staff.

The firm of Clark, Schaefer, Hackett and Co. was selected, by the Auditor of the State of Ohio, in October 2004 to perform the City's audit for the five years 2004 to 2008. Clark, Schaefer, Hackett and Co. has audited the accompanying financial statements. Their report is included herein.

A single audit is an organization-wide financial and compliance audit that is conducted in lieu of the traditional grant-by-grant multiple audits performed in the past. Federal law requires us to have this single audit of all City activities. We have remained in compliance with this requirement since its inception in 1985. Clark, Schaefer, Hackett and Co. conducted the single audit for the 2007 fiscal year.

## **Profile of the Government**

Cincinnati was founded in 1788, chartered as a village in 1802, and incorporated as a City in 1819. It is located on the Ohio River in Southwestern Ohio near the junction of Ohio, Indiana and Kentucky. Voters approved major revisions to the City Charter in 1926 to provide for home rule and the council-manager form of government. The City's form of government was modified in 2001 based on a charter amendment approved by the voters in 1999 to implement a strong Mayor form of government. The Mayor is chosen through a direct election and the nine-members of City Council are chosen in a separate at-large election.

The Mayor is elected to a four-year term and City Council members are elected to two-year terms. Term limits enacted in November 1993 limit members of City Council to four consecutive two-year terms and the Mayor to two consecutive four-year terms. The Mayor appoints the City Manager subject to prior approval of the City Council.

The City is the only governmental unit in the reporting entity; it has no component units. In determining what constitutes the City reporting entity, the criteria established by the Governmental Accounting Standards Board were used. The City is not financially accountable for any potential component units. Hamilton County and the Cincinnati City School District are separate governmental jurisdictions that overlap the City's boundaries. These entities are not included in the City's financial reports.

An operating budget is adopted each fiscal year for the General Fund and those Special Revenue Funds identified as appropriated in the financial statements. Budgetary data for the Nonappropriated Special Revenue Funds is maintained as well. For each budgeted expenditure classification, the level of appropriation control, which may not be exceeded, is: personal service, non-personal service, capital outlay, and debt service. Any revisions that alter the appropriation control classification of any division within a City department must be approved by the City Council. Encumbrances do not lapse at year-end and are included as expenditures in the current year budget (Non-GAAP Budgetary Basis).

The City provides the full range of municipal services including police and fire protection, parks, recreation, public services (highways, streets, and waste collection), health and human services, culture, public improvements, planning and zoning, general administrative, water and sewer services.

## **Information Useful in Assessing the Government's Economic Condition**

### Local Economy

Forty-three percent of the nation's population, 41% of the nation's purchasing power, 44% of the nation's manufacturing establishments, and 54% of the nation's value added by manufacturing are located within 600 miles of the City. The City's diverse economic base has been and continues to be a source of financial stability for the City. Among its prominent manufacturing groups are transportation equipment, which includes aircraft engines and auto parts; food and kindred products; metalworking and general industrial machinery; chemicals; fabricated metal products; printing and publishing.

According to the Greater Cincinnati Chamber of Commerce in its Economic Outlook 2008, there has been slow growth in the regional population; however, the regional area maintains recognition as a good place to live which helps improve prospects for future growth and in-migration. Recently, expansion and relocation activity has turned more favorable. The local economy is growing slower than the nation, but is expected to improve through additional economic development efforts and a strengthening national economy. During the

past five years, the unemployment rate in the Cincinnati MSA rose slightly from an initial low of 4.9% (2002) to a high of 5.0% (2007).

Regional job growth is expected to slow to a modest .8% in 2007. Cincinnati's keys to successful recovery are in its ability to attract and maintain business and to reduce impact of loss of population and jobs to growing suburban areas.

Per the U.S. 2000 Census the City of Cincinnati's population was 331,285. The 2007 updated population estimates made by the Census Bureau has the Cincinnati population at 332,252.

### Long Term Financial Planning

City Council established standards for a minimum working capital reserve account in 1984 to assure a strong financial position and to protect Cincinnati's general obligation bond rating during periods of fiscal stress. The policy called for achievement of a minimum reserve level, for emergency needs of a catastrophic nature, of no less than 5% or more than 8% of general operating revenues by December 31, 1986. The targeted year-end reserve level was achieved in January of each year 1985 through 2007. For 2008, the target reserve of \$24.3 million (6.8% of 2008 estimated revenues) has already been achieved.

Actual Non-GAAP General Fund expenditures/encumbrances in 2007 were \$361.9 million which is a \$16.1 million increase compared with 2006 expenditure/encumbrances of \$345.8 million. Actual Non-GAAP revenue in 2007 of \$352 million was greater than the original 2007 revenue estimate of \$346.2 million by \$5.8 million.

Standard and Poor's rates the City's general obligation bonds "AA+", the second highest rating. The City's bond rating by Moody's is Aa1", the second highest rating. The ratings reflect the City's strong financial management and healthy local economy.

### Relevant Financial Policies

Cash temporarily idle during the year was invested in Certificates of Deposit, obligations of the U.S. Treasury, and the State Treasurer's investment pool. The City has an investment committee that meets regularly to review investment policies and procedures. Beginning in March 2003, separate portfolios were created for general investments and bond investments in order to track specific interest earned on bond proceeds.

The City's Investment Policy, which was approved by the Mayor and City Council, is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits are either insured by federal depository insurance or collateralized. The investments held by the City at December 31, 2007 were either backed by the full faith and credit of the U.S. Government or were investments with a credit rating of A-/A3 and above. The Investment Policy uses a ladder approach to schedule investment maturities whose weighted average maturity of the general investment portfolio is not to exceed two years. As of December 31, 2007, the weighted average maturity was 551.60 days. The Investment Policy also identifies a benchmark that is used to monitor the performance of the investment portfolio. During 2007, the benchmark ranged from 4.53% to 4.79% and the rate of return for general investments ranged from 4.69% to 4.85%. The rate of return on general investments was 4.85% in 2007 compared to 3.98% for all investments in 2006.

The City maintains a comprehensive all-risk property insurance program through a commercial carrier, covering approximately \$1 billion in property values. The program contains a \$100,000 deductible, provides 100% replacement cost of property and has a maximum limit of \$100 million for earthquake damage and \$100 million for flood damage.

The City of Cincinnati Retirement System's (CRS) net plan assets increased from \$2.61 billion as of December 31, 2006 to \$2.68 billion as of December 31, 2007. The increase of \$70 million was generated by investment returns of 7.8% net of fees in 2007 on the CRS investment portfolio. (See Pension Trust Fund financial statements on pages 32 and 33 and footnote 20.)

The Cincinnati Retirement System's actuary reported the funding progress of the plan as of December 31, 2007 improved. The funding ratio at year-end 2007 was 86.23% up from 87.42% year-end 2006. The increase in the funding ratio was due primarily to a change in retiree health care. The City Council changed retiree health care so that those retiring from the CRS after September 2007 will have the same medical coverage as active employees. Although the retirement system is under-funded, the City of Cincinnati has pre-funded not only the retirement system's pension liabilities but also its healthcare liabilities. Thus, the funding progress calculation accounts for both pension and healthcare liabilities.

### Major Initiatives

In 2007, the City continued to improve customer service throughout city government and promote revitalization of neighborhoods, downtown, and the riverfront area. Major initiatives, accomplishments, and positive changes were made in the following areas and are of particular interest.

In November 2007, the City of Cincinnati and Hamilton County approved a series of agreements to develop the Banks on the City's central riverfront. The project will consist of infrastructure improvements, parking garages, apartments, retail, office space and a 40-acre riverfront park.

The Baldwin Office Complex Project is a new project immediately east of downtown. Corporex Companies, LLC is constructing an office and hotel development consisting approximately of 250,000 square feet of single tenant commercial office space, an approximately 123-room select service hotel, and approximately 1,100 parking spaces. The \$86 million dollar project will create 300 new jobs and retain 529 existing full time positions.

The Cincinnati Center City Development Corporation (3CDC), a private, non-profit corporation which was created in July 2003 to help develop Cincinnati's Center City, worked with the City of Cincinnati to initiate the Fountain Square Revitalization project. The plan included a public space with retail, dining and entertainment that anchors the Fountain Square District. Spanning several blocks around the Square, the Fountain Square District includes new residential and retail developments. The total project cost was \$42.6 million of which the City invested \$4 million. The project included significant renovation of the supporting parking facility and public plaza. The square reopened in October 2006 and the final improvements to the square were completed in 2007.

In April 2007, Neyer Properties, Inc. began construction of a 400,000 square foot Class A office complex known as Keystone Parke east of downtown along I-71. The development will sit atop a three level parking garage and is scheduled for completion in 2010. Upon completion, the tenants at the site will employ approximately 2,000 people.

**Tax Incentive Districts** – Ohio cities may now create Tax Incentive Districts up to 300 acres in size. In the past, the City's TIF authority was limited to specific projects. This change provides Cincinnati with a new tool to stimulate development and investment in depressed portions of the community. Under the new legislation, eleven areas of Cincinnati were approved as Tax Incentive Districts by Cincinnati's City Council in December 2002 and an additional nine TIF districts were approved in December 2005.

In 2007, the City approved neighborhood streetscape projects in five of the Tax Incentive Districts. Construction also began on a mixed-use development in the Madisonville TIF District. The development



includes 130,000 square foot nursing home facility, a 110 unit assisted living facility and a pet care facility. Approximately 600 jobs are anticipated to be created or retained at completion of the project.

## **Awards and Acknowledgements**

### Certificate of Achievement and Budget Award

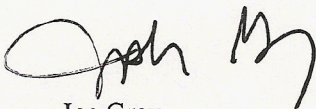
During 2007 the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cincinnati for its comprehensive annual financial report for the fiscal year ended December 31, 2006. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

This is the twenty-seventh consecutive year that the City has received this award. In 1979, for our 1978 annual financial report, we were the first governmental unit in Ohio to receive the Certificate. As of December 31, 2006, 116 municipal reporting entities in Ohio and only 1,747 units nationwide are holders of the Certificate. We believe our current report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its' eligibility for another certificate.

We are equally proud of the GFOA's Award for Distinguished Budget Presentation earned by the City for its 2007/2008 biennial budget. This is the 21st consecutive year that the City has received this award. For the fiscal years beginning in 2006, only 26 entities in Ohio and only 1,127 nationwide received the award.

The preparation of this Comprehensive Annual Financial Report was accomplished by the efficient and dedicated services provided by the entire staff of the Department of Finance. Each member of the Department has our sincere appreciation for the contribution made in the preparation of this report. Appreciation is also expressed to those in other City departments for their cooperation and assistance in matters pertaining to the financial affairs of the City. We hereby acknowledge and thank all who contributed their time and effort.

Respectfully,



Joe Gray  
Director of Finance

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# CERTIFICATE OF ACHIEVEMENT

## Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Cincinnati  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2006

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.



*Charles S. Cox*

President

*Jeffrey R. Emer*

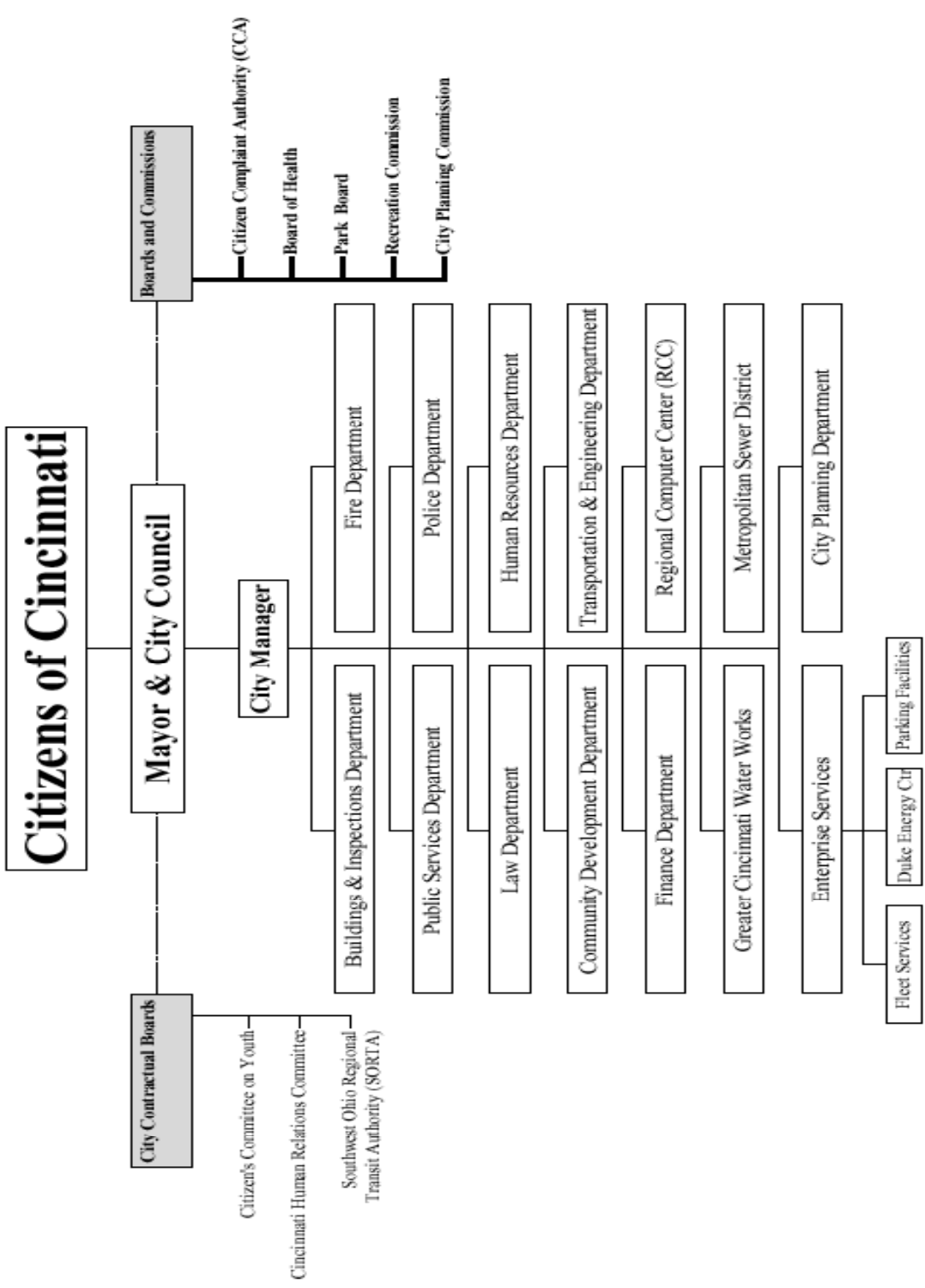
Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Cincinnati, Ohio for its comprehensive annual financial report for the fiscal year ended December 31, 2006.

The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Cincinnati has received a Certificate of Achievement for the last twenty-seven consecutive years (fiscal years ended 1980 - 2006). We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.





# **CITY OF CINCINNATI, OHIO**

## **Principal City Officials**

### **CITY COUNCIL**

Mark Mallory, Mayor  
First term

David Crowley, Vice Mayor, fourth term  
Chris Monzel, third term  
Jeff Berding, second term  
Chris Bortz, second term  
Roxanne Qualls, first term

Y. Laketa Cole, third term  
John Cranley, fourth term  
Leslie Ghiz, second term  
Cecil Thomas, second term

### **CITY MANAGER**

Milton Dohoney, Jr.

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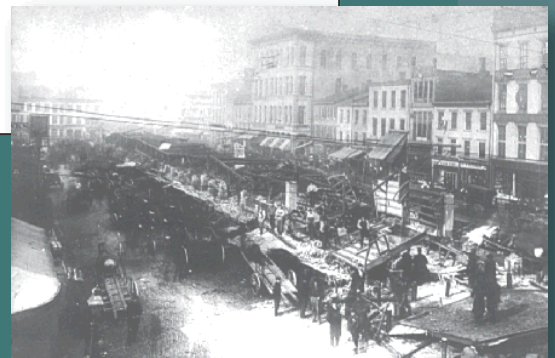


## *City of Cincinnati* **Financial Section**

*Once the plans were drawn and production was underway, a fitting location had to be found for such a monumental fountain. Henry Probasco made his proposal to the City Council in 1867. He recommended a location east of the Fifth Street Market House, between Walnut and Main Streets. Due to the streetcar lines in that location, the Council decided the space was insufficient. They then recommended the fountain be placed on the location of the Market House, between Vine and Walnut Streets. The Market House was demolished in 1870.*



*On October 6, 1871 the Tyler Davidson fountain was presented to the people of Cincinnati. The impressive fountain stands 43' tall using about 24 tons of bronze and 85 tons of granite. About 500 gallons of water flow through it every minute. The fountain has become the symbolic center of the Queen City.*



*Demolition of the Market House*



**Clark, Schaefer, Hackett & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS

## **INDEPENDENT AUDITORS' REPORT**

To the Honorable Mayor and Members of the City Council  
City of Cincinnati, Ohio:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cincinnati, Ohio as of and for the year ended December 31, 2007, which collectively comprise the City of Cincinnati, Ohio's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Cincinnati, Ohio'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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cincinnati, Ohio as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2008, on our consideration of the City of Cincinnati, Ohio's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary information on pages 3 through 15 and 91 through 92, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cincinnati, Ohio's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
June 30, 2008

## City of Cincinnati Management's Discussion and Analysis

As management of the City of Cincinnati (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages v - ix of this report. The government-wide financial statements are presented on a GAAP basis; that is, they reflect accrual basis of accounting. The GAAP fund financial statements will differ from those presented on a budgetary basis.

### Financial Highlights

The assets of the City, including all Governmental and Business-type activities, exceeded its liabilities at the close of the most recent fiscal year by \$1.7 billion (net assets). Of this amount, \$54.4 million is considered unrestricted. The unrestricted net assets of the City's governmental activities are \$37.2 million and may be used to meet the government's on-going obligations. The unrestricted net assets of the City's business type activities are \$17.3 million and may be used to meet the on-going obligations of the City's parking, convention center, stormwater, aviation and golf business-type activities. Unrestricted net assets do not include assets with externally imposed restrictions or restrictions imposed by law. They do include assets that are obligated but not paid such as encumbrances and on-going projects.

- The City's total net assets increased \$31.8 million in 2007. Net assets of the governmental activities increased by \$17.7 million which represents a 2.1% increase from the 2006 balance. Net assets of business-type activities increased \$14.1 million or 1.7% increase from 2006. Governmental activities investment in capital assets, net of related debt increased \$0.5 million. Governmental activities restricted net assets increased \$18.4 million. Business-type activities investment in capital assets, net of related debt decreased \$12.6 million. Business-type activities restricted net assets increased by \$33 million.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$383.2 million, an increase of \$22.5 million in comparison with the prior year. On a combined basis approximately 52.8%, \$202.3 million, is considered unreserved at December 31, 2007. Unreserved fund balance includes \$109.6 million for capital projects.

At the end of the current fiscal year, the general fund reported a fund balance of \$73.5 million. The unreserved fund balance for the general fund was \$56.1 million, or 20.9% of the total general fund expenditures. There was a \$2.4 million increase in general fund balance for the year ended December 31, 2007.

- The City's total debt increased by \$69.6 million (10%) during the current fiscal year.

### Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide financial statements can be found on pages 19 to 21 of this report.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent

fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, and earned but unused vacation leave).

Both of the government-wide financial statements (statement of net assets and statement of activities) distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, economic development, community development, parks and recreation, public safety, transportation and engineering, enterprise services, public services, and public health. The business-type activities of the City include the Water Works, Parking Facilities, Convention Center, General Aviation, Municipal Golf, and Stormwater Management Funds.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The basic governmental fund financial statements can be found on pages 22 to 26 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 28 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, the capital projects fund, and the debt service fund, all of which are considered to be major funds. Data from the other 25 funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* found elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

**Proprietary funds.** The City maintains two different types of proprietary funds - enterprise and internal service. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water works, parking facilities, convention center, municipal airport, municipal golf courses and stormwater management system. *Internal service funds* are an accounting device to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds for its printing services and general stores operation, municipal garage, property management function, mechanized street sweeping, self-insurance medical fund, workers' compensation fund and regional computer center. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 27 to 31 of this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Works Fund and the Convention Center Fund which are considered to be major funds of the City. The other enterprise funds are combined

into a single, aggregated presentation in the proprietary fund financial statements. All internal service funds are also combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the other enterprise funds and internal service funds are provided in the form of *combining statements* found elsewhere in this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City uses fiduciary funds to account for pension, trust and agency funds. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 32 and 33 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37 to 86 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Funding Progress of the City's Pension and Health Care Plans, Employer Contributions to the City's Pension and Health Care Plans and the Budgetary Comparison of the City's General Fund. Required supplementary information can be found on pages 89 to 92 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 97 to 163 of this report.

#### CITY OF CINCINNATI'S Net Assets

(AMOUNTS IN THOUSANDS)

	Governmental Activities		Business-type Activities		Total	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	Current and other assets	\$635,587	\$605,013	\$212,164	\$159,569	\$847,751
Capital assets	<u>929,350</u>	<u>913,439</u>	<u>1,059,215</u>	<u>1,032,167</u>	<u>1,988,565</u>	<u>1,945,606</u>
Total Assets	1,564,937	1,518,452	1,271,379	1,191,736	2,836,316	2,710,188
Long-term liabilities outstanding	454,878	416,406	368,064	303,568	822,942	719,974
Other liabilities	<u>247,401</u>	<u>257,045</u>	<u>61,962</u>	<u>60,951</u>	<u>309,363</u>	<u>317,996</u>
Total liabilities	702,279	673,451	430,026	364,519	1,132,305	1,037,970
Net assets:						
Invested in capital assets, net of						
Related debt	648,708	648,232	739,650	752,246	1,388,358	1,400,478
Restricted	176,785	158,416	84,453	51,409	261,238	209,825
Unrestricted	<u>37,165</u>	<u>38,353</u>	<u>17,250</u>	<u>23,562</u>	<u>54,415</u>	<u>61,915</u>
Total net assets	<u>\$862,658</u>	<u>\$845,001</u>	<u>\$841,353</u>	<u>\$827,217</u>	<u>\$1,704,011</u>	<u>\$1,672,218</u>

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$1.7 billion at the close of the most recent fiscal year.

The largest portion of the City's net assets \$1.4 billion (80.7%) reflects its investment in capital assets (e.g. land, construction in progress, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, because the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets \$261.2 million (15.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance \$54.4 million (3.2%) represents *unrestricted net assets* and may be used to meet the government's ongoing obligations to citizens and creditors. It is important to note that although the total unrestricted net assets is \$54.4 million; the unrestricted net assets of the City's business-type activities (\$17.3 million) may not be used to fund governmental activities.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same held true for the prior fiscal year.

Overall, net assets of the City increased \$31.8 million in 2007. Net assets for governmental activities increased \$17.7 million, while net assets of business-type activities increased \$14.1 million.

There was a increase of \$18.4 million in restricted net assets reported in connection with the City's governmental activities and restricted net assets reported in connection with the City's business-type activities increased by \$33 million in 2007. The key factors in these changes were the increase in expenditures of funds restricted for capital projects and in unspent bond proceeds. The reason for the increase in business type assets is an increase in restricted activities for Water Works and a decrease in unspent bond proceeds.

The City's governmental activities amount invested in capital assets, net of related debt, increased \$0.5 million as debt increased and bond proceeds and capital grants were used to complete certain capital projects during 2007. The City's business-type activities amount invested in capital assets, net of related debt, decreased \$12.6 million.

**CITY OF CINCINNATI**  
**Changes in Net Assets**  
(AMOUNTS IN THOUSANDS)

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	2007	2006	2007	2006	2007	2006
Revenues:						
Program Revenues:						
Charges for Services	\$ 131,374	\$ 128,362	\$ 149,327	\$ 127,957	\$ 280,701	\$ 256,319
Operating Grants and Contributions	38,051	62,757	0	0	38,051	62,757
Capital Grants and Contributions	12,559	9,954	5,140	32,711	17,699	42,665
General Revenues:						
Property Taxes	75,393	79,996			75,393	79,996
Income Taxes	304,466	305,254			304,466	305,254
Admission Taxes	4,309	4,494			4,309	4,494
Shared Taxes	67,927	63,412			67,927	63,412
Occupancy Taxes	2,131	1,874	1,274	1,046	3,405	2,920
Unrestricted Investment Earnings	23,361	20,344	8,380	7,278	31,741	27,622
Miscellaneous	127	55	3,819	4,308	3,946	4,363
<b>Total Revenues</b>	<b>659,698</b>	<b>676,502</b>	<b>167,940</b>	<b>173,300</b>	<b>827,638</b>	<b>849,802</b>
Expenses:						
General Government	141,045	139,436			141,045	139,436
Economic Development	0	68			0	68
Community Development	45,910	56,751			45,910	56,751
Parks and Recreation	42,069	40,848			42,069	40,848
Public Safety	235,945	224,724			235,945	224,724
Transportation and Engineering	37,734	37,271			37,734	37,271
Transit System	43,814	41,950			43,814	41,950
Public Services	53,166	47,268			53,166	47,268
Public Health	43,367	44,227			43,367	44,227
Interest on long-term debt	19,034	18,789			19,034	18,789
Water Works			108,314	99,177	108,314	99,177
Parking Facilities			10,397	9,118	10,397	9,118
Convention Center			14,588	10,359	14,588	10,359
General Aviation			2,319	2,160	2,319	2,160
Municipal Golf			6,428	6,179	6,428	6,179
Stormwater Management			8,258	7,226	8,258	7,226
<b>Total Expenses</b>	<b>662,084</b>	<b>651,332</b>	<b>150,304</b>	<b>134,219</b>	<b>812,388</b>	<b>785,551</b>
Change in net assets before transfers and special item	(2,386)	25,170	17,636	39,081	15,250	64,251
Transfers	3,500	(701)	(3,500)	701	-	-
Special Items	16,543				16,543	-
<b>Change in net assets</b>	<b>17,657</b>	<b>24,469</b>	<b>14,136</b>	<b>39,782</b>	<b>31,793</b>	<b>64,251</b>
Net assets – January 1 <sup>st</sup>	<u>845,001</u>	<u>820,532</u>	<u>827,217</u>	<u>787,435</u>	<u>1,672,218</u>	<u>1,607,967</u>
Net assets – December 31 <sup>st</sup>	<u>\$ 862,658</u>	<u>\$ 845,001</u>	<u>\$ 841,353</u>	<u>\$ 827,217</u>	<u>\$ 1,704,011</u>	<u>\$ 1,672,218</u>

**Governmental activities.** Governmental activities increased the City's net assets in 2007 by \$17.7 million, thereby accounting for 55.5% of the increase in net assets of the City. Key elements of the change in net assets include:

#### Revenues

Charges for Services increased by \$3.0 million. This includes increase of \$5.9 million in General Government. Fees charged to the City Retirement System for medical claims increased \$3.4 million, increases in fees for building permits and contractor registrations and reimbursement for prior year, lead to an increase of \$2.5 million. Public Safety EMS fees decreased by \$4.3 million due to an increase in uncollectible receivables.

- The City Sold property at Blue Ash Airport for a net gain of \$16.5 million, this is listed as a Special Item. Payment will be made to the City of Cincinnati from the City of Blue Ash over thirty years.

Operating Grants and Contributions decreased by \$24.7 million. Homeland Security grants were down \$8 million from 2006, Department of Justice grants decreased by \$2.2 million, Community Development Block grant revenue decreased \$13 million. HUD, HOME grant revenues increased \$2 million.

Capital Grants and Contributions increased by \$2.6 million. General Government increased \$4 million; Transportation and Engineering decreased \$1.3 million; Parks and Recreation decrease \$1.0 million; community development increased \$0.9 million.

Investment earnings increased by \$3 million due to an increase in the general investment rate of return.

Property taxes decreased \$4.6 million due to tax values in prior year being higher than anticipated resulting in an increase in property tax collections. For 2007, property tax collections returned to expected levels. Tangible personal property tax is being phased out and the decrease was offset by increase in State reimbursement in Shared Taxes.

#### Expenditures

Expenses for Public Safety increased by \$11.2 million as salary costs and related fringe benefits increased \$6.3 million.

Expenses for General Government Activities increased by \$1.6 million. Medical claim expenses for City Retirement increased \$3.4 million, benefit costs increased \$6.6 million and expenses related to projects decreased \$10.7 million.

Expenses for Public Services increased by \$5.9. Street construction and maintenance increased \$2.9 million, the Centennial building maintenance and repair expenses increased \$1.2 million and benefit costs increased \$1.3 million.

Expenses for Community Development decreased by \$10.8 million. Expenses from the CDBG grants decreased \$13 million and HUD, Home grants increased \$2 million.

Expenses for transit systems increased by \$1.9 million due to an increase in the revenue and appropriation of income tax collections dedicated to transit systems.

**Business-type activities.** Business-type activities increased the City's net assets in 2007 by \$14.1 million, accounting for 44.5% of the growth in the government's net assets. Key elements of the increase include:

Capital contributions decreased by \$27.7 million

- Renovation and expansion of the Duke Energy Center had been completed in 2006 which accounts for a decrease of \$25.5 million in capital contributions in 2007.
- Contributions of water mains to Water Works were \$4.9 million in 2007.

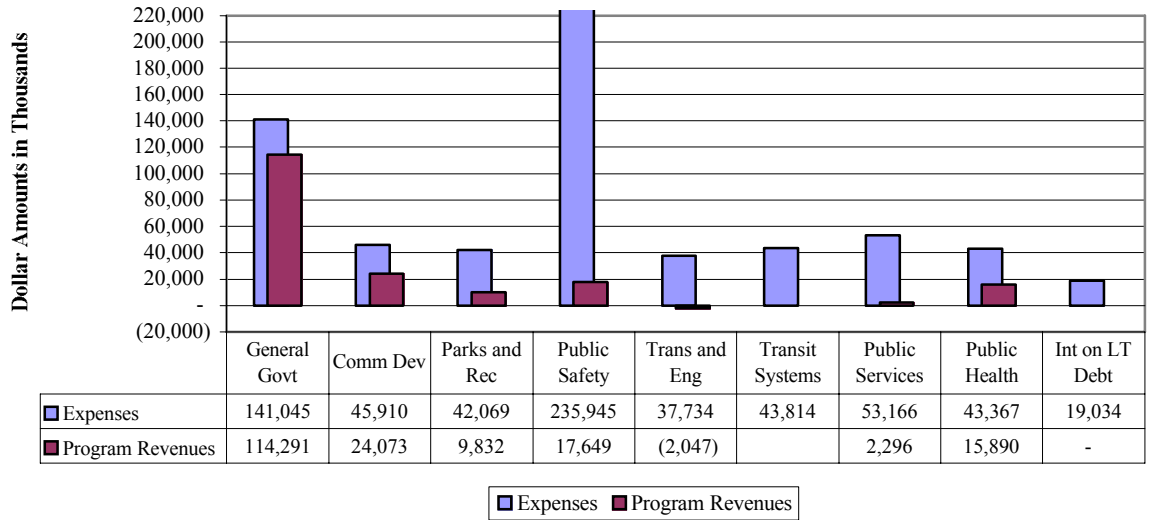
Charges for Services increased \$21.4 million

- Water revenues increased \$16.4 million due to an increase in water services and rates.
- The expansion of the Duke Energy Center has lead to increase in size and number of events at the Center accounting for a \$2.4 million increase.

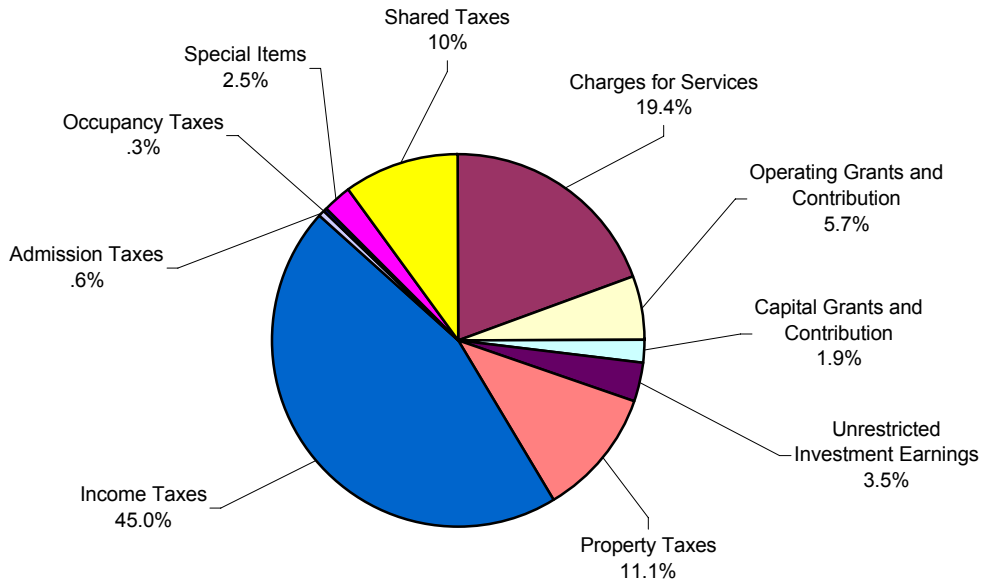
Duke Energy Center expenditures increased \$4.2 million primarily due to increase in operating costs from the expanded convention facilities.

- Water Works Expenditures increased by \$9.1 due to increase in service area and demand.

### Governmental Activity Expenses and Program Revenues - Governmental Activities

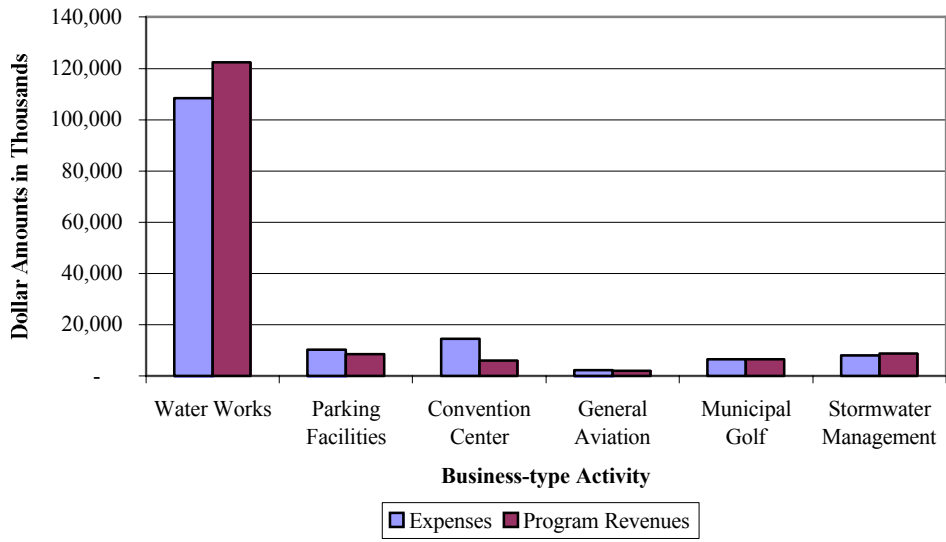


### Revenues by Source - Governmental Activities

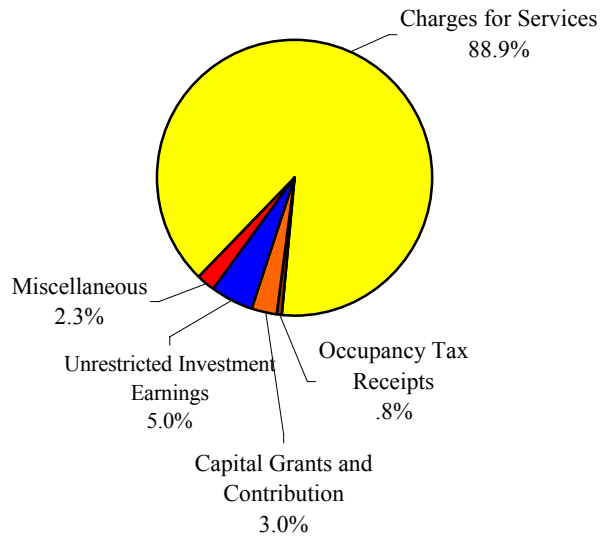




### Expenses and Program Revenues - Business-type Activities



### Revenues by Source - Business-type Activities



## Financial analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental funds.** The focus of the City's *governmental funds (footnote 1)* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$383.2 million, an increase of \$22.5 million in comparison with the prior year. Approximately 52.8% or \$202.3 million of this total amount constitutes *unreserved fund balance*, which is available for spending. The remainder of the fund balance is reserved to indicate that it is not available for spending because it has already been committed for encumbrances, working capital, capital project, debt service, inventory, and advances to other funds.

The general fund is the primary operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$56.1 million, while total fund balance reached \$73.5 million. As a measure of the general fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 15.9% of total general fund expenditures, while total fund balance represents 20.9% of that same amount.

The fund balance of the City's general fund increased by \$2.4 million during the current fiscal year. Key factors of the increase are as follows:

Total revenues increased by \$8.5 million offset by expenditure increase of \$12.5 million in 2007.

- Taxes increased by \$6.6 million. Income Tax revenue increased \$10.4 million and Property Tax revenue decreased \$3.5 million. The Property Tax decrease was anticipated as tax millage was reduced and tangible personal property tax is being phased out. The decrease in tangible personal property tax is offset by an increase in State reimbursement in Intergovernmental revenue.
- Investment Income increased \$3.5 million as interest rates on overnight and long term investments were higher than the prior year.
- Intergovernmental Revenue decreased \$2.0 million. The major factors are the decrease in the Estate Tax of \$1.1 million and Local Government Fund decrease of \$1.8 million. The State reimbursements for personal property tax increased 1.0 million.
- Increases in Charges for Services for general fund overhead and building and inspections of \$0.9 million were offset by decrease of \$0.4 million in Public Safety charges for service.
- Expenditures for Employee Benefits increased \$4.9 million primarily due to the increase in pension costs and health care costs.
- Expenditures for Public Safety increased by \$7.3 million due to increases in salaries and fringe benefits.
- Transfers for 2007 were a net \$1.4 million transfer in of which \$3.9 million was transferred in from excess Income Tax revenue deposited in permanent improvement fund, \$1 million was transferred in from a special revenue fund, \$1.6 million was transferred out to capital projects and \$2.4 was transferred out to debt service. In 2006, the transfers were a net \$5.1 million transfer in.

The capital projects fund has a total fund balance of \$176.7 million, which is an increase of \$15.8 million from 2006. Key factors of the increase are as follows:

- Federal Grants increased \$7 million, State grants decreased \$2 million.  
Intergovernmental revenue increased \$0.7 million.

- Expenditures decreased \$21 million including public safety projects, street improvement projects, community development improvement projects, urban renewal projects, technology improvements, and facility improvements.
- Net Transfer In decreased \$4 million.
- General Obligation Bonds and Notes issued decreased \$13.3 million.

The debt service fund has a total fund balance of \$55.5 million that is reserved for the payment of debt service. The net increase in fund balance was \$4.3 million which was due to a \$1.2 million increase in investment earnings and a \$1.3 million increase in intergovernmental revenues. Also, there was an increase of \$2.7 million in General Obligation Bonds, \$4 million in Revenue Bonds and \$8.7 million increase in net transfers out. The premium on bonds issued increased \$2.8 million. Principal retirement increased \$2.3 million and bond issue cost increased \$0.7 million.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the nonmajor enterprise funds are \$15.5 million. The total growth in net assets for the Water Works fund was \$25.4 million, a decrease for the Convention Center fund of \$6.2 million and a decrease in net assets for the other enterprise funds was \$4.3 million. Other factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

### **General Fund Budgetary Highlights**

The final amended General Fund budget had total appropriations of approximately \$1.7 million more than the original budget. The original appropriations were \$364.4 million, while the final appropriations were \$366.1 million. Actual expenditures were \$4.1 million less than the final appropriation from savings in public safety activities, employee benefits, election expenses and reserve for contingencies. Key elements of the changes in appropriation include:

The following increases totaling \$1.7 million were funded from available fund balance:

- \$671,840 appropriation increase Community Development for Human Services programs, Cincinnati Human Relations Commission, Film Commission, Invest in Neighborhoods and Neighborhood Support program.
- \$250,000 appropriation increase Public Services to fund recycling and yard waste programs.
- \$25,000 appropriation increase City Managers Office to fund Office of Environmental Qualities.
- \$100,000 appropriation increase Parks Department to fund green space program.
- \$400,000 appropriation increase Police Department and nondepartmental benefit accounts to fund salary increases and wage items related to new Police contract.
- \$306,060 appropriation increase Judgments account for outstanding legal obligations.

The following increases totaling \$91,000 were funded from transfers in from other funds:

- \$72,000 appropriation increase Community Development to fund Community Arts programs.
- \$5,000 appropriation increase Public Services additional funding for Keep Cincinnati Beautiful contract.
- \$14,000 appropriation increase Recreation for Community Arts programs.

The following increase of \$80,000 was funded from a one time donation for a specific purpose:

- \$80,000 appropriation increase Recreation to fund continuing operations of swimming pools.

The following decrease totaling \$250,550 was returned to fund balance and transferred to a capital project:

- \$250,550 appropriation decrease to Justice Department Policing Effort transferred to capital project to fund computer aided design/record management project for Police.

All other changes in appropriations were due to transfers among agencies and were within the original approved budget.

## Capital Asset and Debt Administration

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2007 is \$2 billion (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, systems, improvements, machinery and equipment, park facilities, streets, and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 2.2% (.8% increase for governmental activities and 1.4% increase for business-type activities).

### City of Cincinnati's Capital Assets (net of depreciation)

(AMOUNTS IN THOUSANDS)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 168,179	\$ 161,977	\$ 39,546	\$ 39,561	\$ 207,725	\$ 201,538
Buildings	43,383	46,302	163,094	165,159	206,477	211,461
Improvements	155,425	149,519	637,042	605,448	792,467	754,967
Machinery and Equipment	64,764	67,249	112,427	107,896	177,191	175,145
Infrastructure	375,072	350,694			375,072	350,694
Construction in Progress	122,057	137,660	106,924	114,103	228,981	251,763
Property Acquired under Capital Leases	<u>470</u>	<u>38</u>	<u>182</u>	<u>0</u>	<u>652</u>	<u>38</u>
<b>Total</b>	<b><u>\$ 929,350</u></b>	<b><u>\$ 913,439</u></b>	<b><u>\$ 1,059,215</u></b>	<b><u>\$ 1,032,167</u></b>	<b><u>\$1,988,565</u></b>	<b><u>\$1,945,606</u></b>

Total capital assets, net of accumulated depreciation, increased \$43 million. Major capital asset events during 2007 included the following:

Governmental activities capital assets increased \$15.9 million in 2007 net of depreciation and included:

- Construction in Progress decreased \$15.6 million.
- Infrastructure improvement for bridges, retaining walls, traffic signal upgrades and street improvements and upgrades increased by \$24.4 million (Net of Depreciation).
- Machinery and Equipment decreased \$2.5 million (Net of Depreciation).
- Buildings decreased \$2.9 million (Net of Depreciation).
- Improvements increased \$5.9 million (Net of Depreciation).
- Land increased \$6.2 million.

• Business-type activities capital assets increased \$27 million net of depreciation and included:

- Improvements in water utilities increased \$34.2 million and Construction in progress decreased \$7.2 million.
- Machinery and Equipment increased \$4.5 million (Net of Depreciation).
- Buildings increased \$2.0 million.
- Depreciation increased \$4.5 million.

Additional information on the City's capital assets can be found in note 14 on pages 70 to 72 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had \$770.6 million in short and long-term bonds and notes outstanding. Of this amount, \$378.8 million comprises debt backed by the full faith and credit of the government. The remainder of the City’s debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

**City of Cincinnati’s Outstanding Debt  
General Obligation and Revenue Bonds  
(AMOUNTS IN THOUSANDS)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	2007	2006	2007	2006	2007	2006
<b>General Obligation Bonds &amp; Notes</b>	\$ 361,223	\$ 346,690	\$ 17,635	\$ 33,044	\$ 378,858	\$ 379,734
<b>Revenue Bonds &amp; Notes</b>	<u>45,495</u>	<u>36,682</u>	<u>346,255</u>	<u>284,600</u>	<u>391,750</u>	<u>321,282</u>
<b>Total</b>	<u>\$ 406,718</u>	<u>\$ 383,372</u>	<u>\$ 363,890</u>	<u>\$ 317,644</u>	<u>\$ 770,608</u>	<u>\$ 701,016</u>

During the current fiscal year, the City’s total debt increased by \$69.6 million (10.0 percent). Key events contributing to the change in long-term debt balances are as follows:

In June 2007 the City issued \$102.0 million in various purpose general obligation bonds. \$40.6 million was issued for street, public building and equipment improvements, \$5.4 million for parks and recreation improvements; and \$4.5 million for economic development; and \$52.0 million to advance refund prior various purpose general obligation bonds.

- During 2007 \$97.1 million in general long-term bond obligations were redeemed. Of the amounts redeemed, \$7.5 million in general obligation bonds were for business-type activities.
- During 2007 \$13.9 million in long-term general obligation notes were redeemed, \$7.9 million of which were for business type activities.

During 2007 \$211.3 million in revenue bonds were issued. Of the amount issued \$201.3 million were for business-type activities and included \$127.4 million in Water Works revenue bonds which were refunded resulting in a net present value savings of \$8 million.

During 2007 \$142.1 million in revenue bonds were redeemed, of which \$139.6 million was for business-type activities.

During 2007 \$6.1 million in long-term revenue notes were redeemed.

During 2007 \$16.7 million in short-term revenue notes were issued and \$9.3 million were redeemed.

During 2007 \$41.3 million in short-term general obligation notes were issued and \$33.1 million were redeemed.

The City’s general obligation bond rating by Standard and Poor’s Corporation and Moody’s Investor Services, Inc. are “AA+” and “Aa1”, respectively.

The City is within all of its legal debt limitations. The Ohio Revised Code provides that the net debt (as defined in the Ohio Revised Code) of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations on debt are measured by the ratio of net debt to tax valuation and expressed in terms of a percentage. The City had a legal debt margin for total debt of \$425.3 million and a legal debt margin for unvoted debt of \$116.7 million.

Additional information about the City's long-term debt can be found in note 9 on pages 58-67 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for the Cincinnati MSA was 5.0% at December 2007, which is lower than a year ago by .2%. This rate compares favorably to the State's average unemployment rate of 5.6% but is equal to the national average rate of 5.0 %.
- The occupancy rate of the central business district Class A office space was 86% at the end of 2007 compared to an 83 % occupancy rate at the end of 2006.  
The City is experiencing increasing costs for employee health care, retirement and contractually obligated labor costs.

All of these factors were considered in preparing the City's biennial budget for the fiscal year 2008.

The General Fund balance is estimated to be \$5 million, on a budgetary basis, at the end of 2008. This is a reduction of \$8.3 million from the 2007 actual year-end fund balance of \$17.5 million on a budgetary basis. The reduction is primarily due to costs associated with the following: employer contributions to the City Retirement System, employer contributions for employee healthcare, the approved Police labor contract and additional police efforts and approved Fire labor contract and an additional recruit class.

One of the City's major budget priorities for 2008 was economic development. The Economic Development Division was fully staffed to focus on bringing investments to the City that create jobs and increase the City's tax base. The Baldwin Office Complex, Keystone Parke, and Columbia Square are just a few examples of new economic development happening in Cincinnati.

### **Requests for Information**

The financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City Hall, Room 250, 801 Plum Street, Cincinnati, Ohio, 45202.

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**BASIC**  
**FINANCIAL STATEMENTS**



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**City of Cincinnati, Ohio**  
**Statement of Net Assets**  
**December 31, 2007**  
**(Amounts in Thousands)**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
<u>Current</u>			
Cash and Equivalents	\$ 41,226	\$ 1,567	\$ 42,793
Equity in City Treasury	158,494	30,641	189,135
Advances and Petty Cash	166		166
Investments, at Fair Value	34,223		34,223
Receivables:			
Taxes	126,800	131	126,931
Accounts, Net	7,803	20,048	27,851
Special Assessments	8,862		8,862
Accrued Interest	4,199	837	5,036
Due from Fiduciary Activities	30		30
Due from Other Government	22,139	16,559	38,698
Prepaid Items	1,373	2,214	3,587
Inventory	3,844	4,606	8,450
Restricted Assets:			
Cash and Cash Equivalents		19,792	19,792
Equity in City Treasury		1,718	1,718
Investments, at Fair Value		32,688	32,688
Internal Balances	(6,707)	6,707	
<b>Total Current Assets</b>	<b>402,452</b>	<b>137,508</b>	<b>539,960</b>
<u>Noncurrent</u>			
Equity in City Treasury	213,469	41,270	254,739
Restricted Equity in City Treasury Cash		2,313	2,313
Restricted Cash and Cash Equivalents		26,657	26,657
Accounts Receivable, Net	16,961	1	16,962
Deferred Charges	2,705	4,415	7,120
Land	168,179	39,546	207,725
Buildings, net of Accumulated Depreciation	43,383	163,094	206,477
Improvements, net of Accumulated Depreciation	155,425	637,042	792,467
Machinery and Equipment, net of Accumulated Depreciation	64,764	112,427	177,191
Construction in Progress	122,057	106,924	228,981
Property Acquired under Capital Leases, net of Accumulated Amortization	470	182	652
Infrastructure Assets, net of Accumulated Depreciation	375,072		375,072
<b>Total Noncurrent Assets</b>	<b>1,162,485</b>	<b>1,133,871</b>	<b>2,296,356</b>
<b>Total Assets</b>	<b>\$ 1,564,937</b>	<b>\$ 1,271,379</b>	<b>\$ 2,836,316</b>

The accompanying notes to the financial statements are an integral part of this statement.

**City of Cincinnati, Ohio**  
**Statement of Net Assets**  
**December 31, 2007**  
**(Amounts in Thousands)**

	<b>Governmental</b>	<b>Business-Type</b>	<b>Total</b>
	<b>Activities</b>	<b>Activities</b>	
<b>LIABILITIES:</b>			
<u>Current</u>			
Accounts Payable	\$ 20,111	\$ 4,366	\$ 24,477
Withholdings and Other Deposits	9,213		9,213
Due to Fiduciary Activities	1,124	271	1,395
Due to Other Governmental Agencies	2,725	757	3,482
Accrued Payroll	14,029	2,026	16,055
Accrued Liabilities	6,794	654	7,448
Accrued Interest	1,587	65	1,652
Deposits Payable	10,597	7	10,604
Unearned Revenue	75,318	7,515	82,833
Obligations Under Capital Leases	239	51	290
Compensated Absences Payable	31,175	3,534	34,709
Unpaid Claims	17,997	154	18,151
Ohio Public Works Commission Loan	106	128	234
Ohio Water Development Authority Loan		211	211
Matured Bonds and Interest Payable	569		569
General Obligation Bonds and Notes Payable	39,703	4,665	44,368
Revenue Bonds and Notes Payable	10,335	13,620	23,955
Other	304		304
Advances from Other Government	41		41
Payable from Restricted Assets:			
Construction Contracts		3,699	3,699
Deposits Payable		1,508	1,508
Total Current Liabilities	241,967	43,231	285,198
<u>Noncurrent</u>			
Non-Current Obligations Under Capital Leases	232	130	362
General Obligation Bonds and Notes Payable	321,520	12,970	334,490
Revenue Bonds and Notes Payable	35,160	332,635	367,795
Compensated Absences Payable	55,477	3,887	59,364
Deferred Bond Premium	5,434	18,731	24,165
Other Liabilities	1,437		1,437
Ohio Public Works Commission Loan	3,268	2,700	5,968
Ohio Water Development Authority Loan		5,131	5,131
Urban Redevelopment Loan		4,698	4,698
Unpaid Claims Payable	16,680		16,680
Net Pension Obligation	14,819	4,289	19,108
Net Other Post Employment Benefit Obligation	6,285	1,624	7,909
Total NonCurrent Liabilities	460,312	386,795	847,107
Total Liabilities	702,279	430,026	1,132,305
<u>Net Assets</u>			
Investment in Capital Assets, Net of Related Debt	648,708	739,650	1,388,358
Restricted for:			
Debt Service	37,658	6,289	43,947
Capital Projects	79,321		79,321
Other Purposes	50,619	78,164	128,783
Permanent Funds			
Expendable	656		656
Nonexpendable	8,531		8,531
Unrestricted	37,165	17,250	54,415
Total Net Assets	\$ 862,658	\$ 841,353	\$ 1,704,011

The accompanying notes to the financial statements are an integral part of this statement.

**City of Cincinnati, Ohio**  
**Statement of Activities**  
For the year ended December 31, 2007  
(Amounts in Thousands)

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Functions/Programs</b>							
Governmental Activities:							
General Government	\$ 141,045	\$ 98,413	\$ 1,581	\$ 10,453	\$ (30,598)	\$	\$ (30,598)
Community Development	45,910	1,274	22,822	1,521	(20,293)		(20,293)
Parks and Recreation	42,069	7,103	1,212	1,517	(32,237)		(32,237)
Public Safety	235,945	12,083	5,566		(218,296)		(218,296)
Transportation and Engineering	37,734	1,185		(932)	(37,481)		(37,481)
Transit System	43,814				(43,814)		(43,814)
Public Services	53,166	2,256	40		(50,870)		(50,870)
Public Health	43,367	9,060	6,830		(27,477)		(27,477)
Interest on long-term debt	19,034				(19,034)		(19,034)
Total governmental activities	662,084	131,374	38,051	12,559	(480,100)		(480,100)
Business type activities:							
Water Works	108,314	117,494		4,935		\$ 14,115	\$ 14,115
Parking Facilities	10,397	8,567		43		(1,787)	(1,787)
Convention Center	14,588	6,209				(8,379)	(8,379)
General Aviation	2,319	1,887		96		(336)	(336)
Municipal Golf	6,428	6,457		54		83	83
Stormwater Management	8,258	8,713		12		467	467
Total Business-type activities	150,304	149,327		5,140		4,163	4,163
Total	\$ 812,388	\$ 280,701	\$ 38,051	\$ 17,699	(480,100)	4,163	(475,937)
General Revenues:							
Taxes:							
Property taxes					75,393		75,393
Income taxes					304,466		304,466
Admission taxes					4,309		4,309
Shared taxes					67,927		67,927
Occupancy taxes					2,131	1,274	3,405
Unrestricted investment earnings					23,361	8,380	31,741
Miscellaneous					127	3,819	3,946
Transfers between governmental and business-type activities					3,500	(3,500)	
Total general revenues, miscellaneous, and transfers					481,214	9,973	491,187
Special Item - Gain on Sale of Property					16,543		16,543
Change in net assets					17,657	14,136	31,793
Net assets-beginning					845,001	827,217	1,672,218
Net assets-ending					\$ 862,658	\$ 841,353	\$ 1,704,011

The accompanying notes to the financial statements are an integral part of this statement.

**City of Cincinnati, Ohio**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2007**  
**(Amounts in Thousands)**

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Equivalents	\$ 107	\$ 38,246	\$	\$ 2,873	\$ 41,226
Equity in City Treasury Cash	66,675	143,835	49,946	63,348	323,804
Advances and Petty Cash	166				166
Investments, at Fair Value		19,492	3,212	11,519	34,223
Receivables:					
Taxes	62,911	11,611	43,309	8,969	126,800
Accounts, Net	5,788	17,914		806	24,508
Special Assessments	317	29		8,516	8,862
Accrued Interest and Dividends	2,602	322	584	247	3,755
Due from Other Funds	1,024	937		625	2,586
Due from Other Governments	13,622	155		7,482	21,259
Inventory	2,335	714		419	3,468
Advances to Other Funds	302			2,448	2,750
<b>Total Assets</b>	<b>\$ 155,849</b>	<b>\$ 233,255</b>	<b>\$ 97,051</b>	<b>\$ 107,252</b>	<b>\$ 593,407</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 4,185	\$ 4,900	\$ 23	\$ 4,861	\$ 13,969
General Obligation Notes Payable		8,268			8,268
Revenue Notes Payable		7,380			7,380
Withholdings and Other Deposits	9,213				9,213
Due to Other Funds	1,996	534	2	1,293	3,825
Accrued Payroll	11,400		9	1,672	13,081
Accrued Liabilities	104			2,638	2,742
Deposits Payable	5,246	1,830	488	2,997	10,561
Deferred Revenue	49,445	27,370	40,415	14,218	131,448
Estimated Liability for Unpaid Claims	275			27	302
Advances from Other Funds	521	6,287		2,052	8,860
Advances from Other Governments		20			20
Matured Bonds and Interest Payable			569		569
<b>Total Liabilities</b>	<b>82,385</b>	<b>56,589</b>	<b>41,506</b>	<b>29,758</b>	<b>210,238</b>
<b>Fund Balances:</b>					
Reserved for:					
Advances and Petty Cash	166				166
Encumbrances	14,603	42,025		27,897	84,525
Accordance with Trusts				10,086	10,086
Working Capital		24,313			24,313
Advances to Other Funds	302			2,448	2,750
Inventory	2,335	714		419	3,468
Debt Service			55,545		55,545
Unreserved, reported in:					
General Fund - Undesignated	54,558				54,558
General Fund - Designated for Int. Service Funds	1,500				1,500
Capital Projects		109,614			109,614
Special Revenue Funds - Undesignated				22,648	22,648
Special Revenue Funds - Designated for Contingencies				5,000	5,000
Special Revenue Funds - Designated for Compensated Absences				8,340	8,340
Permanent Funds				656	656
<b>Total Fund Balances</b>	<b>73,464</b>	<b>176,666</b>	<b>55,545</b>	<b>77,494</b>	<b>383,169</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 155,849</b>	<b>\$ 233,255</b>	<b>\$ 97,051</b>	<b>\$ 107,252</b>	<b>\$ 593,407</b>

The accompanying notes to the financial statements are an integral part of this statement.

**CITY OF CINCINNATI, OHIO**  
**Reconciliation of the Balance Sheet to the**  
**Statement of Net Assets**  
**Governmental Funds**  
**December 31, 2007**  
**(Amounts in Thousands)**

**Total fund balances - governmental funds** \$ 383,169

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

Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. 929,350

Certain receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 56,765

Accrued Interest on Accounts Receivable 24

Some amounts reported for governmental-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities. (1,838)

Seven internal service funds are used by the City's management. The assets and liabilities of the internal service funds are included with governmental activities. The net property of \$38,439 as it relates to the internal service funds is included in the capital asset amount above. 15,830

Bond issue costs and discounts are expended in the fund level financial statements but are capitalized and amortized over the life of the bonds in the government-wide financial statements. This is the unamortized portion of those issue costs and discounts. 2,705

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds and notes payable	(352,955)
Revenue bonds payable	(38,115)
Deferred bond premium	(5,434)
Compensated absences	(84,575)
Net Pension Obligation	(13,191)
Net Other Post Employment Benefit Obligation	(5,678)
Ohio Public Works Commission Loans	(3,374)
Unpaid claims payable	(12,000)
Accrued interest on bonds	(1,587)
Due to Other Governments	(2,725)
Accrued Liabilities	(1,501)
Other liability	(1,741)
Capital leases payable	(471)

**Total net assets - - governmental activities (page 20)** **\$ 862,658**

The accompanying notes to the financial statements are an integral part of this statement.

**City of Cincinnati, Ohio**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended December 31, 2007**  
**(Amounts in Thousands)**

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Taxes	\$ 256,789	\$ 33,492	\$ 40,999	\$ 61,022	\$ 392,302
Licenses and Permits	7,622			3,894	11,516
Use of Money and Property	20,937	2,090	24,112	5,208	52,347
Special Assessments		20		4,237	4,257
Intergovernmental Revenue	47,518	1,438	4,451	15,594	69,001
Federal Grants		8,671		33,135	41,806
State Grants and Subsidies		3,693		736	4,429
Charges for Current Services	17,646	164		13,638	31,448
Miscellaneous	2,066	725		3,793	6,584
Total Revenues	<u>352,578</u>	<u>50,293</u>	<u>69,562</u>	<u>141,257</u>	<u>613,690</u>
<b>EXPENDITURES</b>					
Current:					
General Government	37,482		1,359	12,780	51,621
Community Development	5,363		4	3,567	8,934
Parks and Recreation	21,498			9,248	30,746
Public Safety	166,883			4,650	171,533
Transportation and Engineering	3,117			5,305	8,422
Transit System				43,820	43,820
Public Services	21,953			16,418	38,371
Public Health	21,246			12,215	33,461
Employee Benefits	74,061			10,354	84,415
Capital Outlay		90,164		24,194	114,358
Debt Service:					
Principal Retirement		153	52,926		53,079
Interest			18,535	763	19,298
Bond Issuance Cost			1,059		1,059
Total Expenditures	<u>351,603</u>	<u>90,317</u>	<u>73,883</u>	<u>143,314</u>	<u>659,117</u>
Excess (Deficiency) of Revenues over (under) Expenditures	975	(40,024)	(4,321)	(2,057)	(45,427)
<b>OTHER FINANCING SOURCES(USES)</b>					
General Obligation Bonds and Notes Issued		33,427	17,073		50,500
State Loans Received		2,300			2,300
Revenue Bonds and Notes Issued			9,995		9,995
Issuance of Refunding Bonds			52,005		52,005
Payment to Refunded Bonds Escrow Agent			(54,308)		(54,308)
Premium on Bonds Issued			3,524		3,524
Transfers In	5,638	49,373	27,361	3,608	85,980
Transfers (Out)	(4,253)	(29,310)	(47,040)	(1,427)	(82,030)
Total Other Financing Sources(Uses)	<u>1,385</u>	<u>55,790</u>	<u>8,610</u>	<u>2,181</u>	<u>67,966</u>
Net change in fund balances	2,360	15,766	4,289	124	22,539
Fund Balances at January 1	<u>71,104</u>	<u>160,900</u>	<u>51,256</u>	<u>77,370</u>	<u>360,630</u>
Fund Balances at December 31	<u>\$ 73,464</u>	<u>\$ 176,666</u>	<u>\$ 55,545</u>	<u>\$ 77,494</u>	<u>\$ 383,169</u>

The accompanying notes to the financial statements are an integral part of this statement.

**CITY OF CINCINNATI, OHIO**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**to the Statement of Activities**  
**Governmental Funds**  
**For the year ended December 31, 2007**  
**(Amounts in Thousands)**

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 22,539</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$114,358) exceeded depreciation (\$47,289) in the current period.	67,069
Capital outlay expensed	(50,156)
Governmental funds report cash received for assets disposed of as revenue. However, in the statement of activities, that cash offsets the difference between the book value and accumulated depreciation of the disposed asset. This is the sum of the cash received (\$452) and the net loss (\$591) on the sale of assets.	(1,043)
The sum of the cash received on the sale of Blue Ash Airport and the gain on the sale is (\$1,000) and (\$16,543) respectively.	16,543
Statement of activities reports an increase in revenues due to current activity in deferred revenues which is not reported at fund level.	(5,632)
The long-term liability for compensated absences is not recorded in the fund level, but is reported in the statement of activities. This is the current year change in the liability, reported as an expense in the statement of activities.	(5,833)
The long-term liability for unpaid claims is not recorded in the fund level, but is reported in the statement of activities. This is the current year change in the liability, reported as an expense in the statement of activities.	(5,271)
The long-term liability for Net Pension Obligation is not recorded in the fund level, but is reported in the statement of activities. This is the current year change in the liability, reported as an expense in the statement of activities.	161
The long-term liability for Net Other Post Employment Benefit Obligation is not recorded in the fund level, but is reported in the statement of activities. This is the current year change in the liability, reported as an expense in the statement of activities.	(186)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.	(11,072)

(Continued)



**CITY OF CINCINNATI, OHIO**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**to the Statement of Activities**  
**Governmental Funds**  
**For the year ended December 31, 2007**  
**(Amounts in Thousands)**

(Continued)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	\$ (3,868)
Bond premiums are included in revenue at the fund level, but capitalized and amortized over the life of the bonds in the government-wide financial statements.	(682)
Bond issuance costs are included in expenditures at the fund level, but are deferred and amortized over the life of the bonds in the government-wide financial statements	786
Bond discounts are included in expenditures at the fund level, but are deferred and amortized over the life of the bonds in the government-wide financial statements	(5)
Internal balances between the governmental activities and the business type activities are not reported at the fund level.	804
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue(expense) of certain internal service funds is reported with governmental activities.	<u>(6,497)</u>
Change in net assets of governmental activities (page 21)	<u>\$ 17,657</u>

The accompanying notes to the financial statements are an integral part of this statement.

**City of Cincinnati, Ohio**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2007**  
**(Amounts in Thousands)**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Water Works</b>	<b>Convention Center</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>ASSETS</b>					
<u>Current:</u>					
Cash and Equivalents	\$ 1,470	\$	\$ 97	\$ 1,567	\$
Equity in City Treasury Cash	21,924	603	8,114	30,641	20,520
Receivables:					
Taxes		131		131	
Accounts, Net	17,759	293	1,996	20,048	256
Accrued Interest	549		288	837	420
Due from Other Funds	353		68	421	1,687
Due from Other Governments	16,024	535		16,559	880
Prepaid Items	2,100	110	4	2,214	1,373
Inventory	4,606			4,606	376
Advances to Other Funds	105	181	4,498	4,784	1,629
Restricted Assets:					
Cash and Equivalents	19,792			19,792	
Equity in City Treasury Cash	1,684		34	1,718	
Investments, at Fair Value	32,688			32,688	
<b>Total Current Assets</b>	<b>119,054</b>	<b>1,853</b>	<b>15,099</b>	<b>136,006</b>	<b>27,141</b>
<u>Noncurrent:</u>					
Equity in City Treasury Cash	29,528	812	10,930	41,270	27,639
Restricted Equity in City Treasury Cash	2,268		45	2,313	
Restricted Cash and Equivalents	26,657			26,657	
Accounts Receivable, Net	1			1	
Deferred Charges	4,415			4,415	
Land	2,727	11,555	25,264	39,546	283
Buildings, net of Accumulated Depreciation	127,048	13,053	22,993	163,094	
Improvements, net of Accumulated Depreciation	464,400	118,678	53,964	637,042	4,224
Machinery and Equipment, net of Accumulated Depreciation	110,044	1,314	1,069	112,427	33,932
Construction in Progress	88,832	850	17,242	106,924	
Property Acquired under Capital Leases, net of Accumulated Amortization			182	182	
<b>Total Noncurrent Assets</b>	<b>855,920</b>	<b>146,262</b>	<b>131,689</b>	<b>1,133,871</b>	<b>66,078</b>
<b>Total Assets</b>	<b>\$ 974,974</b>	<b>\$ 148,115</b>	<b>\$ 146,788</b>	<b>\$ 1,269,877</b>	<b>\$ 93,219</b>

The accompanying notes to the financial statements are an integral part of this statement.

**CITY OF CINCINNATI, OHIO**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2007**  
**(Amounts in Thousands)**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Water Works</b>	<b>Convention Center</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>LIABILITIES</b>					
Current:					
Accounts Payable	\$ 3,387	\$ 238	\$ 741	\$ 4,366	\$ 6,142
Due to Other Funds	456	1	150	607	1,627
Due to Other Governmental Agencies	757			757	
Accrued Payroll	1,802	30	194	2,026	948
Accrued Liabilities		24	630	654	2,551
Accrued Interest	58		7	65	
Obligations under Capital Lease			51	51	
Deposits Payable			7	7	36
Unearned Revenue		386	7,129	7,515	635
Compensated Absences payable	3,017	20	497	3,534	1,795
Unpaid Claims payable	145	3	6	154	13,245
Ohio Public Works Commission Loan	128			128	
Ohio Water Development Authority Loan	211			211	
General Obligation Bonds and Notes Payable	4,600		65	4,665	
Revenue Bonds Payable	13,620			13,620	
Payable from Restricted Assets:					
Construction Contracts	3,699			3,699	
Deposits Payable	1,508			1,508	
<b>Total Current Liabilities</b>	<b>33,388</b>	<b>702</b>	<b>9,477</b>	<b>43,567</b>	<b>26,979</b>
<b>Noncurrent:</b>					
Urban Redevelopment Loans Payable			4,698	4,698	
Compensated Absences payable	3,420		467	3,887	282
Obligations Under Capital Lease			130	130	
Other Liabilities					
Ohio Public Works Commission Loan	2,700			2,700	
Ohio Water Development Authority Loan	5,131			5,131	
Estimated liability for Unpaid Claims					9,130
Advances from Other Funds					303
Advances from Other Governments					21
Revenue Bonds Payable	332,635			332,635	
General Obligation Bonds and Notes Payable	11,800		1,170	12,970	
Unamortized Bond Premiums	18,731			18,731	
Net Pension Obligation	3,656	144	489	4,289	1,628
Net Other Post Employment Benefit Obligation	1,394	46	184	1,624	607
<b>Total Noncurrent Liabilities</b>	<b>379,467</b>	<b>190</b>	<b>7,138</b>	<b>386,795</b>	<b>11,971</b>
<b>Total Liabilities</b>	<b>412,855</b>	<b>892</b>	<b>16,615</b>	<b>430,362</b>	<b>38,950</b>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	479,583	145,450	114,617	739,650	38,439
Restricted	6,210		79	6,289	
Unrestricted	76,326	1,773	15,477	93,576	15,830
<b>Total Net Assets</b>	<b>\$ 562,119</b>	<b>\$ 147,223</b>	<b>\$ 130,173</b>	<b>839,515</b>	<b>\$ 54,269</b>
Some amounts reported for business-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities.				1,838	
Net assets of business type activities				<b>\$ 841,353</b>	

The accompanying notes to the financial statements are an integral part of this statement.

**City of Cincinnati, Ohio**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the year ended December 31, 2007**  
**(Amounts in Thousands)**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Water Works</b>	<b>Convention Center</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Activities Internal Service Funds</b>
<b>OPERATING REVENUES</b>					
Charges for Current Services	\$ 117,494	\$ 6,209	\$ 25,624	\$ 149,327	\$ 120,901
Miscellaneous	3,750		185	3,935	2,064
<b>Total Operating Revenues</b>	<b>121,244</b>	<b>6,209</b>	<b>25,809</b>	<b>153,262</b>	<b>122,965</b>
<b>OPERATING EXPENSES</b>					
Personal services	39,575	145	5,366	45,086	17,121
Contractual services	8,530	6,593	8,542	23,665	4,781
Maintenance and repairs	4,550	1	3,909	8,460	1,477
Materials and supplies	7,451	-	367	7,818	12,388
Utilities	11,639	-	1,387	13,026	1,352
Insurance	169	87	35	291	88,041
Taxes	2	24	1,094	1,120	
Depreciation and amortization	22,006	7,364	4,867	34,237	4,197
Rent	823	-	195	1,018	2,216
Other expense	354	-	122	476	66
<b>Total Operating Expenses</b>	<b>95,099</b>	<b>14,214</b>	<b>25,884</b>	<b>135,197</b>	<b>131,639</b>
Operating Income(Loss)	26,145	(8,005)	(75)	18,065	(8,674)
<b>NONOPERATING REVENUES(EXPENSES)</b>					
Interest revenue	6,751		1,629	8,380	2,375
Occupancy tax receipts		1,274		1,274	
Interest expense	(12,359)		(498)	(12,857)	(21)
Loss on disposal of assets	(52)	(374)	(1,020)	(1,446)	(118)
<b>Nonoperating Revenues(Expenses)</b>	<b>(5,660)</b>	<b>900</b>	<b>111</b>	<b>(4,649)</b>	<b>2,236</b>
Income (Loss) before Contributions and Transfers	20,485	(7,105)	36	13,416	(6,438)
Transfers In	-	1,000	1,437	2,437	976
Transfers (Out)	-		(5,937)	(5,937)	(1,426)
Capital contributions	4,935	(116)	205	5,024	391
Change in Net Assets	25,420	(6,221)	(4,259)	14,940	(6,497)
Net Assets at January 1	536,699	153,444	134,432		60,766
Net Assets at December 31	<b>\$ 562,119</b>	<b>\$ 147,223</b>	<b>\$ 130,173</b>		<b>\$ 54,269</b>
Some amounts reported for business-type activities in the statement of net assets are different because the net revenue of certain internal service funds is reported with business type activities.			(804)		
Change in net assets of business type activities			<b>\$ 14,136</b>		

The accompanying notes to the financial statements are an integral part of this statement.

**City of Cincinnati, Ohio**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended December 31, 2007**  
**(Amounts in Thousands)**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Water Works</b>	<b>Convention Center</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>Cash Flows from Operating Activities:</b>					
Receipts from Customers	\$ 117,043	\$ 6,356	\$ 25,196	\$ 148,595	\$ 15,473
Receipts from Other Funds		(535)	22	(513)	63,209
Receipts from Retirement System					43,418
Payments to Suppliers	(35,193)	(6,451)	(10,926)	(52,570)	(110,284)
Payments to Other Funds		(27)	(3,630)	(3,657)	(1,897)
Payments to Employees	(39,132)	(183)	(5,329)	(44,644)	(17,108)
Payments for Property Taxes	(2)		(940)	(942)	
Net Cash Provided (Used) by Operating Activities	<u>42,716</u>	<u>(840)</u>	<u>4,393</u>	<u>46,269</u>	<u>(7,189)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Repayment of Advances Made To Other Funds	52		5,611	5,663	2,370
Repayment of Advances Received From Other Funds					(52)
Amount Due to Other Fund for Property Acquisition					(40)
Advances To Other Funds		(181)		(181)	
Occupancy Tax Receipts		1,278		1,278	
Transfers to Other Funds			(5,937)	(5,937)	(1,337)
Transfers from Other Funds		1,000	1,437	2,437	976
Net Cash Provided by Noncapital Financing	<u>52</u>	<u>2,097</u>	<u>1,111</u>	<u>3,260</u>	<u>1,917</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Capital Contributed by Other Sources	110	(217)	95	(12)	
Proceeds from State Loans			4,698	4,698	
Proceeds from the Sale of Capital Assets	265	150		415	
Proceeds from Ohio Public Works Bonds	1,480			1,480	
Proceeds from Ohio Water Development Authority Loan	4,167			4,167	
Proceeds from Revenue Bonds	201,300			201,300	
Acquisition of Property, Plant and Equipment	(14,663)		(195)	(14,858)	(3,395)
Interest Paid on Bonds and Notes	(6,445)		(872)	(7,317)	(21)
Amortization Deferred Issuance Costs	(139)			(139)	
Principal Paid on Bonds and Notes	(146,195)		(8,859)	(155,054)	
Principal Paid on Ohio Public Works Bonds	(99)			(99)	
Principal Paid on Ohio Water Development Authority Loan	(134)			(134)	
Payments on Long Term Capital Lease Obligations			(38)	(38)	(1)
Additions to Construction in Progress	(38,253)	(772)	(5,575)	(44,600)	(6)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>1,394</u>	<u>(839)</u>	<u>(10,746)</u>	<u>(10,191)</u>	<u>(3,423)</u>
<b>Cash Flow from Investing Activities:</b>					
Investments Purchased	(5,253)			(5,253)	
Interest on Investments	6,734		1,672	8,406	2,435
Net Cash Provided by Investing Activities	<u>1,481</u>		<u>1,672</u>	<u>3,153</u>	<u>2,435</u>
Net Increase (Decrease) in Cash and Cash Equivalents	45,643	418	(3,570)	42,491	(6,260)
Cash and Cash Equivalents at Beginning of Year	57,680	997	22,790	81,467	54,419
Cash and Cash Equivalents at End of Year	<u>\$ 103,323</u>	<u>\$ 1,415</u>	<u>\$ 19,220</u>	<u>\$ 123,958</u>	<u>\$ 48,159</u>

The accompanying notes to the financial statements are an integral part of this statement.

**City of Cincinnati, Ohio**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended December 31, 2007**  
**(Amounts in Thousands)**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Water Works</b>	<b>Convention Center</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<u>Reconciliation of Operating Income (Loss) to</u>					
<u>Net Cash Provided (Used) by</u>					
<u>Operating Activities:</u>					
Operating Income (Loss)	\$ 26,145	\$ (8,005)	\$ (75)	\$ 18,065	\$ (8,674)
Depreciation and Amortization	22,006	7,364	4,867	34,237	4,197
Changes in Assets and Liabilities:					
(Increase) Decrease in:					
Receivables	(1,547)	157	(309)	(1,699)	45
Due from Other Funds	182		6	188	684
Due from Other Governments	(2,835)	(535)		(3,370)	947
Inventory	(484)			(484)	(52)
Prepaid Items	(1,360)	75	1	(1,284)	228
Deferred Charges	(793)			(793)	
Increase (Decrease) in:					
Accounts Payable	1,075	126	139	1,340	567
Deposits Payable	(130)			(130)	(103)
Due to Other Funds	19		(131)	(112)	(1,993)
Due to Other Governmental Agencies	3			3	
Accrued Payroll	423	23	17	463	324
Accrued Liabilities		(30)	29	(1)	44
Unearned Revenue		(10)	(173)	(183)	(503)
Liability for Compensated Absences	69	(5)	33	97	(250)
Estimated Liability for Unpaid Claims	17	2	(1)	18	(2,565)
Net Pension Obligation	(54)	(1)	(7)	(62)	(61)
Net Other Post Employment Benefit Obligation	(20)	(1)	(3)	(24)	(24)
Net Cash Provided (Used) by Operating Activities	<u>\$ 42,716</u>	<u>\$ (840)</u>	<u>\$ 4,393</u>	<u>\$ 46,269</u>	<u>\$ (7,189)</u>
<u>Schedule of Noncash Investing, Capital</u>					
<u>and Financing Activities:</u>					
Acquisition of Property, Plant and Equipment from					
Acquired Through a Capital Lease			219		
Transfer to Other Funds					(10)
Capital Contributions	\$ 4,825	\$ 101	\$ 110	\$ 5,036	\$ 391
Total Noncash Investing, Capital and Financing Activities	<u>\$ 4,825</u>	<u>\$ 101</u>	<u>\$ 329</u>	<u>\$ 5,036</u>	<u>\$ 381</u>

The accompanying notes to the financial statements are an integral part of this statement.

**City of Cincinnati, Ohio**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**December 31, 2007**  
**(Amounts in Thousands)**

	<b>Pension</b>	<b>Investment</b>	
	<b>Trust</b>	<b>Trust</b>	<b>Agency</b>
<b>ASSETS</b>	<u>Trust</u>	<u>Fund</u>	<u>Agency</u>
Cash and Equivalents	\$ 104,786	\$	\$ 2
Equity in City Treasury Cash		58,107	2,572
Cash with Fiscal Agent			396
Investments, at fair value:			
U. S. Government Agencies	1,645		
U. S. Government Mortgage Backed Securities	282,852		
Corporate Bonds	279,557		
State and Local Obligations	1,009		
Equities	1,822,589		
Venture Capital	47,041		
U. S. Treasury Bills and Notes			352,442
Real Estate	67,213		
Other Bonds	16,271		
Other	54,905		
	<u>2,573,082</u>		<u>352,442</u>
Total Investments, at Fair Value			
Collateral on Loaned Securities	422,718		
Receivables:			
Accounts, Net	244		32,101
Accounts Receivable for Securities Sold	242,954		
Accrued Interest and Dividends	8,215		1,364
Due from Other Funds	1,395		
Due from Other Governments	2,615		304
Inventory			207
Loans Receivable	17,991		
Machinery and Equipment	1,689		
Accumulated Depreciation	(1,374)		
Total Assets	<u>3,374,315</u>	<u>58,107</u>	<u>\$ 389,388</u>
<b>LIABILITIES</b>			
Accounts Payable	1,598		\$ 13,995
Accounts Payable for Securities Purchased	258,314		
Due to Other Funds	30		
Due to Other Governmental Agencies			359,178
Obligations Under Securities Lending	422,718		
Accrued Payroll	23		2,031
Accrued Liabilities	10,506		23
Deposits Payable			2,064
Estimated Liability for Compensated Absences	92		6,821
Net Pension Obligation			4,406
Net Other Post Employment Benefit Obligation			870
Total Liabilities	<u>693,281</u>	<u>58,107</u>	<u>\$ 389,388</u>
<b>NET ASSETS</b>			
Held in Trust for Pool Participant		58,107	
Held in Trust for Employees' Pension Benefits	1,829,302		
Held in Trust for Employees' Postemployment Healthcare Benefits	851,732		
Total Net Assets	<u>\$ 2,681,034</u>	<u>\$ 58,107</u>	

The accompanying notes to the financial statements are an integral part of this statement.

**City of Cincinnati, Ohio**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the year ended December 31, 2007**  
**(Amounts in Thousands)**

	<b>Pension Trust</b>	<b>Investment Trust Fund</b>
<b>ADDITIONS</b>		
Contributions:	\$	\$
Plan members	12,847	
Employer	37,035	
Other	804	
Participant Deposits		332,098
Total Contributions	50,686	332,098
 Transfers From Other Retirement Systems	 370	
Investment earnings:		
Interest and Dividends	79,849	3,232
Net Appreciation in the Fair Value of Investments	116,471	200
Total Investment Earnings	196,320	3,432
Less Investment Management Expenses	5,638	
Net Income From Investing Activities	190,682	3,432
 From Security Lending Activities:		
Securities Lending Income	23,090	
Securities Lending Expense:		
Borrower Rebates	(21,178)	
Management Fees	(480)	
Total Securities Lending Expenses	(21,658)	
Net Income from Securities Lending Activities	1,432	
 Total Additions	243,170	335,530
 <b>DEDUCTIONS</b>		
Benefit Payments:		
Pension and Annuities	117,307	
Distributions to Participants		318,443
Hospital and Medical Care	43,647	
Medicare	3,734	
Dental Benefits	1,421	
Vision Benefits	141	
Death Benefits, Active and Retired	1,244	
Loss Due to Death of Members with Loans	8	
Transfers - Retirement to other systems	1,214	
Total Benefits Payments	168,716	318,443
 Refunds of Contributions	1,360	
Administrative expenses:		
Personal Services	872	
Contractual Services	233	
Materials and Supplies	91	
Depreciation	46	
Total Administrative Expenses	1,242	
Total Deductions	171,318	318,443
 Change in Net Assets	 71,852	 17,087
Net Assets at January 1	2,609,182	41,020
Net Assets at December 31	\$ 2,681,034	\$ 58,107

The accompanying notes to the financial statements are an integral part of this statement.



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# **Notes to Financial Statements**

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**CITY OF CINCINNATI, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**

**For the year ended December 31, 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Cincinnati is a political subdivision of the State of Ohio. It is governed with the powers of home rule by a directly elected mayor with a four-year term and a council of nine members who are elected at large for two-year terms. In 2001, Cincinnati converted from a city manager-council form of government, through which it had operated since 1926, to a strong mayor-council form of government.

**A. Reporting Entity**

The City as a reporting entity consists of only one governmental unit. Cincinnati has no component units - defined as entities for which the government is considered to be financially accountable.

The following organizations are included in the combined financial statements of the City because, under Ohio law, they have limited corporate powers and are therefore not legally separate organizations:

Cincinnati Park Board  
Cincinnati Recreation Commission  
City Planning Commission  
Cincinnati Board of Health  
Civil Service Commission

Cincinnati owns a railway line, the Cincinnati Southern Railway that was completed in 1881 and extends from Cincinnati, Ohio to Chattanooga, Tennessee, a distance of 335 miles. Improvements have been made at various intervals; the most recent, a major line revision to eliminate tunnel clearance restrictions, grades, and curves, was completed in 1964. Improvements other than buildings in Governmental Activities include \$83,224,000 attributable to the City's cost to construct and improve this railway system. The railway is leased to the Cincinnati, New Orleans and Texas Pacific Railway Company until December 31, 2026, with an option to extend the lease for an additional 25 years. The lessee is part of the Norfolk Southern Railway System and is its second largest operating unit. Total rental income from the railway lease was \$18,318,000 in 2007 and \$17,701,000 in 2006.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Interfund receivables and payables between governmental and business type activities have been eliminated in the government-wide statement of net assets. These eliminations minimize the duplicating effect on assets and liabilities within the governmental and business type activities total column. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the city's business type activities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund financial statements consist of a series of statements focusing on information about the City's major governmental and proprietary funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and two major individual enterprise funds are reported as separate columns in the fund financial statements.

### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The financial statements of the City of Cincinnati for 2007 are prepared in accordance with standards promulgated by the Governmental Accounting Standards Board (GASB). These standards include the effective pronouncements of the National Council on Governmental Accounting and the American Institute of Certified Public Accountants which are considered to be "generally accepted accounting principles" for state and local entities, until they are altered, amended, supplemented, revoked or superseded by a subsequent GASB pronouncement.

The City reports the following major governmental funds:

**General Fund** is the accounting entity in which all governmental activity, except that which is required to be accounted for in other funds, is accounted for. Its revenues consist primarily of taxes, intergovernmental shared revenues, charges for services, and investment income.

General Fund expenditures represent costs of general government, community development, public safety, public services, public health, parks and recreation, and other.

**Capital Projects Fund** is used primarily to account for resources designated to construct or acquire governmental fund capital assets. Such resources are derived principally from proceeds of general obligation debt, federal and state grants and City income tax (see Note 11). It is the City's policy to use the proceeds derived from the sale of bonds only for the capital improvement purpose detailed in the bond-authorizing ordinance and in accordance with state statutes. Any premium and accrued interest received from the sale of bonds is deposited into the Debt Service Fund.

**Debt Service Fund** accounts for the resources accumulated and payments made for principal and interest

on general obligation debt and capital lease payments of the governmental funds.

The City reports the following major proprietary funds:

**Water Works Enterprise Fund** accounts for all activities of the City's Water Works Department. The City collects, purifies, and sells water to Greater Cincinnati Area residents. Revenues consist primarily of user charges.

**Convention Center Fund** accounts for the revenues and expenses from the operation of the Duke Energy Convention Center, financed primarily through user fees.

The City reports the following fund types:

**Internal Service Funds** account for reproduction, printing and stores; automotive repairs and maintenance services; land sales and leasing; mechanized street sweeping; employee medical costs; workers' compensation; and data processing services to other departments or agencies of the City, or to other governments. Internal service funds are used to account for the financing of goods or services provided by one department or agency to another department or agencies of the government, generally on a cost reimbursement basis.

**Pension Trust Fund** – This fund is used to account for the receipts and expenditures of the City's Retirement System, which is a multiple-employer defined benefit pension plan. This fund accounts for both the pension benefits and the post-employment healthcare benefits.

**Investment Trust Fund** – This fund is used to account for the Metropolitan Sewer District Fund portion of the City's pool of cash and investments.

**Agency Funds** – These funds are used to account for assets held by the City in a fiduciary capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The assets held by the City include towing and storing charges for impounded vehicles, entertainment facilities deposits, transportation and engineering specific purpose monies, Metropolitan Sewer District monies and the Convention Facility Authority monies.

### **Measurement Focus**

Except for budgetary purposes, the basis of accounting used by the City conforms to generally accepted accounting principles (GAAP) in the United States of America as applicable to governmental units. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

The government-wide and proprietary funds financial statements are reported using the economic resources measurement focus. The government-wide and proprietary funds financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include income taxes, property taxes, grants, shared revenues, and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the taxpayer's liability occurs and revenue from property taxes is recognized in the fiscal year for which the taxes are levied. On an accrual basis, revenue in the form of shared revenue is recognized when the provider government recognizes its liability to the City. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when the related liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Inventories of materials and supplies may be considered expenditures either when purchased or when used; and prepaid expense items may be considered expenditures either when paid for or when consumed. Proceeds of general long-term debt are reported as other financing sources.

Income taxes, delinquent property taxes, liquor permits, fines, local government fund, gasoline tax, and motor vehicle license fees for the current and prior periods are determined to be susceptible to accrual and are recognized as revenue in the current accounting period. All other major revenues of governmental funds are determined not to meet the criteria of either being measurable or available.

The proprietary fund type statements are prepared utilizing the flow of economic resources measurement focus and the accrual basis of accounting for revenues, which are recognized when they are earned, and for expenses, which are recognized when they are incurred. Unbilled service receivables are recognized by proprietary funds when the services are provided.

The fiduciary fund types recognize revenue and expenditures/expenses on a basis consistent with the fund's accounting measurement objective. The pension trust fund and the mixed investment pool statements are prepared utilizing the flow of economic resources measurement focus and the accrual basis of accounting. The pension trust fund accounts for both the pension benefits and the employees' post-employment benefits. Agency funds do not have a measurement focus. Their financial statements are prepared utilizing the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

### **Other Accounting Policies**

- A. *Investments* - The investments of the City (excluding the City of Cincinnati's Retirement System, (see Note 2)) are comprised primarily of time deposits and other securities guaranteed by the United States Government or its agencies and are stated at fair value based on quoted market prices.
  
- B. *Inventories* - Inventories are valued at cost using either the moving weighted average or the first-in, first-out method. Inventories in the governmental funds and the proprietary funds are recorded using the consumption method whereby inventories are recorded as expenditures or expenses when they are used.

- C. *Insurance* - The City maintains a comprehensive all-risk property insurance program that provides insurance coverage for approximately \$1,109,000,000 in property values. In addition, certain enterprise funds carry insurance coverage for specific purposes as determined by management. An estimated liability for uninsured losses is reported as required by Governmental Accounting Standards Board Statement 10 - Accounting and Financial Reporting for Risk Financing and Related Insurance Issues. State law authorizes the issuance of judgment bonds to settle claims. The City's available legal debt margin of \$116,654,000 at December 31, 2007, is considered adequate for catastrophic loss coverage.
- D. *Inter-Fund Transactions* - During the course of normal operations, the City has numerous transactions between funds including expenditures/expenses, advances and transfers of resources to provide services, construct assets and service debt. The governmental and proprietary fund type financial statements generally reflect such transactions as transfers or advances. The internal service funds record charges for services to City departments as operating revenue. All City funds record these payments to the internal service funds as operating expenditures/expenses. The proprietary funds record operating subsidies as other income whereas the fund paying the subsidy records it as either an expenditure/expense or transfer. Transfers are intended to reallocate money permanently from one fund to another. Advances represent the long-term portion of loans between funds. Inter-fund services provided and used are accounted for as revenues, expenditures, or expenses in the funds involved. The General Fund provides administrative services to enterprise funds. Based on an internal cost allocation plan certain costs initially borne by the General Fund are then billed as indirect charges to other funds of the City. The amounts charged for those services are treated as revenue to the General Fund and as operating expenses in the enterprise funds and as program expenses for individual functions and activities.
- E. *Capital Assets* -Capital assets which include property, plant and equipment, and infrastructure (e. g. roads, streets, bridges and retaining walls) are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. The City defines capital assets as assets with an individual cost of \$5,000 or more (\$100,000 for governmental infrastructure assets) and an estimated useful life in excess of one year. Such assets are capitalized at historical cost, or estimated values that approximate historical cost if purchased or constructed. Pursuant to the implementation of GASB No. 34, the historical cost of infrastructure assets (retroactive to January 1, 1980) are included as part of the governmental capital assets reported in the government-wide statement. Thus, the depreciated value of construction cost for streets, bridges and retaining walls is reported. Donated capital assets are recorded at estimated fair market value at the time of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Water Mains	100 years
Buildings and Improvements	25-70 years
Infrastructure	15-25 years
Machinery and Equipment	5-40 years
Automotive Equipment	3-20 years



- F. *Deferred Revenues*** - The City reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Certain intergovernmental receivables, uncollected assessments and miscellaneous receivables not meeting the availability criteria have been deferred and will be realized in a subsequent period in the governmental funds.
- G. *Grants and Other Intergovernmental Revenues*** - The proprietary fund types recognize the federal reimbursement-type capital grants as intergovernmental receivables and capital contributions as the related expenses are incurred. All other federal reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred. On an accrual basis, revenue in the form of shared revenue is recognized when the provider government recognizes its liability to the City.
- H. *Operating Revenues and Expenses*** - The City, in its proprietary funds, distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.
- I. *Capitalization of Interest*** - Interest is capitalized by the City in proprietary fund types when it is determined to be material. The City capitalizes interest in accordance with Statement of Financial Accounting Standard No. 62, Capitalization of Interest Costs in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants. This statement requires that the interest cost capitalized during construction be reduced by interest income earned on investments of the bond proceeds from the date of the borrowing until the assets constructed from the bond proceeds are ready for their intended use.
- J. *Statement of Cash Flows*** - For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments held by trustees, with a maturity of three months or less when purchased, to be cash equivalents. In addition, all cash and temporary investments with the City Treasurer are also considered to be cash equivalents since they are available to the proprietary funds on demand. The temporary investments primarily consist of certificates of deposit and U. S. Treasury securities that have maturities of up to two years.
- K. *Debt Issuance Costs, Premiums and Discounts*** - Debt Issuance costs, premiums and discounts are capitalized and amortized over the term of the bond.
- L. *Pronouncements Effective for the 2007 Financial Statements*** - With this financial report the City has changed its financial reporting to comply with Governmental Accounting Standards Board (GASB) Statement Number 48, *Accounting and Financial Reporting for Sales and Pledges of Receivables and Intra-Entity Transfers of Assets and Future Revenues* was issued in September 2006. This Statement is effective for financial statements for fiscal periods beginning after December 15, 2006. This Statement

establishes criteria that governments will use to ascertain whether certain transactions should be regarded as a sale or a collateralized borrowing. Such transactions are likely to comprise the sale of delinquent taxes, certain mortgages, student loans, or future revenues such as those arising from tobacco settlement agreements.

Also with this financial report the City changed its financial reporting to comply with Governmental Accounting Standards Board (GASB) Statement Number 50, *Pension Disclosures and amendment of GASB Statements Number 24 and Number 27* was issued in May 2007. This Statement is effective for fiscal periods beginning after December 15, 2007. This Statement establishes and modifies requirements related to financial reporting by pension plans and by employers that provide defined benefit and defined contribution pensions.

- M.** *Pronouncements Issued But Not Yet Effective* – Governmental Accounting Standards Board (GASB) Statement Number 49, *Accounting and Financial Reporting for Pollution Remediation Costs* was issued in November 2006. This Statement is effective for financial statements for fiscal periods beginning after December 15, 2007. This Statement establishes criteria that governments will use to ascertain when and how to report a liability related to pollution remediation. This statement enhances the ability of financial information users to access a government's obligations by requiring both earlier reporting of obligations and recognition of obligations that may not have been reported before.

Governmental Accounting Standards Board (GASB) Statement Number 51, *Accounting and Financial Reporting for Intangible Assets* was issued in June 2007. This statement is effective for fiscal periods beginning after June 15, 2009. This statement defines intangible assets and states the criteria for their inclusion as capital assets for accounting and financial reporting purposes.

Governmental Accounting Standards Board (GASB) Statement Number 52, *Land and Other Real Estate Held as Investments by Endowments* was issued in November 2007. This statement is effective for fiscal periods beginning after June 15, 2008. This statement affects financial reporting for endowments, requiring that land and other real estate be shown at fair value rather than historical cost and requiring that changes in fair value be reported as investment income.

- N.** *Working Capital Reserve* - City Council established standards for a minimum working capital reserve account in 1984 to assure a strong financial position and to protect Cincinnati's general obligation bond rating during periods of fiscal stress. The policy called for achievement of a minimum reserve level, for emergency needs of a catastrophic nature, of no less than 5% or more than 8% of general operating revenues by December 31, 1986. The targeted year-end reserve level was achieved in January of each year 1985 through 2008. The working capital reserve for 2007 was \$24,313,000 and is included in the Fund Balance Reserved for Working Capital in the Capital Projects Fund. The City is a chartered government and the working capital reserve, as established, is allowed by the charter.
- O.** Restricted resources such as bond funds are assumed to be expended before non-restricted resources in paying for capital projects of both the governmental funds and the proprietary funds.

## **2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

The City of Cincinnati combines the cash balances in individual funds to form a pool of cash and investments. Each fund reports its respective equity in City Treasury cash as an element of its resources. In addition, several funds separately hold cash and equivalents and investments, which are appropriately identified, in the government-wide Statement of Net Assets of the City. Earnings from the pooled cash and investments are allocated on a quarterly basis to eligible fund based on month-end equity balances. The data presented in the accompanying financial statements is for the City of Cincinnati as a whole.

### **Deposits**

At year-end the carrying amount of the City's deposits, including certificates of deposit with various financial institutions was \$406,883,000 and the bank balance was \$425,942,000. The entire bank balance is held in the name of the City and is collateralized either by federal depository insurance or securities pledged as collateral and segregated by the Federal Reserve Bank in a pledge account. The collateral is held by the City's agent in the City's name; it cannot be released by the Federal Reserve Bank without the City's approval.

Statutes specify that the City Treasurer require institutions designated as a public depository to pledge and to deposit with the Treasurer's office, as security for the payment of all public monies to be deposited in the public depository during the period of designation, eligible securities of an aggregate market value equal to the excess of the amount of public monies that are at the time so deposited over and above such portion or amount of such money as is at such time insured by the Federal Deposit Insurance Corporation, or by any other agency or instrumentality of the federal government. As an alternative, the City Treasurer may require such institution to deposit with him surety company bonds which, when executed, shall be for an amount equal to such excess amount.

Excluded from these amounts are deposits held by the City's Retirement System for which the year-end book balance was \$101,392,000. The year-end bank balance was \$18,428,000 and the cash balance was \$17,249,000. The cash balance was held by the City Treasurer. The cash equivalents of \$84,143,000 were held in money managers' custodial accounts at the Bank of New York at year-end and are not subject to the same insurance and collateralization requirements as the City's deposits and are uncollateralized.

### **Investments**

The fair value of investments for the City at December 31, 2007 was \$1,002,677,000. These investments include \$314,298,000 in U. S. Treasury Securities, \$201,592,000 in U. S. Government pass-through mortgage backed securities, STAROhio \$975,000, \$8,268,000 in City of Cincinnati Notes, \$134,252,000 in Money Market Accounts, \$273,000 in Bond Mutual Funds, \$1,275,000 in Equity Securities, \$341,772,000 in Certificates of Deposits, and a matured U.S. Treasury Obligation with a fair value of \$1,000. The City is legally authorized to invest in obligations of the U.S. Treasury, federal agencies or instrumentalities, obligations of the State of Ohio and its political subdivisions and repurchase agreements. All investments of the City of Cincinnati are insured or registered, or are securities held by the City or its agent in the City's name. The City Treasurer may enter into a repurchase agreement of United States Treasury obligations or other obligations for which the full faith and credit of the United States is pledged for the payment of principal and interest, or obligations or securities issued by any federal government agency. The City has not used reverse repurchase agreements or derivatives as investment instruments.

Excluded from the City's investments discussed above are assets held in trust by the City's Retirement System and the Park Board, which includes the Special Revenue Park Fund. The fair value of investments for these funds at December 31, 2007 was \$2,583,460,000. These investments include \$22,375,000 in U. S. Treasury Securities \$265,209,000 in U. S. Government pass-through mortgage backed securities, \$280,321,000 in Corporate Fixed Income, \$47,041,000 in Venture Capital, \$1,829,125,000 in Equity Securities, \$1,009,000 in State and Local Obligations, \$54,905,000 in Other Assets, \$67,213,000 in Real Estate Investments, (\$9,000) in Derivatives, and \$16,271,000 in other bonds. In those cases where resources are maintained in trust, the authority for investment of the property rests with either the trust agreement or local ordinance. Investments of the City of Cincinnati Retirement System are, by ordinance, subject to certain terms and limitations. These limitations do not apply to investments in securities of the City and federal government or their agencies. Investments of the City of Cincinnati Retirement System and Park Board are uninsured, with securities held by the counterparty, or by its trust department or agent but not in the City's name. The investment in Venture Capital is not considered an investment in a security for purposes of credit risk classification since it is not evidenced by securities that exist in physical or book entry form.

**Investment Policy and Risk**

The investment policy and risk will be discussed in four categories: 1) the City investment policy, which includes the General Fund, Debt Service Fund, Capital Project Fund, Water Works Fund (an Enterprise Fund), and the Metropolitan Sewer District (an Agency Fund), 2) the Permanent Funds except for the Park Board Fund, 3) the Park Board Fund, which includes the Parks Special Revenue Fund and 4) the City of Cincinnati's Retirement System's Pension Trust Fund.

**A. City Investment Policy**

The City's foremost objective of the investment policy for the funds that are pooled and deposited in the General Bank Depository Account and other accounts authorized by the City Treasurer is safety of principal. The investment policy minimizes credit risk by limiting investments to the safest types of securities, pre-qualifying the financial institutions with which the City will do business, and diversifying investments to minimize potential losses.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate risk is reduced by structuring the portfolio to mature to meet cash requirements for ongoing operations in order to avoid the need to sell securities prior to maturity and by investing operating funds in shorter-term securities.

At December 31, 2007, the City had the following investments held by the City Treasurer which were exposed to interest rate risk (amounts in thousands):

Investment Type	Investment Maturities (in years)				
	Fair Value	Less Than 1	1 to 5	6 to 10	More than 10
U.S. Treasury Obligations	\$ 314,298	\$ 240,699	\$ 47,787	\$ 17,787	\$ 8,025
Mortgage Backed Government Pass-Through	201,592	39,998	161,594		
Total	\$ 515,890	\$ 280,697	\$ 209,381	\$ 17,787	\$ 8,025

Currently, the investment policy limits the investments to: 1) obligations issued by the United States Treasury, 2) obligations issued by a federal government agency or instrumentality, 3) certificates of deposits, 4) no-load money market mutual funds which invest in 1), 2), or 3) above, 5) the Ohio subdivision's fund (STAR Ohio), 6) repurchase agreements, or 7) obligations of the State of Ohio or of a political subdivision of the state with at least a AA rating. These investments do not expose the City to foreign currency risk. Therefore, the City does not have a foreign currency risk policy.

At December 31, 2007, the City had \$975,000 invested in STAR Ohio, which is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAROhio is an investment alternative defined in section 135.45 (E) (2) of the Ohio Revised Code and created for eligible political subdivisions.

The STAR Ohio investments are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2007. The STAR Ohio fund invests in U. S. government and agency securities, collateralized repurchase agreements with eligible Ohio financial institutions, and eligible banker's acceptances and commercial paper. The STAR Ohio fund had an average 41 days to maturity at December 31, 2007 and is rated AAAM by Standard and Poor's.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit ratings indicate the degree of credit risk for an investment. At December 31, 2007 the city held the following investments (amounts in thousands):

Investment Type	Total Fair Value	A-/ A3 and Above	Full Faith & Credit
U.S. Treasury Obligations	\$ 314,298	\$	\$ 314,298
Mortgage Backed Government Pass-Through	201,592	201,592	
Total	\$ 515,890	\$ 201,592	\$ 314,298

Custodial credit risk is the risk that in the event of a failure of a depository financial institution or counterparty to a transaction, the City would be unable to recover the value of an investment or collateral securities. The custodial credit risk policy is discussed in the Deposits section above. The City requires the certificates of deposit to be backed by collateral or surety bond with an aggregate market value of one hundred two percent of the City's deposits and investments including accrued interest. Repurchase agreements require collateral. The release of collateral requires the approval of the City Treasurer.

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. At December 31, 2007 the city did not have more than five percent of total investments with a single issuer.

**B. Permanent Funds**

The Permanent Funds (excluding the Park Board Fund) do not have a written investment policy. Each fund has a separate trust agreement, which limits the activity of the fund. At December 31, 2007, total investments were \$1,592,000. The Permanent Funds do not have investments exposed to interest rate risk, custodial credit risk, concentration of credit risk, or foreign currency risk. Their investments consist of money market accounts of \$43,000, equity securities with a fair value of \$1,275,000, bond mutual funds with a fair value of \$273,000 and a matured U.S. Treasury Obligation with a fair value of \$1,000. Credit Ratings and Maturity information was not available for the investments in bond mutual funds.

**C. Park Board**

The Park Board Fund investments goals are to generate capital growth for long-term usage and provide operating income to the respective projects and operations. The fund has established asset allocation ranges. For equities the range is seventy to ninety percent. For bonds, the range is ten to thirty percent. And for cash the range is zero to three percent. Each bond investment must have a minimum credit rating of A by Standard and Poor's and A by Moody's. Other than these limitations on investments, the Park Board Fund

does not have an established policy for interest rate risk, credit risk, which includes concentration of credit risk, and custodial credit risk, or foreign currency risk. At December 31, 2007, a corporate bond with a fair value of \$25,000 was rated BBB+ by Standard and Poor's. However, the same bond was rated A2 by Moody's.

At December 31, 2007 the Park Board had total investments with a fair value of \$10,379,000 which included equity securities with a fair value of \$6,536,000, and bond mutual funds with a fair value of \$236,000. The remaining \$3,607,000 in investments is identified in the chart on the following page. Included in the chart are cash equivalents of \$409,000.

The following investments were exposed to interest rate risk (amounts in thousands):

Investment Type	Investment		Maturities
	Fair Value	Less Than 1	1 to 5
U.S. Treasury Obligations	\$ 650	\$ 494	\$ 156
U.S. Government Agency	26		26
Mortgage Backed Government Pass-Through	2,438	1,005	1,433
Corporate Bonds	493	175	318
Total	<u>\$ 3,607</u>	<u>\$ 1,674</u>	<u>\$ 1,933</u>

The following chart provides information utilized in determining credit rate risk (amounts in thousands):

Investment Type	Fair Value	A-/A3 and Above	BBB-/Baa3 to BBB+/Baa1	Full Faith & Credit
U.S. Treasury Obligations	\$ 650	\$	\$	\$ 650
U.S. Government Agency	26	26		
Mortgage Backed Government Pass-Through	2,438	2,438		
Corporate Bonds	493	468	25	
Total	<u>\$ 3,607</u>	<u>\$ 2,932</u>	<u>\$ 25</u>	<u>\$ 650</u>

#### D. City Retirement

The City of Cincinnati Retirement System's Pension Trust Fund Investment objectives are to maximize the total real return on the System's assets over the long term, subject to prudent investment standards and fiduciary responsibilities and to diversify investments across several asset classes so as to limit the adverse impact of any single investment. The System has established asset allocation goals, which may deviate by as much as five percent. The equity goal is 60.5% which is split with 43.5% allocated to U.S. common stock and 17% allocated to international stock. The remaining investments are allocated as follows: 17% to fixed income, 7.5% to real estate, 5% to private equity, 5% to infrastructure, and 5% to long/short equity.

The interest rate risk is addressed by guidelines that require the weighted duration of the investments to be within a 20% range of the duration of a benchmark index. The System utilizes various portfolio managers and therefore, several indexes, which include the Lehman Aggregate index and the Credit Suisse First Boston High Yield index.

At December 31, 2007, the System had the following investments subject to interest rate risk (amounts in thousands):

Investment Type	Investment Maturities (in years)				
	Fair Value	Less Than 1	1 to 5	6 to 10	More than 10
Government Fixed Income					
Government Agencies	\$ 18,573	\$ 398	\$ 2,260	\$ 595	\$ 15,320
Government Bonds	1,136		129	326	681
Government Inflation Indexed	1,258			1,258	
Other Government Fixed Income	372	215			157
Government Assets and Mortgage Backed					
Government National Mortgage Assoc	3,315			169	3,146
Federal Home Loan Mortgage Corp	42,633	2	693	2,826	39,112
Federal National Mortgage Assoc	163,790		116	2,244	161,430
Collateralized Mortgage Obligations	52,103		1,062	2,863	48,178
Corporate Fixed Income					
Asset Backed Securities	75,982	581	9,712	5,387	60,302
Corporate Bonds	216,805	12,262	54,143	111,379	39,021
State and Local Obligations	1,009				1,009
Other Fixed Income					
Private Placements	14,699	373	1,692	8,766	3,868
Miscellaneous Other Fixed Income	1,584		457		1,127
	<u>\$ 593,259</u>	<u>\$ 13,831</u>	<u>\$ 70,264</u>	<u>\$ 135,813</u>	<u>\$ 373,351</u>

The above maturity chart includes investments with a fair value of \$11,925,000 which were reclassified as cash equivalents in the Pension Trust financial statements.

In order to reduce credit risk, the System requires that 90% of the U.S. fixed income investments consist of a high quality investment grade security. The remaining 10% may be invested in high yield securities. The benchmark for the U.S fixed income allocation is the Lehman Brothers Aggregate index. As for custodial credit risk, the fund only requires collateral for their securities lending program as discussed below.

The concentration of credit risk is minimized by the diversification policy, which requires the assets to be allocated across major asset classes and be diversified broadly within each asset class. The capitalization and style structure of the U.S. equity portfolio shall be reflective of the overall domestic equity market, as defined by the Russell 3000 index. A combination of active and passive portfolio investment managers is utilized to achieve the appropriate capitalization and style structure. The Russell 3000 index is the performance benchmark for the U.S. equity allocation.

An indicator of credit risk is a credit rating. The following are investments held by the System at December 31, 2007 (amounts in thousands):

Investment Type	Total Fair Value	A-/A3 and Above	BBB-/Baa3 to BBB+/Baa1	B-/B3 to BB+/Ba1	C/C to CCC/Caa	Not Rated
Government Fixed Income						
Government Agencies	\$ 18,573	\$ 3,926	\$	\$	\$	\$ 14,647
Government Bonds	1,136	129		199		808
Government Inflation Indexed	1,258	1,258				
Other Government Fixed Income	372	157		215		
Government Assets and Mortgage Backed						
Government National Mortgage Assoc	3,315					3,315
Federal Home Loan Mortgage Corp	42,633					42,633
Federal National Mortgage Assoc	163,790					163,790
Collateralized Mortgage Obligations	52,103	31,838				20,265
Corporate Fixed Income						
Asset Backed Securities	75,982	47,512			581	27,889
Corporate Bonds	216,805	62,251	18,931	104,687	13,781	17,155
State and Local Obligations	1,009	1,009				
Other Fixed Income						
Private Placements	14,699	5,414		5,289	1,680	2,316
Miscellaneous Other Fixed Income	1,584	997				587
Total	\$ 593,259	\$ 154,491	\$ 18,931	\$ 110,390	\$ 16,042	\$ 293,405

The above credit rating chart includes investments with a fair value of \$11,925,000 which were reclassified as cash equivalents in the Pension Trust financial statements.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investments or a deposit. The System's target allocation for international equities is 13.5%.

The System's exposure to foreign currency risk at December 31, 2007 is as follows (amounts in thousands):

Currency	Fair Value	Fixed Income	Equity	Forward Contracts	Cash
Australian Dollar	\$ 25	\$	\$ 25	\$	\$
Brazilian Real	1			1	
British Pound Sterling	53		71	(15)	(3)
Canadian Dollar	12		12		
Euro Currency	124	6	129	(6)	(5)
Hong Kong Dollar	13		13		
Japanese Yen	64	3	66	(3)	(2)
Malaysian Ringgit	4		4		
Mexican Nuevo Peso	2			1	1
New Zealand Dollar	2		2		
Singapore Dollar	6		4	1	1
South African Rand	8		7		1
Swedish Krona	8		8		
Swiss Franc	29		29		
Total	\$ 351	\$ 9	\$ 370	\$ (21)	\$ (7)



## Securities Lending

City statutes and board of trustee policies permit the City of Cincinnati Retirement System to use investments of the plan to enter into securities lending transactions – loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same security in the future. Securities are loaned in exchange for collateral that may include cash, U.S. government securities and irrevocable letters of credit. U.S. securities are loaned in exchange for collateral valued at 102% of the market value of the securities plus any accrued interest. Non-U.S. securities are loaned in exchange for collateral valued at 105% of the market value of the securities plus any accrued interest. Collateral cannot be pledged or sold unless the borrower defaults. The borrower is required to pay to the Lender the equivalent of all interest and dividends that are paid by the issuer during the term of the loan. All security loans can be terminated on demand by either the lender or the borrower, although the average term of the System’s overall loans was 25 days for the year ended December 31, 2007. Cash collateral is invested in a short-term investment pool, which had an average weighted maturity of 1 day as of December 31, 2007. Cash collateral may also be invested separately in “term loans”, in which the maturity of the term loan is matched to either the maturity of the cash collateral invested or the interest rate reset of the cash collateral invested. These loans have rights of substitution and securities can be recalled on demand. As of December 31, 2007, there were no violations of legal or contractual provisions, no borrower or lending agent default and no losses known to the securities lending agent. There are no dividends or coupon payments owing on the securities lent.

The following represents the balances relating to the securities lending transactions at the financial statement date (amounts in thousands):

Securities Lent	Fair Value of Underlying Securities	Cash Collateral Received/ Securities Collateral Value
Lent for Cash Collateral:		
U.S. Government	\$ 1,398	\$ 1,417
U.S. Agencies	2,484	2,521
U.S. Corporate Fixed Income	17,357	17,759
U.S. Equities	383,622	397,926
Non-U.S. Corporate Fixed Income	100	103
Non-U.S. Equities	1,306	1,357
Total	\$ <u>406,267</u>	\$ <u>421,083</u>

The following maturity chart for securities lending collateral provides information pertinent to interest rate risk (amounts in thousands):

Asset class	Less Than 1 Year	1-5 Years	Total
Asset Backed Security	\$ 39,335	\$ 37,984	\$ 77,319
Bank Note	10,122	46,127	56,249
Certificate of Deposit Float	57,271	30,042	87,313
Corporate Floating Rate	50,083	136,158	186,241
Reverse Repurchase Agreements	596		596
Time Deposit	15,000		15,000
Total	\$ <u>172,407</u>	\$ <u>250,311</u>	\$ <u>422,718</u>

In order to determine credit rate risk for the securities lending collateral, the following chart is useful (amounts in thousands):

Investment Type	Total Fair Value	Credit Rating	
		Standard and Poor	Moody
Asset Backed Security	\$ 77,319	AAA	Aaa
Bank Note	5,011	AAA	Aaa
	10,031	AA	Aa1
	6,009	AA	Aa2
	10,030	AA-	Aa1
	9,987	AA-	Aa2
	5,059	A+	A1
	10,122	A-1	P-1
Certificate of Deposit Float	10,030	AA-	Aa1
	10,003	AA-	Aa2
	20,044	AA-	Aa3
	47,236	A-1+	P-1
Corporate Floating Rate	5,007	AAA	Aaa
	15,526	AA	Aa3
	20,067	AA-	Aa1
	20,171	AA-	Aa2
	25,120	AA-	Aa3
	5,016	AA-	A1
	10,036	A+	Aa3
	9,995	A+	A1
	15,097	A+	A2
	10,123	A	A2
	10,008	A-1+	P-1
	40,075	A-1	P-1
Reverse Repurchase Agreements	596	Not Rated	Not Rated
Time Deposit	15,000	A-1+	P-1
Total	\$ <u>422,718</u>		

## Derivatives

Derivatives are generally defined as contracts whose value depend on, or derive from, the value of an underlying asset, reference rate, or index. The retirement system enters into certain derivative financial instruments, primarily to enhance the performance and reduce the volatility of the portfolio. It purchases S&P 500 futures contracts to gain exposure to the U.S. equity market, fixed income futures contracts and options to manage interest rate risk, and foreign exchange contracts are used occasionally to hedge foreign currency exposure. The retirement system's fixed income managers are authorized to invest in mortgage-backed securities (MBS), commercial mortgage-backed securities (CMB), collateralized mortgage obligations (CMO) and asset-backed securities (ABS). MBS securities are issued by government agencies

and instrumentalities such as the FHA, FNMA, GNMA, FHLMC, while CMB and CMO securities are issued by non-government corporations. ABS securities are supported by loans, which are secured by first residential mortgages, home equity mortgages, auto loans, credit card receivables, etc.

### 3. MIXED INVESTMENT POOL

On April 10, 1968, the Board of County Commissioners of Hamilton County and the City of Cincinnati consolidated all County and City sanitary sewer facilities, under the direction and control of the Board of County Commissioners and the management and operation of the City. The cash balance in the fund established for this purpose, the Metropolitan Sewer District fund (MSD), is combined with the City's pool of cash and investments. For the purposes of financial reporting, the MSD portion of the City's pool of cash and investments is reported as an Investment Trust Fund. Assets in the pool are reported at fair value based on quoted market prices. The pool is not subject to regulatory oversight. Fair value amounts are determined at year-end. The City has not provided or obtained any legally binding guarantees to support the value of the Mixed Investment Pool. MSD is required by Chapter 301 of the Cincinnati Municipal Code to participate in the Mixed Investment Pool. The method used to determine participants' shares sold and redeemed is a proration based upon the equity held in City Treasury cash. These amounts increase and decrease based upon the change in the equity balance. This same method is used to report the investments. Disclosures required by GASB Statement 3 are discussed in Note 2.

Summary by major investment classification:

(Amounts in Thousands)

	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity Dates</u>
Money Market Fund	\$ 8,444	\$ 8,444		
Certificates of Deposit	290,280	290,280	4.16 – 5.34%	01/01/08 – 12/31/10
FHLB/FNMA Securities	201,031	201,592	4.00 – 5.62%	01/28/08 – 12/17/12
City of Cincinnati Notes	<u>8,268</u>	<u>8,268</u>	3.56 – 3.76%	09/12/08 – 11/08/08
Total	<u>\$508,023</u>	<u>\$508,584</u>		

The Mixed Investment Pool does not issue a separate report. The Mixed Investment Pool's financial statements can be found below:

**Mixed Investment Pool  
Statement of Net Assets  
As of December 31, 2007**  
(Amounts in Thousands)

<u>Assets</u>	
Equity in City Treasury	<u>\$ 508,584</u>
<u>Net Assets</u>	
Held in Trust for Internal Pool Participants	\$ 450,477
Held in Trust for External Pool Participant	<u>58,107</u>
Total Net Assets	<u>\$ 508,584</u>

**Mixed Investment Pool**  
**Statement of Changes in Net Assets**  
**For the Year Ended December 31, 2007**  
(Amounts in Thousands)

	<u>Internal Participants</u>	<u>External Participants</u>	<u>Total</u>
Additions:			
Contributions:			
Participant Deposits	\$1,020,963	\$332,098	\$1,353,061
Investment earnings:			
Interest and dividends	24,919	3,232	28,151
Net appreciation in the fair value of investments	<u>1,644</u>	<u>200</u>	<u>1,844</u>
Total investment earnings	<u>26,563</u>	<u>3,432</u>	<u>29,995</u>
Total additions	1,047,526	335,530	1,383,056
Deductions:			
Distributions to Participants	<u>1,052,526</u>	<u>318,443</u>	<u>1,370,969</u>
Change in Net Assets	(5,000)	17,087	12,087
Net assets – beginning	<u>455,477</u>	<u>41,020</u>	<u>496,497</u>
Net assets – ending	<u>\$ 450,477</u>	<u>\$ 58,107</u>	<u>\$ 508,584</u>

**4. COMMITMENTS**

**Convention Facilities Authority (CFA)**

The CFA is an up to 11-member body corporate and politic, organized and existing under Chapter 351 of the Ohio Revised Code, as amended. The CFA issued bonds netting proceeds of \$111,176,644 dated March 2, 2004 for the purpose of expanding and renovating the Convention Center in Cincinnati.

Pursuant to a Memorandum of Understanding between the City of Cincinnati (City) and Hamilton County (County), a cooperative agreement was reached between the City and the County and a Project Service Agreement between the City and the CFA. The City will: (i) own the Convention Center, (ii) be responsible for the operation and maintenance of the Convention Center and (iii) manage the design and construction of the expansion and renovation project. Construction began in May 2004 and was completed in June 2006.

In the financial plan for the convention center expansion and renovation the dedicated Transient Occupancy Tax (City) and Lodging Excise Tax (County) is expected to cover the outstanding debt service for senior (\$67.2 million) and subordinate (\$34.8 million) debt. Pursuant to the Memorandum of Understanding between the City, County and the CFA, the City has agreed to guarantee, subject to annual appropriation, the principal and interest on subordinate debt. The maximum annual debt service is \$2,309,250 and has been reserved to guarantee the subordinate debt service.

Subject to annual appropriation, the City shall pay \$1,000,000 (City Annual Contribution) to the Trustee of the CFA subject to the terms of the Cooperative Agreement. This contribution is pledged as an additional revenue source for the payment of the bonds. The City appropriated an amount sufficient to pay the City Annual Contribution for 2007.

**The Banks** - In November 2007, the City of Cincinnati and Hamilton County approved a series of agreements to develop the Banks on the City's central riverfront. The project will consist of infrastructure improvements, parking garages, apartments, retail, office space and a 40-acre riverfront park. The first phase is expected to include infrastructure improvements and parking garages. Ground breaking on phase 1 of the project is scheduled for Spring 2008 with a projected completion in 2010.

**Columbia Square Town Center Development**- The City has committed to issue \$4,300,000, in economic development bonds for Columbia Square. The first phase of this mixed-use project will consist of a fine-dining restaurant on the ground floor of a three-story 54,000 square foot Class "A" office building at the southeast corner of Columbia Parkway and Delta Avenue that will be completed in June 2008. Subsequent phases of the development will include 28,500 square feet of retail space in four buildings on the south side of Columbia Parkway at the newly signalized intersection of Hoge Street, and a new office structure on the northwest corner of Delta and Columbia Parkway.

**One River Plaza** – The City has committed to issue \$17,295,000 in economic development bonds for the One River Plaza Development which will be constructed on approximately 2.8 acres of property located along the eastern portion of the City's riverfront. It is an \$89 million mixed-use project, consisting of residential and commercial development. It will include 150 new condominium units, approximately 27,600 square feet of retail space and approximately 500 parking spaces in two mid-rise towers. Construction of the first tower is scheduled to be completed in 2009.

**Madison Circle** – The City has committed to issue of \$5,680,000 in economic development bonds for Madison Circle. Construction has begun on this \$33 million mixed-use development on a 29-acre site in Madisonville on the City's east side. A 130,000 square foot nursing home facility and a 110 unit assisted living facility is being constructed on approximately 10 acres of the site. A pet care facility has also been constructed on the site. The remainder of the site will consist of office and retail uses which will be constructed at a future date.

**5. INTERFUND ASSETS/LIABILITIES**

The composition of interfund balances as of December 31, 2007, is as follows:

**DUE FROM/TO OTHER FUNDS (Amounts in Thousands)**

	<b>Due From</b>							<b>Total</b>
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Internal Service Funds</b>	<b>Water Works Fund</b>	<b>Nonmajor Enterprise Funds</b>	<b>Fiduciary Funds</b>	
<b>Due To</b>								
General Fund	\$	\$ 15	\$ 285	\$ 1,036	\$ 5	\$ 44	\$ 611	\$ 1,996
Capital Project Fund	10		21	141	341	21		534
Debt Service Fund							2	2
Nonmajor Governmental Funds	650		96	314	1		232	1,293
Internal Service Funds	317	890	119	8	4		289	1,627
Water Works Fund	40	32	18	134		3	229	456
Convention Center Fund							1	1
Nonmajor Enterprise Funds	5		86	26	2		31	150
Fiduciary Funds	2			28				30
<b>Total</b>	<b>\$ 1,024</b>	<b>\$ 937</b>	<b>\$ 625</b>	<b>\$ 1,687</b>	<b>\$ 353</b>	<b>\$ 68</b>	<b>\$ 1,395</b>	<b>\$ 6,089</b>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**ADVANCES TO/FROM OTHER FUNDS (Amounts in Thousands)**

	<b>Advances From</b>				Total
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Internal Service Funds	
<b>Advances To</b>					
General Fund	\$	\$	\$ 125	\$ 177	\$ 302
Nonmajor Governmental Funds	521		1,927		2,448
Water Works Fund				105	105
Convention Center		181			181
Nonmajor Enterprise Funds		4,477		21	4,498
Internal Service Funds		1,629			1,629
<b>Total</b>	<u>\$ 521</u>	<u>\$ 6,287</u>	<u>\$ 2,052</u>	<u>\$ 303</u>	<u>\$ 9,163</u>

The major portion of the amounts payable relate to loans made for the completion of capital projects construction in progress. The remaining portion of the amounts payable relate to working capital loans made to funds upon their creation, none of this balance is scheduled to be collected in the subsequent year.

**6. INTERFUND TRANSFERS**

Interfund transfers for the year ended December 31, 2007, consisted of the following:

**TRANSFERS IN/OUT (Amounts in Thousands)**

	<b>Transfers Out</b>						Total
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Internal Service Funds	Nonmajor Enterprise Funds	
<b>Transfers In</b>							
General Fund	\$ -	\$ 4,455	\$ -	\$ 991	\$ 192	\$ -	\$ 5,638
Capital Projects Fund	1,566		47,040	100	667	-	49,373
Debt Service Fund	2,687	19,934		4	38	4,698	27,361
Nonmajor Governmental Funds	-	1,725		302	342	1,239	3,608
Internal Service Funds	-	946		30	-	-	976
Convention Center Fund		1,000					1,000
Nonmajor Enterprise Funds	-	1,250	-		187	-	1,437
<b>Total</b>	<u>\$ 4,253</u>	<u>\$ 29,310</u>	<u>\$ 47,040</u>	<u>\$ 1,427</u>	<u>\$ 1,426</u>	<u>\$ 5,937</u>	<u>\$ 89,393</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**7. NET ASSETS / FUND EQUITY DEFICITS**

Included in the financial statements is an internal service fund with net asset deficits as of December 31, 2007. The net asset deficits in the internal service funds of Property Management (\$18,000) and Self Insurance-Medical (\$205,000) are to be covered by future user charges. Also included in the financial statements is a non-major governmental fund with a net fund equity deficit as of December 31, 2007. The fund equity deficit in the Special Revenue Fund Nonappropriated - Community Development (\$554,000) is to be covered by reimbursement from a federal grant.

**8. LEASES**

**CITY AS LESSEE**

**Operating Leases**

The City has entered into various leases for property, equipment and office space. These leases are considered for accounting purposes to be operating leases. The total cost for such leases were \$1,641,000 for the year ended December 31, 2007. Future minimum lease payments are as follows:

(Amounts in Thousands)

<u>Year</u>	<u>Amount</u>
2008	\$1,263
2009	1,168
2010	829
2011	717
2012	602
2013-2016	<u>642</u>
Total Future Minimum Lease Payments	<u>\$ 5,221</u>

**Capital Leases**

The City has capitalized leases for the following property and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

(Amounts in Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Leased Property/Equipment	\$ 1,209	\$ 219
Less: Accumulated Depreciation	<u>739</u>	<u>37</u>
Total	<u>\$ 470</u>	<u>\$ 182</u>

The following is a schedule of future minimum capital leases and the present value of the net minimum lease payments at December 31, 2007:

(Amounts in Thousands)

<u>Year</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2008	\$ 251	\$ 68
2009	237	68
2010	-	67
2011	<u>-</u>	<u>11</u>
Total minimum lease payments	488	214
Less: Amounts representing interest	<u>18</u>	<u>32</u>
Present value of net minimum lease payments	<u>\$ 470</u>	<u>\$ 182</u>

### CITY AS LESSOR

The City has entered into various contractual agreements for the rental of properties to various commercial enterprises, which are reported as operating leases for accounting purposes.

Amounts relating to the operating leases as of December 31, 2007 are included in the financial statements of the following:

(Amounts in Thousands)

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
Land	\$ 255	\$ 2,505
Buildings	1,759	3,328
Improvements		83,345
Accumulated Depreciation	1,279	81,311
Depreciation Expense	97	728

Future minimum rentals on non-cancelable operating leases as of December 31, 2007 are as follows:

(Amounts in Thousands)

<u>Year</u>	<u>Business-type Activities</u>	<u>Governmental Activities</u>
2008	\$ 984	\$ 18,889
2009	943	18,809
2010	818	18,627
2011	533	18,450
2012	345	18,320
Remaining years	<u>984</u>	<u>238,161</u>
Total Future Minimum Rental Payments	<u>\$ 4,607</u>	<u>\$331,256</u>
Total Rentals for 2007:	\$ 859	\$ 19,047



Future minimum rentals of the railway line, recorded in Debt Service Fund, are assumed to equal the payments calculated for the current year. These minimum rentals are included in the Governmental Activities column.

Enterprise Funds

The General Aviation rentals (included in business-type activities) do not include contingent rentals, which may be received on the basis of hours or usage in excess of stipulated minimums. Terms of the leases are normally on a five-year basis with renewal options not to exceed fourteen years.

The Parking Facilities has leased the Fountain Square North Parking Garage for a one-time payment of \$7.5 million for a period of 50 years beginning in 2005. The revenue has been deposited into the Parking Facilities fund to offset cash flow losses from the operation of this garage.

Governmental Capital Assets

The City-owned railway line, the Cincinnati Southern Railway, is leased to the Cincinnati, New Orleans, and Texas Pacific Railway Company until December 31, 2026, with a renewal option of twenty-five years. Pursuant to the Ohio Revised Code, the use of the rental income from the railway line is restricted to debt service.

**9. LONG-TERM DEBT**

**General Obligation Bonds and Notes**

The City issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds and notes issued in prior years was \$546,205,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds and notes currently outstanding are as follows:

(Amounts in Thousands)

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.000% - 7.875%	\$361,223
Business-type activities	4.200% - 5.375%	<u>17,635</u>
		<u>\$378,859</u>

Annual debt service requirements to maturity for the general obligation bonds and notes are as follows:

(Amounts in Thousands)

Year Ending <u>December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 39,703	\$ 16,209	\$ 4,665	\$ 747
2009	29,795	14,799	2,065	547
2010	27,445	13,483	2,065	460
2011	27,030	12,280	2,065	374
2012	26,490	11,069	2,065	287
2013-2017	111,415	38,336	4,125	414
2018-2022	55,345	16,645	325	103
2023-2027	26,475	7,269	260	28
2028-2032	11,495	2,951		
2033-2035	<u>6,030</u>	<u>484</u>		
Total	<u>\$361,223</u>	<u>\$133,525</u>	<u>\$17,635</u>	<u>\$ 2,960</u>

Revenue Bonds and Notes

The City also issues bonds and notes where the City pledges income derived from the acquired or constructed assets to pay debt service. The net revenues of the Water Works are pledged to pay Water Works revenue bonds debt service. The original amount of revenue bonds and notes authorized in prior years was \$436,821,000 of which \$365,451,000 was issued.

Revenue bonds and notes outstanding at year-end are as follows:

(Amounts in Thousands)

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Economic Development	Various	\$ 45,495
Water Works	Various	<u>346,255</u>
		<u>\$391,750</u>

The annual debt service requirements to maturity for the revenue bonds are as follows:

(Amounts in Thousands)

Year Ending <u>December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 10,335	\$ 2,259	\$ 13,620	\$ 14,606
2009	3,070	2,074	14,000	15,715
2010	3,060	1,908	14,700	15,113
2011	2,060	1,733	15,260	14,459
2012	2,195	1,604	16,070	13,731
2013-2017	11,515	5,793	92,210	56,640
2018-2022	10,725	2,681	108,300	32,188
2023-2027	2,535	148	49,740	10,816
2028-2032			<u>22,355</u>	<u>3,462</u>
Total	<u>\$45,495</u>	<u>\$18,200</u>	<u>\$346,255</u>	<u>\$176,730</u>

Long-Term State Loans

The Ohio Public Works Commission extends loans to the City. Notes in the amount of \$3,374,000 accounted for as Governmental type and \$2,928,000 as Business-type represent the amounts due on ten loans from the Ohio Public Works Commission (OPWC) for infrastructure improvements. These notes are non-interest bearing.

Annual debt service requirements to maturity for the Ohio Public Works Commission notes are as follows:

(Amounts in Thousands)

<u>Year Ending</u> <u>December 31</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
	<u>Principal</u>	<u>Principal</u>
2008	\$106	\$128
2009	211	156
2010	211	157
2011	211	156
2012	211	157
2013-2017	994	783
2018-2022	786	782
2023-2027	<u>644</u>	<u>509</u>
Total	<u>\$3,374</u>	<u>\$2,828</u>

The Ohio Water Development Authority extends loans to the City. Notes in the amount of \$5,146,000 accounted for as Business type represent the amounts due on two loans from the Ohio Water Development Authority (OWDA) for water works improvements. These notes bear interest at 3.25% per year. Only that portion of the loan commitment actually paid to the City is recognized as a liability by the City.

Annual debt service requirement to maturity for the Ohio Water Development Authority notes are as follows:

(Amounts in Thousands)

<u>Year Ending</u> <u>December 31</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 211	\$ 177
2009	217	170
2010	224	163
2011	232	156
2012	239	148
2013-2017	1,319	618
2018-2022	1,552	388
2023-2027	<u>1,348</u>	<u>94</u>
Total	<u>\$5,342</u>	<u>\$1,914</u>

The Ohio Department of Development provided an Urban Redevelopment Loan to the City during 2007. This loan is secured by a mortgage on a parking garage. The mortgage is interest free through June 30, 2011 and after that date the interest rate is 3%. In addition a 1% service fee is charged on the outstanding loan balance during the term of the loan. Annual debt service requirement for the Urban Redevelopment Loan are as follows:

(Amounts in Thousands)

<u>Year Ending</u> <u>December 31</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 409	\$ 138
2013-2017	2,240	496
2018-2021	<u>2,049</u>	<u>141</u>
Total	<u>\$4,698</u>	<u>\$775</u>

**Bonds and Notes Outstanding at December 31, 2007**

(AMOUNTS IN THOUSANDS)

Description	Interest Rates	Issue Dates	Maturity Dates	Original Authorized	Amount Due 2008	Amount Outstanding 12/31/2007
Bonds:						
General Property Tax	4.2% to 4.375%	1998-1999	2008-2009	\$ 36,500	\$ 3,640	\$ 5,930
Supported	4.0% to 5.0%	2001-2004	2014-2016	39,640	2,850	13,180
	7.875%	1987	2017	30,000	1,000	10,000
Various Rate Issues	2.0% to 5.5%	2000-2007	2010-2027	234,580	16,015	146,070
Refunding	4.25% to 5.00%	2007	2020	45,520	0	41,920
Urban Redevelopment						
Various Rate Issues	4.5% to 5.5%	2004	2020	2,600	115	1,910
Municipal Income Tax	3.25% to 5.50%	2000-2007	2015-2027	45,960	2,560	40,175
Refunding	4.25% to 5.00%	2007	2020	2,480	0	2,480
Recreational Facilities	4.00% to 6.75%	1990-2001	2011-2021	10,300	550	2,200
Refunding	4.25% to 5.00%	2007	2021	4,500	0	4,500
Urban Renewal/Economic Dev.	3.25% to 6.00%	2002-2007	2012-2032	28,925	1,625	22,530
Refunding	5.0%	2004	2008	2,295	390	390
Judgement	3.0% to 5.0%	2005	2020	4,300	290	3,720
Urban Development Taxable						
Various Rate Issues	2.00% to 6.25%	1998-2003	2016-2021	21,905	1,550	13,085
Refunding	4.25% to 5.00%	2007	2021	2,500	0	2,500
Police & Fire Pension	5.10% to 5.25%	2000	2010	42,000	600	1,895
Refunding	3.0% to 4.5%	2005	2035	41,000	250	40,470
Total General Long-Term Bond Obligations				<u>595,005</u>	<u>31,435</u>	<u>352,955</u>
Parks & Recreation	4.375% to 5.0%	2006	2026	1,300	65	1,235
Water Works	4.20% to 4.375%	1998-1999	2008-2014	55,400	4,600	16,400
Total Proprietary Fund Obligations				<u>56,700</u>	<u>4,665</u>	<u>17,635</u>
Total General Obligation Bonds Payable				<u>651,705</u>	<u>36,100</u>	<u>370,590</u>
Notes:						
Parks & Recreation	3.72%	2007	2008	2,500	2,500	2,500
Urban Renewal	3.76%	2007	2008	750	750	750
Judgement	3.56%	2007	2007	5,500	5,018	5,018
Total General Obligation Notes Payable				<u>8,750</u>	<u>8,268</u>	<u>8,268</u>
Total General Obligation Bonds and Notes Payable				<u>\$ 660,455</u>	<u>\$ 44,368</u>	<u>\$ 378,858</u>
Revenue Bonds	1.57% to 8.48%	1996-2007	2010-2025	\$ 701,821	\$ 16,575	\$ 384,370
Revenue Notes	3.60% to 3.75%	2007	2008	34,300	7,380	7,380
Total Revenue Bonds and Notes Payable				<u>\$ 736,121</u>	<u>\$ 23,955</u>	<u>\$ 391,750</u>
Total Outstanding Debt				<u>\$ 1,396,576</u>	<u>\$ 68,323</u>	<u>\$ 770,608</u>

## Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2007, was as follows:

(Amounts in Thousands)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds and Notes Payable:					
General Obligation Bonds	\$340,640	\$102,505	\$90,190	\$352,955	\$31,435
General Obligation Notes	6,050		6,050		
Revenue Bonds	30,595	9,995	2,475	38,115	2,955
Revenue Note	<u>6,087</u>	<u>        </u>	<u>6,087</u>	<u>        </u>	<u>        </u>
Total Bonds and Notes Payable	383,372	112,500	104,802	391,070	34,390
Compensated Absences	81,069	41,765	36,182	86,652	31,175
Claims and Judgments	31,976	99,650	96,949	34,677	17,997
Capital Leases	28	457	14	471	239
Net Pension Obligation	15,041	1,316	1,538	14,819	
Net Other Post Employment Benefit Obligation	6,123	742	580	6,285	
State Loans		3,527	153	3,374	106
Other	<u>1,211</u>	<u>530</u>	<u>        </u>	<u>1,741</u>	<u>304</u>
Governmental Activity Long-term liabilities	<u>\$518,820</u>	<u>\$260,487</u>	<u>\$240,218</u>	<u>\$539,089</u>	<u>\$ 84,211</u>
<b>Business-type Activities:</b>					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 25,170	\$	\$ 7,535	\$ 17,635	\$ 4,665
General Obligation Notes	7,874		7,874		
Revenue Bonds	<u>284,600</u>	<u>201,300</u>	<u>139,645</u>	<u>346,255</u>	<u>13,620</u>
Total Bonds and Notes Payable	317,644	201,300	155,054	363,890	18,285
Compensated Absences	7,324	3,648	3,551	7,421	3,534
Claims and Judgments	136	133	115	154	154
Net Pension Obligation	4,351	380	442	4,289	
Net Other Post Employment Benefit Obligation	1,648	144	168	1,624	
Capital Leases		219	38	181	51
Other					
State Loan	<u>3,114</u>	<u>10,069</u>	<u>315</u>	<u>12,868</u>	<u>339</u>
Business-type Activities Long-term liabilities	<u>\$334,217</u>	<u>\$215,893</u>	<u>\$159,683</u>	<u>\$390,427</u>	<u>\$22,363</u>

For the governmental activities, claims and judgments are generally liquidated by the general fund. Compensated absences for the governmental activities are generally liquidated by the employee's home fund, the fund from which the employee's regular wages are paid.

Internal Service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for

them are included as part of the above totals for governmental activities. At year-end, \$2,077,000 of compensated absences, \$22,375,000 of unpaid claims, \$1,628,000 of net pension obligation, and \$607,000 of net other post employment benefit obligation for the internal service funds are included in the above amounts.

**Defeased Bonds**

On August 23, 2007, the City issued refunding bonds in the amount of \$52,005,000 at a premium of \$2,708,000 with an issuance cost of \$234,000 with callable dates on or after December 1, 2018 to defease \$52,110,000 of current debt with callable dates on or after December 1, 2010 with various interest rates of 5% to 5.375%. The bonds were issued to take advantage of lower interest rates of 4.0% to 5.0%. There was a deferred loss of \$2,182,253 which was netted against unamortized premiums.

An escrow account was established at UBS Investment Bank with a deposit of \$54,308,000 plus bond expenses of \$405,000 to defease the debt beginning December 1, 2007. Funds were invested in U.S Treasury State and Local Government Securities at various rates between 4.5% and 4.83% with maturity dates from December 1, 2007 through December 1, 2010.

A summary of this transaction is below (in thousands):

**Sources:**

Par Amount of Bonds	\$ 52,005
Premium	<u>2,708</u>
	<u>\$ 54,713</u>

**Uses:**

Escrow Deposit	54,308
Costs of Issuance	171
Underwriter's Discount	<u>234</u>
	<u>\$ 54,713</u>

Below is a schedule of the new and old debt and the amount of the economic gain as a result of lower interest rates (amounts in thousands).

Date	Old Debt Principal	Old Debt Interest	Total Old Debt	New Debt Principal	New Debt Interest	Total New Debt	Savings	Present value at 4.1524249%
12/01/2007		\$ 1,338	\$ 1,338	\$ 605	\$ 693	\$ 1,298	\$ 40	\$ 39
12/01/2008		2,676	2,676	5	2,523	2,528	148	142
12/01/2009		2,676	2,676	5	2,523	2,528	148	136
12/01/2010		2,676	2,676	5	2,523	2,528	148	131
12/01/2011		2,676	2,676	5	2,522	2,527	149	126
12/01/2012	\$ 6,715	2,676	9,391	6,720	2,522	9,242	149	121
12/01/2013	6,715	2,341	9,056	6,705	2,199	8,904	152	118
12/01/2014	6,715	2,000	8,715	6,685	1,877	8,562	153	115
12/01/2015	8,590	1,655	10,245	8,540	1,555	10,095	150	107
12/01/2016	7,330	1,216	8,546	7,255	1,140	8,395	151	104
12/01/2017	5,080	843	5,923	4,985	786	5,771	152	100
12/01/2018	3,350	579	3,929	3,255	525	3,780	149	94
12/01/2019	3,350	402	3,752	3,240	362	3,602	150	91
12/01/2020	3,565	224	3,789	3,440	200	3,640	149	87
12/01/2021	700	35	735	555	28	583	152	85
<b>Total</b>	<b>\$ 52,110</b>	<b>\$ 24,013</b>	<b>\$ 76,123</b>	<b>\$ 52,005</b>	<b>\$ 21,978</b>	<b>\$ 73,983</b>	<b>\$ 2,140</b>	<b>\$ 1,596</b>

## Savings Summary

PV of savings from cash flow	\$ 1,596
Plus: Refunding Cash on hand	<u>3</u>
Net PV Savings	<u>\$ 1,599</u>

On January 4, 2007, the Cincinnati Water Works issued refunding bonds in the amount of \$127,415,000 at 4.0% to 5.0% to extinguish existing debt of \$128,170,000 issued in 2001 and 2003 at interest rates from 5.0% to 5.5%. Refunding Bonds were issued at a premium of \$6,668,279 with issuance costs and underwriters' fees of \$1,061,300. There was a deferred loss of \$1,729,404 which is included in deferred charges.

A deposit was made to an escrow account in the amount of \$134,034,000 and was invested in U.S. Treasury State and Local Government Securities at various yield rates of 3.95% to 4.98% with maturity dates from June 1, 2007 to June 1, 2011.

The transaction is summarized below (in thousands):

### Sources:

Bond Proceeds	
Par Amount	\$127,415
Premium	<u>6,668</u>
	134,083
Other Sources	
DSF Release	547
DSF Release – 2001	210
DSF Release – 2003	<u>260</u>
	<u>1,017</u>
	<u>\$135,100</u>

### Uses:

Refunding Escrow Deposits	
Cash Deposits	\$ 1
SLG Purchases	<u>134,034</u>
	134,035
Delivery Date Expenses	
Cost of Issuance	476
Underwriter's Discount	<u>585</u>
	1,061
Other Uses of Funds	
Additional Proceeds	<u>4</u>
	<u>\$135,100</u>



Below is a schedule of the old debt and new debt and the net present value of the savings resulting from this refunding (amounts in thousands).

Date	Old Debt Principal	Old Debt Interest	Total Old Debt	New Debt Principal	New Debt Interest	Total New Debt	Savings*	Present value at 4.0925316%
12/01/2007		\$ 6,565	\$ 6,565	\$ 140	\$ 5,450	\$ 5,590	\$ 427	\$ 409
12/01/2008		6,565	6,565	100	5,994	6,094	471	441
12/01/2009		6,565	6,565	105	5,990	6,095	470	422
12/01/2010		6,565	6,565	110	5,986	6,096	469	405
12/01/2011		6,565	6,565	115	5,982	6,097	468	388
12/01/2012	\$ 4,045	6,565	10,610	4,160	5,977	10,137	473	377
12/01/2013	9,325	6,342	15,667	9,385	5,811	15,196	471	360
12/01/2014	10,170	5,853	16,023	10,210	5,342	15,552	471	346
12/01/2015	10,785	5,320	16,105	10,780	4,853	15,633	472	332
12/01/2016	10,860	4,758	15,618	10,835	4,314	15,149	469	317
12/01/2017	12,160	4,187	16,347	12,085	3,790	15,875	472	306
12/01/2018	12,795	3,550	16,345	12,690	3,186	15,876	469	292
12/01/2019	13,435	2,910	16,345	13,325	2,551	15,876	469	280
12/01/2020	14,105	2,238	16,343	13,920	1,952	15,872	471	270
12/01/2021	14,815	1,533	16,348	14,550	1,325	15,875	473	260
12/01/2022	7,545	784	8,329	7,185	671	7,856	473	249
12/01/2023	8,130	406	8,536	7,720	347	8,067	469	237
<b>Total</b>	<b>\$ 128,170</b>	<b>\$ 77,271</b>	<b>\$205,441</b>	<b>\$ 127,415</b>	<b>\$ 69,521</b>	<b>\$196,936</b>	<b>\$ 7,957</b>	<b>\$ 5,691</b>

Savings Summary

PV of savings	\$ 5,691
Less: Prior funds on hand	(469)
Plus: Refunding funds on hand	<u>4</u>
<b>Net PV Savings</b>	<b><u>\$ 5,226</u></b>

\* The savings at 12/31/2007 is net of prior receipts in the amount of \$547,000.

Below is a description of the City's defeased bonds and the outstanding balances at 12/31/2007 (in thousands):

Description Of Bonds	Date Originally Issued	Original Par Amount	Redemption Call Date	Date Defeased	Maturities Defeased	Interest Rate Defeased bonds %	Amount Defeased	Outstanding 12/31/2007
Urban Renewal – GO G1155	12/1/1991	\$ 3,900	9/1/2001	5/6/2004	2004-2008	6.2-6.5	\$ 2,130	\$ 1,910
Police and Fire Pension –G1213	3/1/2000	42,000		6/28/2005	2005-2006 2011-2035	4.9-6.0	40,470	40,470
Various Purpose GO -Series 2000	4/1/2000	69,885	12/1/2010	8/23/2007	2012-2020	5.0-5.375	52,005	51,400
GO – Series 2001	4/1/2000	47,695	12/1/2010	8/23/2007	2012-2021	5.0		
GO – Series 2002	4/1/2000	27,700	12/1/2011	8/23/2007	2015-2017	5.0		
Water Works Revenue Bonds								
Series 2001 and Series 2003	3/1/2001 3/1/2003	92,685 112,360	6/1/2011	1/4/2007	2007-2023	4.75-5.5	127,415	127,275

## 10. DEBT LIMITATION

The City's "indirect" (ten mill) debt limit was removed by decision of the Ohio courts. In September 1977, the Supreme Court of Ohio dismissed an appeal from the decision of the Court of Appeals, First Appellate District, Hamilton County, Ohio, involving the City's debt limitations. In summary, the City instituted a test case against the Director of Finance for the purpose of obtaining a definitive construction of certain sections of the City Charter bearing on the right of the City to levy taxes in excess of the ten mill limitation of Section 5705.02 of the Ohio Revised Code. As a result of the Court decision, the City has the right to levy property taxes without limitation to support its lawfully issued bonds and notes, and the City's ability to incur debt will be limited only by the arithmetical (percentage) limitations set forth under Section 133.03 of the Ohio Revised Code.

Section 133.03 provides that the principal amount of both voted and unvoted debt of the City may not exceed 10-1/2% of the City's assessed valuation, and the principal amount of the City's unvoted debt may not exceed 5-1/2% of the City's assessed valuation. The Code also provides several exemptions of debt from the 5-1/2% and 10-1/2% limitations.

## 11. TAXES

### City Income Tax

This locally levied tax applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the City and to earnings of nonresidents (except certain transients) earned in the City. It also applies to net income of business organizations for business conducted in the City. The tax is the largest single source of General Fund revenue.

The City's income tax of 2.1% is subdivided into four components. The first component is 0.1%, which is to be spent only for the maintenance of the City's infrastructure. The second component is the 0.3%, which can be used only for public transit purposes, including both capital and current operating expense. The third

component is 0.15%, which can be used only for permanent improvement purposes. The remaining 1.55% is first used to meet annual deficiencies, to the extent required, in the General Fund. The amount of the 1.55% income tax revenue over the fixed allocation to the General Fund at the end of any year is recognized as revenue in the Income Tax Permanent Improvement Fund. The unused amount can be carried forward for subsequent year capital or operating needs.

Actual collections of \$226,509,101 for the 1.55% portion in 2007 were more than the original allocation of \$225,008,000 for the General Fund. The following table identifies the excess 1.55% income tax collections for the years 2003 through 2007 and collections in excess of allocation:

(Amounts in Thousands)

<u>Year</u>	<u>Actual Collections of 1.55%</u>	<u>Allocation to General Fund</u>	<u>Collections in Excess of Allocation</u>
2003	190,142	187,993	\$ 2,149
2004	193,411	193,411	
2005	210,537	210,537	
2006	222,938	219,000	3,938
2007	226,509	225,008	1,501

### **Property Taxes**

The assessed valuation of property within the City subject to the levy of ad valorem taxes includes real property, public utilities property and tangible personal property. The assessed value upon which the 2007 levy was based was \$5,522,872,000, \$312,712,000 and \$337,542,000 for real property, public utility property and tangible personal property, respectively (per Hamilton County Auditor). The City's property taxes are collected by the Hamilton County Auditor and are remitted to the City on a periodic basis. Real property taxes collected in any calendar year are generally levied on assessed values as of January 1 of the preceding year according to the following calendar:

### **Property Tax Calendar - 2008**

Lien date	January 1, 2007
Levy date	October 31, 2007
First installment payment due	January 31, 2008
Second installment payment due	June 20, 2008

Assessed values are established by the County Auditor, or at no more than 35% of appraised market value. The laws of the State of Ohio presently require that all property be revalued no less than every six years, at any time the County Auditor finds that true or taxable value thereof has changed, and in the third calendar year following the year in which a sexennial reappraisal is completed if ordered by the State Commissioner of Tax Equalization. Real property was reappraised during 2005 with the results affecting collections beginning in 2006. The City recognizes the property taxes due to be paid in 2008 as deferred revenue since the first settlement date is more than sixty days after year-end and does not meet the availability criteria for accrual.

Tangible personal property of public utilities is assessed at various rates (25% to 88% of true value) depending upon the type of property. Effective for collection year 2002, the assessed valuation of electric utility production equipment was reduced from 100% and natural gas utility property from 88% of true

value, both to 25% of true value. Makeup payments in varying and declining amounts are to be made through 2016 to taxing subdivisions such as the City by the State from State resources.

The State’s 2005 biennial budget bill included a reduction in the 88% assessment rate for electric utility transmission and distribution equipment to 85%, and a reduction in the 25% assessment rate for all electric company taxable property to 24% commencing in tax year 2006. That legislation also provides for a phasing out of the taxation of all personal property used by telephone companies, telegraph companies, or interchange telecommunications companies by tax year 2011, with State reimbursement payments to be made in declining amounts through 2018.

House Bill 66 passed June 30, 2005, phases out the taxation of all tangible personal property used in business over four years beginning in 2006 and ending in 2009, when all such property becomes exempted from taxation. The phase out applies to most businesses and includes furniture and fixtures, machinery and equipment, and inventory. Current law provides for an exemption from the tangible personal property tax for assessed value up to \$10,000 per business. To compensate for foregone revenue as the tangible personal property tax is phased out, the State will make distributions to taxing subdivisions (such as the City) from revenue generated by a newly enacted commercial activity tax. Generally, these distributions are expected to fully compensate taxing subdivisions for such tax revenue losses through 2010, with gradual reductions in the reimbursement amount from 2011 through 2017.

**Tax Increment Financing Districts (TIF Districts)**

The City, pursuant to the Ohio Revised Code and City ordinances, has established 20 TIF Districts. A TIF District represents a geographic area not greater than 300 acres, wherein property values created after the commencement date of the TIF Districts are exempt, in whole or in part, from property taxes. Owners of such property, however, must pay amounts equal to the property taxes, known as “statutory service payments”, as though the TIF District had not been established. These “statutory service payments” are then dedicated to the payments for various public improvements within or adjacent to the TIF District. Property values existing before the commencement of the TIF District continue to be subjected to property taxes.

In 2007, the City received “statutory service payments” totaling \$4.5 million from the TIF districts. This amount is net of the county auditor fees and the payments to the Cincinnati School Board. In accordance with the agreement with the Cincinnati School district as amended December 18, 2002, twenty-seven percent of the statutory service payments received from the TIF districts is paid to the Cincinnati School Board. This tax revenue is accounted for in the Capital Project Funds since the monies are intended to be used to construct public improvements. Corresponding fixed assets are accounted for in the City’s infrastructure accounts.

TIF Districts have longevity of 30 years. The property tax exemption then ceases; statutory service payments cease, and property taxes then apply to the increased property values.

**12. SHORT-TERM DEBT – BOND ANTICIPATION NOTES**

The City issues bond anticipation notes in advance of issuance of bonds, depositing the proceeds in its capital projects fund. These notes are necessary to provide adequate funds at the time needed to support contracts for the improvements prior to issuance of the related bonds.

(Amounts in Thousands)

	Beginning		Ending	
	<u>Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance</u>
Revenue Bond Anticipation Notes	\$0	\$16,658	\$9,278	\$7,380
General Obligation Bond Anticipation Notes	\$0	\$41,321	\$33,053	\$8,268

### 13. RESTRICTED ASSETS

The balance of the restricted asset accounts in the enterprise funds are as follows:

(Amounts in Thousands)

Revenue bond construction account – Water Works	\$ 47,625
Revenue bond reserve account – Water Works	32,688
Revenue bond construction account – Parking Facilities	79
Customer deposits – Water Works	2,098
Construction account - other – Water Works	<u>678</u>
Total restricted assets	<u>\$83,168</u>

### 14. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007 was as follows:

(Amounts in Thousands)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 161,977	\$ 7,219	\$ (1,017)	\$ 168,179
Construction in Progress	137,660	62,660	(78,263)	122,057
Total capital assets, not being depreciated	<u>299,637</u>	<u>69,879</u>	<u>(79,280)</u>	<u>290,236</u>
Capital assets, being depreciated:				
Buildings	141,152	2,160	(696)	142,616
Improvements other than buildings	308,940	14,563	(77)	323,426
Machinery and Equipment	145,470	14,491	(10,192)	149,769
Property acquired under capital leases	134	1,085	(10)	1,209
Infrastructure	561,775	49,290	(123)	610,942
Total capital assets, being depreciated	<u>1,157,471</u>	<u>81,589</u>	<u>(11,098)</u>	<u>1,227,962</u>
Less accumulated depreciation for:				
Buildings	(94,850)	(4,966)	583	(99,233)
Improvements other than buildings	(159,421)	(8,646)	66	(168,001)
Machinery and Equipment	(78,221)	(12,398)	5,614	(85,005)
Property acquired under capital leases	(96)	(653)	10	(739)
Infrastructure	(211,081)	(24,823)	34	(235,870)
Total accumulated depreciation	<u>(543,669)</u>	<u>(51,486)</u>	<u>6,307</u>	<u>(588,848)</u>
Total capital assets, being depreciated, net	<u>613,802</u>	<u>30,103</u>	<u>(4,791)</u>	<u>639,114</u>
Governmental Activities capital assets, net	<u>\$ 913,439</u>	<u>\$99,982</u>	<u>\$(84,071)</u>	<u>\$929,350</u>

Capital asset activity for the year ended December 31, 2007 was as follows:

(Amounts in Thousands)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 39,561	\$ 395	\$ (410)	\$ 39,546
Construction in Progress	114,103	48,780	(55,959)	106,924
Total capital assets, not being depreciated	<u>153,664</u>	<u>49,175</u>	<u>(56,369)</u>	<u>146,470</u>
Capital assets, being depreciated:				
Buildings	312,418	7,185	(3,330)	316,273
Improvements other than buildings	752,336	44,220	(529)	796,027
Machinery and Equipment	234,640	18,127	(2,128)	250,639
Property Acquired Under Capital Leases		219		219
Total capital assets, being depreciated	<u>1,299,394</u>	<u>69,789</u>	<u>(6,025)</u>	<u>1,363,158</u>
Less accumulated depreciation for:				
Buildings	(147,259)	(8,684)	2,764	(153,179)
Improvements other than buildings	(146,888)	(12,313)	216	(158,985)
Machinery and Equipment	(126,744)	(13,024)	1,556	(138,212)
Property Acquired Under Capital Leases		(37)		(37)
Total accumulated depreciation	<u>(420,891)</u>	<u>(34,058)</u>	<u>4,536</u>	<u>(450,413)</u>
Total capital assets, being depreciated, net	<u>878,503</u>	<u>35,731</u>	<u>(1,489)</u>	<u>912,745</u>
Business-type Activities capital assets, net	<u>\$ 1,032,167</u>	<u>\$ 84,906</u>	<u>\$ (57,858)</u>	<u>\$ 1,059,215</u>

Depreciation expense was charged to functions/programs of the City as follows:

(Amounts in Thousands)

Governmental activities:	
General Government	\$ 1,485
Community Development	4,866
Parks and Recreation	4,691
Public Safety	5,802
Transportation and Engineering	24,354
Public Services	5,650
Public Health	441
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>4,197</u>
Total depreciation expense – governmental activities:	<u>\$ 51,486</u>

(Amounts in Thousands)

Business-type activities:	
Water Works	\$ 22,006
Parking Facilities	2,026
Convention Center	7,364
General Aviation	731
Municipal Golf	478
Stormwater Management	<u>1,632</u>
Total depreciation expense – business-type activities:	<u>\$ 34,237</u>

Governmental Activities Construction in Progress at December 31, 2007 is comprised of the following:

(Amounts in Thousands)

<u>Administering Department</u>	<u>Project Authorizations</u>	<u>Expended to December 31, 2007</u>	<u>Committed</u>	<u>Required Future Financing</u>
Transportation & Engineering	\$ 82,438	\$ 4,749	\$ 77,689	\$ 15,454
Community Development	26,605	18,464	8,141	
Economic Development	47,750	9,791	37,959	25,932
Recreation	47,380	39,634	7,746	1,855
Safety	9,603	6,000	3,603	511
Parks	38,680	27,098	11,582	974
Public Services	18,600	8,891	9,709	8
Other	<u>15,449</u>	<u>7,430</u>	<u>8,019</u>	<u>          </u>
Totals	<u>\$286,505</u>	<u>\$122,057</u>	<u>\$164,448</u>	<u>\$ 44,734</u>

Required future financing represents State and Federal commitments in support of City projects.

Business Activities Construction in Progress at December 31, 2007 is comprised of the following:

(Amounts in Thousands)

<u>Enterprise Fund</u>	<u>Project Authorizations</u>	<u>Expended to December 31, 2007</u>	<u>Committed</u>	<u>Required Future Financing</u>
Water Works	\$143,493	\$ 88,832	\$54,661	\$
Parking Facilities	7,116	5,451	1,665	
Convention Center	2,030	850	1,180	1,000
General Aviation	3,099	2,379	720	13
Municipal Golf	5,189	3,999	1,190	
Stormwater Management	<u>5,883</u>	<u>5,413</u>	<u>470</u>	<u>          </u>
Totals	<u>\$166,810</u>	<u>\$106,924</u>	<u>\$59,886</u>	<u>\$1,013</u>

## 15. RECEIVABLES

Accounts Receivable are presented in the financial statements net of the allowance for uncollectible accounts. The uncollectible accounts related to the General Fund at December 31, 2007, are as follows: Taxes Receivable (\$2,156,000) and other accounts receivable (\$14,707,000). The uncollectible accounts related to the Debt Service Fund at December 31, 2007 are Taxes Receivable (\$3,631,000). The balance for the allowance for doubtful accounts in the Capital Projects Fund at December 31, 2007 is (\$3,872,000). The balance of the allowance accounts for Appropriated Special Revenue is (\$212,000) and Non-Appropriated Special Revenue is (\$713,000) as of December 31, 2007. The balances of the allowance accounts of the proprietary funds as of December 31, 2007 are as follows: Water Works (\$5,205,000), Regional Computer Center (\$16,000), General Aviation (\$26,000), Convention Center (\$82,000), and Stormwater Management (\$882,000).

Loans receivable of the special revenue funds are made from revolving type loan accounts financed by allocations from the City's Community Development Block Grant. These loans are secured by liens on the property. Federal regulations provide that the grantor maintains the ownership of the City's Community Development Block Grant funded revolving loan portfolio; accordingly, revolving loan fund transactions do not affect the operating statement. A small number of the special revenue loans, with a value of \$6,198,000, were made from Housing and Urban Development Section 108 funds and do not involve a revolving type loan account. The loans are repaid to the federal government. If the borrower fails to repay the loan, the City's Community Development Block Grant funds may be used to repay the federal government. The total amount receivable for the special revenue loans is offset by an allowance for uncollectible loans receivable. Special revenue loans receivable at December 31, 2007 total \$55,357,000.

Loans receivable of the capital project funds receive similar treatment to the special revenue funds' loans receivable, in that the total amount receivable is offset by an allowance for uncollectible loans receivable. The balance of the loans receivable at December 31, 2007 is \$3,812,000. This amount is related to Goodall Properties Ltd. and forgivable housing loans.

### **Sale of Blue Ash Airport**

The City of Cincinnati sold 130 acres of the Blue Ash Airport property to the City of Blue Ash for \$37,500,000. A payment of \$1,000,000 was made at the closing on the property. The balance of \$36,500,000 is to be received as follows: an annual payment of \$1,000,000 per year for nine years starting on July 1, 2008; an annual payment of \$1,250,000 per year for the next ten years starting on July 1, 2017; and an annual payment of \$1,500,000 per year for the next ten years starting on July 1, 2027. The City of Cincinnati has agreed to be responsible for costs associated with completing remedial action work at the Blue Ash Airport up to \$1,500,000 dollars.



In accordance with APB 21, the loan receivable has been discounted using a 5% imputed interest rate and will be accounted for as collected using the following present value schedule.

<u>Year</u>	<u>Amount of Loan Repayment</u>	<u>Imputed Interest</u>	<u>Amount Received</u>
2008	\$ 952	\$ 48	\$ 1,000
2009	907	93	1,000
2010	864	136	1,000
2011	823	177	1,000
2012	784	216	1,000
2013-2017	3,546	1,704	5,250
2018-2022	3,322	2,928	6,250
2023-2027	2,697	3,803	6,500
2028-3032	2,447	5,053	7,500
2033-2036	<u>1,571</u>	<u>4,429</u>	<u>6,000</u>
Total	\$ <u>17,913</u>	\$ <u>18,587</u>	\$ <u>36,500</u>

## 16. CONTINGENT LIABILITIES

### Federal and State Grants

The City has received Federal and State grants in excess of \$44 million for specific purposes that are subject to review and audit by the grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Such disallowances have been immaterial in prior years. In June 2007, an agreement was reached between the City and the United States Department of Justice for the City to make payments totaling \$3.95 million for the HOME Investment Partnership Program. During 2007, the first payment of \$1.50 million was made and in January of 2008, another \$1.225 million will be paid.

### Litigation

Various claims and lawsuits are pending against the City as of December 31, 2007. A liability of \$12.5 million was recorded for those claims and judgments as of December 31, 2007. Over the past decade, the City has averaged annual payments of \$3.5 million for claim and lawsuit settlements. Adequate funds have been provided to meet the claims paid from the General Fund, restricted funds and the sale of debt. The City Administration believes there is no foreseen problem in having adequate resources to settle presently known cases.

## 17. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health claims; unemployment compensation claims; and environmental damage. The City purchases commercial insurance to cover losses due to: theft of, damage to, or destruction of assets and purchases general liability insurance for specific operations and professional liability insurance for certain operations. All other risks of loss are self-insured by the City. There has been no reduction in insurance coverage from coverage in 2007. Insurance settlements for claims resulting from the risks covered by commercial insurance have not exceeded the insurance coverage in any of the past three years.

The City of Cincinnati provides a health insurance plan for its employees. The plan is self-insured and

accounted for as an internal service fund. This internal service fund, titled "Self Insurance - Medical" has been in existence since 1980. Operating funds are charged a monthly rate per employee, by type of coverage.

In 1990, the City began to account for and finance its risk of loss due to workers' compensation claims and established an internal service fund titled "Self Insurance - Workers' Compensation". Workers' compensation is administered by the State. The City reimburses the Bureau of Workers' Compensation for injured workers' claims. All funds of the City participate in the program and make payments to the internal service fund based on the experience premium that would normally be charged by the Bureau of Workers' Compensation. Policy years 1989 through 2000 were financed through the retrospective rating program. Policy years 2001 and 2002 were financed through the fully insured program with the State Fund workers' compensation program. Beginning with policy year 2003, the City elected to be fully self-insured for workers' compensation. All of the City's workers' compensation liabilities are funded within the "Workers' Compensation – Self-Insurance" fund. Changes in the balances of claims liabilities and claims adjustment expenses during 2007 and 2006 are as follows:

(Amounts in Thousands)

	General		Water Works		Parking Facilities		Convention Center		General Aviation			
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Balance at January 1	\$302	\$ 721	\$ 128	\$ 104	\$ 1	\$ 7	\$ 1	\$ 15	\$ 4	\$ 0		
Current-Year Claims and Changes in Estimates	2,044	1,584	131	133	3	(6)	2	(10)	(4)	5		
Claim Payments	<u>(2,071)</u>	<u>(2,003)</u>	<u>(114)</u>	<u>(109)</u>	<u>(1)</u>	<u>0</u>	<u>0</u>	<u>(4)</u>	<u>0</u>	<u>(1)</u>		
Balance at December 31	<u>\$ 275</u>	<u>\$ 302</u>	<u>\$ 145</u>	<u>\$ 128</u>	<u>\$ 3</u>	<u>\$ 1</u>	<u>\$ 3</u>	<u>\$ 1</u>	<u>\$ 0</u>	<u>\$ 4</u>		
	Stormwater Management		Income Tax Infrastructure		Self-Insurance Medical		Workers Compensation		Governmental Activities Obligations		Totals	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at January 1	\$ 2	\$ 2	\$ 5	\$ 3	\$12,106	\$13,141	\$18,365	\$ 25,175	\$ 6,729	\$11,309	\$37,643	\$50,477
Current-Year Claims and Changes in Estimates	1	0	55	33	84,904	78,185	3,078	(1,439)	9,836	2,648	100,050	81,133
Claim Payments	<u>(0)</u>	<u>(0)</u>	<u>(33)</u>	<u>(31)</u>	<u>(84,530)</u>	<u>(79,220)</u>	<u>(5,750)</u>	<u>(5,371)</u>	<u>(4,565)</u>	<u>(7,228)</u>	<u>(97,064)</u>	<u>(93,967)</u>
Balance at December 31	<u>\$3</u>	<u>\$ 2</u>	<u>\$ 27</u>	<u>\$ 5</u>	<u>\$ 12,480</u>	<u>\$ 12,106</u>	<u>\$ 15,693</u>	<u>\$ 18,365</u>	<u>\$ 12,000</u>	<u>\$ 6,729</u>	<u>\$ 40,629</u>	<u>\$ 37,643</u>

The claims liabilities at December 31, 2007 for the Internal Service Funds above (Self-Insurance Medical and Workers Compensation) are included in the following liabilities in the balance sheet:

(Amounts in Thousands)

	<b>Self-Insurance Medical</b>	<b>Workers Compensation</b>
Accounts Payable	\$ 3,095	\$ 641
Accrued Liabilities		2,094
Estimated Liability For Unpaid Claim	<u>9,395</u>	<u>12,980</u>
Total	<u>\$12,490</u>	<u>\$15,715</u>

## 18. SUBSEQUENT EVENTS

On March 12, 2008, City Council authorized various bond or bond anticipation note issues for the purposes of providing for the issuance, sale and delivery of an amount not to exceed \$45,000,000 of unlimited tax various purpose general obligation bonds. On March 19, 2008, Series A of these bonds totaling \$34,100,000 were bid on and accepted. These bonds were sold and dated March 27, 2008. The bond issues sold at coupon rates of 3.25% to 5.00%. The total bonds that were authorized include property tax supported issues of \$10,170,000 for Street Improvements, \$7,055,000 for Equipment Improvements, \$5,500,000 for Judgment, \$4,955,000 for Parks & Recreation Improvements, \$2,820,000 for Public Building Improvements, \$2,500,000 for Recreation Facilities, \$750,000 for Economic Development (Walnut Hills TIF District), \$750,000 for Economic Development (Evanston TIF District). On March 19, 2008, Series B of these bonds totaling \$10,000,000 were bid on and accepted. These bonds were sold and dated March 27, 2008. The bond issues sold at coupon rates of 3.25% to 5.00%. The total bonds that were authorized include property tax supported issues (with an additional municipal income tax pledge) of \$7,500,000 for Street Improvements, \$2,500,000 for Public Building Improvements.

On August 1, 2007, City Council authorized economic development bonds or bond anticipation notes for the purposes of providing for the issuance, sale and delivery of an amount not to exceed \$30,000,000 of special obligation City revenue bonds secured by revenue and service payments in lieu of taxes by the developer.

On June 18, 2008, the City issued \$25,400,000 in Economic Development Revenue Bonds, Series 2008B, for the purpose of funding the Baldwin 300 Project. These bonds were issued at a rates from 4.0% to 5.0% and will be supported by service payments in lieu of taxes by the developers.

On March 12, 2008, City Council authorized public building improvement bonds or bond anticipation notes for the purposes of providing for the issuance, sale and delivery of an amount not to exceed \$15,000,000 of various purpose general obligation bonds for financing the Metropolitan Sewer District Office Building Project.

On January 16, 2008, City Council authorized economic development revenue bonds or bond anticipation notes for the purposes of providing for the issuance, sale and delivery of an amount not to exceed \$4,200,000 of economic development revenue bonds secured by the revenue and service payments in lieu of taxes by the developer. On May 8, 2008, a bond totaling \$4,200,000 was bid on and accepted for the Keystone Project. These bonds were sold and dated May 21, 2008. The bond issues sold at coupon rates of 3.25% to 5.00%

## **19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

### **Plan Description**

The City administers a death benefit for its employees, both active and retired, that are police officers or fire fighters. If the police officer or fire fighter is retired, the benefit provides for \$5,000 to be paid to the designated beneficiary of the deceased police officer or fire fighter upon receipt of proof of death. If the police officer or fire fighter is active, the benefit provides for \$35,000 to be paid to the designated beneficiary of the deceased police officer or fire fighter upon receipt of proof of death. Benefit provisions are negotiated individually between the Fire union and the City, and the Police union and the City.

### **Funding Policy**

The benefit is funded on a pay-as-you-go basis. Each year the City budgets for a pre-determined amount based on prior years payments. The members of the Ohio Police and Fire Pension Fund do not make a contribution for this benefit. In 2007 the City budgeted \$316,000 and paid out \$240,000. The benefits unfunded liability for 2007 based on the future value of the liability as calculated by the City is \$690,000.

## **20. PENSION AND RETIREMENT**

City employees are covered by one of three pension systems. They are the Ohio Police and Fire Pension Fund (OP&F) and the Ohio Public Employees Retirement System (OPERS), which are State pension systems, and the City of Cincinnati's Retirement System. The City Retirement System, OP&F and OPERS-Traditional Pension Plan are cost-sharing multiple-employer defined benefit pension plans. OPERS has two other pension plans: the Member Directed Plan-a defined contribution plan and the Combined Plan-a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and contribution plan.

### **Ohio Police and Fire Pension Fund**

#### **Plan Description**

Police and Fire Fighters of the City of Cincinnati are members of the Ohio Police and Fire Pension Fund. The City of Cincinnati contributes to the (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

#### **Funding Policy**

Plan members are required to contribute 10.0% of their annual covered salary, while the City of Cincinnati is required to contribute 19.5% and 24.0% respectively for police officers and fire fighters. The City of Cincinnati's contributions to OP&F for the years ending December 31, 2007, 2006, and 2005 were \$27,974,000, \$27,448,000, and \$27,416,000, respectively equal to the required contribution for each year.

The OP&F informed the City that the City's only unfunded prior service cost of the fund is the deficiency existing at the time the fund was established in 1967 as determined by actuarial evaluation. On March 1, 2000 the City sold bonds for the refunding of the City's obligation for the employer's accrued liability. Pursuant to Section 742.30 of the Ohio Revised Code, the City and the OP&F (the Fund) have entered into an agreement, which permitted the City to make a one-time payment to the Fund for the purpose of extinguishing the City's obligation to the Fund for employer's accrued liability. The payment amount was \$41,454,864, which represents 68% of the first \$500,000 of the employer's accrued liability and 70% of the balance, plus accrued interest on the full amount of such accrued liability from March 1, 2000 to the date of payment.

### **Other Postemployment Benefit Information**

Plan Description: The City of Cincinnati contributes to the OP&F sponsored healthcare program, a cost-sharing multiple-employer defined postemployment healthcare plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents. OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statements 12 and 45.

The Ohio Revised code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits, are codified in Chapter 742 of the Ohio Revised code. The OP&F board of trustees also is authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Funding Policy: OP&F post employment healthcare plan was established and is administrated as an Internal Revenue Code 401(h) account within the defined benefit pension plan under the authority granted by the Ohio Revised Code to the OP&F board of trustees. The board of trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustee's primary responsibility to ensure that pension benefits re adequately funded and also is limited by the provisions of Section 401(h).

Healthcare funding and accounting are on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree healthcare expenses. The Board defined allocation was 6.75% of covered payroll in 2007 and 7.75% of covered payroll in 2006. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly healthcare contributions.

The number of participants eligible to receive healthcare benefits as of December 31, 2006, the date of the last actuarial valuation available was 14,120 for police and 10,563 for firefighters. The Ohio Revised Code provides that healthcare cost paid from the funds of OP&F be included in the employer's contribution rate. The portion of the City's contributions for police that were used to pay postemployment benefits for the years ending December 31, 2007, 2006, and 2005, were \$5,057,154, \$5,709,841, and \$5,617,878, respectively. For firefighters the contributions used to pay postemployment benefits for the years ending December 31, 2007, 2006, and 2005, were \$3,753,471, \$4,220,287, and \$4,284,573, respectively. The total health care expense of the fund for the year ending December 31, 2006, the date of the last actuarial valuation available, was \$120,373,722, which was net of member contributions of \$58,532,848.

## **State PERS**

### **Plan Description**

Only City employees who were members in the Public Employees Retirement System of Ohio (OPERS) or another Ohio State Retirement System prior to their City employment, City personnel employed in the building crafts trade since 1961, elected officials and certain part-time employees are enrolled in OPERS.

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

The Traditional Pension Plan- cost-sharing multiple-employer defined benefit pension plan.

The Member-Directed Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over 5 years at 20% a year). Under the Member Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

The Combined Plan - a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or calling (614) 222-5601 or (800) 222-7377.

### **Funding Policy**

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2007, member and employer contribution rates were consistent across all three plans. Employees contribute 9.0% of their annual compensation. For 2007 the City's contribution rate was 13.85% of covered payroll: 8.85% was the portion used to fund pension obligations and 5% was used to fund health care for January 1 through June 30, 2007 and 7.85% was the portion used to fund pension obligations and 6 % was used to fund health care for July 1 through December 31, 2007. City of Cincinnati's contributions to OPERS for the years ending December 31, 2007, 2006, and 2005, were \$2,354,000, \$2,203,000, and \$2,228,000, respectively, equal to the required contributions for each year. The Ohio Revised Code currently limits the City's contribution to a rate not to exceed 14% of covered payroll. Active members do not make contributions to the OPEB Plan.

### **Other Postemployment Benefit Information**

Plan Description: OPERS provides postemployment health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment healthcare coverage.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment healthcare coverage.

In order to qualify for postemployment healthcare coverage, age and service retirees under the Traditional Pension and Combined Plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB statements 12 and 45. A portion of each employer's contribution to OPERS is set aside for the funding of postemployment health care.

Funding Policy: The Ohio Revised Code provides statutory authority requiring public employers to fund post employment healthcare through their contributions to OPERS. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. The City's contribution rate for 2007 was 13.85% of covered payroll: 8.85% was the portion used to fund pension obligations and 5% was used to fund health care for January 1 through June 30, 2007 and 7.85% was the portion used to fund pension obligations and 6% was used to fund health care for July 1 through December 31, 2007

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment healthcare benefits. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the healthcare benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

OPEB are advance-funded on an actuarially determined basis. The number of active contributing participants at December 31, 2007 was 374,979 and at December 31, 2006, the latest actuarial valuation date, was 369,214. The portion of the City's employer contributions that were used to fund postemployment benefits for the years ended December 31, 2007, 2006, and 2005 were \$938,774, \$723,744, and \$657,758, respectively. The actuarial value of OPERS net assets available for OPEB was \$12,000,000,000 at December 31, 2006, the date of the last actuarial valuation available. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$30,700,000,000 and \$18,700,000,000 respectively.

The Health Care Preservation Plan adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2007, January 1, 2006, and January 1, 2005.

## **City of Cincinnati Retirement System**

### **Plan Description**

The City of Cincinnati Retirement System is a cost-sharing multiple-employer defined benefit pension plan. The System provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The System is considered part of the City of Cincinnati's financial reporting entity and is included in the City's financial report as a pension trust fund, see pages 32 and 33. No separate financial report is issued. Article XV of the Administrative Code of the City of Cincinnati provides the statutory authority vesting the general administration and responsibility for the proper operation of the System in the Board of Trustees of the City of Cincinnati Retirement System. There are four employers that contribute to the plan. They are the City of Cincinnati, University of Cincinnati, University Hospital and Hamilton County. Membership of the Retirement System of the City consisted of the following at December 31, 2007, the date of the latest actuarial valuation:

	<u>Pension</u>	<u>Health care</u>
Retirees and beneficiaries receiving benefits	4,609	4,609
Terminated plan members entitled to future benefits	157	157
Active plan members:		
Vested	2,500	1,568
Nonvested	<u>1,983</u>	<u>2,915</u>
Total	<u>9,249</u>	<u>9,249</u>

1,493 of the nonvested members are part-time employees who are included in the system to comply with the Omnibus Budget Reconciliation Act of 1990, which mandated the inclusion of certain classifications of employees either in state or municipal retirement systems or the Federal Insurance Contribution Act (Social Security). The City of Cincinnati's Retirement System covers the majority of non-uniformed City employees and a closed group of members from other employers which includes employees of the University of Cincinnati and University Hospital who joined before control of these institutions was transferred to the State of Ohio, and former City employees staying with various operations transferred to the control of Hamilton County.

The service retirement allowance vests after five years of creditable service. Medical care benefits are provided after fifteen years of creditable service, or if hired before January 9, 1997 after reaching age sixty with at least five years of creditable service. Any member in service may retire at any age upon completing thirty or more years of membership service or at age 60 with at least five years creditable service, with a retirement allowance commencing immediately; or any member upon completing five years of creditable service before age sixty may retire with a retirement allowance commencing at age sixty, provided, however, at the time of election of the deferred annuity there is no loan outstanding against his contributions.

The annual retirement allowance is equal to 2.5% of the average of the three highest years' compensation multiplied by the number of years of membership service. Employees hired before July 12, 1998 elected either the 2.5% or a 2.22% formula, which factors in overtime pay and lump sum payments for vacation, sick leave and compensatory balances. All new employees hired July 12, 1998 and thereafter are subject to the 2.5% formula. Pensions are increased by 3% compounded annually, commencing one year after retirement. The System also provides death and disability benefits. These benefit provisions and all other requirements, are established by the Cincinnati Municipal Code.

In 2007, an Early Retirement Window (ERW) was offered to City employees who would have 28 or more years of service by December 31, 2007. Employees who elected the window were granted two additional years of service. The additional actuarial accrued liability associated with the ERW of approximately \$42,300,000 will be funded by separate contributions made by the city over a 15 year time period. The contributions for the first year will be \$2,353,816. The contribution will increase each year until the fifth year when it will be \$4,766,123.

### **Contributions**

Each member contributes at a rate of 7% of his salary until his retirement. This percent contributed by the employees is fixed by the fund's Board of Trustees on the basis of authority provided by Chapter 203 Section 77 of the Cincinnati Municipal Code. The City makes annual employer contributions based on a percentage of the salaries of all members. For 2007 the contribution rate was 21.77% for all employers and the covered payroll was \$182,396,000. The Board has adopted a policy of applying the net employer contribution rate to the second following year after the actuarial valuation. The rate based on the actuarial report was 21.77%.



The City's contributions to the City of Cincinnati Retirement System for the years ending December 31, 2007, 2006 and 2005 were \$26,449,000, \$23,540,000, and \$15,598,000, respectively. The contributions for 2007 were equal to the required contributions. The contributions for 2005 and 2006 were not equal to the required contributions. Administrative costs are financed from the system assets.

As of December 31, 2007 for the pension plan the unfunded actuarial accrued liability was \$286,517,000 to be amortized over an open period of 15 years, the funded ratio was 86.23%, and the actuarial value of assets was \$1,794,406,000. The unfunded actuarial accrued liability as a percentage of covered payroll was 157.09%. The required supplementary schedule, which immediately follows the notes, contains multi-year trend information about the actuarial value of plan assets and if it is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Although this is a multiple-employer cost allocation plan, it is being accounted for as a single employer plan. This is due to the fact that the number of active participants from employers other than the City of Cincinnati is insignificant in relation to the total number of active City of Cincinnati participants.

*Annual Pension Cost and Net Pension Obligation.* The City's annual pension cost and net pension obligation to CRS for the current year were as follows:

(Amounts in Thousands)	<u>2007</u>	<u>2006</u>	<u>2005</u>
Annual required contribution	\$16,753	\$19,296	\$26,497
Interest on net pension obligation	1,697	1,178	-0-
Adjustment to annual required contribution	<u>(1,979)</u>	<u>(1,366)</u>	<u>-0-</u>
Annual pension cost	16,471	19,108	26,497
Actual contribution	<u>(16,753)</u>	<u>(13,184)</u>	<u>(13,029)</u>
Increase (decrease) in net pension obligation	(282)	5,924	13,468
Net pension obligation beginning of year	<u>19,392</u>	<u>13,468</u>	<u>-0-</u>
Net pension obligation end of year	<u>\$ 19,110</u>	<u>\$ 19,392</u>	<u>\$ 13,468</u>
Annual pension cost	\$16,471	\$19,108	\$26,497
Percentage of annual pension cost contributed	101.71%	69.00%	49.17%

*Annual OPEB Cost and Net OPEB Obligation.*

(Amounts in Thousands)	<u>2007</u>	<u>2006</u>	<u>2005</u>
Annual required contribution	\$13,324	\$15,062	\$5,225
Interest on net other post employment benefit obligation	641	233	-0-
Adjustment to annual required contribution	<u>(747)</u>	<u>(270)</u>	<u>-0-</u>
Annual other post employment benefit cost	13,218	15,025	5,225
Actual contribution	<u>(13,324)</u>	<u>(10,356)</u>	<u>(2,569)</u>
Increase in net other post employment benefit obligation	(106)	4,669	2,656
Net other post employment benefit obligation beginning of year	<u>7,325</u>	<u>2,656</u>	<u>-0-</u>
Net other post employment benefit obligation end of year	<u>\$ 7,219</u>	<u>\$ 7,325</u>	<u>\$ 2,656</u>
Annual other post employment benefit cost	\$13,218	\$15,025	\$5,225
Percentage of annual post employment benefit cost contributed	100.80%	68.93%	49.17%

## **Summary of Significant Accounting Policies and Plan Asset Matters**

*Basis of Accounting* - The City of Cincinnati Retirement System financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

*Method Used to Value Investments* - The Retirement System investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates.

*Securities Lending* - The Retirement System securities lending program disclosures are presented in accordance with Governmental Accounting Standards Board Statement 28, Accounting and Financial Reporting for Securities Lending Transactions and Statement 40, Deposit and Investment Risk Disclosures. The disclosures are located in Footnote 2 – Deposits with Financial Institutions and Investments and on the statement of plan net assets and statement of changes in plan net assets.

*Derivatives* - The Retirement System derivative disclosures are presented in accordance with Governmental Accounting Standards Board Technical Bulletin No. 94 -1, Disclosures about Derivatives and Similar Debt and Investment Transactions, and Governmental Accounting Standards Board Statement 40, Deposit and Investment Risk Disclosures, and can be found in Footnote 2 – Deposits with Financial Institutions and Investments.

## **Other Postemployment Benefit Information**

The System provides hospital and surgical insurance and dental and vision insurance to retired members who have earned fifteen years credited service at the time of termination or terminate after age sixty with five years credited service. Those who are receiving survivor benefits of eligible members are entitled to have their hospital and surgical insurance and dental and vision insurance premiums paid by the System. When benefits would be reduced by reason of the retired member's eligibility for hospital and medical benefits under federal social security laws, the System will pay whatever additional fees are required for the federal medical coverage.

The health care coverage provided by the System is considered an Other Postemployment Benefit (OPEB) as described in GASB statements 12 and 45. It is advance-funded on an actuarially determined basis as a portion of the employer contribution requirement to the System. The Cincinnati Municipal Code provides authority for employer contributions. The City of Cincinnati Retirement System's healthcare coverage was established under, and is administrated in accordance with, Internal Revenue Code 401(h).

The actuarial assumptions used for the December 31, 2007 valuation included an assumption for hospital and surgical benefits recognizing adjusted premiums based on experience for recent years adjusted to current year by assumed annual increases in premium costs. The cost of OPEBs is recognized as an expense as claims are paid. The employer contribution that was used to fund postemployment benefits was \$5,272,000. As of December 31, 2007 for the healthcare plan the unfunded actuarial accrued liability was \$86,499,000 to be amortized over an open period of 15 years, the funded ratio was 90.62%, and the actuarial value of assets was \$835,486,000. The unfunded actuarial accrued liability as a percentage of covered payroll was 47.42%.

The required supplementary schedule, which immediately follows the notes, contains multi-year trend information about the actuarial value of plan assets and if it is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/07
Actuarial cost method	Individual entry age normal
Asset valuation method	The actuarial value of assets was reset to market value of assets as of December 31, 2003. For future years, asset gains and losses will be recognized at the rate of 20% per year. The investment gain/(loss) is taken as the excess of the actual return on assets over the expected return on assets. The investment gain/(loss) is then recognized at 20% per year until fully recognized. The actuarial value of assets is the market value minus the sum of the deferred investment gains/(losses) during the preceding five plan years. In addition, the actuarial value is restricted to be no less than 80% of the market value or no more than 120% of the market value.
Actuarial assumptions:	
Investment rate of return*	8% per year, net of expenses, compounded annually.
Mortality	
Non-disabled lives:	Uninsured Pensioner 1994 Mortality Table projected to 2009
Disabled Retirees:	Pension Benefit Guarantee Corp. Disabled Mortality Table
Turnover	2006 City of Cincinnati Rate of Termination Experience Table
Disability	2006 City of Cincinnati Disability Retirement Experience Table
Salary increases	Salary increases are assumed to vary by service. For those who had not elected the 2.50% formula an additional 10% assumption increase in average salary is used to reflect final lump sum payments.
Medical Benefits:	The City offers medical benefits (including outpatient prescription drug coverage) to retirees before and during Medicare eligibility. As of January 1, 2008, all future retirees will be covered by the PPO plan. Retirees who retired prior to 2008 can retain their prior coverage which included three options, traditional indemnity, a PPO and an HMO, except for employees who retired under a special incentive plan in 2007 and are covered by the PPO plan.
	Starting claim costs were developed based on historical retiree claims and enrollment experience data projected forward to the valuation period with trend and adjusted for the demographics of the historical vs. current retiree

population. Historical claims experience was reviewed from January 2003 through December 2007, with data split separately by plan, by medical and prescription drug coverage, and by Medicare status.

Some retirees may have dependent children covered under the retiree health plan. Their cost is included in the historical claims experience used to estimate the adult per capita rate.

Costs are determined on a per capita basis, adjusted to age 65, and annualized for presentation. Costs are developed by plan (Traditional, PPO and HMO), and blended based on the current and expected enrollment among plans.

For health plan projection/valuation purposes, the City's valuation is split into two "Groups". Group 1 refers to current inactive (retiree) participants and active participants hired prior to 1997. Group 2 refers to active participants hired in 1997 or later. The reason for this distinction is that the contribution methodology is materially different for those employees hired after January 8, 1997.

#### Retiree Contributions

Current retirees only contribute towards the cost of coverage in the HMO plan. Contribution amounts are \$64.20 per year Pre-Medicare and \$62.40 per year Medicare eligible. For retirees with dependent(s) covered, contributions are double the amounts above. Group 1 future retirees pay the active contribution rate for the PPO plan. Group 2 future retirees will pay the higher of the active employee contribution or the point system contribution.

#### Other Health Benefits

Medicare Part B: The City reimburses the Medicare Part B premiums for retirees and dependents. Medicare Part B premiums are assumed to increase in accordance with estimates from the 2007 Annual Report of the Board of Trustee Report until the year 2017 (same as in last year's valuation) and then increase at 5.0% per year thereafter. 2008 Part B Premiums are \$1,157 (\$1,122 in 2007).

#### Dental Benefits

One traditional dental indemnity plan is provided to all current and future retirees. The plan includes a \$1,000 annual maximum on plan benefits. 2007 projected starting cost is \$258 per adult per year (\$239 for the 2007 estimate). Costs are assumed to increase at a decreasing rate, starting at 5.75% for 2008, then decreasing by 0.25% per year to 4.25% and remaining there for 16 years, then decreasing gradually over 16 years to no material trend. This takes the \$1,000 annual maximum on annual dental claims into account. Dental aging assumptions are a 1.0% increase per year up to age 65, then 0%.

#### Vision Benefits

One indemnity design plan is provided to all current and future retirees. The plan has fixed benefits with a \$100

annual maximum benefit. The projected starting cost for 2008 is \$25 per adult per year (same as the 2007 estimate). Although the claims benefit level is fixed, we anticipate a 3.0% annual trend increase in costs to account for increases in utilization/administrative costs. No aging impact is assumed in the vision coverage.

Option Electives

75% of male participants and 25% of female participants will have a spouse who is covered under the medical, dental, and vision benefits portions of the plan. Of these participants with a covered spouse, 85% will elect a Joint & Survivor option.

Expenses

The investment return is set based on an implicit expense assumption of approximately 35 basis points.

**REQUIRED**  
**SUPPLEMENTARY INFORMATION**

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**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF FUNDING PROGRESS**

(AMOUNTS IN THOUSANDS)

**PENSION PLAN**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	% Funded Ratio (a/b)	Covered Payroll (c)	% UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/02	\$ 1,623,059	\$ 1,586,583	\$ (36,476)	102.30	\$ 186,266	(19.58)
12/31/03	1,555,672	1,636,805	81,133	95.04	184,407	44.00
12/31/04	1,607,444	1,696,645	89,201	94.74	182,575	48.86
12/31/05	1,654,448	1,767,359	112,911	93.61	175,335	64.40
12/31/06	1,720,978	1,968,676	247,698	87.42	175,369	141.24
12/31/07	1,794,406	2,080,923	286,517	86.23	182,396	157.09

**HEALTHCARE PLAN**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	% Funded Ratio (a/b)	Covered Payroll (c)	% UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/02	\$ 748,291	\$ 757,166	\$ 8,875	98.83	\$ 186,266	4.76
12/31/03	724,049	782,698	58,649	92.51	184,407	31.80
12/31/04	753,105	822,938	69,833	91.51	182,575	38.25
12/31/05	775,248	789,740	14,492	98.16	175,335	8.27
12/31/06	805,695	966,726	161,031	83.34	175,369	91.82
12/31/07	835,486	921,985	86,499	90.62	182,396	47.42

**SCHEDULE OF EMPLOYERS' CONTRIBUTIONS**

(AMOUNTS IN THOUSANDS)

**PENSION PLAN**

Year Ended December 31	Annual Required Contribution	% Percentage Contributed
2002	\$ 3,980	218.99
2003	14,854	64.04
2004	29,857	48.77
2005	34,148	46.63
** 2006	23,227	107.40
2007	38,571	82.35

**HEALTHCARE PLAN**

Year Ended December 31	Annual Required Contribution	% Percentage Contributed
2002	\$ 1,327	304.45
2003	4,951	62.78
2004	9,953	48.00
2005	5,662	55.44
** 2006	18,242	20.25
2007	30,691	17.18

\*\* Calculation of the annual required contribution was revised in 2006 to reflect the actual amounts required to fund healthcare. In prior years, healthcare amounts were calculated with funding limited per IRS restrictions.



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**City of Cincinnati, Ohio**  
**Budgetary Comparison Schedule**  
**Non GAAP**  
**For the year ended December 31, 2007**

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Budget - Positive (Negative)
	Original	Final		
<b>General Fund</b>				
Revenue				
Taxes	\$ 254,309	\$ 254,909	\$ 254,904	\$ (5)
Licenses and Permits	7,726	7,726	7,655	(71)
Use of Money and Property	13,572	16,022	17,371	1,349
Intergovernmental Revenue	49,490	49,490	48,908	(582)
Charges for Services	17,839	18,289	19,641	1,352
Miscellaneous	3,279	3,279	3,589	310
Total Revenues	<u>346,215</u>	<u>349,715</u>	<u>352,068</u>	<u>2,353</u>
<b>EXPENDITURES</b>				
Current				
General Government	40,726	41,584	40,787	797
Community Development	5,309	6,307	6,302	5
Parks and Recreation	20,697	21,252	21,224	28
Public Safety	172,160	170,795	168,184	2,611
Transportation and Engineering	3,438	3,422	3,331	91
Public Services	21,326	22,151	22,074	77
Public Health	21,471	21,056	20,993	63
Employee Benefits	79,021	79,244	78,840	404
Capital Outlay	218	266	204	62
Total Expenditures	<u>364,366</u>	<u>366,077</u>	<u>361,939</u>	<u>4,138</u>
Excess (deficiency) of revenues over expenditures	(18,151)	(16,362)	(9,871)	6,491
Other Financing Sources (Uses)				
Transfers In		5,447	5,447	
Transfers (Out)		(1,566)	(1,566)	
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,881</u>	<u>3,881</u>	<u>-</u>
Excess of revenue over (under) Expenditures and Other Financing Sources	(18,151)	(12,481)	(5,990)	6,491
Cancellation of Prior Years Encumbrances		688	3,023	2,335
Fund balances - beginning	20,472	20,472	20,472	
Fund balances - ending	<u>\$ 2,321</u>	<u>\$ 8,679</u>	<u>\$ 17,505</u>	<u>\$ 8,826</u>

Adjustments necessary to convert the results of operations at end of year on the budget basis to the modified accrual basis (GAAP) are as follows:

<b>Excess (Deficiency of revenues and other financing sources over (under) expenditures and other uses per the Budgetary Comparison Schedule</b>	\$ (5,990)
(Increases) decreases from revenues:	
Received in cash during year but already accrued as receivables (GAAP) at December 31, 2006	(34,372)
Accrued as receivables at December 31, 2007 but not recognized in budget	37,098
(Increases) decreases from encumbrances:	
Expenditures of amounts encumbered during prior years	(7,414)
Recognized as expenditures in the budget	13,652
(Increases) decreases from expenditures:	
Accrued as liabilities at December 31, 2006 recognized as expenditures (GAAP) but not in budget	7,133
Accrued as liabilities at December 31, 2007	(7,809)
Inventory purchase recognized as expenditures (budget) but not in GAAP	<u>62</u>
<b>Net Change in fund balance per the Statement of Revenues, Expenditures, and Changes in Fund Balance (Page 24)</b>	<u>\$ 2,360</u>

See notes to required supplementary information.

**City Of Cincinnati, Ohio**  
Note to the Required Supplementary Information  
December 31, 2007

**Note A- Budgetary Data**

An operating budget is legally adopted each fiscal year for the General Fund. The budgetary data reports included within this report are prepared on a cash basis of accounting, with the exception of certain accrued personal service and employee benefit costs. Encumbrances, which do not lapse at year-end, are included as expenditures in the current year budget (Non-GAAP). The budgetary process begins at least six months prior to the calendar year for which the budget is to be adopted, with the City certifying the proposed budget to the County Auditor by July 20. By January 1, City Council may adopt annual or temporary appropriation measures using, in part, the official certificate of estimated resources approved by the County Budget Commission and tax rates certified by the County Auditor. By April 1, City Council must adopt annual appropriation ordinances. Only unencumbered appropriations lapse at year end.

The levels of appropriation control for each budgeted expenditure classification that may not be exceeded are: personal services, non-personal services, capital outlay, and debt service. Any revisions that alter the budgeted expenditure classification of any division within a City department must be approved by City Council. During the year, several supplementary appropriations were necessary.

## **SUPPLEMENTARY INFORMATION**

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## **MAJOR GOVERNMENTAL FUND**

### **GENERAL FUND**

The General Fund is the general operating fund for the City. It is used to account for resources, traditionally associated with governments, which are not required to be accounted for in another fund.

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**CITY OF CINCINNATI, OH**  
 Schedule of Revenue, Expenditures and Changes in Fund Balance  
 Budget(Non-GAAP Budgetary Basis) and Actual  
 For the year ended December 31, 2007  
 (Amounts in Thousands)

General Fund	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenue				
Taxes				
Real Property	\$ 23,959	\$ 24,559	\$ 23,866	\$ (693)
Personal Property	1,142	1,142	1,721	579
City Income Tax	225,008	225,008	225,008	-
Admissions	4,200	4,200	4,309	109
Total Taxes	254,309	254,909	254,904	(5)
Licenses and Permits				
Street Use	2,000	2,000	2,330	330
Health	295	295	258	(37)
Police and Protective	62	62	53	(9)
Beer and Liquor	500	500	504	4
Business and Merchandising	17	17	11	(6)
Amusements	100	100	66	(34)
Professional and Occupational	191	191	208	17
Buildings, Structures and Equipment	4,561	4,561	4,225	(336)
Total Licenses and Permits	7,726	7,726	7,655	(71)
Use of Money and Property				
Fines, Forfeits and Penalties	4,873	4,373	4,300	(73)
Income from Treasury Investments	8,500	11,450	12,822	1,372
Rents	109	109	197	88
General Concessions and Commissions	90	90	52	(38)
Total Use of Money and Property	13,572	16,022	17,371	1,349
Intergovernmental Revenue				
Proportionately shared State Taxes				
Local Government Revenue Assistance	2,875	2,875	2,876	1
Local Government Fund - Sales, Franchise, State				
Income Tax	25,800	25,800	25,975	175
Local Government Fund - Financial Institution Tax	600	600	550	(50)
Estate Tax	16,328	16,328	15,586	(742)
Public Utility Property Tax Reimbursement	551	551	567	16
State Income Tax - Real Property Tax Reduction	1,939	1,939	1,939	-
State Income Tax - Tangible Property Tax Reduction	1,397	1,397	1,415	18
Total Intergovernmental Revenue	49,490	49,490	48,908	(582)
Charges for Services				
General Government	7,945	8,245	8,509	264
Public Recreation	-	-	2	2
Buildings and Inspections				
Other Inspection Certificates	1,074	1,074	1,111	37
Elevator Certificates	570	570	675	105
Public Safety				
Police and Communication Charges	30	30	13	(17)
Motor Vehicle Response	-	-	9	9
Impounded Vehicle Fees	960	960	1,281	321
Protective Inspection Fees	50	50	123	73
Protective Service - Burglary Alarm	660	660	414	(246)
Emergency Transportation Service	5,000	5,000	5,137	137
Other Public Safety Charges	100	100	163	63
Public Services				
Recycling Incentive Fee	350	350	345	(5)
Other Public Services Charges	150	150	686	536
Public Health				
Vital Statistics	832	982	1,058	76
Clinic Fees	106	106	106	-
Other Public Health charges	12	12	9	(3)
Total Charges for Current Services	17,839	18,289	19,641	1,352
Miscellaneous	3,279	3,279	3,589	310
Total Revenues	346,215	349,715	352,068	2,353

(Continued)



**CITY OF CINCINNATI, OH**  
Schedule of Revenue, Expenditures and Changes in Fund Balance  
Budget(Non-GAAP Budgetary Basis) and Actual  
For the year ended December 31, 2007  
(Amounts in Thousands)

General Fund (Continued)	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>Expenditures</b>				
<b>City Council</b>				
Personal Services	\$ 1,410	\$ 1,408	\$ 1,395	\$ 13
Non Personal Services	72	74	46	28
Total City Council	<u>1,482</u>	<u>1,482</u>	<u>1,441</u>	<u>41</u>
<b>Office of the Mayor</b>				
Personal Services	385	401	396	5
Non Personal Services	94	78	77	1
Total Office of the Mayor	<u>479</u>	<u>479</u>	<u>473</u>	<u>6</u>
<b>Office of the Clerk of Council</b>				
Personal Services	305	322	322	-
Non Personal Services	454	442	440	2
Total Office of the Clerk of Council	<u>759</u>	<u>764</u>	<u>762</u>	<u>2</u>
<b>Department of Regional Computer Center</b>				
Non Personal Services	5,322	5,381	5,381	-
Total Regional Computer Center	<u>5,322</u>	<u>5,381</u>	<u>5,381</u>	<u>-</u>
<b>Department of the City Manager</b>				
<b>Office of the City Manager</b>				
Personal Services	1,155	884	876	8
Non Personal Services	457	739	705	34
Total Office of the City Manager	<u>1,612</u>	<u>1,623</u>	<u>1,581</u>	<u>42</u>
<b>Division of Budget and Evaluation</b>				
Personal Services	764	646	634	12
Non Personal Services	91	177	174	3
Total Division of Budget and Evaluation	<u>855</u>	<u>823</u>	<u>808</u>	<u>15</u>
<b>Division of Environmental Management</b>				
Personal Services	59	94	93	1
Non Personal Services	16	77	73	4
Total Division of Environmental Management	<u>75</u>	<u>171</u>	<u>166</u>	<u>5</u>
Total Department of the City Manager	2,542	2,617	2,555	62
<b>Citizen's Complaint Authority</b>				
Personal Services	531	520	520	-
Non Personal Services	54	54	49	5
Total Citizen's Complaint Authority	<u>585</u>	<u>574</u>	<u>569</u>	<u>5</u>
<b>Department of Law</b>				
Personal Services	3,380	3,388	3,388	-
Non Personal Services	758	759	747	12
Total Department of Law	<u>4,138</u>	<u>4,147</u>	<u>4,135</u>	<u>12</u>
<b>Department of Human Resources</b>				
Personal Services	1,343	1,263	1,206	57
Non Personal Services	404	489	422	67
Total Department of Human Resources	<u>1,747</u>	<u>1,752</u>	<u>1,628</u>	<u>124</u>
<b>Department of Finance</b>				
<b>Office of the Director</b>				
Personal Services	261	222	219	3
Non Personal Services	22	21	21	-
Capital Outlay	3	3	3	-
Total Office of the Director	<u>286</u>	<u>246</u>	<u>243</u>	<u>3</u>
<b>Division of Accounts and Audits</b>				
Personal Services	922	916	908	8
Non Personal Services	70	71	69	2
Total Division of Accounts and Audits	<u>992</u>	<u>987</u>	<u>977</u>	<u>10</u>

(Continued)

**CITY OF CINCINNATI, OH**  
Schedule of Revenue, Expenditures and Changes in Fund Balance  
Budget(Non-GAAP Budgetary Basis) and Actual  
For the year ended December 31, 2007  
(Amounts in Thousands)

General Fund (Continued)	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>Expenditures</b>				
Department of Finance				
Division of Treasury				
Personal Services	\$ 344	\$ 349	\$ 349	\$ -
Non Personal Services	156	156	153	3
Total Division of Treasury	<u>500</u>	<u>505</u>	<u>502</u>	<u>3</u>
Division of Risk Management				
Non Personal Services	166	166	166	-
Total Division of Risk Management	<u>166</u>	<u>166</u>	<u>166</u>	<u>-</u>
Division of Income Tax				
Personal Services	2,184	2,098	2,055	43
Non Personal Services	659	659	658	1
Total Division of Income Tax	<u>2,843</u>	<u>2,757</u>	<u>2,713</u>	<u>44</u>
Division of Purchasing				
Personal Services	833	850	850	-
Non Personal Services	204	204	197	7
Total Division of Purchasing	<u>1,037</u>	<u>1,054</u>	<u>1,047</u>	<u>7</u>
Division of Internal Audit				
Personal Services	417	337	334	3
Non Personal Services	54	54	50	4
Total Division of Internal Audit	<u>471</u>	<u>391</u>	<u>384</u>	<u>7</u>
Total Department of Finance	6,295	6,106	6,032	74
Department of Community Development and Planning				
Office of the Director				
Personal Services	302	457	457	-
Non Personal Services	3,428	4,252	4,251	1
Total Office of the Director	<u>3,730</u>	<u>4,709</u>	<u>4,708</u>	<u>1</u>
Division of Housing Development				
Personal Services	17	21	20	1
Non Personal Services	451	498	496	2
Total Division of Housing Development	<u>468</u>	<u>519</u>	<u>516</u>	<u>3</u>
Division of Community Development				
Personal Services	258	162	162	-
Non Personal Services	321	396	395	1
Total Division of Community Development	<u>579</u>	<u>558</u>	<u>557</u>	<u>1</u>
Division of Historic Conservation/Land Use Management				
Personal Services	490	479	479	-
Non Personal Services	42	42	42	-
Total Division of Historic Conservation/Land Use Management	<u>532</u>	<u>521</u>	<u>521</u>	<u>-</u>
Total Department of Community Development	5,309	6,307	6,302	5
Department of City Planning				
Personal Services	5	41	41	-
Total Department of City Planning	<u>5</u>	<u>41</u>	<u>41</u>	<u>-</u>
Department of Public Recreation				
West Region Division				
Personal Services	2,070	2,085	2,084	1
Non Personal Services	168	178	178	-
Total West Region Division	<u>2,238</u>	<u>2,263</u>	<u>2,262</u>	<u>1</u>
East Region Division				
Personal Services	1,837	1,852	1,847	5
Non Personal Services	213	213	213	-
Total East Region Division	<u>2,050</u>	<u>2,065</u>	<u>2,060</u>	<u>5</u>

(Continued)

**CITY OF CINCINNATI, OH**  
Schedule of Revenue, Expenditures and Changes in Fund Balance  
Budget(Non-GAAP Budgetary Basis) and Actual  
For the year ended December 31, 2007  
(Amounts in Thousands)

General Fund (Continued)	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Expenditures				
Department of Public Recreation				
Central Region Division				
Personal Services	\$ 2,232	\$ 2,302	\$ 2,302	\$ -
Non Personal Services	221	221	221	-
Total Central Region Division	<u>2,453</u>	<u>2,523</u>	<u>2,523</u>	<u>-</u>
Maintenance Division				
Personal Services	2,574	2,511	2,494	17
Non Personal Services	3,232	3,263	3,263	-
Capital Outlay	-	18	18	-
Total Maintenance Division	<u>5,806</u>	<u>5,792</u>	<u>5,775</u>	<u>17</u>
Division of Athletics				
Personal Services	1,228	1,350	1,350	-
Non Personal Services	84	84	84	-
Total Division of Athletics	<u>1,312</u>	<u>1,434</u>	<u>1,434</u>	<u>-</u>
Division of Waterfront Activities				
Personal Services	324	235	235	-
Non Personal Services	35	40	39	1
Capital Outlay	-	15	15	-
Total Division of Waterfront Activities	<u>359</u>	<u>290</u>	<u>289</u>	<u>1</u>
Division of Administration				
Personal Services	1,305	1,321	1,318	3
Non Personal Services	322	371	371	-
Capital Outlay	22	22	22	-
Total Division of Administration	<u>1,649</u>	<u>1,714</u>	<u>1,711</u>	<u>3</u>
Total Department of Public Recreation	15,867	16,081	16,054	27
Department of Parks				
Office of the Director				
Personal Services	177	177	177	-
Non Personal Services	2	2	2	-
Total Office of the Director	<u>179</u>	<u>179</u>	<u>179</u>	<u>-</u>
Division of Operations and Facilities				
Personal Services	1,412	1,524	1,524	-
Non Personal Services	1,142	1,388	1,387	1
Total Division of Operations and Facilities	<u>2,554</u>	<u>2,912</u>	<u>2,911</u>	<u>1</u>
Division of Administration and Program Services				
Personal Services	1,369	1,385	1,385	-
Non Personal Services	750	750	750	-
Total Division of Administration and Program Services	<u>2,119</u>	<u>2,135</u>	<u>2,135</u>	<u>-</u>
Total Department of Parks	4,852	5,226	5,225	1
Department of Building and Inspections				
Office of the Director				
Personal Services	301	301	281	20
Non Personal Services	362	362	353	9
Total Office of the Director	<u>663</u>	<u>663</u>	<u>634</u>	<u>29</u>
Division of Licenses and Permits				
Personal Services	2,592	2,582	2,582	-
Non Personal Services	207	202	196	6
Total Division of Licenses and Permits	<u>2,799</u>	<u>2,784</u>	<u>2,778</u>	<u>6</u>
Division of Building Inspections				
Personal Services	1,762	1,810	1,809	1
Non Personal Services	178	178	174	4
Total Division of Building Inspections	<u>1,940</u>	<u>1,988</u>	<u>1,983</u>	<u>5</u>
Total Department of Buildings and Inspections	5,402	5,435	5,395	40

(Continued)

**CITY OF CINCINNATI, OH**  
 Schedule of Revenue, Expenditures and Changes in Fund Balance  
 Budget(Non-GAAP Budgetary Basis) and Actual  
 For the year ended December 31, 2007  
 (Amounts in Thousands)

General Fund (Continued)	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Expenditures				
Department of Police				
Personal Services	\$ 89,987	\$ 89,301	\$ 87,320	\$ 1,981
Non Personal Services	13,361	13,986	13,986	-
Total Department of Police	<u>103,348</u>	<u>103,287</u>	<u>101,306</u>	<u>1,981</u>
Department of Fire				
Personal Services	60,931	59,511	59,173	338
Non Personal Services	7,881	7,997	7,705	292
Capital Outlay	167	167	121	46
Total Department of Fire	<u>68,979</u>	<u>67,675</u>	<u>66,999</u>	<u>676</u>
Department of Transportation and Engineering				
Office of the Director				
Personal Services	301	422	422	-
Non Personal Services	96	96	89	7
Total Office of the Director	<u>397</u>	<u>518</u>	<u>511</u>	<u>7</u>
Division of Transportation Planning				
Personal Services	231	227	227	-
Non Personal Services	38	38	31	7
Total Division of Transportation Planning	<u>269</u>	<u>265</u>	<u>258</u>	<u>7</u>
Division of Engineering				
Personal Services	464	364	323	41
Non Personal Services	169	169	158	11
Total Division of Engineering	<u>633</u>	<u>533</u>	<u>481</u>	<u>52</u>
Division of Traffic Engineering				
Personal Services	55	55	48	7
Non Personal Services	2,084	2,051	2,033	18
Total Division of Traffic Engineering	<u>2,139</u>	<u>2,106</u>	<u>2,081</u>	<u>25</u>
Total Department of Transportation and Engineering	<u>3,438</u>	<u>3,422</u>	<u>3,331</u>	<u>91</u>
Department of Public Services				
Office of the Director				
Personal Services	493	462	453	9
Non Personal Services	212	227	227	-
Capital Outlay	6	6	6	-
Total Office of the Director	<u>711</u>	<u>695</u>	<u>686</u>	<u>9</u>
Division of Traffic and Road Operations				
Personal Services	492	642	642	-
Non Personal Services	281	761	761	-
Total Traffic and Road Operations	<u>773</u>	<u>1,403</u>	<u>1,403</u>	<u>-</u>
Neighborhood Operations Division				
Personal Services	8,045	8,279	8,261	18
Non Personal Services	8,806	8,796	8,796	-
Capital Outlay	-	15	-	15
Total Neighborhood Operations Division	<u>16,851</u>	<u>17,090</u>	<u>17,057</u>	<u>33</u>
Division of City Facility Management				
Personal Services	458	445	396	49
Non Personal Services	2,539	2,539	2,538	1
Total City Facility Management	<u>2,997</u>	<u>2,984</u>	<u>2,934</u>	<u>50</u>
Total Department of Public Services	<u>21,332</u>	<u>22,172</u>	<u>22,080</u>	<u>92</u>
Department of Public Health				
Office of the Commissioner				
Personal Services	931	939	939	-
Non Personal Services	375	126	122	4
Capital Outlay	20	20	19	1
Total Office of the Commissioner	<u>1,326</u>	<u>1,085</u>	<u>1,080</u>	<u>5</u>
Office of Technical Resources				
Personal Services	2,386	2,286	2,286	-
Non Personal Services	1,211	1,211	1,211	-
Total Office of Technical Resources	<u>3,597</u>	<u>3,497</u>	<u>3,497</u>	<u>-</u>

(Continued)

**CITY OF CINCINNATI, OH**  
Schedule of Revenue, Expenditures and Changes in Fund Balance  
Budget(Non-GAAP Budgetary Basis) and Actual  
For the year ended December 31, 2007  
(Amounts in Thousands)

General Fund (Continued)	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>Expenditures</b>				
Department of Public Health				
Office of Community Health Services				
Personal Services	\$ 2,344	\$ 2,390	\$ 2,390	\$ -
Non Personal Services	372	372	368	4
Total Office of Community Health Services	<u>2,716</u>	<u>2,762</u>	<u>2,758</u>	<u>4</u>
Division of Primary Care - Special Services				
Personal Services	5,417	5,409	5,409	-
Non Personal Services	778	778	775	3
Total Division of Primary Care - Special Services	<u>6,195</u>	<u>6,187</u>	<u>6,184</u>	<u>3</u>
Division of Primary Care - Health Centers				
Personal Services	6,653	6,541	6,491	50
Non Personal Services	1,004	1,004	1,002	2
Total Division of Primary Care - Health Centers	<u>7,657</u>	<u>7,545</u>	<u>7,493</u>	<u>52</u>
Total Department of Public Health	21,491	21,076	21,012	64
Nondepartmental Accounts				
Pension				
Contributions to Pension System	15,447	15,455	15,455	-
Contributions to State Pension System	1,350	1,499	1,418	81
Contributions to Police Pension System	16,405	16,003	15,998	5
Contributions to Fire Pension System	15,193	14,622	14,538	84
Employee Benefits				
Employee Hospital Care	22,511	22,353	22,230	123
Dental and Vision Care	2,668	2,735	2,730	5
Medicare Tax	2,467	2,474	2,448	26
Public Employee Assistance	224	226	226	-
Workers' Compensation Insurance	1,228	1,220	1,220	-
Police Officers and Firefighters' Insurance	316	316	240	76
State Unemployment Compensation	300	200	199	1
Lump Sum Payments	800	2,063	2,063	-
Life Insurance	107	73	73	-
City Council Benefits	5	5	2	3
Professional Services and Legal Fees				
Judgments Against the City	1,500	1,916	1,916	-
Collaborative Policing Efforts	968	968	968	-
Audit and Examiners' Fees	275	275	275	-
Hamilton County Treasurer's and Auditor's Fees	612	612	608	4
County Clerk Fees	350	350	350	-
Election Expense	110	110	3	107
Miscellaneous Accounts				
Mayor's Office Obligations	10	10	10	-
Justice Department Policing Efforts	1,468	1,218	1,218	-
Cincinnati Public Schools	5,000	5,000	5,000	-
Port Authority of Greater Cincinnati	350	350	350	-
Property Investment Reimbursement Agreements	330	1,680	1,680	-
Reserve for Contingencies	1,000	320	-	320
Total Nondepartmental Accounts	<u>90,994</u>	<u>92,053</u>	<u>91,218</u>	<u>835</u>
<b>Total Expenditures</b>	<u>364,366</u>	<u>366,077</u>	<u>361,939</u>	<u>4,138</u>
Excess (deficiency) of revenues over expenditures	(18,151)	(16,362)	(9,871)	6,491
Other Financing Sources (Uses)				
Transfers In		5,447	5,447	
Transfers (Out)		(1,566)	(1,566)	
Total Other Financing Sources (Uses)	-	3,881	3,881	-
Excess (Deficiency) of Revenue over (under) Expenditures and Other Financing Sources (Uses)	(18,151)	(12,481)	(5,990)	6,491
Cancellation of Prior Years Encumbrances	-	688	3,023	2,335
Fund balances - beginning	20,472	20,472	20,472	
Fund balances - ending	<u>\$ 2,321</u>	<u>\$ 8,679</u>	<u>\$ 17,505</u>	<u>\$ 8,826</u>

**City of Cincinnati, Ohio**  
**Statement of Revenue, Expenditures and Changes in Fund Balance**  
**For the year ended December 31, 2007**  
**(Amounts in Thousands)**

GENERAL FUND

Revenue

Taxes

Real Property	\$ 24,054
Personal Property	1,721
City Income Tax	226,704
Admissions	<u>4,310</u>
Total Taxes	256,789

Licenses and Permits

Street Use	2,329
Health	257
Police and Protective	53
Beer and Liquor	474
Business and Merchandising	13
Amusements	64
Professional and Occupational	209
Buildings, Structures and Equipment	<u>4,223</u>

Total Licenses and Permits 7,622

Use of Money and Property

Fines, Forfeits and Penalties	4,530
Income from Treasury Investments	16,347
Rents	9
General Concessions and Commissions	<u>51</u>

Total Use of Money and Property 20,937

Intergovernmental Revenue

Proportionately shared State Taxes	
Local Government Revenue Assistance	2,204
Local Government Fund - Sales, Franchise, State	
Income Tax	25,147
Local Government Fund - Financial Institution Tax	550

(Continued)

**City of Cincinnati, Ohio**  
**Statement of Revenue, Expenditures and Changes in Fund Balance**  
**For the year ended December 31, 2007**  
**(Amounts in Thousands)**

GENERAL FUND  
(Continued)

Revenue		
State Income Tax - Real Property Tax Reduction	\$	1,939
State Income Tax - Tangible Property Tax Reduction		1,415
Estate Tax		15,586
Public Utility Property Tax Reimbursement		567
Payments from Other Governmental Units		5
Revenues from Private Sources		<u>105</u>
 Total Intergovernmental Revenue		 47,518
 Charges for Services		
General Government		6,896
Public Recreation		2
Buildings and Inspections		
Other Inspection Certificates		1,123
Elevator Certificates		679
Public Safety		
Police and Communication Charges		4
Impounded Vehicle Fees		1,574
Protective Inspection Fees		135
Protective Service - Burglary Alarm		473
Emergency Transportation Service		4,692
Other Public Safety Charges		65
Public Services		829
Public Health		
Vital Statistics		1,058
Clinic Fees		106
Other Public Health charges		<u>10</u>
 Total Charges for Current Services		 17,646
 Miscellaneous		 <u>2,066</u>
Total Revenues		<u>352,578</u>

(Continued)

**City of Cincinnati, Ohio**  
**Statement of Revenue, Expenditures and Changes in Fund Balance**  
**For the year ended December 31, 2007**

(Amounts in Thousands)

GENERAL FUND

(Continued)

Expenditures

City Council	\$ 1,441
Office of the Clerk of Council	802
Office of the Mayor	469
Office of the City Manager	1,401
Division of Budget and Evaluation	784
Division of Environmental Management	133
Total Department of City Manager	2,318
Citizen's Complaint Authority	560
Department of Law	4,192
Department of Human Resources	1,671
Department of Finance	
Office of the Director	259
Division of Accounts and Audits	975
Division of Treasury	496
Division of Risk Management	130
Division of Income Tax	2,591
Division of Purchasing	1,044
Division of Internal Audit	363
Total Department of Finance	5,858
Department of City Planning	
Office of the Director	82
Division of Licenses and Permits	87
Total Department of City Planning	169

(Continued)



**City of Cincinnati, Ohio**  
**Statement of Revenue, Expenditures and Changes in Fund Balance**  
**For the year ended December 31, 2007**

(Amounts in Thousands)

GENERAL FUND  
(Continued)  
Expenditures

Department of Community Development and Planning		
Office of the Director	\$	3,730
Division of Housing Development		554
Division of Human Services		34
Division of Community Development		497
Division of Historic Conservation/Land Use Management		517
Division of New Construction & Existing Building Standards		31
Total Department of Community Development		5,363
Department of Public Recreation		
Division of Community Activities - West Region Division		2,322
Division of Community Activities - East Region Division		2,140
Division of Community Activities - Central Region Division		2,607
Division of Community Activities - Maintenance Division		5,538
Division of Athletics		1,460
Division of Waterfront Activities		292
Division of Administration		2,001
Total Department of Public Recreation		16,360
Department of Parks		
Division of Administration and Program Services		179
Division of Operations		2,865
Division of Planning, Design and Development		2,094
Total Department of Parks		5,138
Department of Building and Inspections		
Office of the Director		600
Division of Licenses and Permits		2,762
Division of Building Construction Inspections		1,984
Total Department of Buildings and Inspections		5,346
Department of Police		100,698
Department of Fire		66,185

(Continued)

**City of Cincinnati, Ohio**  
**Statement of Revenue, Expenditures and Changes in Fund Balance**  
**For the year ended December 31, 2007**

(Amounts in Thousands)

GENERAL FUND

(Continued)

Expenditures

Department of Transportation and Engineering		
Office of the Director	\$	506
Division of Engineering		408
Division of Transportation Planning		256
Division of Traffic Engineering		1,947
Total Department of Transportation and Engineering		<u>3,117</u>
Department of Public Services		
Office of the Director		680
Division of Traffic and Road Operations		1,483
Division of Neighborhood Operations		16,836
Division of City Facility Management		2,954
Total Department of Public Services		<u>21,953</u>
Department of Regional Computer Center		4,640
Department of Public Health		
Office of the Commissioner		1,070
Division of Technical Resources		3,490
Division of Community Health Services		2,810
Division of Primary Care - Special Services		6,352
Division of Primary Care - Health Centers		7,524
Total Department of Public Health		<u>21,246</u>
Nondepartmental Accounts		
Pension		
Contributions to City Pension System		14,152
Contributions to State Pension System		1,514
Contributions to Police and Fire Pension System for Police		15,005
Contributions to Police and Fire Pension System for Fire		13,602

(Continued)

**City of Cincinnati, Ohio**  
**Statement of Revenue, Expenditures and Changes in Fund Balance**  
**For the year ended December 31, 2007**

(Amounts in Thousands)

GENERAL FUND  
(Continued)  
Expenditures

Employee Benefits		
Employee Hospital Care	\$	21,409
Dental and Vision Care		2,729
Medicare Tax		2,462
Public Employee Assistance		226
Workers' Compensation Insurance		1,110
Police Officers and Firefighters' Insurance		250
State Unemployment Compensation		356
Lump Sum Payments		1,172
Life Insurance		72
City Council Benefits		2
Professional Services and Legal Fees		
Judgments Against the City		1,247
Collaborative Policing Efforts		826
County Fees		958
Election Expense		3
Mayor's Office Obligations		9
Justice Department Policing Efforts		442
Cincinnati Public Schools		5,000
Audit Fees		289
Port Authority of Greater Cincinnati		720
Property Investment Reimbursement Agreements		522
Total Nondepartmental Accounts		<u>84,077</u>
Total Expenditures		351,603
Excess of revenues over expenditures		975
Other Financing Sources(Uses)		
Transfers In	\$	5,638
Transfers (Out)		<u>(4,253)</u>
Total Other Financing Sources (Uses)		1,385
Excess of Revenue and Other Financing Sources		2,360
Fund balances, January 1		<u>71,104</u>
Fund balances, December 31	\$	<u><u>73,464</u></u>

**CITY OF CINCINNATI, OHIO**  
**NONMAJOR GOVERNMENTAL FUNDS**

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**SPECIAL REVENUE FUNDS**

Health Services Fund - Used to improve, establish, expand, and/or maintain health services to the citizens of Cincinnati.

Street Construction, Maintenance and Repair Fund - Used to account for street maintenance, repair and cleaning, and the operation and maintenance of traffic signals. Financing is provided by the City's share of State-levied Motor Vehicle License Tax, Gasoline Tax, and reimbursements of expenses.

Parking Meter Fund - Used to account for resources provided by collections from parking meters.

Cable T.V. Fund - Used to account for the proceeds of cable franchise fees received from the cable provider.

Income Tax Infrastructure Fund - Used to account for the proceeds of a .1% levy on earned income for infrastructure purposes.

Income Tax Transit Fund - Used to account for the proceeds of a .3% levy on earned income for transit purposes.

Motor Vehicle License Fund - Used to account for resources provided by the locally levied Municipal Motor Vehicle License Tax.

Special Recreation Fund - Used to account for monies received for special activities such as enrichment exercise programs or caretaker services.

Recreation - Used to account for Federal funds, private contributions, and user fees, and for expenditures made for special recreation activities.

Parks - Used to account for State funds, private contributions, and user fees, and for expenditures made for special parks activities.

Safety - Used to account for Federal and State funds and private contributions, and for expenditures made for public safety purposes.

Health - Used to account for Federal and State funds, private contributions and user fees, and for expenditures made for public health purposes.

Cincinnati Blue Ash Airport - Used to account for the revenue and the expenditures for the operation and maintenance of a municipal airport.

Community Development - Used to account for Federal funds received for city-wide development operations.

Department of Labor Grants - Used to account for Federal funds received for the relief of unemployment through jobs and training.

Other - Used to account for Federal and State funds, private contributions and user fees, and for expenditures for specific purposes not otherwise designated.

Bettman Nature Center - Used to account for the investment and expenditure of bequests made for the Bettman Nature Center.

## CITY OF CINCINNATI, OHIO

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### PERMANENT FUNDS

Groesbeck Endowment - Used to account for the investment and expenditure of bequests made for the cost of music concerts in Burnet Woods.

Schmidlapp Park Music - Used to account for the investment and expenditure of bequests made for the cost of music concerts in Eden Park.

Joanna Peters Bequest - Used to account for the investment and expenditure of bequest made for the treatment of alcoholism.

W. M. Ampt Music Endowment - Used to account for the investment and expenditure of bequests made for the cost of concerts in various City parks.

Crosley Field Trust - Used to account for the investment and expenditure of bequests made for the maintenance of the Crosley Field Sports Complex.

Kroger Trust - Used to account for the investment and expenditure of a bequest made for the maintenance of the Hartwell Recreation Center.

Yeatman's Cove Park Trust - Used to account for the investment and expenditure of a bequest made for the maintenance of the Yeatman's Cove Park.

Park Board Fund - Used to account for the investment and expenditure of bequests related to the maintenance and improvement of Fleischmann Gardens, the Geier Esplanade, and various citywide parks.

**CITY OF CINCINNATI, OHIO**  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2007  
 (Amounts in Thousands)

	Special Revenue Funds - Appropriated							
	Health Services	Street Construction Maintenance and Repair	Parking Meter	Cable T.V.	Income Tax Infrastructure	Income Tax Transit	Motor Vehicle License	Special Recreation
<b>ASSETS</b>								
Cash and Equivalents	\$ 956	\$ 2,447	\$ 730	\$ 3,156	\$ 3,531	\$ 11,136	\$ 926	\$ 10
Equity in City Treasury Cash Investments								1,646
Receivables:								
Taxes					2,242	6,727		
Accounts, Net	235	2	-	26	14		1	16
Accrued Interest				2		107		15
Due from Other Funds		89		213	36		6	1
Due from Other Governments		4,123					1,277	
Inventory					192		97	
Advances to Other Funds	500	496						
Total Assets	\$ 1,691	\$ 7,157	\$ 730	\$ 3,397	\$ 6,015	\$ 17,970	\$ 2,307	\$ 1,688
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts Payable	\$ 42	\$ 46	\$ 85	\$ 266	\$ 315	\$	\$ 26	\$ 43
Due to Other Funds	75	348	-	119	108		82	5
Accrued Payroll	69	317	7	64	589		82	54
Accrued Liabilities	3	3		1	6			
Deposits Payable				1,220	1			
Deferred Revenue		2,587		1	701	2,147	865	6
Estimated Liability for Unpaid Claims					27			
Total Liabilities	189	3,307	92	1,671	1,747	2,147	1,055	109
Fund Balances:								
Reserved for Encumbrances	111	158	46	700	496	24	61	101
Reserved for Advances to Other Funds	500	496			192		97	
Reserved for Inventory						5,000		
Unreserved - Designated for Contingencies	891	3,196	592	1,026	3,580	10,799	1,094	1,478
Unreserved - Undesignated	1,502	3,850	638	1,726	4,268	15,823	1,252	1,579
Total Fund Balances	\$ 1,691	\$ 7,157	\$ 730	\$ 3,397	\$ 6,015	\$ 17,970	\$ 2,307	\$ 1,688

**CITY OF CINCINNATI, OHIO**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2007**  
**(Amounts in Thousands)**

		Special Revenue Funds - Nonappropriated									
		Recreation	Parks	Safety	Health	Cincinnati Blue Ash Airport	Community Development	Department of Labor Grants	Other	Battman Nature Center	
<b>ASSETS</b>											
Cash and Equivalents	19	\$	2,005		\$	\$	173	\$	40	\$	29
Equity in City Treasury Cash	712		1,853	17,448	4,472	277	907	515	11,662		
Investments	-		2,382								1,529
Receivables:											
Accounts Net	-				353	15				144	
Special Assessments							5,023			3,493	
Accrued Interest	5		20	90							
Due from Other Funds				40	157		83				
Due from Other Governments	7		136		203		1,590		146		
Inventory					72				58		
Advances to Other Funds	25										
Total Assets	768	\$	6,260	\$ 17,714	\$ 5,257	\$ 292	\$ 7,776	\$ 515	\$ 16,970	\$ 1,558	
<b>LIABILITIES AND FUND BALANCE</b>											
Liabilities:											
Accounts Payable	20	\$	11	\$ 327	\$ 440	\$ 1	\$ 1,717	\$ 3	\$ 1,519	\$	
Due to Other Funds			1	195	40		221		99		
Accrued Payroll			11		257		136		86		
Accrued Liabilities					57		146		2,421		
Deposits Payable				1,770							
Deferred Revenue	9		8	152	114		6,110		1,515		
Advances from Other Funds				1,427	500				125		
Total Liabilities	29		31	3,871	1,408	1	8,330	3	5,765		
Fund Balances:											
Reserved for Encumbrances	56		56	1,129	1,277	44	10,317	198	13,123		
Reserved for Advances to Other Funds	25								1,427		
Reserved for Inventory									58		
Reserved in Accordance with Trust											1,558
Unreserved - Designated for Compensated Absences				8,340							
Unreserved - Undesignated	658		6,173	4,374	2,500	247	(10,871)	314	(3,403)		
Total Fund Balances	739		6,229	13,843	3,849	291	(554)	512	11,205	1,558	
Total Liabilities and Fund Balances	768	\$	6,260	\$ 17,714	\$ 5,257	\$ 292	\$ 7,776	\$ 515	\$ 16,970	\$ 1,558	

**CITY OF CINCINNATI, OHIO**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2007**  
**(Amounts in Thousands)**

	Permanent Funds							Total Nonmajor Governmental Funds
	Grosbeck Endowment Fund	Schmidlapp Park Music Fund	Joanna Peters Bequest	The W.M. Ampt Music Endowment Fund	Crosley Field Trust	Kroger Trust	Yeatman's Cove Park Trust	
<b>ASSETS</b>								
Cash and Equivalents	41	52	-	-	43	-	-	554
Equity in City Treasury Cash	570	-	105	131	-	79	566	-
Investments, at Fair Value			1	169	809	-		6,059
Receivables:								
Taxes								8,969
Accounts, Net								806
Special Assessments								8,516
Accrued Interest				1		1	5	247
Due from Other Funds								625
Due from Other Governments								7,482
Inventory								419
Advances to Other Funds								
Total Assets	611	52	107	301	852	80	571	6,613

**LIABILITIES AND FUND BALANCES**

Liabilities:									
Accounts Payable	-	-						-	4,861
Due to Other Funds									1,293
Accrued Payroll									1,672
Accrued Liabilities									2,638
Deposits Payable									2,997
Deferred Revenue							2		14,218
Estimated Liability for Unpaid Claims									27
Advances from Other Funds									2,052
Total Liabilities						1	2		29,758
Fund Balances:									
Reserved for Encumbrances									27,897
Reserved for Advances to Other Funds									2,448
Reserved for Inventory									419
Reserved in Accordance with Trust	611	52	107	301	225	50	569	6,613	10,086
Unreserved - Designated for Compensated Absences									8,340
Unreserved - Designated for Contingencies									5,000
Unreserved - Undesignated					627				23,304
Total Fund Balances	611	52	107	301	852	79	569	6,613	77,494
Total Liabilities and Fund Balances	611	52	107	301	852	80	571	6,613	107,252



**CITY OF CINCINNATI, OHIO**  
**Combining Statement of Revenue, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2007**  
**(Amounts in Thousands)**

	Special Revenue Funds - Appropriated							
	Health Services	Street Construction Maintenance and Repair	Parking Meter	Cable T.V.	Income Tax Infrastructure	Income Tax Transit	Motor Vehicle License	Special Recreation
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ 2,605	\$ 14,723	\$ 44,168	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	608	-	425
Use of Money and Property	-	-	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-	-	-
Intergovernmental Revenue	3,820	10,233	-	10	18	-	2,574	-
Charges for Current Services	-	3	-	-	-	-	1	3,471
Miscellaneous	-	-	-	-	-	-	-	1
Total Revenues	3,820	10,236	-	2,615	14,741	44,776	2,575	3,897
<b>EXPENDITURES</b>								
Current:								
General Government	105	-	82	2,786	2,222	308	59	178
Community Development	-	-	74	90	9	-	-	-
Parks and Recreation	-	-	-	-	1,964	46	-	3,407
Public Safety	-	-	342	-	-	-	-	-
Transportation and Engineering	-	-	753	-	3,846	315	-	-
Public Services	-	7,697	-	32	4,483	-	2,314	-
Transit System	-	-	-	-	-	43,814	-	-
Public Health	3,186	-	-	-	-	-	-	-
Employee Benefits	510	2,635	45	471	3,831	-	303	163
Capital Outlay	20	41	-	-	2	-	26	53
Total Expenditures	3,821	10,373	1,296	3,379	16,357	44,483	2,702	3,801
Excess (Deficiency) of Revenues over (under) Expenditures	(1)	(137)	(1,296)	(764)	(1,616)	293	(127)	96
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In	-	-	1,239	30	-	-	-	11
Transfers (Out)	-	-	-	-	-	(100)	-	-
Total Other Financing Sources (Uses)	-	-	1,239	30	-	(100)	-	11
Net Change in Fund Balances	(1)	(137)	(57)	(734)	(1,616)	193	(127)	107
Fund Balances, January 1	1,503	3,987	695	2,460	5,884	15,630	1,379	1,472
Fund Balances, December 31	\$ 1,502	\$ 3,850	\$ 638	\$ 1,726	\$ 4,268	\$ 15,823	\$ 1,252	\$ 1,579

**CITY OF CINCINNATI, OHIO**  
**Combining Statement of Revenue, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended December 31, 2007**  
**(Amounts in Thousands)**

**Special Revenue Funds - Nonappropriated**

	Recreation	Parks	Safety	Health	Cincinnati Blue Ash Airport	Community Development	Department of Labor Grants	Other	Battman Nature Center
<b>REVENUES</b>									
Taxes	\$ -		\$ -					\$ 2,131	\$ -
Licenses and Permits		220		1,069					
Use of Money and Property	27	630	489		80	385		1,732	180
Special Assessments						48		4,189	
Intergovernmental Revenue			1,909	868					
Federal Grants	406		3,387	5,006		18,848	18	5,470	
State Grants and Subsidies	121		45	570					
Charges for Current Services	124	514	1,486	2,960		224		1,027	
Miscellaneous		601	166	259		2,590		176	
Total Revenues	678	1,745	7,702	10,722	80	22,095	18	14,725	180
<b>EXPENDITURES</b>									
Current:									
General Government				80		1,103		5,857	
Community Development						1,292	13	2,089	
Parks and Recreation	638	1,475	4,276					1,649	11
Public Safety					39			32	
Transportation and Engineering								352	
Public Services								1,892	
Transit System								6	
Public Health			1	9,028		567		3	
Employee Benefits				1,826		19,540		3,905	
Capital Outlay	10		585	10	2				
Debt Service:									
Interest			178			585			
Total Expenditures	648	1,475	5,040	10,944	41	23,087	13	15,785	11
Excess (Deficiency) of Revenues over (under) Expenditures	30	270	2,662	(222)	39	(992)	5	(1,060)	169
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers In	15	286	235			1,595		197	
Transfers (Out)			(30)	(4)				(981)	(46)
Total Other Financing Sources (Uses)	15	286	205	(4)		1,595		(784)	(46)
Net Change in Fund Balances	45	556	2,867	(226)	39	603	5	(1,864)	123
Fund Balances, January 1	694	5,673	10,976	4,075	252	(1,157)	507	13,059	1,435
Fund Balances, December 31	\$ 739	\$ 6,229	\$ 13,843	\$ 3,849	\$ 291	\$ (554)	\$ 512	\$ 11,205	\$ 1,558

**CITY OF CINCINNATI, OHIO**  
**Combining Statement of Revenue, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended December 31, 2007**  
**(Amounts in Thousands)**

	Permanent Funds								Total
	Groesbeck Endowment Fund	Schmidlapp Park Music Fund	Joanna Peters Bequest	The W.M. Ampt Music Endowment Fund	Crosley Field Trust	Kroger Trust	Yeatman's Cove Park Trust	Park Board Fund	
<b>REVENUES</b>									
Taxes	\$	\$		\$				\$	\$
Licenses and Permits									61,022
Use of Money and Property									3,894
Special Assessments	61	2	6	36	66	4	30	447	5,208
Intergovernmental Revenue									4,237
Federal Grants	-	-	-	-	-	-	-	-	15,594
State Grants and Subsidies	-	-	-	-	-	-	-	-	33,135
Charges for Current Services	-	-	-	-	-	-	-	-	736
Miscellaneous									13,638
Total Revenues	61	2	6	36	66	4	30	447	141,257
<b>EXPENDITURES</b>									
Current:									
General Government									12,780
Community Development									3,567
Parks and Recreation									9,248
Public Safety									4,650
Transportation and Engineering									5,305
Public Services									16,418
Transit System									43,820
Public Health									12,215
Employee Benefits									10,354
Capital Outlay									24,194
Debt Service :									
Interest									763
Total Expenditures									143,314
Excess (Deficiency) of Revenues over Expenditures	61	2	6	36	57	4	28	400	(2,057)
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers In									3,608
Transfers (Out)	(17)	(2)	-	(9)	(15)			(213)	(1,427)
Total Other Financing Sources (Uses)	(17)	(2)		(9)	(15)			(213)	2,181
Net Change in Fund Balances	44		6	27	42	4	28	187	124
Fund Balances, January 1	567	52	101	274	810	75	541	6,426	77,370
Fund Balances, December 31	611	52	107	301	852	79	569	6,613	77,494

**City of Cincinnati, Ohio**  
Schedule of Revenue, Expenditures and Changes in Fund Balance  
Budget(Non-GAAP Budgetary Basis) and Actual  
For the year ended December 31, 2007  
(Amounts in Thousands)

<b>HEALTH SERVICES FUND</b>	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Positive (Negative)</u>
<b>REVENUES</b>			
Charges for Current Services	\$ 3,880	\$ 3,816	\$ (64)
Total Revenues	3,880	3,816	(64)
<b>EXPENDITURES</b>			
Department of Public Health			
Division of Primary Care - Special Programs			
Personal Services	57	8	49
Non-Personal Services	491	483	8
Capital Outlay	40	26	14
Total Division of Primary Care - Special Programs	588	517	71
Division of Primary Care - Health Centers			
Personal Services	1,404	1,207	197
Non-Personal Services	1,513	1,509	4
Total Division of Primary Care - Health Centers	2,917	2,716	201
Total Department of Health	3,505	3,233	272
Nondepartmental Accounts			
Contribution to Pension System	286	281	5
Employee Hospital Care	184	180	4
Dental and Vision Care	23	22	1
Medicare Tax	18	18	-
Public Employee Assistance	1	1	-
Workers' Compensation Insurance	7	6	1
General Fund Overhead Charge	106	106	-
Total Nondepartmental Accounts	625	614	11
Total Expenditures	4,130	3,847	283
Excess (Deficiency) of Revenues over (under) Expenditures	(250)	(31)	219
Cancellation of Prior Years Encumbrances	-	118	118
Fund Balance - January 1	1,164	1,164	
Fund Balance - December 31	\$ 914	\$ 1,251	\$ 337

**City of Cincinnati, Ohio**  
Schedule of Revenue, Expenditures and Changes in Fund Balance  
Budget(Non-GAAP Budgetary Basis) and Actual  
For the year ended December 31, 2007  
(Amounts in Thousands)

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Positive (Negative)</u>
<b>STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND</b>			
<b>REVENUES</b>			
Intergovernmental Revenue			
Motor Vehicle License	\$ 2,000	\$ 2,183	\$ 183
Gasoline	7,500	7,875	375
Miscellaneous	250	303	53
	<u>9,750</u>	<u>10,361</u>	<u>611</u>
Total Revenues			
<b>EXPENDITURES</b>			
Department of Public Services			
Traffic and Road Operations Division			
Personal Services	3,187	3,187	-
Non-Personal Services	1,862	1,862	-
Capital Outlay	1	-	1
Total Traffic and Road Operations Division	<u>5,050</u>	<u>5,049</u>	<u>1</u>
Neighborhood Operations Division			
Personal Services	2,421	2,421	-
Non-Personal Services	357	357	-
Total Neighborhood Operations Division	<u>2,778</u>	<u>2,778</u>	<u>-</u>
Total Department of Public Services	7,828	7,827	1
Nondepartmental Accounts			
Contribution to Pension System	1,384	1,355	29
Employee Hospital Care	1,032	1,014	18
Dental and Vision Care	118	117	1
Medicare Tax	77	77	-
Workers' Compensation Insurance	30	30	-
State Unemployment Compensation	7	7	-
Life Insurance	2	2	-
Total Nondepartmental Accounts	<u>2,650</u>	<u>2,602</u>	<u>48</u>
Total Expenditures	<u>10,478</u>	<u>10,429</u>	<u>49</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(728)	(68)	660
Cancellation of Prior Years Encumbrances	-	40	40
Fund Balance - January 1	<u>2,392</u>	<u>2,392</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 1,664</u>	<u>\$ 2,364</u>	<u>\$ 700</u>

**City of Cincinnati, Ohio**  
Schedule of Revenue, Expenditures and Changes in Fund Balance  
Budget(Non-GAAP Budgetary Basis) and Actual  
For the year ended December 31, 2007  
(Amounts in Thousands)

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Positive (Negative)</u>
<b>PARKING METER FUND</b>			
<b>REVENUES</b>			
Miscellaneous	\$ 1,239	\$ 1,249	\$ 10
Total Revenues	1,239	1,249	10
<b>EXPENDITURES</b>			
Department of Community Development and Planning			
Housing Division			
Personal Services	71	55	16
Non-Personal Services	24	19	5
Total Department of Community Development and Planning	95	74	21
Department of Police			
Personal Services	342	342	-
Total Department of Police	342	342	-
Department of Transportation & Engineering			
Division of Traffic Engineering			
Personal Services	148	146	2
Non-Personal Services	555	551	4
Total Department of Transportation and Engineering	703	697	6
Nondepartmental Accounts			
Contribution to Pension System	31	30	1
Employee Hospital Care	11	11	-
Dental and Vision Care	1	1	-
Medicare Tax	1	1	-
Workers' Compensation Insurance	2	2	-
Downtown Special Improvement District	87	87	-
Total Nondepartmental Accounts	133	132	1
Total Expenditures	1,273	1,245	28
Excess (Deficiency) of Revenues over (under) Expenditures	(34)	4	38
Cancellation of Prior Years Encumbrances		83	83
Fund Balance - January 1	506	506	
Fund Balance - December 31	\$ 472	\$ 593	\$ 121

**City of Cincinnati, Ohio**  
Schedule of Revenue, Expenditures and Changes in Fund Balance  
Budget(Non-GAAP Budgetary Basis) and Actual  
For the year ended December 31, 2007  
(Amounts in Thousands)

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Positive (Negative)</u>
<b>CABLE TV FUND</b>			
<b>REVENUES</b>			
License and Permits	\$ 2,360	\$ 2,607	\$ 247
Miscellaneous	40	164	124
Total Revenues	2,400	2,771	371
<b>EXPENDITURES</b>			
Department of Regional Computer Center			
Personal Services	555	496	59
Non-Personal Services	880	863	17
Total Regional Computer Center	1,435	1,359	76
Office of the City Manager			
Personal Services	313	308	5
Non-Personal Services	245	182	63
Total Office of the City Manager	558	490	68
Department of Community Development and Planning			
Division of Housing Development			
Non-Personal Services	116	113	3
Total Department of Community Development and Planning	116	113	3
Department of Public Services			
Division of Neighborhood Operations			
Personal Services	35	32	3
Total Department of Public Services	35	32	3
Nondepartmental Accounts			
Contribution to Pension System	347	294	53
Employee Hospital Care	183	131	52
Dental and Vision Care	27	19	8
Medicare Tax	24	18	6
Workers' Compensation Insurance	6	6	-
Life Insurance	2	1	1
General Fund Overhead	76	76	-
Total Nondepartmental Accounts	665	545	120
Total Expenditures	2,809	2,539	270
Excess (Deficiency) of Revenues over (under) Expenditures	(409)	232	\$ 641
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating Transfers In	30	30	-
Total Other Financing Sources	30	30	-
Net Change in Fund Balance	(379)	262	641
Cancellation of Prior Years Encumbrances	-	659	659
Fund Balance - January 1	965	965	-
Fund Balance - December 31	\$ 586	\$ 1,886	\$ 1,300

**City of Cincinnati, Ohio**  
Schedule of Revenue, Expenditures and Changes in Fund Balance  
Budget(Non-GAAP Budgetary Basis) and Actual  
For the year ended December 31, 2007  
(Amounts in Thousands)

<b>INCOME TAX INFRASTRUCTURE FUND</b>	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Positive (Negative)</u>
<b>REVENUES</b>			
Taxes			
City Income Tax	\$ 14,517	\$ 14,614	\$ 97
Miscellaneous	400	718	318
	<hr/>	<hr/>	<hr/>
Total Revenues	14,917	15,332	415
<b>EXPENDITURES</b>			
Regional Computer Center			
Non-Personal Services	658	658	-
	<hr/>	<hr/>	<hr/>
Total Regional Computer Center	658	658	-
Office of Budget and Evaluation			
Personal Services	39	39	-
Non-Personal Services	22	20	2
	<hr/>	<hr/>	<hr/>
Total Office of Budget and Evaluation	61	59	2
Department of Law			
Division of Legal Services			
Personal Services	193	185	8
Non-Personal Services	6	5	1
	<hr/>	<hr/>	<hr/>
Total Department of Law	199	190	9
Department of Human Resources			
Personal Services	201	201	-
	<hr/>	<hr/>	<hr/>
Total Department of Human Resources	201	201	-
Division of Accounts and Audits			
Personal Services	167	167	-
Non-Personal Services	3	2	1
	<hr/>	<hr/>	<hr/>
Total Division of Accounts and Audits	170	169	1
Division of Purchasing			
Personal Services	203	203	-
Non-Personal Services	9	9	-
	<hr/>	<hr/>	<hr/>
Total Division of Purchasing	212	212	-
	<hr/>	<hr/>	<hr/>
Total Department of Finance	382	381	1

(Continued)



**City of Cincinnati, Ohio**  
Schedule of Revenue, Expenditures and Changes in Fund Balance  
Budget(Non-GAAP Budgetary Basis) and Actual  
For the year ended December 31, 2007  
(Amounts in Thousands)

<b>INCOME TAX INFRASTRUCTURE FUND</b>	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Positive (Negative)</u>
(Continued)			
Expenditures			
Department of Public Recreation			
Division of Maintenance			
Personal Services	\$ 391	\$ 391	\$ -
Total Department of Public Recreation	391	391	-
Department of Parks			
Division of Operations			
Personal Services	1,312	1,310	2
Non-Personal Services	218	218	-
Total Division of Operations	1,530	1,528	2
Division of Administration and Program Services			
Personal Services	33	33	-
Total Division of Administration and Program Services	33	33	-
Total Department of Parks	1,563	1,561	2
Department of Building and Inspections			
Division of Permits			
Personal Services	43	2	41
Total Department of Buildings and Inspections	43	2	41
Department of Transportation and Engineering			
Office of the Director			
Personal Services	385	385	-
Non-Personal Services	37	33	4
Total Office of the Director	422	418	4
Division of Transportation, Planning and Urban Design			
Personal Services	123	122	1
Non-Personal Services	50	42	8
Total Division of Transportation, Planning and Urban Design	173	164	9
Division of Engineering			
Personal Services	1,838	1,838	-
Non-Personal Services	694	690	4
Total Division of Engineering	2,532	2,528	4

(Continued)

**City of Cincinnati, Ohio**  
Schedule of Revenue, Expenditures and Changes in Fund Balance  
Budget(Non-GAAP Budgetary Basis) and Actual  
For the year ended December 31, 2007  
(Amounts in Thousands)

<b>INCOME TAX INFRASTRUCTURE FUND</b>	<b>Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Budget - Positive (Negative)</b>
(Continued)			
Expenditures			
Division of Traffic Engineering			
Personal Services	\$ 1,112	\$ 1,112	\$ -
Non-Personal Services	147	63	84
Total Division of Traffic Engineering	<u>1,259</u>	<u>1,175</u>	<u>84</u>
Total Department of Transportation and Engineering	4,386	4,285	101
Department of Public Services:			
Office of the Director			
Personal Services	224	221	3
Non-Personal Services	3	3	-
Capital Outlay	-	-	-
Total Office of the Director	<u>227</u>	<u>224</u>	<u>3</u>
Traffic and Road Operations Division			
Personal Services	1,797	1,792	5
Non-Personal Services	392	392	-
Total Traffic and Road Operations Division	<u>2,189</u>	<u>2,184</u>	<u>5</u>
Division of City Facility Management			
Personal Services	1,070	1,070	-
Non-Personal Services	1,080	1,079	1
Total City Facility Management	<u>2,150</u>	<u>2,149</u>	<u>1</u>
Total Department of Public Services:	4,566	4,557	9
Nondepartmental Accounts			
Contribution to Pension System	2,228	2,174	54
Employee Hospital Care	1,289	1,261	28
Dental and Vision Care	163	160	3
Medicare Tax	113	111	2
Public Employee Assistance	9	9	-
State Unemployment Compensation	35	35	-
Workers' Compensation Insurance	51	51	-
Life Insurance	10	10	-
General Fund Overhead	725	725	-
Total Nondepartmental Accounts	<u>4,623</u>	<u>4,536</u>	<u>87</u>
Total Expenditures	<u>17,073</u>	<u>16,821</u>	<u>252</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(2,156)	(1,489)	667
Cancellation of Prior Years Encumbrances	-	73	73
Fund Balance - January 1	<u>3,643</u>	<u>3,643</u>	
Fund Balance - December 31	<u>\$ 1,487</u>	<u>\$ 2,227</u>	<u>\$ 740</u>

**City of Cincinnati, Ohio**  
Schedule of Revenue, Expenditures and Changes in Fund Balance  
Budget(Non-GAAP Budgetary Basis) and Actual  
For the year ended December 31, 2007  
(Amounts in Thousands)

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Positive (Negative)</u>
<b>INCOME TAX TRANSIT FUND</b>			
<b>REVENUES</b>			
Taxes			
City Income Tax	\$ 43,550	\$ 43,840	\$ 290
Use of Money and Property	200	566	366
Total Revenues	43,750	44,406	656
<b>EXPENDITURES</b>			
SORTA			
Operations	43,814	43,814	-
Total SORTA	43,814	43,814	-
Department of Parks			
Division of Operations			
Non-Personal Services	30	23	7
Total Department of Parks	30	23	7
Department of Transportation and Engineering			
Division of Transportation, Planning & Urban Design			
Personal Services	34	3	31
Non-Personal Services	134	58	76
Total Department of Transportation and Engineering	168	61	107
Nondepartmental Accounts			
General Fund Overhead	511	498	13
Total Nondepartmental Accounts	511	498	13
Total Expenditures	44,523	44,396	127
Excess (Deficiency) of Revenues over (under) Expenditures	(773)	10	783
<b>OTHER FINANCING (Uses)</b>			
Transfers Out	(100)	(100)	-
Total Other Financing Uses	(100)	(100)	-
Net Change in Fund Balance	(873)	(90)	783
Fund Balance - January 1	11,234	11,234	-
Fund Balance - December 31	\$ 10,361	\$ 11,144	\$ 783

**City of Cincinnati, Ohio**  
Schedule of Revenue, Expenditures and Changes in Fund Balance  
Budget(Non-GAAP Budgetary Basis) and Actual  
For the year ended December 31, 2007  
(Amounts in Thousands)

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Positive (Negative)</u>
<b>MOTOR VEHICLE LICENSE FUND</b>			
<b>REVENUES</b>			
Intergovernmental Revenue	\$ 2,500	\$ 2,592	\$ 92
Miscellaneous	15	24	9
	<u>2,515</u>	<u>2,616</u>	<u>101</u>
Total Revenues	2,515	2,616	101
<b>EXPENDITURES</b>			
Department of Public Services			
Traffic and Road Operations Division			
Personal Services	864	864	-
Non-Personal Services	1,435	1,435	-
	<u>2,299</u>	<u>2,299</u>	<u>-</u>
Total Department of Public Services	2,299	2,299	-
Nondepartmental Accounts			
Contribution to Pension System	184	179	5
Employee Hospital Care	96	92	4
Dental and Vision Care	13	13	-
Medicare Tax	9	9	-
Workers' Compensation Insurance	4	4	-
Life Insurance	1	1	-
General Fund Overhead	59	59	-
	<u>366</u>	<u>357</u>	<u>9</u>
Total Nondepartmental Accounts	366	357	9
Total Expenditures	<u>2,665</u>	<u>2,656</u>	<u>9</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(150)	(40)	110
Fund Balance - January 1	<u>818</u>	<u>818</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 668</u>	<u>\$ 778</u>	<u>\$ 110</u>

**City of Cincinnati, Ohio**  
Schedule of Revenue, Expenditures and Changes in Fund Balance  
Budget(Non-GAAP Budgetary Basis) and Actual  
For the year ended December 31, 2007  
(Amounts in Thousands)

<b>SPECIAL RECREATION FUND</b>	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Positive (Negative)</u>
<b>REVENUES</b>			
Uses of Money and Property	\$ 350	\$ 430	\$ 80
Charges for Services	3,575	3,480	(95)
Miscellaneous	-	1	1
	<u>3,925</u>	<u>3,911</u>	<u>(14)</u>
<b>Total Revenues</b>	<b>3,925</b>	<b>3,911</b>	<b>(14)</b>
<b>EXPENDITURES</b>			
Department of Recreation			
Region 1			
Personal Services	395	392	3
Non-Personal Services	243	235	8
	<u>638</u>	<u>627</u>	<u>11</u>
<b>Total Region 1</b>	<b>638</b>	<b>627</b>	<b>11</b>
<b>EXPENDITURES</b>			
Department of Recreation			
Region 2			
Personal Services	680	665	15
Non-Personal Services	158	156	2
	<u>838</u>	<u>821</u>	<u>17</u>
<b>Total Region 2</b>	<b>838</b>	<b>821</b>	<b>17</b>
Region 3			
Personal Services	534	519	15
Non-Personal Services	215	173	42
	<u>749</u>	<u>692</u>	<u>57</u>
<b>Total Region 3</b>	<b>749</b>	<b>692</b>	<b>57</b>
Division of Athletics			
Personal Services	310	268	42
Non-Personal Services	344	323	21
	<u>654</u>	<u>591</u>	<u>63</u>
<b>Total Division of Athletics</b>	<b>654</b>	<b>591</b>	<b>63</b>
Division of Waterfront			
Personal Services	296	132	164
Non-Personal Services	547	501	46
Capital Outlay	20	20	-
	<u>863</u>	<u>653</u>	<u>210</u>
<b>Total Division of Waterfront</b>	<b>863</b>	<b>653</b>	<b>210</b>
Division of Support Services			
Personal Services	56	56	-
Non-Personal Services	60	57	3
Capital Outlay	34	33	1
	<u>150</u>	<u>146</u>	<u>4</u>
<b>Total Division of Support Services</b>	<b>150</b>	<b>146</b>	<b>4</b>

(Continued)

**City of Cincinnati, Ohio**  
Schedule of Revenue, Expenditures and Changes in Fund Balance  
Budget(Non-GAAP Budgetary Basis) and Actual  
For the year ended December 31, 2007  
(Amounts in Thousands)

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Positive (Negative)</u>
<b>SPECIAL RECREATION FUND</b>			
(Continued)			
Nondepartmental Accounts			
Contribution to Pension System	\$ 111	\$ 109	\$ 2
Employee Hospital Care	11	11	-
Dental and Vision Care	4	2	2
Medicare Tax	32	29	3
Workers' Compensation Insurance	13	12	1
General Fund Overhead	184	178	6
Total Nondepartmental Accounts	<u>355</u>	<u>341</u>	<u>14</u>
Total Expenditures	<u>4,247</u>	<u>3,871</u>	<u>376</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(322)	40	362
Cancellation of Prior Year Encumbrances		53	53
Fund Balance - January 1	<u>1,375</u>	<u>1,375</u>	
Fund Balance - December 31	<u>\$ 1,053</u>	<u>\$ 1,468</u>	<u>\$ 415</u>

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**CITY OF CINCINNATI, OHIO**

**NON-MAJOR ENTERPRISE FUNDS**

**Parking Facilities** - Used to account for the revenue and expenses of the parking meters, garages, and lots of the City.

**General Aviation** - Used to account for the expenses of Lunken Airport, financed primarily through user fees.

**Municipal Golf** - Used to account for the revenue received from all golf activities and for the expenses of operating the golf courses of the City.

**Stormwater Management** - Used to account for the operation, maintenance and improvement of a stormwater management system. Financing is provided by the users of the system in proportion to their use of the system.



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**CITY OF CINCINNATI, OHIO**  
**Combining Statement of Net Assets**  
**Nonmajor Enterprise Funds**  
**December 31, 2007**  
**(Amounts in Thousands)**

	<b>Business Type Activities - Enterprise Funds</b>				Total Nonmajor Enterprise Funds
	Parking Facilities	General Aviation	Municipal Golf	Stormwater Management	
<b>Assets</b>					
Current Assets:					
Cash and Equivalents	\$ 44	\$	\$ 53	\$	\$ 97
Equity in City Treasury Cash	4,986	690	771	1,667	8,114
Receivables:					
Accounts, Net	17	42	1	1,936	1,996
Accrued Interest	185	26	22	55	288
Due from Other Funds		19		49	68
Prepaid Items	4				4
Advances to Other Funds	1,665	1,152	1,190	491	4,498
Restricted Assets:					
Equity in City Treasury Cash	34				34
Noncurrent Assets:					
Equity in City Treasury Cash	6,717	929	1,038	2,246	10,930
Restricted Equity in City Treasury	45				45
Land	7,296	13,229	1,324	3,415	25,264
Buildings, net of Accumulated Depreciation	21,447	1,054	492		22,993
Improvements, net of Accumulated Depreciation	5,019	7,517	5,089	36,339	53,964
Machinery and Equipment, net of Accumulated Depreciation	696	234	71	68	1,069
Property Acquired Under Capital Lease Net of Accumulated Amortization			182		182
Construction in Progress	5,450	2,380	3,999	5,413	17,242
<b>Total Assets</b>	<b>\$ 53,605</b>	<b>\$ 27,272</b>	<b>\$ 14,232</b>	<b>\$ 51,679</b>	<b>\$ 146,788</b>
<b>Liabilities</b>					
Current Liabilities:					
Accounts Payable	\$ 490	\$ 9	\$ 175	\$ 67	\$ 741
Due to Other Funds	39	14	8	89	150
Accrued Payroll	103	37	7	47	194
Accrued Liabilities	592	36	1	1	630
Accrued Interest		2	2	3	7
Obligations Under Capital Lease			51		51
Deposits Payable		7			7
Unearned Revenue	7,129				7,129
Compensated Absences Payable	263	64	20	150	497
Unpaid Claims Liability	3			3	6
General Obligation Bonds Payable		32	33		65
Noncurrent liabilities:					
Urban Redevelopment Loans	4,698				4,698
Compensated Absences Payable	253	120	7	87	467
General Obligation Bonds Payable		585	585		1,170
Obligations Under Capital Lease			130		130
Net Pension Obligation	289	80	6	114	489
Net Other Post Employment Benefit Obligation	109	32	2	41	184
<b>Total Liabilities</b>	<b>13,968</b>	<b>1,018</b>	<b>1,027</b>	<b>602</b>	<b>16,615</b>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	35,210	23,797	10,375	45,235	114,617
Restricted	79				79
Unrestricted	4,348	2,457	2,830	5,842	15,477
<b>Total Net Assets</b>	<b>\$ 39,637</b>	<b>\$ 26,254</b>	<b>\$ 13,205</b>	<b>\$ 51,077</b>	<b>\$ 130,173</b>

**CITY OF CINCINNATI, OHIO**  
**Combining Statement of Revenue, Expenses and Changes in Net Assets**  
**Nonmajor Enterprise Funds**  
**For the year ended December 31, 2007**  
**(Amounts in Thousands)**

	<b>Business Type Activities - Enterprise Funds</b>				Total Nonmajor Enterprise Funds
	Parking Facilities	General Aviation	Municipal Golf	Stormwater Management	
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 8,567	\$ 1,887	\$ 6,457	\$ 8,713	\$ 25,624
Miscellaneous Income	150	35			185
Total Operating Revenues	<u>8,717</u>	<u>1,922</u>	<u>6,457</u>	<u>8,713</u>	<u>25,809</u>
<b>OPERATING EXPENSES</b>					
Personal Services	2,866	980	232	1,288	5,366
Contractual Services	2,087	133	4,770	1,552	8,542
Maintenance and Repairs	278	67	4	3,560	3,909
Materials and Supplies	95	53	175	44	367
Utilities	434	265	544	144	1,387
Insurance	20	14	-	1	35
Taxes	933	35	126	-	1,094
Rent	181	10	-	4	195
Other Expense	119	3	-	-	122
Depreciation and Amortization	2,026	731	478	1,632	4,867
Total Operating Expenses	<u>9,039</u>	<u>2,291</u>	<u>6,329</u>	<u>8,225</u>	<u>25,884</u>
Operating Income (Loss)	<u>(322)</u>	<u>(369)</u>	<u>128</u>	<u>488</u>	<u>(75)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest Revenue	1,055	147	99	328	1,629
Interest Expense	(338)	(28)	(99)	(33)	(498)
Loss on Disposal of Assets	(1,020)		-	-	(1,020)
Total Non-Operating Revenues (Expenses)	<u>(303)</u>	<u>119</u>	<u>-</u>	<u>295</u>	<u>111</u>
Income (Loss) before Contributions and Transfers	(625)	(250)	128	783	36
Transfers In	183		1,250	4	1,437
Transfers (Out)	(5,937)				(5,937)
Capital Contributions	43	96	54	12	205
Change in Net Assets	(6,336)	(154)	1,432	799	(4,259)
Net Assets, January 1	<u>45,973</u>	<u>26,408</u>	<u>11,773</u>	<u>50,278</u>	<u>134,432</u>
Net Assets, December 31	<u>\$ 39,637</u>	<u>\$ 26,254</u>	<u>\$ 13,205</u>	<u>\$ 51,077</u>	<u>\$ 130,173</u>

**CITY OF CINCINNATI, OHIO**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the year ended December 31, 2007**  
**(Amounts in Thousands)**

	<b>Business Type Activities - Enterprise Funds</b>				Total Nonmajor Enterprise Funds
	Parking Facilities	General Aviation	Municipal Golf	Stormwater Management	
<b>Cash Flows from Operating Activities:</b>					
Receipts from Customers	\$ 8,561	\$ 1,936	\$ 6,457	\$ 8,242	\$ 25,196
Receipts from Other Funds	22				22
Payments to Suppliers	(2,402)	(562)	(5,656)	(2,306)	(10,926)
Payments to Other Funds	(639)			(2,991)	(3,630)
Payments to Employees	(2,904)	(956)	(228)	(1,241)	(5,329)
Payments for Property Taxes	(905)	(35)			(940)
<b>Net Cash Provided by Operating Activities</b>	<b>1,733</b>	<b>383</b>	<b>573</b>	<b>1,704</b>	<b>4,393</b>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Repayment of Advances Made To Other Funds	2,999	55	522	2,035	5,611
Advances to Other Funds					
Transfers to Other Funds	(5,937)				(5,937)
Transfers from Other Funds	183		1,250	4	1,437
<b>Net Cash Provided (Used) by Noncapital Financing</b>	<b>\$ (2,755)</b>	<b>\$ 55</b>	<b>\$ 1,772</b>	<b>\$ 2,039</b>	<b>\$ 1,111</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Capital Contributed by Other Sources		83		12	95
Proceeds from Urban Redevelopment Loans	4,698				4,698
Acquisition of Property, Plant and Equipment	(166)			(29)	(195)
Interest Paid on Bonds and Notes	(710)	(28)	(101)	(33)	(872)
Principal Paid on Bonds and Notes	(7,874)	(33)	(227)	(725)	(8,859)
Payments on Long Term Capital Leases Obligations			(38)		(38)
Additions to Construction in Progress	(286)	(472)	(1,711)	(3,106)	(5,575)
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>(4,338)</b>	<b>(450)</b>	<b>(2,077)</b>	<b>(3,881)</b>	<b>(10,746)</b>
<b>Cash Flow from Investing Activities:</b>					
Interest and Dividends on Investments	1,085	148	96	343	1,672
<b>Net Cash Provided by Investing Activities</b>	<b>1,085</b>	<b>148</b>	<b>96</b>	<b>343</b>	<b>1,672</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(4,275)</b>	<b>136</b>	<b>364</b>	<b>205</b>	<b>(3,570)</b>
Cash and Cash Equivalents at Beginning of Year	16,101	1,483	1,498	3,708	22,790
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 11,826</b>	<b>\$ 1,619</b>	<b>\$ 1,862</b>	<b>\$ 3,913</b>	<b>\$ 19,220</b>

**CITY OF CINCINNATI, OHIO**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the year ended December 31, 2007**  
**(Amounts in Thousands)**

	<b>Business Type Activities - Enterprise Funds</b>				Total Nonmajor Enterprise Funds
	Parking Facilities	General Aviation	Municipal Golf	Stormwater Management	
<u>Reconciliation of Operating Income (Loss) to</u>					
<u>Net Cash Provided (Used) by</u>					
<u>Operating Activities:</u>					
Operating Income (Loss)	\$ (322)	\$ (369)	\$ 128	\$ 488	\$ (75)
Depreciation and Amortization	2,026	731	478	1,632	4,867
Changes in Assets and Liabilities:					
(Increase) Decrease in:					
Receivables	12	14	(1)	(334)	(309)
Due from Other Funds	27	3		(24)	6
Prepaid Items	1				1
Increase (Decrease) in:					
Accounts Payable	160	(1)	(34)	14	139
Due to Other Funds	10	(19)	(2)	(120)	(131)
Accrued Payroll	10	1		6	17
Accrued Liabilities	28			1	29
Unearned Revenue	(173)				(173)
Compensated Absences Payable	(42)	29	4	42	33
Unpaid Claims Payable	2	(4)		1	(1)
Net Pension Obligation	(4)	(2)		(1)	(7)
Net Other Post Employment Benefit Obligation	(2)			(1)	(3)
Net Cash Provided by Operating Activities	<u>\$ 1,733</u>	<u>\$ 383</u>	<u>\$ 573</u>	<u>\$ 1,704</u>	<u>\$ 4,393</u>
<u>Schedule of Noncash Investing</u>					
<u>Capital and Financing Activities:</u>					
Property Plant and Equipment					
Acquired through a capital lease	\$	\$	\$ 219	\$	\$ 219
Contributed by Other Funds	43	13	54		110
Total Noncash Investing, Capital and Financing Activities	<u>\$ 43</u>	<u>\$ 13</u>	<u>\$ 273</u>	<u>\$</u>	<u>\$ 329</u>

CITY OF CINCINNATI, OHIO

**INTERNAL SERVICE FUNDS**

**Reproduction, Printing and Stores** - Used to account for revenue from City departments and for the expenses of operations and maintenance of the Division of Reproduction and Printing. Also, used to account for the revenue and expenses related to the distribution and sale of materials and supplies.

**Fleet Services** - Used to account for revenue from City departments for auto repairs and maintenance and to account for the expenses necessary to provide this service.

**Property Management** - Used to account for proceeds of City leases and land sales and to account for costs of administering the fixed assets of the City.

**Mechanized Street Sweeping** – Used to account for revenues from various sources and to track revenues and expenditures for materials, salaries, service contracts and other costs associated with the mechanized street sweeping contract awarded to City employees as a result of the managed competition process for this service.

**Self Insurance-Medical** - Used to account for monies appropriated from the General or other funds or received from contract agencies, employees, members of council and others, including interest earned, and to make expenditures for employee medical costs.

**Self Insurance-Workers' Compensation** - Used to receive, from all City funds, workers' compensation premium charges, and to pay workers' compensation premium payments, claim costs and reserve settlements.

**Regional Computer Center** - Used to account for revenue and expenses related to the delivery of data processing services to the City, Hamilton County, and others.

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**CITY OF CINCINNATI, OHIO**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**December 31, 2007**  
**(Amounts in Thousands)**

	Purchasing Reproduction and Printing	Fleet Services	Property Management	Mechanized Street Sweeping	Self Insurance Medical	Self Insurance Workers' Compensation	Regional Computer Center	Total Internal Service Funds
<b>ASSETS</b>								
Current Assets:								
Cash	\$ 442	\$ 99	\$ 155	\$ 14	\$ 4,767	\$ 14,274	\$ 769	\$ 20,520
Equity in City Treasury Cash								
Receivables:								
Accounts, Net	13	219	1				23	256
Accrued Interest					67	338	15	420
Due from Other Funds	4	1,157			13		513	1,687
Due from Other Governments							880	880
Prepaid Items		3	11		1,207		152	1,373
Inventory	63	313						376
Advances to Other Funds							1,629	1,629
Noncurrent Assets:								
Equity in City Treasury Cash	595	133	209	19	6,420	19,226	1,037	27,639
Land		283						283
Improvements, net of Accumulated Depreciation		2,230	4				1,990	4,224
Machinery and Equipment, net of Accumulated Depreciation	196	1,211	14				32,511	33,932
Total Assets	1,313	5,648	394	33	12,474	33,838	39,519	93,219



**CITY OF CINCINNATI, OHIO**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**December 31, 2007**  
**(Amounts in Thousands)**

	Purchasing Reproduction and Printing	Fleet Services	Property Management	Mechanized Street Sweeping	Self Insurance Medical	Self Insurance Workers' Compensation	Regional Computer Center	Total Internal Service Funds
<b>LIABILITIES</b>								
Current Liabilities:								
Accounts Payable	\$ 179	\$ 1,141	\$	\$	\$ 3,095	\$ 641	\$ 1,086	\$ 6,142
Due to Other Funds	3	865	85		189		485	1,627
Accrued Payroll	24	252	11				661	948
Accrued Liabilities	1	2				2,094	454	2,551
Deposits Payable			36					36
Unearned Revenue			8				627	635
Compensated Absences Payable	55	472	29		9,395	3,850	1,239	1,795
Unpaid Claims Payable								13,245
Noncurrent Liabilities:								
Estimated Liability for Compensated Absences		72	29				181	282
Estimated Liability for Unpaid Claims						9,130		9,130
Advances from Other Funds		105	177	21				303
Advances from Other Governments		20					1	21
Net Pension Obligation	47	494	26				1,061	1,628
Net Other Post Employment Benefit Obligation	18	188	11				390	607
Total Liabilities	327	3,611	412	21	12,679	15,715	6,185	38,950
<b>NET ASSETS</b>								
Investment in Capital Assets, Net of Related Debt Unrestricted	196	3,724	18		(205)	18,123	34,501	38,439
	790	(1,687)	(36)	12			(1,167)	15,830
Total Net Assets	\$ 986	\$ 2,037	\$ (18)	\$ 12	\$ (205)	\$ 18,123	\$ 33,334	\$ 54,269

**CITY OF CINCINNATI, OHIO**  
**Combining Statement of Revenue, Expenses and Changes in Fund Net Assets**  
Internal Service Funds  
For the year ended December 31, 2007  
(Amounts in Thousands)

	Purchasing Reproduction and Printing	Fleet Services	Property Management	Mechanized Street Sweeping	Self Insurance Medical	Self Insurance Workers' Compensation	Regional Computer Center	Total Internal Service Funds
<b>OPERATING REVENUES</b>								
Charges for Services	\$ 3,002	\$ 16,499	\$ 2,064	\$ 800	\$ 83,255	\$ 1,214	\$ 16,131	\$ 120,901
Miscellaneous			2,064					2,064
<b>Total Operating Revenues</b>	<b>3,002</b>	<b>16,499</b>	<b>2,064</b>	<b>800</b>	<b>83,255</b>	<b>1,214</b>	<b>16,131</b>	<b>122,965</b>
<b>OPERATING EXPENSES</b>								
Personal Services	601	5,376	478	423			10,243	17,121
Contractual Services	828	263	73		447	826	2,344	4,781
Maintenance and Repairs	154	542		123		11	647	1,477
Materials and Supplies	1,316	9,773	9	38			1,252	12,388
Utilities	3	258	2				1,089	1,352
Insurance	1	10			84,903	3,077	50	88,041
Rent	18	19	43	253			1,883	2,216
Depreciation and Amortization	67	243	2	8			3,877	4,197
Other Expense	1	44	1		8		12	66
<b>Total Operating Expenses</b>	<b>2,989</b>	<b>16,528</b>	<b>608</b>	<b>845</b>	<b>85,358</b>	<b>3,914</b>	<b>21,397</b>	<b>131,639</b>
Operating Income (Loss)	13	(29)	1,456	(45)	(2,103)	(2,700)	(5,266)	(8,674)
<b>NONOPERATING REVENUES (EXPENSES)</b>								
Interest Expense		(21)						(21)
Interest Revenue		(118)			412	1,881	82	2,375
(Loss) on Disposal of Assets		(139)			412	1,881	82	(118)
<b>Total Non-Operating Revenue (Expenses)</b>								<b>2,236</b>
Income (Loss) before Contributions and Transfers	13	(168)	1,456	(45)	(1,691)	(819)	(5,184)	(6,438)
Transfers In							976	976
Transfers (Out)		(10)	(1,375)				(41)	(1,426)
Capital Contribution		391						391
<b>Change in Net Assets</b>	<b>13</b>	<b>213</b>	<b>81</b>	<b>(45)</b>	<b>(1,691)</b>	<b>(819)</b>	<b>(4,249)</b>	<b>(6,497)</b>
Net Assets, January 1	973	1,824	(99)	57	1,486	18,942	37,583	60,766
<b>Net Assets, December 31</b>	<b>986</b>	<b>\$ 2,037</b>	<b>\$ (18)</b>	<b>\$ 12</b>	<b>\$ (205)</b>	<b>\$ 18,123</b>	<b>\$ 33,334</b>	<b>\$ 54,269</b>

**CITY OF CINCINNATI, OHIO**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the year ended December 31, 2007**  
**(Amounts in Thousands)**

	Purchasing Reproduction and Printing	Fleet Services	Property Management	Mechanized Street Sweeping	Self Insurance Medical	Self Insurance Workers' Compensation	Regional Computer Center	Total Internal Service Funds
<b>Cash Flows from Operating Activities:</b>								
Receipts from Customers	\$ 126	\$ 405	\$ 1,946	\$ 868	\$ 5,129	\$ 1,214	\$ 7,867	\$ 15,473
Receipts from Other Funds	2,875	15,925			32,760		9,567	63,209
Receipts from Retirement System					43,418			43,418
Payment to Suppliers	(2,349)	(10,173)	(128)	(403)	(84,981)	(6,580)	(5,670)	(110,284)
Payments to Other Funds	(8)	(459)					(1,430)	(1,897)
Payments to Employees	(617)	(5,361)	(474)	(554)			(10,102)	(17,108)
Net Cash Provided (Used) by Operating Activities	27	337	1,344	(89)	(3,674)	(5,366)	232	(7,189)
<b>Cash Flows from Noncapital Financing Activities:</b>								
Repayment of Advances Made to Other Funds							2,370	2,370
Repayment of Advances Received From Other Funds		(52)						(52)
Amount Due to Other Fund for Property Acquisition		(40)					(41)	(40)
Transfers to Other Funds			(1,296)					(1,337)
Transfers from Other Funds							976	976
Net Cash Provided (Used) by Noncapital Financing Activities		(92)	(1,296)				3,305	1,917
<b>Cash Flows from Capital and Related</b>								
Acquisition of Property, Plant and Equipment			(15)				(3,380)	(3,395)
Additions to Construction In Progress		(6)						(6)
Interest Paid on Debt		(21)						(21)
Payment on Long Term Capital Lease Obligations	(1)							(1)
Net Cash (Used) by Capital and Related Financing Activities	(1)	(27)	(15)				(3,380)	(3,423)
<b>Cash Flows from Investing Activities:</b>								
Interest on Investments								
Net Cash Provided by Investing Activities					423	1,932	80	2,435
Net Increase (Decrease) in Cash and Cash Equivalents	26	218	33	(89)	(3,251)	(3,434)	237	(6,260)
Cash and Cash Equivalents at Beginning of Year	1,011	14	331	122	14,438	36,934	1,569	54,419
Cash and Cash Equivalents at End of Year	\$ 1,037	\$ 232	\$ 364	\$ 33	\$ 11,187	\$ 33,500	\$ 1,806	\$ 48,159

**CITY OF CINCINNATI, OHIO**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the year ended December 31, 2007**  
**(Amounts in Thousands)**

	Purchasing Reproduction and Printing	Fleet Services	Property Management	Mechanized Street Sweeping	Self Insurance Medical	Self Insurance Workers' Compensation	Regional Computer Center	Total Internal Service Funds
<u>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</u>								
Operating Income (Loss)	\$ 13	\$ (29)	\$ 1,456	\$ (45)	\$ (2,103)	\$ (2,700)	\$ (5,266)	\$ (8,674)
Depreciation and Amortization	67	243	2	8			3,877	4,197
Changes in Assets and Liabilities:								
(Increase) Decrease in:								
Receivables	3	(17)	(1)				60	45
Due from Other Funds	(4)	(152)		68	(13)		785	684
Due from Other Governments							947	947
Inventory	(27)	(25)		14			213	(52)
Prepaid Items		1						228
Increase (Decrease) in:								
Accounts Payable	(9)	405		(3)	377	(107)	(96)	567
Deposits Payable			(103)					(103)
Due to Other Funds		(92)		(5)	(1,935)		39	(1,993)
Accrued Payroll	5	91	1	(12)		6	239	324
Accrued Liabilities							38	44
Unearned Revenue			(14)				(489)	(503)
Estimated Liability for Compensated Absences	(20)	(78)	4	(63)			(93)	(250)
Estimated Liability for Unpaid Claims Payable						(2,565)		(2,565)
Net Pension Obligation	(1)	(7)	(1)	(36)			(16)	(61)
Net Other Post Employment Benefit Obligation		(3)		(15)			(6)	(24)
Net Cash Provided (Used) by Operating Activities	\$ 27	\$ 337	\$ 1,344	\$ (89)	\$ (3,674)	\$ (5,366)	\$ 232	\$ (7,189)
<u>Schedule of Noncash Investing, Capital and Financing Activities:</u>								
Property Plant and Equipment Transferred to Other Funds	\$	\$ (10)	\$	\$	\$	\$	\$	\$ (10)
Contributed by Other Funds		391						391
Total Noncash Investing, Capital and Financing Activities	\$	\$ 381	\$	\$	\$	\$	\$	\$ 381

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CITY OF CINCINNATI, OHIO

**FIDUCIARY FUNDS**

—  
**TRUST AND AGENCY FUNDS**

**Pension Trust Fund**

**Pension Trust** - Used to account for the receipts and expenditures of the City's Retirement System.

**Agency Funds**

**Towing Charges** - Used to account for monies received as charges for towing and storage of impounded vehicles.

**Convention Facility Authority** - Used to account for monies collected by the City of Cincinnati from Transient Occupancy Tax Revenues.

**Admission Tax Bond** - Used to account for deposits related to entertainment facilities in the City.

**Engineering Deposits** - Used to account for Transportation & Engineering monies reserved for specific purposes.

**Metropolitan Sewer District** - Used to account for the monies of the Metropolitan Sewer District.

**CITY OF CINCINNATI, OHIO**  
**Statement of Plan Net Assets**  
**Pension Trust**  
**December 31, 2007**  
**(Amounts in Thousands)**

	Pension	Healthcare	Total
<b>ASSETS</b>			
Cash and Equivalents	\$ 71,497	\$ 33,289	\$ 104,786
Investments, at fair value:			
U. S. Government Agencies	1,123	522	1,645
U. S. Government Mortgage Backed Securities	192,993	89,859	282,852
Corporate Bonds	190,745	88,812	279,557
State and Local Obligations	688	321	1,009
Equities	1,243,574	579,015	1,822,589
Venture Capital	32,097	14,944	47,041
Real Estate	45,860	21,353	67,213
Other Bonds	11,102	5,169	16,271
Other Assets	37,462	17,443	54,905
Total Investments, at fair value	1,755,644	817,438	2,573,082
Collateral on Loaned Securities	288,426	134,292	422,718
Receivables:			
Accounts Receivable - Other	166	78	244
Accounts Receivable for Securities Sold	165,771	77,183	242,954
Accrued Interest and Dividends	5,605	2,610	8,215
Due from Other Funds	952	443	1,395
Due from Other Governments	1,784	831	2,615
Loans Receivable	12,275	5,716	17,991
Machinery and Equipment	1,152	537	1,689
Accumulated Depreciation	(937)	(437)	(1,374)
Total Assets	2,302,335	1,071,980	3,374,315
<b>LIABILITIES</b>			
Accounts Payable	1,089	509	1,598
Accounts Payable for Securities Purchased	176,251	82,063	258,314
Due to Other Funds	20	10	30
Obligations under Securities Lending	288,426	134,292	422,718
Accrued Payroll	16	7	23
Accrued Liabilities	7,168	3,338	10,506
Estimated Liability for Compensated Absences	63	29	92
Total Liabilities	473,033	220,248	693,281
<b>NET ASSETS</b>			
Held in Trust for Employees' Pension Benefits	1,829,302		1,829,302
Held in Trust for Employees' Post employment Healthcare Benefits		851,732	851,732
Combined Net Assets	\$ 1,829,302	\$ 851,732	\$ 2,681,034

**CITY OF CINCINNATI, OHIO**  
**Combining Statement of Changes in Plan Net Assets**  
**Pension Trust**  
**For the year ended December 31, 2007**  
**(Amounts in Thousands)**

	<u>Pension</u>	<u>Healthcare</u>	<u>Total</u>
<b>ADDITIONS</b>			
Contributions:			
Member	\$ 11,018	\$ 1,829	\$ 12,847
Employer	31,764	5,271	37,035
Other		804	804
Total Contributions	<u>42,782</u>	<u>7,904</u>	<u>50,686</u>
Transfers from Other Retirement Systems	370		370
Investment Income			
From Investing Activities:			
Interest & Dividends	54,428	25,421	79,849
Net Appreciation in Fair Value of Investments	<u>79,391</u>	<u>37,080</u>	<u>116,471</u>
Total Investment Earnings	133,819	62,501	196,320
Less Investment Management Expenses	<u>3,843</u>	<u>1,795</u>	<u>5,638</u>
Net Income From Investing Activities	<u>129,976</u>	<u>60,706</u>	<u>190,682</u>
From Security Lending Activities:			
Securities Lending Income	<u>15,739</u>	<u>7,351</u>	<u>23,090</u>
Securities Lending Expense:			
Borrower Rebates	(14,436)	(6,742)	(21,178)
Management Fees	<u>(327)</u>	<u>(153)</u>	<u>(480)</u>
Total Securities Lending Expenses	<u>(14,763)</u>	<u>(6,895)</u>	<u>(21,658)</u>
Net Income from Securities Lending Activities	<u>976</u>	<u>456</u>	<u>1,432</u>
Total Additions	<u>174,104</u>	<u>69,066</u>	<u>243,170</u>
<b>DEDUCTIONS</b>			
Benefits Payments:			
Pension and Annuities	117,307		117,307
Hospital and Medical Care		43,647	43,647
Medicare		3,734	3,734
Dental Benefits		1,421	1,421
Vision Benefits		141	141
Death Benefits, Active and Retired	1,244		1,244
Loss Due to Death of Members with Loans	8		8
Transfers - Retirement to Other Systems	1,214		1,214
Total Benefits Payments	<u>119,773</u>	<u>48,943</u>	<u>168,716</u>
Refunds of Contributions	<u>1,360</u>		<u>1,360</u>
Administrative Expenses:			
Personal Services	594	278	872
Contractual Services	159	74	233
Materials and Supplies	62	29	91
Depreciation	<u>31</u>	<u>15</u>	<u>46</u>
Total Administration Expenses	<u>846</u>	<u>396</u>	<u>1,242</u>
Total Deductions	<u>121,979</u>	<u>49,339</u>	<u>171,318</u>
Change in Net Assets	52,125	19,727	71,852
Net Assets held in Trust for Benefits			
Beginning of Year	<u>1,777,177</u>	<u>832,005</u>	<u>2,609,182</u>
End of Year	<u>\$ 1,829,302</u>	<u>\$ 851,732</u>	<u>\$ 2,681,034</u>



**CITY OF CINCINNATI, OHIO**  
**Combining Statement of Fiduciary Assets and Liabilities**

December 31, 2007  
(Amounts in Thousands)

	<b>Agency Funds</b>						Total
	Towing Charges Private Operators	Convention Facility Authority	Admissions Tax Bonds	Engineering Deposits	Metropolitan Sewer District	Total	
<b>ASSETS</b>							
Cash and Cash Equivalents	\$	\$	\$	\$	\$	\$	\$
Equity in City Treasury Cash	293	244	27	2,008	396	2,572	2
Cash with Fiscal Agent					352,442	396	396
Investments, at fair value						352,442	352,442
Receivables:							
Accounts, Net		304		27	31,770		32,101
Accrued Interest and Dividends					1,364		1,364
Due from Other Funds							
Due from Other Governments		304					304
Inventory					207		207
<b>Total Assets</b>	<u>\$ 293</u>	<u>\$ 852</u>	<u>\$ 27</u>	<u>\$ 2,037</u>	<u>\$ 386,179</u>	<u>\$ 389,388</u>	
<b>LIABILITIES</b>							
Accounts Payable	\$	\$	\$	\$	\$	\$	\$
Due to Other Governmental Agencies	293	304			13,398	13,995	13,995
Accrued Payroll		548			358,630	359,178	359,178
Accrued Liabilities					2,031	2,031	2,031
Deposits Payable				2,037	23	23	23
Estimated Liability for Compensated Absences			27		6,821	6,821	6,821
Net Pension Obligation					4,406	4,406	4,406
Net Other Post Employment Benefit Obligation					870	870	870
<b>Total Liabilities</b>	<u>\$ 293</u>	<u>\$ 852</u>	<u>\$ 27</u>	<u>\$ 2,037</u>	<u>\$ 386,179</u>	<u>\$ 389,388</u>	

**CITY OF CINCINNATI, OHIO**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year ended December 31, 2007**  
**(Amounts in Thousands)**

	Balance January 1, 2007	Additions	Deductions	Balance December 31, 2007
<b><u>TOWING CHARGES - PRIVATE OPERATORS</u></b>				
<b>ASSETS</b>				
Equity in City Treasury Cash	\$ 299	\$ 610	\$ 616	\$ 293
<b>LIABILITIES</b>				
Accounts Payable	\$ 280	\$ 293	\$ 280	\$ 293
Deposits Payable	19	284	303	
Total Liabilities	<u>\$ 299</u>	<u>\$ 577</u>	<u>\$ 583</u>	<u>\$ 293</u>
<b><u>CONVENTION FACILITY AUTHORITY</u></b>				
<b>ASSETS</b>				
Equity in City Treasury Cash	\$ 221	\$ 1,292	\$ 1,269	\$ 244
Accounts Receivable		304		304
Due from Other Governments		304		304
	<u>\$ 221</u>	<u>\$ 1,900</u>	<u>\$ 1,269</u>	<u>\$ 852</u>
<b>LIABILITIES</b>				
Due to Other Governments	\$ 221	\$ 327		\$ 548
Accounts Payable		304		304
Deposits Payable		1,269	1,269	
Total Liabilities	<u>\$ 221</u>	<u>\$ 1,900</u>	<u>\$ 1,269</u>	<u>\$ 852</u>
<b><u>ADMISSION TAX BONDS</u></b>				
<b>ASSETS</b>				
Equity in City Treasury Cash	\$ 26	\$ 1		\$ 27
<b>LIABILITIES</b>				
Deposits Payable	<u>\$ 26</u>	<u>\$ 1</u>		<u>\$ 27</u>
<b><u>ENGINEERING DEPOSITS</u></b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$	\$ 142	\$ 140	\$ 2
Equity in City Treasury Cash	1,850	2,177	2,019	2,008
Accounts Receivable	32	298	303	27
Due From Other Funds	8		8	
Total Assets	<u>\$ 1,890</u>	<u>\$ 2,475</u>	<u>\$ 2,330</u>	<u>\$ 2,037</u>
<b>LIABILITIES</b>				
Deposits Payable	\$ 1,890	\$ 2,268	\$ 2,121	\$ 2,037
Accounts Payable				
	<u>\$ 1,890</u>	<u>\$ 2,268</u>	<u>\$ 2,121</u>	<u>\$ 2,037</u>

**CITY OF CINCINNATI, OHIO**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year ended December 31, 2007**  
**(Amounts in Thousands)**

	Balance January 1, 2007	Additions	Deductions	Balance December 31, 2007
<b><u>METROPOLITAN SEWER DISTRICT</u></b>				
<b>ASSETS</b>				
Investments	\$ 382,016	\$ 151,333	\$ 180,907	\$ 352,442
Cash With Fiscal Agent		426	30	396
Accounts Receivable	29,688	33,047	30,965	31,770
Accrued Interest Receivable	1,268	1,364	1,268	1,364
Due From Other Funds	86		86	
Inventory	278	766	837	207
<b>Total Assets</b>	<b>\$ 413,336</b>	<b>\$ 186,936</b>	<b>\$ 214,093</b>	<b>\$ 386,179</b>
<b>LIABILITIES</b>				
Accounts Payable	15,083	206,212	207,897	13,398
Due to Other Governmental Agencies	384,592	352,016	377,978	358,630
Accrued Payroll	1,390	2,031	1,390	2,031
Accrued Liabilities	20	23	20	23
Estimated Liability for Compensated Absences	6,975	6,821	6,975	6,821
Net Pension Obligation	3,823	583		4,406
Net Other Post Employment Benefit Obligation	1,453		583	870
<b>Total Liabilities</b>	<b>\$ 413,336</b>	<b>\$ 567,686</b>	<b>\$ 594,843</b>	<b>\$ 386,179</b>
<b><u>TOTAL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$	\$ 142	\$ 140	\$ 2
Equity in City Treasury Cash	2,396	4,080	3,904	2,572
Cash with Fiscal Agent		426	30	396
Investments	382,016	151,333	180,907	352,442
Receivables:				
Accounts, Net	29,720	33,649	31,268	32,101
Accrued Interest Receivable	1,268	1,364	1,268	1,364
Due from Other Funds	94		94	
Due from Other Governments		304		304
Inventory	278	766	837	207
<b>Total Assets</b>	<b>\$ 415,772</b>	<b>\$ 191,922</b>	<b>\$ 218,308</b>	<b>\$ 389,388</b>
<b>LIABILITIES</b>				
Accounts Payable	15,363	206,809	208,177	13,995
Due to Other Governmental Agencies	384,813	352,343	377,978	359,178
Accrued Payroll	1,390	2,031	1,390	2,031
Accrued Liabilities	20	23	20	23
Deposits Payable	1,935	3,822	3,693	2,064
Estimated Liability for Compensated Absences	6,975	6,821	6,975	6,821
Net Pension Obligation	3,823	583		4,406
Net Other Post Employment Benefit Obligation	1,453		583	870
<b>Total Liabilities</b>	<b>\$ 415,772</b>	<b>\$ 572,432</b>	<b>\$ 598,816</b>	<b>\$ 389,388</b>

**CAPITAL ASSETS USED IN THE  
OPERATION OF GOVERNMENTAL FUNDS**

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**CITY OF CINCINNATI, OHIO**  
**Comparative Schedule of Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Source**  
**December 31**  
**(Amounts In Thousands)**

	<u>2007</u>	<u>2006</u>
Governmental Funds Capital Assets		
Land	\$ 168,179	\$ 161,977
Buildings	142,616	141,152
Improvements	323,426	308,940
Machinery and Equipment	149,769	145,470
Infrastructure	610,942	561,775
Construction in Progress	122,057	137,660
Property acquired under capital leases	<u>1,209</u>	<u>134</u>
Total Governmental Capital Assets	<u>\$ 1,518,198</u>	<u>\$ 1,457,108</u>
Investment in Governmental Capital Assets	<u>\$ 1,518,198</u>	<u>\$ 1,457,108</u>

Investment in Governmental Capital Assets by Source:

Permanent Improvement Fund or		
General Obligation Bonds	\$ 953,676	\$ 906,598
Federal Grants	70,245	64,530
State Grants	149,027	153,044
County Grants	24,845	24,845
Private	9,289	
General Fund Revenues	51,980	51,658
Special Revenue Funds	6,267	9,138
Gifts	6,709	12,452
Other and Undifferentiated	<u>246,160</u>	<u>234,843</u>
Total from All Sources	<u>\$ 1,518,198</u>	<u>\$ 1,457,108</u>

**CITY OF CINCINNATI, OHIO**  
**Schedule of Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**As of December 31, 2007**  
**(Amounts in Thousands)**

	Total	Land	Buildings	Improvements	Equipment	Infrastructure	Property Acquisition under Capital Leases	Construction In Progress
Mayor and Council	\$ 92				92			
City Manager	378		48		330			
Economic Development	9,093			4,000		5,093		
Law	92				92			
Human Resources	4,416			4,405	11			
Finance	378				378			
Regional Computer Center	3,817				3,817			
Community Development	119,708		2,128	43,095	247	9,638		
Recreation	100,417	64,600	18,663	70,975	3,645	207	68	
Parks	36,849	12,722	8,836	8,304	2,568	4,219		
Buildings and Inspections	399				399			
Public Safety	60,546	1,591	7,852	9,906	40,112	591,400	1,085	
Transportation & Engineering	630,480	21,879	5,450	10,800	951			
Enterprise Services	1,167	297			870			
Public Services	55,815	1,011	6,074	24,003	24,342	385		
Public Health	12,756	237	2,736	7,358	2,425			
Pooled, Unassigned Equipment				83,224	1,170			
Southern Railway Improvement								
General Government								
Land	58,700	58,700						
Buildings	90,557		90,557					
Improvements				51,805				
Total Governmental Capital Assets Allocated by Function	1,321,659	167,896	142,344	317,875	81,449	610,942	1,153	
Construction in Progress	122,057							122,057
Internal Service Funds:								
Purchasing, Printing and Stores	857				801			
Fleet Services	6,533	283	272	3,376	2,602		56	
Street Sweeping	77				77			
Property Management	21			6	15			
Regional Computer Center	66,994			2,189	64,825			
Total Governmental Capital Assets	1,518,198	168,179	142,616	323,426	149,769	610,942	\$ 1,209	122,057

**CITY OF CINCINNATI, OHIO**  
**Schedule of Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity**  
**For the Year Ended December 31, 2007**  
**(Amounts in Thousands)**

	General Capital Assets January 1, 2007	Additions	Deletions	General Capital Assets December 31, 2007
Mayor and Council	\$ 92	\$	\$	\$ 92
City Manager	361	17		378
Economic Development	4,198	4,895		9,093
Law	79	13		92
Human Resources	4,415	5	4	4,416
Regional Computer Center	3,857		40	3,817
Finance	373	41	36	378
Community Development	112,879	7,072	243	119,708
Recreation	94,308	6,403	294	100,417
Parks	35,441	1,708	500	36,649
Buildings and Inspections	451		52	399
Public Safety	59,359	3,937	2,750	60,546
Transportation & Engineering	588,854	43,259	1,633	630,480
Enterprise Services	1,181		14	1,167
Public Services	45,907	11,441	1,533	55,815
Public Health	12,338	464	46	12,756
Pooled, Unassigned Equipment	977	786	593	1,170
Southern Railway Improvement	83,224			83,224
General Government				
Land	58,706		6	58,700
Buildings	90,559		2	90,557
Improvements	51,805			51,805
Construction in Progress	136,809	62,480	77,232	122,057
Internal Service Funds:				
Purchasing, Printing and Stores	857			857
Fleet Services	6,380	1,701	1,548	6,533
Street Sweeping	77			77
Property Management	6	15		21
Regional Computer Center	63,615	7,233	3,854	66,994
Total Governmental Capital Assets	<u>\$ 1,457,108</u>	<u>\$ 151,470</u>	<u>\$ 90,380</u>	<u>\$ 1,518,198</u>



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## **SCHEDULES**

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**CITY OF CINCINNATI, OHIO**  
**Outstanding Bonds and Notes**  
December 31, 2007

<u>Year</u>	<u>~General Obligation Bonds and Notes</u>	<u>#Municipal Income Tax Bonds &amp; Notes</u>	<u>@Water Works Bonds</u>	<u>*Revenue Bonds &amp; Notes</u>	<u>@Police &amp; Fire Pension Bonds</u>
1998	\$124,185,000	\$21,003,000	\$ 93,780,000	\$ 13,123,000	\$ ----
1999	123,050,000	22,953,000	110,940,000	12,779,000	----
2000	164,800,000	25,563,000	96,500,000	12,346,000	41,050,000
2001	175,340,000	23,780,000	82,180,000	104,504,000	40,620,000
2002	195,500,000	14,097,000	67,810,000	108,407,000	40,170,000
2003	221,750,000	11,717,000	53,340,000	237,450,000	39,700,000
2004	220,620,000	5,937,000	41,510,000	228,152,000	39,205,000
2005	217,710,000	13,560,000	31,380,000	332,094,000	42,935,000
2006	223,225,000	22,995,000	22,950,000	321,282,337	42,935,000
2007	222,868,000	42,655,000	16,400,000	391,750,000	42,365,000

<u>Year</u>	<u>++Urban Development Taxable Bonds</u>	<u>@Recreational Facility Bonds &amp; Notes</u>	<u>@Off-Street Parking Facilities Bonds</u>	<u>@ Urban Renewal/ Economic Development Bonds &amp; Notes</u>
1998	\$7,200,000	\$ 8,065,000	\$ 3,270,000	\$ 11,620,000
1999	7,200,000	7,080,000	2,685,000	13,990,000
2000	7,000,000	14,975,000	2,100,000	16,450,000
2001	6,790,000	13,855,000	1,750,000	16,440,000
2002	6,570,000	12,265,000	10,500,000	20,595,000
2003	6,335,000	10,910,000	10,150,000	18,490,000
2004	6,090,000	9,545,000	700,000	33,085,000
2005	5,830,000	8,375,000	350,000	35,046,800
2006	5,555,000	10,090,000	----	37,694,301
2007	5,265,000	10,435,000	----	26,640,000

<u>Year</u>	<u>@Stormwater Bonds and Notes</u>	<u>@Urban Redevelopment Bonds and Notes</u>	<u>Gross Tax Supported Debt</u>	<u>Gross Revenue Supported Debt</u>	<u>Gross Total Debt</u>
1998	\$5,900,000	\$ 2,995,000	\$124,185,000	\$166,956,000	\$291,141,000
1999	7,000,000	2,895,000	123,050,000	187,522,000	310,572,000
2000	6,075,000	2,795,000	164,800,000	224,854,000	389,654,000
2001	5,150,000	12,180,000	175,340,000	307,249,000	482,589,000
2002	4,225,000	7,305,000	195,500,000	291,944,000	487,444,000
2003	3,300,000	16,625,000	221,750,000	408,017,000	629,767,000
2004	2,375,000	16,235,000	220,620,000	382,834,000	603,454,000
2005	1,450,000	14,885,000	217,710,000	485,905,800	703,615,800
2006	725,000	13,565,000	223,225,000	477,791,638	701,016,638
2007	----	12,230,000	222,868,000	547,740,000	770,608,000

- ~ Supported by general tax levy or special assessment levy.
- # Supported by Municipal Income Tax, but have property tax support if necessary.
- @ Supported by current revenue, but have property tax support if necessary.
- \* Supported by current revenue, no tax support pledged.
- ++ Supported by current revenue, but have property tax support if necessary-taxable.



**CITY OF CINCINNATI, OHIO**  
**Schedule of Expenditure of Federal Awards**  
**(Non-GAAP Budgetary Basis)**  
**For the year ended December 31, 2007**  
**(Amounts in Thousands)**

Grantor/Program Title	Fund	CFDA #	Grant #	Grant and Contract Revenue Received	Contributions and other Revenue	CFS Expenditures
<b>1 U.S. Department of Agriculture</b>						
* Passed through Ohio Department of Health						
* Hamilton County WIC Program	391	10.557	0 31-2-001-1-CL-06	\$ 153	\$ -	(153)
* Hamilton County WIC Program	391	10.557	0 31-2-001-1-CL-07	2,667	-	(2,428)
* Hamilton County WIC Program	391	10.557	0 31-2-001-1-CL-08	32	-	(83)
Total for CFDA No. 10.557				<u>2,852</u>	<u>0</u>	<u>(2,664)</u>
<b>U.S. Department of Agriculture</b>						
* Passed through Ohio Department of Education						
* Child and Adult Care Food Program	319	10.558	0 31-2-001-1-CL-06	3	-	(39)
Total for CFDA No. 10.558				<u>3</u>	<u>0</u>	<u>(39)</u>
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>				<b>2,855</b>	<b>0</b>	<b>(2,703)</b>
<b>2 U.S. Department of Health and Human Services</b>						
* Passed through Council on Aging of Southwestern Ohio						
* Special Programs for the Aging Title III Part B	324	93.044		31	-	(31)
(a.) Total for CFDA No. 93.044				<u>31</u>	<u>0</u>	<u>(31)</u>
* Special Programs for the Aging Title III Part C	324	93.045		212	17	(206)
(a.) Total for CFDA No. 93.045				<u>212</u>	<u>17</u>	<u>(206)</u>
* Passed through YMCA of Greater Cincinnati						
* TANF- Cincy After School	319	93.558		156	-	(116)
Total for CFDA No. 93.558				<u>156</u>	<u>0</u>	<u>(116)</u>
* Passed through Cincinnati Health Network						
* Homeless Health Care Program	448	93.151	0 Contract #75-9509	110	-	(92)
* Homeless Health Care Program	448	93.151	0 Contract #65-9432	0	-	(7)
(b.) Total for CFDA No. 93.151				<u>110</u>	<u>0</u>	<u>(99)</u>
* Passed through Ohio Department of Health						
* Regional Lead Poisoning Prevention	380	93.197	0 31-2-001-1-BE-06	0	-	(9)
* Regional Lead Poisoning Prevention	380	93.197	0 31-2-001-1-BE-07	81	28	(51)
* Regional Lead Poisoning Prevention	380	93.197	0 31-2-001-1-BE-08	22	-	(89)
Total for CFDA No. 93.197				<u>103</u>	<u>28</u>	<u>(149)</u>
* Passed through Neighborhood Health Care						
* Cincinnati Health Network	446	93.224	0 Contract #65-9435	7	-	-
* Cincinnati Health Network	446	93.224	0 Contract #75-9551	330	-	(246)
Total for CFDA No. 93.224				<u>337</u>	<u>0</u>	<u>(246)</u>
* Passed through Ohio Department of Health						
* Immunization Action Plan Special	415	93.268	0 31-2-001-2-AZ-06	117	-	(61)
* Immunization Action Plan Special	415	93.268	0 31-2-001-2-AZ-07	304	-	(306)
Total for CFDA No. 93.268				<u>421</u>	<u>0</u>	<u>(367)</u>
* Passed through Ohio Department of Health						
* Federal AIDS Prevention	378	93.940	0 31-2-001-2-AS-07	30	-	(30)
* Federal AIDS Prevention	378	93.940	0 31-2-001-2-AS-08	612	-	(623)
Total for CFDA No. 93.940				<u>642</u>	<u>0</u>	<u>(653)</u>
* Passed through Ohio Department of Health						
* STD Control Program	378	93.977	0 31-2-001-2-BX-08	71	-	(69)
Total for CFDA No. 93.977				<u>71</u>	<u>0</u>	<u>(69)</u>
STD/HIV Prevention Training Centers	379	93.978	0 R30/CCR516650-08	240	-	(238)
STD/HIV Prevention Training Centers	379	93.978	0 R30/CCR516650-07	0	-	(1)
Total for CFDA No. 93.978				<u>240</u>	<u>0</u>	<u>(239)</u>
* Passed through Ohio Department of Health						
* Heart Health in Hamilton County	425	93.991	0 31-2-001-2-ED-07	141	-	(97)
* Heart Health in Hamilton County	425	93.991	0 31-2-001-2-ED-06	4	-	-
Total for CFDA No. 93.991				<u>145</u>	<u>0</u>	<u>(97)</u>

(Continued)

**CITY OF CINCINNATI, OHIO**  
**Schedule of Expenditure of Federal Awards**  
**(Non-GAAP Budgetary Basis)**  
**For the year ended December 31, 2007**  
**(Amounts in Thousands)**

Grantor/Program Title	Fund	CFDA #	Grant #	Grant and Contract Revenue Received	Contributions and other Revenue	CFS Expenditures
<b>(Continued)</b>						
* <i>Passed through Ohio Department of Health</i>						
* Public Health Infrastructure	350	93.283	0 31-2-001-2-B1-06	117	-	(117)
* Public Health Infrastructure	350	93.283	0 31-2-001-2-B1-07	44	-	-
* Public Health Infrastructure	350	93.283	0 31-2-001-2-B1-08	0	-	(116)
Total for CFDA No. 93.283				<u>161</u>	<u>0</u>	<u>(233)</u>
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				<b>2,629</b>	<b>45</b>	<b>(2,505)</b>
<b>3 U.S. Department of Housing &amp; Urban Development</b>						
* Community Development Block Grant	304	14.218	0 B06-MC390003	9,785	-	(9,868)
* Community Development Block Grant	304	14.218	0 B07-MC390003	4,890	2,486	(6,866)
(c.) Total for CFDA No. 14.218				<u>14,675</u>	<u>2,486</u>	<u>(16,734)</u>
* Emergency Shelter Grant	445	14.231	0 S-06-MC-39-0003	153	-	(153)
* Emergency Shelter Grant	445	14.231	0 S-07-MC-39-0003	515	-	(523)
Total for CFDA No. 14.231				<u>668</u>	<u>0</u>	<u>(676)</u>
* HOME-Shelter Plus Care	410	14.238	0 OH16C20-0001	135	-	(135)
* HOME-Shelter Plus Care	410	14.238	0 OH16C30-0001	187	-	(175)
* HOME-Shelter Plus Care	410	14.238	0 OH16C40-0001	270	-	(270)
* HOME-Shelter Plus Care	410	14.238	0 OH16C40-0015	1,346	-	(1,346)
* HOME-Shelter Plus Care	410	14.238	0 OH16C50-0021	1,101	-	(1,101)
* HOME-Shelter Plus Care	410	14.238	0 OH16C50-0001	50	-	(50)
Total for CFDA No. 14.238				<u>3,089</u>	<u>0</u>	<u>(3,077)</u>
* HOME	411	14.239	0 M-00-MC-39-0213	86	-	(86)
* HOME	411	14.239	0 M-03-MC-39-0213	662	-	(662)
* HOME	411	14.239	0 M-04-MC-39-0213	3,300	-	(3,300)
* HOME	411	14.239	0 M-06-MC-39-0213	150	-	(269)
* HOME	411	14.239	0 M-07-MC-39-0213	376	926	(986)
* HOME	411	14.239	0 M-96-MC-39-0213	1,500	-	(1,500)
Total for CFDA No. 14.239				<u>6,074</u>	<u>926</u>	<u>(6,803)</u>
* Housing Opportunities For People With Aids	465	14.241	0 O-HH-06-F001	65	-	(65)
* Housing Opportunities For People With Aids	465	14.241	0 O-HH-07-F001	476	-	(476)
Total for CFDA No. 14.241				<u>541</u>	<u>0</u>	<u>(541)</u>
Empowerment Zone	386	14.244	0 EZ-99-04-0009	1,022	-	(1,022)
Total for CFDA No. 14.244				<u>1,022</u>	<u>0</u>	<u>(1,022)</u>
Cincinnati Lead Abatement Program	381	14.900	0 OHLA0022-94	0	-	2
Total for CFDA No. 14.900				<u>0</u>	<u>0</u>	<u>2</u>
<b>TOTAL DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</b>				<b>26,069</b>	<b>3,412</b>	<b>(28,851)</b>
<b>4 U.S. Department of the Interior</b>						
* <i>Passed through Ohio Department of Natural Resources</i>						
* ODNR-Hooked on Fishing	324	15.605	0	10	-	(9)
(d.) Total for CFDA No. 15.605				<u>10</u>	<u>0</u>	<u>(9)</u>
<b>TOTAL DEPARTMENT OF THE INTERIOR</b>				<b>10</b>	<b>0</b>	<b>(9)</b>
<b>5 U.S. Department of Justice</b>						
Juvenile Accountability	368	16.540	0 2006-JB-015-A242	30	-	(30)
Total for CFDA No. 16.540				<u>30</u>	<u>0</u>	<u>(30)</u>
* <i>Passed through Ohio Office of Criminal Justice Services</i>						
Mental Health Associates (Byrne)	368	16.579	0 2004-JG-A02-6256	27	-	(52)
* Delinquency Prevention	447	16.579	0 2000-DG-BOV-7655	3	-	(6)
* Delinquency Prevention	447	16.579	0 2006-JG-B01-6248	30	-	(30)
* Computer Cop	447	16.579	0 2005-JG-B01-6260	4	-	(4)
* Computer Cop	447	16.579	0 2006-JG-B01-6260	49	-	(49)
Total for CFDA No. 16.579				<u>113</u>	<u>0</u>	<u>(141)</u>
* <i>Passed through Ohio Office of Criminal Justice Services</i>						
* Domestic Violence Advocacy	368	16.588	0 2006-WF-VA5-8583	54	-	(54)
Total for CFDA No. 16.588				<u>54</u>	<u>0</u>	<u>(54)</u>

(Continued)

**CITY OF CINCINNATI, OHIO**  
**Schedule of Expenditure of Federal Awards**  
**(Non-GAAP Budgetary Basis)**  
**For the year ended December 31, 2007**  
**(Amounts in Thousands)**

Grantor/Program Title	Fund	CFDA #	Grant #	Grant and Contract Revenue Received	Contributions and other Revenue	CFS Expenditures
<b>Continued</b>						
Local Law Enforcement Block Grant	345	16.592	0 2004-LB-BX-0452	\$ 0	\$ (1)	\$ (107)
Total for CFDA No. 16.592				<u>0</u>	<u>(1)</u>	<u>(107)</u>
Bulletproof Vests	368	16.607	0 01004115	0	-	(60)
Total for CFDA No. 16.607				<u>0</u>	<u>0</u>	<u>(60)</u>
* <i>Passed through Ohio Office of Criminal Justice Services</i>						
* Project Safe Neighborhood	368	16.609	0 2003-PS-PSN-300	6	-	(6)
Total for CFDA No. 16.609				<u>6</u>	<u>0</u>	<u>(6)</u>
Computer Aided Dispatch	980	16.710	0 2004-CK-WX-0135	86	-	(86)
Police Risk Management Systems	980	16.710	0 2003-CK-WX 0167	0	-	(142)
Universal Hiring Program	346	16.710	0 2002-UL-WX-0038	375	-	(375)
Total for CFDA No. 16.710				<u>461</u>	<u>0</u>	<u>(603)</u>
Justice Assistance Grant	375	16.738	0 2007-DJ-BX-1160	596	8	(298)
Total for CFDA No. 16.738				<u>596</u>	<u>8</u>	<u>(298)</u>
<b>TOTAL DEPARTMENT OF JUSTICE</b>				<b>1,260</b>	<b>7</b>	<b>(1,299)</b>
<b>6 U.S. Department of Transportation</b>						
Lunken Parking lot Expansion	980	20.106	0 3-39-0018-1905	20	-	(21)
Local Match Funds - FAA Projects '04	980	20.106	0 3-39-0018-1704	107	-	(15)
Lunken Improvements - '02	980	20.106	0 3-39-0018-1502	40	(5)	-
Lunken Improvements - '03	980	20.106	0 3-39-0018-1603	(119)	-	(6)
Total for CFDA No. 20.106				<u>48</u>	<u>(5)</u>	<u>(42)</u>
* <i>Passed through Ohio Department of Transportation</i>						
* Hopple St., Meeker to I-75 Improv.	980	20.205	0 PID 04905	0	-	(2)
* Beechmont Ave SR 32 to Corbly	980	20.205	0 PID04959	0	(491)	-
* Queen City Ave-White/Wyoming	980	20.205	0 PID04909	0	-	(3)
* Queen City Ave-White/Wyoming	980	20.205	0 PID10599	38	-	43
* Ohio River Trail Salem to Downtown	980	20.205	0 PID20399	88	-	(69)
* ML King Woodside to Eden	980	20.205	0 PID11262	2,560	-	(2,304)
Gilbert Ave Greenway	980	20.205	0 PID 78010 ODOT	234	(75)	(401)
Kennedy Connector	980	20.205	0 OH dept of Dev	515	-	(3)
Columbia Pwy Access Management	980	20.205	0 PID 11895 ODOT	135	-	(145)
Hamilton Ave. Windmere to Groesbeck	980	20.205	0 PID 24503 ODOT	416	67	(809)
Walvogel Viaduct Replacement 06	980	20.205	0 PID 20082 ODOT	4,197	-	(5,152)
(e.) Total for CFDA No. 20.205				<u>8,183</u>	<u>(499)</u>	<u>(8,845)</u>
* <i>Passed through Governor's Highway Safety Office</i>						
Law Enforcement Overtime Program	368	20.600	0 GG-2007-31-00-00-00279	77	-	(78)
Law Enforcement Overtime Program	368	20.600	0 GG-2007-31-00-00-00346	63	-	(60)
(f.) Total for CFDA No. 20.600				<u>140</u>	<u>0</u>	<u>(138)</u>
<b>TOTAL DEPARTMENT OF TRANSPORTATION</b>				<b>8,371</b>	<b>(504)</b>	<b>(9,025)</b>
<b>7 Environmental Protection Agency</b>						
Brownfield Job Training	474	66.815	0 JT96546102	16	-	(3)
Brownfield Job Training	474	66.815	0 JT96546101	2	-	(2)
Total for CFDA No. 66.815				<u>18</u>	<u>0</u>	<u>(5)</u>
<b>TOTAL ENVIRONMENTAL PROTECTION AGENCY</b>				<b>18</b>	<b>0</b>	<b>(5)</b>
<b>8 National Park Service</b>						
Showboat Majestic Improvements	980	15.919	0 39-03-ML-1381	53	-	(1)
Urban Park and Recovery	980	15.919	0 39-CTY-1610-01-01	0	-	(5)
Mt. Auburn Hopkins Park	980	15.919	0 39-CTY-1610-02-01	280	-	(26)
Total for CFDA No. 15.919				<u>333</u>	<u>0</u>	<u>(32)</u>
<b>TOTAL NATIONAL PARK SERVICE</b>				<b>333</b>	<b>0</b>	<b>(32)</b>

(Continued)



**CITY OF CINCINNATI, OHIO**  
**Schedule of Expenditure of Federal Awards**  
**(Non-GAAP Budgetary Basis)**  
**For the year ended December 31, 2007**  
(Amounts in Thousands)

Grantor/Program Title Continued	Fund	CFDA #	Grant #	Grant and Contract Revenue Received	Contributions and other Revenue	CFS Expenditures
<b>9 Department of Homeland Security</b>						
* Passed through Hamilton County Emergency Mgt. Agency						
* Urban Areas Security Initiative		97.008	0 S05-UAS15-31-0291	\$ 950	\$ -	(950)
* Urban Areas Security Initiative		97.008	0 S05-UAS15-31-0291	51	-	(51)
* Urban Areas Security Initiative		97.008	0 S05-UAS15-31-0236	216	-	(216)
* Urban Areas Security Initiative		97.008	0 S05-UAS15-31-0236	1	-	(1)
* Urban Areas Security Initiative		97.008	0 S05-UAS15-31-0236	4	-	(4)
Total for CFDA No . 97.008				<u>1,222</u>	<u>0</u>	<u>(1,222)</u>
<b>9 Department of Homeland Security</b>						
* Passed through Hamilton County Emergency Mgt. Agency						
Homeland Security Grant Program		97.073	0 S05-SHSP5-31-0231	35	-	(35)
Homeland Security Grant Program		97.073	0 S05-SHSP5-31-0231	82	-	(82)
Total for CFDA No . 97.073				<u>117</u>	<u>0</u>	<u>(117)</u>
* Passed through Ohio Dept. of Natural Resources						
* Paddle Safe Cincinnati	324	97.012	0	0	-	(1)
Total for CFDA No . 97.012				<u>0</u>	<u>0</u>	<u>(1)</u>
* Passed through Ohio Dept. of Public Safety						
* FEMA-Katrina	479	97.036	0 FEMA 3250-EM-061-15000	286	-	(286)
Total for CFDA No . 97.036				<u>286</u>	<u>0</u>	<u>(286)</u>
Fire Prevention & Safety Grant	472	97.044	0 EMW-2006-FP-02745	30	-	(45)
Total for CFDA No . 97.044				<u>30</u>	<u>0</u>	<u>(45)</u>
* Passed through Ohio Emergency Management Agency						
Metropolitan Medical Response System	454	97.071	0 S-06-MMRs6-31-0241	474	-	(472)
Metropolitan Medical Response System	393	97.071	0 EMW-2004-GR-0554	81	-	(9)
* Metropolitan Medical Response System	454	97.071	0 70-0560-0-1-999	0	-	(7)
Total for CFDA No . 97.044				<u>555</u>	<u>0</u>	<u>(488)</u>
* Passed through Ohio Management Agency						
* 2005 Buffer Zone	368	97.078	0 2005-GR-T5-0012	261	-	(391)
Total for CFDA No . 97.012				<u>261</u>	<u>0</u>	<u>(391)</u>
<b>TOTAL DEPARTMENT OF HOMELAND SECURITY</b>				<u>2,470</u>	<u>0</u>	<u>(2,550)</u>
<b>TOTAL FEDERAL GRANTS &amp; SUBSIDIES (Non-GAAP Basis)</b>				<u>\$ 44,016</u>	<u>\$ 2,961</u>	<u>\$ (46,980)</u>
Less Amount Recognized as Contributed Capital				\$ 44,016		
Less Accrual of Federal Grant & Subsidies at 12/31/06				(1,405)		
Plus Accrual of Federal Grant & Subsidies at 12/31/07				675		
Huntington Meadows - Revenue that was paid back in 2007				(1,500)		
<b>Amount Recognized as Federal Grants &amp; Subsidies (GAAP Basis)</b>				<u>\$ 41,786</u>		

\* Indicates Federal monies passed through another agency to the City of Cincinnati.

The Schedule of Expenditures of Federal Awards is presented on a Non-GAAP budgetary basis. Total Community Development loans outstanding at December 31, 2007 totaled \$55,357,000.00 Total Rental Rehab loans outstanding totaled \$6,198,000.

**CITY OF CINCINNATI, OHIO**  
**INFRASTRUCTURE INCOME TAX**

In accordance with the provisions of Chapter 311 of the Cincinnati Municipal Code, an additional earnings tax of .1% shall be levied for costs related to constructing, equipping, maintaining and repair of the City's infrastructure. Such tax shall remain in effect as long as the City appropriates at least the base amount required and subsequently expends funds at a level (ninety percent of the annual base amount within three years) specified in Chapter 311, CMC.

The following data summarizes the results of the City's compliance with the infrastructure income tax requirements for 2007 and 2006.

**(AMOUNTS IN THOUSANDS)**

	<u>2007</u>	<u>2006</u>
Required Base Amount	\$61,064	\$58,942
Actual Appropriated Amount	\$76,290	\$72,579
Infrastructure Expenditures - As of December 31, 2007	\$48,209	\$61,093
Percentage of Expenditures to Base Amount	78.9483%	103.6494%

I hereby certify that the City of Cincinnati appropriated for 2007 an amount sufficient to meet the requirements for continuation of the Infrastructure Income Tax. I also certify that the City of Cincinnati did expend through 2007 for the 2006 Infrastructure year more than 90% of the annual base amount, which satisfies the requirements for continuation of the Infrastructure Income Tax.



Joe Gray  
Director of Finance

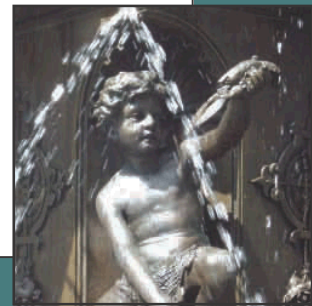
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## *City of Cincinnati* **Statistical Section**

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*A new Fountain Square Plaza was dedicated in 1969; the Fountain was relocated from the esplanade to the new Plaza. As the one-hundredth anniversary of the fountain approached, the fountain was in need of a major over-haul due to a century of use and deterioration by weather. The City found itself without the funds to do the restoration.*

*In the summer of 1970, Frederick A. Hauck was looking for a fitting memorial to his brother, Cornelius. Hauck offered to provide the necessary funds for the project. In much the same spirit as the fountain was originally created, it underwent its first renovation. The City accepted his generous gift and the Karkadoulis Brothers' Foundry in Athens, Greece began work. The Fountain was rededicated on October 16, 1971.*



CITY OF CINCINNATI, OHIO

STATISTICAL SECTION

This section of the City of Cincinnati's comprehensive annual financial report provides detailed historical and economic information for users of the financial statements, notes to the financial statements, and required supplementary information for the purpose of assessing and evaluating the City's economic condition.

Financial Trends – This section provides information on the City's net assets, changes to net assets and fund balance for assessing the changes in financial position over time.

Revenue Capacity – This section provides information on the City's ability to generate revenue, specifically income tax (the major source of revenue for governmental activities) and property tax revenue.

Debt Capacity Information – This section provides information on the City's outstanding debt, debt limitations and the ability to leverage and pay future debt.

Demographic and Economic Information – This section provides information about the environment in which the City operates.

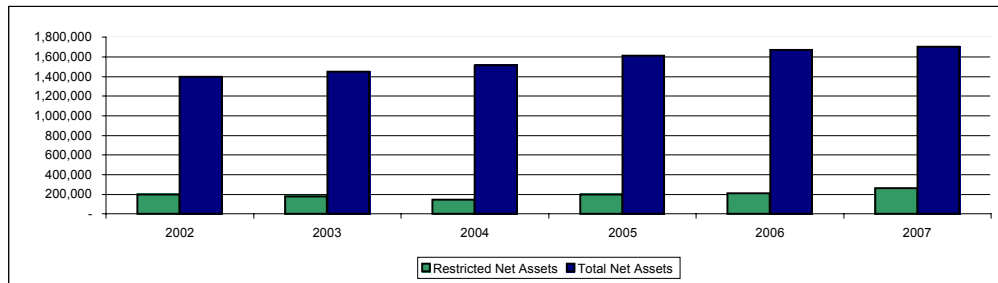
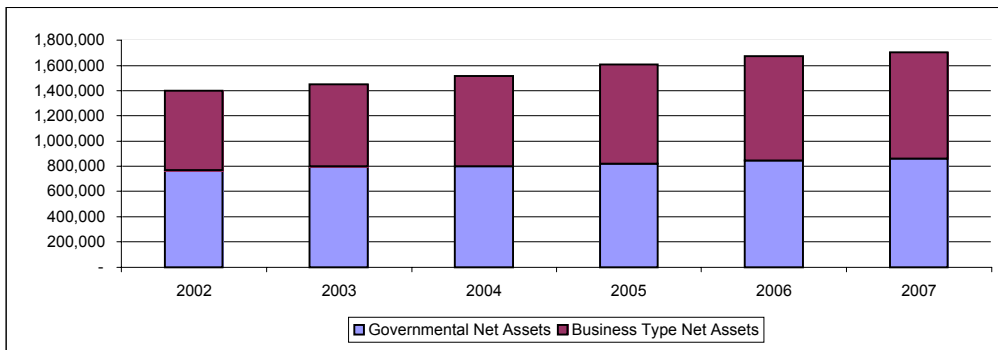
Operating Information – This section provides operating information related to the City's infrastructure, assets and services provided by function.

**Sources:** Unless otherwise noted, the information in these statistical schedules is from the comprehensive annual financial reports for the relevant years. The City implemented GASB 34 in 2002; schedules presenting government wide information include information beginning in that year.

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**City of Cincinnati**  
**Financial Trends Information**  
**Schedule 1**  
**Net Assets by Category**  
**Last Six Fiscal Years**  
**(Amounts in thousands)**

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
<b>Governmental Activities</b>						
Invested in capital assets, net of related debt	\$ 490,028	\$ 534,066	\$ 612,373	\$ 631,671	\$ 648,232	\$ 648,708
Restricted	197,516	176,263	141,202	151,260	158,416	176,785
Unrestricted	77,502	86,312	44,747	37,601	38,353	37,165
<b>Subtotal governmental activities net assets</b>	<b>765,046</b>	<b>796,641</b>	<b>798,322</b>	<b>820,532</b>	<b>845,001</b>	<b>862,658</b>
<b>Business-Type activities</b>						
Invested in capital assets, net of related debt	526,297	566,748	639,500	715,004	752,246	739,650
Restricted	3,435	4,452	3,004	48,974	51,409	84,453
Unrestricted	105,627	85,048	75,868	23,457	23,562	17,250
<b>Subtotal business-type activities net assets</b>	<b>635,359</b>	<b>656,248</b>	<b>718,372</b>	<b>787,435</b>	<b>827,217</b>	<b>841,353</b>
<b>Primary Government</b>						
Invested in capital assets, net of related debt	1,016,325	1,100,814	1,251,873	1,346,675	1,400,478	1,388,358
Restricted	200,951	180,715	144,206	200,234	209,825	261,238
Unrestricted	183,129	171,360	120,615	61,058	61,915	54,415
<b>Total primary government net assets</b>	<b>\$ 1,400,405</b>	<b>\$ 1,452,889</b>	<b>\$ 1,516,694</b>	<b>\$ 1,607,967</b>	<b>\$ 1,672,218</b>	<b>\$ 1,704,011</b>



**City of Cincinnati, Ohio**  
**Financial Trends Information**  
**Schedule 2**  
**Changes in Net Assets**  
**Last Six Fiscal Years**  
**(Amounts in Thousands)**

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
<b>Program Revenues</b>						
Governmental Activities:						
Charges for Services						
General Government	\$ 73,052	\$ 84,702	\$ 101,089	\$ 91,650	\$ 92,798	\$ 98,413
Community Development	1,468	1,644	1,041	676	706	1,274
Parks and Recreation	5,922	6,217	6,726	5,915	6,939	7,103
Public Safety	8,141	7,634	9,281	12,562	16,410	12,083
Transportation and Engineering	447	393	1,278	1,189	1,247	1,185
General Services	3,926					
Public Services	1,106	1,858	2,066	2,212	1,976	2,256
Public Health	9,046	9,026	8,009	8,582	8,286	9,060
Operating Grants and Contributions	56,719	53,721	43,405	43,148	62,757	38,051
Capital Grants and Contributions	21,247	27,323	16,834	13,478	9,954	12,559
<b>Total governmental activities program revenue</b>	<b>181,074</b>	<b>192,518</b>	<b>189,729</b>	<b>179,412</b>	<b>201,073</b>	<b>181,984</b>
Business-type activities						
Charges for Services						
Water Works	88,192	87,538	90,877	98,689	101,057	117,494
Parking Facilities	7,576	7,885	8,969	8,827	8,196	8,567
Convention Center	3,347	2,994	2,841	1,776	3,676	6,209
General Aviation	1,595	1,867	1,901	1,786	1,669	1,887
Municipal Golf	5,966	5,811	6,080	5,949	6,129	6,457
Stormwater Management	7,335	7,348	7,224	7,063	7,230	8,713
Capital Grants and Contributions	14,641	12,190	43,028	61,017	32,711	5,140
<b>Total business-type activities program revenues</b>	<b>128,652</b>	<b>125,633</b>	<b>160,920</b>	<b>185,107</b>	<b>160,668</b>	<b>154,467</b>
<b>Total primary government program revenues</b>	<b>\$ 309,726</b>	<b>\$ 318,151</b>	<b>\$ 350,649</b>	<b>\$ 364,519</b>	<b>\$ 361,741</b>	<b>\$ 336,451</b>
<b>Expenses</b>						
Governmental Activities:						
General Government	\$ 102,323	\$ 115,988	\$ 119,686	\$ 127,826	\$ 139,436	\$ 141,045
Economic Development					68	-
Community Development	52,327	65,028	60,367	39,235	56,751	45,910
Parks and Recreation	34,647	35,496	37,033	39,438	40,848	42,069
Public Safety	182,135	192,370	205,338	218,576	224,724	235,945
Transportation and Engineering	24,042	25,378	30,529	26,472	37,271	37,734
Transit Systems				37,712	41,950	43,814
Enterprise Services	51,171	35,558	37,038			
Public Services	40,036	44,662	46,477	48,125	47,268	53,166
Public Health	39,297	40,844	42,437	44,809	44,227	43,367
Interest on long-term debt	17,243	17,618	18,516	21,767	18,789	19,034
<b>Total governmental activities expenses</b>	<b>543,221</b>	<b>572,942</b>	<b>597,421</b>	<b>603,960</b>	<b>651,332</b>	<b>662,084</b>
Business-type activities						
Water Works	78,039	84,142	88,095	99,895	99,177	108,314
Parking Facilities	7,127	7,416	6,845	8,637	9,118	10,397
Convention Center	7,715	7,117	7,057	6,809	10,359	14,588
General Aviation	1,937	2,083	1,922	2,032	2,160	2,319
Municipal Golf	5,634	6,282	5,820	6,266	6,179	6,428
Stormwater Management	4,652	5,829	5,722	5,739	7,226	8,258
<b>Total business-type activities expenses</b>	<b>105,104</b>	<b>112,869</b>	<b>115,461</b>	<b>129,378</b>	<b>134,219</b>	<b>150,304</b>
<b>Total primary government expenses</b>	<b>\$ 648,325</b>	<b>\$ 685,811</b>	<b>\$ 712,882</b>	<b>\$ 733,338</b>	<b>\$ 785,551</b>	<b>\$ 812,388</b>
<b>Net (Expense)/Revenue</b>						
Governmental activities	\$ (362,147)	\$ (380,424)	\$ (407,692)	\$ (424,548)	\$ (450,259)	\$ (480,100)
Business-type activities	23,548	12,764	45,459	55,729	26,449	4,163
<b>Total Primary Government Net Expense</b>	<b>(338,599)</b>	<b>(367,660)</b>	<b>(362,233)</b>	<b>(368,819)</b>	<b>(423,810)</b>	<b>(475,937)</b>

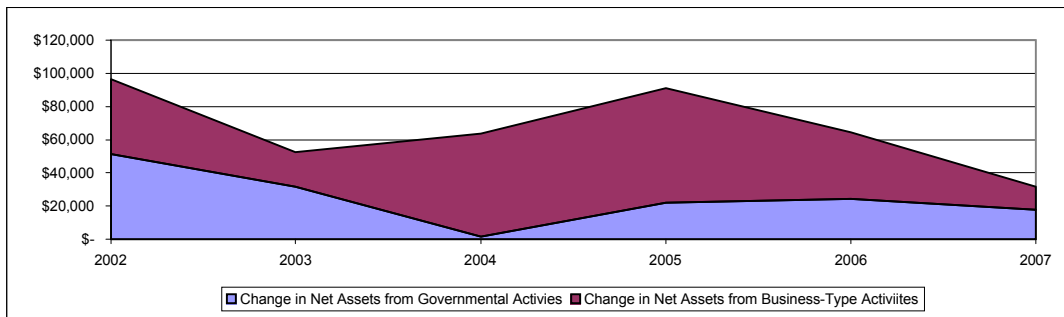
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**City of Cincinnati, Ohio**  
**Financial Trends Information**  
**Schedule 2**  
**Changes in Net Assets**  
**Last Six Fiscal Years**  
**(Amounts in Thousands)**

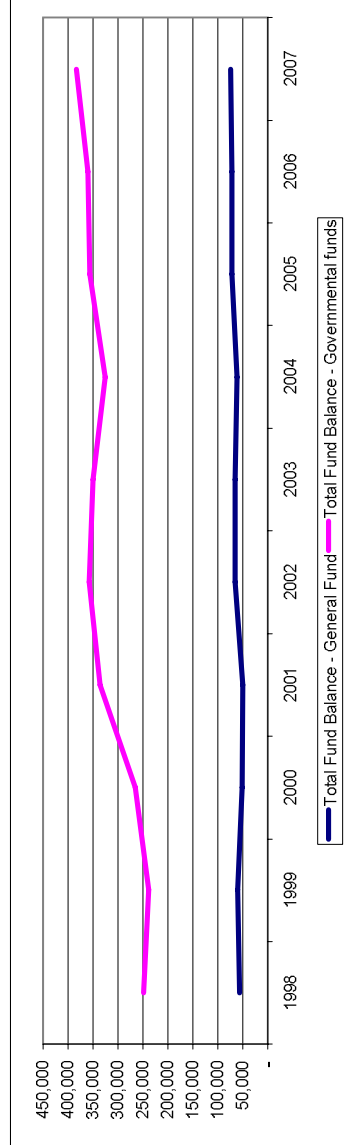
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	Fiscal Year					
	2002	2003	2004	2005	2006	2007
<b>General Revenues and Other Changes in Net Assets</b>						
<b>Governmental activities:</b>						
Tax						
Property taxes	\$ 64,051	\$ 68,040	\$ 67,614	\$ 67,816	\$ 79,996	\$ 75,393
Income taxes	252,790	259,488	261,712	297,583	305,254	304,466
Admission taxes	3,446	4,075	3,890	3,691	4,494	4,309
Shared taxes	66,386	68,018	72,162	67,304	63,412	67,927
Occupancy Tax		1,449	1,810	1,909	1,874	2,131
Unrestricted Investment earnings	46,277	11,199	11,252	12,234	20,344	23,361
Miscellaneous	249	52	105	206	55	127
Special Item - Gain on Sale of Property						16,543
Loss on disposal of assets	(5,331)					
Transfers between governmental and business-type activities	(14,457)	(302)	(9,172)	(3,985)	(701)	3,500
<b>Total governmental activities</b>	<b>413,411</b>	<b>412,019</b>	<b>409,373</b>	<b>446,758</b>	<b>474,728</b>	<b>497,757</b>
<b>Business-type activities:</b>						
Tax						
Occupancy taxes	1,662	1,019	1,092	1,230	1,046	1,274
Unrestricted Investment earnings	3,879	2,396	2,272	4,176	7,278	8,380
Miscellaneous	2,455	4,780	4,129	3,943	4,308	3,819
Loss on disposal of assets	(870)	(372)	0			
Transfers between governmental and business-type activities	14,457	302	9,172	3,985	701	(3,500)
<b>Total business-type activities</b>	<b>21,583</b>	<b>8,125</b>	<b>16,665</b>	<b>13,334</b>	<b>13,333</b>	<b>9,973</b>
<b>Total Primary Governmental Activities</b>	<b>434,994</b>	<b>420,144</b>	<b>426,038</b>	<b>460,092</b>	<b>488,061</b>	<b>507,730</b>
<b>Change in Net Assets</b>						
Governmental activities	\$ 51,264	\$ 31,595	\$ 1,681	\$ 22,210	\$ 24,469	\$ 17,657
Business-type activities	45,131	20,889	62,124	69,063	39,782	14,136
<b>Total Primary Governmental Activities</b>	<b>\$ 96,395</b>	<b>\$ 52,484</b>	<b>\$ 63,805</b>	<b>\$ 91,273</b>	<b>\$ 64,251</b>	<b>\$ 31,793</b>



City of Cincinnati  
Financial Trends Information  
Schedule 3  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(Amounts in Thousands)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$ 13,890	\$ 13,235	\$ 12,241	\$ 11,086	\$ 12,263	\$ 14,138	\$ 12,894	\$ 15,229	\$ 13,712	\$ 17,406
Unreserved	42,390	46,617	38,577	38,239	53,078	51,339	48,539	55,994	57,392	56,058
Total General Fund	56,280	59,852	50,818	49,325	65,341	65,477	61,433	71,223	71,104	73,464
Capital Projects Fund										
Reserved	36,199	35,031	52,217	98,255	76,025	66,639	65,634	72,364	66,454	67,052
Unreserved	70,671	52,448	59,576	77,571	112,658	97,142	87,925	94,921	94,446	109,614
Total Capital Projects Fund	106,870	87,479	111,793	175,826	188,683	163,781	153,559	167,285	160,900	176,666
Debt Service Fund										
Reserved	15,420	16,467	25,375	34,636	36,971	53,534	44,240	44,780	51,256	55,545
Unreserved	-	-	-	-	-	-	-	-	-	-
Total Debt Service Fund	15,420	16,467	25,375	34,636	36,971	53,534	44,240	44,780	51,256	55,545
All Other Governmental Funds										
Reserved	37,631	38,857	40,857	60,030	54,770	47,549	42,488	41,709	45,472	40,850
Unreserved	32,161	36,036	36,284	19,902	12,431	19,918	23,789	31,215	31,998	36,644
Total Other Governmental Funds	69,792	74,893	77,141	79,932	67,201	67,467	66,277	72,984	77,370	77,494
Total Fund Balance, Governmental Funds	248,362	238,691	265,127	336,719	358,196	350,259	325,509	356,272	360,630	383,169
Estimated Liability for Compensated Absences	\$ 5,400	\$ 6,003	\$ 6,359	\$ 6,645	\$ 6,985	\$ 7,248	\$ 7,433	\$ 7,624	\$ 7,923	\$ 8,340



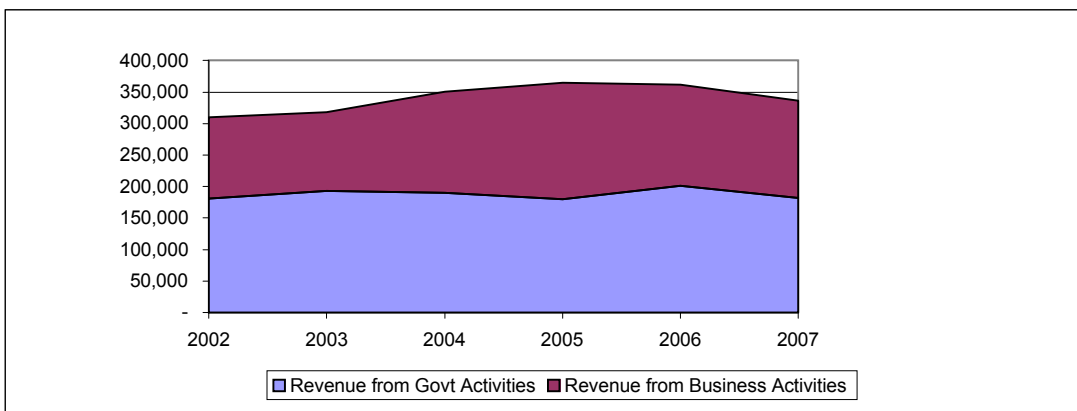
Note: In 2004 a reserve of fund balance was created for the Estimated Liability for Compensated Absences. In prior years this amount has been included in the liability section of the financial statements. Prior years have been restated.

City of Cincinnati  
Financial Trends Information  
Schedule 4  
Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(Amounts in Thousands)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Revenues</b>										
Taxes	299,851	308,885	314,404	317,283	317,356	331,539	339,750	357,636	384,108	392,302
License and Permits	7,439	8,017	8,975	9,647	9,483	9,331	9,844	10,449	10,917	11,516
Use of Money and Property	38,140	37,402	43,468	90,005	69,724	37,509	49,532	37,413	46,741	52,347
Special Assessments	3,447	3,661	3,425	3,300	3,987	3,762	4,183	4,183	4,048	4,257
Intergovernmental Revenue	67,271	67,973	65,333	70,092	73,332	75,209	72,095	75,976	67,800	69,001
Federal Grants	41,623	101,078	108,438	54,753	65,408	66,349	40,343	33,723	56,410	41,806
State Grants and Subsidies	5,648	21,170	17,526	43,605	8,757	6,853	8,933	3,283	7,545	4,429
Charges for Current Services	24,215	25,452	25,039	25,357	27,917	24,006	26,483	27,441	29,979	31,448
Miscellaneous	10,376	7,398	10,562	7,282	5,694	11,478	14,682	14,460	9,908	6,584
<b>Total Revenue</b>	498,010	581,036	597,160	621,304	581,658	556,036	565,590	584,564	614,456	613,680
<b>Expenditures</b>										
<b>Current</b>										
General Government	55,421	62,013	67,076	67,276	54,140	52,119	52,081	46,751	48,555	51,621
Community Development					15,030	46,978	27,128	10,283	9,575	8,934
Parks and Recreation	24,528	26,336	26,398	28,393	27,588	28,411	27,921	28,360	30,626	30,746
Public Safety	124,088	130,434	124,839	131,084	136,615	142,126	151,301	154,319	168,514	171,533
Transportation and Engineering		1,236	5,117	4,576	4,783	7,328	7,220	7,386	7,586	8,422
Transit System								37,672	41,960	43,820
General Services	39,587	46,451	48,661	49,241	46,664	35,558	37,588	-		
Public Services		20,830	32,857	33,971	33,261	35,358	34,776	33,724	33,529	38,371
Public Health	29,731	30,427	31,863	33,738	33,497	34,632	35,056	34,225	34,752	33,461
Employee Benefits	55,139	52,310	50,735	53,028	58,131	58,640	67,591	72,318	77,966	84,415
Capital Outlay	130,655	205,216	227,892	146,419	132,843	121,460	126,012	96,133	152,032	114,358
Debt Services:										
Principal Retirement	45,726	45,387	46,472	66,400	47,148	55,385	48,914	35,514	50,581	53,079
Interest	9,804	9,939	13,863	17,098	17,402	17,457	18,599	18,054	16,878	19,298
Police and Fire Prior Service Costs										
Bond Issuance Cost					377	707	342	679	389	1,059
<b>Total Expenditures</b>	514,689	630,579	717,189	633,224	607,469	636,184	638,529	575,418	675,963	659,117
Excess/Deficiency of Revenues over/under Expenditures	(16,679)	(49,543)	(120,029)	(11,920)	(25,811)	(80,128)	(70,969)	(10,854)	(61,507)	(46,427)
<b>Other Financing Sources (Uses)</b>										
General Obligation Bonds and Notes Issued										
Refunding Bonds Issued										
Payment to Refunded Bonds Escrow Agent	58,261	48,019	142,387	73,623	54,380	58,840	55,665	44,431	61,190	50,500
State Loans Received							2,130	40,470	6,087	52,005
Capital Lease Agreements							(2,130)	(40,292)		(94,308)
Revenue Bonds Issued										2,300
Premium on Bonds Issued										
Discount on Revenue Bonds										
State Loan		116	9							
Other Transfers										
Net Operating Interest Income										
Operating Transfers In	110,072	102,635	247,061	161,267	76,866	82,337	117,408	39,280	48,532	85,680
Operating Transfers/Out	(108,258)	(101,063)	(242,831)	(169,601)	(67,581)	(100,582)	(43,293)	(43,293)	(50,864)	(62,030)
<b>Total Other Financing Sources/Uses</b>	60,075	49,383	146,626	79,721	46,976	71,928	46,219	41,617	65,865	67,966
Net change in fund balances	43,366	(180)	26,597	67,801	21,165	(8,200)	(24,750)	30,763	4,358	22,539
Debt services as a Percentage of Noncapital Expenditures	14.46%	13.01%	20.80%	17.22%	13.68%	14.29%	13.34%	11.32%	13.33%	13.48%

**City of Cincinnati**  
**Financial Trends Information**  
**Schedule 5**  
**Program Revenues by Function (Optional Schedule)**  
**Last Six Fiscal Years**  
**(Amounts in Thousands)**

Function/Program	Program Revenue					
	2002	2003	2004	2005	2006	2007
<b>Governmental Activities:</b>						
General Government	\$ 77,750	\$ 94,357	\$ 106,815	\$ 94,598	\$ 100,473	\$ 110,447
Community Development	46,610	37,877	28,716	32,316	39,478	25,617
Parks and Recreation	9,309	10,949	8,958	7,655	10,897	9,832
Public Safety	10,032	11,577	12,818	15,997	31,978	17,649
Transportation and Engineering	18,027	21,396	16,319	11,232	1,608	253
Transit System						
Enterprise Services	3,926					
Public Services	1,106	1,858	2,066	2,326	2,036	2,296
Public Health	14,314	14,504	14,037	15,288	14,603	15,890
<b>Subtotal governmental activities program revenue</b>	<b>181,074</b>	<b>192,518</b>	<b>189,729</b>	<b>179,412</b>	<b>201,073</b>	<b>181,984</b>
<b>Business-type activities</b>						
Water Works	98,729	96,199	95,940	113,153	106,703	122,429
Parking Facilities	7,576	7,891	8,969	8,827	8,218	8,610
Convention Center	7,272	6,051	40,613	48,064	29,101	6,209
General Aviation	1,774	2,324	2,076	2,051	1,987	1,983
Municipal Golf	5,966	5,811	6,080	5,949	7,429	6,511
Stormwater Management	7,335	7,357	7,242	7,063	7,230	8,725
<b>Subtotal business-type activities program revenues</b>	<b>128,652</b>	<b>125,633</b>	<b>160,920</b>	<b>185,107</b>	<b>160,668</b>	<b>154,467</b>
<b>Total primary government program revenues</b>	<b>\$ 309,726</b>	<b>\$ 318,151</b>	<b>\$ 350,649</b>	<b>\$ 364,519</b>	<b>\$ 361,741</b>	<b>\$ 336,451</b>



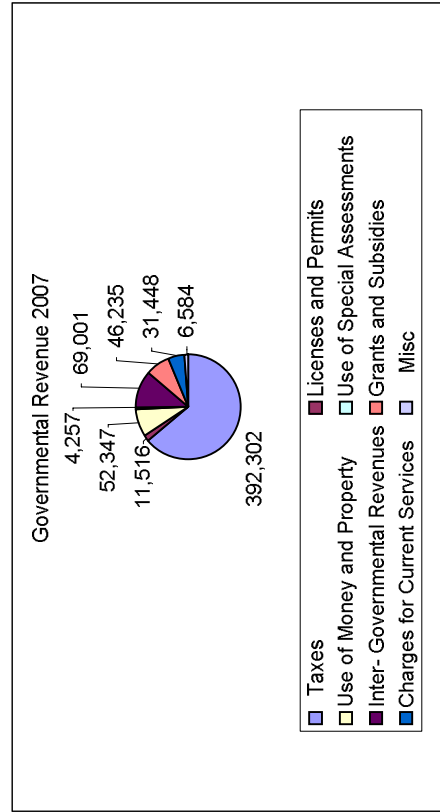
**City of Cincinnati**  
**Financial Trends Information**  
**Schedule 6**

**Total Revenue by Source, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Amounts in Thousands)**

Fiscal Year	Taxes	Licenses and Permits	Use of Money and Property	Special Assessments	Inter-Governmental Revenues	Grants and Subsidies	Charges for Current Services	Misc	Total
1998	299,851	7,439	38,140	3,447	67,271	47,271	24,215	10,376	498,010
1999	308,885	8,017	37,402	3,661	67,973	122,248	25,452	7,398	581,036
2000	314,404	8,975	43,468	3,425	65,333	125,964	25,039	10,552	597,160
2001	317,263	9,647	90,005	3,300	70,092	98,358	25,357	7,282	621,304
2002	317,356	9,483	69,724	3,987	73,332	65,408	36,674	5,718	581,682
2003	331,539	9,331	37,509	3,762	75,209	63,202	24,006	11,478	566,036
2004	339,750	9,844	49,532	3,918	72,095	49,276	26,483	14,662	565,560
2005	357,636	10,449	37,413	4,183	75,976	37,006	27,441	14,460	564,564
2006	384,108	10,917	46,741	4,048	67,800	63,955	29,979	6,908	614,456
2007	392,302	11,516	52,347	4,257	69,001	46,235	31,448	6,584	613,690
Change 1998-2007	30.8%	54.8%	37.3%	23.5%	2.6%	-2.2%	29.9%	-36.5%	23.2%

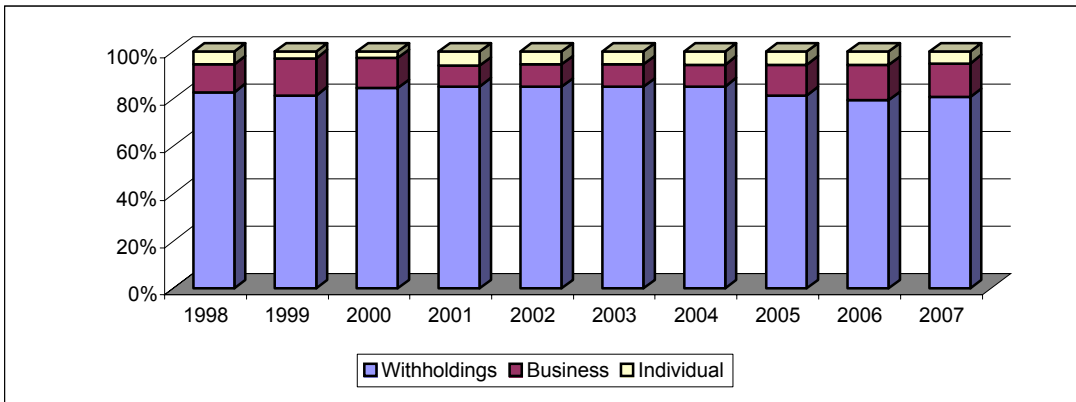
**City of Cincinnati**  
**Tax Revenues by Source, Governmental Funds**  
**(Amounts in Thousands)**

Fiscal Year	Income Tax	Property Tax	Admissions Tax	Occupancy Tax	Tax Revenue
1998	241,468	55,766	2,617		299,851
1999	250,714	55,537	2,634		308,885
2000	252,078	58,991	3,335		314,404
2001	254,771	59,243	3,249		317,263
2002	254,687	59,223	3,446		317,356
2003	261,271	64,744	4,075	1,449	331,539
2004	270,871	63,154	3,915	1,810	339,750
2005	289,156	62,916	3,673	1,891	357,636
2006	307,375	70,366	4,493	1,874	384,108
2007	319,087	66,774	4,310	2,131	392,302
Change 1998-2007	32.1%	19.7%	64.7%	47.1%	30.8%



**City of Cincinnati  
Revenue Capacity  
Schedule 1  
Income Tax Revenue Base and Collections  
Cash Basis  
Last Ten Fiscal Years  
(in thousands)**

<b>Tax Year</b>	<b>Individual</b>	<b>% Total</b>	<b>Business</b>	<b>% Total</b>	<b>Withholding</b>	<b>% Total</b>
1998	13,229	5.4%	28,968	11.8%	203,563	82.8%
1999	7,009	2.8%	39,020	15.7%	202,503	81.5%
2000	7,125	2.8%	32,606	12.7%	217,183	84.5%
2001	16,195	6.1%	22,939	8.6%	226,358	85.3%
2002	14,295	5.5%	24,517	9.4%	223,295	85.2%
2003	14,654	5.4%	25,676	9.5%	228,875	85.0%
2004	15,046	5.5%	25,080	9.2%	233,142	85.3%
2005	16,226	5.5%	38,407	13.0%	240,200	81.5%
2006	17,984	5.7%	46,714	14.8%	251,446	79.5%
2007	16,206	5.1%	44,812	14.0%	258,136	80.9%



Note: 1. In years 1999 and 2000 sole proprietor income is included in business income.  
2. The income tax rate is 2.1%.

Source: Cincinnati Income Tax Division

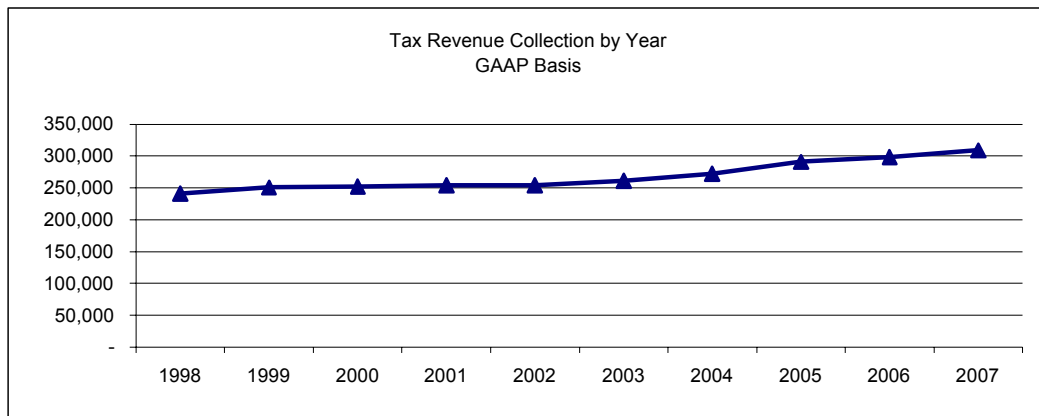
**City of Cincinnati  
Revenue Capacity  
Schedule 2  
Income Tax Revenues  
Last Ten Fiscal Years  
(in thousands)**

**Non GAAP Budgetary Basis**

Year	General Fund	T r a n s i t Fund	Infrastructure Fund	Permanent Improvement Fund	Total	% Inc(Dec) PriorYr
1998	164,300	33,742	11,247	26,907	236,196	7.52%
1999	180,500	35,360	11,787	19,875	247,522	4.80%
2000	183,035	35,426	11,809	17,713	247,983	0.19%
2001	188,598	36,503	12,168	18,251	255,520	3.04%
2002	185,259	35,856	11,952	17,928	250,995	-1.77%
2003	187,993	36,802	12,267	20,550	257,612	2.64%
2004	193,411	37,434	12,478	18,717	262,040	1.72%
2005	210,536	40,749	13,583	20,375	285,243	8.85%
2006	219,000	43,149	14,383	25,512	302,044	5.89%
2007	225,008	43,840	14,614	23,421	306,883	1.60%

**GAAP Basis**

Year	General Fund	T r a n s i t Fund	Infrastructure Fund	Permanent Improvement Fund	Total	% Inc(Dec) PriorYr
1998	165,750	33,980	11,327	30,411	241,468	7.07%
1999	180,741	35,407	11,802	22,764	250,714	3.83%
2000	183,905	35,594	11,865	20,714	252,078	0.54%
2001	185,508	35,904	11,968	21,391	254,771	1.07%
2002	186,137	36,026	12,009	20,515	254,687	-0.03%
2003	188,971	36,991	12,330	22,979	261,271	2.59%
2004	197,616	38,248	12,750	24,067	272,681	4.37%
2005	210,415	40,726	13,575	26,331	291,047	6.74%
2006	216,323	42,631	14,210	25,252	298,416	2.53%
2007	226,704	44,168	14,723	23,585	309,180	3.61%



**City of Cincinnati  
Revenue Capacity  
Schedule 3  
Assessed Valuations and Estimated True Values  
Last Ten Years**

**Assessed Valuations**

<b>Year</b>	<b>Real Property</b>	<b>Public Utility Property</b>	<b>Tangible Personal Property</b>	<b>Total</b>	<b>Direct Tax Rate</b>
1998	3,734,237,420	395,256,670	672,898,830	4,802,392,920	11.46
1999	3,749,677,500	398,949,700	664,939,340	4,813,566,540	11.46
2000	4,363,343,290	400,519,090	674,101,770	5,437,964,150	10.90
2001	4,363,447,780	377,645,690	687,613,910	5,428,707,380	10.76
2002	4,379,262,050	304,549,100	644,918,170	5,328,729,320	10.76
2003	4,871,308,460	319,863,560	535,538,450	5,726,710,470	10.63
2004	4,930,272,530	323,749,180	536,114,777	5,790,136,487	10.36
2005	4,836,981,760	319,434,990	542,827,280	5,699,244,030	10.34
2006	5,507,516,440	324,806,710	412,447,200	6,244,770,350	10.19
2007	5,522,872,120	312,711,570	337,541,870	6,173,125,560	9.93

The current assessed valuation for 2007 is computed at approximately the following percentages of estimated true value:

real property - 35%; public utilities, tangible personal property machinery and equipment, and inventory - various.

For real property, the estimated true values for the last ten years are computed as follows:

<b>Year</b>	<b>Estimated True Values</b>	<b>Year</b>	<b>Estimated True Values</b>
1998	\$ 10,669,249,771	2003	\$ 13,918,024,171
1999	10,713,364,285	2004	14,086,492,943
2000	12,466,695,114	2005	13,819,947,886
2001	12,466,993,657	2006	15,735,761,257
2002	12,512,177,286	2007	15,779,634,629

For public utility property and tangible personal property, the City is not able to calculate estimated true values for the last ten years because the tangible personal property components (machinery and equipment, and business inventory) have been assessed over the years at different percentages.

**City of Cincinnati  
Revenue Capacity  
Schedule 4  
Property Tax Rates - Direct and Overlapping Governments  
Last Ten Years**

<b>Year</b>	<b>Year</b>	<b>City Levy</b>	<b>School Levy</b>	<b>County Levy</b>	<b>Total Levy</b>	<b>Residential Effective Millage</b>	<b>Commercial Effective Millage</b>	<b>Debt Service Included in City and Total Levy</b>
1997 for	1998	11.46	53.13	19.01	83.60	61.40	66.38	5.36 5.71
1998 for	1999	11.46	53.13	19.54	84.13	62.02	67.08	5.36 5.71
1999 for	2000	10.90	51.94	20.83	83.67	56.98	63.10	5.36 5.71
2000 for	2001	10.76	56.93	19.92	87.61	61.15	67.53	5.36 5.67
2001 for	2002	10.76	57.15	21.47	89.38	62.83	69.32	5.36 5.66
2002 for	2003	10.63	56.25	21.87	88.75	58.94	66.70	5.36 5.65
2003 for	2004	10.36	60.75	21.51	92.62	62.90	70.98	5.36 10.17
2004 for	2005	10.34	60.83	21.06	92.23	64.21	71.87	5.36 10.15
2005 for	2006	10.19	59.77	20.81	90.77	57.61	68.60	5.36 10.14
2006 for	2007	9.93	59.37	20.18	89.48	56.94	67.99	5.36 10.05

Note: Rates are expressed as dollars of tax per thousand dollars of taxable valuation.

Source: Hamilton County Auditor's Office



**City of Cincinnati  
Revenue Capacity  
Schedule 5  
Principal Property Taxpayers  
Current Year and Nine Years Ago**

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Duke Energy (aka Cinergy)	266,418,680	1	4.48%	301,796,160	1	6.28%
The Procter and Gamble Co	71,689,590	2	1.21%	122,960,140	2	2.56%
Cincinnati Bell Telephone Inc	47,256,380	3	0.80%	102,293,080	3	2.13%
Carew Realty Inc	29,158,860	4	0.49%			
Ohio Teachers Retirement System	26,250,000	5	0.44%	27,300,010	4	0.57%
Columbia Development	24,239,670	6	0.41%	26,250,030	6	0.55%
Fifth Third Bank	24,192,250	7	0.41%			
HK New Plan Exchange Property	21,573,720	8	0.36%			
Fifth Third Center	20,749,510	9	0.35%	20,576,190	9	0.43%
Western Southern Life	19,737,930	10	0.33%			
Emery Realty				24,500,010	7	0.51%
Prudential Insurance				27,002,500	5	0.56%
Hewlett Packard Co				20,651,090	8	0.43%
Jewish Health Systems, Inc				18,724,090	10	0.39%
T o t a l	<u>551,266,590</u>		<u>9.28%</u>	<u>692,053,300</u>		<u>14.41%</u>

Total Assessed Value

Source: Hamilton County Auditors' Office

Note:

1. Assessed Valuation is based on both the personal and real property valuation of the largest property holder in the city.
2. The total assessed valuation figure is the 2006 valuation for 2007 real property tax collections.

**City of Cincinnati**  
**Revenue Capacity**  
**Schedule 6**  
**Property Tax Levy and Collections**  
**Last Ten Years**  
**(in thousands)**

<b>Year</b>	<b>Net Tax Levy</b>	<b>Current Collections</b>	<b>Percentage of Current Collections to Net Levy</b>	<b>Prior Year Collections</b>	<b>Total Collections</b>	<b>Percentage of Total Collections to Net Levy</b>
1998	56,435	53,643	95.05%	1,893	55,536	98.41%
1999	56,218	52,974	94.23%	1,987	54,961	97.76%
2000	59,878	56,588	94.51%	2,282	58,870	98.32%
2001	59,536	56,064	94.17%	2,230	58,294	97.91%
2002	58,201	54,858	94.26%	2,271	57,129	98.16%
2003	62,769	58,366	92.99%	2,580	60,946	97.10%
2004	61,664	56,720	91.98%	2,740	59,460	96.43%
2005	60,536	56,162	92.77%	2,696	58,858	97.23%
2006	65,893	61,046	92.64%	3,279	64,325	97.62%
2007	65,406	59,879	91.55%	3,148	63,027	96.36%

City of Cincinnati  
Revenue Capacity  
Schedule 7  
Water Works

Top Ten Retail Customer Data  
For The Year Ended December 31, 2007

RANK	NAME OF CUSTOMER	TOTAL		TOTAL		PERCENT OF	
		CONSUMPTION, HUNDREDS OF CUBIC FEET	CONSUMPTION, THOUSANDS OF GALLONS	CONSUMPTION TOTAL	CHARGES	CONSUMPTION TOTAL	CHARGES
1	University of Cincinnati	766,072	573,022	1.30%	\$ 787,538	0.71%	
2	Cognis Corporation	491,121	367,359	0.83%	\$ 594,802	0.54%	
3	Wornick Company	446,119	333,697	0.76%	\$ 670,543	0.60%	
4	Flint Ink	376,797	281,844	0.64%	\$ 566,745	0.51%	
5	Procter and Gamble	346,278	259,016	0.59%	\$ 415,909	0.37%	
6	John Morrell Co	335,055	250,621	0.57%	\$ 505,507	0.46%	
7	Childrens Hospital	328,887	246,007	0.56%	\$ 392,317	0.35%	
8	Davison Chemical	293,879	219,821	0.50%	\$ 352,676	0.32%	
9	Coca Cola Bottling Co	243,535	182,164	0.41%	\$ 290,818	0.26%	
10	Metropolitan Sewer District	231,560	173,207	0.39%	\$ 275,255	0.25%	
	Total - Top Ten Retail Customers	3,859,303	2,886,758	6.56%	\$ 4,852,110	4.37%	
	Total - Top 75 Users	20,106,016	14,971,980	34.01%	\$ 26,367,964	23.77%	
	Total - System	58,855,389	44,023,831		\$ 110,910,438		

**City of Cincinnati**  
**Revenue Capacity**  
**Schedule 8**  
**Water Works**  
**Historical and Projected Water System Pumpage**

Year	Total Pumpage (MG's)	Average Day MGD	Maximum Daily MGD	System's Rated Pumpage Capacity MGD	Maximum Daily Pumpage as % of Capacity
1999	49,697.876	136.2	234.3	255	91.88%
2000	48,747.764	133.2	196.8	255	77.18%
2001	47,047.006	128.9	169.6	255	66.51%
2002	49,679.150	136.1	217.8	261	83.45%
2003	48,574.063	133.1	207.9	261	79.66%
2004	49,005.613	134.3	176.8	261	67.74%
2005	50,246.239	137.7	213.8	255	83.84%
2006	47,990.075	131.5	211.5	260	81.35%
2007	50,240.000	137.6	213.0	260	81.92%
2008	51,030.000	139.8	217.0	260	83.46%
2009	51,830.000	142.0	220.0	260	84.62%

MG - Million Gallons  
MGD - Million Gallons per Day

**City of Cincinnati**  
**Revenue Capacity**  
**Schedule 9**  
**Water Works**  
**Accounts Receivable**

Year	Net Water Sales	Cash Collected During Year for Current & Prior Year's Sales	Percentage of Sales Collected
2007	\$ 108,648,659	\$ 107,857,042	99.27%
2006	93,746,893	92,171,945	98.32%
2005	93,542,902	92,994,903	99.41%
2004	86,574,584	84,906,679	98.07%
2003	83,270,619	82,523,831	99.10%
2002	82,815,023	82,260,162	99.33%
2001	77,001,567	78,200,650	101.56%
2000	80,820,774	79,806,757	98.75%
1999	82,617,834	82,311,461	99.63%
1998	78,871,208	77,882,447	98.75%
	<b>\$ 867,910,063</b>	<b>\$ 860,915,877</b>	<b>99.19%</b>

**City of Cincinnati**  
**Debt Capacity Information**  
**Schedule 1**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**(Amount in Thousands)**

Fiscal Year	General Obligation Bonds	General Obligation Notes	Revenue Bonds	Revenue Notes	Total Outstanding Debt	Outstanding Debt per Capita (Actual)	% of Personal Income	Debt to Net Asset Ratio
<b>Governmental Activities</b>								
1998	165,097	6,403	13,123		184,623	533.87	1.9%	N/A
1999	162,720	11,303	12,779		186,802	555.30	2.0%	N/A
2000	249,716	11,303	12,346		273,365	852.32	2.8%	N/A
2001	265,628	21,300	11,819		298,747	901.77	2.9%	2.39
2002	273,473	21,497	18,522		313,492	946.28	3.1%	2.44
2003	296,530	12,532	38,140		347,202	1,048.03	3.2%	2.29
2004	312,447	5,697	35,852		353,996	1,068.54	3.1%	2.26
2005	320,278	9,930	33,449	3,000	366,657	1,155.33	3.4%	2.24
2006	340,640	6,050	30,595	6,087	383,372	1,157.14	3.2%	2.20
2007	352,955	8,268	38,115	7,380	406,718	1,224.13	N/A	2.16
<b>Business-Type Activities</b>								
1998	106,518				106,518	308.02	1.1%	N/A
1999	123,770				123,770	367.93	1.3%	N/A
2000	107,289	9,000			116,289	351.02	1.2%	N/A
2001	91,157		92,685		183,842	554.93	1.8%	3.21
2002	74,967	9,100	89,885		173,952	525.07	1.6%	3.65
2003	58,745	24,510	199,310		282,565	852.92	2.6%	3.46
2004	45,158	12,000	192,300		249,458	752.99	2.2%	2.88
2005	33,567	7,747	295,645		336,959	1,061.75	3.1%	2.34
2006	25,170	7,874	284,600		317,644	958.75	2.6%	2.60
2007	17,635	-	346,255		363,890	1,095.22	N/A	2.32
<b>Total Primary Governmental Activities</b>								
1998	271,615	6,403	13,123		291,141	1,184.37	3.0%	N/A
1999	286,490	11,303	12,779		310,572	923.22	3.2%	N/A
2000	357,005	20,303	12,346		389,654	1,176.18	3.9%	N/A
2001	356,785	21,300	104,504		482,589	1,456.70	4.7%	2.70
2002	348,440	30,597	108,407		487,444	1,471.35	4.6%	2.87
2003	355,275	37,042	237,450		629,767	1,900.95	5.8%	2.32
2004	357,605	17,697	228,152		603,454	1,821.53	5.3%	2.51
2005	353,845	17,677	329,094	3,000	703,616	2,217.08	6.3%	2.29
2006	365,810	13,924	315,195	6,087	701,016	2,115.89	5.8%	2.39
2007	370,590	8,268	384,370	7,380	770,608	2,319.35	N/A	2.24

**City of Cincinnati**  
**Debt Capacity Information**  
**Schedule 2**  
**Ratio of Net General Bonded Debt**  
**To Assessed Value and Net Bonded Debt Per Capita**  
**Last Ten Years**

Year	Net Bonded Debt (Note 1)	Assessed Value	Population (Note 2)	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt per Capita
1998	112,490,050	4,802,392,920	345,820	2.34%	325
1999	112,420,155	4,813,566,540	336,400	2.34%	334
2000	152,076,405	5,437,964,150	331,290	2.80%	459
2001	160,794,777	5,428,707,380	331,290	2.96%	485
2002	181,745,936	5,328,729,320	331,290	3.41%	549
2003	204,360,090	5,726,710,470	331,290	3.57%	617
2004	199,851,276	5,790,136,487	331,290	3.45%	603
2005	195,355,794	5,699,244,030	317,361	3.43%	616
2006	196,217,743	6,244,770,350	317,361	3.14%	618
2007	198,642,767	6,173,125,560	332,252	3.22%	598

Note 1 - Includes only the net general obligation debt that is tax supported.

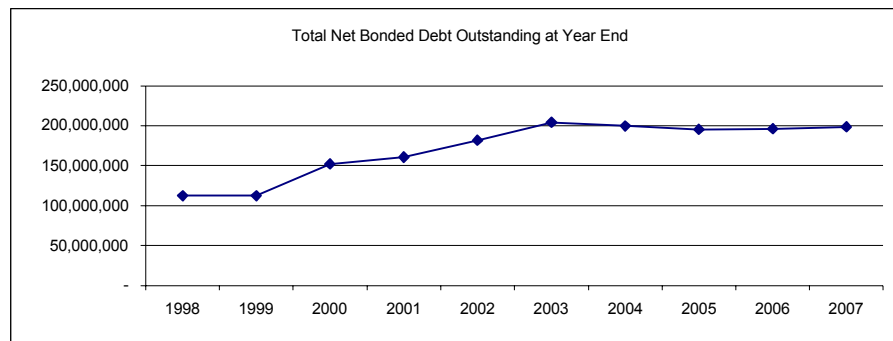
Note 2 - The 1998 - 2007 figures are based on Bureau of the Census data.

**City of Cincinnati**  
**Debt Capacity Information**  
**Schedule 3**  
**Computation of Direct and Overlapping Debt**  
**December 31, 2007**

	Assessed Valuation (a)	Net General Tax Supported Debt	Percent Overlapping	Net Tax Supported Overall Debt
<u>Direct:</u>				
City of Cincinnati	\$ 6,173,125,560	\$ 198,642,767	100 %	\$ 198,642,767
<u>Overlapping:</u>				
Board of Education -				
Cincinnati City School District	6,907,282,277	674,725,000 ( b )	89 %	600,505,250
Hamilton County	20,515,483,926	123,338,600 ( a )	31 %	37,001,580
Subtotal		<u>798,063,600</u>		<u>637,506,830</u>
<b>Total</b>		<u>\$ 996,706,367</u>		<u>\$ 836,149,597</u>

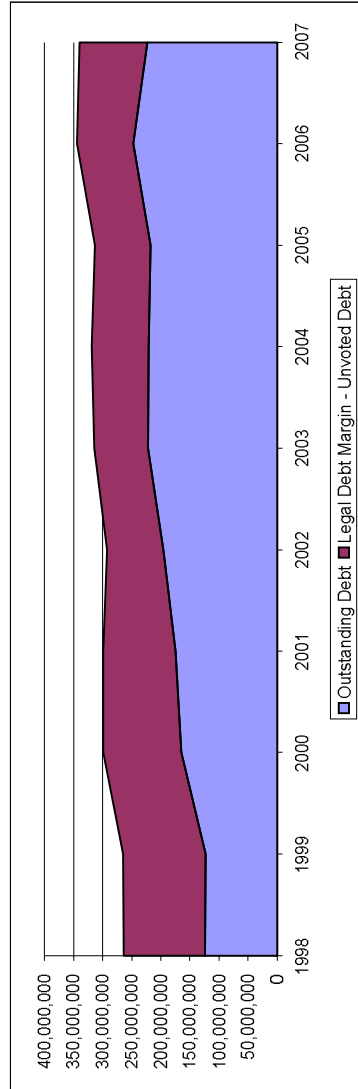
(a) Source: Hamilton County Auditor's Office

(b) Source: Cincinnati City School District



City of Cincinnati  
Debt Capacity Information  
Schedule 4  
Legal Debt Margin  
December 31

	1998	2000	2001	2002	2003	2004	2005	2006	2007
Overall Debt Limitation - 10-1/2% of Assessed Valuation	\$ 504,251,257	\$ 505,424,487	\$ 570,014,275	\$ 559,516,579	\$ 601,304,599	\$ 607,964,331	\$ 598,420,623	\$ 657,615,564	\$ 646,178,184
Net Debt Within 10-1/2% Limitation	123,630,000	122,640,000	175,220,000	195,400,000	221,670,000	220,560,000	217,670,000	247,190,000	222,868,000
Legal Debt Margin Within 10-1/2% Limitation	24.52%	24.26%	30.74%	34.92%	36.86%	36.28%	36.37%	37.59%	34.36%
Unvoted Debt Limitation - 5-1/2% of Assessed Valuation	\$ 264,131,611	\$ 284,746,160	\$ 299,066,028	\$ 295,060,113	\$ 314,969,076	\$ 318,457,507	\$ 313,458,422	\$ 344,465,295	\$ 339,521,906
Net Debt Within 5-1/2% Limitation	123,630,000	122,640,000	175,220,000	195,400,000	221,670,000	220,560,000	217,670,000	247,190,000	222,868,000
Legal Debt Margin Within 5-1/2% Limitation	46.81%	46.32%	58.68%	66.67%	70.36%	69.26%	69.44%	71.76%	65.64%



**City of Cincinnati**  
**Debt Service Capacity**  
**Schedule 5**  
**Revenue Bonds Debt Service Coverage**  
**Last Ten Fiscal Years**

Fiscal Year	Economic Development Financing Bonds				Water Works Bonds					
	Payment in Lieu of Taxes	Principal	Debt Service Interest	Total	Coverage	Water Works Revenue	Debt Service Principal	Debt Service Interest	Total	Coverage
1998	1,241,461	45,000	955,407	1,000,407	1.24					
1999	1,650,296	344,000	1,016,895	1,360,895	1.21					
2000	1,423,318	368,000	992,001	1,360,001	1.05					
2001	1,884,766	592,000	959,174	1,551,174	1.22	\$ 90,063,000				
2002	1,967,377	567,000	967,075	1,534,075	1.28	93,034,000	\$ 2,800,000	\$ 4,758,913	\$ 7,558,913	4.77
2003	2,651,448	887,000	1,160,626	2,047,626	1.29	93,597,000	2,835,000	4,620,513	7,555,513	4.57
2004	2,651,448	887,000	1,160,626	2,047,626	1.29	96,651,000	7,010,000	9,367,246	16,377,246	2.15
2005	4,848,086	2,288,000	1,995,000	4,283,000	1.13	105,797,000	7,240,000	11,694,497	18,934,497	2.12
2006	4,840,444	2,854,000	1,915,905	4,769,905	1.01	110,858,000	11,045,000	13,585,642	24,640,642	1.84
2007	4,796,765	2,475,000	1,782,231	4,257,231	1.13	127,895,000	11,475,000	13,861,504	25,336,504	2.17

Includes:

- Urban Renewal Revenue Bonds, Series 1960A - One Gateway Project (165)
- Economic Development Revenue Bonds, Series 1996 - Cincinnati Development Group LLC - Fountain Square West Project (156)
- Economic Development Revenue Bonds, Series 1998 - Convention Place Mall Project - RSJ Investments Limited (157)
- Economic Development Revenue Bonds, Series 2002 - Saks Fifth Avenue Inc. & Race Street Development LTD (158)
- Economic Development Revenue Bonds, Series 2003 - Convergys Corporation Project (159)



**City of Cincinnati**  
**Debt Capacity**  
**Schedule 6**  
**Water Works**  
**Historical Financial Operations**  
**(Dollars in Thousands)**

	2001	2002	2003	2004	2005	2006	2007
<u>Operating Revenue</u>							
Total Operating Revenue	\$81,542	\$90,124	\$91,556	\$94,706	\$102,272	\$105,059	\$121,244
<u>Operating Expense:</u>							
Personal Services	29,237	31,292	31,741	34,703	36,805	37,600	39,575
Contractual Services	7,491	8,082	8,692	8,555	8,963	7,328	8,530
Maintenance and Repair	2,836	2,575	3,006	3,170	3,223	3,135	4,550
Materials and Supplies	5,917	5,992	6,256	5,389	5,651	6,105	7,451
Utilities	6,802	7,918	8,007	7,911	9,270	9,752	11,639
Insurance	181	230	264	205	234	201	169
Taxes	16	-	1	1	46	48	2
Rent	306	394	656	989	931	1,037	823
Other	190	470	482	507	470	412	354
Depreciation and Amortization Expense	12,152	15,630	15,597	16,950	19,516	21,471	21,934
Amortization Mason Agreement	-	48	60	63	66	-	72
Bad Debt Expense	175	-	-	-	-	-	-
Total Operating Expense	65,303	72,631	74,762	78,443	85,175	87,089	95,099
Operating Income	\$ 16,239	\$ 17,493	\$ 16,794	\$ 16,263	\$ 17,097	\$ 17,970	\$ 26,145
<u>Non-Operating Revenue (Expenses):</u>							
Capital Contribution	\$8,475	\$10,537	\$8,661	\$5,063	\$14,464	\$5,646	\$4,935
Gain (Loss) on Disposal of Fixed Assets	(516)	(24)	(323)	(828)	(351)	(628)	(52)
Transfers In	236	-	-	-	-	-	-
Interest Revenue	8,521	2,910	2,041	1,945	3,525	5,799	6,751
Interest Expense	(7,416)	(4,749)	(8,234)	(7,164)	(12,155)	(11,113)	(12,359)
Total Non-Operating Revenue (Expense):	9,300	8,674	2,145	(984)	5,483	(296)	(725)
Net Income	\$25,539	\$26,167	\$18,939	\$15,279	\$22,580	\$17,674	\$25,420

**City of Cincinnati**  
**Debt Capacity**  
**Schedule 7**  
**Water Works**  
**Projected Operating Results**

<u>Description</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
	\$	\$	\$	\$
Metered Water Sales				
Revenue Under Existing Rates	96,570,300	96,331,300	96,685,100	96,532,400
Indicated Revenue Increases (a)				
Month - Year	Revenue Increase			
January 2007	7.00%	6,809,000	6,800,000	6,796,000
January 2008	6.00%	5,464,000	6,237,000	6,233,000
January 2009	5.50%		5,303,000	6,057,000
January 2010	6.00%			6,099,000
January 2011	6.00%			6,465,000
Total Increased Revenue	12,273,000	18,340,000	25,185,000	32,520,000
Total Metered Water Sales Revenue	108,843,300	114,671,300	121,870,100	129,052,400
Other Revenue	2,511,100	2,586,500	2,586,500	2,664,100
Billing Services	7,629,800	7,750,000	7,870,100	7,991,900
Construction Reimbursement Charges	534,900	343,000	343,000	343,000
Interest Income (b)	2,203,000	2,359,800	2,660,500	2,900,700
Total Revenue	121,722,100	127,710,600	135,330,200	142,952,100
Operating & Maintenance Expense (c)	74,256,400	76,719,200	79,587,700	82,801,400
Net Revenue Available for Debt Service	47,465,700	50,991,400	55,742,500	60,150,700
Series 2001 Revenue Bond Debt Service	4,544,860	4,541,345	4,545,920	4,544,975
Series 2003 Revenue Bond Debt Service	5,272,558	5,273,800	5,274,125	5,272,500
Series 2005A Revenue Bond Debt Service	7,382,581	7,291,781	7,384,906	7,288,656
Series 2007A Revenue Bond Debt Service	6,094,350	6,095,350	6,096,150	6,096,750
Future Senior Lien Revenue Bond Debt Service (d)	5,201,000	8,708,000	11,173,000	15,723,000
Total Senior Lien Revenue Bond Debt Service	28,495,349	31,910,276	34,474,101	38,925,881
Series 2005B Revenue Bond Debt Service	-	-	-	-
Series 2005B Revenue Bond Conversion Debt Service	1,500,000	1,500,000	1,500,000	1,500,000
Total Junior Lien Revenue Bond Debt Service	1,500,000	1,500,000	1,500,000	1,500,000
Subordinate General Obligation Bond Debt Service (e)	5,293,350	2,495,600	2,411,600	2,327,600
Total Junior Lien Revenue Bond Debt Service	5,293,350	2,495,600	2,411,600	2,327,600
State of Ohio Issue 2 Money (\$1M/20Yrs/0%)-2003	50,000	50,000	50,000	50,000
State of Ohio Issue 2 Money (\$980K/20Yrs/0%)-2004	49,000	49,000	49,000	49,000
State of Ohio Issue 2 Money (\$1.15M/20Yrs/0%)-2005	57,500	57,500	57,500	57,500
Ohio EPA Water Supply Revolving Loan (\$1.7M/20Yrs/3.25%)-2006	116,100	116,100	116,100	116,100
Ohio EPA Water Supply Revolving Loan (\$4M/20Yrs/3.25%)-2006	273,600	273,600	273,600	273,600
Other Financing Requirements	546,200	546,200	546,200	546,200
Revenues Available for Transfer to Water System Reserve Fund	11,630,801	14,539,324	16,810,599	16,851,019
<b>Working Capital Balance</b>				
Prior Year Revenue Fund Working Capital Balance	19,399,133	22,416,801	25,677,324	28,318,599
Revenue Transfer To Water System Reserve Fund	8,613,133	11,278,801	14,169,324	16,380,599
Revenues Available for Transfer	11,630,801	14,539,324	16,810,599	16,851,019
End of Year Working Capital Balance	22,416,801	25,677,324	28,318,599	28,789,019
Working Capital Balance Requirement (f)	11,138,000	11,508,000	11,938,000	12,420,000
Revenues Transferred the Next Fiscal Year	11,278,801	14,169,324	16,380,599	16,369,019
<b>Water System Reserve Fund</b>				
Beginning of Year Balance	14,572,511	13,732,044	13,941,645	17,329,369
Deposits	8,613,133	11,278,801	14,169,324	16,380,599
Transfer to Water Works Capital Improvement Fund	9,453,600	11,069,200	10,781,600	10,390,460
End of Year Balance	13,732,044	13,941,645	17,329,369	23,319,508
Senior Lien Revenue Bond Debt Service Coverage	167%	160%	162%	155%
Total Bond Debt Service Coverage	135%	142%	145%	141%

Figures for 2012 are not available at this time.

(a) Reflects the effect of a 12.5% bill proration and billing lag on the level of revenues to be received in the first year of each revenue adjustment.

(b) Does not include interest earnings from construction fund which will be used to fund future projects and reduce additional borrowing.

(c) Inflation factors used in calculations are 2.6-6.0% increases for Non-Personnel Costs and 3% increases in Personnel Costs

(d) Estimated Future Issues assuming revenue bonds (25 years bonds) as follows:

Year	Proceeds	
	Required	Total Issue Interest Rate
2009	\$77.356MM	\$84.170MM 5.00%
2011	\$95.395MM	\$104.000MM 5.25%
2013	\$90.080MM	\$98.400MM 5.50%

(e) General Obligation Bond debt issued for Water System Improvements.

(f) It has been the policy of the Utility to maintain a working capital reserve equal to 15% of the prior fiscal year's O&M Expenses.

City of Cincinnati  
Debt Capacity  
Schedule 8  
Water Works

Senior Bonds and Senior Subordinated Debt Service Requirements

Year	Senior Bonds and Senior Subordinated Debt Service Requirements					Total Senior Bonds		Total Subordinated Debt Service		Total Senior Bonds and Subordinated Bonds Debt Service	
	Debt Service Series 2007B	Debt Service Series 2007A	Debt Service Series 2006A	Debt Service Series 2003 Bonds	Debt Service Series 2001 Bonds	Debt Service	Debt Service	GO Debt	Debt Service	Debt Service	Debt Service
2008	5,165,563.00	6,094,360.00	7,382,581.00	5,272,558.00	4,544,860.00	28,459,912.00	5,293,350.00	6,793,360.00	35,253,262.00		
2009	5,162,363.00	6,095,360.00	7,291,781.00	5,273,600.00	4,541,345.00	28,384,639.00	2,495,600.00	3,995,600.00	32,360,239.00		
2010	5,161,563.00	6,096,150.00	7,384,906.00	5,274,125.00	4,545,920.00	28,462,664.00	2,411,600.00	3,911,600.00	32,374,264.00		
2011	5,165,323.00	6,096,750.00	7,288,656.00	5,272,500.00	4,544,975.00	28,368,204.00	2,327,600.00	3,827,600.00	32,195,804.00		
2012	5,162,123.00	10,137,150.00	7,386,938.00	5,273,850.00	500,250.00	28,460,311.00	2,243,600.00	3,743,600.00	32,203,911.00		
2013	5,165,348.00	15,195,750.00	7,290,438.00	502,350.00	209,100.00	28,362,986.00	2,159,600.00	3,659,600.00	32,022,586.00		
2014	5,164,313.00	15,551,500.00	7,382,438.00	356,960.00		28,455,211.00	1,875,600.00	3,375,600.00	31,830,811.00		
2015	5,164,438.00	15,632,650.00	7,383,188.00	271,098.00		28,451,374.00			29,951,374.00		
2016	5,162,400.00	15,148,650.00	7,291,438.00	762,938.00		28,365,486.00			29,865,486.00		
2017	5,165,600.00	15,875,250.00	7,386,188.00	33,948.00		28,460,986.00		1,500,000.00	29,960,986.00		
2018	5,165,000.00	15,876,000.00	7,287,688.00	33,948.00		28,362,636.00		1,500,000.00	29,862,636.00		
2019	5,160,750.00	15,876,500.00	7,384,688.00	33,948.00		28,455,886.00		1,500,000.00	29,955,886.00		
2020	5,165,500.00	15,871,875.00	7,291,938.00			28,363,261.00			29,863,261.00		
2021	5,163,500.00	15,875,475.00	7,382,938.00			28,455,861.00			29,955,861.00		
2022	5,164,750.00	7,855,725.00	807,938.00	493,948.00		14,322,361.00		8,075,000.00	22,397,361.00		
2023	5,163,750.00	8,067,400.00		287,788.00		13,518,938.00		8,696,250.00	22,215,188.00		
2024	5,165,250.00					5,165,250.00		8,620,000.00	13,785,250.00		
2025	5,163,750.00					5,163,750.00		8,478,785.00	13,642,535.00		
2026	5,164,000.00					5,164,000.00					
2027	5,165,500.00					5,165,500.00					
2028	5,162,750.00					5,162,750.00			5,162,750.00		
2029	5,165,500.00					5,165,500.00			5,165,500.00		
2030	5,163,000.00					5,163,000.00			5,163,000.00		
2031	5,165,000.00					5,165,000.00			5,165,000.00		
2032	5,160,750.00					5,160,750.00			5,160,750.00		
	<u>\$ 129,097,784.00</u>	<u>\$ 191,346,525.00</u>	<u>\$ 103,623,742.00</u>	<u>\$ 29,211,715.00</u>	<u>\$ 18,886,450.00</u>	<u>\$ 472,166,216.00</u>	<u>\$ 18,806,950.00</u>	<u>\$ 73,676,985.00</u>	<u>\$ 545,843,201.00</u>	<u>\$ 545,843,201.00</u>	

City of Cincinnati, Ohio  
Demographic and Economic Information  
Schedule 1  
Population Statistics  
Last Ten Calendar Years

Year	Population			Per Capita Personal Income					Civilian Labor Force Estimates					
	Ohio	Cincinnati MSA	Hamilton County	Ohio	Cincinnati MSA	Hamilton County	Ohio	Cincinnati MSA	Hamilton County	Cincinnati	Hamilton County	Cincinnati	Cincinnati	% Unemployed
1998	11,311,536	1,985,506	855,976	26,017	28,058	31,712	5,736,700	1,033,800	434,400	172,400	3.4			
1999	11,335,454	1,999,126	849,917	26,859	29,057	32,262	5,780,700	1,045,700	432,000	171,500	3.3			
2000	11,364,401	2,014,487	843,993	28,205	30,474	33,566	5,807,000	1,045,900	428,900	160,500	4.0			
2001	11,392,043	2,032,249	844,569	28,583	31,056	34,499	5,825,600	1,049,400	425,700	159,500	4.9			
2002	11,414,537	2,044,916	840,362	29,187	31,839	35,712	5,838,100	1,057,800	424,400	160,100	5.1			
2003	11,437,908	2,059,319	836,547	29,826	32,401	36,526	5,864,000	1,072,300	423,300	156,400	5.4			
2004	11,461,347	2,074,789	832,250	30,763	33,758	38,417	5,869,100	1,084,900	422,200	155,600	5.2			
2005	11,470,685	2,090,968	828,487	31,860	34,961	39,937	5,891,600	1,095,000	418,800	153,000	5.0			
2006	11,463,513	2,103,108	847,368	33,320	36,650	41,477	5,934,000	1,109,700	423,500	166,100				
2007	N/A	N/A	N/A	N/A	N/A	N/A	5,976,500	1,119,900	431,200	166,100				

Source: Unemployment rate from Ohio Bureau of Employment Services  
Other Information from [www.ohioworkforceinformer.org](http://www.ohioworkforceinformer.org)  
US Dept of Commerce, Bureau of Economic Commerce ([www.bea.gov](http://www.bea.gov))  
N/A = Not Available

**City of Cincinnati  
Demographic and Economic Information  
Schedule 2  
Ten Largest Employers  
In Cincinnati Primary Metropolitan Statistical Area  
Current Year and Nine Years Ago**

Employer	2007			1998		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
University of Cincinnati	15,864	1	1.49%	11,700	3	1.36%
The Kroger Co	15,600	2	1.47%	12,000	4	1.39%
Health Alliance	14,785	3	1.39%			
The Procter and Gamble Co	12,315	4	1.16%	14,700	1	1.71%
Children's Hospital Medical Center	9,464	5	0.89%			
Tri-Health Inc	9,400	6	0.88%			
Fifth Third Bank	7,645	7	0.72%			
ABX Air Inc.	7,500	8	0.71%			
Wal-mart Stores	7,500	9	0.71%			
General Electric	7,400	10	0.70%	8,000	5	0.93%
Cincinnati Public Schools				5,400	8	0.63%
City of Cincinnati				6,090	6	0.71%
U S Government				13,600	2	1.58%
Hamilton County				5,900	7	0.69%
Cinergy				5,000	9	0.58%
Cincinnati Bell Telephone						
Cincinnati Milacron				4,500	10	0.52%
<b>T o t a l</b>	<b>107,473</b>		<b>10.12%</b>	<b>86,890</b>		<b>10.10%</b>
Total Metropolitan Statistical Area	1,063,300			861,100		

Source: Business Courier 2008 Winter Book of Business Lists

**City of Cincinnati, Ohio**  
**Demographic and Economic Information**  
**Schedule 3**  
**Construction and Property Values**

Year	New Residential Construction (1)		New Non-Residential Construction (1)		Total Construction (1)	
	Number of Permits	Estimated Cost (in thousands)	Number of Permits	Estimated Cost (in thousands)	Number of Permits	Estimated Cost (in thousands)
1998	142	12,973	533	36,588	11,433	266,664
1999	129	12,008	497	196,139	9,471	448,484
2000	169	30,170	567	250,681	10,483	540,208
2001	120	24,712	70	136,958	9,206	570,930
2002	198	44,323	65	52,432	8,726	559,529
2003	154	36,200	78	67,496	8,146	333,396
2004	187	26,488	55	97,719	7,950	486,905
2005	240	48,343	52	119,455	8,336	509,344
2006	231	75,678	53	93,812	8,498	543,753
2007	149	35,202	56	125,545	8,165	414,610

Year	Property Value (2)	
	Residential (in thousands)	Non-Residential (in thousands)
1998	5,961,433	4,707,816
1999	5,979,174	4,734,190
2000	7,165,094	5,301,602
2001	7,191,011	5,275,983
2002	7,190,165	5,322,012
2003	8,135,933	6,695,987
2004	8,154,379	6,857,111
2005	8,191,224	6,541,396
2006	9,890,166	6,773,615
2007	9,880,248	5,899,386

Source: (1) The City's Department of Buildings and Inspections' records  
(2) Values obtained from the Hamilton County Auditor's Office

**City of Cincinnati, Ohio**  
**Demographic and Economic Information**  
**Schedule 4**  
**Salaries of Principal Officials**

<u>Position</u>	<u>Salary</u>
Mayor	\$131,904
Councilmember	\$65,952
City Manager	\$223,927
Commissioner of Health	\$114,941 - \$155,171
Deputy City Manager	\$114,941 - \$155,171
City Solicitor	\$114,941 - \$155,171
Various Department Directors	\$ 98,374 - \$132,805

**MAYOR and CITY COUNCIL**

The mayor is elected for a four-year term by the voters of Cincinnati. The legislature of the City is a nine-member council elected at large on a partisan basis for two-year terms. The vice-mayor is chosen by the mayor from the councilmembers. A list of the council incumbents and the term each is presently serving appears on page (xiii). The mayor selects the city manager, but the mayor's nominee must be approved by a majority of the council. The city manager appoints the deputy city manager and the department directors.

**City of Cincinnati, Ohio**  
**Demographic and Economic Information**  
**Schedule 5**  
**Surety Bond Coverage**

A faithful performance blanket bond coverage of \$5,000,000 is maintained for all City employees.

**Cincinnati-Middletown MSA**  
**Demographic and Economic Information**  
**Schedule 6**  
**Annual Employment Average by Industry**  
**(in thousands)**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Goods-Producing Industries</b>	<b>196.5</b>	<b>199.2</b>	<b>198.3</b>	<b>190.5</b>	<b>179.2</b>	<b>176.6</b>	<b>176.5</b>	<b>175.7</b>	<b>174.2</b>	<b>172.1</b>
<b>Natural Resources, Mining and Construction</b>	<b>47.2</b>	<b>50.2</b>	<b>50.6</b>	<b>51.1</b>	<b>49.2</b>	<b>49.6</b>	<b>52.4</b>	<b>52.4</b>	<b>52.6</b>	<b>50.6</b>
Construction of Buildings	11.2	11.3	11.5	11.0	11.3	12.3	12.7	12.8	12.6	12.1
Specialty Trade Contractors	30.3	32.4	33.1	32.6	31.5	31.5	34.0	33.7	34.2	32.6
<b>Manufacturing</b>	<b>149.3</b>	<b>149.1</b>	<b>147.7</b>	<b>139.4</b>	<b>130.0</b>	<b>127.0</b>	<b>124.2</b>	<b>123.3</b>	<b>121.7</b>	<b>121.5</b>
Durable Goods	88.1	88.6	87.7	82.2	75.4	72.7	71.9	71.9	71.8	72.1
Primary Metals	8.5	8.6	9.0	8.6	7.9	8.0	8.0	7.5	6.5	6.8
Transportation Equipment	18.5	19.3	19.9	20.1	18.2	17.1	17.1	18.2	19.5	19.8
Motor Vehicle Parts	6.4	6.9	7.8	8.4	8.6	8.0	7.8	8.4	8.8	8.7
Aerospace Products and Parts	10.2	10.2	9.8	9.9	8.9	8.3	8.3	8.7	9.4	9.5
Nondurable Goods	61.2	60.4	60.0	57.2	54.7	54.4	52.3	51.4	49.9	49.4
Chemical Manufacturing	13.3	13.6	13.4	13.0	12.4	12.4	11.0	11.1	11.2	11.1
<b>Service-Providing Industries</b>	<b>790.8</b>	<b>806.4</b>	<b>819.1</b>	<b>821.0</b>	<b>829.5</b>	<b>839.5</b>	<b>848.8</b>	<b>859.6</b>	<b>864.2</b>	<b>873.0</b>
<b>Trade, Transportation, and Utilities</b>	<b>215.1</b>	<b>216.4</b>	<b>218.1</b>	<b>216.1</b>	<b>213.7</b>	<b>210.9</b>	<b>210.3</b>	<b>211.0</b>	<b>209.6</b>	<b>212.8</b>
Wholesale Trade	57.1	58.9	59.3	58.8	58.3	57.2	56.7	58.0	59.2	61.0
Merchant Wholesalers, Durable Goods	26.1	27.7	28.1	27.5	26.8	26.8	26.9	27.8	28.7	28.8
Merchant Wholesalers, Non-Durable Goods	20.1	20.9	21.6	21.8	22.1	22.3	22.3	22.5	23.2	23.8
<b>Retail Trade</b>	<b>117.3</b>	<b>115.0</b>	<b>115.6</b>	<b>115.0</b>	<b>112.6</b>	<b>110.6</b>	<b>110.8</b>	<b>109.4</b>	<b>109.2</b>	<b>109.7</b>
Food and Beverage Stores	20.0	19.6	19.8	20.3	19.8	20.8	20.3	20.3	20.8	21.4
Grocery Stores	17.2	16.9	17.1	17.6	17.2	17.5	17.2	17.4	17.9	18.6
Health and Personal Care Stores	7.7	8.0	7.6	7.4	7.4	7.8	7.6	7.4	7.3	7.4
Clothing and Clothing Accessories Stores	7.7	7.3	7.6	7.4	7.8	8.4	9.3	9.3	9.4	8.8
General Merchandise Stores	27.8	27.4	25.5	23.8	22.1	22.4	22.1	21.6	22.0	22.7
<b>Transportation, Warehousing and Utilities</b>	<b>40.7</b>	<b>42.4</b>	<b>43.1</b>	<b>42.3</b>	<b>42.8</b>	<b>43.1</b>	<b>42.8</b>	<b>43.6</b>	<b>41.1</b>	<b>42.0</b>
Transportation and Warehousing	37.2	39.5	38.5	37.1	37.6	39.0	39.6	40.4	38.0	38.9
Air Transportation	8.8	9.2	9.5	8.9	9.8	10.3	10.4	10.0	8.6	8.0
<b>Information</b>	<b>20.2</b>	<b>20.6</b>	<b>20.3</b>	<b>19.4</b>	<b>17.8</b>	<b>16.2</b>	<b>16.0</b>	<b>15.8</b>	<b>15.7</b>	<b>15.6</b>
Telecommunications	6.9	6.9	7.2	6.9	6.1	5.6	5.7	5.4	N/A	N/A
<b>Financial Activities</b>	<b>55.1</b>	<b>57.5</b>	<b>59.1</b>	<b>60.9</b>	<b>64.1</b>	<b>66.0</b>	<b>65.0</b>	<b>65.6</b>	<b>65.3</b>	<b>65.6</b>
Finance and Insurance	41.0	42.9	44.2	46.1	48.9	51.5	50.8	51.5	51.6	52.3
Credit Intermediation and Related Activities	15.8	17.0	17.8	18.5	20.1	21.3	21.1	21.5	20.8	20.5
Insurance Carriers and Related Activities	19.0	20.1	20.2	20.4	21.8	23.5	22.9	22.9	23.2	23.8
<b>Professional and Business Services</b>	<b>130.5</b>	<b>134.9</b>	<b>139.1</b>	<b>138.9</b>	<b>139.6</b>	<b>144.1</b>	<b>147.0</b>	<b>152.3</b>	<b>156.0</b>	<b>154.8</b>
Professional and Technical Services	46.5	48.4	50.8	50.5	49.7	50.9	50.7	52.2	53.6	54.7
Management of Companies and Enterprises	27.1	28.8	29.8	29.6	29.9	30.8	30.7	31.6	32.7	33.5
Administrative, Support, and Waste Services	56.9	57.7	58.6	58.8	60.0	62.4	65.6	68.5	69.7	66.7
Employment Services	25.8	27.6	28.5	27.6	26.9	29.8	33.3	35.4	36.4	34.1
Services to Buildings and Dwellings	13.3	13.1	13.2	13.0	12.8	13.1	12.8	13.4	13.4	13.6
<b>Educational and Health Services</b>	<b>115.4</b>	<b>118.6</b>	<b>119.6</b>	<b>121.0</b>	<b>124.7</b>	<b>127.2</b>	<b>131.1</b>	<b>134.6</b>	<b>137.4</b>	<b>141.3</b>
Educational Services	12.0	12.0	11.9	11.6	11.9	12.8	13.7	14.2	14.4	14.6
Health Care and Social Assistance	103.4	106.6	107.7	109.5	112.7	114.4	117.4	120.4	123.1	126.7
Hospitals	34.9	35.1	35.0	35.4	35.9	37.2	38.3	39.4	40.7	41.3
<b>Leisure and Hospitality</b>	<b>90.6</b>	<b>93.2</b>	<b>96.0</b>	<b>96.1</b>	<b>98.2</b>	<b>99.9</b>	<b>103.2</b>	<b>105.4</b>	<b>105.2</b>	<b>106.9</b>
Arts, Entertainment and Recreation	17.5	17.8	18.7	17.7	17.9	18.3	18.9	18.9	18.3	18.8
Accommodation and Food Services	73.1	75.4	77.3	78.5	80.3	81.6	84.3	86.6	86.9	88.0
<b>Other Services</b>	<b>41.6</b>	<b>41.9</b>	<b>41.2</b>	<b>40.5</b>	<b>40.9</b>	<b>42.1</b>	<b>42.9</b>	<b>42.8</b>	<b>42.5</b>	<b>43.2</b>
<b>Government</b>	<b>122.2</b>	<b>123.3</b>	<b>125.9</b>	<b>128.1</b>	<b>130.6</b>	<b>133.1</b>	<b>133.2</b>	<b>132.2</b>	<b>132.5</b>	<b>132.9</b>
Federal Government	16.6	16.8	18.0	17.9	18.4	17.8	17.6	17.6	17.7	17.4
State Government	25.5	25.3	25.5	25.8	26.0	26.7	27.1	27.4	27.1	27.5
State Government Education	20.3	20.1	20.3	20.5	21.0	21.5	21.9	22.2	21.9	22.3
Local Government	80.2	81.3	82.4	84.4	86.2	88.6	88.4	87.1	87.7	88.1
Local Government Education	46.0	46.7	47.5	48.3	48.4	49.8	49.9	49.0	49.4	49.0
<b>Total</b>	<b>987.3</b>	<b>1005.6</b>	<b>1017.4</b>	<b>1011.5</b>	<b>1008.6</b>	<b>1016.1</b>	<b>1025.3</b>	<b>1035.3</b>	<b>1038.4</b>	<b>1045.1</b>
<b>Unemployment Rate</b>	<b>3.4</b>	<b>3.3</b>	<b>3.4</b>	<b>4.0</b>	<b>4.9</b>	<b>5.1</b>	<b>5.1</b>	<b>5.4</b>	<b>5.2</b>	<b>5.0</b>

Note: The Cincinnati-Middletown are included Brown, Butler, Clermont, Hamilton and Warren Counties in Ohio; Dearborn, Franklin and Ohio Counties in Indiana; Boone, Bracken, Campbell, Gallatin, Grant, Kenton, and Pendleton Counties in Kentucky.

Source: Ohio Department of Job and Family Services, Bureau of Labor Market Information



City of Cincinnati  
Operating Information  
Schedule 1  
Full Time Equivalent Positions by Function/Program  
Last Ten Fiscal Years

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government	518	494	483	478	444	451	582	542	547	497
Community Development	69	93	84	83	77	76	60	56	52	61
General Services	309	310	310	317	296	228	75	72	73	66
Parks and Recreation	344	357	351	343	335	333	310	314	311	311
Public Safety										
Police	1,312	1,342	1,319	1,304	1,312	1,326	1,365	1,322	1,333	1,342
Fire	844	839	865	855	860	847	860	855	870	885
Transportation and Engineering	139	141	148	148	148	171	168	159	163	151
Public Services	515	501	473	459	456	464	438	437	464	425
Public Health	490	467	496	500	485	492	470	452	451	414
MSD	649	644	632	650	624	595	571	563	559	526
Enterprise										
Water Works	588	580	578	594	573	592	589	570	569	542
Parking Facility	64	65	64	54	64	58	56	55	51	44
Convention Center	44	45	42	37	39	32	31	29	1	1
General Aviation	12	10	12	12	12	13	11	13	13	13
Municipal Golf	3	2	2	2	2	2	2	2	2	2
Stormwater Management	24	15	13	9	15	21	15	16	11	12
	5,924	5,905	5,872	5,845	5,742	5,701	5,603	5,457	5,470	5,292

Source: Cincinnati Human Resource Information System

City of Cincinnati  
Operating Information  
Schedule Z  
Operating Indicators by Function/Program  
Last Ten Fiscal Years

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>General Government</b>										
Litigations	142	150	149	170	195	207	152	121	342	383
Total Cases	22	28	64	69	43	38	65	83	223	296
Open Cases										
<b>Community Development</b>										
Housing Units	3,002	2,318	2,801	3,134	2,088	1,630	2,465	2,110	2,239	2,052
Job Created/Retained through Income Tax Credits	N/A	7,708	2,715	2,200	1,984	1,531	575	570	273	319
Enterprise Zone Agreement	N/A	26	15	9	5	10	5	1	2	5
<b>Police</b>										
Service Calls	298,425	298,910	300,713	288,283	288,242	295,387	292,826	291,468	303,670	273,662
Arrests	47,404	60,852	60,146	41,829	42,497	47,007	47,830	48,757	47,474	41,510
Reports Filed	44,007	40,209	39,863	45,635	47,639	46,923	44,798	43,427	26,850	24,678
<b>Fire</b>										
Incidents (Fires, EMS)	67,129	63,267	63,618	64,453	65,428	65,451	65,423	65,206	65,866	67,435
<b>Parks</b>										
Annual Visitors	N/A	N/A	N/A	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Nature Education Programs	N/A	N/A	N/A	1,500	1,500	1,300	1,300	1,300	1,000	1,000
Volunteer Hours	N/A	N/A	N/A	30,000	30,000	32,800	33,700	33,700	62,500	87,737
Park Reservations	N/A	N/A	N/A	645	660	675	690	690	1,300	1,350
Visitor Center Phone Calls	N/A	N/A	N/A	16,200	17,900	18,000	21,000	21,000	24,600	26,350
<b>Health</b>										
Patients	45,221	48,787	44,181	43,234	47,712	48,787	46,237	48,961	37,077	34,688
Visits	136,388	144,267	140,935	139,040	135,296	138,833	134,637	137,105	125,971	123,445
Inspections	38,946	24,627	28,077	28,935	29,337	35,098	29,203	26,317	24,312	31,244
Birth and Death Certificates	97,636	101,707	98,618	97,034	94,033	86,638	83,213	84,314	82,876	78,187
<b>Sanitation</b>										
Total solid waste collected and disposed	112,327	111,889	113,700	117,800	111,500	116,500	114,377	115,000	106,463	103,504
<b>Water Works</b>										
Water Delivered to Water Mains (Gallons)	46,900,170,000	48,697,876,000	48,747,763,000	47,047,006,000	48,679,150,000	48,574,063,000	48,006,613,000	50,246,238,000	47,990,075,000	53,410,396,000
Total Water Consumption (Gallons)	38,314,841,000	41,048,653,000	40,630,692,000	39,083,763,000	41,188,056,000	38,700,260,000	41,206,219,000	42,128,497,000	40,061,250,000	44,181,854,000
Percent of Unmetered Water	16%	17%	17%	17%	17%	18%	16%	16%	17%	17%
Average Daily Delivery (Gallons)	128,494,000	136,159,000	133,191,000	128,896,000	136,107,000	133,060,000	134,038,000	137,661,000	131,480,000	146,330,000
Maximum Daily Pumpage (Gallons)	188,460,000	234,267,000	196,730,000	168,636,000	217,882,000	207,864,000	176,763,000	213,827,000	211,468,000	229,517,000
Minimum Daily Pumpage (Gallons)	95,700,000	104,747,000	105,760,000	105,529,000	101,296,000	98,360,000	106,310,000	108,872,000	102,562,000	106,102,000

N/A = Not Available

**City of Cincinnati**  
**Operating Information**  
**Schedule 3**  
**Capital Asset and Infrastructure Statistics by Function/Program**  
**Last Seven Fiscal Years**

<b>Function/Program</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Public Safety</b>							
Police							
Stations	5	5	5	5	5	5	5
Fire							
Fire Stations	26	26	26	26	26	26	26
Paramedic Units	4	4	4	4	4	4	4
Life Support Ambulances	6	6	6	6	6	6	6
Aircraft Rescue	1	1	1	1	1	1	1
<b>Transportation and Engineering</b>							
Streets (lane miles)	2,820	2,820	2,840	2,840	2,840	2,840	2,840
Sidewalks (miles)	1,700	1,700	1,700	1,700	1,700	1,700	1,700
Street Signs	150,000	150,000	300,000	300,000	300,000	300,000	300,000
Bridges	71	71	71	66	68	68	63
Retaining Walls (miles)	48	48	49	49	51	51	52
<b>Public Recreation</b>							
Parks							
Acreage	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Regional Parks	5	5	5	5	5	5	5
Neighborhood parks	70	70	70	70	70	70	70
Preserves and Nature areas	34	34	34	34	34	34	34
Nature Education Centers	5	5	5	5	5	5	5
Playgrounds	52	52	52	52	52	52	52
Hiking Trails (miles)	50	50	50	50	65	65	65
Plant Species - Krohn Conservatory	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Park Facilities & Structures	121	121	121	121	121	121	121
Street Trees	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Recreation							
Acreage	2,300	2,300	2,300	2,300	2,600	2,600	2,600
Recreation and Senior Centers	45	45	40	40	40	40	38
Play Areas	105	108	108	108	108	108	108
Swimming Pools	42	41	40	40	40	40	38
Tennis Courts	125	122	122	122	122	122	122
<b>Public Services</b>							
Traffic Engineering							
Traffic Signs	705	705	725	725	739	745	758
Street Lights	31,500	31,500	31,500	31,500	32,000	32,000	32,000
<b>Public Health</b>							
Health Centers	6	6	6	6	6	6	6
<b>Water Works</b>							
Total Assets (in thousands)	\$628,124	\$642,501	\$759,982	\$751,109	\$877,497	\$877,914	\$970,706
Water Customer Accounts	225,520	235,556	236,945	238,460	239,630	240,472	241,040
Miles of Water Main in the System	2,832	2,992	3,012	3,058	3,079	3,102	3,109
<b>Municipal Golf</b>							
Golf Courses	7	7	7	7	7	7	7
<b>General Aviation</b>							
Acreage	1,000	1,000	1,000	1,000	1,000	1,000	870
<b>Convention Center</b>							
Meeting Rooms			41	41	N/A	37	37
Exhibit Space (Square Feet)	162,000	162,000	162,000	162,000	162,000	195,000	195,000
Meeting/Ballroom Space (Square Feet)	88,000	82,000	82,000	82,000	82,000	102,000	102,000
<b>Parking Facilities</b>							
Parking Lots/Garages	9	9	10	10	15	14	14
Parking Meters	6,200	6,200	6,400	6,400	5,700	5,700	5,400
<b>Stormwater Management</b>							
Miles of Storm Sewers	315	315	315	315	315	315	350

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# *Comprehensive Annual* **Financial Report**

**Prepared By:**

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**With Special Acknowledgement**

**For Contributions From:**

Water Works  
*David McKenrick, Janet Klenk,  
Andy Remlinger*

Treasury

*Nicole Lee*

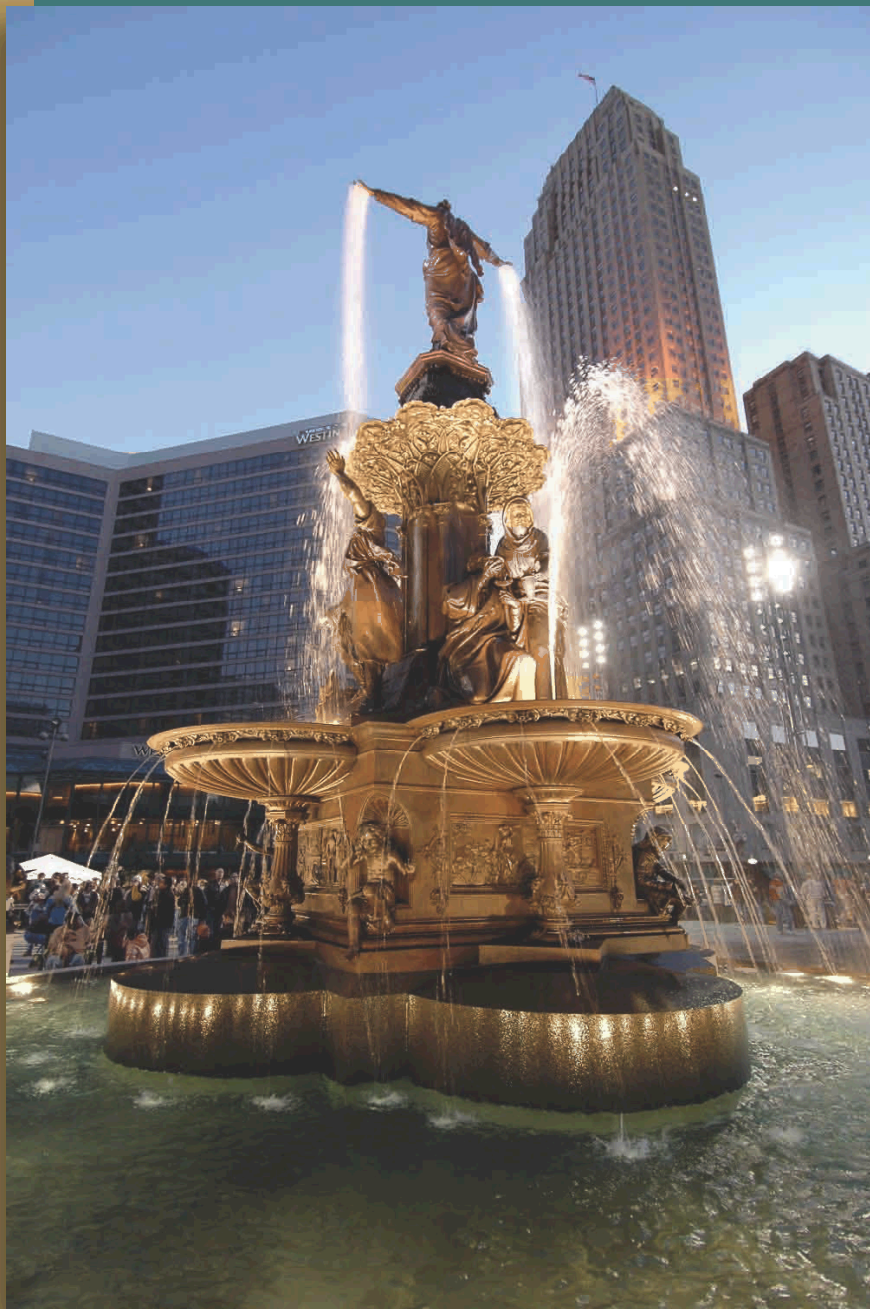
**Designed By:**

Transportation and Engineering  
*Laura Martin*



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**Mary Taylor, CPA**  
Auditor of State

**CITY OF CINCINNATI**

**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  
OCTOBER 2, 2008**