APPENDIX A

STATE AUDIT

City Of Cincinnati, Ohio

Office of Management and Budget Circular A-133
Reports for the Year Ended December 31, 2002

Auditor of State
Betty Montgomery

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

We have reviewed the Independent Auditor's Report of the City of Cincinnati, Hamilton County, prepared by Deloitte & Touche LLP, for the audit period January 1, 2002 through December 31, 2002. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

July 18, 2003

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CITY OF CINCINNATI, OHIO

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& Touche

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the City Council
City of Cincinnati, Ohio and
Betty Montgomery, Auditor of State of 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 ("City"), as of and for the year ended December 31, 2002, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on the respective 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 respective financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective 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 opinion.

In our opinion, the respective financial statements referred to above present fairly, in all material respects, the respective statement of net assets or 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, 2002, and the respective changes in financial position (and respective cash flows, where applicable) thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, in fiscal year 2002, the City adopted Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

Management's Discussion and Analysis on pages 3 through 14, the Budgetary Comparison Schedule—General Fund on page 73 and Note to the Required Supplementary Information on page 74 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. This information is the responsibility of City's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is not a required part of the basic financial statements. This schedule is

the responsibility of management of City's management. Such information has been subjected to the auditing procedures applied by us 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.

In accordance with *Government Auditing Standards,* we have also issued a report dated May 30, 2003, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte & Touche LLP

May 30, 2003

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, 2002. 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 - xix of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $1.4 billion (net assets). Of this amount, $258.5 million is considered unrestricted. The unrestricted net assets of the City's governmental activities are $152.9 million and may be used to meet government's on-going obligations. The unrestricted net assets of the City's business type activities are $105.6 million and may be used to meet the on-going obligations of the City's water, parking, convention center, stormwater, aviation and golf business-type activities.
- The City's total net assets increased $96.4 million in 2002. Net assets of the governmental activities increased by $51.3 million, which represents a 7.2 percent increase from the 2001 balance. Net assets of business-type activities increased $45.1 million or 7.6 percent from 2001. Governmental activities investment in capital assets, net of related debt increased $32.2 million. Governmental activities restricted assets increased $44.3 million. Business-type activities investment in capital assets, net of related debt increased $40.5 million. Business-type activities restricted assets increased $3.4 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $351.2 million, an increase of $21.2 million in comparison with the prior year. On a combined basis approximately 48.7 percent, $171.2 million, is *available for spending* at the government's discretion *(unreserved fund balance).* Unreserved fund balance includes $112.7 million restricted for capital projects.
- At the end of the current fiscal year, the general fund reported a fund balance of $65.3 million. The unreserved fund balance for the general fund was $53.1 million, or 17.4 percent of the total general fund expenditures. There was a $16 million increase in general fund balance for the year ended December 31, 2002.
- The City's total debt increased by $4.9 million (1.0 percent) 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 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 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, community development, public safety, parks and recreation, transportation and engineering, general 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.

The government-wide financial statements can be found on pages 17 to 19 of this report.

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.

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 fund balance sheet and the governmental fund 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 fund balance sheet and in the governmental fund 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* 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.

The basic governmental fund financial statements can be found on pages 20 to 24 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *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, general stores operation, municipal garage, property management function, 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.

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, which is considered to be a major fund 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* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 25 to 29 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the 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 30 and 31 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 33 to 70 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 Budgetary Comparison of the City's General Fund Required supplementary information can be found on pages 71 to 74 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 75 to 134 of this report.

CITY OF CINCINNATI'S Net Assets

(AMOUNTS IN THOUSANDS)

	Governmental Activities		Business-type Activities		Total	
	2002	2001	2002	2001	2002	2001
Current and other assets	$581,837	$569,827	$141,842	$182,171	$723,679	$751,998
Capital assets	727,349	667,537	692,554	611,072	1,419,903	1,278,609
Total Assets	1,309,186	1,237,364	834,396	793,243	2,143,582	2,030,607
Long-term liabilities outstanding	333,668	311,200	159,621	168,529	493,289	479,729
Other liabilities	210,472	212,382	39,416	34,486	249,888	246,868
Total liabilities	544,140	523,582	199,037	203,015	743,177	726,597
Net assets:						
Invested in capital assets, net of related debt	490,028	457,810	526,297	485,837	1,016,325	943,647
Restricted	122,109	77,831	3,435	8	125,544	77,839
Unrestricted	152,909	178,141	105,627	104,383	258,536	282,524
Total net assets	$765,046	$713,782	$635,359	$590,228	$1,400,405	$1,304,010

Government-wide Financial Analysis

The largest portion of the City's net assets (72.6 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), 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 future 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, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets 125.5 million (9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* ($258.5 million) 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 $258.5 million; the unrestricted net assets of the City's business-type activities ($105.6 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 $96.4 million in 2002. Net assets for governmental activities increased $51.3 million, while net assets of business-type activities increased $45.1 million.

There was an increase of $44.3 million in restricted net assets reported in connection with the City's governmental activities. The increase in amounts restricted for capital projects and debt service was a result of several transactions, including the City issuing $39.3 million in bonds in 2002.

The City's governmental activities amount invested in capital assets, net of related debt, increased $32.2 million as bond proceeds and capital grants were used to complete certain capital projects during 2002. The City's business-type activities amount invested in capital assets, net of related debt, increased $40.5 million.

CITY OF CINCINNATI'S Changes in Net Assets

(AMOUNTS IN THOUSANDS)

	Governmental Activities		Business-type Activities		Total	
Revenues:	2002	2001	2002	2001	2002	2001
Program Revenues:						
Charges for Services	$ 103,108	$ 97,931	$ 114,011	$ 105,398	$ 217,119	$ 203,329
Operating Grants and Contributions	56,719	42,774			56,719	42,774
Capital Grants and Contributions	21,247	60,096	14,641	8,803	35,888	68,899
General Revenues:						
Property Taxes	64,051	64,931			64,051	64,931
Income Taxes	252,790	248,926			252,790	248,926
Admission Taxes	3,446	3,249			3,446	3,249
Shared Taxes	66,386	67,408			66,386	67,408
Occupancy Taxes			1,662	1,098	1,662	1,098
Unrestricted Investment Earnings	46,277	69,224	3,879	9,757	50,156	78,981
Miscellaneous	249	383	2,455	2,700	2,704	3,083
Loss on disposal of assets	(5,331)	(12,570)	(870)	(519)	(6,201)	(13,089)
Total Revenues	608,942	642,352	135,778	127,237	744,720	769,589
Expenses:						
General Government	102,323	108,564			102,323	108,564
Community Development	52,327	62,010			52,327	62,010
Parks and Recreation	34,647	49,195			34,647	49,195
Public Safety	182,135	171,467			182,135	171,467
Transportation and Engineering	24,042	45,870			24,042	45,870
General Services	51,171	52,404			51,171	52,404
Public Services	40,036	39,074			40,036	39,074
Public Health	39,297	38,339			39,297	38,339
Interest on long-term debt	17,243	18,354			17,243	18,354
Water Works			78,039	73,071	78,039	73,071
Parking Facilities			7,127	6,629	7,127	6,629
Convention Center			7,715	8,310	7,715	8,310
General Aviation			1,937	1,798	1,937	1,798
Municipal Golf			5,634	5,720	5,634	5,720
Stormwater Management			4,652	3,860	4,652	3,860
Total Expenses	543,221	585,277	105,104	99,388	648,325	684,665
Change in net assets before transfers	65,721	57,075	30,674	27,849	96,395	84,924
Transfers	(14,457)	663	14,457	(663)		
Change in net assets	51,264	57,738	45,131	27,186	96,395	84,924
Net assets – January 1st	713,782	656,044	590,228	563,042	1,304,010	1,219,086
Net assets – December 31st	$ 765,046	$ 713,782	$ 635,359	$ 590,228	$ 1,400,405	$ 1,304,010

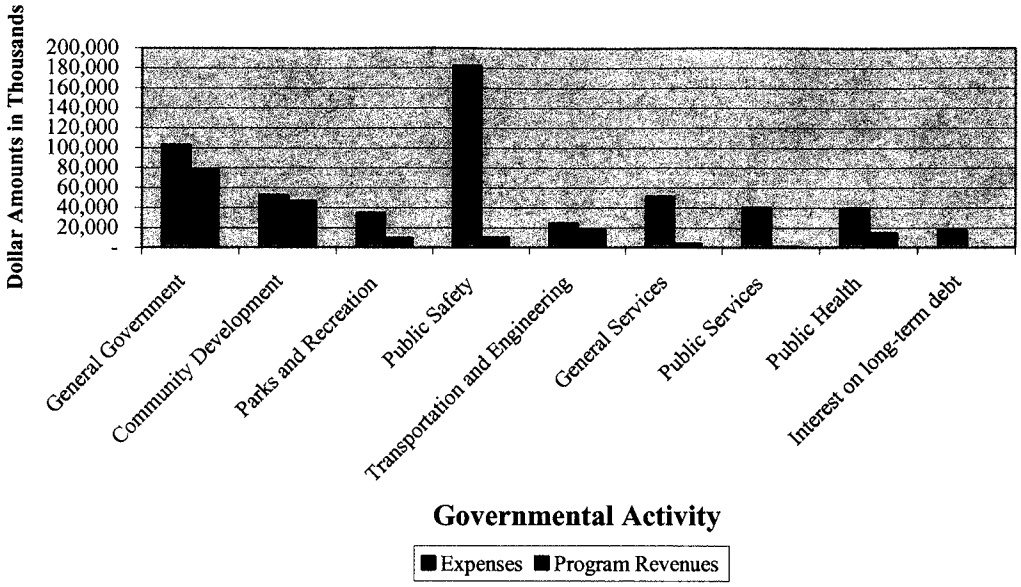
Governmental activities. Governmental activities increased the City's net assets by $51.3 million, thereby accounting for 53.2 percent of the total growth in the net assets of the City. Key elements of this increase are as follows:

- Operating grants and contributions increased $13.9 million in 2002. Two Community Development housing projects received grant proceeds totaling $9.9 million. The grants were to be used to rehab an apartment complex for the elderly and for public improvements on a housing development project. The Empowerment Zone operating grant revenues increased by $3.4 million in 2002.
- Unrestricted investment earnings were higher than normal in 2001 and 2002 because of the stock received by the City from the demutualization of Anthem Blue Cross and Blue Shield in 2001. The stock had a fair market value at 2001 year end of $43 million. In 2002, the City sold the stock and received cash of $54.7 million and interest earnings on the proceeds of $1.8 million.
- A $3.5 million contribution to the National Underground Freedom Center was expensed in 2001 contributing to the decrease in Community Development expenses in 2002.
- Parks & Recreation expenses decreased in 2002 from 2001 by $14.5 million. In 2001, expenses included $9 million for the Cincinnati Zoo from bonds sold by the City. The Cincinnati Zoo will pay for debt service on the bonds.
- Capital grants and offsetting Transportation and Engineering expenses decreased primarily as a result of the Fort Washington Way Interstate Highway construction project being substantially completed in 2001.
- Public Safety expenses were up $10.7 million in 2002 due to additional personnel costs and related benefits, additional police expenses related to a court settlement and additional expenses for homeland security.
- Proceeds from a $15.1 million note sold by the City for the Convention Center expansion was transferred from governmental activities to business-type activities.

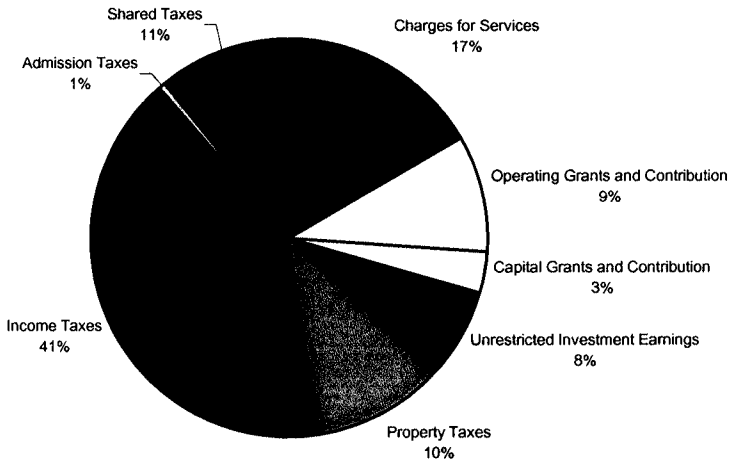
Business-type activities. Business-type activities increased the City's net assets by $45.1 million, accounting for 46.8 percent of the total growth in the government's net assets. Key elements of this increase are as follows.

- Water Works revenue from charges for service increased $8.7 million due to a number of factors including a 3% rate increase effective January 1, 2002, the addition of water delivery and other billing services for Mason, Ohio and the increase in customer consumption of water during the very hot summer of 2002.
- Capital contributions emerged as a major revenue source for the Water Works, producing $10.5 million in revenue from contributed water mains from developers.
- Convention Center net assets increased due to a transfer of $15.1 million from governmental activities to business-type activities for Convention Center expansion. The City sold notes in anticipation of the Convention Facilities Authority's long-term construction financing.

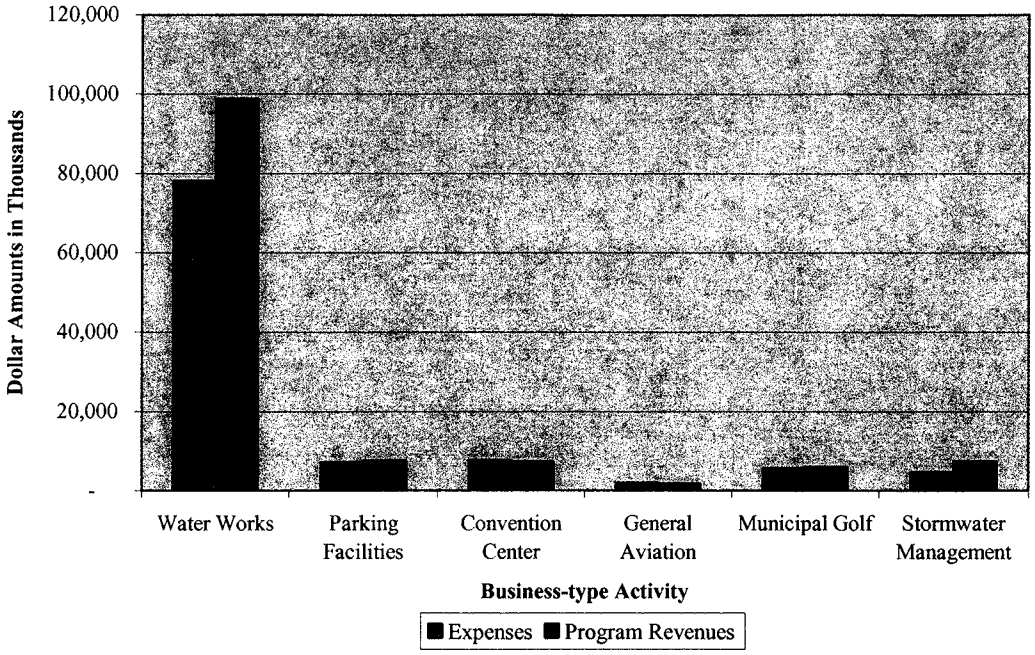
Expenses and Program Revenues - Governmental Activities



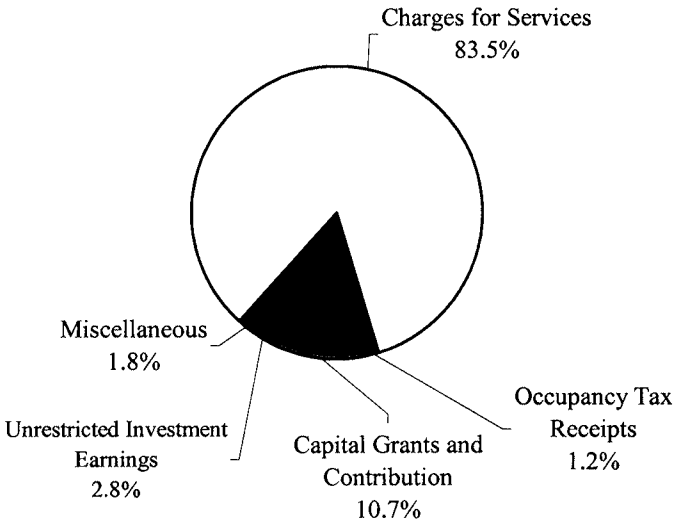
Revenues by Source - Governmental Activities



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* 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 $351.2 million, an increase of $21.2 million in comparison with the prior year. Approximately 48.7 percent of this total amount constitutes *unreserved fund balance*, which is available for spending at the government's discretion. 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, inventory, and advances to other funds.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was $53.1million, while total fund balance reached $65.3 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 17.4 percent of total general fund expenditures, while total fund balance represents 21.5 percent of that same amount.

The fund balance of the City's general fund increased by $16 million during the current fiscal year. Key factors of the increase are as follows:

- Intergovernmental revenues were up due to increase in estate tax collection and timing of receipt of shared taxes.
- Net Operating transfers out from the unreserved fund balance decreased from $15.3 million in 2001 to $2 million in 2002. These one-time transfers were primarily to the capital projects fund.

The capital projects fund has a total fund balance of $188.7 million that is an increase of $12.8 million over 2001. Contributing to the increase in fund balance was the issuance of $36.1 million in general obligation bonds that were used for various capital projects and a $5.6 million state loan for improvements related to the Fort Washington Way project. The expenditures exceeded revenue by $35.8 before these other financing sources.

The debt service fund has a total fund balance of $37 million that is reserved for the payment of debt service. The net increase in fund balance was $2.3 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 Water Works at the end of the year amounted to $61.6 million, and the total for the other enterprise funds is $36.1 million. The total growth in net assets for the Water Works fund was $26.2 million and the growth in net assets for the other enterprise funds was $19.6 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 $1.2 million more than the original budget. The original appropriations were $314 million while the final appropriations were 315.2 million. Transfers out not included above were originally budgeted at $6.3 million but the final budget included net transfers in of $0.5 million from capital projects.

Differences between the original budget and the final amended budget not including transfers can be briefly summarized as follows:

- $900,000 increase to the appropriation in Community Development Department to fund public arts programs
- $75,000 increase to the appropriation in Community Development to pay for community relations monitors
- $800,000 appropriation for policing efforts per court settlement
- $525,000 appropriation increase to Police for an expanded police recruiting effort
- $186,000 appropriation increase for public health nursing
- $171,000 appropriation increase to Law Department for personnel costs
- $607,000 appropriation reduction in employee benefits due to pension contribution savings
- $350,000 appropriation reductions from Public Services
- $500,000 reserve for contingencies appropriation was decreased and reappropriated to the above Police needs.

The net increases were funded from available fund balance.

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, 2002, amounts to $1.4 billion (net of accumulated depreciation). This investment in capital assets includes land, 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 11.1 percent (a 9 percent increase for governmental activities and a 13.3 percent increase for business-type activities).

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

(AMOUNTS IN THOUSANDS)

	Governmental Activities		Business-type Activities		Total	
	2002	2001	2002	2001	2002	2001
Land	$ 156,371	$ 137,104	$ 25,349	$ 25,349	$ 181,720	$ 162,453
Buildings	54,336	59,573	137,632	139,935	191,968	199,508
Improvements	103,553	95,349	312,893	252,004	416,446	347,353
Machinery and Equipment	42,326	39,695	79,776	62,829	122,102	102,524
Infrastructure	261,546	236,059			261,546	236,059
Construction in Progress	108,888	99,187	136,632	130,546	245,520	229,733
Property Acquired under Capital Leases	329	570	272	409	601	979
Total	$ 727,349	$ 667,537	$ 692,554	$ 611,072	$1,419,903	$1,278,609

Major capital asset events during 2002 included the following:

- Total capital assets, net of accumulated depreciation, increased $141.3 million.

- Governmental activities capital assets increased $59.8 million in 2002 net of depreciation. $12.4 million in land to be used for economic development was added in 2002. $13.7 million in infrastructure from the Intermodel Transit Center on the Riverfront and other infrastructure related to Fort Washington Way projects was added. Street improvements and rehabilitation of $22.7 million was added in 2002.
- Business-type activities capital assets increased $81.5 million. The largest increase was water mains that Water Works added to improvements.

Additional information on the City's capital assets can be found in note 14 on pages 58 to 60 of this report.

Long-term debt. At the end of the current fiscal year, the City had $487.4 million in long-term bonds and notes outstanding. Of this amount, $379 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)

	Governmental Activities		Business-type Activities		Total	
	2002	2001	2002	2001	2002	2001
General Obligation Bonds & Notes	$ 294,970	$ 286,928	$ 84,067	$ 91,157	$ 379,037	$ 378,085
Revenue Bonds	18,522	11,819	89,885	92,685	108,407	104,504
Total	$ 313,492	$ 298,747	$ 173,952	$ 183,842	$ 487,444	$ 482,589

The City's total debt increased by $4.9 million (1.0 percent) during the current fiscal year. Key events contributing to the change in long-term debt balances are as follows:

- In April 2002 the City issued $9.1 million general obligation notes for a new parking garage.
- In May 2002 the City issued $39.3 million various purpose general obligation bonds, primarily for streets.
- In September 2002 the City issued $7.3 million revenue bonds to finance downtown economic development projects.
- In November 2002 the City issued $15.1 million general obligation notes for convention center expansion.
- During 2002 $47.6 million in general long-term bond obligations and $14.9 million general obligation notes were redeemed. Of the amounts redeemed $16.2 in general obligation bonds redeemed were for business-type activities.
- During 2002 $3.4 million revenue bonds were redeemed of which $2.8 million were for business-type activities.

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 $364.1 million and a legal debt margin for unvoted debt of $97.7 million.

Additional information the City's long-term debt can be found in note 9 on pages 51-55 of this report.

Economic Factors and Next Year's Budgets and Rates

The national economic slowdown and uncertainty and the local civil unrest in April of 2001 had a significant impact on the Greater Cincinnati area economy. The City's population also continued a decline as documented by the 2000 Census, which revealed a loss of 33,000 residents from 1990 to 2000. As a result, the City's revenue growth dipped by 1.8% in 2002 compared to 2001and the ten-year trend of 3% annual growth. In contrast, Cincinnati's December 2002 unemployment rate of 4.0 percent compares favorably with December 2002 State and National rates of 4.8 and 5.8, respectively. Cincinnati also continues to lead the region in adding high-paying jobs. In addition, Cincinnati has a diversified economy and a strong transportation network that includes an international airport, the availability of water and rail, and multiple expressways. In an effort to contain expenditures, the City will reduce lower priority services, explore managed competition, and manage staffing and service delivery more efficiently. All of these factors were considered in preparing the City's budget for the 2003 fiscal year. The total 2003 general fund budgeted expenditures are $307.6 million. In December 2002, the 2003 budget was approved with the elimination of 47.5 filled positions throughout the City.

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.

BASIC

FINANCIAL STATEMENTS

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CITY OF CINCINNATI, OHIO
Statement of Net Assets
December 31, 2002
(Amounts in Thousands)

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current			
Cash and Equivalents	$ 3,643	$ 382	$ 4,025
Cash with Fiscal Agent	1,320		1,320
Equity in City Treasury Cash	212,797	29,682	242,479
Advances and Petty Cash	88		88
Investments, at Fair Value	26,739		26,739
Receivables:			
Taxes	99,300	243	99,543
Accounts, Net	3,892	15,879	19,771
Special Assessments	4,009		4,009
Accrued Interest and Dividends	4,160	863	5,023
Due from Fiduciary Activities	2,383	34	2,417
Due from Other Governments	23,198	10,046	33,244
Prepaid Items	1,172	112	1,284
Inventory	4,619	3,942	8,561
Restricted Assets:			
Cash and Cash Equivalents		8,554	8,554
Equity in City Treasury Cash		4,638	4,638
Internal Balances	(31,128)	31,128	
Noncurrent			
Equity in City Treasury Cash - long term	225,295	31,436	256,731
Restricted Equity in City Treasury Cash		4,903	4,903
Deferred Charges	350		350
Land	156,371	25,349	181,720
Buildings	131,187	253,182	384,369
Accumulated Depreciation	(76,851)	(115,550)	(192,401)
Improvements	232,534	435,245	667,779
Accumulated Depreciation	(128,981)	(122,352)	(251,333)
Machinery and Equipment	97,968	168,386	266,354
Accumulated Depreciation	(55,642)	(88,610)	(144,252)
Construction in Progress	108,888	136,632	245,520
Property Acquired under Capital Leases	2,141	637	2,778
Accumulated Amortization	(1,812)	(365)	(2,177)
Infrastructure Assets	390,317		390,317
Accumulated Depreciation	(128,771)		(128,771)
TOTAL ASSETS	$ 1,309,186	$ 834,396	$ 2,143,582

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

CITY OF CINCINNATI, OHIO
Statement of Net Assets
December 31, 2002
(Amounts in Thousands)

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current			
Accounts Payable	$ 21,913	$ 2,816	$ 24,729
Withholdings and Other Deposits	8,393		8,393
Due to Fiduciary Activities	226	75	301
Due to Other Governmental Agencies	1,094	2,138	3,232
Accrued Payroll	8,355	1,294	9,649
Accrued Liabilities	6,275	385	6,660
Accrued Interest	1,787	390	2,177
Deposits Payable	4,082	16	4,098
Deferred Revenue	66,195	2,769	68,964
Obligations under Capital Leases	119	69	188
Compensated Absences Payable	30,501	3,052	33,553
Unpaid Claims	9,350	154	9,504
Matured Bonds and Interest Payable	627		627
General Obligation Bonds and Notes Payable	44,748	16,222	60,970
Revenue Bonds Payable	887	2,935	3,822
State Loan Payable	253		253
Advances from Other Governments	5,667		5,667
Payable from Restricted Assets:			
Construction Contracts		6,079	6,079
Deposits Payable		1,022	1,022
Noncurrent			
Non-Current Obligations under Capital Leases	52		52
General Obligation Bonds and Notes Payable	250,222	67,845	318,067
Revenue Bonds Payable	17,635	86,950	104,585
Compensated Absences Payable - Long Term	37,021	3,616	40,637
Deferred Bond Premium	380		380
State Loan Payable	9,479		9,479
Other	2,200	1,210	3,410
Unpaid Claims Payable - Long Term	16,679		16,679
TOTAL LIABILITIES	544,140	199,037	743,177
NET ASSETS			
Invested in capital assets, net of related debt	490,028	526,297	1,016,325
Restricted			
Expendable	115,355	3,435	118,790
Nonexpendable	6,754		6,754
Unrestricted	152,909	105,627	258,536
TOTAL NET ASSETS	$ 765,046	$ 635,359	$ 1,400,405

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, 2002
(Amounts in Thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental Activities:							
General Government	$ 102,323	$ 73,052	$ 4,256	$ 442	$ (24,573)		$ (24,573)
Community Development	52,327	1,468	44,882	260	(5,717)		(5,717)
Parks and Recreation	34,647	5,922	422	2,965	(25,338)		(25,338)
Public Safety	182,135	8,141	1,891		(172,103)		(172,103)
Transportation and Engineering	24,042	447		17,580	(6,015)		(6,015)
General Services	51,171	3,926			(47,245)		(47,245)
Public Services	40,036	1,106			(38,930)		(38,930)
Public Health	39,297	9,046	5,268		(24,983)		(24,983)
Interest on long-term debt	17,243				(17,243)		(17,243)
Total governmental activities	543,221	103,108	56,719	21,247	(362,147)		(362,147)
Business type activities:							
Water Works	78,039	88,192		10,537		$ 20,690	20,690
Parking Facilities	7,127	7,576				449	449
Convention Center	7,715	3,347		3,925		(443)	(443)
General Aviation	1,937	1,595		179		(163)	(163)
Municipal Golf	5,634	5,966				332	332
Stormwater Management	4,652	7,335				2,683	2,683
Total Business-type activities	105,104	114,011		14,641		23,548	23,548
Total	$ 648,325	$ 217,119	$ 56,719	$ 35,888	(362,147)	23,548	(338,599)
General Revenues:							
Taxes:							
Property taxes					64,051		64,051
Income taxes					252,790		252,790
Admission taxes					3,446		3,446
Shared taxes					66,386		66,386
Occupancy taxes						1,662	1,662
Unrestricted investment earnings					46,277	3,879	50,156
Miscellaneous					249	2,455	2,704
Loss on disposal of assets					(5,331)	(870)	(6,201)
Transfers between governmental and business-type activities					(14,457)	14,457	
Total general revenues, miscellaneous, and transfers					413,411	21,583	434,994
Change in net assets					51,264	45,131	96,395
Net assets-beginning					713,782	590,228	1,304,010
Net assets-ending					$ 765,046	$ 635,359	$ 1,400,405

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

CITY OF CINCINNATI, OHIO
Balance Sheet
Governmental Funds
December 31, 2002
(Amounts in Thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Equivalents	$ 237	$	$	$ 3,406	$ 3,643
Cash with Fiscal Agent				1,320	1,320
Equity in City Treasury Cash	64,312	210,792	34,964	54,310	364,378
Advances and Petty Cash	88				88
Investments, at Fair Value		18,069	1,851	6,819	26,739
Receivables:					
Taxes	52,542	5,095	35,126	6,537	99,300
Accounts, Net	1,350	1		1,114	2,465
Special Assessments	353	50		3,606	4,009
Accrued Interest and Dividends	1,147	375	266	96	1,884
Due from Other Funds	795	2,380		149	3,324
Due from Other Governments	16,890			4,855	21,745
Inventory	1,968	618		502	3,088
Advances to Other Funds	302			1,021	1,323
Total Assets	$ 139,984	$ 237,380	$ 72,207	$ 83,735	$ 533,306
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable	$ 3,700	$ 8,474	$ 17	$ 5,857	$ 18,048
Withholdings and Other Deposits	8,393				8,393
Due to Other Funds	3,425	987		355	4,767
Accrued Payroll	6,864		6	975	7,845
Accrued Liabilities	685			55	740
Deposits Payable	2,659		972	383	4,014
Deferred Revenue	42,347	3,227	33,614	8,258	87,446
Estimated Liability for Compensated Absences				6,985	6,985
Estimated Liability for Unpaid Claims	402			26	428
Advances from Other Funds	521	36,009		625	37,155
Advances from Other Governments	5,647				5,647
Matured Bonds and Interest Payable			627		627
Total Liabilities	74,643	48,697	35,236	23,519	182,095
Fund Balances:					
Reserved for:					
Advances and Petty Cash	88				88
Encumbrances	9,905	55,045	6	45,911	110,867
Accordance with Trusts				7,336	7,336
Working Capital		20,362			20,362
Advances to Other Funds	302			1,021	1,323
Inventory	1,968	618		502	3,088
Debt Service			36,965		36,965
Unreserved, reported in:					
General Fund	51,578				51,578
Designated for Internal Service Funds	1,500				1,500
Capital Projects		112,658			112,658
Special Revenue Funds				125	125
Designated for Contingencies				5,000	5,000
Permanent Funds				321	321
Total Fund Balances	65,341	188,683	36,971	60,216	351,211
Total Liabilities and Fund Balances	$ 139,984	$ 237,380	$ 72,207	$ 83,735	$ 533,306

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, 2002
(Amounts in Thousands)

Total fund balances - governmental funds	$	351,211
Amounts reported for governmental activites 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.		727,349
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.		21,258
Certain items accounted for as receivables under accrual accounting.		1,710
Internal balances between the governmental activities and the business type activities are not reported at the fund level.		(7,929)
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 $21,871 as it relates to the internal service funds is included in the capital asset amount above.		63,056
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.		350
Long-term liabilities, including bonds payable, are not due and payable in the current period and therfore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds and notes payable		(294,970)
Revenue bonds payable		(18,522)
Deferred bond premium		(380)
Compensated absences		(58,289)
Unpaid claims payable		(6,065)
Accrued interest on bonds		(1,787)
Other liability		(2,200)
Capital leases payable		(14)
State loan payable		(9,732)
Total net assets - - governmental activities (page 18)	$	765,046

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, 2002
(Amounts in Thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 215,796	$ 20,515	$ 33,010	$ 48,035	$ 317,356
Licenses and Permits	6,011			3,472	9,483
Use of Money and Property	27,578	17,935	22,320	1,891	69,724
Special Assessments		23		3,964	3,987
Intergovernmental Revenue	57,423	1,054	3,458	11,397	73,332
Federal Grants		13,709		51,699	65,408
State Grants and Subsidies		5,850		2,907	8,757
Charges for Current Services	13,767	11		14,139	27,917
Contributions				24	24
Miscellaneous	1,879	1,186		2,629	5,694
Total Revenue	322,454	60,283	58,788	140,157	581,682
EXPENDITURES					
Current					
General Government	36,425		618	17,097	54,140
Community Development	9,313		4	5,713	15,030
Parks and Recreation	19,235			8,353	27,588
Public Safety	133,171			3,444	136,615
Transportation and Engineering	1,707			3,076	4,783
General Services	8,622			38,032	46,654
Public Services	19,876			13,385	33,261
Public Health	22,390			11,107	33,497
Employee Benefits	53,633			4,498	58,131
Capital Outlay	34	96,066		36,743	132,843
Debt Service:					
Principal Retirement			47,148		47,148
Interest			17,108	294	17,402
Bond Issuance Cost			377		377
Total Expenditures	304,406	96,066	65,255	141,742	607,469
Excess (Deficiency) of Revenues over (under) Expenditures	18,048	(35,783)	(6,467)	(1,585)	(25,787)
OTHER FINANCING SOURCES(USES)					
General Obligation Bonds and Notes Issued		36,120	18,260		54,380
Revenue Bonds Issued			7,270		7,270
Premium on Bonds Issued			413		413
State Loan		5,608			5,608
Operating Transfers In	9,688	49,856	15,590	1,752	76,886
Operating Transfers (Out)	(11,720)	(42,944)	(32,731)	(10,186)	(97,581)
Total Other Financing Sources(Uses)	(2,032)	48,640	8,802	(8,434)	46,976
Net change in fund balances	16,016	12,857	2,335	(10,019)	21,189
Fund Balances at January 1	49,325	175,826	34,636	70,235	330,022
Fund Balances at December 31	$ 65,341	$ 188,683	$ 36,971	$ 60,216	$ 351,211

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, 2002
(Amounts in Thousands)

Net change in fund balances - total governmental funds	$	21,189
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 ($132,843) exceeded depreciation ($32,863) in the current period.		99,980
Capital outlay expensed		(38,670)
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 ($849) and the net loss ($5,194) on the sale of assets.		(6,043)
Statement of activities reports an increase in revenues due to current activity in deferred revenues which is not reported at fund level.		(3,093)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(657)
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.		(2,647)
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.		(2,922)
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.		(20,110)
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.		434
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.		(380)

(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, 2002
(Amounts in Thousands)

(Continued)

Bond issuance costs are included in expenditures at the fund level, but are deferred and amorized over the life of the bonds in the government-wide financial statements	350
Internal balances between the governmental activities and the business type activities are not reported at the fund level.	659
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.	3,174
Change in net assets of governmental activities (page 20)	$ 51,264

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, 2002
(Amounts in Thousands)

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Works	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS				
Current				
Cash and Equivalents	$ 299	$ 83	$ 382	$
Equity in City Treasury Cash	22,816	6,866	29,682	35,803
Receivables:				
Taxes		243	243	
Accounts, Net	13,936	1,943	15,879	1,427
Accrued Interest and Dividends	670	193	863	566
Due from Other Funds	855	36	891	6,060
Due from Other Governments	9,982	64	10,046	1,453
Prepaid Items	29	83	112	1,172
Inventory	3,942		3,942	1,531
Advances to Other Funds	337	23,348	23,685	12,661
Restricted Assets:				
Cash and Cash Equivalents	8,554		8,554	
Equity in City Treasury Cash	4,630	8	4,638	
Noncurrent				
Equity in City Treasury Cash	24,159	7,277	31,436	37,911
Restricted Equity in City Treasury Cash	4,903		4,903	
Land	2,610	22,739	25,349	133
Buildings	146,630	106,552	253,182	272
Accumulated Depreciation	(48,325)	(67,225)	(115,550)	(254)
Improvements	310,817	124,428	435,245	3,798
Accumulated Depreciation	(47,125)	(75,227)	(122,352)	(499)
Machinery and Equipment	152,967	15,419	168,386	34,714
Accumulated Depreciation	(74,038)	(14,572)	(88,610)	(16,622)
Construction in Progress	103,849	32,783	136,632	
Property Acquired under Capital Leases	190	447	637	2,141
Accumulated Amortization	(186)	(179)	(365)	(1,812)
Total Assets	642,501	185,309	827,810	120,455

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, 2002
(Amounts in Thousands)

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Works	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
LIABILITIES				
Current				
Accounts Payable	$ 2,319	$ 497	$ 2,816	$ 3,865
Due to Other Funds	395	1,023	1,418	1,974
Due to Other Governmental Agencies	2,138		2,138	1,094
Accrued Payroll	1,101	193	1,294	510
Accrued Liabilities		385	385	5,535
Accrued Interest	303	87	390	
Obligations under Capital Leases	4	65	69	119
Deposits Payable		16	16	68
Deferred Revenue	2,341	428	2,769	7
Compensated Absences payable	2,437	615	3,052	1,584
Unpaid Claims payable	120	34	154	6,000
General Obligation Bonds and Notes Payable	14,470	1,752	16,222	
Revenue Bonds Payable	2,935		2,935	
Advances from Other Funds				514
Advances from Other Governments				20
Payable from Restricted Assets:				
Construction Contracts	6,079		6,079	
Deposits Payable	1,022		1,022	
Noncurrent:				
Obligations under Capital Leases				38
Compensated Absences payable	3,030	586	3,616	664
Arbitrage Liability	1,210		1,210	
Unpaid Claims payable				13,536
Revenue Bonds Payable	86,950		86,950	
General Obligation Bonds and Notes Payable	53,340	14,505	67,845	
Total Liabilities	180,194	20,186	200,380	35,528
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	397,249	129,048	526,297	21,714
Reserved for Restricted Assets	3,427	8	3,435	
Unrestricted	61,631	36,067	97,698	63,213
Total Net Assets	$ 462,307	$ 165,123	627,430	$ 84,927

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.	7,929
Net assets of business type activities	$ 635,359

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, 2002
(Amounts in Thousands)

	Business-Type Activites - Enterprise Funds			Governmental Activities
	Water Works	Other Enterprise Funds	Total Enterprise Funds	Internal Services Funds
OPERATING REVENUES				
Charges for Current Services	$ 88,192	$ 25,819	$ 114,011	$ 89,795
Miscellaneous	1,932	523	2,455	1,359
Total Operating Revenues	90,124	26,342	116,466	91,154
OPERATING EXPENSES				
Personal services	31,292	7,517	38,809	16,466
Contractual services	8,082	7,611	15,693	5,145
Maintenance and repairs	2,575	768	3,343	2,577
Materials and supplies	5,992	404	6,396	9,527
Utilities	7,918	1,735	9,653	828
Insurance	230	116	346	58,835
Taxes		512	512	
Depreciation and amortization	15,678	7,346	23,024	2,506
Rent	394	279	673	1,561
Other expense	470	98	568	26
Total Operating Expenses	72,631	26,386	99,017	97,471
Operating Income(Loss)	17,493	(44)	17,449	(6,317)
NONOPERATING REVENUES(EXPENSES)				
Interest revenue	2,910	969	3,879	3,257
Occupancy tax receipts		1,662	1,662	
Interest expense	(4,749)	(679)	(5,428)	(99)
Loss on disposal of assets	(24)	(846)	(870)	(137)
Nonoperating Revenues(Expenses)	(1,863)	1,106	(757)	3,021
Income (Loss) before Contributions and Transfers	15,630	1,062	16,692	(3,296)
Operating Transfers In		15,344	15,344	8,687
Operating Transfers (Out)		(887)	(887)	(2,449)
Capital contributions	10,537	4,104	14,641	232
Change in Net Assets	26,167	19,623	45,790	3,174
Net Assets at January 1	436,140	145,500		81,753
Net Assets at December 31	$ 462,307	$ 165,123		$ 84,927

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.	(659)
Change in net assets of business type activities	$ 45,131

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, 2002
(Amounts in Thousands)

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Works	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities:				
Receipts from Customers	$ 89,441	$ 26,300	$ 115,741	$ 14,902
Receipts from Other Funds		32	32	45,857
Receipts from Retirement System				27,241
Payments to Suppliers	(22,549)	(9,936)	(32,485)	(77,259)
Payments to Other Funds		(634)	(634)	(798)
Payments to Employees	(30,773)	(7,114)	(37,887)	(16,167)
Payments for Property Taxes		(377)	(377)	
Net Cash Provided (Used) by Operating Activities	36,119	8,271	44,390	(6,224)
Cash Flows from Noncapital Financing Activities:				
Repayment of Advances Made To Other Funds	38	373	411	(38)
Advances To Other Funds		(13,357)	(13,357)	(2,446)
Occupancy Tax Receipts		1,526	1,526	
Operating Transfers to Other Funds		(887)	(887)	(2,449)
Operating Transfers from Other Funds		15,344	15,344	8,687
Net Cash Provided (Used) by Noncapital Financing	$ 38	$ 2,999	$ 3,037	3,754
Cash Flows from Capital and Related Financing Activities:				
Capital Contributed by Other Sources	(2,341)	4,104	1,763	
Proceeds from the Sale of Fixed Assets	79		79	
Proceeds from the Sale Of Bonds and Notes		9,100	9,100	
Acquisition of Property, Plant and Equipment	(890)	(1,963)	(2,853)	(6,899)
Interest Paid on Bonds and Notes	(4,957)	(633)	(5,590)	(99)
Principal Paid on Bonds and Notes	(17,170)	(1,820)	(18,990)	
Payments on Long Term Capital Lease Obligations	(51)	(152)	(203)	(564)
Additions to Construction in Progress	(68,355)	(19,702)	(88,057)	
Net Cash Provided (Used) by Capital and Related Financing Activities	(93,685)	(11,066)	(104,751)	(7,562)
Cash Flow from Investing Activities:				
Interest and Dividends on Investments	4,988	1,034	6,022	3,578
Net Cash Provided by Investing Activities	4,988	1,034	6,022	3,578
Net Increase (Decrease) in Cash and Cash Equivalents	(52,540)	1,238	(51,302)	(6,454)
Cash and Cash Equivalents at Beginning of Year	117,901	12,996	130,897	80,168
Cash and Cash Equivalents at End of Year	$ 65,361	$ 14,234	$ 79,595	$ 73,714

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, 2002
(Amounts in Thousands)

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Works	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ 17,493	$ (44)	$ 17,449	$ (6,317)
Depreciation and Amortization	15,678	7,346	23,024	2,506
Changes in Assets and Liabilities:				
(Increase) Decrease in:				
Receivables	(1,292)	(120)	(1,412)	(245)
Due from Other Funds	188	97	285	(2,891)
Due from Other Governments	421	(64)	357	(1,453)
Inventory	825		825	95
Prepaid Items	(4)	(31)	(35)	(127)
Increase (Decrease) in:				
Accounts Payable	1,046	97	1,143	973
Deposits Payable	486	3	489	(119)
Due to Other Funds	37	437	474	450
Due to Other Governmental Agencies	670		670	1,094
Accrued Payroll	(61)	21	(40)	105
Accrued Liabilities		57	57	1,235
Deferred Revenue		181	181	(45)
Liability for Compensated Absences	580	273	853	127
Estimated Liability for Unpaid Claims	52	18	70	(1,612)
Net Cash Provided (Used) by Operating Activities	$ 36,119	$ 8,271	$ 44,390	$ (6,224)
Schedule of Noncash Investing, Capital and Financing Activities:				
Acquisition of Equipment under Capital Lease	$	$	$	$ 56
Acquisition of Property, Plant and Equipment from Capital Contributions	12,878		12,878	232
Total Noncash Investing, Capital and Financing Activities	$ 12,878	$	$ 12,878	$ 288

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, 2002
(Amounts in Thousands)

	Pension Trust	External Investment Pool	Agency
Assets			
Cash and Equivalents	$ 77,341	$	$
Equity in City Treasury Cash		29,233	1,227
Investments, at fair value:			
U. S. Government Bonds	104,613		
U. S. Government Agencies	38,519		
U. S. Government Mortgage Backed Securities	238,905		
Corporate Bonds	187,008		
Equities	1,237,320		
Asset Backed Securities	59,257		
Venture Capital	15,668		
U. S. Treasury Bills and Notes	5,627		146,071
Total Investments, at fair value	1,886,917		146,071
Collateral on Loaned Securities	259,338		
Receivables:			
Accounts, Net			21,049
Accounts Receivable for Securities Sold	90,116		
Accrued Interest and Dividends	9,364		306
Due from Other Funds	318		34
Due from Other Governments	206		
Inventory			793
Loans Receivable	20,622		
Machinery and Equipment	1,319		
Accumulated Depreciation	(494)		
Total Assets	2,345,047	29,233	$ 169,480
Liabilities			
Accounts Payable			$ 9,077
Accounts Payable for Securities Purchased	99,883		
Due to Other Funds	2,098		370
Due to Other Governmental Agencies			151,611
Obligations Under Securities Lending	259,338		
Accrued Payroll	36		1,061
Accrued Liabilities	7,467		5
Deposits Payable			1,080
Deferred Revenue	2		
Estimated Liability for Compensated Absences	93		6,276
Total Liabilities	368,917		$ 169,480
Net Assets			
Held in Trust for Pool Participant		29,233	
Held in Trust for Employees' Pension Benefits *	1,352,551		
Held in Trust for Employees' Postemployment * Healthcare Benefits	623,579		
Total Net Assets	$ 1,976,130	$ 29,233	

* The schedule of funding progress is shown on page 70.

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, 2002
(Amounts in Thousands)

	Pension Trust	External Investment Pool
ADDITIONS		
Contributions:	$	$
Plan members	14,664	
Employer	12,756	
Participant Deposits		175,286
Total Contributions	27,420	175,286
Investment earnings:		
Interest and Dividends		1,560
Net increase in the fair value of investments		58
Total Investment earnings		1,618
From Security Lending Activities:		
Securities Lending Income	5,278	
Securities Lending Expense:		
Borrower Rebates	(4,240)	
Management Fees	(312)	
Total Securities Lending Expenses	(4,552)	
Net Income from Securities Lending Activities	726	
Total Additions	28,146	176,904
DEDUCTIONS		
Investment losses:		
Interest and Dividends	(67,354)	
Net decrease in the fair value of investments	346,182	
Total Investment losses	278,828	
Plus investment expense	6,455	
Net Loss from Investing Activities	285,283	
Benefit Payments:		
Pension and Annuities	84,759	
Distributions to Participants		174,460
Hospital and Medical Care	26,454	
Medicare	2,300	
Dental Benefits	1,017	
Vision Benefits	148	
Death Benefits, Active and Retired	1,299	
Loss Due to Death of Members with Loans	11	
Transfers - Retirement to other systems	546	
Total Benefits Payments	116,534	174,460
Refunds of contributions	1,183	
Administrative expenses:		
Personal Services	551	
Contractual Services	314	
Materials and Supplies	401	
Depreciation	258	
Total Administrative Expenses	1,524	
Total Deductions	404,524	174,460
Change in net assets	(376,378)	2,444
Net assets - beginning	2,352,508	26,789
Net assets - ending	$ 1,976,130	$ 29,233

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, 2002

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 includes $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 $16,211,000 in 2002 and $15,852,000 in 2001.

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 a major individual enterprise fund 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 2002 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. Resources of the General Fund are also transferred annually to support capital projects.

Capital Projects Fund is used primarily to account for resources designated to construct or acquire governmental fund fixed 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 fund:

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.

The City reports the following fund types:

Internal service funds account for reproduction and printing; automotive repairs and maintenance services; stores; land sales and leasing; 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.

External Investment Pool – 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.

Measurement Focus

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

The government-wide, proprietary funds and fiduciary 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 external investment pool statements are prepared utilizing the flow of economic resources measurement focus and the accrual basis. Agency fund statements are prepared utilizing the flow of financial resources measurement focus and the modified accrual basis.

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 $818 million 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 $98 million at December 31, 2002, 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. Quasi-external transactions are accounted for as revenues, expenditures, or expenses in the funds involved. The General Fund provides administrative services to enterprise funds. The amounts charged for those services are treated as revenue to the General Fund and as operating expenses in the enterprise funds.

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. 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 is 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 form 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 on 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. *Pronouncements Effective for the 2002 Financial Statements* - With this financial report the City has changed its financial reporting to comply with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Managements Discussion and Analysis for State and Local Governments*. As part of the implementation of GASB Statement No. 34, the City is reporting the historical cost of infrastructure assets (retroactive to 1980) 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. In conjunction with implementation of GASB Statement No. 34, the City has implemented GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, which rescinds some and modifies other financial statement disclosure requirements.

L. *Pronouncements Issued But Not Yet Effective* – Governmental Accounting Standards Board (GASB) Statement Number 39, *Determining Whether Certain Organizations are Component Units*. This Statement was issued in May 2002 and amends Statement Number 14 to provide additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the

primary government. This Statement is effective for financial statements for periods after June 15, 2003.

Governmental Accounting Standards Board (GASB) Statement Number 40, *Deposit and Investment Risk Disclosures* was issued in March 2003 and amends Statement 3. This statement addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest rate risk, this Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. Deposit and investment policies related to the risks identified in this Statement also should be disclosed. This Statement is effective for financial statements for periods beginning after June 15, 2004.

M. *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 2002. The working capital reserve for 2002 was $20,362,000 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.

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 combined balance sheet of the City. Earnings from the pooled cash and investments are allocated on a quarterly basis to each participating 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 $181,924,000 and the bank balance was $192,443,000. 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 moneys 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 and bank balances totaled $77,341,000 and $77,441,000, respectively. These funds 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, 2002 was $538,146,000. These investments include $537,359,000 in U. S. Treasury Securities and $787,000 in Equity Securities. 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 Park Board. The fair value of investments for these funds at December 31, 2002 was $1,892,767,000. These investments include $387,824,000 in U. S. Treasury Securities, $247,684,000 in Corporate Bonds and Notes, $15,668,000 in Venture Capital and $1,241,591,000 in Equity Securities. In those cases where resources are maintained in trust, 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. The 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.

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 securities 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 in December 2002. Cash collateral is invested in a short-term investment pool, which had an average weighted maturity of 40 days as of December 31, 2002. Cash collateral may also be invested separately in "term loans", in which the maturity of the term loan is always identical to either the maturity of the cash collateral invested or the interest rate reset of the cash collateral invested. These loans can be terminated on demand by either lender or borrower. As of December 31, 2002 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	Cash Collateral Investment Value
Lent for cash collateral			
Stocks	$118,352	$121,869	$121,869
U.S. Agencies	8,047	8,232	8,232
Corporate Bonds	41,593	42,492	42,492
U.S. Government Fixed Income	85,081	86,745	86,745
Lent for securities collateral			
Stocks	1,723	1,758	
U.S. Agencies	7,315	7,457	
U.S. Corporate Fixed	3,085	3,151	
U.S. Government Fixed Income	52,195	53,201	
	$317,391	$324,905	$259,338

Derivatives

Derivatives are generally defined as contracts whose value depends on, or derives 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.

At December 31, 2002 the retirement system held the following derivative positions:

1.) Futures contracts maturing March 31, 2003 to buy S&P 500 index securities with a notional value of approximately $50.5 million.
2.) Futures contracts maturing March 31, 2003 to sell U.S. Treasury securities with a notional value of $35.1 million.
3.) Government issued mortgage-backed securities with a market value of $229.2 million.
4.) Commercial mortgage-backed securities with a market value of $9.7 million.
5.) Commercial mortgage obligations with a market value of $24.0 million.
6.) Asset-backed securities with a market value of $35.2 million.

The retirement system held no foreign exchange contracts or options on fixed income securities as of December 31, 2002.

3. EXTERNAL 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 External Investment Pool. 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 External Investment Pool. MSD is required by Chapter 301 of the Cincinnati Municipal Code to participate in the External Investment Pool. Disclosures required by GASB Statement 3 are discussed in Note 2. The External Investment Pool does not issue a separate report. The External Investment Pool's financial statements can be found on pages 32 and 33.

Summary by major investment classification:

	(AMOUNTS IN THOUSANDS)			
	Cost	Fair Value	Interest Rate	Maturity Dates
Money Market Fund	$ 814	$ 813	1.37%	OPEN
Certificates of Deposit	7,572	7,562	1.25% - 7.55%	01/14/03-03/19/07
U.S. Treasury Notes	9,879	10,074	1.875% -6.00%	01/31/03-11/30/04
FHLB/FNMA Securities	9,599	9,759	3.05% - 7.25%	04/15/03-10/25/05
City of Cincinnati Notes	841	840	3.50% - 6.75%	04/30/04-01/01/05
Cash	185	185		
Total	$28,890	$29,233		

4. ANTHEM DEMUTUALIZATION

In October of 2001, Anthem Inc., which administers the medical insurance for the City's employees, converted, or demutualized, from a mutual insurance company (a policyholder-owned non-profit) to a for-profit stock insurance company. As a result of that conversion, all statutory member policyholders received a one-time payout of stock. Since the City was a policyholder, in December of 2001 it received 870,021 shares of Anthem Inc. common stock worth approximately $31,000,000 at that time. The shares were recorded in the Capital Projects Fund.

Under the Ohio constitution, municipalities are prohibited from owning stock. However, the State Auditor recommended "that each public body receiving stock should sell the stock at a reasonably prompt and beneficial time at the discretion of the public body." There were also legal restrictions on selling shares of stock in the 180 days after the initial public offering. Those restrictions expired on April 28, 2002. Before then the City was a participant in the Large Shareholder Program which limited the number of shares to be sold daily until the 180-day restriction lapsed.

The total proceeds received were $54,761,000 from all of our stock sales between February 26 and April 30, 2002. The lowest price per share for which the stock was sold was $55.91 on March 8, 2002, and the highest was $71.06 on April 26, 2002.

5. INTERFUND ASSETS/LIABILITIES

The composition of interfund balances as of December 31, 2002, is as follows (amounts in thousands):

DUE FROM/TO OTHER FUNDS

	Due From							
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Internal Service Funds	Water Works Enterprise Fund	Nonmajor Enterprise Funds	Fiduciary Funds	Total
Due To								
General Fund	$	$	$ 3	$ 3,236	$ 3	$ 27	$ 156	$ 3,425
Capital Projects Fund	2		71	97	817			987
Nonmajor Governmental	82		27	198	1	2	45	355
Internal Service Funds	484	1,431	2	32			25	1,974
Water Works Enterprise Fund	41	5	3	283		1	62	395
Nonmajor Enterprise Funds	7	944	30	22	2	5	13	1,023
Fiduciary Funds	179		13	2,192	32	1	51	2,468
Total	$ 795	$ 2,380	$ 149	$ 6,060	$ 855	$ 36	$ 352	$ 10,627

ADVANCES TO/FROM OTHER FUNDS (Amounts in Thousands)

	Advances From					
	General Fund	Nonmajor Governmental	Internal Service Funds	Water Works Enterprise Fund	Nonmajor Enterprise Funds	Total
Advances To						
General Fund	$	$ 521	$	$	$	$ 521
Capital Projects Fund			12,661		23,348	36,009
Nonmajor Governmental	125	500				625
Internal Service Funds	177			337		514
Total	$ 302	$ 1,021	$ 12,661	$ 337	$ 23,348	$ 37,669

6. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2002, consisted of the following (amounts in 000s):

	Transfers Out						
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental	Internal Service Funds	Non Major Enterprise Fund	Total
Transfers In							
General Fund	$	$ 9,596	$	$	$ 92	$	$ 9,688
Capital Projects Fund	8,686		32,731	6,259	2,180		49,856
Debt Service Fund	2,966	11,697		927			15,590
Nonmajor Governmental Funds		390		339	136	887	1,752
Internal Service Funds	68	5,958		2,661			8,687
Nonmajor Enterprise Funds		15,303			41		15,344
Total	$11,720	$ 42,944	$ 32,731	$ 10,186	$ 2,449	$ 887	$ 100,917

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. SEGMENT INFORMATION

The City has issued bonds to finance parking facilities, municipal golf, and stormwater management facilities and improvements. The revenues of these activities are relied on for repayment of these bonds but property tax support is available, if necessary. Summary financial information for these funds is presented below.

(AMOUNTS IN THOUSANDS)

CONDENSED STATEMENT OF NET ASSETS

	Parking Facilities	Municipal Golf	Stormwater Management
Assets:			
Current Assets	$ 2,243	$ 508	$ 4,176
Due from Other Funds			30
Advances to Other Funds	5,240	378	7,765
Restricted Assets	8		
Capital Assets	34,071	9,478	35,104
Other Noncurrent Assets	2,052	500	2,713
Total Assets	43,614	10,864	49,788
Liabilities:			
Current Liabilities	1,403	746	1,082
Due to Other Funds	19	3	44
Noncurrent Liabilities	10,386	1,062	3,432
Total Liabilities	11,808	1,811	4,558
Net Assets:			
Invested in Capital Assets, Net of Related Debt	23,571	7,881	30,879
Restricted	8		
Unrestricted	8,227	1,172	14,351
Total Net Assets	$ 31,806	$ 9,053	$ 45,230

(AMOUNTS IN THOUSANDS)

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

	Parking Facilities	Municipal Golf	Stormwater Management
Operating Revenues	$ 8,096	$ 5,966	$ 7,335
Depreciation Expense	(1,372)	(546)	(1,743)
Other Operating Expenses	(5,427)	(4,974)	(2,672)
Operating Income	1,297	446	2,920
Nonoperating Revenues (Expenses):			
Interest Revenue	239	77	535
Interest Expense	(328)	(114)	(237)
(Loss) on Disposal of Assets	(22)		
Total Non-Operating Revenue (Expenses)	(111)	(37)	298
Income before Operating Transfers	1,186	409	3,218
Operating Transfers In	4	34	3
Operating Transfers (Out)	(887)		
Change in Net Assets	303	443	3,221
Beginning Net Assets	31,503	8,610	42,009
Ending Net Assets	$ 31,806	$ 9,053	$ 45,230

(AMOUNTS IN THOUSANDS)

CONDENSED STATEMENT OF CASH FLOWS

	Parking Facilities	Municipal Golf	Stormwater Management
Net Cash Provided (Used) by:			
Operating Activities	$ 3,015	$ 1,070	$ 4,755
Noncapital Financing Activities	(3,980)	407	(1,549)
Capital and Related Financing Activities	2,321	(1,483)	(4,390)
Investing Activities	258	85	569
Net Increase (Decrease)	1,614	79	(615)
Beginning Cash and Cash Equivalents	2,440	912	5,890
Ending Cash and Cash Equivalents	$ 4,054	$ 991	$ 5,275

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 $1,670,000 for the year ended December 31, 2002. Future minimum lease payments are as follows:

(AMOUNTS IN THOUSANDS)

Year	Amount
2003	$ 744
2004	670
2005	456
2006	276
2007 and future years	549
Total Future Minimum Lease Payments	$ 2,695

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)

	Business-type Activities	Governmental Activities
Leased Property/Equipment	$ 637	$ 2,141
Less: Accumulated Depreciation	365	1,812
Total	$ 272	$ 329

The following is a schedule of future minimum capital leases and the present value of the net minimum lease payments at December 31, 2002:

(AMOUNTS IN THOUSANDS)

Year	Business-type Activities	Governmental Activities
2003	$ 70	$ 143
2004		13
2005		14
2006		13
Total minimum lease payments	70	183
Less: Amounts representing interest	1	12
Present value of net minimum lease payments	$ 69	$ 171

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, 2002 are included in the financial statements of the following:

(AMOUNTS IN THOUSANDS)

	Business-type Activities	Governmental Activities
Land	$ 537	$ 2,056
Buildings	5,208	3,181
Improvements	483	83,267
Accumulated Depreciation	3,439	78,168
Depreciation Expense	156	708

Future minimum rentals on non-cancelable operating leases as of December 31, 2002 are as follows:

(AMOUNTS IN THOUSANDS)

Year	Business-type Activities	Governmental Activities
2003	$ 890	$ 16,663
2004	857	16,642
2005	642	16,627
2006	504	16,582
2007	374	16,397
Remaining years	765	291,988
Total Future Minimum Rental Payments	$4,032	$374,899
Total Rentals for 2002:	$ 928	$16,265

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.

Governmental Fixed 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.

During 1995, the City entered into a lease involving land with American Commercial Marine. The lease is for ten years, beginning January 1, 1996 and ending December 31, 2005.

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 $608,712,000.

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)

Purpose	Interest Rates	Amount
Governmental activities	2.5% - 8.0%	$294,970
Business-type activities	3.5% - 7.0%	84,067
		$379,037

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

(AMOUNTS IN THOUSANDS)

Year Ending	Governmental Activities		Business-type Activities	
December 31	Principal	Interest	Principal	Interest
2003	$ 44,748	$ 14,760	$16,222	$ 3,893
2004	30,142	12,986	22,687	2,888
2005	22,647	11,478	11,590	2,050
2006	19,778	10,410	9,698	1,485
2007	18,550	9,465	7,470	1,030
2008-2012	66,430	35,590	12,600	2,172
2013-2017	50,640	20,065	3,800	235
2018-2022	17,880	9,628		
2023-2027	7,670	6,375		
2028-2032	10,265	3,786		
2033-2035	6,220	673		
Total	$294,970	$135,216	$84,067	$13,753

Revenue Bonds

The City also issues bonds 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 authorized in prior years was $115,375,000 and $106,060,000 was issued in prior years. During 2002, $7,270,000 of revenue bonds were issued to finance Economic Development projects.

Revenue bonds outstanding at year-end are as follows:

(AMOUNTS IN THOUSANDS)

Purpose	Interest Rates	Amount
Economic Development	Various	$ 17,845
Urban Renewal	Various	677
Water Works	Various	89,885
		$108,407

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

(AMOUNTS IN THOUSANDS)

Year Ending	Governmental Activities		Business-type Activities	
December 31	Principal	Interest	Principal	Interest
2003	$ 887	$ 1,161	$ 2,935	$ 4,620
2004	1,668	1,105	3,075	4,480
2005	1,718	1,022	3,225	4,332
2006	1,770	931	3,375	4,180
2007	1,837	834	3,545	4,009
2008-2012	7,297	2,525	20,440	17,347
2013-2017	3,345	556	26,525	11,251
2018-2021			26,765	3,463
Total	$18,522	$8,134	$89,885	$53,682

Bonds and Notes Outstanding at December 31, 2002

(AMOUNTS IN THOUSANDS)

Description	Interest Rates	Issue Dates	Maturity Dates	Original Authorized	Amount Due 2003	Amount Outstanding 12/31/2002
Bonds:						
General Property Tax	3.25%	1957-1961	2003-2007	$ 1,000	$ 20	$ 100
Supported	4.1% to 5%	1971-1999	2003-2009	113,500	11,410	44,510
	5.15% to 5.25%	1992-2000	2003-2020	91,025	4,480	60,365
	5.625% to 6%	1984-1991	2003-2004	2,500	130	195
	7.875% to 8%	1985-1987	2003-2017	30,000	1,000	15,000
Various Rate Issues	4% to 6.2%	1991-2001	2004-2016	68,480	4,655	60,230
Urban Redevelopment						
Various Rate Issues	4.8% to 6.3%	1995	2015	3,250	135	2,555
Municipal Income Tax	4.375% to 5.375%	1992-2000	2003-2020	27,960	2,380	7,700
Recreational Facilities	5.15% to 6.75%	1977-1995	2003-2011	8,598	428	2,183
Various Rate Issues	4% to 5%	2001	2021	9,000	450	8,550
Urban Renewal	4.1% to 4.375%	1996-1999	2003-2004	6,000	1,200	2,400
	4.75% to 5.2%	1995-2000	2003-2007	11,000	855	4,290
	6.75%	1990	2005	1,500	100	300
Various Rate Issues	5.75% to 6.5%	1991	2008	15,480	1,450	13,605
Urban Development Taxable						
Various Rate Issues	4% to 6.25%	1998-2001	2019-2021	12,200	485	11,320
Police & Fire Pension	5.8%	2000	2035	42,000	470	40,170
Total General Long-Term Bond Obligations				443,493	29,648	273,473
Recreational Facilities	4.6% to 5.375%	1972-1994	2003-2007	6,302	477	1,532
Off Street Parking	6.75%	1990	2006	5,000	350	1,400
Water Works	4.1% to 6.5%	1975-1999	2003-2014	113,000	10,030	58,670
	6.7% to 6.75%	1989-1990	2004-2006	37,000	2,500	7,200
	7%	1988	2003	28,000	1,940	1,940
Stormwater	4.2 to 5.15%	1995-1999	2005-2007	8,800	925	4,225
Total Proprietary Fund Obligations				198,102	16,222	74,967
Total General Obligation Bonds Payable				641,595	45,870	348,440
Notes:						
Municipal Income Tax	5.5 to 5.75%	1998-2001	2003-2005	6,397		6,397
Convention Center	2.50%	2002	2003	15,100	15,100	15,100
Off Street Parking	3.50%	2002	2004	9,100		9,100
Total General Obligation Notes Payable				30,597	15,100	30,597
Total General Obligation Bonds and Notes Payable				$ 672,192	$ 60,970	$ 379,037
Revenue Bonds	2.16% to 8.25%	1990-2001	2010-2021	$ 113,330	$ 3,822	$ 108,407
Total Outstanding Debt				$ 785,522	$ 64,792	$ 487,444

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2002, was as follows:

(AMOUNTS IN THOUSANDS)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
General Obligation Bonds	$265,628	$ 39,280	$31,435	$273,473	$29,648
General Obligation Notes	21,300	15,100	14,903	21,497	15,100
Revenue Bonds	11,819	7,270	567	18,522	887
Total Bonds and Notes Payable	298,747	61,650	46,905	313,492	45,635
Compensated Absences	64,409	53,133	50,020	67,522	30,501
Claims and Judgments	25,071	61,821	60,863	26,029	9,350
Capital Leases	712	56	597	171	119
Other	2,376	451	627	2,200	
State Loan	4,334	5,608	210	9,732	253
Governmental Activity Long-term liabilities	$395,649	$182,719	$159,222	$419,146	$85,858
Business-type Activities:					
Bonds and Notes Payable:					
General Obligation Bonds	$ 91,157	$	$16,190	$ 74,967	$16,222
General Obligation Notes		9,100		9,100	
Revenue Bonds	92,685		2,800	89,885	2,935
Total Bonds and Notes Payable	183,842	9,100	18,990	173,952	19,157
Compensated Absences	5,815	7,322	6,469	6,668	3,052
Claims and Judgments	84	237	167	154	154
Other		1,210		1,210	
Capital Leases	271		202	69	69
Business-type Activity Long-term liabilities	$190,012	$17,869	$25,828	$182,053	$22,432

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, $2.2 million of compensated absences, $19.5 million of unpaid claims, and $157,000 of capital leases for the internal service funds are included in the above amounts.

State Infrastructure Bank Loan

On May 19, 1999 City Council authorized the City Manager to amend the repayment terms of an April 30, 1998 note agreement the City had made with the Ohio Department of Transportation, State Infrastructure Bank. The loan to the City has an original principal amount not to exceed $20,020,000 and was issued for the purpose of paying a portion of the Fort Washington Way Improvement project costs. The terms of the original

note agreement required that the loan be repaid 18 months from the date of the initial disbursement under the note. The initial disbursement was made on May 29, 1998, so the first payment was required on November 29, 1999. Under the terms of the new loan agreement, the City was obligated to pay accrued interest and a principal payment of $5,000,000 on February 1, 2000. On February 1, 2001, the City made a second principal payment of $5,000,000 from a federal grant received from Fort Washington Way. Principal and interest payments were made also on August 1, 2001 and February 1, 2002. In August of 2002 an additional $587,000 was drawn down.

On January 24, 2001 City Council authorized the City Manager to borrow an additional $5,020,000 from the Ohio Department of Transportation. The first disbursement on this loan was made August 13, 2002.

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 the latest increase of .1% enacted July 1, 1988, to be spent only for the maintenance of the City's infrastructure. The second component is the .3% which can be used only for public transit purposes, including both capital and current operating expense. The third component is .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 $185,258,461 for the 1.55% portion in 2002 were less than the original allocation of $191,830,000 for the General Fund. The following table identifies the excess 1.55% income tax collections for

the years 1998 through 2002 and collections in excess of allocation:

(AMOUNTS IN THOUSANDS)

Year	Actual Collections of 1.55%	Allocation to General Fund	Collections in Excess of Allocation
1998	174,335	164,300	10,035
1999	182,695	180,500	2,195
2000	183,035	183,035	
2001	188,598	188,598	
2002	185,258	185,258	

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 2002 levy was based was $4,379,262,000, $304,549,000 and $644,918,000 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 - 2003

Lien date	January 1, 2002
Levy date	October 31, 2002
First installment payment due	January 31, 2003
Second installment payment due	June 20, 2003

Assessed values are established by the County Auditor, 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 2002 with the results affecting collections beginning in 2003. The City recognizes the property taxes due to be paid in 2003 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.

Public utilities property taxes in any calendar year are those levied on assessed values as of December 31 of the preceding year. Tangible personal property of public utilities is assessed at various percentages of true value. Tangible personal property used in business, other than public utilities, is assessed at 25% of true value.

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 Balance	Issued	Redeemed	Ending Balance
Bond Anticipation Notes	$0	$32,731	$32,731	$0

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	$ 3,214
Revenue bond reserve account – Water Works	8,554
Revenue bond construction account – Parking Facilities	8
Customer deposits – Water Works	941
Construction account - other – Water Works	5,378
Total restricted assets	$18,095

14. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2002 was as follows:

(AMOUNTS IN THOUSANDS)	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 137,104	$ 21,865	$ (2,598)	$ 156,371
Construction in Progress	99,187	48,123	(38,422)	108,888
Total capital assets, not being depreciated	236,291	69,988	(41,020)	265,259
Capital assets, being depreciated:				
Buildings	132,092	110	(1,015)	131,187
Improvements other than buildings	218,356	14,960	(782)	232,534
Machinery and Equipment	90,465	13,612	(6,109)	97,968
Property acquired under capital leases	2,084	57		2,141
Infrastructure	348,735	41,582		390,317
Total capital assets, being depreciated	791,732	70,321	(7,906)	854,147
Less accumulated depreciation for:				
Buildings	(72,519)	(4,388)	56	(76,851)
Improvements other than buildings	(123,007)	(6,160)	186	(128,981)
Machinery and Equipment	(50,770)	(8,627)	3,755	(55,642)
Property acquired under capital leases	(1,514)	(298)		(1,812)
Infrastructure	(112,676)	(16,095)		(128,771)
Total accumulated depreciation	(360,486)	(35,568)	3,997	(392,057)
Total capital assets, being depreciated, net	431,246	34,753	(3,909)	462,090
Governmental Activities capital assets, net	$ 667,537	$ 104,741	$(44,929)	$ 727,349

(AMOUNTS IN THOUSANDS)	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	$ 25,349	$	$	$ 25,349
Construction in Progress	130,546	90,140	(84,054)	136,632
Total capital assets, not being depreciated	155,895	90,140	(84,054)	161,981
Capital assets, being depreciated:				
Buildings	248,064	5,130	(12)	253,182
Improvements other than buildings	369,199	67,102	(1,056)	435,245
Machinery and Equipment	143,016	27,173	(1,803)	168,386
Property acquired under capital leases	637			637
Total capital assets, being depreciated	760,916	99,405	(2,871)	857,450
Less accumulated depreciation for:				
Buildings	(108,129)	(7,433)	12	(115,550)
Improvements other than buildings	(117,195)	(5,442)	285	(122,352)
Machinery and Equipment	(80,187)	(10,048)	1,625	(88,610)
Property acquired under capital leases	(228)	(137)		(365)
Total accumulated depreciation	(305,739)	(23,060)	1,922	(326,877)
Total capital assets, being depreciated, net	455,177	76,345	(949)	530,573
Business-type Activities capital assets, net	$ 611,072	$166,485	$(85,003)	$ 692,554

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

(AMOUNTS IN THOUSANDS)

Governmental activities:	
General government	$ 931
Community development	4,120
Parks and recreation	3,602
Public safety	3,489
Transportation and engineering	16,662
General services	1,410
Public services	2,267
Public health	382
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	2,506
Total depreciation expense - governmental activities:	$ 35,369

Business-type activities:	
Water Works	$ 15,678
Parking Facilities	1,372
Convention Center	2,977
General Aviation	708
Municipal Golf	546
Stormwater Management	1,743
Total depreciation expense - business-type activities:	$ 23,024

Governmental Activities Construction in Progress at December 31, 2002 is comprised of the following:

(AMOUNTS IN THOUSANDS)

Administering Department	Project Authorizations	Expended to December 31, 2002	Committed	Required Future Financing
Transportation & Engineering	$ 56,893	$ 1,551	$ 55,342	$ 21,191
Community Development	81,749	37,136	44,613	15,878
Recreation	36,413	19,199	17,214	9,569
Safety	2,831	1,695	1,136	
Parks	20,777	13,808	6,969	1,891
Public Services	6,931	3,683	3,248	
Other	55,811	31,816	23,995	6,189
Totals	$261,405	$108,888	$152,517	$ 54,718

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

Business Activities Construction in Progress at December 31, 2002 is comprised of the following:

(AMOUNTS IN THOUSANDS)

Enterprise Fund	Project Authorizations	Expended to December 31, 2002	Committed	Required Future Financing
Water Works	$161,829	$103,849	$57,980	$
Parking Facilities	25,093	12,153	12,940	7,700
Convention Center	21,997	13,031	8,966	1,148
General Aviation	4,481	2,963	1,518	623
Municipal Golf	1,354	975	379	
Stormwater Management	11,426	3,661	7,765	
Totals	$226,180	$136,632	$89,548	$ 9,471

15. RECEIVABLES

Accounts Receivable are presented in the general purpose financial statements net of the allowance for uncollectible accounts. The uncollectible accounts related to the General Fund at December 31, 2002, are as follows: Taxes Receivable ($1,986,000) and other accounts receivable ($3,761,000). The uncollectible accounts related to the Debt Service Fund at December 31, 2002 are Taxes Receivable ($2,020,000). The balance for the allowance for doubtful accounts in the Capital Projects Fund at December 31, 2002 is ($1,248,000). The balances of the allowance accounts of the proprietary funds as of December 31, 2002 are as follows: Water Works ($2,102,000), Regional Computer Center ($5,000), Convention Center ($176,000), General Aviation ($6,000), Municipal Golf ($3,000), Parking Facilities ($5,000), and Stormwater Management ($480,000).

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 $2,752,000, 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, 2002 total $55,149,000.

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, 2002 is $1,245,000. This amount is related to Goodall Properties Ltd. and forgivable housing loans.

16. CONTINGENT LIABILITIES

Federal and State Grants

The City has received Federal and State grants in excess of $52 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. Based on prior experience, the City Administration believes such disallowances, if any, will be immaterial.

Litigation

Various claims and lawsuits are pending against the City as of December 31, 2002. A liability of $6.4 million was recorded for those claims and judgments as of December 31, 2002. Over the past decade, the City has averaged annual payments of $1,575,000 for claim and lawsuit settlements. Adequate funds have been provided to meet the claims paid both from the General Fund and restricted funds of the City. 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 2002. 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 the choice of three separate health insurance plans for its employees. All of the plans are 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 under a retrospective rating plan. 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. Changes in the balances of claims liabilities and claims adjustment expenses during 2002 and 2001 are as follows:

(AMOUNTS IN THOUSANDS)

	General		Water Works		Parking Facilities		Convention Center		Municipal Golf		Capital Projects	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Balance at January 1	$ 780	$ 563	$ 68	$ 73	$ 1	$ 2	$ 12	$ 2	$ 0	$ 0	$ 0	$ 4,613
Current-Year Claims and Changes in Estimates	612	854	205	41	6	0	22	19	1	1	0	0
Claim Payments	(990)	(637)	(153)	(46)	(2)	(1)	(8)	(9)	(1)	(1)	0	(4,613)
Balance at December 31	$ 402	$ 780	$120	$ 68	$ 5	$ 1	$ 26	$ 12	$ 0	$ 0	$ 0	$ 0

	Stormwater Management		Income Tax Infrastructure		Self Insurance Medical		Workers Compensation		General Long-Term Obligations		Totals	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Balance at January 1	$ 3	$ 4	$ 0	$ 13	$7,470	$9,064	$19,450	$23,782	$3,143	$3,056	$ 30,927	$ 41,172
Current-Year Claims and Changes in Estimates	3	8	61	9	57,139	51,760	1,975	191	4,292	2,522	64,316	55,405
Claim Payments	(3)	(9)	(35)	(22)	(56,115)	(53,354)	(2,353)	(4,523)	(1,370)	(2,435)	(61,030)	(65,650)
Balance at December 31	$ 3	$ 3	$ 26	$ 0	$ 8,494	$ 7,470	$ 19,072	$ 19,450	$6,065	$3,143	$ 34,213	$30,927

The claims liabilities at December 31, 2002 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)

	Self Insurance Medical	Workers Compensation
Accounts Payable	$2,494	$ 3
Accrued Liabilities		5,533
Estimated Liability For Unpaid Claims	6,000	13,536
Total	$8,494	$19,072

18. SUBSEQUENT EVENTS

As of January 1, 2003, the City of Cincinnati has elected to be self-insured under the workers' compensation laws of Ohio.

On January 29, 2003, City Council authorized the taking of bids on $112,360,000 of Water Works revenue bonds to be dated March 1, 2003. The bonds issued were sold at coupon rates from 2.0% to 5.0%, but with a bid premium of $4,546,306 the effective rates were 1.25% to 4.67%.

April 9, 2003 City Council authorized the taking of bids on $52,705,000 of general obligation bonds to be dated May 1, 2003. The 4 bond issues sold at coupon rates from 2.00% to 4.00%, but with a bid premium of $736,594 and original issue discount of $23,930 the effective rates were from 1.34% to 4.10%,. The bonds include tax supported issues of $25,700,000 for Street Improvements, $6,210,000 for Public Building Improvements, $11,090,000 for Equipment Improvements, $9,705,000 for Urban Redevelopment Improvements Refunding.

19. 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 Public Employees Retirement System (PERS), which are State pension systems, and the City of Cincinnati's Retirement System. Each of these three systems is a cost-sharing multiple-employer defined benefit pension 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 benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The 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% respectively for police officers and fire fighters. The City of Cincinnati's contributions to OP&F for the years ending December 31, 2002, 2001, and 2000 were $21,989,000, $21,857,000, and $21,005,000, respectively, equal to the required contributions for each year including the installment payments on the unfunded prior service cost for 2000.

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 Post employment Benefit Information

OP&F provides post-retirement health care coverage to 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 health care coverage provided by the police and firefighters' retirement system is considered an Other Postemployment Benefit (OPEB). A portion of each employer's contribution to the Police and Fire Pension Fund is set aside for the funding of postemployment health care. The Ohio Revised Code provides the statutory authority allowing the fund's board of trustees to provide health care coverage to all eligible individuals. Health care funding and accounting are on a pay-as-you-go basis. In 2002, 7.75% of covered payroll was used to pay retiree health care expenses. 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.

The number of participants eligible to receive health care benefits as of December 31, 2001, the date of the last actuarial valuation available was 13,174 for police and 10,239 for firefighters. The portion of the City's 2002 contributions that was used to pay postemployment benefits was $4,516,805 for police and $3,427,463 for firefighters. The total health care expense of the fund for the year ending December 31, 2001, the date of the last actuarial valuation available, was $122,298,771, which was net of member contributions of $6,874,699.

State PERS

Plan Description

Only City employees who were members in the Public Employees Retirement System of Ohio (PERS) 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 PERS.

PERS is a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to PERS, 277 East Town Street, Columbus, Ohio 43215-4642 or calling (614) 466-2085.

Funding Policy

The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees contribute 8.5% of their annual compensation. The City's contribution rate for 2002 was 13.55% of covered payroll; 8.55% was the portion used to fund pension obligations and 5.00% was used to fund health care for 2002. City of Cincinnati's contributions to PERS for the years ending December 31, 2002, 2001, and 2000, were $1,943,000, $1,822,000, and $1,363,000 respectively, equal to the required contributions for each year.

Other Postemployment Benefit Information

PERS provides postemployment health care coverage to age and service retirants with ten or more years of qualifying service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by PERS is considered an Other Postemployment Benefit (OPEB). A portion of each employer's contribution to PERS is set aside for the funding of postemployment health care. The Ohio Revised Code provides statutory authority for employer contributions.

OPEB are advance-funded on an actuarially determined basis. The number of active contributing participants was 402,041. The portion of the City's employer contribution that was used to fund postemployment benefits was $716,971. The actuarial value of PERS net assets available for OPEB was $11,600,000,000 at December 31, 2001. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $16,400,000,000 and $4,800,000,000 respectively.

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 30 and 31. 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, 2002, the date of the latest actuarial valuation:

	Pension	Health care
Retirees and beneficiaries receiving benefits	4,486	4,486
Terminated plan members entitled to future benefits	99	99
Active plan members:		
Vested	3,166	1,821
Nonvested	2,434	3,779
Total	10,185	10,185

1,754 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 vest 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.

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. The contribution rate for 2002 was 7% for all employers. City of Cincinnati's contributions to the City of Cincinnati Retirement System for the years ending December 31, 2002, 2001, and

2000 were $11,974,000, $12,454,000, and $11,520,000, respectively equal to the required contributions for each year as set by the Board of Trustees. No contributions were actuarially required for 1999, 2000 and 2001. Administrative costs are financed from the system assets. The System's independent actuary reported that the System's unfunded actuarial accrued liability for prior service cost was paid off as of December 31, 1998.

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 exchange 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. 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 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). 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 actuarial assumptions used for the December 31, 2002 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 are recognized as an expense as claims are paid. The employer contribution that was used to fund postemployment benefits was $3,146,000. The actuarial value of the System's net assets available for OPEB at December 31, 2002 was $748,291,000. The actuarially accrued liability based on the actuarial cost method used was $757,166,000.

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	12/31/02
Actuarial cost method	Entry age normal
Asset valuation method	The actuarial value of assets is based on a five-year moving average of gains and losses recognized at 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. The adoption of this method is effective at December 31, 2002. The previous four years of gains/(losses) are reflected in determining the initial actuarial value of assets.
Actuarial assumptions:	
Investment rate of return*	8.75% per year, prior to 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	2000 City of Cincinnati Rate of Termination Experience Table
Disability	The 1995 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.
Hospital and Surgical Benefits	Adjusted premiums are based on experience for recent years adjusted to current year by assumed annual increase in premium costs.
Medicare Part B	Premiums are assumed to increase in accordance with estimates from the 2002 Annual Report of the Board of Trustees (previously the Congressional Budget Office) until the year 2011 and then increase at 5.5% per year thereafter.

Dental Benefits	Premiums are assumed to increase at a decreasing rate, starting at 6.5% for 2003, then decreasing by 0.25% per year to 4.5% and remaining there for 10 years, then decreasing gradually over 17 years to zero. This takes the $1,000 fixed cap on annual dental costs into account.
Vision Benefits	The vision premium is fixed at $40 per year. The anticipated annual increase in costs is 0.5% to take increases in administrative costs into account.
*Inflation rate	No assumption.

Cost-of-living adjustments 3% compound interest

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)
12/31/97	$1,250,997	$1,214,573	($36,424)	103.00 %	$181,547	(20.06) %
12/31/98	1,411,847	1,235,332	(176,515)	114.29	181,691	(97.15)
12/31/99	1,554,854	1,378,625	(176,229)	112.78	184,477	(95.53)
12/31/00	1,627,207	1,439,180	(188,027)	113.06	182,556	(103.00)
12/31/01	1,699,977	1,473,359	(226,618)	115.38	191,756	(118.18)
12/31/02	1,623,059	1,586,583	(36,476)	102.30	186,266	(19.58)

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)
12/31/97	$548,239	$532,277	($15,962)	103.00 %	$181,547	(8.79) %
12/31/98	624,185	504,851	(119,334)	123.64	181,691	(65.68)
12/31/99	696,701	531,059	(165,642)	131.19	184,477	(89.79)
12/31/00	736,491	623,386	(113,105)	118.14	182,556	(61.96)
12/31/01	775,960	845,443	69,483	91.78	191,756	36.24
12/31/02	748,291	757,166	8,875	98.83	186,266	4.76

SCHEDULE OF EMPLOYERS' CONTRIBUTIONS

(AMOUNTS IN THOUSANDS)

PENSION PLAN

Year Ended December 31	Annual Actuarially Required Contribution	Percentage Contributed
1997	$23,335	106.80 %
1998	14,560	127.83
1999	0	N/A
2000	0	N/A
2001	0	N/A
2002	3,980	218.99

HEALTHCARE PLAN

Year Ended December 31	Annual Actuarially Required Contribution	Percentage Contributed
1997	$7,778	106.80 %
1998	4,853	127.83
1999	0	N/A
2000	0	N/A
2001	0	N/A
2002	1,327	304.45

REQUIRED

SUPPLEMENTARY INFORMATION

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CITY OF CINCINNATI, OHIO

Budgetary Comparison Schedule
General Fund
For the year ended December 31, 2002
(Amounts in Thousands)

	General Fund			
	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final	Amounts	Positive(Negative)
Revenue				
Taxes	$ 221,109	$ 221,109	$ 214,957	$ (6,152)
Licenses and Permits	5,798	5,798	6,028	230
Use of Money and Property	13,695	13,695	14,594	899
Intergovernmental Revenue	51,907	51,907	53,492	1,585
Charges for Current Services	14,270	14,270	14,942	672
Miscellaneous	2,200	2,200	1,899	(301)
Total Revenue	308,979	308,979	305,912	(3,067)
Expenditures				
Current				
General Government	39,297	39,758	38,600	1,158
Community Development	8,178	9,156	8,917	239
Parks and Recreation	19,340	19,340	19,248	92
Public Safety	136,139	136,664	135,776	888
Transportation & Engineering	1,785	1,785	1,770	15
General Services	8,510	8,510	8,459	51
Public Services	21,493	21,143	20,929	214
Public Health	22,689	22,875	22,545	330
Employee Benefits	55,926	55,319	55,144	175
Capital Outlay	622	632	563	69
Total Expenditures	313,979	315,182	311,951	3,231
Excess of Revenue over (under) Expenditures	(5,000)	(6,203)	(6,039)	164
Other Financing Sources (Uses)				
Operating Transfer In		11,902	11,902	
Operating Transfers (Out)	(6,302)	(11,354)	(11,354)	
Total Other Financing Sources (Uses)	(6,302)	548	548	
Excess of Revenue over (under) Expenditures and Other Financing Sources	(11,302)	(5,655)	(5,491)	164
Cancellation of Prior Years Encumbrances			2,586	2,586
Fund Balances, January 1	17,881	17,881	17,881	
Fund Balances, December 31	$ 6,579	$ 12,226	$ 14,976	$ 2,750

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:

Deficiency of revenues and other financing sources over expenditures and other uses per the Budgetary Comparison Schedule	$ (5,491)
(Increases) decreases from revenues:	
Received in cash during year but already accrued as receivables (GAAP) at December 31, 2001	(25,315)
Accrued as receivables at December 31, 2002 but not recognized in budget	43,557
(Increases) decreases from encumbrances:	
Expenditures of amounts encumbered during prior years	(7,589)
Recognized as expenditures in the budget	11,292
(Increases) decreases from expenditures:	
Accrued as liabilities at December 31, 2001 recognized as expenditures (GAAP) but not in budget	7,490
Accrued as liabilities at December 31, 2002	(7,677)
Inventory usage recognized as expenditures (GAAP) but not in budget	(251)
Net change in fund balance per the Statement of Revenues, Expenditures, and Changes in Fund Balance (Page 22)	$ 16,016

See notes to required supplementary information.

City Of Cincinnati, Ohio
Note to the Required Supplementary Information
December 31, 2002

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.

CITY OF CINCINNATI, OHIO
Schedule of Expenditure of Federal Awards
(Non-GAAP Budgetary Basis)
For the year ended December 31, 2002
(Amounts in Thousands)

	Grantor/Program Title	Fund	CFDA #	Grant #	Grant and Contract Revenue Received	Contributions and other Revenue	CFS Expenditures
1	*U.S. Department of Agriculture*						
*	*Passed through Ohio Department of Health*						
*	Hamilton County WIC Program	391	10.557	31-2-001-1-CL	2,382		(2,373)
	Total for CFDA No. 10.557				2,382		(2,373)
	Findlay Market Improvements	980	10.601	12-25-A-3532			(70)
	Total for CFDA No 10.601						(70)
	TOTAL DEPARTMENT OF AGRICULTURE				**2,382**		**(2,443)**
2	*U.S. Department of Health and Human Services*						
*	*Passed through Council on Aging of Southwestern Ohi*						
*	Retired Senior Volunteer Program	324			15		(15)
	Total for CFDA No. 93.044				15		(15)
*	Retired Senior Volunteer Program	324			148	30	(178)
	Total for CFDA No. 93.045				148	30	(178)
*	*Passed through Cincinnati Health Network*						
*	Homeless Health Care Program	448	93.151	Contract #25-9086	162		(163)
	Total for CFDA No. 93.151				162		(163)
*	*Passed through Ohio Department of Health*						
*	Regional Lead Poisoning Prevention	380	93.197	31-2-001-1-BE	74	26	(91)
	Total for CFDA No. 93.197				74	26	(91)
*	*Passed through Cincinnati Health Network*						
*	Cincinnati Health Network	446	93.224	Contract #25-9087	313		(302)
	Total for CFDA No. 93.224				313		(302)
*	*Passed through Ohio Department of Health*						
*	Immunization Action Plan Special	415	93.268	31-2-001-2-AZ	240		(316)
	Total for CFDA No. 93.268				240		(316)
	Federal AIDS Prevention	378	93.940	31-2-01-F-DL-SE1	132		(128)
	Federal AIDS Prevention	378	93.940	31-2-001-2-AS-03	464		(408)
	Total for CFDA No. 93.940				596		(536)
	STD Control Program	378	93.977	31-2-001-2-BX	63		(57)
	Total for CFDA No. 93.977				63		(57)
	STD/HIV Prevention Training Centers	379	93.978	R30/CCR516650-03	423		(424)
	Total for CFDA No. 93.978				423		(424)
*	*Passed through Ohio Department of Health*						
*	Heart Health in Hamilton County	425	93.991	31-2-001-2-ED	140		(160)
	Total for CFDA No. 93.991				140		(160)
	TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				**2,174**	**56**	**(2,242)**

CITY OF CINCINNATI, OHIO
Schedule of Expenditure of Federal Awards
(Non-GAAP Budgetary Basis)
For the year ended December 31, 2002
(Amounts in Thousands)

Grantor/Program Title	Fund	CFDA #	Grant #	Grant and Contract Revenue Received	Contributions and other Revenue	CFS Expenditures
3 *U.S.Department of Housing & Urban Development*						
* *Passed through Ohio Department of Development*						
* Community Development Block Grant	304	14.218	B-MC390003	25,530	3,531	(28,966)
HUD Disaster Recovery Initiative	466	14.218	B98MU390003	135		(135)
Total for CFDA No. 14.218				25,665	3,531	(29,101)
* *Passed through Ohio Department of Development*						
* Emergency Shelter Grant	445	14.231	S-02-MC-39-0003	702		(701)
Total for CFDA No. 14.231				702		(701)
* *Passed through Ohio Department of Development*						
* HOME-Shelter Plus Care	410	14.238	OH16C95-1093	147		(147)
* HOME-Shelter Plus Care	410	14.238	OH16C96-0002	295		(295)
* HOME-Shelter Plus Care	410	14.238	OH16C97-0013	185		(185)
* HOME-Shelter Plus Care	410	14.238	OH16C800-003	278		(278)
* HOME-Shelter Plus Care	410	14.238	OH16C900-004	400		(400)
* HOME-Shelter Plus Care	410	14.238	OH16C10-0014	128		(128)
Total for CFDA No. 14.238				1,433		(1,433)
* *Passed through Ohio Department of Development*						
* HOME	411	14.239	M-02-MC-39-0213	5,318	500	(5,666)
Total for CFDA No. 14.239				5,318	500	(5,666)
* *Passed through Ohio Department of Development*						
* Housing Opportunities For People With Aids	465	14.241	O-HH-02-F001	439		(439)
Total for CFDA No. 14.241				439		(439)
Empowerment Zone	324	14.244		195		(175)
Empowerment Zone	386	14.244	EZ-99-OH-0009	4,922		(4,922)
Total for CFDA No. 14.244				5,117		(5,097)
Findlay Market Phase III	980	14.246	06-01-04417			(1,580)
Total for CFDA No 14.246						(1,580)
* *Passed through Ohio Department of Development*						
* HUD Section 108 Loan Program	304	14.248	B01-MC390003	4,000		(2,680)
Total for CFDA No. 14.248				4,000		(2,680)
Lincoln Center Renovation	980	14.866				(1,561)
Total for CFDA No. 14.866						(1,561)
Cincinnati Lead Abatement Program	387	14.900	OHLHR0063-99	312		(312)
Total for CFDA No. 14.900				312		(312)
TOTAL DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				**42,986**	**4,031**	**(48,570)**
4 *U.S. Department of the Interior*						
ODNR-Hooked on Fishing	324	15.605		10		(8)
Total for CFDA No. 15.605				10		(8)
TOTAL DEPARTMENT OF THE INTERIOR				**10**		**(8)**

CITY OF CINCINNATI, OHIO
Schedule of Expenditure of Federal Awards
(Non-GAAP Budgetary Basis)
For the year ended December 31, 2002
(Amounts in Thousands)

	Grantor/Program Title	Fund	CFDA #	Grant #	Grant and Contract Revenue Received	Contributions and other Revenue	CFS Expenditures
5	*U.S. Department of Justice*						
	Local Law Enforcement Block Grant	365	16.200	1999 LBVX 9040		2	(357)
	Local Law Enforcement Block Grant	364	16.200	2000 LBBX 1630		31	(155)
	Total for CFDA No. 16.200					33	(512)
*	*Passed through Ohio Department of Youth Services*						
*	Bloom Earn & Learn	447	16.548	JV-T50-5035	34	2	(8)
	Total for CFDA No. 16.548				34	2	(8)
*	*Passed through Ohio Office of Criminal Justice Services*						
*	Law Enforcement Advocate (Byrne)	368	16.579	00-DG-E01-7356	2		(5)
*	Mallory Center	447	16.579	01-DG-B01-7352	58		(57)
	Total for CFDA No. 16.579				60		(62)
*	*Passed through Ohio Office of Criminal Justice Services*						
*	Domestic Violence Advocacy	368	16.588	WF-VAS-8583	51		(101)
	Total for CFDA No. 16.588				51		(101)
	Local Law Enforcement Block Grant	361	16.592	2001-LB-BX-2319		101	(391)
	Local Law Enforcement Block Grant	375	16.592	2002-LB-BX-2510	463	4	
	Total for CFDA No. 16.592				463	105	(391)
	Bulletproof Vests	368	16.607	01004115	30		(5)
	Total for CFDA No. 16.607				30		(5)
	TOTAL DEPARTMENT OF JUSTICE				**638**	**140**	**(1,079)**
6	*U.S. Department of Labor*						
	Work Incentive Grant	464	17.207	WI-11016-01-60	350		(169)
	Youth Offender	464	17.207	AF-11585-01-60	210		(87)
					560		(256)
*	*Passed through Ohio Job & Family Service*						
*	JTPA-Title III(EDWAAA)	438	17.250	N-7498-9-00-87-60			(349)
	Total for CFDA No. 17.250						(349)
*	*Passed through Ohio Job & Family Service*						
	Youth Worker Apprentice	464	17.260	AN-11637-01-60	80		(72)
*	Workforce Investment Act	464	17.260		1,509		(2,261)
	Total for CFDA No. 17.260				1,589		(2,333)
	TOTAL DEPARTMENT OF LABOR				**2,149**		**(2,938)**
7	*U.S. Department of Transportation*						
*	*Passed through Ohio Department of Transportation*						
*	Local Match Funds - FAA Projects	980-2267	20.106			(106)	(10)
*	Lunken Improvements - '01	980-2628	20.106	3-39-0018-1401	115	25	(182)
*	Lunken Improvements - '02	980-2762	20.106	3-39-0018-1502		51	
	Total for CFDA No. 20.106				115	(30)	(192)
*	*Passed through Ohio Department of Transportation*						
*	Highway Planning and Construction	980-2295	20.205			152	(152)
*	Highway Planning and Construction	980-2296	20.205			438	(438)
*	Highway Planning and Construction	980-2298	20.205		213		(213)
*	Highway Planning and Construction	980-2393	20.205			869	(1,103)
*	Highway Planning and Construction	980-2162	20.205				(38)
*	Highway Planning and Construction	980-2504	20.205		12,725	417	(9,845)
*	Highway Planning and Construction	980-2507	20.205		771		(771)
*	Highway Planning and Construction	980-2595	20.205			400	(598)
	Total for CFDA No. 20.205				13,709	2,276	(13,158)
	TOTAL DEPARTMENT OF TRANSPORTATION				**13,824**	**2,246**	**(13,350)**

CITY OF CINCINNATI, OHIO
Schedule of Expenditure of Federal Awards
(Non-GAAP Budgetary Basis)
For the year ended December 31, 2002
(Amounts in Thousands)

	Grantor/Program Title	Fund	CFDA #	Grant #	Grant and Contract Revenue Received	Contributions and other Revenue	CFS Expenditures
8	*Federal Emergency Management Agency*						
	FEMA Flood Control Grant	461	83.544	1164-DR-61-15000			
	FEMA Flood Control Grant	461	83.544	FEMA-1390-DR-061-1500(	52	10	(197)
	Total for CFDA No. 83.544				52	10	(197)
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY					**52**	**10**	**(197)**
9	*Environmental Protection Agency*						
	Environmental Preferable Purchasing	436	66.708	NP-97-53-2501	5		
	Total for CFDA No .66.708				5		
TOTAL ENVIRONMENTAL PROTECTION AGENCY					**5**		
10	*National Park Service*						
	Urban Park and Recovery	980-2659	15.919	39-CTY-1610-01-01			(281)
	Mt. Auburn Hopkins Park	980-2765	15.919	39-CTY-1610-02-01		214	
	Total for CFDA No. 15.919					214	(281)
TOTAL NATIONAL PARK SERVICE						**214**	**(281)**
	TOTAL FEDERAL GRANTS & SUBSIDIES (Non-GAAP Basis)				**64,220**	**6,697**	**(71,108)**
	Less Amount Recognized as Contributed Capital				(13,824)		
	Less Accrual of Federal Grant & Subsidies at 12/31/01				(3,095)		
	Plus Accrual of Federal Grant & Subsidies at 12/31/02				4,279		
	Plus Deferral of Federal Grant & Subsidies at 12/31/01				424		
	Less Deferral of Federal Grant & Subsidies at 12/31/02				(305)		
	Amount Recognized as Federal Grants & Subsidies (GAAP Basis)				51,699		

* 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 Block Grant loans outstanding at December 31,2002 totaled $40,133. Total Rental Rehab loans outstanding totaled $15,016.

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Deloitte & Touche

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Mayor and
Members of the City Council
City of Cincinnati, Ohio and
Betty Montgomery, Auditor of State of Ohio

We have audited the financial statements of the City of Cincinnati, Ohio (the "City") as of and for the year ended December 31, 2002, and have issued our report thereon dated May 30, 2003, which includes an explanatory paragraph relating to the change in accounting principle described in Note 1 of the financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City in a separate letter dated May 30, 2003.

This report is intended solely for the information and use of the Mayor and City Council Members, management of the City of Cincinnati, Auditor of State of Ohio, 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.

Deloitte & Touche LLP

May 30, 2003

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Cincinnati, Ohio 45201-5340

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Deloitte & Touche

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM

The Honorable Mayor and
Members of the City Council
City of Cincinnati, Ohio and
Betty Montgomery, Auditor of State of Ohio

COMPLIANCE

We have audited the compliance of the City of Cincinnati, Ohio (the "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, 2002. 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 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 its major federal programs for the year ended December 31, 2002.

INTERNAL CONTROL OVER COMPLIANCE

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the 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 on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

This report is intended solely for the information and use of the Mayor and City Council Members, management of the City of Cincinnati, Auditor of State of Ohio, 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.

Deloitte & Touche LLP
May 30, 2003

CITY OF CINCINNATI, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2002

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____yes ___X___no

Reportable condition(s) identified not considered to be material weaknesses? _____yes ___X___N/A

Noncompliance material to financial statements noted? _____yes ___X___no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? _____yes ___X___no

Reportable condition(s) identified not considered to be material weakness(es)? _____yes ___X___N/A

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (Section .510(a))? _____yes ___X___no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster Number
14.218	Community Development Block Grant
14.244	Enpowerment Zone
14.248	HUD Section 108 Loan Program
14.239	HOME
10.557	Hamilton County WIC Program
17.260	Workforce Investment Act
20.205	Highway Planning & Construction
14.221	Rental Rehab Loans

Dollar threshold used to distinguish between Type A and Type B programs $2,133,234

Auditee qualified as low-risk auditee? _____yes ___X___no

II. FINANCIAL STATEMENT FINDINGS SECTION—No matters are reportable

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION—No findings are reportable

CITY OF CINCINNATI, OHIO

SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

No audit findings and questioned costs were reported in the Schedule of Findings and Questioned Costs from the Independent Auditors' Single Audit Reports for the year ended December 31, 2001.

CITY OF CINCINNATI, OHIO
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2002

COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2002

Director of Finance
William E. Moller

Assistant Director of Finance
Francis X. Wagner

Superintendent of Accounts & Audits
Pamela J. Sacherman

INTRODUCTORY SECTION

CITY OF CINCINNATI, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended December 31, 2002

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May 30, 2003

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, 2002. 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.

For the year ended December 31, 2002, the City changed its financial reporting to comply with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The government-wide financial statements, including governmental activities, in order to comply with GASB Statement No. 34, are presented on the full accrual basis of accounting. As part of the implementation of GASB Statement No. 34, the City is reporting the historical cost of infrastructure assets (retroactive to 1980) as part of governmental capital assets reported in the government-wide statement of net assets. Thus, the depreciated value of construction costs for road, bridges and streets is reported. In conjunction with the implementation of GASB 34, the City has implemented GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, which rescinds some and modifies other financial statement disclosure requirements. Accounting policies are further explained in Note 1.

Cincinnati's 2002 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 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 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.

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.

ECONOMIC CONDITION AND OUTLOOK

According to the Greater Cincinnati Chamber of Commerce in its Economic Outlook 2003, "The Greater Cincinnati economy has been bumping along the bottom of the business cycle and is poised to rebound near the end of this year. Due to the strong historical relationship between the growth of the Cincinnati economy and growth nationally, the projected improvement in the national economy will translate directly into a turnaround locally. As the national economy moves into the rebound and expansion phases of the business cycle, growth in the Greater Cincinnati economy should pick up speed."

In 2002, the Department of Economic Development (now Community Development and Planning) recommended and the City Council approved 5 Enterprise Zone project agreements worth $59 million of new private investment that will create or retain 1,781 jobs within the City. The Department of Economic Development also established 4 Job Creation/Income Tax Credit Agreements in 2002. These agreements will result in $57.4 million of new private investment and will create or retain 1,706 jobs.

Employment in the 12-county Greater Cincinnati area decreased 0.8% from December of 2001 through December of 2002. The Chamber of Commerce projects local employment levels are expected to increase in line with national trends. In a comparison with eleven other Metropolitan Statistical Areas in Ohio, using information provided by the Ohio Department of Job & Family Services, Greater Cincinnati's December 2002 unemployment rate of 3.9% was the second lowest in the State of Ohio.

MAJOR INITIATIVES

In 2002, the City continued to improve customer service throughout the city government and promote revitalization of neighborhoods, downtown and the riverfront area. While it is not possible to describe all of the major initiatives and accomplishments that have occurred during 2002, the positive changes made in the following areas are of particular interest.

I. Economic Development

In September 2002 the City Council and the Hamilton County Board of Commissioners formally approved a revised funding plan for expanding and renovating the Convention Center in Cincinnati. The plan includes financial participation by the City, County, State of Ohio, and the private sector. Contingency funding will be requested from the State of Ohio. The existing Convention Center has 162,000 square feet of exhibit space and 82,000 square feet of meeting/ballroom space. With the completion of the expansion the Convention Center will have a total of 198,000 square feet of exhibit space and 103,000 square feet of meeting/ballroom space. The estimated cost of expansion is $145 million. According to Convention Sports and Leisure International, Inc., a consulting firm for the project, the expansion plan contains the essential components, which are necessary to potentially accommodate 75% of the national market and have an incremental potential community economic impact of $122 million annually.

Increases in both the City's Transient Occupancy Tax and the County's Lodging Excise Tax are critical components of the expansion and renovation funding plan. Effective April 1, 2002, the City's portion of the Transient Occupancy Tax increased from 1.5% to 3%. In addition, the State approved enabling legislation that allowed the City to further raise the Transient Occupancy Tax to 7.5% and the County to raise the Lodging Excise Tax to 4.0%, effective December 1, 2002. The increased tax rates have been implemented. The state legislation also called for the creation of a Convention Facilities Authority (CFA), which will serve as the financing agency for the Convention Center Expansion and Renovation Project. The CFA board of directors has been established and the expansion project is now in progress.

The new home of the Cincinnati Reds, the $335.5 million Great American Ballpark, opened on March 28, 2003. The new baseball stadium, along with the Bengals' Paul Brown Stadium, were funded by a voter-approved 1/2 cent increase in the County's sales tax and will anchor each end of a planned major riverfront development called "The Banks".

The Banks will include a 52-acre riverfront park, retail shops, office space, pedestrian plazas, additional green spaces, and amenities. In late 2000, the City and Hamilton County created the Port of Greater Cincinnati Development Authority in part to implement the development of Cincinnati's Central Riverfront Area. The Port Authority, led by eighteen private sector board members jointly appointed by the City and the County, is serving as a developer-friendly public entity to implement The Banks Plan. Hamilton County has committed to finance parking garages with 5,000 spaces to accompany the development.

Construction began in June 2002, on the National Underground Railroad Freedom Center, a $65 million national education center that will commemorate the historic efforts of the Underground Railroad. The 158,000 square foot facility will be located on 2nd Street between Vine and Walnut Streets and has been financed with both public and private funding. The Freedom Center will be the centerpiece cultural attraction of The Banks development and will be the first of its kind in the United States.

The completion of the $53 million Riverfront Transit Center coincided with the opening of the Great American Ball Park on March 28, 2003. The transit center is constructed under an eight-block section of the new Second Street in downtown Cincinnati. It provides a safe and convenient central riverfront staging area for special event, school, and tour buses. The transit center includes space to build a plaza just outside the National Underground Railroad Freedom Center and has been designed to accommodate future commuter rail traffic.

The City has invested $6.6 million in tax increment bond funding to complete an upgrade and remodeling of Saks Fifth Avenue to retain the store in downtown Cincinnati. The upgrade of Saks will anchor and strengthen the downtown shopping district. As a result of the City's investment, Saks entered into a long-term agreement that will retain the store as a major anchor for downtown for at least 15 years. The remodeling project is expected to be completed by October 2003.

The 6th and Race redevelopment project is an $8.3 million renovation of several buildings on the northeast corner of 6th and Race Streets. The redeveloped buildings will contain 11,940 square feet of retail space on the first floor and approximately 24 housing units on the second and third floors. The City is providing $3.6 million of tax increment bond funding for this project. Construction on the project is underway with Walgreen's scheduled to open in late 2003 and the residential units in early 2004.

The 4th and Race redevelopment project is a $27 million renovation of two vacant buildings on the southeast corner of 4th and Race Streets. The redeveloped buildings will contain at least 65,000 square feet of retail space on the first and second floors, 80,000 square feet of office space on the upper floors, and parking spaces in the basement. The City is providing $8.5 million in tax increment bond funding for this project.

Another redevelopment project planned for downtown is St. Xavier Park, an eight city block area in the eastern quadrant of downtown. It will potentially include 850 units in a variety of housing types and street level retail comprised of small-scale unique shops and restaurants with outdoor seating. The first phase of the St. Xavier Park project, the 108-unit Sycamore Place Building, opened in summer of 2002. Another residential development within Xavier Park district, the 117-unit Renaissance at the Power Building, was partially opened in October 2002. To support these two projects, the City of Cincinnati has committed as much as $2.16 million toward the $11 million cost of the Sycamore Place project as well as a $600,000 public improvement grant for the Renaissance at the Power Building. The second stage of the Sycamore Place redevelopment is the building of a combination parking garage/residential facility at the southwest corner of Seventh and Broadway. Construction has already begun on the 400-space parking garage, which will serve both the Sycamore Place and the Renaissance residential developments. This parking garage has been designed to allow for the future construction of 150 residential units above the parking facility.

In May of 2001, construction began on the $34 million Lois & Richard Rosenthal Center for Contemporary Art at the corner of 6th and Walnut Streets. The project is supported by a $4.8 million City grant for site acquisition and clearance, environmental remediation, and public improvements. When completed in May 2003, the Contemporary Arts Center will provide the City with a major new tourist attraction and an additional anchor for the Backstage Entertainment District in the area surrounding the Aronoff Center for the Arts. The Contemporary Arts Center building will be the first construction in America of a Zaha Hadid design.

Renovation to the historic Taft Museum began in fall 2001. Enhancements to the Fourth Street mansion-turned-museum, located in downtown Cincinnati, include additional exhibition space, and a new lecture hall and offices. A new 70-space parking facility is also part of the $18 million capital project. The project is supported by a $400,000 capital improvement grant from the City. Construction is expected to be completed in late summer 2003 and the museum will reopen to the public in early 2004.

Renovations at Music Hall began in spring 2002 to create offices and a multi-purpose room for the Cincinnati Opera. The plan allows for both the Opera and the Cincinnati Symphony to expand their facilities at Music Hall. The Opera will occupy the renovated space and the Cincinnati Symphony will move into space currently used by the Opera. Cosmetic improvements to the historic structure will restore some of the exterior to the original architectural design. This $3.2 million project is supported by a $300,000 capital improvement grant from the City. Construction is expected to continue through 2003 and completion of the project will be in early 2004.

II. Livable Neighborhoods/ Safe Communities

The vitality of our 52 neighborhoods is key to the success of our City. In the final analysis, our success is measured by the City's responsiveness to its citizens. In 2002, significant steps were taken to provide high quality, timely services in a more cost effective manner. The City has been challenged to continue providing basic services while resources have shown modest growth. We partnered with our neighborhoods to make them cleaner and safer in 2002.

Findlay Market, Cincinnati's largest open air market which celebrated its 150th anniversary in 2002, is currently undergoing a renovation that will nearly double the square footage of the Market House and will double the number of indoor vending stalls. In addition, public improvements are being made to the Market Square that will enhance its appearance and provide additional sidewalk vending opportunities for independent entrepreneurs. It is expected to be completed by Spring 2004.

The Cincinnati Housing Development Fund, LLC was created for the purpose of establishing and operating a fund to provide loans to developers for projects that include the acquisition, rehabilitation, and new construction of market-rate housing. These projects must be within an area of the City suffering from population loss and disinvestments or urban blight. The members of the fund are U.S. Bank, NA, Provident Bank, and Fifth Third Bank. In February 2003, the City committed $15 million to the Fund resulting in the three members of the Fund committing up to an additional $85 million. The Fund's lending term began on February 28, 2003 and continues for a period of 10 years.

The Lincoln Court development is the first phase of the West End Urban Design Plan and is projected to be a four-year project with an anticipated completion date in December 2003. The City is providing a $6 million grant and 15-year property tax abatement to support this project. This project involves demolishing 886 outdated public housing units and replacing them with 500 new townhouse units. The units will consist of 100 homeownership units, 150 market-rate rental units, and 250 public housing units. Lincoln Court will be a combination of two and three story townhouses, a senior building, garden flats, homes with rear garages, individual entrances, pitched roofs, and new streets. The anticipated completion date for the entire development is December 2003 and the estimated cost is about $85 million.

The Laurel Homes development is projected to be a four-year project with an anticipated completion date in December 2005. The City is providing a $7 million loan, a $2 million grant, and a 15 year property tax abatement to support this project. The development consists of demolishing outdated public housing units and replacing them with newly constructed attached town houses. The entire development of Laurel Homes includes 3 census tracts and consists of 715 dwelling units. The Laurel Homes development will be a mixed-income development. It will consist of homeownership unit (150) some of which (38) will be available to families whose total income is equal to or less than 75 percent of median. The market rate rentals (251) will consist of 63 units to be leased to families whose total family income is equal to or less than 60 percent of median income. The new low-rent public housing units (184) will be an addition to the 130 public housing units at the site that were recently rehabilitated. In addition, this development will also include about 18,000 square feet of commercial space as well as green space. The total development cost is estimated at around $90 million.

Located along Interstate 71 in the Oakley neighborhood, the Center of Cincinnati 500,000 square foot retail project redeveloped part of the former Milacron headquarters into a retail center. The Center of Cincinnati is home to three big-box retailers: Target with 125,000 square feet, Meijer with 192,000 square feet, and Sam's Club with 123,000 square feet.

The Centennial Station Apartment Homes project will be the largest upscale apartment community on Cincinnati's east side. Located in Madisonville, this $24 million, 18-acre apartment community consists of approximately 308 residential units. The City vacated and granted land to the project valued at $14,200 and provided a seven-year property tax abatement for the value of the improvements. Ground was broken on the first 100 units in April 2002. The remaining 208 units are scheduled for completion in June 2004.

The 660 Lincoln project, located in the East Walnut Hills neighborhood, is the historic rehabilitation of a building originally constructed in the 1920's to manufacture Ford Model T trucks. This project, with a cost of more than $11million, will create approximately 100,000 square feet of office space with three floors of enclosed parking and is expected to create or retain approximately 300 jobs. The City provided the project with a 100% property tax abatement for 10 years valued at $1,035,000. The first tenant, Fisher Design, is consolidating operations from the Over the Rhine and Evanston neighborhoods into 30,000 square feet of this facility and will create and retain the first 100 of these jobs. Construction has begun and is expected to finish by late fall of 2003.

In the year 2002, the City's Community Development and Planning Department initiated five Enterprise Zone agreements that provide property tax incentives to facilitate new commercial development. These agreements will result in private investment of approximately $59 million and will retain 1,346 current jobs and create 435 new jobs. Among the agreements is Fifth Third Bank's $47.2 million expansion of its Madisonville check processing and customer service facility. In addition, Valu-PAC's $9 million investment in the TechSolve Industrial Park will create 200 new jobs targeted toward low-income residents in the City's federally designated Empowerment Zone.

The City's Community Development and Planning Department also initiated four Job Creation/Income Tax Credit and reimbursement agreements in 2002. These agreements were combined with Enterprise Zone agreements to leverage private investment totaling $57.4 million and support retention of 1,346 jobs and creation of 360 of the jobs reported for the Enterprise Zones program.

The Ohio legislature recently passed House Bill 405, which allows Ohio cities to create Tax Incentive Financing (TIF) 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 TIF Districts by Cincinnati's City Council in December 2002. They are: Queensgate South, Downtown South/Riverfront (The Banks), Downtown/Over-the-Rhine West, Downtown/Over-the-Rhine East, Center Hill-Carthage, Walnut Hills, East Walnut Hills, Clifton Heights-University Heights-Fairview, Corryville; Bond Hill, and Evanston.

The Fire Department responded to 6,474 incidents in the City's 52 neighborhoods in 2002. The Department employs approximately 700 uniformed employees and includes 26 fire stations that house 40 companies, 4 paramedic units, 6 basic life support ambulances, and an aircraft rescue firefighting unit.

The Police Department, with approximately 1,000 uniformed officers, responded to 291,127 calls for service, made 42,478 arrests, and completed 29,229 reports for violent and property crimes in 2002. The Police Department has successfully implemented the Community Oriented Policing (COP) in all neighborhoods in Cincinnati. Community Problem Oriented Policing (CPOP), is an extension of COP, and will help solve quality of life and crime problems in neighborhoods.

In 2002, the Parks Department conserved and maintained 70 neighborhood parks, 34 preserves and nature areas, 5 parkways, 50 miles of hiking and bridle trails, 80,000 street trees along 1,000 miles of City streets, 5 nature centers, 9 scenic overlooks, 52 playgrounds, and over 100 picnic areas. The Parks Department also manages Krohn Conservatory and is responsible for picnic shelters, pavilions, and lodges.

In 2002, the Recreation Department maintained 204 individual recreation areas encompassing approximately 2,300 acres. The department's facilities also include 45 recreation and senior centers, 108 play areas, 41 swimming pools, 7 golf courses, 122 tennis courts at 35 locations, athletic fields at 140 sites throughout the city, 3 boat ramps and the Airport Play Field. It also controls the 33-acre Central Riverfront Complex, which includes Bicentennial Commons at Sawyer Point, Yeatman's Cove, the Public Landing, Concourse Fountain Marina, Serpentine Wall, the Rowing & Fitness Center, and the historic Showboat *Majestic.*

Transportation and Engineering Department is in charge of planning, designing, building, and maintaining the City's transportation network which includes 2,820 street lane miles, 71 bridges, 48 miles of retaining walls, 1,700 miles of sidewalks, 150,000 street signs, 7,000,000 lineal feet of pavement markings, and 382 sets of hillside steps.

The Health Department provides comprehensive primary health care and dental services for underserved and high-risk populations through the operation of six health centers and a sexually transmitted disease center. Also provided are laboratory, pharmacy, immunization, nutritional services, and public health nursing programs. In 2002, services were provided to almost 48,000 users (30,000 uninsured) who made more than 135,000 visits to the health centers.

The Health Department also made over 30,000 public health inspections resulting from citizen requests or licensing requirements of state and municipal laws. It also issued about 100,000 birth and death certificates.

The Traffic and Road Operations Division of the Public Services Department maintained 725 traffic signals and 31,500 streetlights in 2002. The Neighborhood Operations division of that department collected approximately 112,000 tons of solid waste and 8,800 tons of yard waste from 127,000 households and 12,000 small businesses.

The Traffic and Road Operations Division's continued proactive approach to potholes (filling year-round, utilizing all city employees to identify locations, and establishing www.pot.hole@cincinnati-oh.gov) has resulted in reduced complaints and related legal claims filed against the City for damages.

In a survey of water rates done in January of 2002 by the City of Englewood, Ohio, Cincinnati's Water Works Department had the sixth lowest rate of 28 cities surveyed. An average customer in Cincinnati pays $38.67 per quarter year for water.

Lunken Airport, a 1,000-acre facility owned and operated by the City since 1930, handled approximately 131,000 flights in 2002. Lunken services many major corporations as well as local small businesses, private pilots, medical, and military flights.

FINANCIAL INFORMATION

Internal Control

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.

Budgetary Control

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 better management control does exist for the Nonappropriated Special Revenue Funds. 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 City Council. Encumbrances do not lapse at year-end and are included as expenditures in the current year budget (Non-GAAP Budgetary Basis).

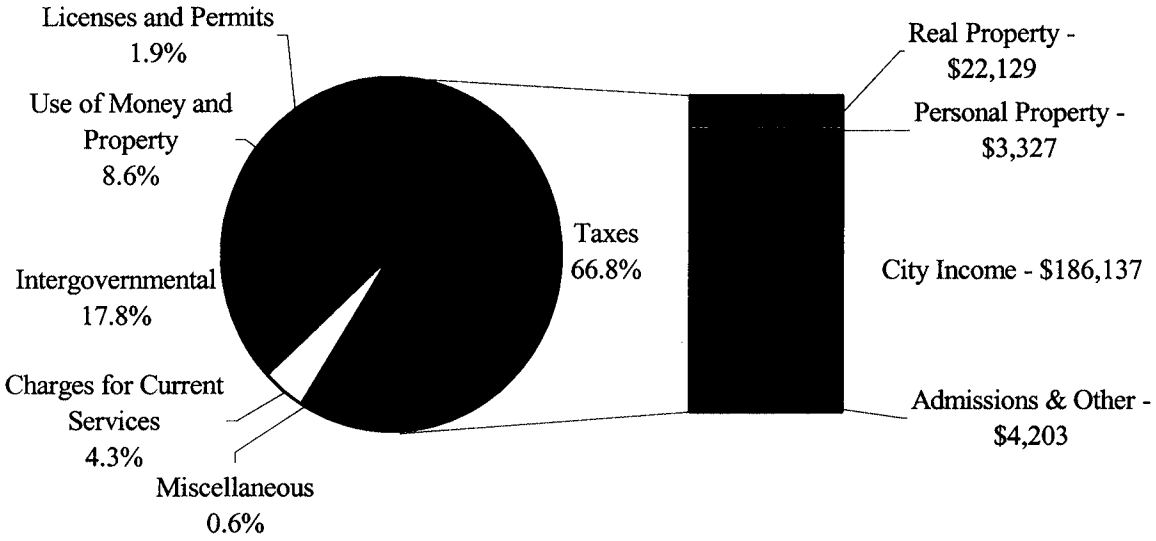
Virtually all of the general services of the City have been financed with resources from the General Fund. General Fund revenues include property taxes, the City income tax, the Ohio Local Government Fund, the Ohio Estate Tax, and other revenues provided by the citizens of this community.

Actual Non-GAAP General Fund expenditures/encumbrances in 2002 were $312 million; this is a $3.1 million savings compared with a 2002 expenditure appropriation of $315.1 million. Actual Non-GAAP revenue of $305.9 million fell short of the original 2002 revenue estimate of $309 million by $3.1 million.

GENERAL FUND

2002 Revenues (GAAP Basis)

(Amounts in Thousands)

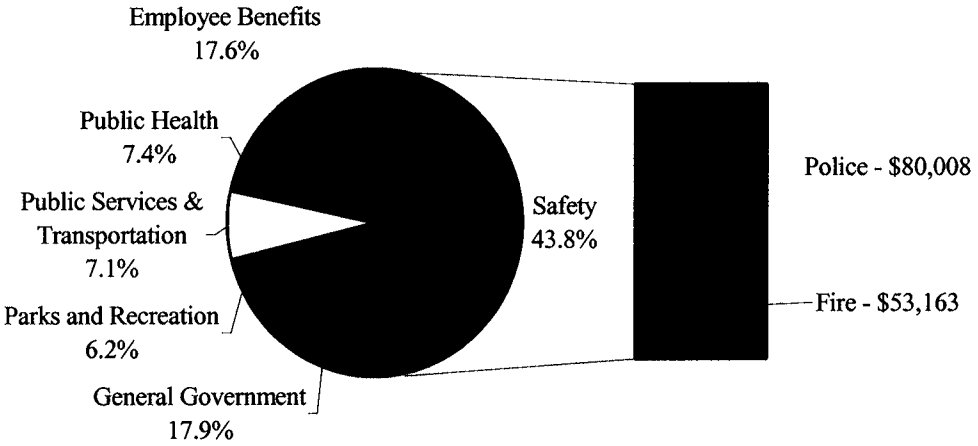


ALL REVENUES
Total Revenues - $322,454

TAX REVENUE
Revenue - $215,796

2002 Expenditures (GAAP Basis)

(Amounts in Thousands)



ALL EXPENDITURES
Total Expenditures - $304,406

PUBLIC SAFETY
Expenditures - $133,171

General Government Functions

The revenues and expenditures for 2002 compared with 2001 were as follows (000's omitted):

	2002	2001	Increase (Decrease) Amount	Percent
General Fund				
Revenues (GAAP Basis)				
Real and Personal Property Taxes	$ 25,456	$ 26,312	$ (856)	(3.3)%
Income Tax	186,137	185,508	629	.3
Admissions and Other Taxes	4,203	3,249	954	29.4
Licenses and Permits	6,011	5,922	89	1.5
Use of Money and Property	27,578	17,799	9,779	54.9
Intergovernmental Revenue	57,423	54,396	3,027	5.6
Charges for Current Services	13,767	12,598	1,169	9.2
Miscellaneous	1,879	2,640	(761)	(28.8)
TOTAL	$322,454	$308,424	$14,030	4.5%

	2002	2001	Increase (Decrease) Amount	Percent
Expenditures (GAAP Basis)				
General Government	$ 39,775	$ 41,123	$ (1,348)	(3.3)%
Community Development	9,313	8,756	557	6.4
Parks and Recreation	19,235	19,427	(192)	(1.0)
Buildings and Inspections	5,306	5,746	(440)	(7.7)
Public Safety	133,171	128,345	4,826	3.8
Transportation & Engineering	1,707	1,832	(125)	(6.8)
Public Services	19,876	20,928	(1,052)	(5.0)
Public Health	22,390	22,534	(144)	(0.6)
Employee Benefits	53,633	49,119	4,514	9.2
TOTAL	$304,406	$297,810	$ 6,596	2.2%

Revenues

Income Tax

The 2.1% locally levied income tax applies to gross salaries, wages and other personal service compensation earned by City residents, and to the same income of nonresidents earned while working in the City. Credits against the tax are granted for residents employed outside the City who must pay a local income tax where they work. The tax also applies to the net income of business organizations derived from business activities conducted in the City.

The 2.1% tax is subdivided into four components. The first component is the latest increase of 0.1% enacted July 1, 1988 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. 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 in the General Fund revenues and then to provide funds for capital or operating needs. Receipts from this tax are directly related to employment levels and general economic conditions in the Cincinnati area. Collections and allocations for the past three years were as follows (000's omitted):

	2002	2001	2000
Gross Revenue (Non-GAAP Basis)	$261,120	$265,492	$256,974
Refunds	10,125	9,972	8,991
Net Revenue	$250,995	$255,520	$247,983
Allocated to General Fund	185,259	188,598	183,035
Allocated to Transit Fund	35,856	36,503	35,426
Allocated to Permanent Improvement Fund	17,928	18,251	17,713
Allocated to Infrastructure Fund	11,952	12,168	11,809

Use of Money and Property

The benchmark for the City's general investments is a blended twelve-month moving average return. To measure our investment performance the Finance Department uses an index comprised of 20% of the 3-month Star Ohio rate and 80% of the average two-year U.S. Treasury Note rate. The benchmark ranged from 2.95% to 4.46%. For each month in 2002, the City consistently had good returns by exceeding the benchmark from 0.50 to 1.52% percentage points. The 2002 rate of return on all investments was 4.47% compared with a 2001 average of 6.1%. This lower return in 2002 compared to the prior year was anticipated as general interest rates, as set by the Federal Reserve Bank, were at a forty-year low.

The total return for our Retirement System investment portfolio was –12.10% in 2002 under-performing the blended benchmark index (50% Russell 3000, 16.5% MSCI EAFE, 33.5% Lehman Aggregate) that returned –10.41% in 2002. The portfolio averaged an annualized rate of return of –5.73% (compared to –6.48% for the blended benchmark index) for the three-year period beginning January 1, 2000 through December 31, 2002.

Intergovernmental Revenue

The Intergovernmental Revenue category includes three major revenues -- Estate Tax, Property Tax Reimbursements and Local Government Fund. Estate tax collected in 2002 was $20,428,000, which was

approximately $957,000 more than the amount received in 2001. Property taxes were $624,000 less than the 2001 collections, and Local Government Fund revenue decreased $1,840,000 from 2001's collections as the State of Ohio had less revenue to share with Ohio's local governments in 2002.

Expenditures

General Fund Non-GAAP expenditures, including encumbrances, for 2002 increased 3% over 2001. Budgeted General Fund expenditures appropriated for 2003 are $312.5 million, which is a decrease of 0.9% from the total 2002 appropriation of $315.2 million.

Working Capital Reserve and General Fund Balance

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 2002. For 2003, the target reserve of $20.4 million (6.6% of 2003 estimated revenues) has already been achieved.

Proprietary Operations

The following events and trends had a significant effect on the financial results of operations of the proprietary funds:

Enterprise Funds

The Department of Water Works has 2,860 miles of water main in its system to deliver a safe, abundant supply of water to its customers. In order to assure a continuous, reliable supply of water, the department replaces the infrastructure at a rate of 25 miles or approximately 1% each year.

Water Works agreed to supply Boone County and the City of Florence in Northern Kentucky with drinking water. In December of 2001, crews began drilling a tunnel 40 feet below the Ohio River bed for the 36-inch water main that will eventually provide 60,000 Southern customers with water services. The City began to provide water to Boone County in March 2003. The tunnel is the largest interstate transfer of water in the country, pumping 30 million gallons of water to Kentucky each day.

In February 2002 Water Works signed an operating and maintenance agreement with the City of Mason, Ohio. The purpose of the 30-year agreement is to provide retail water services to Mason's water utility customers, to operate and maintain Mason's water distribution system, water treatment plant and to provide utility billing and collection services for Mason's wastewater, storm water and garbage utilities. In return for these services, Water Works is entitled to all the water revenues derived from the Mason system in addition to a collection fee for the utility billing services.

At Lunken Airport, the annual number of flights is expected to increase from 131,000 in 2002 to 150,000 in 2003 due to the construction of 90 new hangars.

Pension Trust Fund Operations

In 2002, the City of Cincinnati Retirement System's net plan assets decreased $376 million or 15.9% from 2001. The decrease is the result of benefit payments and the general stock market decline for both U.S. equities and international equities that were only partially offset by increased returns in U.S. fixed income securities.

Debt and Bonds Issued

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

The gross debt at December 31, 2002 was $488 million, consisting of $196 million general long-term debt and $292 million in self-supporting bonds and notes, as compared to $483 million at December 31, 2001. The net tax supported debt at the end of the year was $182 million, which is $21 million more than the amount outstanding at the end of the previous year. During 2002, $62,528,000 of bonds and notes matured and was paid.

On March 28, 2001 and March 20, 2002, City Council authorized the issuance of $39,280,000 of general obligation bonds. The bonds were dated May 1, 2002. The six bond issues were sold at coupon rates from 3.25% to 5.0%, but with a bid premium of $413,086 the effective rates were from 2.18% to 4.8%. The bonds include tax supported issues of $16,975,000 for Street Improvements, $4,600,000 for Public Building Improvements, $4,500,000 for Urban Renewal Improvements, $3,080,000 for Urban Renewal Improvements, $4,000,000 for Economic Development Improvements, and $6,125,000 for Equipment Improvements.

On September 30, 2002 as amended by Ordinance passed October 16, 2002, City Council authorized the taking of bids on $15,100,000 of bond anticipation notes to be dated November 12, 2002, for Convention Facilities Improvements. The notes were sold at a coupon rate of 2.5%.

Cash Management

Cash temporarily idle during the year was invested in Certificates of Deposit with maturities ranging from 599 to 1,127 days; in FHLB/FNMA Securities with maturities ranging from 728 to 1,163 days; and in U.S. Treasury Notes ranging from 530 to 1,214 days to maturity. The average yield on maturing investments during the year was 5.1% compared with a 2001 average of 6.1%. In 2002, the interest income from investments of temporarily idle money totaled $29.9 million compared with $35.7 million in 2001. The $5.8 million decline was due primarily to decrease in interest rates and general market decline.

The City's investment policy 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. One hundred percent of the investments held by the City at December 31, 2002 are classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board. This percentage did not change at any time during the year.

Risk Management

The City maintains a comprehensive all-risk property insurance program through a commercial carrier, covering approximately $818 million 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.

OTHER INFORMATION

Independent Audit

The firm of Deloitte & Touche LLP was selected in October 1999 to perform the City's audit for the five years 1999 to 2003. Deloitte & Touche LLP has audited the accompanying general-purpose 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. Deloitte & Touche LLP conducted the single audit for the 2002 fiscal year.

Certificate of Achievement and Budget Award

During 2002, 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, 2001. 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 governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a one-year period.

This is the 22nd consecutive year that the City has received this prestigious 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, 2001, 115 municipal reporting entities in Ohio and only 1,611 units nationwide are holders of the Certificate. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA for their review.

We are equally proud of the GFOA's Award for Distinguished Budget Presentation earned by the City for our 2001/2002 biennial budget. Only 11 cities in Ohio received this award for fiscal years beginning 2001 and only 558 cities received the award nationwide.

ACKNOWLEDGMENTS

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,

William E. Moller
Director of Finance

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, 2001

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

President

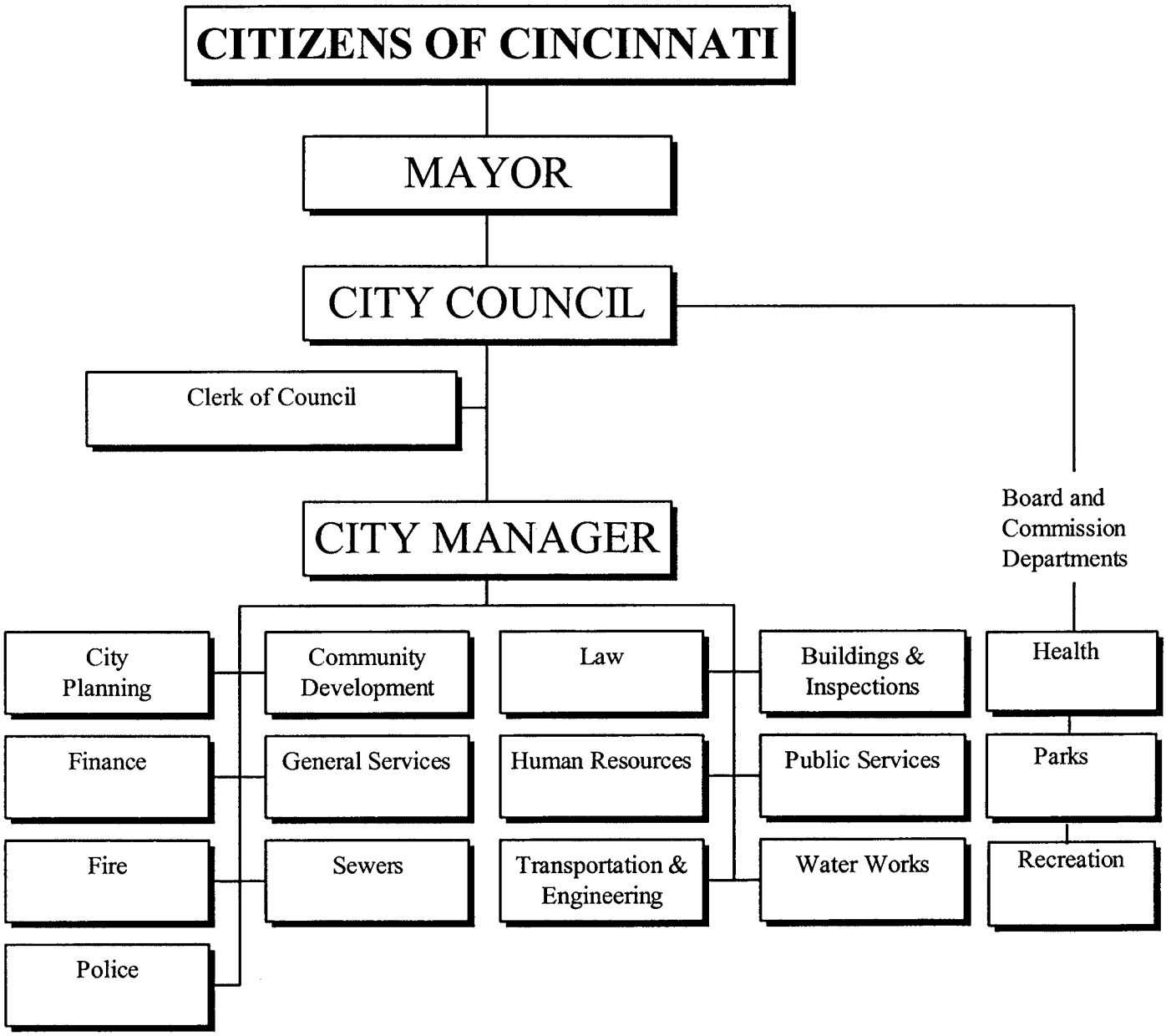
Executive Director

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, 2001.

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-two consecutive years (fiscal years ended 1980 - 2001). 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



CITY OF CINCINNATI, OHIO

Principal City Officials

CITY COUNCIL

Charles J. Luken, Mayor
Second term

Y. Laketa Cole, first term
Minette J. Cooper, fourth term
John Cranley, second term
David Crowley, first term
Pat B. DeWine, second term
Christopher R. Monzel, second term
David Pepper, first term
Alicia Reece, second term
James R. Tarbell, second term

CITY MANAGER

Valerie A. Lemmie

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FINANCIAL SECTION

Deloitte & Touche LLP
250 East Fifth Street
P.O.Box 5340
Cincinnati, Ohio 45201-5340

Tel: (513) 784-7100
www.deloitte.com

Deloitte
& Touche

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the City Council
City of Cincinnati, Ohio and
Betty Montgomery, Auditor of State of 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, 2002, which collectively comprise of the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on the respective financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the respective financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective 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 opinion.

In our opinion, the respective financial statements referred to above present fairly, in all material respects, the respective statement of net assets or 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, 2002, and the respective changes in financial position (and respective cash flows, where applicable) thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, in fiscal year 2002, the City adopted Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

Management's Discussion and Analysis on pages 3 through 14, and the Budgetary Comparison Schedule-General Fund on page 73 and Note to the Required Supplemental Information on page 74 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. This information is the responsibility of City's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the City's basic financial statements. The supplementary information listed in the accompanying table of contents as Exhibits A-1 through E-3 are presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplemental information is the responsibility of City's management. Such information has been subjected to the auditing procedures applied by us 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.

The introductory and statistical sections, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to auditing procedures applied in the audit of the City's basic financial statements and, accordingly, we express no opinion on it.

Deloitte & Touche LLP

May 30, 2003

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, 2002. 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 - xix of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $1.4 billion (net assets). Of this amount, $258.5 million is considered unrestricted. The unrestricted net assets of the City's governmental activities are $152.9 million and may be used to meet government's on-going obligations. The unrestricted net assets of the City's business type activities are $105.6 million and may be used to meet the on-going obligations of the City's water, parking, convention center, stormwater, aviation and golf business-type activities.
- The City's total net assets increased $96.4 million in 2002. Net assets of the governmental activities increased by $51.3 million, which represents a 7.2 percent increase from the 2001 balance. Net assets of business-type activities increased $45.1 million or 7.6 percent from 2001. Governmental activities investment in capital assets, net of related debt increased $32.2 million. Governmental activities restricted assets increased $44.3 million. Business-type activities investment in capital assets, net of related debt increased $40.5 million. Business-type activities restricted assets increased $3.4 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $351.2 million, an increase of $21.2 million in comparison with the prior year. On a combined basis approximately 48.7 percent, $171.2 million, is *available for spending* at the government's discretion *(unreserved fund balance).* Unreserved fund balance includes $112.7 million restricted for capital projects.
- At the end of the current fiscal year, the general fund reported a fund balance of $65.3 million. The unreserved fund balance for the general fund was $53.1 million, or 17.4 percent of the total general fund expenditures. There was a $16 million increase in general fund balance for the year ended December 31, 2002.
- The City's total debt increased by $4.9 million (1.0 percent) 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 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 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, community development, public safety, parks and recreation, transportation and engineering, general 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.

The government-wide financial statements can be found on pages 17 to 19 of this report.

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.

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 fund balance sheet and the governmental fund 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 fund balance sheet and in the governmental fund 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* 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.

The basic governmental fund financial statements can be found on pages 20 to 24 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *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, general stores operation, municipal garage, property management function, 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.

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, which is considered to be a major fund 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* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 25 to 29 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the 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 30 and 31 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 33 to 70 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 Budgetary Comparison of the City's General Fund Required supplementary information can be found on pages 71 to 74 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 75 to 134 of this report.

CITY OF CINCINNATI'S Net Assets

(AMOUNTS IN THOUSANDS)

	Governmental Activities		Business-type Activities		Total	
	2002	2001	2002	2001	2002	2001
Current and other assets	$581,837	$569,827	$141,842	$182,171	$723,679	$751,998
Capital assets	727,349	667,537	692,554	611,072	1,419,903	1,278,609
Total Assets	1,309,186	1,237,364	834,396	793,243	2,143,582	2,030,607
Long-term liabilities outstanding	333,668	311,200	159,621	168,529	493,289	479,729
Other liabilities	210,472	212,382	39,416	34,486	249,888	246,868
Total liabilities	544,140	523,582	199,037	203,015	743,177	726,597
Net assets:						
Invested in capital assets, net of related debt	490,028	457,810	526,297	485,837	1,016,325	943,647
Restricted	122,109	77,831	3,435	8	125,544	77,839
Unrestricted	152,909	178,141	105,627	104,383	258,536	282,524
Total net assets	$765,046	$713,782	$635,359	$590,228	$1,400,405	$1,304,010

Government-wide Financial Analysis

The largest portion of the City's net assets (72.6 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), 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 future 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, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets 125.5 million (9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* ($258.5 million) 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 $258.5 million; the unrestricted net assets of the City's business-type activities ($105.6 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 $96.4 million in 2002. Net assets for governmental activities increased $51.3 million, while net assets of business-type activities increased $45.1 million.

There was an increase of $44.3 million in restricted net assets reported in connection with the City's governmental activities. The increase in amounts restricted for capital projects and debt service was a result of several transactions, including the City issuing $39.3 million in bonds in 2002.

The City's governmental activities amount invested in capital assets, net of related debt, increased $32.2 million as bond proceeds and capital grants were used to complete certain capital projects during 2002. The City's business-type activities amount invested in capital assets, net of related debt, increased $40.5 million.

CITY OF CINCINNATI'S Changes in Net Assets

(AMOUNTS IN THOUSANDS)

	Governmental Activities		Business-type Activities		Total	
Revenues:	2002	2001	2002	2001	2002	2001
Program Revenues:						
Charges for Services	$ 103,108	$ 97,931	$ 114,011	$ 105,398	$ 217,119	$ 203,329
Operating Grants and Contributions	56,719	42,774			56,719	42,774
Capital Grants and Contributions	21,247	60,096	14,641	8,803	35,888	68,899
General Revenues:						
Property Taxes	64,051	64,931			64,051	64,931
Income Taxes	252,790	248,926			252,790	248,926
Admission Taxes	3,446	3,249			3,446	3,249
Shared Taxes	66,386	67,408			66,386	67,408
Occupancy Taxes			1,662	1,098	1,662	1,098
Unrestricted Investment Earnings	46,277	69,224	3,879	9,757	50,156	78,981
Miscellaneous	249	383	2,455	2,700	2,704	3,083
Loss on disposal of assets	(5,331)	(12,570)	(870)	(519)	(6,201)	(13,089)
Total Revenues	608,942	642,352	135,778	127,237	744,720	769,589
Expenses:						
General Government	102,323	108,564			102,323	108,564
Community Development	52,327	62,010			52,327	62,010
Parks and Recreation	34,647	49,195			34,647	49,195
Public Safety	182,135	171,467			182,135	171,467
Transportation and Engineering	24,042	45,870			24,042	45,870
General Services	51,171	52,404			51,171	52,404
Public Services	40,036	39,074			40,036	39,074
Public Health	39,297	38,339			39,297	38,339
Interest on long-term debt	17,243	18,354			17,243	18,354
Water Works			78,039	73,071	78,039	73,071
Parking Facilities			7,127	6,629	7,127	6,629
Convention Center			7,715	8,310	7,715	8,310
General Aviation			1,937	1,798	1,937	1,798
Municipal Golf			5,634	5,720	5,634	5,720
Stormwater Management			4,652	3,860	4,652	3,860
Total Expenses	543,221	585,277	105,104	99,388	648,325	684,665
Change in net assets before transfers	65,721	57,075	30,674	27,849	96,395	84,924
Transfers	(14,457)	663	14,457	(663)		
Change in net assets	51,264	57,738	45,131	27,186	96,395	84,924
Net assets – January 1st	713,782	656,044	590,228	563,042	1,304,010	1,219,086
Net assets – December 31st	$ 765,046	$ 713,782	$ 635,359	$ 590,228	$ 1,400,405	$ 1,304,010

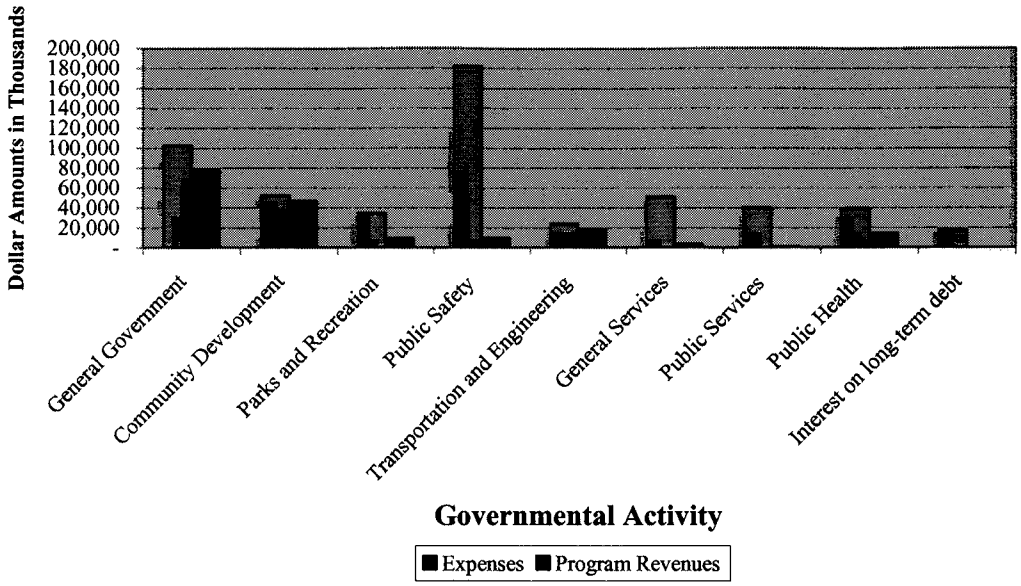
Governmental activities. Governmental activities increased the City's net assets by $51.3 million, thereby accounting for 53.2 percent of the total growth in the net assets of the City. Key elements of this increase are as follows:

- Operating grants and contributions increased $13.9 million in 2002. Two Community Development housing projects received grant proceeds totaling $9.9 million. The grants were to be used to rehab an apartment complex for the elderly and for public improvements on a housing development project. The Empowerment Zone operating grant revenues increased by $3.4 million in 2002.
- Unrestricted investment earnings were higher than normal in 2001 and 2002 because of the stock received by the City from the demutualization of Anthem Blue Cross and Blue Shield in 2001. The stock had a fair market value at 2001 year end of $43 million. In 2002, the City sold the stock and received cash of $54.7 million and interest earnings on the proceeds of $1.8 million.
- A $3.5 million contribution to the National Underground Freedom Center was expensed in 2001 contributing to the decrease in Community Development expenses in 2002.
- Parks & Recreation expenses decreased in 2002 from 2001 by $14.5 million. In 2001, expenses included $9 million for the Cincinnati Zoo from bonds sold by the City. The Cincinnati Zoo will pay for debt service on the bonds.
- Capital grants and offsetting Transportation and Engineering expenses decreased primarily as a result of the Fort Washington Way Interstate Highway construction project being substantially completed in 2001.
- Public Safety expenses were up $10.7 million in 2002 due to additional personnel costs and related benefits, additional police expenses related to a court settlement and additional expenses for homeland security.
- Proceeds from a $15.1 million note sold by the City for the Convention Center expansion was transferred from governmental activities to business-type activities.

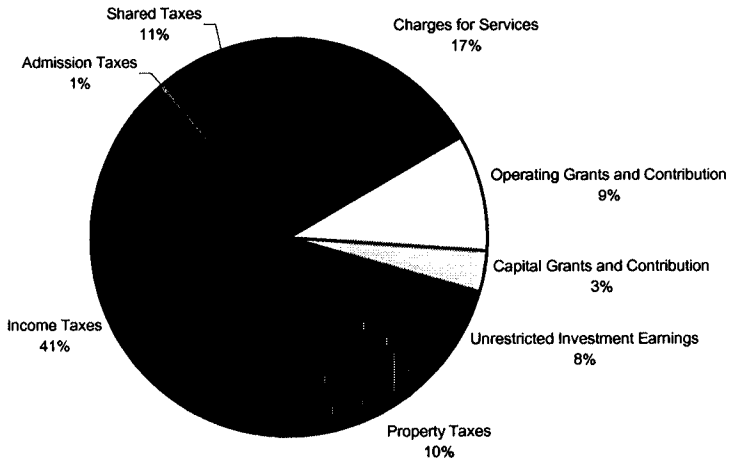
Business-type activities. Business-type activities increased the City's net assets by $45.1 million, accounting for 46.8 percent of the total growth in the government's net assets. Key elements of this increase are as follows.

- Water Works revenue from charges for service increased $8.7 million due to a number of factors including a 3% rate increase effective January 1, 2002, the addition of water delivery and other billing services for Mason, Ohio and the increase in customer consumption of water during the very hot summer of 2002.
- Capital contributions emerged as a major revenue source for the Water Works, producing $10.5 million in revenue from contributed water mains from developers.
- Convention Center net assets increased due to a transfer of $15.1 million from governmental activities to business-type activities for Convention Center expansion. The City sold notes in anticipation of the Convention Facilities Authority's long-term construction financing.

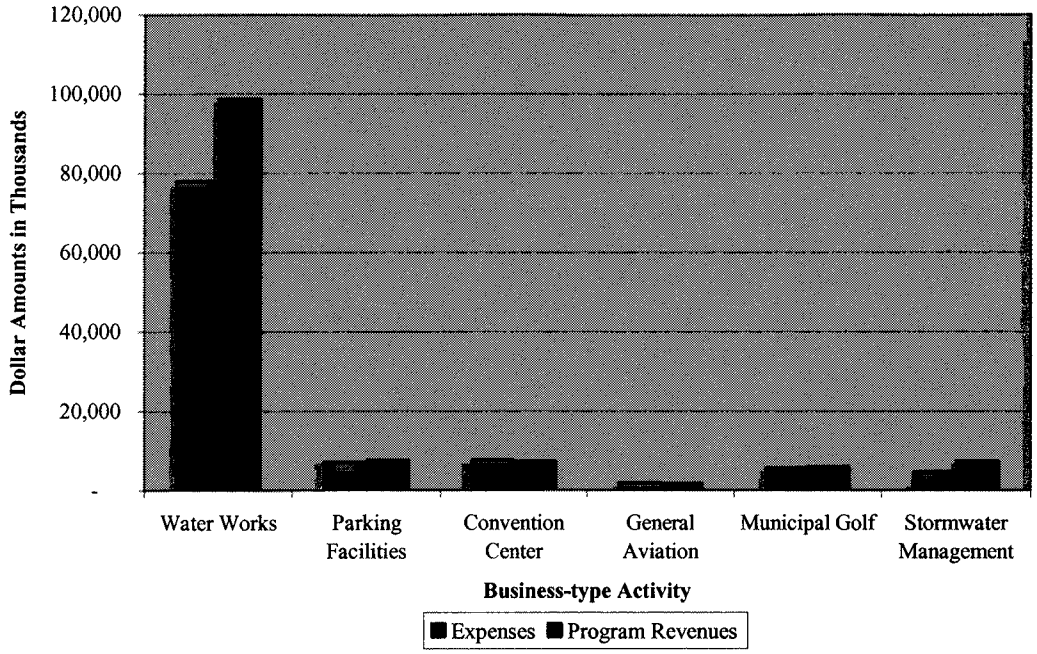
Expenses and Program Revenues - Governmental Activities



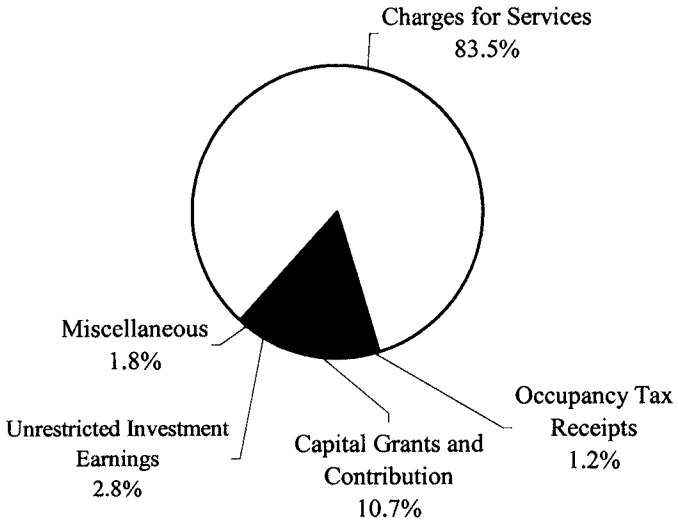
Revenues by Source - Governmental Activities



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* 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 $351.2 million, an increase of $21.2 million in comparison with the prior year. Approximately 48.7 percent of this total amount constitutes *unreserved fund balance*, which is available for spending at the government's discretion. 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, inventory, and advances to other funds.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was $53.1million, while total fund balance reached $65.3 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 17.4 percent of total general fund expenditures, while total fund balance represents 21.5 percent of that same amount.

The fund balance of the City's general fund increased by $16 million during the current fiscal year. Key factors of the increase are as follows:

- Intergovernmental revenues were up due to increase in estate tax collection and timing of receipt of shared taxes.
- Net Operating transfers out from the unreserved fund balance decreased from $15.3 million in 2001 to $2 million in 2002. These one-time transfers were primarily to the capital projects fund.

The capital projects fund has a total fund balance of $188.7 million that is an increase of $12.8 million over 2001. Contributing to the increase in fund balance was the issuance of $36.1 million in general obligation bonds that were used for various capital projects and a $5.6 million state loan for improvements related to the Fort Washington Way project. The expenditures exceeded revenue by $35.8 before these other financing sources.

The debt service fund has a total fund balance of $37 million that is reserved for the payment of debt service. The net increase in fund balance was $2.3 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 Water Works at the end of the year amounted to $61.6 million, and the total for the other enterprise funds is $36.1 million. The total growth in net assets for the Water Works fund was $26.2 million and the growth in net assets for the other enterprise funds was $19.6 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 $1.2 million more than the original budget. The original appropriations were $314 million while the final appropriations were 315.2 million. Transfers out not included above were originally budgeted at $6.3 million but the final budget included net transfers in of $0.5 million from capital projects.

Differences between the original budget and the final amended budget not including transfers can be briefly summarized as follows:

- $900,000 increase to the appropriation in Community Development Department to fund public arts programs
- $75,000 increase to the appropriation in Community Development to pay for community relations monitors
- $800,000 appropriation for policing efforts per court settlement
- $525,000 appropriation increase to Police for an expanded police recruiting effort
- $186,000 appropriation increase for public health nursing
- $171,000 appropriation increase to Law Department for personnel costs
- $607,000 appropriation reduction in employee benefits due to pension contribution savings
- $350,000 appropriation reductions from Public Services
- $500,000 reserve for contingencies appropriation was decreased and reappropriated to the above Police needs.

The net increases were funded from available fund balance.

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, 2002, amounts to $1.4 billion (net of accumulated depreciation). This investment in capital assets includes land, 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 11.1 percent (a 9 percent increase for governmental activities and a 13.3 percent increase for business-type activities).

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

(AMOUNTS IN THOUSANDS)

	Governmental Activities		Business-type Activities		Total	
	2002	2001	2002	2001	2002	2001
Land	$ 156,371	$ 137,104	$ 25,349	$ 25,349	$ 181,720	$ 162,453
Buildings	54,336	59,573	137,632	139,935	191,968	199,508
Improvements	103,553	95,349	312,893	252,004	416,446	347,353
Machinery and Equipment	42,326	39,695	79,776	62,829	122,102	102,524
Infrastructure	261,546	236,059			261,546	236,059
Construction in Progress	108,888	99,187	136,632	130,546	245,520	229,733
Property Acquired under Capital Leases	329	570	272	409	601	979
Total	$ 727,349	$ 667,537	$ 692,554	$ 611,072	$1,419,903	$1,278,609

Major capital asset events during 2002 included the following:

- Total capital assets, net of accumulated depreciation, increased $141.3 million.

- Governmental activities capital assets increased $59.8 million in 2002 net of depreciation. $12.4 million in land to be used for economic development was added in 2002. $13.7 million in infrastructure from the Intermodel Transit Center on the Riverfront and other infrastructure related to Fort Washington Way projects was added. Street improvements and rehabilitation of $22.7 million was added in 2002.
- Business-type activities capital assets increased $81.5 million. The largest increase was water mains that Water Works added to improvements.

Additional information on the City's capital assets can be found in note 14 on pages 58 to 60 of this report.

Long-term debt. At the end of the current fiscal year, the City had $487.4 million in long-term bonds and notes outstanding. Of this amount, $379 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)

	Governmental Activities		Business-type Activities		Total	
	2002	2001	2002	2001	2002	2001
General Obligation Bonds & Notes	$ 294,970	$ 286,928	$ 84,067	$ 91,157	$ 379,037	$ 378,085
Revenue Bonds	18,522	11,819	89,885	92,685	108,407	104,504
Total	$ 313,492	$ 298,747	$ 173,952	$ 183,842	$ 487,444	$ 482,589

The City's total debt increased by $4.9 million (1.0 percent) during the current fiscal year. Key events contributing to the change in long-term debt balances are as follows:

- In April 2002 the City issued $9.1 million general obligation notes for a new parking garage.
- In May 2002 the City issued $39.3 million various purpose general obligation bonds, primarily for streets.
- In September 2002 the City issued $7.3 million revenue bonds to finance downtown economic development projects.
- In November 2002 the City issued $15.1 million general obligation notes for convention center expansion.
- During 2002 $47.6 million in general long-term bond obligations and $14.9 million general obligation notes were redeemed. Of the amounts redeemed $16.2 in general obligation bonds redeemed were for business-type activities.
- During 2002 $3.4 million revenue bonds were redeemed of which $2.8 million were for business-type activities.

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 $364.1 million and a legal debt margin for unvoted debt of $97.7 million.

Additional information the City's long-term debt can be found in note 9 on pages 51-55 of this report.

Economic Factors and Next Year's Budgets and Rates

The national economic slowdown and uncertainty and the local civil unrest in April of 2001 had a significant impact on the Greater Cincinnati area economy. The City's population also continued a decline as documented by the 2000 Census, which revealed a loss of 33,000 residents from 1990 to 2000. As a result, the City's revenue growth dipped by 1.8% in 2002 compared to 2001and the ten-year trend of 3% annual growth. In contrast, Cincinnati's December 2002 unemployment rate of 4.0 percent compares favorably with December 2002 State and National rates of 4.8 and 5.8, respectively. Cincinnati also continues to lead the region in adding high-paying jobs. In addition, Cincinnati has a diversified economy and a strong transportation network that includes an international airport, the availability of water and rail, and multiple expressways. In an effort to contain expenditures, the City will reduce lower priority services, explore managed competition, and manage staffing and service delivery more efficiently. All of these factors were considered in preparing the City's budget for the 2003 fiscal year. The total 2003 general fund budgeted expenditures are $307.6 million. In December 2002, the 2003 budget was approved with the elimination of 47.5 filled positions throughout the City.

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.

BASIC

FINANCIAL STATEMENTS

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CITY OF CINCINNATI, OHIO
Statement of Net Assets
December 31, 2002
(Amounts in Thousands)

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current			
Cash and Equivalents	$ 3,643	$ 382	$ 4,025
Cash with Fiscal Agent	1,320		1,320
Equity in City Treasury Cash	212,797	29,682	242,479
Advances and Petty Cash	88		88
Investments, at Fair Value	26,739		26,739
Receivables:			
Taxes	99,300	243	99,543
Accounts, Net	3,892	15,879	19,771
Special Assessments	4,009		4,009
Accrued Interest and Dividends	4,160	863	5,023
Due from Fiduciary Activities	2,383	34	2,417
Due from Other Governments	23,198	10,046	33,244
Prepaid Items	1,172	112	1,284
Inventory	4,619	3,942	8,561
Restricted Assets:			
Cash and Cash Equivalents		8,554	8,554
Equity in City Treasury Cash		4,638	4,638
Internal Balances	(31,128)	31,128	
Noncurrent			
Equity in City Treasury Cash - long term	225,295	31,436	256,731
Restricted Equity in City Treasury Cash		4,903	4,903
Deferred Charges	350		350
Land	156,371	25,349	181,720
Buildings	131,187	253,182	384,369
Accumulated Depreciation	(76,851)	(115,550)	(192,401)
Improvements	232,534	435,245	667,779
Accumulated Depreciation	(128,981)	(122,352)	(251,333)
Machinery and Equipment	97,968	168,386	266,354
Accumulated Depreciation	(55,642)	(88,610)	(144,252)
Construction in Progress	108,888	136,632	245,520
Property Acquired under Capital Leases	2,141	637	2,778
Accumulated Amortization	(1,812)	(365)	(2,177)
Infrastructure Assets	390,317		390,317
Accumulated Depreciation	(128,771)		(128,771)
TOTAL ASSETS	$ 1,309,186	$ 834,396	$ 2,143,582

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

CITY OF CINCINNATI, OHIO
Statement of Net Assets
December 31, 2002
(Amounts in Thousands)

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current			
Accounts Payable	$ 21,913	$ 2,816	$ 24,729
Withholdings and Other Deposits	8,393		8,393
Due to Fiduciary Activities	226	75	301
Due to Other Governmental Agencies	1,094	2,138	3,232
Accrued Payroll	8,355	1,294	9,649
Accrued Liabilities	6,275	385	6,660
Accrued Interest	1,787	390	2,177
Deposits Payable	4,082	16	4,098
Deferred Revenue	66,195	2,769	68,964
Obligations under Capital Leases	119	69	188
Compensated Absences Payable	30,501	3,052	33,553
Unpaid Claims	9,350	154	9,504
Matured Bonds and Interest Payable	627		627
General Obligation Bonds and Notes Payable	44,748	16,222	60,970
Revenue Bonds Payable	887	2,935	3,822
State Loan Payable	253		253
Advances from Other Governments	5,667		5,667
Payable from Restricted Assets:			
Construction Contracts		6,079	6,079
Deposits Payable		1,022	1,022
Noncurrent			
Non-Current Obligations under Capital Leases	52		52
General Obligation Bonds and Notes Payable	250,222	67,845	318,067
Revenue Bonds Payable	17,635	86,950	104,585
Compensated Absences Payable - Long Term	37,021	3,616	40,637
Deferred Bond Premium	380		380
State Loan Payable	9,479		9,479
Other	2,200	1,210	3,410
Unpaid Claims Payable - Long Term	16,679		16,679
TOTAL LIABILITIES	544,140	199,037	743,177
NET ASSETS			
Invested in capital assets, net of related debt	490,028	526,297	1,016,325
Restricted			
Expendable	115,355	3,435	118,790
Nonexpendable	6,754		6,754
Unrestricted	152,909	105,627	258,536
TOTAL NET ASSETS	$ 765,046	$ 635,359	$ 1,400,405

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, 2002
(Amounts in Thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental Activities:							
General Government	$ 102,323	$ 73,052	$ 4,256	$ 442	$ (24,573)		$ (24,573)
Community Development	52,327	1,468	44,882	260	(5,717)		(5,717)
Parks and Recreation	34,647	5,922	422	2,965	(25,338)		(25,338)
Public Safety	182,135	8,141	1,891		(172,103)		(172,103)
Transportation and Engineering	24,042	447		17,580	(6,015)		(6,015)
General Services	51,171	3,926			(47,245)		(47,245)
Public Services	40,036	1,106			(38,930)		(38,930)
Public Health	39,297	9,046	5,268		(24,983)		(24,983)
Interest on long-term debt	17,243				(17,243)		(17,243)
Total governmental activities	543,221	103,108	56,719	21,247	(362,147)		(362,147)
Business type activities:							
Water Works	78,039	88,192		10,537		$ 20,690	20,690
Parking Facilities	7,127	7,576				449	449
Convention Center	7,715	3,347		3,925		(443)	(443)
General Aviation	1,937	1,595		179		(163)	(163)
Municipal Golf	5,634	5,966				332	332
Stormwater Management	4,652	7,335				2,683	2,683
Total Business-type activities	105,104	114,011		14,641		23,548	23,548
Total	$ 648,325	$ 217,119	$ 56,719	$ 35,888	(362,147)	23,548	(338,599)
General Revenues:							
Taxes:							
Property taxes					64,051		64,051
Income taxes					252,790		252,790
Admission taxes					3,446		3,446
Shared taxes					66,386		66,386
Occupancy taxes						1,662	1,662
Unrestricted investment earnings					46,277	3,879	50,156
Miscellaneous					249	2,455	2,704
Loss on disposal of assets					(5,331)	(870)	(6,201)
Transfers between governmental and business-type activities					(14,457)	14,457	
Total general revenues, miscellaneous, and transfers					413,411	21,583	434,994
Change in net assets					51,264	45,131	96,395
Net assets-beginning					713,782	590,228	1,304,010
Net assets-ending					$ 765,046	$ 635,359	$ 1,400,405

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

CITY OF CINCINNATI, OHIO
Balance Sheet
Governmental Funds
December 31, 2002
(Amounts in Thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Equivalents	$ 237	$	$	$ 3,406	$ 3,643
Cash with Fiscal Agent				1,320	1,320
Equity in City Treasury Cash	64,312	210,792	34,964	54,310	364,378
Advances and Petty Cash	88				88
Investments, at Fair Value		18,069	1,851	6,819	26,739
Receivables:					
Taxes	52,542	5,095	35,126	6,537	99,300
Accounts, Net	1,350	1		1,114	2,465
Special Assessments	353	50		3,606	4,009
Accrued Interest and Dividends	1,147	375	266	96	1,884
Due from Other Funds	795	2,380		149	3,324
Due from Other Governments	16,890			4,855	21,745
Inventory	1,968	618		502	3,088
Advances to Other Funds	302			1,021	1,323
Total Assets	$ 139,984	$ 237,380	$ 72,207	$ 83,735	$ 533,306
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable	$ 3,700	$ 8,474	$ 17	$ 5,857	$ 18,048
Withholdings and Other Deposits	8,393				8,393
Due to Other Funds	3,425	987		355	4,767
Accrued Payroll	6,864		6	975	7,845
Accrued Liabilities	685			55	740
Deposits Payable	2,659		972	383	4,014
Deferred Revenue	42,347	3,227	33,614	8,258	87,446
Estimated Liability for Compensated Absences				6,985	6,985
Estimated Liability for Unpaid Claims	402			26	428
Advances from Other Funds	521	36,009		625	37,155
Advances from Other Governments	5,647				5,647
Matured Bonds and Interest Payable			627		627
Total Liabilities	74,643	48,697	35,236	23,519	182,095
Fund Balances:					
Reserved for:					
Advances and Petty Cash	88				88
Encumbrances	9,905	55,045	6	45,911	110,867
Accordance with Trusts				7,336	7,336
Working Capital		20,362			20,362
Advances to Other Funds	302			1,021	1,323
Inventory	1,968	618		502	3,088
Debt Service			36,965		36,965
Unreserved, reported in:					
General Fund	51,578				51,578
Designated for Internal Service Funds	1,500				1,500
Capital Projects		112,658			112,658
Special Revenue Funds				125	125
Designated for Contingencies				5,000	5,000
Permanent Funds				321	321
Total Fund Balances	65,341	188,683	36,971	60,216	351,211
Total Liabilities and Fund Balances	$ 139,984	$ 237,380	$ 72,207	$ 83,735	$ 533,306

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, 2002
(Amounts in Thousands)

Total fund balances - governmental funds	$	351,211
Amounts reported for governmental activites 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.		727,349
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.		21,258
Certain items accounted for as receivables under accrual accounting.		1,710
Internal balances between the governmental activities and the business type activities are not reported at the fund level.		(7,929)
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 $21,871 as it relates to the internal service funds is included in the capital asset amount above.		63,056
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.		350
Long-term liabilities, including bonds payable, are not due and payable in the current period and therfore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds and notes payable		(294,970)
Revenue bonds payable		(18,522)
Deferred bond premium		(380)
Compensated absences		(58,289)
Unpaid claims payable		(6,065)
Accrued interest on bonds		(1,787)
Other liability		(2,200)
Capital leases payable		(14)
State loan payable		(9,732)
Total net assets - - governmental activities (page 18)	$	765,046

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, 2002
(Amounts in Thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 215,796	$ 20,515	$ 33,010	$ 48,035	$ 317,356
Licenses and Permits	6,011			3,472	9,483
Use of Money and Property	27,578	17,935	22,320	1,891	69,724
Special Assessments		23		3,964	3,987
Intergovernmental Revenue	57,423	1,054	3,458	11,397	73,332
Federal Grants		13,709		51,699	65,408
State Grants and Subsidies		5,850		2,907	8,757
Charges for Current Services	13,767	11		14,139	27,917
Contributions				24	24
Miscellaneous	1,879	1,186		2,629	5,694
Total Revenue	322,454	60,283	58,788	140,157	581,682
EXPENDITURES					
Current					
General Government	36,425		618	17,097	54,140
Community Development	9,313		4	5,713	15,030
Parks and Recreation	19,235			8,353	27,588
Public Safety	133,171			3,444	136,615
Transportation and Engineering	1,707			3,076	4,783
General Services	8,622			38,032	46,654
Public Services	19,876			13,385	33,261
Public Health	22,390			11,107	33,497
Employee Benefits	53,633			4,498	58,131
Capital Outlay	34	96,066		36,743	132,843
Debt Service:					
Principal Retirement			47,148		47,148
Interest			17,108	294	17,402
Bond Issuance Cost			377		377
Total Expenditures	304,406	96,066	65,255	141,742	607,469
Excess (Deficiency) of Revenues over (under) Expenditures	18,048	(35,783)	(6,467)	(1,585)	(25,787)
OTHER FINANCING SOURCES(USES)					
General Obligation Bonds and Notes Issued		36,120	18,260		54,380
Revenue Bonds Issued			7,270		7,270
Premium on Bonds Issued			413		413
State Loan		5,608			5,608
Operating Transfers In	9,688	49,856	15,590	1,752	76,886
Operating Transfers (Out)	(11,720)	(42,944)	(32,731)	(10,186)	(97,581)
Total Other Financing Sources(Uses)	(2,032)	48,640	8,802	(8,434)	46,976
Net change in fund balances	16,016	12,857	2,335	(10,019)	21,189
Fund Balances at January 1	49,325	175,826	34,636	70,235	330,022
Fund Balances at December 31	$ 65,341	$ 188,683	$ 36,971	$ 60,216	$ 351,211

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, 2002
(Amounts in Thousands)

Net change in fund balances - total governmental funds	$	21,189
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 ($132,843) exceeded depreciation ($32,863) in the current period.		99,980
Capital outlay expensed		(38,670)
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 ($849) and the net loss ($5,194) on the sale of assets.		(6,043)
Statement of activities reports an increase in revenues due to current activity in deferred revenues which is not reported at fund level.		(3,093)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(657)
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.		(2,647)
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.		(2,922)
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.		(20,110)
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.		434
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.		(380)

(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, 2002
(Amounts in Thousands)

(Continued)

Bond issuance costs are included in expenditures at the fund level, but are deferred and amorized over the life of the bonds in the government-wide financial statements	350
Internal balances between the governmental activities and the business type activities are not reported at the fund level.	659
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.	3,174
Change in net assets of governmental activities (page 20)	$ 51,264

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, 2002
(Amounts in Thousands)

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Works	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS				
Current				
Cash and Equivalents	$ 299	$ 83	$ 382	$
Equity in City Treasury Cash	22,816	6,866	29,682	35,803
Receivables:				
Taxes		243	243	
Accounts, Net	13,936	1,943	15,879	1,427
Accrued Interest and Dividends	670	193	863	566
Due from Other Funds	855	36	891	6,060
Due from Other Governments	9,982	64	10,046	1,453
Prepaid Items	29	83	112	1,172
Inventory	3,942		3,942	1,531
Advances to Other Funds	337	23,348	23,685	12,661
Restricted Assets:				
Cash and Cash Equivalents	8,554		8,554	
Equity in City Treasury Cash	4,630	8	4,638	
Noncurrent				
Equity in City Treasury Cash	24,159	7,277	31,436	37,911
Restricted Equity in City Treasury Cash	4,903		4,903	
Land	2,610	22,739	25,349	133
Buildings	146,630	106,552	253,182	272
Accumulated Depreciation	(48,325)	(67,225)	(115,550)	(254)
Improvements	310,817	124,428	435,245	3,798
Accumulated Depreciation	(47,125)	(75,227)	(122,352)	(499)
Machinery and Equipment	152,967	15,419	168,386	34,714
Accumulated Depreciation	(74,038)	(14,572)	(88,610)	(16,622)
Construction in Progress	103,849	32,783	136,632	
Property Acquired under Capital Leases	190	447	637	2,141
Accumulated Amortization	(186)	(179)	(365)	(1,812)
Total Assets	642,501	185,309	827,810	120,455

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, 2002
(Amounts in Thousands)

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Works	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
LIABILITIES				
Current				
Accounts Payable	$ 2,319	$ 497	$ 2,816	$ 3,865
Due to Other Funds	395	1,023	1,418	1,974
Due to Other Governmental Agencies	2,138		2,138	1,094
Accrued Payroll	1,101	193	1,294	510
Accrued Liabilities		385	385	5,535
Accrued Interest	303	87	390	
Obligations under Capital Leases	4	65	69	119
Deposits Payable		16	16	68
Deferred Revenue	2,341	428	2,769	7
Compensated Absences payable	2,437	615	3,052	1,584
Unpaid Claims payable	120	34	154	6,000
General Obligation Bonds and Notes Payable	14,470	1,752	16,222	
Revenue Bonds Payable	2,935		2,935	
Advances from Other Funds				514
Advances from Other Governments				20
Payable from Restricted Assets:				
Construction Contracts	6,079		6,079	
Deposits Payable	1,022		1,022	
Noncurrent:				
Obligations under Capital Leases				38
Compensated Absences payable	3,030	586	3,616	664
Arbitrage Liability	1,210		1,210	
Unpaid Claims payable				13,536
Revenue Bonds Payable	86,950		86,950	
General Obligation Bonds and Notes Payable	53,340	14,505	67,845	
Total Liabilities	180,194	20,186	200,380	35,528
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	397,249	129,048	526,297	21,714
Reserved for Restricted Assets	3,427	8	3,435	
Unrestricted	61,631	36,067	97,698	63,213
Total Net Assets	$ 462,307	$ 165,123	627,430	$ 84,927

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.	7,929
Net assets of business type activities	$ 635,359

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, 2002
(Amounts in Thousands)

	Business-Type Activites - Enterprise Funds			Governmental Activities
	Water Works	Other Enterprise Funds	Total Enterprise Funds	Internal Services Funds
OPERATING REVENUES				
Charges for Current Services	$ 88,192	$ 25,819	$ 114,011	$ 89,795
Miscellaneous	1,932	523	2,455	1,359
Total Operating Revenues	90,124	26,342	116,466	91,154
OPERATING EXPENSES				
Personal services	31,292	7,517	38,809	16,466
Contractual services	8,082	7,611	15,693	5,145
Maintenance and repairs	2,575	768	3,343	2,577
Materials and supplies	5,992	404	6,396	9,527
Utilities	7,918	1,735	9,653	828
Insurance	230	116	346	58,835
Taxes		512	512	
Depreciation and amortization	15,678	7,346	23,024	2,506
Rent	394	279	673	1,561
Other expense	470	98	568	26
Total Operating Expenses	72,631	26,386	99,017	97,471
Operating Income(Loss)	17,493	(44)	17,449	(6,317)
NONOPERATING REVENUES(EXPENSES)				
Interest revenue	2,910	969	3,879	3,257
Occupancy tax receipts		1,662	1,662	
Interest expense	(4,749)	(679)	(5,428)	(99)
Loss on disposal of assets	(24)	(846)	(870)	(137)
Nonoperating Revenues(Expenses)	(1,863)	1,106	(757)	3,021
Income (Loss) before Contributions and Transfers	15,630	1,062	16,692	(3,296)
Operating Transfers In		15,344	15,344	8,687
Operating Transfers (Out)		(887)	(887)	(2,449)
Capital contributions	10,537	4,104	14,641	232
Change in Net Assets	26,167	19,623	45,790	3,174
Net Assets at January 1	436,140	145,500		81,753
Net Assets at December 31	$ 462,307	$ 165,123		$ 84,927

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.	(659)
Change in net assets of business type activities	$ 45,131

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, 2002
(Amounts in Thousands)

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Works	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities:				
Receipts from Customers	$ 89,441	$ 26,300	$ 115,741	$ 14,902
Receipts from Other Funds		32	32	45,857
Receipts from Retirement System				27,241
Payments to Suppliers	(22,549)	(9,936)	(32,485)	(77,259)
Payments to Other Funds		(634)	(634)	(798)
Payments to Employees	(30,773)	(7,114)	(37,887)	(16,167)
Payments for Property Taxes		(377)	(377)	
Net Cash Provided (Used) by Operating Activities	36,119	8,271	44,390	(6,224)
Cash Flows from Noncapital Financing Activities:				
Repayment of Advances Made To Other Funds	38	373	411	(38)
Advances To Other Funds		(13,357)	(13,357)	(2,446)
Occupancy Tax Receipts		1,526	1,526	
Operating Transfers to Other Funds		(887)	(887)	(2,449)
Operating Transfers from Other Funds		15,344	15,344	8,687
Net Cash Provided (Used) by Noncapital Financing	$ 38	$ 2,999	$ 3,037	3,754
Cash Flows from Capital and Related Financing Activities:				
Capital Contributed by Other Sources	(2,341)	4,104	1,763	
Proceeds from the Sale of Fixed Assets	79		79	
Proceeds from the Sale Of Bonds and Notes		9,100	9,100	
Acquisition of Property, Plant and Equipment	(890)	(1,963)	(2,853)	(6,899)
Interest Paid on Bonds and Notes	(4,957)	(633)	(5,590)	(99)
Principal Paid on Bonds and Notes	(17,170)	(1,820)	(18,990)	
Payments on Long Term Capital Lease Obligations	(51)	(152)	(203)	(564)
Additions to Construction in Progress	(68,355)	(19,702)	(88,057)	
Net Cash Provided (Used) by Capital and Related Financing Activities	(93,685)	(11,066)	(104,751)	(7,562)
Cash Flow from Investing Activities:				
Interest and Dividends on Investments	4,988	1,034	6,022	3,578
Net Cash Provided by Investing Activities	4,988	1,034	6,022	3,578
Net Increase (Decrease) in Cash and Cash Equivalents	(52,540)	1,238	(51,302)	(6,454)
Cash and Cash Equivalents at Beginning of Year	117,901	12,996	130,897	80,168
Cash and Cash Equivalents at End of Year	$ 65,361	$ 14,234	$ 79,595	$ 73,714

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, 2002
(Amounts in Thousands)

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Works	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ 17,493	$ (44)	$ 17,449	$ (6,317)
Depreciation and Amortization	15,678	7,346	23,024	2,506
Changes in Assets and Liabilities:				
(Increase) Decrease in:				
Receivables	(1,292)	(120)	(1,412)	(245)
Due from Other Funds	188	97	285	(2,891)
Due from Other Governments	421	(64)	357	(1,453)
Inventory	825		825	95
Prepaid Items	(4)	(31)	(35)	(127)
Increase (Decrease) in:				
Accounts Payable	1,046	97	1,143	973
Deposits Payable	486	3	489	(119)
Due to Other Funds	37	437	474	450
Due to Other Governmental Agencies	670		670	1,094
Accrued Payroll	(61)	21	(40)	105
Accrued Liabilities		57	57	1,235
Deferred Revenue		181	181	(45)
Liability for Compensated Absences	580	273	853	127
Estimated Liability for Unpaid Claims	52	18	70	(1,612)
Net Cash Provided (Used) by Operating Activities	$ 36,119	$ 8,271	$ 44,390	$ (6,224)
Schedule of Noncash Investing, Capital and Financing Activities:				
Acquisition of Equipment under Capital Lease	$	$	$	$ 56
Acquisition of Property, Plant and Equipment from Capital Contributions	12,878		12,878	232
Total Noncash Investing, Capital and Financing Activities	$ 12,878	$	$ 12,878	$ 288

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, 2002
(Amounts in Thousands)

	Pension Trust	External Investment Pool	Agency
Assets			
Cash and Equivalents	$ 77,341	$	$
Equity in City Treasury Cash		29,233	1,227
Investments, at fair value:			
U. S. Government Bonds	104,613		
U. S. Government Agencies	38,519		
U. S. Government Mortgage Backed Securities	238,905		
Corporate Bonds	187,008		
Equities	1,237,320		
Asset Backed Securities	59,257		
Venture Capital	15,668		
U. S. Treasury Bills and Notes	5,627		146,071
Total Investments, at fair value	1,886,917		146,071
Collateral on Loaned Securities	259,338		
Receivables:			
Accounts, Net			21,049
Accounts Receivable for Securities Sold	90,116		
Accrued Interest and Dividends	9,364		306
Due from Other Funds	318		34
Due from Other Governments	206		
Inventory			793
Loans Receivable	20,622		
Machinery and Equipment	1,319		
Accumulated Depreciation	(494)		
Total Assets	2,345,047	29,233	$ 169,480
Liabilities			
Accounts Payable			$ 9,077
Accounts Payable for Securities Purchased	99,883		
Due to Other Funds	2,098		370
Due to Other Governmental Agencies			151,611
Obligations Under Securities Lending	259,338		
Accrued Payroll	36		1,061
Accrued Liabilities	7,467		5
Deposits Payable			1,080
Deferred Revenue	2		
Estimated Liability for Compensated Absences	93		6,276
Total Liabilities	368,917		$ 169,480
Net Assets			
Held in Trust for Pool Participant		29,233	
Held in Trust for Employees' Pension Benefits *	1,352,551		
Held in Trust for Employees' Postemployment * Healthcare Benefits	623,579		
Total Net Assets	$ 1,976,130	$ 29,233	

* The schedule of funding progress is shown on page 70.

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, 2002
(Amounts in Thousands)

	Pension Trust	External Investment Pool
ADDITIONS		
Contributions:	$	$
Plan members	14,664	
Employer	12,756	
Participant Deposits		175,286
Total Contributions	27,420	175,286
Investment earnings:		
Interest and Dividends		1,560
Net increase in the fair value of investments		58
Total Investment earnings		1,618
From Security Lending Activities:		
Securities Lending Income	5,278	
Securities Lending Expense:		
Borrower Rebates	(4,240)	
Management Fees	(312)	
Total Securities Lending Expenses	(4,552)	
Net Income from Securities Lending Activities	726	
Total Additions	28,146	176,904
DEDUCTIONS		
Investment losses:		
Interest and Dividends	(67,354)	
Net decrease in the fair value of investments	346,182	
Total Investment losses	278,828	
Plus investment expense	6,455	
Net Loss from Investing Activities	285,283	
Benefit Payments:		
Pension and Annuities	84,759	
Distributions to Participants		174,460
Hospital and Medical Care	26,454	
Medicare	2,300	
Dental Benefits	1,017	
Vision Benefits	148	
Death Benefits, Active and Retired	1,299	
Loss Due to Death of Members with Loans	11	
Transfers - Retirement to other systems	546	
Total Benefits Payments	116,534	174,460
Refunds of contributions	1,183	
Administrative expenses:		
Personal Services	551	
Contractual Services	314	
Materials and Supplies	401	
Depreciation	258	
Total Administrative Expenses	1,524	
Total Deductions	404,524	174,460
Change in net assets	(376,378)	2,444
Net assets - beginning	2,352,508	26,789
Net assets - ending	$ 1,976,130	$ 29,233

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, 2002

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 includes $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 $16,211,000 in 2002 and $15,852,000 in 2001.

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 a major individual enterprise fund 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 2002 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. Resources of the General Fund are also transferred annually to support capital projects.

Capital Projects Fund is used primarily to account for resources designated to construct or acquire governmental fund fixed 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 fund:

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.

The City reports the following fund types:

Internal service funds account for reproduction and printing; automotive repairs and maintenance services; stores; land sales and leasing; 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.

External Investment Pool – 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.

Measurement Focus

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

The government-wide, proprietary funds and fiduciary 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 external investment pool statements are prepared utilizing the flow of economic resources measurement focus and the accrual basis. Agency fund statements are prepared utilizing the flow of financial resources measurement focus and the modified accrual basis.

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 $818 million 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 $98 million at December 31, 2002, 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. Quasi-external transactions are accounted for as revenues, expenditures, or expenses in the funds involved. The General Fund provides administrative services to enterprise funds. The amounts charged for those services are treated as revenue to the General Fund and as operating expenses in the enterprise funds.

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. 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 is 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 form 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 on 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. *Pronouncements Effective for the 2002 Financial Statements* - With this financial report the City has changed its financial reporting to comply with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Managements Discussion and Analysis for State and Local Governments*. As part of the implementation of GASB Statement No. 34, the City is reporting the historical cost of infrastructure assets (retroactive to 1980) 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. In conjunction with implementation of GASB Statement No. 34, the City has implemented GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, which rescinds some and modifies other financial statement disclosure requirements.

L. *Pronouncements Issued But Not Yet Effective* – Governmental Accounting Standards Board (GASB) Statement Number 39, *Determining Whether Certain Organizations are Component Units*. This Statement was issued in May 2002 and amends Statement Number 14 to provide additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the

primary government. This Statement is effective for financial statements for periods after June 15, 2003.

Governmental Accounting Standards Board (GASB) Statement Number 40, *Deposit and Investment Risk Disclosures* was issued in March 2003 and amends Statement 3. This statement addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest rate risk, this Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. Deposit and investment policies related to the risks identified in this Statement also should be disclosed. This Statement is effective for financial statements for periods beginning after June 15, 2004.

M. *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 2002. The working capital reserve for 2002 was $20,362,000 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.

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 combined balance sheet of the City. Earnings from the pooled cash and investments are allocated on a quarterly basis to each participating 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 $181,924,000 and the bank balance was $192,443,000. 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 moneys 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 and bank balances totaled $77,341,000 and $77,441,000, respectively. These funds 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, 2002 was $538,146,000. These investments include $537,359,000 in U. S. Treasury Securities and $787,000 in Equity Securities. 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 Park Board. The fair value of investments for these funds at December 31, 2002 was $1,892,767,000. These investments include $387,824,000 in U. S. Treasury Securities, $247,684,000 in Corporate Bonds and Notes, $15,668,000 in Venture Capital and $1,241,591,000 in Equity Securities. In those cases where resources are maintained in trust, 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. The 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.

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 securities 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 in December 2002. Cash collateral is invested in a short-term investment pool, which had an average weighted maturity of 40 days as of December 31, 2002. Cash collateral may also be invested separately in "term loans", in which the maturity of the term loan is always identical to either the maturity of the cash collateral invested or the interest rate reset of the cash collateral invested. These loans can be terminated on demand by either lender or borrower. As of December 31, 2002 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	Cash Collateral Investment Value
Lent for cash collateral			
Stocks	$118,352	$121,869	$121,869
U.S. Agencies	8,047	8,232	8,232
Corporate Bonds	41,593	42,492	42,492
U.S. Government Fixed Income	85,081	86,745	86,745
Lent for securities collateral			
Stocks	1,723	1,758	
U.S. Agencies	7,315	7,457	
U.S. Corporate Fixed	3,085	3,151	
U.S. Government Fixed Income	52,195	53,201	
	$317,391	$324,905	$259,338

Derivatives

Derivatives are generally defined as contracts whose value depends on, or derives 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.

At December 31, 2002 the retirement system held the following derivative positions:

1.) Futures contracts maturing March 31, 2003 to buy S&P 500 index securities with a notional value of approximately $50.5 million.
2.) Futures contracts maturing March 31, 2003 to sell U.S. Treasury securities with a notional value of $35.1 million.
3.) Government issued mortgage-backed securities with a market value of $229.2 million.
4.) Commercial mortgage-backed securities with a market value of $9.7 million.
5.) Commercial mortgage obligations with a market value of $24.0 million.
6.) Asset-backed securities with a market value of $35.2 million.

The retirement system held no foreign exchange contracts or options on fixed income securities as of December 31, 2002.

3. EXTERNAL 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 External Investment Pool. 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 External Investment Pool. MSD is required by Chapter 301 of the Cincinnati Municipal Code to participate in the External Investment Pool. Disclosures required by GASB Statement 3 are discussed in Note 2. The External Investment Pool does not issue a separate report. The External Investment Pool's financial statements can be found on pages 32 and 33.

Summary by major investment classification:

	(AMOUNTS IN THOUSANDS)			
	Cost	Fair Value	Interest Rate	Maturity Dates
Money Market Fund	$ 814	$ 813	1.37%	OPEN
Certificates of Deposit	7,572	7,562	1.25% - 7.55%	01/14/03-03/19/07
U.S. Treasury Notes	9,879	10,074	1.875% -6.00%	01/31/03-11/30/04
FHLB/FNMA Securities	9,599	9,759	3.05% - 7.25%	04/15/03-10/25/05
City of Cincinnati Notes	841	840	3.50% - 6.75%	04/30/04-01/01/05
Cash	185	185		
Total	$28,890	$29,233		

4. ANTHEM DEMUTUALIZATION

In October of 2001, Anthem Inc., which administers the medical insurance for the City's employees, converted, or demutualized, from a mutual insurance company (a policyholder-owned non-profit) to a for-profit stock insurance company. As a result of that conversion, all statutory member policyholders received a one-time payout of stock. Since the City was a policyholder, in December of 2001 it received 870,021 shares of Anthem Inc. common stock worth approximately $31,000,000 at that time. The shares were recorded in the Capital Projects Fund.

Under the Ohio constitution, municipalities are prohibited from owning stock. However, the State Auditor recommended "that each public body receiving stock should sell the stock at a reasonably prompt and beneficial time at the discretion of the public body." There were also legal restrictions on selling shares of stock in the 180 days after the initial public offering. Those restrictions expired on April 28, 2002. Before then the City was a participant in the Large Shareholder Program which limited the number of shares to be sold daily until the 180-day restriction lapsed.

The total proceeds received were $54,761,000 from all of our stock sales between February 26 and April 30, 2002. The lowest price per share for which the stock was sold was $55.91 on March 8, 2002, and the highest was $71.06 on April 26, 2002.

5. INTERFUND ASSETS/LIABILITIES

The composition of interfund balances as of December 31, 2002, is as follows (amounts in thousands):

DUE FROM/TO OTHER FUNDS

	Due From							
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Internal Service Funds	Water Works Enterprise Fund	Nonmajor Enterprise Funds	Fiduciary Funds	Total
Due To								
General Fund	$	$	$ 3	$ 3,236	$ 3	$ 27	$ 156	$ 3,425
Capital Projects Fund	2		71	97	817			987
Nonmajor Governmental	82		27	198	1	2	45	355
Internal Service Funds	484	1,431	2	32			25	1,974
Water Works Enterprise Fund	41	5	3	283		1	62	395
Nonmajor Enterprise Funds	7	944	30	22	2	5	13	1,023
Fiduciary Funds	179		13	2,192	32	1	51	2,468
Total	$ 795	$ 2,380	$ 149	$ 6,060	$ 855	$ 36	$ 352	$ 10,627

ADVANCES TO/FROM OTHER FUNDS (Amounts in Thousands)

	Advances From					
	General Fund	Nonmajor Governmental	Internal Service Funds	Water Works Enterprise Fund	Nonmajor Enterprise Funds	Total
Advances To						
General Fund	$	$ 521	$	$	$	$ 521
Capital Projects Fund			12,661		23,348	36,009
Nonmajor Governmental	125	500				625
Internal Service Funds	177			337		514
Total	$ 302	$ 1,021	$ 12,661	$ 337	$ 23,348	$ 37,669

6. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2002, consisted of the following (amounts in 000s):

	Transfers Out						
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental	Internal Service Funds	Non Major Enterprise Fund	Total
Transfers In							
General Fund	$	$ 9,596	$	$	$ 92	$	$ 9,688
Capital Projects Fund	8,686		32,731	6,259	2,180		49,856
Debt Service Fund	2,966	11,697		927			15,590
Nonmajor Governmental Funds		390		339	136	887	1,752
Internal Service Funds	68	5,958		2,661			8,687
Nonmajor Enterprise Funds		15,303			41		15,344
Total	$11,720	$ 42,944	$ 32,731	$ 10,186	$ 2,449	$ 887	$ 100,917

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. SEGMENT INFORMATION

The City has issued bonds to finance parking facilities, municipal golf, and stormwater management facilities and improvements. The revenues of these activities are relied on for repayment of these bonds but property tax support is available, if necessary. Summary financial information for these funds is presented below.

(AMOUNTS IN THOUSANDS)

CONDENSED STATEMENT OF NET ASSETS

	Parking Facilities	Municipal Golf	Stormwater Management
Assets:			
Current Assets	$ 2,243	$ 508	$ 4,176
Due from Other Funds			30
Advances to Other Funds	5,240	378	7,765
Restricted Assets	8		
Capital Assets	34,071	9,478	35,104
Other Noncurrent Assets	2,052	500	2,713
Total Assets	43,614	10,864	49,788
Liabilities:			
Current Liabilities	1,403	746	1,082
Due to Other Funds	19	3	44
Noncurrent Liabilities	10,386	1,062	3,432
Total Liabilities	11,808	1,811	4,558
Net Assets:			
Invested in Capital Assets, Net of Related Debt	23,571	7,881	30,879
Restricted	8		
Unrestricted	8,227	1,172	14,351
Total Net Assets	$ 31,806	$ 9,053	$ 45,230

(AMOUNTS IN THOUSANDS)

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

	Parking Facilities	Municipal Golf	Stormwater Management
Operating Revenues	$ 8,096	$ 5,966	$ 7,335
Depreciation Expense	(1,372)	(546)	(1,743)
Other Operating Expenses	(5,427)	(4,974)	(2,672)
Operating Income	1,297	446	2,920
Nonoperating Revenues (Expenses):			
Interest Revenue	239	77	535
Interest Expense	(328)	(114)	(237)
(Loss) on Disposal of Assets	(22)		
Total Non-Operating Revenue (Expenses)	(111)	(37)	298
Income before Operating Transfers	1,186	409	3,218
Operating Transfers In	4	34	3
Operating Transfers (Out)	(887)		
Change in Net Assets	303	443	3,221
Beginning Net Assets	31,503	8,610	42,009
Ending Net Assets	$ 31,806	$ 9,053	$ 45,230

(AMOUNTS IN THOUSANDS)

CONDENSED STATEMENT OF CASH FLOWS

	Parking Facilities	Municipal Golf	Stormwater Management
Net Cash Provided (Used) by:			
Operating Activities	$ 3,015	$ 1,070	$ 4,755
Noncapital Financing Activities	(3,980)	407	(1,549)
Capital and Related Financing Activities	2,321	(1,483)	(4,390)
Investing Activities	258	85	569
Net Increase (Decrease)	1,614	79	(615)
Beginning Cash and Cash Equivalents	2,440	912	5,890
Ending Cash and Cash Equivalents	$ 4,054	$ 991	$ 5,275

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 $1,670,000 for the year ended December 31, 2002. Future minimum lease payments are as follows:

(AMOUNTS IN THOUSANDS)

Year	Amount
2003	$ 744
2004	670
2005	456
2006	276
2007 and future years	549
Total Future Minimum Lease Payments	$ 2,695

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)

	Business-type Activities	Governmental Activities
Leased Property/Equipment	$ 637	$ 2,141
Less: Accumulated Depreciation	365	1,812
Total	$ 272	$ 329

The following is a schedule of future minimum capital leases and the present value of the net minimum lease payments at December 31, 2002:

(AMOUNTS IN THOUSANDS)

Year	Business-type Activities	Governmental Activities
2003	$ 70	$ 143
2004		13
2005		14
2006		13
Total minimum lease payments	70	183
Less: Amounts representing interest	1	12
Present value of net minimum lease payments	$ 69	$ 171

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, 2002 are included in the financial statements of the following:

(AMOUNTS IN THOUSANDS)

	Business-type Activities	Governmental Activities
Land	$ 537	$ 2,056
Buildings	5,208	3,181
Improvements	483	83,267
Accumulated Depreciation	3,439	78,168
Depreciation Expense	156	708

Future minimum rentals on non-cancelable operating leases as of December 31, 2002 are as follows:

(AMOUNTS IN THOUSANDS)

Year	Business-type Activities	Governmental Activities
2003	$ 890	$ 16,663
2004	857	16,642
2005	642	16,627
2006	504	16,582
2007	374	16,397
Remaining years	765	291,988
Total Future Minimum Rental Payments	$4,032	$374,899
Total Rentals for 2002:	$ 928	$16,265

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.

Governmental Fixed 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.

During 1995, the City entered into a lease involving land with American Commercial Marine. The lease is for ten years, beginning January 1, 1996 and ending December 31, 2005.

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 $608,712,000.

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)

Purpose	Interest Rates	Amount
Governmental activities	2.5% - 8.0%	$294,970
Business-type activities	3.5% - 7.0%	84,067
		$379,037

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

(AMOUNTS IN THOUSANDS)

Year Ending	Governmental Activities		Business-type Activities	
December 31	Principal	Interest	Principal	Interest
2003	$ 44,748	$ 14,760	$16,222	$ 3,893
2004	30,142	12,986	22,687	2,888
2005	22,647	11,478	11,590	2,050
2006	19,778	10,410	9,698	1,485
2007	18,550	9,465	7,470	1,030
2008-2012	66,430	35,590	12,600	2,172
2013-2017	50,640	20,065	3,800	235
2018-2022	17,880	9,628		
2023-2027	7,670	6,375		
2028-2032	10,265	3,786		
2033-2035	6,220	673		
Total	$294,970	$135,216	$84,067	$13,753

Revenue Bonds

The City also issues bonds 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 authorized in prior years was $115,375,000 and $106,060,000 was issued in prior years. During 2002, $7,270,000 of revenue bonds were issued to finance Economic Development projects.

Revenue bonds outstanding at year-end are as follows:

(AMOUNTS IN THOUSANDS)

Purpose	Interest Rates	Amount
Economic Development	Various	$ 17,845
Urban Renewal	Various	677
Water Works	Various	89,885
		$108,407

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

(AMOUNTS IN THOUSANDS)

Year Ending	Governmental Activities		Business-type Activities	
December 31	Principal	Interest	Principal	Interest
2003	$ 887	$ 1,161	$ 2,935	$ 4,620
2004	1,668	1,105	3,075	4,480
2005	1,718	1,022	3,225	4,332
2006	1,770	931	3,375	4,180
2007	1,837	834	3,545	4,009
2008-2012	7,297	2,525	20,440	17,347
2013-2017	3,345	556	26,525	11,251
2018-2021			26,765	3,463
Total	$18,522	$8,134	$89,885	$53,682

Bonds and Notes Outstanding at December 31, 2002

(AMOUNTS IN THOUSANDS)

Description	Interest Rates	Issue Dates	Maturity Dates	Original Authorized	Amount Due 2003	Amount Outstanding 12/31/2002
Bonds:						
General Property Tax	3.25%	1957-1961	2003-2007	$ 1,000	$ 20	$ 100
Supported	4.1% to 5%	1971-1999	2003-2009	113,500	11,410	44,510
	5.15% to 5.25%	1992-2000	2003-2020	91,025	4,480	60,365
	5.625% to 6%	1984-1991	2003-2004	2,500	130	195
	7.875% to 8%	1985-1987	2003-2017	30,000	1,000	15,000
Various Rate Issues	4% to 6.2%	1991-2001	2004-2016	68,480	4,655	60,230
Urban Redevelopment						
Various Rate Issues	4.8% to 6.3%	1995	2015	3,250	135	2,555
Municipal Income Tax	4.375% to 5.375%	1992-2000	2003-2020	27,960	2,380	7,700
Recreational Facilities	5.15% to 6.75%	1977-1995	2003-2011	8,598	428	2,183
Various Rate Issues	4% to 5%	2001	2021	9,000	450	8,550
Urban Renewal	4.1% to 4.375%	1996-1999	2003-2004	6,000	1,200	2,400
	4.75% to 5.2%	1995-2000	2003-2007	11,000	855	4,290
	6.75%	1990	2005	1,500	100	300
Various Rate Issues	5.75% to 6.5%	1991	2008	15,480	1,450	13,605
Urban Development Taxable						
Various Rate Issues	4% to 6.25%	1998-2001	2019-2021	12,200	485	11,320
Police & Fire Pension	5.8%	2000	2035	42,000	470	40,170
Total General Long-Term Bond Obligations				443,493	29,648	273,473
Recreational Facilities	4.6% to 5.375%	1972-1994	2003-2007	6,302	477	1,532
Off Street Parking	6.75%	1990	2006	5,000	350	1,400
Water Works	4.1% to 6.5%	1975-1999	2003-2014	113,000	10,030	58,670
	6.7% to 6.75%	1989-1990	2004-2006	37,000	2,500	7,200
	7%	1988	2003	28,000	1,940	1,940
Stormwater	4.2 to 5.15%	1995-1999	2005-2007	8,800	925	4,225
Total Proprietary Fund Obligations				198,102	16,222	74,967
Total General Obligation Bonds Payable				641,595	45,870	348,440
Notes:						
Municipal Income Tax	5.5 to 5.75%	1998-2001	2003-2005	6,397		6,397
Convention Center	2.50%	2002	2003	15,100	15,100	15,100
Off Street Parking	3.50%	2002	2004	9,100		9,100
Total General Obligation Notes Payable				30,597	15,100	30,597
Total General Obligation Bonds and Notes Payable				$ 672,192	$ 60,970	$ 379,037
Revenue Bonds	2.16% to 8.25%	1990-2001	2010-2021	$ 113,330	$ 3,822	$ 108,407
Total Outstanding Debt				$ 785,522	$ 64,792	$ 487,444

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2002, was as follows:

(AMOUNTS IN THOUSANDS)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
General Obligation Bonds	$265,628	$ 39,280	$31,435	$273,473	$29,648
General Obligation Notes	21,300	15,100	14,903	21,497	15,100
Revenue Bonds	11,819	7,270	567	18,522	887
Total Bonds and Notes Payable	298,747	61,650	46,905	313,492	45,635
Compensated Absences	64,409	53,133	50,020	67,522	30,501
Claims and Judgments	25,071	61,821	60,863	26,029	9,350
Capital Leases	712	56	597	171	119
Other	2,376	451	627	2,200	
State Loan	4,334	5,608	210	9,732	253
Governmental Activity Long-term liabilities	$395,649	$182,719	$159,222	$419,146	$85,858
Business-type Activities:					
Bonds and Notes Payable:					
General Obligation Bonds	$ 91,157	$	$16,190	$ 74,967	$16,222
General Obligation Notes		9,100		9,100	
Revenue Bonds	92,685		2,800	89,885	2,935
Total Bonds and Notes Payable	183,842	9,100	18,990	173,952	19,157
Compensated Absences	5,815	7,322	6,469	6,668	3,052
Claims and Judgments	84	237	167	154	154
Other		1,210		1,210	
Capital Leases	271		202	69	69
Business-type Activity Long-term liabilities	$190,012	$17,869	$25,828	$182,053	$22,432

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, $2.2 million of compensated absences, $19.5 million of unpaid claims, and $157,000 of capital leases for the internal service funds are included in the above amounts.

State Infrastructure Bank Loan

On May 19, 1999 City Council authorized the City Manager to amend the repayment terms of an April 30, 1998 note agreement the City had made with the Ohio Department of Transportation, State Infrastructure Bank. The loan to the City has an original principal amount not to exceed $20,020,000 and was issued for the purpose of paying a portion of the Fort Washington Way Improvement project costs. The terms of the original

note agreement required that the loan be repaid 18 months from the date of the initial disbursement under the note. The initial disbursement was made on May 29, 1998, so the first payment was required on November 29, 1999. Under the terms of the new loan agreement, the City was obligated to pay accrued interest and a principal payment of $5,000,000 on February 1, 2000. On February 1, 2001, the City made a second principal payment of $5,000,000 from a federal grant received from Fort Washington Way. Principal and interest payments were made also on August 1, 2001 and February 1, 2002. In August of 2002 an additional $587,000 was drawn down.

On January 24, 2001 City Council authorized the City Manager to borrow an additional $5,020,000 from the Ohio Department of Transportation. The first disbursement on this loan was made August 13, 2002.

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 the latest increase of .1% enacted July 1, 1988, to be spent only for the maintenance of the City's infrastructure. The second component is the .3% which can be used only for public transit purposes, including both capital and current operating expense. The third component is .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 $185,258,461 for the 1.55% portion in 2002 were less than the original allocation of $191,830,000 for the General Fund. The following table identifies the excess 1.55% income tax collections for

the years 1998 through 2002 and collections in excess of allocation:

(AMOUNTS IN THOUSANDS)

Year	Actual Collections of 1.55%	Allocation to General Fund	Collections in Excess of Allocation
1998	174,335	164,300	10,035
1999	182,695	180,500	2,195
2000	183,035	183,035	
2001	188,598	188,598	
2002	185,258	185,258	

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 2002 levy was based was $4,379,262,000, $304,549,000 and $644,918,000 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 - 2003

Lien date	January 1, 2002
Levy date	October 31, 2002
First installment payment due	January 31, 2003
Second installment payment due	June 20, 2003

Assessed values are established by the County Auditor, 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 2002 with the results affecting collections beginning in 2003. The City recognizes the property taxes due to be paid in 2003 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.

Public utilities property taxes in any calendar year are those levied on assessed values as of December 31 of the preceding year. Tangible personal property of public utilities is assessed at various percentages of true value. Tangible personal property used in business, other than public utilities, is assessed at 25% of true value.

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 Balance	Issued	Redeemed	Ending Balance
Bond Anticipation Notes	$0	$32,731	$32,731	$0

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	$ 3,214
Revenue bond reserve account – Water Works	8,554
Revenue bond construction account – Parking Facilities	8
Customer deposits – Water Works	941
Construction account - other – Water Works	5,378
Total restricted assets	$18,095

14. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2002 was as follows:

(AMOUNTS IN THOUSANDS)	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 137,104	$ 21,865	$ (2,598)	$ 156,371
Construction in Progress	99,187	48,123	(38,422)	108,888
Total capital assets, not being depreciated	236,291	69,988	(41,020)	265,259
Capital assets, being depreciated:				
Buildings	132,092	110	(1,015)	131,187
Improvements other than buildings	218,356	14,960	(782)	232,534
Machinery and Equipment	90,465	13,612	(6,109)	97,968
Property acquired under capital leases	2,084	57		2,141
Infrastructure	348,735	41,582		390,317
Total capital assets, being depreciated	791,732	70,321	(7,906)	854,147
Less accumulated depreciation for:				
Buildings	(72,519)	(4,388)	56	(76,851)
Improvements other than buildings	(123,007)	(6,160)	186	(128,981)
Machinery and Equipment	(50,770)	(8,627)	3,755	(55,642)
Property acquired under capital leases	(1,514)	(298)		(1,812)
Infrastructure	(112,676)	(16,095)		(128,771)
Total accumulated depreciation	(360,486)	(35,568)	3,997	(392,057)
Total capital assets, being depreciated, net	431,246	34,753	(3,909)	462,090
Governmental Activities capital assets, net	$ 667,537	$ 104,741	$(44,929)	$ 727,349

(AMOUNTS IN THOUSANDS)	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	$ 25,349	$	$	$ 25,349
Construction in Progress	130,546	90,140	(84,054)	136,632
Total capital assets, not being depreciated	155,895	90,140	(84,054)	161,981
Capital assets, being depreciated:				
Buildings	248,064	5,130	(12)	253,182
Improvements other than buildings	369,199	67,102	(1,056)	435,245
Machinery and Equipment	143,016	27,173	(1,803)	168,386
Property acquired under capital leases	637			637
Total capital assets, being depreciated	760,916	99,405	(2,871)	857,450
Less accumulated depreciation for:				
Buildings	(108,129)	(7,433)	12	(115,550)
Improvements other than buildings	(117,195)	(5,442)	285	(122,352)
Machinery and Equipment	(80,187)	(10,048)	1,625	(88,610)
Property acquired under capital leases	(228)	(137)		(365)
Total accumulated depreciation	(305,739)	(23,060)	1,922	(326,877)
Total capital assets, being depreciated, net	455,177	76,345	(949)	530,573
Business-type Activities capital assets, net	$ 611,072	$166,485	$(85,003)	$ 692,554

Depreciation expense was charged to functions/programs of the City as follows:
(AMOUNTS IN THOUSANDS)

Governmental activities:	
General government	$ 931
Community development	4,120
Parks and recreation	3,602
Public safety	3,489
Transportation and engineering	16,662
General services	1,410
Public services	2,267
Public health	382
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	2,506
Total depreciation expense - governmental activities:	$ 35,369

Business-type activities:	
Water Works	$ 15,678
Parking Facilities	1,372
Convention Center	2,977
General Aviation	708
Municipal Golf	546
Stormwater Management	1,743
Total depreciation expense - business-type activities:	$ 23,024

Governmental Activities Construction in Progress at December 31, 2002 is comprised of the following:

(AMOUNTS IN THOUSANDS)

Administering Department	Project Authori-zations	Expended to December 31, 2002	Committed	Required Future Financing
Transportation & Engineering	$ 56,893	$ 1,551	$ 55,342	$ 21,191
Community Development	81,749	37,136	44,613	15,878
Recreation	36,413	19,199	17,214	9,569
Safety	2,831	1,695	1,136	
Parks	20,777	13,808	6,969	1,891
Public Services	6,931	3,683	3,248	
Other	55,811	31,816	23,995	6,189
Totals	$261,405	$108,888	$152,517	$ 54,718

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

Business Activities Construction in Progress at December 31, 2002 is comprised of the following:

(AMOUNTS IN THOUSANDS)

Enterprise Fund	Project Authori-zations	Expended to December 31, 2002	Committed	Required Future Financing
Water Works	$161,829	$103,849	$57,980	$
Parking Facilities	25,093	12,153	12,940	7,700
Convention Center	21,997	13,031	8,966	1,148
General Aviation	4,481	2,963	1,518	623
Municipal Golf	1,354	975	379	
Stormwater Management	11,426	3,661	7,765	
Totals	$226,180	$136,632	$89,548	$ 9,471

15. RECEIVABLES

Accounts Receivable are presented in the general purpose financial statements net of the allowance for uncollectible accounts. The uncollectible accounts related to the General Fund at December 31, 2002, are as follows: Taxes Receivable ($1,986,000) and other accounts receivable ($3,761,000). The uncollectible accounts related to the Debt Service Fund at December 31, 2002 are Taxes Receivable ($2,020,000). The balance for the allowance for doubtful accounts in the Capital Projects Fund at December 31, 2002 is ($1,248,000). The balances of the allowance accounts of the proprietary funds as of December 31, 2002 are as follows: Water Works ($2,102,000), Regional Computer Center ($5,000), Convention Center ($176,000), General Aviation ($6,000), Municipal Golf ($3,000), Parking Facilities ($5,000), and Stormwater Management ($480,000).

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 $2,752,000, 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, 2002 total $55,149,000.

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, 2002 is $1,245,000. This amount is related to Goodall Properties Ltd. and forgivable housing loans.

16. CONTINGENT LIABILITIES

Federal and State Grants

The City has received Federal and State grants in excess of $52 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. Based on prior experience, the City Administration believes such disallowances, if any, will be immaterial.

Litigation

Various claims and lawsuits are pending against the City as of December 31, 2002. A liability of $6.4 million was recorded for those claims and judgments as of December 31, 2002. Over the past decade, the City has averaged annual payments of $1,575,000 for claim and lawsuit settlements. Adequate funds have been provided to meet the claims paid both from the General Fund and restricted funds of the City. 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 2002. 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 the choice of three separate health insurance plans for its employees. All of the plans are 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 under a retrospective rating plan. 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. Changes in the balances of claims liabilities and claims adjustment expenses during 2002 and 2001 are as follows:

(AMOUNTS IN THOUSANDS)

	General		Water Works		Parking Facilities		Convention Center		Municipal Golf		Capital Projects	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Balance at January 1	$ 780	$ 563	$ 68	$ 73	$ 1	$ 2	$ 12	$ 2	$ 0	$ 0	$ 0	$ 4,613
Current-Year Claims and Changes in Estimates	612	854	205	41	6	0	22	19	1	1	0	0
Claim Payments	(990)	(637)	(153)	(46)	(2)	(1)	(8)	(9)	(1)	(1)	0	(4,613)
Balance at December 31	$ 402	$ 780	$120	$ 68	$ 5	$ 1	$ 26	$ 12	$ 0	$ 0	$ 0	$ 0

	Stormwater Management		Income Tax Infrastructure		Self Insurance Medical		Workers Compensation		General Long-Term Obligations		Totals	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Balance at January 1	$ 3	$ 4	$ 0	$ 13	$7,470	$9,064	$19,450	$23,782	$3,143	$3,056	$ 30,927	$ 41,172
Current-Year Claims and Changes in Estimates	3	8	61	9	57,139	51,760	1,975	191	4,292	2,522	64,316	55,405
Claim Payments	(3)	(9)	(35)	(22)	(56,115)	(53,354)	(2,353)	(4,523)	(1,370)	(2,435)	(61,030)	(65,650)
Balance at December 31	$ 3	$ 3	$ 26	$ 0	$ 8,494	$ 7,470	$ 19,072	$ 19,450	$6,065	$3,143	$ 34,213	$30,927

The claims liabilities at December 31, 2002 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)

	Self Insurance Medical	Workers Compensation
Accounts Payable	$2,494	$ 3
Accrued Liabilities		5,533
Estimated Liability For Unpaid Claims	6,000	13,536
Total	$8,494	$19,072

18. SUBSEQUENT EVENTS

As of January 1, 2003, the City of Cincinnati has elected to be self-insured under the workers' compensation laws of Ohio.

On January 29, 2003, City Council authorized the taking of bids on $112,360,000 of Water Works revenue bonds to be dated March 1, 2003. The bonds issued were sold at coupon rates from 2.0% to 5.0%, but with a bid premium of $4,546,306 the effective rates were 1.25% to 4.67%.

April 9, 2003 City Council authorized the taking of bids on $52,705,000 of general obligation bonds to be dated May 1, 2003. The 4 bond issues sold at coupon rates from 2.00% to 4.00%, but with a bid premium of $736,594 and original issue discount of $23,930 the effective rates were from 1.34% to 4.10%,. The bonds include tax supported issues of $25,700,000 for Street Improvements, $6,210,000 for Public Building Improvements, $11,090,000 for Equipment Improvements, $9,705,000 for Urban Redevelopment Improvements Refunding.

19. 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 Public Employees Retirement System (PERS), which are State pension systems, and the City of Cincinnati's Retirement System. Each of these three systems is a cost-sharing multiple-employer defined benefit pension 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 benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The 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% respectively for police officers and fire fighters. The City of Cincinnati's contributions to OP&F for the years ending December 31, 2002, 2001, and 2000 were $21,989,000, $21,857,000, and $21,005,000, respectively, equal to the required contributions for each year including the installment payments on the unfunded prior service cost for 2000.

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 Post employment Benefit Information

OP&F provides post-retirement health care coverage to 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 health care coverage provided by the police and firefighters' retirement system is considered an Other Postemployment Benefit (OPEB). A portion of each employer's contribution to the Police and Fire Pension Fund is set aside for the funding of postemployment health care. The Ohio Revised Code provides the statutory authority allowing the fund's board of trustees to provide health care coverage to all eligible individuals. Health care funding and accounting are on a pay-as-you-go basis. In 2002, 7.75% of covered payroll was used to pay retiree health care expenses. 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.

The number of participants eligible to receive health care benefits as of December 31, 2001, the date of the last actuarial valuation available was 13,174 for police and 10,239 for firefighters. The portion of the City's 2002 contributions that was used to pay postemployment benefits was $4,516,805 for police and $3,427,463 for firefighters. The total health care expense of the fund for the year ending December 31, 2001, the date of the last actuarial valuation available, was $122,298,771, which was net of member contributions of $6,874,699.

State PERS

Plan Description

Only City employees who were members in the Public Employees Retirement System of Ohio (PERS) 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 PERS.

PERS is a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to PERS, 277 East Town Street, Columbus, Ohio 43215-4642 or calling (614) 466-2085.

Funding Policy

The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees contribute 8.5% of their annual compensation. The City's contribution rate for 2002 was 13.55% of covered payroll; 8.55% was the portion used to fund pension obligations and 5.00% was used to fund health care for 2002. City of Cincinnati's contributions to PERS for the years ending December 31, 2002, 2001, and 2000, were $1,943,000, $1,822,000, and $1,363,000 respectively, equal to the required contributions for each year.

Other Postemployment Benefit Information

PERS provides postemployment health care coverage to age and service retirants with ten or more years of qualifying service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by PERS is considered an Other Postemployment Benefit (OPEB). A portion of each employer's contribution to PERS is set aside for the funding of postemployment health care. The Ohio Revised Code provides statutory authority for employer contributions.

OPEB are advance-funded on an actuarially determined basis. The number of active contributing participants was 402,041. The portion of the City's employer contribution that was used to fund postemployment benefits was $716,971. The actuarial value of PERS net assets available for OPEB was $11,600,000,000 at December 31, 2001. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $16,400,000,000 and $4,800,000,000 respectively.

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 30 and 31. 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, 2002, the date of the latest actuarial valuation:

	Pension	Health care
Retirees and beneficiaries receiving benefits	4,486	4,486
Terminated plan members entitled to future benefits	99	99
Active plan members:		
Vested	3,166	1,821
Nonvested	2,434	3,779
Total	10,185	10,185

1,754 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 vest 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.

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. The contribution rate for 2002 was 7% for all employers. City of Cincinnati's contributions to the City of Cincinnati Retirement System for the years ending December 31, 2002, 2001, and

2000 were $11,974,000, $12,454,000, and $11,520,000, respectively equal to the required contributions for each year as set by the Board of Trustees. No contributions were actuarially required for 1999, 2000 and 2001. Administrative costs are financed from the system assets. The System's independent actuary reported that the System's unfunded actuarial accrued liability for prior service cost was paid off as of December 31, 1998.

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 exchange 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. 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 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). 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 actuarial assumptions used for the December 31, 2002 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 are recognized as an expense as claims are paid. The employer contribution that was used to fund postemployment benefits was $3,146,000. The actuarial value of the System's net assets available for OPEB at December 31, 2002 was $748,291,000. The actuarially accrued liability based on the actuarial cost method used was $757,166,000.

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	12/31/02
Actuarial cost method	Entry age normal
Asset valuation method	The actuarial value of assets is based on a five-year moving average of gains and losses recognized at 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. The adoption of this method is effective at December 31, 2002. The previous four years of gains/(losses) are reflected in determining the initial actuarial value of assets.
Actuarial assumptions:	
Investment rate of return*	8.75% per year, prior to 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	2000 City of Cincinnati Rate of Termination Experience Table
Disability	The 1995 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.
Hospital and Surgical Benefits	Adjusted premiums are based on experience for recent years adjusted to current year by assumed annual increase in premium costs.
Medicare Part B	Premiums are assumed to increase in accordance with estimates from the 2002 Annual Report of the Board of Trustees (previously the Congressional Budget Office) until the year 2011 and then increase at 5.5% per year thereafter.

Dental Benefits	Premiums are assumed to increase at a decreasing rate, starting at 6.5% for 2003, then decreasing by 0.25% per year to 4.5% and remaining there for 10 years, then decreasing gradually over 17 years to zero. This takes the $1,000 fixed cap on annual dental costs into account.
Vision Benefits	The vision premium is fixed at $40 per year. The anticipated annual increase in costs is 0.5% to take increases in administrative costs into account.
*Inflation rate	No assumption.

Cost-of-living adjustments 3% compound interest

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)
12/31/97	$1,250,997	$1,214,573	($36,424)	103.00 %	$181,547	(20.06) %
12/31/98	1,411,847	1,235,332	(176,515)	114.29	181,691	(97.15)
12/31/99	1,554,854	1,378,625	(176,229)	112.78	184,477	(95.53)
12/31/00	1,627,207	1,439,180	(188,027)	113.06	182,556	(103.00)
12/31/01	1,699,977	1,473,359	(226,618)	115.38	191,756	(118.18)
12/31/02	1,623,059	1,586,583	(36,476)	102.30	186,266	(19.58)

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)
12/31/97	$548,239	$532,277	($15,962)	103.00 %	$181,547	(8.79) %
12/31/98	624,185	504,851	(119,334)	123.64	181,691	(65.68)
12/31/99	696,701	531,059	(165,642)	131.19	184,477	(89.79)
12/31/00	736,491	623,386	(113,105)	118.14	182,556	(61.96)
12/31/01	775,960	845,443	69,483	91.78	191,756	36.24
12/31/02	748,291	757,166	8,875	98.83	186,266	4.76

SCHEDULE OF EMPLOYERS' CONTRIBUTIONS

(AMOUNTS IN THOUSANDS)

PENSION PLAN

Year Ended December 31	Annual Actuarially Required Contribution	Percentage Contributed
1997	$23,335	106.80 %
1998	14,560	127.83
1999	0	N/A
2000	0	N/A
2001	0	N/A
2002	3,980	218.99

HEALTHCARE PLAN

Year Ended December 31	Annual Actuarially Required Contribution	Percentage Contributed
1997	$7,778	106.80 %
1998	4,853	127.83
1999	0	N/A
2000	0	N/A
2001	0	N/A
2002	1,327	304.45

REQUIRED

SUPPLEMENTARY INFORMATION

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CITY OF CINCINNATI, OHIO

Budgetary Comparison Schedule
General Fund
For the year ended December 31, 2002
(Amounts in Thousands)

	General Fund			
	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final	Amounts	Positive(Negative)
Revenue				
Taxes	$ 221,109	$ 221,109	$ 214,957	$ (6,152)
Licenses and Permits	5,798	5,798	6,028	230
Use of Money and Property	13,695	13,695	14,594	899
Intergovernmental Revenue	51,907	51,907	53,492	1,585
Charges for Current Services	14,270	14,270	14,942	672
Miscellaneous	2,200	2,200	1,899	(301)
Total Revenue	308,979	308,979	305,912	(3,067)
Expenditures				
Current				
General Government	39,297	39,758	38,600	1,158
Community Development	8,178	9,156	8,917	239
Parks and Recreation	19,340	19,340	19,248	92
Public Safety	136,139	136,664	135,776	888
Transportation & Engineering	1,785	1,785	1,770	15
General Services	8,510	8,510	8,459	51
Public Services	21,493	21,143	20,929	214
Public Health	22,689	22,875	22,545	330
Employee Benefits	55,926	55,319	55,144	175
Capital Outlay	622	632	563	69
Total Expenditures	313,979	315,182	311,951	3,231
Excess of Revenue over (under) Expenditures	(5,000)	(6,203)	(6,039)	164
Other Financing Sources (Uses)				
Operating Transfer In		11,902	11,902	
Operating Transfers (Out)	(6,302)	(11,354)	(11,354)	
Total Other Financing Sources (Uses)	(6,302)	548	548	
Excess of Revenue over (under) Expenditures and Other Financing Sources	(11,302)	(5,655)	(5,491)	164
Cancellation of Prior Years Encumbrances			2,586	2,586
Fund Balances, January 1	17,881	17,881	17,881	
Fund Balances, December 31	$ 6,579	$ 12,226	$ 14,976	$ 2,750

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:

Deficiency of revenues and other financing sources over expenditures and other uses per the Budgetary Comparison Schedule	$ (5,491)
(Increases) decreases from revenues:	
Received in cash during year but already accrued as receivables (GAAP) at December 31, 2001	(25,315)
Accrued as receivables at December 31, 2002 but not recognized in budget	43,557
(Increases) decreases from encumbrances:	
Expenditures of amounts encumbered during prior years	(7,589)
Recognized as expenditures in the budget	11,292
(Increases) decreases from expenditures:	
Accrued as liabilities at December 31, 2001 recognized as expenditures (GAAP) but not in budget	7,490
Accrued as liabilities at December 31, 2002	(7,677)
Inventory usage recognized as expenditures (GAAP) but not in budget	(251)
Net change in fund balance per the Statement of Revenues, Expenditures, and Changes in Fund Balance (Page 22)	$ 16,016

See notes to required supplementary information.

City Of Cincinnati, Ohio
Note to the Required Supplementary Information
December 31, 2002

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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CITY OF CINCINNATI, OHIO

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.

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, 2002
(Amounts in Thousands)

GENERAL FUND	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amount	Variance with Final Budget Positive (Negative)
Revenue				
Taxes				
Real Property	$ 22,800	$ 22,800	$ 22,168	$ (632)
Personal Property	3,210	3,210	3,327	117
Public Utility Property Tax Reimbursement			688	688
City Income Tax	191,830	191,830	185,259	(6,571)
Admissions	3,269	3,269	3,446	177
Payments In Lieu of Taxes			69	69
Total Taxes	221,109	221,109	214,957	(6,152)
Licenses and Permits				
Street Use	1,729	1,729	1,672	(57)
Health	206	206	266	60
Police and Protective	65	65	59	(6)
Beer and Liquor	525	525	487	(38)
Business and Merchandising	19	19	18	(1)
Amusements	104	104	116	12
Professional and Occupational	115	115	193	78
Buildings, Structures and Equipment	3,035	3,035	3,217	182
Total Licenses and Permits	5,798	5,798	6,028	230
Use of Money and Property				
Fines, Forfeits and Penalties	3,350	3,350	2,988	(362)
Income from Treasury Investments	10,100	10,100	11,400	1,300
Rents	100	100	106	6
General Concessions and Commissions	145	145	100	(45)
Total Use of Money and Property	13,695	13,695	14,594	899
Intergovernmental Revenue				
Proportionately Shared State Taxes				
Local Government Revenue Assistance	3,065	3,065	2,912	(153)
Local Government Fund - Sales, Franchise, State Income Tax	27,677	27,677	26,303	(1,374)
Local Government Fund - Financial Institution Tax	1,400	1,400	1,002	(398)
Estate Tax	17,100	17,100	20,428	3,328
State Income Tax - Real Property Tax Reduction	2,455	2,455	2,644	189
State Income Tax - Tangible Property Tax Reduction	195	195	200	5
Payments from Other Governmental Units	15	15	3	(12)
Total Intergovernmental Revenue	51,907	51,907	53,492	1,585
Charges for Current Services				
General Government	7,562	7,562	7,966	404
Parks and Recreation	3	3		(3)
Buildings and Inspections				
Other Inspection Certificates	145	145	282	137
Elevator Certifications	450	450	509	59
Public Safety				
Police and Communication Charges	12	12	24	12
Fire Protection Service Outside of City	34	34		(34)
Impounded Vehicle Fees	550	550	589	39
Protective Inspection Fees	50	50	45	(5)
Protection Service - Burglary Alarm	140	140	138	(2)
Emergency Transportation Service	3,750	3,750	3,887	137
Other Public Safety Charges	214	214	258	44

(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, 2002
(Amounts in Thousands)

GENERAL FUND (Continued)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amount	Variance with Final Budget Positive (Negative)
Revenue				
Public Services				
Recycling Incentive Fee	$ 225	$ 225	$ 347	$ 122
Other Public Services Charges	125	125	51	(74)
Public Health				
Vital Statistics	894	894	727	(167)
Clinic Fees	106	106	106	
Other Public Health Charges	10	10	13	3
Total Charges for Current Services	14,270	14,270	14,942	672
Miscellaneous Revenue	2,200	2,200	1,899	(301)
TOTAL REVENUE	308,979	308,979	305,912	(3,067)
Expenditures				
City Council				
Personal Services	1,350	1,297	1,234	63
Non-Personal Services	68	121	105	16
Total City Council	1,418	1,418	1,339	79
Office of the Mayor				
Personal Services	423	410	329	81
Non-Personal Services	39	52	49	3
Total Office of the Mayor	462	462	378	84
Office of the Clerk of Council				
Personal Services	302	302	254	48
Non-Personal Services	979	979	961	18
Capital Outlay	1	1	1	
Total Office of the Clerk of Council	1,282	1,282	1,216	66
Department of the City Manager				
Office of the City Manager				
Personal Services	791	791	738	53
Non-Personal Services	463	536	536	
Capital Outlay	1	1		1
Total Office of the City Manager	1,255	1,328	1,274	54
Division of Environmental Management				
Personal Services	197	197	197	
Non-Personal Services	193	193	174	19
Total Division of Environmental Management	390	390	371	19
Division of Employment and Training				
Personal Services	67	67	66	1
Non-Personal Services	1,476	1,477	1,477	
Capital Outlay	1	1	1	
Total Division of Employment and Training	1,544	1,545	1,544	1
Office of Contract Compliance and Administrative Hearings				
Personal Services	788	788	704	84
Non-Personal Services	136	136	115	21
Total Office of Contract Compliance and Administrative Hearings	924	924	819	105

(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, 2002
(Amounts in Thousands)

GENERAL FUND (Continued)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amount	Variance with Final Budget Positive (Negative)
Expenditures				
Office of Municipal Investigations				
Personal Services	$ 549	$ 544	$ 519	$ 25
Non-Personal Services	29	34	33	1
Total Office of Municipal Investigations	578	578	552	26
Internal Audit Unit				
Personal Services	406	332	332	
Non-Personal Services	61	61	40	21
Total Internal Audit Unit	467	393	372	21
Total Department of the City Manager	5,158	5,158	4,932	226
Department of Law				
Division of Legal Services				
Personal Services	3,537	3,708	3,708	
Non-Personal Services	1,218	1,218	1,217	1
Total Department of Law	4,755	4,926	4,925	1
Department of Human Resources				
Personal Services	1,526	1,590	1,552	38
Non-Personal Services	673	609	605	4
Total Department of Human Resources	2,199	2,199	2,157	42
Department of Finance				
Office of the Director				
Personal Services	220	220	220	
Non-Personal Services	77	77	30	47
Capital Outlay	16	16		16
Total Office of the Director	313	313	250	63
Division of Budget & Evaluation				
Personal Services	776	760	760	
Non-Personal Services	152	168	167	1
Total Division of Budget and Evaluation	928	928	927	1
Division of Accounts and Audits				
Personal Services	983	983	983	
Non-Personal Services	814	814	813	1
Total Division of Accounts and Audits	1,797	1,797	1,796	1
Division of Treasury				
Personal Services	488	488	449	39
Non-Personal Services	526	526	509	17
Capital Outlay	11	11	11	
Total Division of Treasury	1,025	1,025	969	56
Division of Risk Management				
Non-Personal Services	213	213	194	19
Total Division of Risk Management	213	213	194	19
Division of Income Tax				
Personal Services	2,426	2,426	2,285	141
Non-Personal Services	878	878	853	25
Total Division of Income Tax	3,304	3,304	3,138	166

(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, 2002
(Amounts in Thousands)

GENERAL FUND (Continued)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amount	Variance with Final Budget Positive (Negative)
Expenditures				
Division of Purchasing				
Personal Services	$ 866	$ 866	$ 764	$ 102
Non-Personal Services	251	251	219	32
Total Division of Purchasing	1,117	1,117	983	134
Total Department of Finance	8,697	8,697	8,257	440
Department of Community Development				
Office of the Director				
Personal Services	280	347	337	10
Non-Personal Services	73	88	87	1
Total Office of the Director	353	435	424	11
Division of Housing Development				
Personal Services	71	71	64	7
Non-Personal Services	856	856	854	2
Total Division of Housing Development	927	927	918	9
Division of Human Services				
Personal Services	434	434	421	13
Non-Personal Services	5,331	5,324	5,263	61
Total Division of Human Services	5,765	5,758	5,684	74
Division of Community Development				
Personal Services	100	100	100	
Non-Personal Services	1,033	1,936	1,791	145
Total Division of Community Development	1,133	2,036	1,891	145
Total Department of Community Development	8,178	9,156	8,917	239
Department of City Planning				
Personal Services	1,057	1,013	1,013	
Non-Personal Services	107	141	134	7
Capital Outlay	3	13	2	11
Total Department of City Planning	1,167	1,167	1,149	18
Department of Public Recreation				
Community Activities - Region 1				
Personal Services	1,247	1,192	1,190	2
Non-Personal Services	123	123	123	
Total Community Activities - Region 1	1,370	1,315	1,313	2
Community Activities - Region 2				
Personal Services	1,262	1,202	1,200	2
Non-Personal Services	121	123	122	1
Total Community Activities - Region 2	1,383	1,325	1,322	3
Community Activities - Region 3				
Personal Services	1,489	1,344	1,332	12
Non-Personal Services	148	161	160	1
Total Community Activities - Region 3	1,637	1,505	1,492	13

(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, 2002
(Amounts in Thousands)

GENERAL FUND	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amount	Variance with Final Budget Positive (Negative)
(Continued)				
Expenditures				
Community Activities - Region 4				
Personal Services	$ 1,017	$ 1,042	$ 1,037	$ 5
Non-Personal Services	83	93	93	
Total Community Activities - Region 4	1,100	1,135	1,130	5
Division of Seniors and Special Populations				
Personal Services	929	879	879	
Non-Personal Services	27	32	30	2
Total Division of Seniors and Special Populations	956	911	909	2
Division of Athletics				
Personal Services	1,006	1,238	1,236	2
Non-Personal Services	172	111	110	1
Total Division of Athletics	1,178	1,349	1,346	3
Division of Waterfront Activities				
Personal Services	551	547	546	1
Non-Personal Services	61	69	67	2
Total Division of Waterfront Activities	612	616	613	3
Division of Administration				
Personal Services	3,825	3,785	3,775	10
Non-Personal Services	2,525	2,645	2,644	1
Capital Outlay	20	20	20	
Total Division of Administration	6,370	6,450	6,439	11
Total Department of Public Recreation	14,606	14,606	14,564	42
Department of Parks				
Division of Administration and Program Services				
Personal Services	150	150	150	
Non-Personal Services	4	3	3	
Total Division of Administration and Program Services	154	153	153	
Division of Operations				
Personal Services	1,716	1,593	1,589	4
Non-Personal Services	766	764	764	
Total Division of Operations	2,482	2,357	2,353	4
Division of Planning, Design and Development				
Personal Services	1,404	1,586	1,540	46
Non-Personal Services	714	658	658	
Total Division of Planning, Design and Development	2,118	2,244	2,198	46
Total Department of Parks	4,754	4,754	4,704	50
Department of Buildings and Inspections				
Office of the Director				
Personal Services	436	407	381	26
Non-Personal Services	167	167	167	
Total Office of the Director	603	574	548	26

(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, 2002
(Amounts in Thousands)

GENERAL FUND (Continued)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amount	Variance with Final Budget Positive (Negative)
Expenditures				
Division of Licenses and Permits				
Personal Services	$ 1,299	$ 1,328	$ 1,295	$ 33
Non-Personal Services	103	103	103	
Total Division of Licenses and Permits	1,402	1,431	1,398	33
Division of Building Construction Inspection				
Personal Services	3,125	3,125	3,090	35
Non-Personal Services	318	318	318	
Total Division of Building Construction Inspection	3,443	3,443	3,408	35
Total Department of Buildings and Inspections	5,448	5,448	5,354	94
Department of Police				
Personal Services	72,122	72,122	72,120	2
Non-Personal Services	10,502	11,027	10,685	342
Capital Outlay	66	66	58	8
Total Department of Police	82,690	83,215	82,863	352
Department of Fire Protection				
Personal Services	47,691	47,610	47,137	473
Non-Personal Services	5,824	5,905	5,834	71
Capital Outlay	124	124	109	15
Total Department of Fire Protection	53,639	53,639	53,080	559
Total Public Safety	136,329	136,854	135,943	911
Department of Transportation and Engineering				
Office of the Director				
Personal Services	414	414	414	
Non-Personal Services	92	92	92	
Total Office of the Director	506	506	506	
Division of Transportation, Plannning and Urban Design				
Personal Services	401	401	401	
Non-Personal Services	186	201	187	14
Total Division of Transportation, Plannning and Urban Design	587	602	588	14
Division of Engineering				
Personal Services	523	523	523	
Non-Personal Services	169	154	153	1
Total Division of Engineering	692	677	676	1
Total Department of Transportation and Engineering	1,785	1,785	1,770	15
Department of General Services				
Division of Facility Management				
Personal Services	1,086	1,086	1,086	
Non-Personal Services	2,859	2,859	2,808	51
Total Division of Facility Management	3,945	3,945	3,894	51

(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, 2002
(Amounts in Thousands)

GENERAL FUND	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amount	Variance with Final Budget Positive (Negative)
(Continued)				
Expenditures				
Regional Computer Center				
Non-Personal Services	$ 4,565	$ 4,565	$ 4,565	$
Total Regional Computer Center	4,565	4,565	4,565	
Total Department of General Services	8,510	8,510	8,459	51
Department of Public Services				
Office of the Director				
Personal Services	666	684	678	6
Non-Personal Services	82	82	77	5
Capital Outlay	5	5	5	
Total Office of the Director	753	771	760	11
Traffic and Road Operations Division				
Personal Services	617	749	653	96
Non-Personal Services	2,273	2,273	2,186	87
Total Traffic and Road Operations Division	2,890	3,022	2,839	183
Neighborhood Operations Division				
Personal Services	8,739	8,316	8,316	
Non-Personal Services	9,116	9,039	9,019	20
Total Neighborhood Operations Division	17,855	17,355	17,335	20
Total Department of Public Services	21,498	21,148	20,934	214
Department of Public Health				
Office of the Commissioner				
Personal Services	627	628	607	21
Non-Personal Services	112	112	76	36
Capital Outlay	40	40	22	18
Total Office of the Commissioner	779	780	705	75
Division of Technical Resources				
Personal Services	2,438	2,438	2,353	85
Non-Personal Services	1,197	1,197	1,086	111
Total Division of Technical Resources	3,635	3,635	3,439	196
Division of Community Health Services				
Personal Services	2,653	2,653	2,600	53
Non-Personal Services	398	398	392	6
Total Division of Community Health Services	3,051	3,051	2,992	59
Division of Primary Care - Special Services				
Personal Services	4,966	5,391	5,391	
Non-Personal Services	830	831	815	16
Total Division of Primary Care - Special Services	5,796	6,222	6,206	16
Division of Primary Care - Health Centers				
Personal Services	6,727	6,726	6,726	
Non-Personal Services	2,741	2,501	2,499	2
Total Division of Primary Care - Health Centers	9,468	9,227	9,225	2
Total Department of Public Health	22,729	22,915	22,567	348

(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, 2002
(Amounts in Thousands)

GENERAL FUND	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amount	Variance with Final Budget Positive (Negative)
(Continued)				
Expenditures				
Nondepartmental Accounts				
Pension Systems				
Contribution to City Pension System	$ 5,625	$ 5,468	$ 5,442	$ 26
Contribution to State Pension System	1,178	1,178	1,178	
Contribution to Police Pension System	13,237	13,237	13,237	
Contribution to Fire Pension System	12,306	12,306	12,305	1
Employee Benefits				
Contribution to Employee Hospital Care	15,685	15,145	15,145	
Dental and Vision Care	2,471	2,561	2,541	20
Medicare Tax	1,920	1,920	1,916	4
Public Employee Assistance	232	232	181	51
Contribution to Workers' Compensation Insurance	1,831	1,831	1,831	
Police Officers and Firefighters' Insurance	290	290	230	60
State Unemployment Compensation	183	183	183	
Lump Sum Payments	850	850	850	
Life Insurance	107	107	105	2
City Council Staff Benefits	11	11		11
Professional Services and Legal Fees				
Judgments against the City	2,000	2,000	2,000	
Collaborative Policing Effort		400	359	41
Miscellaneous Accounts				
Mayor's Office Obligations	10	10	7	3
Justice Department Policing Effort		400	308	92
Reserve for Contingencies	500			
Cincinnati Public Schools	5,000	5,000	5,000	
Port Authority of Greater Cincinnati	350	350	350	
Property Investment Reimbursement Agreements	884	884	884	
Motorized and Construction Equipment	334	334	334	
Total Nondepartmental Accounts	65,004	64,697	64,386	311
TOTAL EXPENDITURES	313,979	315,182	311,951	3,231
Excess of Revenue over Expenditures	(5,000)	(6,203)	(6,039)	164
Other Financing Sources (Uses)				
Operating Transfer In		11,902	11,902	
Operating Transfer (Out)	(6,302)	(11,354)	(11,354)	
Total Other Financing Sources (Uses)	(6,302)	548	548	
Excess (Deficiency) of Revenue over (under) Expenditures and Other Financing Sources (Uses)	(11,302)	(5,655)	(5,491)	164
Cancellation of Prior Years Encumbrances			2,586	2,586
Fund Balance, January 1	17,881	17,881	17,881	
Fund Balance, December 31	$ 6,579	$ 12,226	$ 14,976	$ 2,750

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NONMAJOR GOVERNMENTAL FUNDS

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

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 bequest made for the maintenance of the Hartwell Recreation Center.

Yeatman's Cove Park Trust - Used to account for the investment and expenditure of 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 Fleishmann Gardens, the Geier Esplanade, and various citywide parks.

CITY OF CINCINNATI, OHIO
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2002
(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
Assets								
Cash and Equivalents	$	$	$	$	$	$	$	$ 15
Cash with Fiscal Agent								
Equity in City Treasury Cash	2,597	1,822	2,446	2,946	4,886	7,638	1,009	1,488
Investments								
Receivables:								
Taxes					1,634	4,903		
Accounts, Net	250	56		3				66
Special Assessments								
Accrued Interest				2		33		7
Due from Other Funds	12	56		4	27		3	
Due from Other Governments		454					123	
Inventory			2		81			
Advances to Other Funds	500	496						
Total Assets	$ 3,359	$ 2,884	$ 2,448	$ 2,955	$ 6,628	$ 12,574	$ 1,135	$ 1,576
Liabilities								
Accounts Payable	$ 94	$ 79	$ 19	$ 25	$ 141	$ 26	$ 10	$ 91
Due to Other Funds	1	23	1	4	138		114	1
Accrued Payroll	17	254	6	44	265		19	31
Accrued Liabilities		2			1			
Deposits Payable		6		375			1	1
Deferred Revenue					356	1,070		
Estimated Liability for Compensated Absences								
Estimated Liability for Unpaid Claims					26			
Advances from Other Funds								
Total Liabilities	112	364	26	448	927	1,096	144	124
Fund Equity								
Fund Balances:								
Reserved for Encumbrances	157	362	76	259	1,345		236	203
Reserved for Advances to Other Funds	500	496						
Reserved for Inventory			2		81			
Reserved in Accordance with Trust								
Designated for Contingencies						5,000		
Unreserved	2,590	1,662	2,344	2,248	4,275	6,478	755	1,249
Total Fund Equity	3,247	2,520	2,422	2,507	5,701	11,478	991	1,452
Total Liabilities and Fund Equity	$ 3,359	$ 2,884	$ 2,448	$ 2,955	$ 6,628	$ 12,574	$ 1,135	$ 1,576

CITY OF CINCINNATI, OHIO
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended December 31, 2002
(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
Revenue								
Taxes	$	$	$	$	$ 12,009	$ 36,026	$	$
Licenses and Permits				2,377				
Use of Money and Property				2		347		325
Special Assessments								
Intergovernmental Revenue		7,254					2,656	
Federal Grants								
State Grants and Subsidies								
Charges for Current Services	3,589			294	2			3,409
Earnings from Investments								
Contributions								
Miscellaneous		1						
Total Revenue	3,589	7,255	0	2,673	12,011	36,373	2,656	3,734
Expenditures								
Current								
General Government	106		60	38	1,485	610	62	141
Community Development			19					
Parks and Recreation					1,031	8		3,208
Public Safety				602				
Transportation and Engineering					2,966	51	28	
Public Services		6,635	381	28	3,493		2,412	
General Services				470	1,834	34,090		
Public Health	2,657							
Employee Benefits	128	1,291	45	186	1,332		90	116
Capital Outlay	7	23						
Debt Service								
Interest								
Total Expenditures	2,898	7,949	505	1,324	12,141	34,759	2,592	3,465
Excess (Deficiency) of Revenue over Expenditures	691	(694)	(505)	1,349	(130)	1,614	64	269
Other Financing Sources (Uses)								
Operating Transfers In			887			40		10
Operating Transfers (Out)				(2,881)	(4,627)	(100)		
Total Other Financing Sources (Uses)			887	(2,881)	(4,627)	(60)		10
Net Change in Fund Balances	691	(694)	382	(1,532)	(4,757)	1,554	64	279
Fund Balances, January 1	2,556	3,214	2,040	4,039	10,458	9,924	927	1,173
Fund Balances, December 31	$ 3,247	$ 2,520	$ 2,422	$ 2,507	$ 5,701	$ 11,478	$ 991	$ 1,452

CITY OF CINCINNATI, OHIO
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2002
(Amounts in Thousands)

	Special Revenue Funds - Nonappropriated								
	Recreation	Parks	Safety	Health	Cincinnati Blue Ash Airport	Community Development	Department of Labor Grants	Other	Bettman Nature Center
Assets									
Cash and Equivalents	$ 5	$ 2,871	$	$	$	$ 334	$	$	$ 73
Cash with Fiscal Agent						1,320			
Equity in City Treasury Cash	831	1,059	10,655	6,554	154	1,424	937	6,993	
Investments		213							830
Receivables:									
Taxes									
Accounts, Net	91	1		294	37		226	90	
Special Assessments						2,414		1,192	
Accrued Interest	2	6	42						
Due from Other Funds							47		
Due from Other Governments	4		16	334		2,076	735	1,113	
Inventory				381				38	
Advances to Other Funds	25								
Total Assets	$ 958	$ 4,150	$ 10,713	$ 7,563	$ 191	$ 7,568	$ 1,945	$ 9,426	$ 903
Liabilities									
Accounts Payable	$ 10	$ 14	$ 124	$ 591	$ 8	$ 2,056	$ 994	$ 1,570	$
Due to Other Funds			9	21		35	2	6	
Accrued Payroll		5		183		63	57	31	
Accrued Liabilities				52					
Deposits Payable									
Deferred Revenue						5,414	226	1,192	
Estimated Liability for Compensated Absences			6,985						
Estimated Liability for Unpaid Claims									
Advances from Other Funds				500				125	
Total Liabilities	10	19	7,118	1,347	8	7,568	1,279	2,924	
Fund Equity									
Fund Balances:									
Reserved for Encumbrances	49	34	359	1,097	12	17,320	4,024	20,378	
Reserved for Advances to Other Funds	25								
Reserved for Inventory				381				38	
Reserved in Accordance with Trust									903
Designated for Contingencies									
Unreserved	874	4,097	3,236	4,738	171	(17,320)	(3,358)	(13,914)	
Total Fund Equity	948	4,131	3,595	6,216	183		666	6,502	903
Total Liabilities and Fund Equity	$ 958	$ 4,150	$ 10,713	$ 7,563	$ 191	$ 7,568	$ 1,945	$ 9,426	$ 903

CITY OF CINCINNATI, OHIO
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended December 31, 2002
(Amounts in Thousands)

	Special Revenue Funds -Nonappropriated								
	Recreation	Parks	Safety	Health	Cincinnati Blue Ash Airport	Community Development	Department of Labor Grants	Other	Bettman Nature Center
Revenue									
Taxes	$	$	$	$	$	$	$	$	$
Licenses and Permits			320	775					
Use of Money and Property	28	301	138		96	603		1,712	(119)
Special Assessments						48		3,916	
Intergovernmental Revenue			1,376	111					
Federal Grants	366		560	4,482		35,022	2,431	8,838	
State Grants and Subsidies	820	91	83	546			582	785	
Charges for Current Services	70	487	87	3,563			1,072	1,566	
Earnings from Investments									
Contributions									
Miscellaneous	7	678	120	240		1,289	137	157	
Total Revenue	1,291	1,557	2,684	9,717	96	36,962	4,222	16,974	(119)
Expenditures									
Current									
General Government				109		1,443	6,218	6,825	
Community Development						770		4,924	
Parks and Recreation	1,041	1,584						1,437	7
Public Safety			2,711					131	
Transportation and Engineering					31				
Public Services								436	
General Services			14					1,624	
Public Health				8,450					
Employee Benefits				1,014		295	1		
Capital Outlay	2		132	113	3	34,165	27	2,271	
Debt Service									
Interest						294			
Total Expenditures	1,043	1,584	2,857	9,686	34	36,967	6,246	17,648	7
Excess (Deficiency) of Revenue over Expenditures	248	(27)	(173)	31	62	(5)	(2,024)	(674)	(126)
Other Financing Sources (Uses)									
Operating Transfers In	13	326	350			5		121	
Operating Transfers (Out)			(2,239)						(25)
Total Other Financing Sources (Uses)	13	326	(1,889)			5		121	(25)
Net Change in Fund Balances	261	299	(2,062)	31	62		(2,024)	(553)	(151)
Fund Balances, January 1	687	3,832	5,657	6,185	121		2,690	7,055	1,054
Fund Balances, December 31	$ 948	$ 4,131	$ 3,595	$ 6,216	$ 183	$	$ 666	$ 6,502	$ 903

CITY OF CINCINNATI, OHIO
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2002
(Amounts in Thousands)

	Permanent Funds								
	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	Total Nonmajor Governmental Funds
Assets									
Cash and Equivalents	$	$	$	$	$	$	$	$ 108	$ 3,406
Cash with Fiscal Agent									1,320
Equity in City Treasury Cash	39	52	89	89		70	532		54,310
Investments	317		1	123	529			4,806	6,819
Receivables:									
Taxes									6,537
Accounts, Net									1,114
Special Assessments									3,606
Accrued Interest		1					3		96
Due from Other Funds									149
Due from Other Governments									4,855
Inventory									502
Advances to Other Funds									1,021
Total Assets	$ 356	$ 53	$ 90	$ 212	$ 529	$ 70	$ 535	$ 4,914	$ 83,735
Liabilities									
Accounts Payable	$	$	$	$	$	$ 3	$ 2	$	$ 5,857
Due to Other Funds									355
Accrued Payroll									975
Accrued Liabilities									55
Deposits Payable									383
Deferred Revenue									8,258
Estimated Liability for Compensated Absences									6,985
Estimated Liability for Unpaid Claims									26
Advances from Other Funds									625
Total Liabilities						3	2		23,519
Fund Equity									
Fund Balances:									
Reserved for Encumbrances									45,911
Reserved for Advances to Other Funds									1,021
Reserved for Inventory									502
Reserved in Accordance with Trust	356	53	90	212	225	50	533	4,914	7,336
Designated for Contingencies									5,000
Unreserved					304	17			446
Total Fund Equity	356	53	90	212	529	67	533	4,914	60,216
Total Liabilities and Fund Equity	$ 356	$ 53	$ 90	$ 212	$ 529	$ 70	$ 535	$ 4,914	$ 83,735

CITY OF CINCINNATI, OHIO
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended December 31, 2002
(Amounts in Thousands)

	Permanent Funds								
	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	Total Nonmajor Governmental Funds
Revenue									
Taxes	$	$	$	$	$	$	$	$	$ 48,035
Licenses and Permits									3,472
Use of Money and Property	(135)	2	4	11	3	3	16	(1,446)	1,891
Special Assessments									3,964
Intergovernmental Revenue									11,397
Federal Grants									51,699
State Grants and Subsidies									2,907
Charges for Current Services									14,139
Earnings from Investments									
Contributions								24	24
Miscellaneous									2,629
Total Revenue	(135)	2	4	11	3	3	16	(1,422)	140,157
Expenditures									
Current									
General Government									17,097
Community Development									5,713
Parks and Recreation					1	3	6	27	8,353
Public Safety									3,444
Transportation and Engineering									3,076
Public Services									13,385
General Services									38,032
Public Health									11,107
Employee Benefits									4,498
Capital Outlay									36,743
Debt Service									
Interest									294
Total Expenditures					1	3	6	27	141,742
Excess (Deficiency) of Revenue over Expenditures	(135)	2	4	11	2		10	(1,449)	(1,585)
Other Financing Sources (Uses)									
Operating Transfers In									1,752
Operating Transfers (Out)	(13)	(3)		(8)	(13)			(277)	(10,186)
Total Other Financing Sources (Uses)	(13)	(3)		(8)	(13)			(277)	(8,434)
Net Change in Fund Balances	(148)	(1)	4	3	(11)		10	(1,726)	(10,019)
Fund Balances, January 1	504	54	86	209	540	67	523	6,640	70,235
Fund Balances, December 31	$ 356	$ 53	$ 90	$ 212	$ 529	$ 67	$ 533	$ 4,914	$ 60,216

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, 2002
(Amounts in Thousands)

	Budgeted Amounts	Actual Amounts	Variance With Budget Positive (Negative)
HEALTH SERVICES FUND			
Revenue			
Charges for Current Services	$ 3,000	$ 3,600	$ 600
TOTAL REVENUE	3,000	3,600	600
Expenditures			
Department of Public Health			
Division of Primary Care - Special Programs			
Personal Services	129	127	2
Non-Personal Services	253	244	9
Total Division of Primary Care - Special Programs	382	371	11
Division of Primary Care - Health Centers			
Personal Services	799	735	64
Non-Personal Services	1,653	1,652	1
Total Division of Primary Care - Health Centers	2,452	2,387	65
Total Department of Health	2,834	2,758	76
Nondepartmental Accounts			
Contribution to City Pension System	63	42	21
Employee Hospital Care	57	57	
Dental and Vision Care	11	8	3
Medicare Tax	9	6	3
Public Employee Assistance	2	1	1
Workers' Compensation Insurance	12	12	
Life Insurance	1		1
General Fund Overhead Charge	106	106	
Total Nondepartmental Accounts	261	232	29
TOTAL EXPENDITURES	3,095	2,990	105
Excess (Deficiency) of Revenue over (under) Expenditures	(95)	610	705
Correction of Prior Year		(415)	(415)
Cancellation of Prior Years Encumbrances		145	145
Fund Balance, January 1	2,481	2,481	
Fund Balance, December 31	$ 2,386	$ 2,821	$ 435

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, 2002
(Amounts in Thousands)

	Budgeted Amounts	Actual Amounts	Variance With Budget Positive (Negative)
STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND			
Revenue			
Intergovernmental Revenue			
Motor Vehicle License	$ 2,725	$ 2,443	$ (282)
Gasoline	4,940	4,824	(116)
Miscellaneous	335	213	(122)
TOTAL REVENUE	8,000	7,480	(520)
Expenditures			
Department of Public Services			
Traffic and Road Operations Division			
Personal Services	3,243	3,243	
Non-Personal Services	1,816	1,782	34
Capital Outlay	56	54	2
Total Traffic and Road Operations Division	5,115	5,079	36
Neighborhood Operations Division			
Personal Services	1,778	1,778	
Non-Personal Services	63	63	
Total Neighborhood Operations Division	1,841	1,841	
Total Department of Public Services	6,956	6,920	36
Nondepartmental Accounts			
Contribution to City Pension System	464	423	41
Employee Hospital Care	693	638	55
Dental and Vision Care	109	102	7
Medicare Tax	64	55	9
Workers' Compensation Insurance	59	59	
State Unemployment Compensation	3	3	
Life Insurance	5	3	2
Total Nondepartmental Accounts	1,397	1,283	114
TOTAL EXPENDITURES	8,353	8,203	150
Excess (Deficiency) of Revenue over (under) Expenditures	(353)	(723)	(370)
Cancellation of Prior Years Encumbrances		149	149
Fund Balance, January 1	2,291	2,291	
Fund Balance, December 31	$ 1,938	$ 1,717	$ (221)

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, 2002
(Amounts in Thousands)

	Budgeted Amounts	Actual Amounts	Variance With Budget Positive (Negative)
PARKING METER FUND			
Revenue			
Miscellaneous	$ 888	$ 910	$ 22
TOTAL REVENUE	888	910	22
Expenditures			
Department of Community Development			
Non-Personal Services	83	80	3
Total Department of Community Development	83	80	3
Department of Public Services			
Traffic and Road Operations Division			
Personal Services	92	92	
Non-Personal Services	406	316	90
Total Department of Public Services	498	408	90
Non-Departmental Accounts			
Contribution to City Pension System	19	18	1
Employee Hospital Care	22	21	1
Dental and Vision care	3	3	
Medicare Tax	2	1	1
Workers' Compensation Insurance	2	1	1
Life Insurance	1	1	
Downtown Special Improvements District	140	85	55
Total Non-Departmental Accounts	189	130	59
TOTAL EXPENDITURES	770	618	152
Excess of Revenue over Expenditures	118	292	174
Cancellation of Prior Years Encumbrances		8	8
Fund Balance, January 1	2,046	2,046	
Fund Balance, December 31	$ 2,164	$ 2,346	$ 182

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, 2002
(Amounts in Thousands)

	Budgeted Amounts	Actual Amounts	Variance With Budget Positive (Negative)
CABLE T.V. FUND			
Revenue			
Licenses and Permits	$ 2,455	$ 2,380	$ (75)
Miscellaneous	120	362	242
TOTAL REVENUE	2,575	2,742	167
Expenditures			
Department of Police			
Personal Services	87	87	
Non-Personal Services	515	515	
Total Department of Police	602	602	
Department of General Services			
Division of Cable Communications			
Personal Services	190	177	13
Non-Personal Services	144	131	13
Total Division of Cable Communications	334	308	26
Regional Computer Center			
Personal Services	205	205	
Non-Personal Services	163	157	6
Total Regional Computer Center	368	362	6
Total Department of General Services	702	670	32
Department of Public Services			
Neighborhood Operations Division			
Non-Personal Services	30	30	
Total Department of Public Services	30	30	
Nondepartmental Accounts			
Contribution to City Pension System	82	82	
Employee Hospital Care	99	67	32
Dental and Vision Care	15	14	1
Medicare Tax	15	15	
Workers' Compensation Insurance	6	6	
Life Insurance	2	1	1
General Fund Overhead Charge	38	38	
Total Nondepartmental Accounts	257	223	34
TOTAL EXPENDITURES	1,591	1,525	66
Excess of Revenue over Expenditures	984	1,217	233
Other Financing (Uses)			
Operating Transfers Out	(2,881)	(2,881)	
TOTAL OTHER FINANCING SOURCES(USES)	(2,881)	(2,881)	
Excess (Deficiency) of Revenue over (under) Expenditures and other Financing (Uses)	(1,897)	(1,664)	233
Cancellation of Prior Years Encumbrances		14	14
Fund Balance, January 1	3,949	3,949	
Fund Balance, December 31	$ 2,052	$ 2,299	$ 247

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, 2002
(Amounts in Thousands)

	Budgeted Amounts	Actual Amounts	Variance With Budget Positive (Negative)
INCOME TAX INFRASTRUCTURE FUND			
Revenue			
Taxes			
City Income Tax	$ 12,380	$ 11,952	$ (428)
Miscellaneous	306	327	21
TOTAL REVENUE	12,686	12,279	(407)
Expenditures			
Office of the City Manager			
Office of Environmental Management			
Personal Services	175	174	1
Non-Personal Services	49	44	5
Total Office of Environmental Management	224	218	6
Office of Contract Compliance and Administrative Hearings			
Personal Services	50	49	1
Non-Personal Services	3	3	
Total Office of Contract Compliance and Administrative Hearings	53	52	1
Total Office of the City Manager	277	270	7
Department of Law			
Division of Legal Services			
Personal Services	152	152	
Non-Personal Services	9	9	
Total Department of Law	161	161	
Department of Human Resources			
Personal Services	153	153	
Total Department of Human Resources	153	153	
Department of Finance			
Division of Budget & Evaluation			
Personal Services	40	40	
Non-Personal Services	19	19	
Total Division of Budget & Evaluation	59	59	
Division of Accounts and Audits			
Personal Services	149	148	1
Non-Personal Services	13	4	9
Total Division of Accounts and Audits	162	152	10
Division of Purchasing			
Personal Services	169	142	27
Non-Personal Services	57	31	26
Total Division of Purchasing	226	173	53
Total Department of Finance	447	384	63
Department of Public Recreation			
Division of Recreation Administration			
Personal Services	234	234	
Total Department of Public Recreation	234	234	

(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, 2002
(Amounts in Thousands)

INCOME TAX INFRASTRUCTURE FUND (Continued)	Budgeted Amounts	Actual Amounts	Variance With Budget Positive (Negative)
Department of Parks			
Division of Operations			
Personal Services	$ 805	$ 805	$
Total Department of Parks	805	805	
Department of Buildings & Inspections			
Division of Building Construction Inspection			
Personal Services	42	42	
Total Department of Buildings & Inspection	42	42	
Department of Transportation & Engineering			
Office of the Director			
Personal Services	263	261	2
Non-Personal Services	23	20	3
Total Office of the Director	286	281	5
Division of Transportation, Planning and Urban Design			
Personal Services	267	262	5
Non-Personal Services	26	17	9
Total Division of Transportation, Planning and Urban Design	293	279	14
Division of Engineering			
Personal Services	1,632	1,631	1
Non-Personal Services	1,442	1,368	74
Total Division of Engineering	3,074	2,999	75
Total Department of Transportation & Engineering	3,653	3,559	94
Department of General Services			
Division of Facility Management			
Personal Services	647	647	
Non-Personal Services	812	812	
Total Division of Facility Management	1,459	1,459	
Regional Computer Center			
Non-Personal Services	513	513	
Total Regional Computer Center	513	513	
Total Department of General Services	1,972	1,972	
Department of Public Services			
Office of the Director			
Personal Services	131	130	1
Non-Personal Services	59	55	4
Capital Outlay	5	5	
Total Office of the Director	195	190	5
Traffic and Road Operations Division			
Personal Services	1,958	1,807	151
Non-Personal Services	365	358	7
Total Traffic and Road Operations Division	2,323	2,165	158
Total Department of Public Services	2,518	2,355	163

(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, 2002
(Amounts in Thousands)

INCOME TAX INFRASTRUCTURE FUND (Continued)	Budgeted Amounts	Actual Amounts	Variance With Budget Positive (Negative)
Nondepartmental Accounts			
Contribution to City Pension System	$ 551	$ 489	$ 62
Employee Hospital Care	620	556	64
Dental and Vision Care	95	94	1
Medicare Tax	85	62	23
Public Employee Assistance	7	6	1
Workers' Compensation Insurance	78	78	
State Unemployment Compensation	26	25	1
Life Insurance	9	8	1
General Fund Overhead	487	487	
Reserve for Contingencies	350		350
Total Nondepartmental Accounts	2,308	1,805	503
TOTAL EXPENDITURES	12,570	11,740	830
Excess (Deficiency) of Revenue over (under) Expenditures	116	539	423
Other Financing (Uses)			
Operating Transfers Out	(4,663)	(4,627)	36
TOTAL OTHER FINANCING (USES)	(4,663)	(4,627)	36
Excess (Deficiency) of Revenue over (under) Expenditures and Other Financing (Uses)	(4,547)	(4,088)	459
Cancellation of Prior Years Encumbrances		92	92
Fund Balance, January 1	7,213	7,213	
Fund Balance, December 31	$ 2,666	$ 3,217	$ 551

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, 2002
(Amounts in Thousands)

	Budgeted Amounts	Actual Amounts	Variance With Budget Positive (Negative)
INCOME TAX TRANSIT FUND			
Revenue			
Taxes			
City Income Tax	$ 37,130	$ 35,856	$ (1,274)
Use of Money and Property	357	324	(33)
TOTAL REVENUE	37,487	36,180	(1,307)
Expenditures			
SORTA			
Operations	37,301	34,090	3,211
Total SORTA	37,301	34,090	3,211
Office of the City Manager			
Division of Employment and Training			
Non Personal Services	72	72	
Total Division of Employment and Training	72	72	
Total Office of the City Manager	72	72	
Department of Parks			
Division of Operations			
Non Personal Services	8	8	
Total Department of Parks	8	8	
Department Transportation and Engineering			
Division of Engineering			
Personal Services	31	18	13
Non Personal Services	119	33	86
Total Department Transportation and Engineering	150	51	99
Nondepartmental Accounts			
Contribution to City Pension System	2		2
Workers' Compensation Insurance	1		1
General Fund Overhead	552	538	14
Total Nondepartmental Accounts	555	538	17
TOTAL EXPENDITURES	38,086	34,759	3,327
Excess (Deficiency) of Revenue over (under) Expenditures	(599)	1,421	2,020
Other Financing Sources (Uses)			
Operating Transfers In	40	40	
Operating Transfers (Out)	(100)	(100)	
TOTAL OTHER FINANCING SOURCES (USES)	(60)	(60)	
Excess (Deficiency) of Revenue over (under) Expenditures and Other Financing (Uses)	(659)	1,361	2,020
Cancellation of Prior Years Encumbrances		116	116
Fund Balance, January 1	6,088	6,088	
Fund Balance, December 31	$ 5,429	$ 7,565	$ 2,136

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, 2002
(Amounts in Thousands)

	Budgeted Amounts	Actual Amounts	Variance With Budget Positive (Negative)
MOTOR VEHICLE LICENSE FUND			
Revenue			
Licenses and Permits	$ 2,745	$ 2,668	$ (77)
Miscellaneous	5	1	(4)
TOTAL REVENUE	2,750	2,669	(81)
Expenditures			
Department of Public Service			
Traffic and Road Operations Division			
Personal Services	1,009	853	156
Non-Personal Services	1,585	1,575	10
Total Traffic and Road Operations Division	2,594	2,428	166
Total Department of Public Service	2,594	2,428	166
Nondepartmental Accounts			
Contribution to City Pension System	47	32	15
Employee Hospital Care	38	37	1
Dental and Vision Care	6	5	1
Medicare Tax	10	4	6
Workers' Compensation Insurance	14	10	4
Life Insurance	1		1
General Fund Overhead	115	62	53
Total Nondepartmental Accounts	231	150	81
TOTAL EXPENDITURES	2,825	2,578	247
Excess (Deficiency) of Revenue over (under) Expenditures	(75)	91	166
Cancellation of Prior Year Encumbrances		22	22
Fund Balance, January 1	636	636	
Fund Balance, December 31	$ 561	$ 749	$ 188

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, 2002
(Amounts in Thousands)

	Budgeted Amounts	Actual Amounts	Variance With Budget Positive (Negative)
SPECIAL RECREATION FUND			
Revenue			
Use of Money and Property	$ 287	$ 331	$ 44
Charges for Current Services	3,855	3,344	(511)
Miscellaneous	8	23	15
TOTAL REVENUE	4,150	3,698	(452)
Expenditures			
Department of Recreation			
Community Activities - Region 1			
Personal Services	282	249	33
Non-Personal Services	200	166	34
Total Community Activities - Region 1	482	415	67
Community Activities - Region 2			
Personal Services	320	287	33
Non-Personal Services	145	133	12
Total Community Activities - Region 2	465	420	45
Community Activities - Region 3			
Personal Services	304	294	10
Non-Personal Services	234	234	
Total Community Activities - Region 3	538	528	10
Community Activities - Region 4			
Personal Services	423	371	52
Non-Personal Services	126	92	34
Total Community Activities - Region 4	549	463	86
Seniors & Special Populations			
Personal Services	16	1	15
Non-Personal Services	118	105	13
Total Seniors & Special Populations	134	106	28
Division of Athletics			
Personal Services	333	310	23
Non-Personal Services	312	288	24
Total Division of Athletics	645	598	47
Division of Waterfront			
Personal Services	304	256	48
Non-Personal Services	787	491	296
Total Division of Waterfront	1,091	747	344
Division of Administration			
Non-Personal Services	95	60	35
Total Division of Administration	95	60	35
Total Department of Recreation	3,999	3,337	662

(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, 2002
(Amounts in Thousands)

	Budgeted Amounts	Actual Amounts	Variance With Budget Positive (Negative)
SPECIAL RECREATION FUND (Continued)			
Nondepartmental Accounts			
Contribution to City Pension System	$ 79	$ 67	$ 12
Hospital Care	15	7	8
Dental & Vision Care	2	2	
Medicare Tax	26	21	5
Workers' Compensation Insurance	18	18	
General Fund Overhead	145	140	5
Total Nondepartmental Accounts	285	255	30
TOTAL EXPENDITURES	4,284	3,592	692
Excess (Deficiency) of Revenue over (under) Expenditures	(134)	106	240
Cancellation of Prior Years Encumbrances		37	37
Fund Balance, January 1	1,003	1,003	
Fund Balance, December 31	$ 869	$ 1,146	$ 277

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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.

Convention Center - Used to account for the expenses from the operation of the Albert B. Sabin Convention Center, financed primarily through user fees.

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.

City of Cincinnati, Ohio
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2002
(Amounts in Thousands)

	Business Type Activities - Enterprise Funds					
	Parking Facilities	Convention Center	General Aviation	Municipal Golf	Stormwater Management	Total Nonmajor Enterprise Funds
Assets						
Current						
Cash and Equivalents	$ 64	$	$	$ 19	$	$ 83
Equity in City Treasury Cash	1,930	1,206	696	472	2,562	6,866
Receivables:						
Taxes		243				243
Accounts, Net	185	220	42		1,496	1,943
Accrued Interest	37		21	17	118	193
Due from Other Funds		6			30	36
Due from Other Governments			64			64
Prepaid Items	27	56				83
Advances to Other Funds	5,240	9,005	960	378	7,765	23,348
Restricted Assets:						
Equity in City Treasury Cash	8					8
Noncurrent						
Equity in City Treasury Cash	2,052	1,276	736	500	2,713	7,277
Land	4,368	778	13,228	1,337	3,028	22,739
Buildings	26,708	73,488	2,914	1,342	2,100	106,552
Accumulated Depreciation	(15,714)	(46,403)	(2,048)	(960)	(2,100)	(67,225)
Improvements	9,236	1,464	13,951	10,514	89,263	124,428
Accumulated Depreciation	(2,872)	(288)	(6,851)	(4,336)	(60,880)	(75,227)
Machinery and Equipment	786	1,019	838	2,405	10,371	15,419
Accumulated Depreciation	(594)	(1,000)	(572)	(2,067)	(10,339)	(14,572)
Construction in Progress	12,153	13,031	2,963	975	3,661	32,783
Property Acquired under Capital Leases				447		447
Accumulated Amortization				(179)		(179)
Total Assets	$ 43,614	$ 54,101	$ 26,942	$ 10,864	$ 49,788	$ 185,309
Liabilities						
Current						
Accounts Payable	$ 79	$ 135	$ 72	$ 177	$ 34	$ 497
Due to Other Funds	19	879	78	3	44	1,023
Accrued Payroll	79	63	20	6	25	193
Accrued Liabilities	323	26	36			385
Accrued Interest	61			10	16	87
Current Obligation Capital Leases				65		65
Deposits Payable			16			16
Deferred Revenue	223	205				428
Estimated Liability for Compensated Absences	283	184	58	11	79	615
Estimated Liability for Unpaid Claims	5	26			3	34
General Obligation Bonds Payable	350			477	925	1,752
Noncurrent						
Estimated Liability for Compensated Absences	236	177	34	7	132	586
General Obligation Bonds and Notes Payable	10,150			1,055	3,300	14,505
Total Liabilities	11,808	1,695	314	1,811	4,558	20,186
Net Assets						
Invested in Capital Assets, Net of Related Debt	23,571	42,294	24,423	7,881	30,879	129,048
Restricted	8					8
Unrestricted	8,227	10,112	2,205	1,172	14,351	36,067
Total Net Assets	$ 31,806	$ 52,406	$ 26,628	$ 9,053	$ 45,230	$ 165,123

CITY OF CINCINNATI, OHIO

Combining Statement of Revenue, Expenses and Changes in Net Assets
Nonmajor Enterprise Funds
For the year ended December 31, 2002
(Amounts in Thousands)

	Business Type Activities - Enterprise Funds					
	Parking Facilities	Convention Center	General Aviation	Municipal Golf	Stormwater Management	Total Nonmajor Enterprise Funds
Operating Revenue:						
Charges for Services	$ 7,576	$ 3,347	$ 1,595	$ 5,966	$ 7,335	$ 25,819
Miscellaneous Income	520	2	1			523
Total Operating Revenue	8,096	3,349	1,596	5,966	7,335	26,342
Operating Expenses:						
Personal Services	3,182	2,553	688	194	900	7,517
Contractual Services	942	833	215	4,280	1,341	7,611
Maintenance and Repairs	138	333	34		263	768
Materials and Supplies	128	106	51	79	40	404
Utilities	320	809	136	419	51	1,735
Insurance	40	55	19		2	116
Taxes	422	25	64		1	512
Rent	186	18	5		70	279
Other Expense	69	6	17	2	4	98
Depreciation and Amortization	1,372	2,977	708	546	1,743	7,346
Total Operating Expenses	6,799	7,715	1,937	5,520	4,415	26,386
Operating Income (Loss)	1,297	(4,366)	(341)	446	2,920	(44)
Non-Operating Revenue (Expenses):						
Interest Revenue	239		118	77	535	969
Interest Expense	(328)			(114)	(237)	(679)
Occupancy Tax Receipts		1,662				1,662
(Loss) on Disposal of Assets	(22)	(769)	(55)			(846)
Total Non-Operating Revenue (Expenses)	(111)	893	63	(37)	298	1,106
Income (Loss) before Contributions and Transfers	1,186	(3,473)	(278)	409	3,218	1,062
Operating Transfers In	4	15,303		34	3	15,344
Operating Transfers (Out)	(887)					(887)
Capital Contributions		3,925	179			4,104
Change in Net Assets	303	15,755	(99)	443	3,221	19,623
Net Assets, January 1	31,503	36,651	26,727	8,610	42,009	145,500
Net Assets, December 31	$ 31,806	$ 52,406	$ 26,628	$ 9,053	$ 45,230	$ 165,123

CITY OF CINCINNATI, OHIO
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the year ended December 31, 2002
(Amounts in Thousands)

	Business Type Activities - Enterprise Funds					
	Parking Facilities	Convention Center	General Aviation	Municipal Golf	Stormwater Management	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:						
Receipts from Customers	$ 8,260	$ 3,247	$ 1,564	$ 5,966	$ 7,263	$ 26,300
Receipts from Other Funds	15	17				32
Payments to Suppliers	(1,309)	(1,625)	(490)	(4,707)	(1,805)	(9,936)
Payments to Other Funds	(552)	(82)				(634)
Payments to Employees	(3,052)	(2,499)	(676)	(189)	(698)	(7,114)
Payments for Property Taxes	(347)	(25)			(5)	(377)
Net Cash Provided (Used) by Operating Activities	3,015	(967)	398	1,070	4,755	8,271
Cash Flows from Non Capital Financing Activities:						
Repayment of Advances Made To Other Funds				373		373
Advances To Other Funds	(3,097)	(8,482)	(226)		(1,552)	(13,357)
Occupancy Tax Receipts		1,526				1,526
Operating Transfers to Other Funds	(887)					(887)
Operating Transfers from Other Funds	4	15,303		34	3	15,344
Net Cash Provided (Used) by Non Capital Financing	$ (3,980)	$ 8,347	$ (226)	$ 407	$ (1,549)	$ 2,999
Cash Flows from Capital and Related Financing Activities:						
Capital Contributed by Other Sources		3,925	179			4,104
Proceeds from the Sale Of Notes	9,100					9,100
Acquisition of Property, Plant and Equipment			(98)	(225)	(1,640)	(1,963)
Interest Paid on Bonds and Notes	(276)			(116)	(241)	(633)
Principal Paid on Bonds and Notes	(350)			(545)	(925)	(1,820)
Payments on Long Term Capital Lease Obligations				(152)		(152)
Additions to Construction in Progress	(6,153)	(11,149)	(371)	(445)	(1,584)	(19,702)
Net Cash Provided (Used) by Capital and Related Financing Activities	2,321	(7,224)	(290)	(1,483)	(4,390)	(11,066)
Cash Flow from Investing Activities:						
Interest and Dividends on Investments	258		122	85	569	1,034
Net Cash Provided by Investing Activities	258		122	85	569	1,034
Net Increase (Decrease) in Cash and Cash Equivalents	1,614	156	4	79	(615)	1,238
Cash and Cash Equivalents at Beginning of Year	2,440	2,326	1,428	912	5,890	12,996
Cash and Cash Equivalents at End of Year	$ 4,054	$ 2,482	$ 1,432	$ 991	$ 5,275	$ 14,234
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	$ 1,297	$ (4,366)	$ (341)	$ 446	$ 2,920	$ (44)
Depreciation and Amortization	1,372	2,977	708	546	1,743	7,346
Changes in Assets and Liabilities:						
(Increase) Decrease in:						
Receivables	24	(76)	(11)	1	(58)	(120)
Due from Other Funds	1	(6)		(4)	106	97
Due from Other Governments			(64)			(64)
Prepaid Items	(26)	(5)				(31)
Increase (Decrease) in:						
Accounts Payable	(10)	15	43	77	(28)	97
Deposits Payable			3			3
Due to Other Funds	1	385	74		(23)	437
Accrued Payroll	1	9	2	1	8	21
Accrued Liabilities	74		(17)			57
Deferred Revenue	149	40	(8)			181
Liability for Compensated Absences	128	46	9	3	87	273
Estimated Liability for Unpaid Claims	4	14				18
Net Cash Provided (Used) by Operating Activities	$ 3,015	$ (967)	$ 398	$ 1,070	$ 4,755	$ 8,271

CITY OF CINCINNATI, OHIO

INTERNAL SERVICE FUNDS

Purchasing-Reproduction and Printing - Used to account for revenue from City departments and for the expenses of operations and maintenance of the Division of Reproduction and Printing.

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

Purchasing-General Stores - Used to account for the revenue and expenses related to the distribution and sale of materials and supplies.

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.

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.

CITY OF CINCINNATI, OHIO

Combining Statement of Net Assets

Internal Service Funds

December 31, 2002

(Amounts in Thousands)

	Purchasing Reproduction and Printing	Municipal Garage	Purchasing General Stores	Property Management	Self Insurance Medical	Self Insurance Workers' Compensation	Regional Computer Center	Total Internal Service Funds
Assets								
Current								
Equity in City Treasury Cash	$ 144	$ 222	$ 269	$ 20	$ 6,507	$ 26,998	$ 1,643	$ 35,803
Receivables:								
Accounts, Net	3	1	1	13			1,409	1,427
Accrued Interest					82	474	10	566
Due from Other Funds		901		20	2,098	1,500	1,541	6,060
Due from Other Governments							1,453	1,453
Prepaid Items	34	2			1,015		121	1,172
Inventory		1,495	36					1,531
Advances to Other Funds							12,661	12,661
Noncurrent								
Equity in City Treasury Cash	153	235	285	21	6,890	28,587	1,740	37,911
Land		133						133
Buildings		272						272
Accumulated Depreciation		(254)						(254)
Improvements		3,392	9				397	3,798
Accumulated Depreciation		(481)					(18)	(499)
Machinery and Equipment	417	1,878	6	60			32,353	34,714
Accumulated Depreciation	(347)	(1,414)	(4)	(60)			(14,797)	(16,622)
Property Acquired under Capital Leases	180						1,961	2,141
Accumulated Amortization	(124)						(1,688)	(1,812)
Total Assets	460	6,382	602	74	16,592	57,559	38,786	120,455

CITY OF CINCINNATI, OHIO

Combining Statement of Net Assets
Internal Service Funds
December 31, 2002
(Amounts in Thousands)

	Purchasing Reproduction and Printing	Municipal Garage	Purchasing General Stores	Property Management	Self Insurance Medical	Self Insurance Workers' Compensation	Regional Computer Center	Internal Service Funds
Liabilities								
Current								
Accounts Payable	$ 57	$ 418	$ 39	$ 1	$ 2,494	$ 3	$ 853	$ 3,865
Due to Other Funds		1,410		67			497	1,974
Due to Other Governmental Agencies							1,094	1,094
Accrued Payroll	8	169	2	7			324	510
Accrued Liabilities						5,533	2	5,535
Obligations under Capital Leases	32						87	119
Deposits Payable				68				68
Deferred Revenue				7				7
Estimated Liability for Compensated Absences	21	392	7	1			1,163	1,584
Estimated Liability for Unpaid Claims					6,000			6,000
Noncurrent								
Estimated Liability for Compensated Absences	18	210	5	31			400	664
Estimated Liability for Unpaid Claims						13,536		13,536
Advances from Other Funds		337		177				514
Advances from Other Governments		20						20
Obligations under Capital Leases	38							38
Total Liabilities	174	2,956	53	359	8,494	19,072	4,420	35,528
Net Assets								
Investment in Capital Assets Net of Related Debt	56	3,526	11	-	-	-	18,121	21,714
Unrestricted	230	(100)	538	(285)	8,098	38,487	16,245	63,213
Total Net Assets	$ 286	$ 3,426	$ 549	$ (285)	$ 8,098	$ 38,487	$ 34,366	$ 84,927

CITY OF CINCINNATI, OHIO

Combining Statement of Revenue, Expenses and Changes in Fund Net Assets

Internal Service Funds

For the year ended December 31, 2002

(Amounts in Thousands)

	Purchasing Reproduction and Printing	Municipal Garage	Purchasing General Stores	Property Management	Self Insurance Medical	Self Insurance Workers' Compensation	Regional Computer Center	Total Internal Service Funds
Operating Revenue:								
Charges for Services	$ 1,305	$ 11,424	$ 1,241	$	$ 53,557	$ 1,409	$ 20,859	$ 89,795
Miscellaneous Income				1,259	54		46	1,359
Total Operating Revenue	1,305	11,424	1,241	1,259	53,611	1,409	20,905	91,154
Operating Expenses:								
Personal Services	314	4,405	89	296			11,362	16,466
Contractual Services	666	242	52	25		158	4,002	5,145
Maintenance and Repairs	77	588	1	8		1	1,902	2,577
Materials and Supplies	214	5,920	1,112	3			2,278	9,527
Utilities	3	191	2	1			631	828
Insurance	1	11			56,115	2,656	52	58,835
Rent	7	21	1	5			1,527	1,561
Depreciation and Amortization	66	405	1				2,034	2,506
Other Expense		4		1			21	26
Total Operating Expenses	1,348	11,787	1,258	339	56,115	2,815	23,809	97,471
Operating Income (Loss)	(43)	(363)	(17)	920	(2,504)	(1,406)	(2,904)	(6,317)
Non-Operating Revenue (Expenses):								
Interest Expense	(4)	(69)					(26)	(99)
Interest Revenue					534	2,670	53	3,257
(Loss) on Disposal of Assets		(70)					(67)	(137)
Total Non-Operating Revenue (Expenses)	(4)	(139)			534	2,670	(40)	3,021
Income (Loss) before Contributions and Transfers	(47)	(502)	(17)	920	(1,970)	1,264	(2,944)	(3,296)
Operating Transfers In							8,687	8,687
Operating Transfers (Out)				(949)		(1,500)		(2,449)
Capital Contribution		232						232
Change in Net Assets	(47)	(270)	(17)	(29)	(1,970)	(236)	5,743	3,174
Net Assets, January 1	333	3,696	566	(256)	10,068	38,723	28,623	81,753
Net Assets, December 31	$ 286	$ 3,426	$ 549	$ (285)	$ 8,098	$ 38,487	$ 34,366	$ 84,927

CITY OF CINCINNATI, OHIO
Combining Statement of Cash Flows
Internal Service Funds
For the year ended December 31,2002
(Amounts in Thousands)

	Purchasing Reproduction and Printing	Municipal Garage	Purchasing General Stores	Property Management	Self Insurance Medical	Self Insurance Workers' Compensation	Regional Computer Center	Total Internal Service Funds
Cash Flows from Operating Activities:								
Receipts from Customers	$ 77	$ 71	$ 12	$ 1,228	$ 4,139	$ 175	$ 9,200	$ 14,902
Receipts from Other Funds	1,234	11,187	1,228		21,765	1,235	9,208	45,857
Receipts from Retirement System					27,241			27,241
Payment to Suppliers	(896)	(6,863)	(1,048)	(137)	(55,233)	(4,693)	(8,389)	(77,259)
Payments to Other Funds	(75)	(168)	(46)				(509)	(798)
Payments to Employees	(254)	(4,294)	(81)	(291)			(11,247)	(16,167)
Net Cash Provided (Used) by Operating Activities	86	(67)	65	800	(2,088)	(3,283)	(1,737)	(6,224)
Cash Flows from Non Capital Financing Activities:								
Repayment of Advances From other Funds		(38)						(38)
Advances to Other Funds							(2,446)	(2,446)
Operating Transfers from Other Funds							8,687	8,687
Operating Transfers to Other Funds				(949)		(1,500)		(2,449)
Net Cash Provided (Used) by Non-Capital Financing Activities		(38)		(949)		(1,500)	6,241	3,754
Cash Flows from Capital and Related Financing Activities:								
Acquisition of Property, Plant and Equipment		(14)					(6,885)	(6,899)
Interest paid on Debt	(4)	(69)					(26)	(99)
Payment on Long Term Capital Leases	(10)						(554)	(564)
Net Cash (Used) by Capital and Related Financing Activities	(14)	(83)					(7,465)	(7,562)
Cash Flows from Investing Activities:								
Interest and Dividends on Investments					618	2,886	74	3,578
Net Cash Provided by Investing Activities					618	2,886	74	3,578
Net Increase (Decrease) in Cash and Cash Equivalents	$ 72	$ (188)	$ 65	$ (149)	$ (1,470)	$ (1,897)	$ (2,887)	$ (6,454)
Cash and Cash Equivalents at Beginning of Year	225	645	489	190	14,867	57,482	6,270	80,168
Cash and Cash Equivalents at End of Year	$ 297	$ 457	$ 554	$ 41	$ 13,397	$ 55,585	$ 3,383	$ 73,714

CITY OF CINCINNATI, OHIO
Combining Statement of Cash Flows
Internal Service Funds
For the year ended December 31, 2002
(Amounts in Thousands)

	Purchasing Reproduction and Printing	Municipal Garage	Purchasing General Stores	Property Management	Self Insurance Medical	Self Insurance Workers' Compensation	Regional Computer Center	Total Internal Service Funds
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:								
Operating Income (Loss)	$ (43)	$ (363)	$ (17)	$ 920	$ (2,504)	$ (1,406)	$ (2,904)	$ (6,317)
Depreciation and Amortization	66	405	1				2,034	2,506
Changes in Assets and Liabilities: (Increase) Decrease in:								
Receivables	7	10		11	3		(276)	(245)
Due from Other Funds		(176)		(20)	(450)	(1,500)	(745)	(2,891)
Due from Other Governments							(1,453)	(1,453)
Inventory	11	21	63					95
Prepaid Items	10				(136)	1	(2)	(127)
Increase (Decrease) in:								
Accounts Payable	39	(15)	10	(2)	999	1	(59)	973
Deposits Payable				(119)				(119)
Due to Other Funds	(1)	(59)		27			483	450
Due to Other Governmental Agencies							1,094	1,094
Accrued Payroll	1	63	1	3			37	105
Accrued Liabilities						1,233	2	1,235
Deferred Revenue				(22)			(23)	(45)
Liability for Compensated Absences	(4)	47	7	2			75	127
Estimated Liability for Unpaid Claims						(1,612)		(1,612)
Net Cash Provided (Used) by Operating Activities	$ 86	$ (67)	$ 65	$ 800	$ (2,088)	$ (3,283)	$ (1,737)	$ (6,224)
Schedule of Noncash Investing, Capital and Financing Activities:								
Acquisition of Equipment under Capital Lease	$ 56	$	$	$	$	$	$	$ 56
Property Plant and Equipment Contributed by Other Funds		232						232
Total Noncash Investing, Capital and Financing Activities	$ 56	$ 232	$	$	$	$	$	$ 288

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.

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, 2002
(Amounts in Thousands)

Assets:	
Cash and Equivalents	$ 77,341
Investments, at fair value:	
U. S. Government Bonds	104,613
U. S. Government Agencies	38,519
U. S. Government Mortgage Backed Securities	238,905
Corporate Bonds	187,008
Equities	1,237,320
Asset Backed Securities	59,257
Venture Capital	15,668
U. S. Treasury Bills	5,627
Total Investments, at fair value	1,886,917
Collateral on Loaned Securities	259,338
Receivables:	
Accounts Receivable for Securities Sold	90,116
Accrued Interest and Dividends	9,364
Due from Other Funds	318
Due from Other Governments	206
Loans Receivable	20,622
Machinery and Equipment	1,319
Accumulated Depreciation	(494)
Total Assets	2,345,047
Liabilities:	
Accounts Payable for Securities Purchased	99,883
Due to Other Funds	2,098
Obligations under Securities Lending	259,338
Accrued Payroll	36
Accrued Liabilities	7,467
Deferred Revenue	2
Estimated Liability for Compensated Absences	93
Total Liabilities	368,917
Net assets:	
Held in Trust for Employees' Pension Benefits	1,352,551
Held in Trust for Employees' Postemployment Healthcare Benefits	623,579
Combined Net Assets	$ 1,976,130

CITY OF CINCINNATI, OHIO
Combining Statement of Changes in Plan Net Assets
Pension Trust
For the year ended December 31, 2002
(Amounts in Thousands)

	Pension	Healthcare	Total
Additions:			
Contributions:			
Member	$ 11,048	$ 3,616	$ 14,664
Employer	9,610	3,146	12,756
Total Contributions	20,658	6,762	27,420
From Security Lending Activities:			
Securities Lending Income	3,607	1,671	5,278
Securities Lending Expense:			
Borrower Rebates	(2,898)	(1,342)	(4,240)
Management Fees	(213)	(99)	(312)
Total Securities Lending Expenses	(3,111)	(1,441)	(4,552)
Net Income from Securities Lending Activities	496	230	726
Total Additions	21,154	6,992	28,146
Deductions:			
Investment Loss			
From Investing Activities:			
Net Depreciation in			
Fair Value of Investments	236,622	109,560	346,182
Interest and Dividends	(46,037)	(21,317)	(67,354)
Total Investment Losses	190,585	88,243	278,828
Plus investment expense	4,412	2,043	6,455
Net Loss from Investing Activities	194,997	90,286	285,283
Benefits Payments:			
Pension and Annuities	84,759		84,759
Hospital and Medical Care		26,454	26,454
Medicare		2,300	2,300
Dental Benefits		1,017	1,017
Vision Benefits		148	148
Death Benefits, Active and Retired	1,299		1,299
Loss Due to Death of Members with Loans	11		11
Transfers - Retirement to Other Systems	546		546
Total Benefits Payments	86,615	29,919	116,534
Refunds of Contributions	1,183		1,183
Administrative Expenses:			
Personal Services	377	174	551
Contractual Services	215	99	314
Materials and Supplies	274	127	401
Depreciation	176	82	258
Total Administration Expenses	1,042	482	1,524
Total Deductions	283,837	120,687	404,524
Net (Decrease)	(262,683)	(113,695)	(376,378)
Net Assets held in Trust for Benefits			
Beginning of Year	1,615,234	737,274	2,352,508
End of Year	$ 1,352,551	$ 623,579	$ 1,976,130

CITY OF CINCINNATI, OHIO

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

December 31, 2002

(Amounts in Thousands)

	Agency Funds				
	Towing Charges Private Operators	Admissions Tax Bonds	Engineering Deposits	Metropolitan Sewer District	Total
Assets					
Equity in City Treasury Cash	$ 235	$ 25	$ 967	$	$ 1,227
Investments, at fair value				146,071	146,071
Receivables:					
Accounts, Net			16	21,033	21,049
Accrued Interest and Dividends				306	306
Due from Other Funds			15	19	34
Inventory				793	793
Total Assets	$ 235	$ 25	$ 998	$ 168,222	$ 169,480
Liabilities					
Accounts Payable	$	$	$	$ 9,077	$ 9,077
Due to Other Funds	178			192	370
Due to Other Governmental Agencies				151,611	151,611
Accrued Payroll				1,061	1,061
Accrued Liabilities				5	5
Deposits Payable	57	25	998		1,080
Estimated Liability for Compensated Absences				6,276	6,276
Total Liabilities	$ 235	$ 25	$ 998	$ 168,222	$ 169,480

CITY OF CINCINNATI, OHIO

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the year ended December 31, 2002

(Amounts in Thousands)

	Balance January 1, 2002	Additions	Deductions	Balance December 31, 2002
TOWING CHARGES - PRIVATE OPERATORS				
ASSETS				
Equity in City Treasury Cash	$ 18	$ 685	$ 468	$ 235
LIABILITIES				
Due to Other Funds	$	$ 178	$	$ 178
Deposits Payable	18	728	689	57
	$ 18	$ 906	$ 689	$ 235
ADMISSION TAX BONDS				
ASSETS				
Equity in City Treasury Cash	$ 23	$ 7	$ 5	$ 25
LIABILITIES				
Deposits Payable	$ 23	$ 7	$ 5	$ 25
ENGINEERING DEPOSITS				
ASSETS				
Equity in City Treasury Cash	$ 1,569	$ 853	$ 1,455	$ 967
Accounts Receivable	7	82	73	16
Due From Other Funds		15		15
Total Assets	$ 1,576	$ 950	$ 1,528	$ 998
LIABILITIES				
Deposits Payable	$ 1,576	$ 1,162	$ 1,740	$ 998
METROPOLITAN SEWER DISTRICT				
ASSETS				
Investments	$ 165,410	$ 53,260	$ 72,599	$ 146,071
Accounts Receivable	15,157	22,742	16,866	21,033
Accrued Interest Receivable	183	906	783	306
Due From Other Funds	181	19	181	19
Inventory	867	605	679	793
Total Assets	$ 181,798	$ 77,532	$ 91,108	$ 168,222
LIABILITIES				
Accounts Payable	$ 7,177	$ 9,077	$ 7,177	$ 9,077
Vouchers Payable		111,438	111,438	
Due to Other Funds	328	192	328	192
Due to Other Governmental Agencies	167,533	151,611	167,533	151,611
Accrued Payroll	957	1,061	957	1,061
Accrued Liabilities	4	5	4	5
Estimated Liability for Compensated Absences	5,799	4,452	3,975	6,276
Total Liabilities	$ 181,798	$ 277,836	$ 291,412	$ 168,222

CITY OF CINCINNATI, OHIO

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the year ended December 31, 2002

(Amounts in Thousands)

	Balance January 1, 2002	Additions	Deductions	Balance December 31, 2002
TOTAL AGENCY FUNDS				
ASSETS				
Equity in City Treasury Cash	$ 1,610	$ 1,545	$ 1,928	$ 1,227
Investments	165,410	53,260	72,599	146,071
Receivables:				
Accounts, Net	15,164	22,824	16,939	21,049
Accrued Interest Receivable	183	906	783	306
Due from Other Funds	181	34	181	34
Inventory	867	605	679	793
Total Assets	$ 183,415	$ 79,174	$ 93,109	$ 169,480
LIABILITIES				
Accounts Payable	$ 7,177	$ 9,077	$ 7,177	$ 9,077
Vouchers Payable		111,438	111,438	
Due to Other Governmental Agencies	167,533	151,611	167,533	151,611
Due to Other Funds	328	370	328	370
Accrued Payroll	957	1,061	957	1,061
Accrued Liabilities	4	5	4	5
Deposits Payable	1,617	1,897	2,434	1,080
Estimated Liability for Compensated Absences	5,799	4,452	3,975	6,276
Total Liabilities	$ 183,415	$ 279,911	$ 293,846	$ 169,480

CITY OF CINCINNATI, OHIO

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

CITY OF CINCINNATI, OHIO

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

	2002	2001
Governmental Funds Capital Assets		
Land	$ 156,238	$ 136,971
Buildings	130,915	131,820
Improvements	228,736	214,695
Machinery and Equipment	63,254	62,388
Infrastructure	390,317	99,187
Construction in Progress	108,888	348,735
Total Governmental Capital Assets	$ 1,078,348	$ 993,796
Investment in Governmental Capital Assets	$ 1,078,348	$ 993,796

Investment in Governmental Capital Assets by Source:

Permanent Improvement Fund or General Obligation Bonds	$ 634,294	$ 601,159
Federal Grants	32,621	31,519
State Grants	93,009	92,585
County Grants	10,184	10,184
General Fund Revenues	30,794	25,135
Special Revenue Funds	7,873	7,164
Gifts	8,895	6,825
Other and Undifferentiated	260,678	219,225
Total from All Sources	$ 1,078,348	$ 993,796

*This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in Internal Service Funds are excluded from the above amounts. The capital assets of Internal Service Funds are included as governmental assets in the government-wide statement of net assets.

CITY OF CINCINNATI, OHIO

Schedule of Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity*
As of December 31, 2002
(Amounts In Thousands)

	Total	Land	Buildings	Improvements	Equipment	Infrastructure
Mayor and Council	$ 211	$	$	$	$ 211	$
City Manager	477		48		429	
Law	73				73	
Human Resources	250				250	
Finance	470				470	
Community Development	68,364	66,590	818	746	35	175
City Planning	27				27	
Recreation	74,514	7,479	13,568	50,214	3,253	
Parks	31,418	11,941	9,755	7,298	2,424	
Buildings and Inspections	353				353	
Public Safety	42,489	1,107	5,512	8,501	27,369	
Transportation & Engineering	417,014	11,291	5,464	9,457	1,045	389,757
General Services	15,755	296		10,397	5,062	
Public Services	26,237	340	2,632	2,805	20,075	385
Public Health	10,352	237	2,722	5,215	2,178	
Southern Railway Improvement	83,224			83,224		
General Government						
Land	56,957	56,957				
Buildings	90,396		90,396			
Improvements	50,879			50,879		
Total Governmental Capital Assets Allocated by Function	969,460	$ 156,238	$ 130,915	$ 228,736	$ 63,254	$ 390,317
Construction in Progress	108,888					
Total Governmental Capital Assets	$ 1,078,348					

* See note on page 124.

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, 2002
(Amounts in Thousands)

	General Fixed Assets January 1, 2002	Additions	Deletions	General Fixed Assets December 31, 2002
Mayor and Council	$ 159	$ 52	$	$ 211
City Manager	520	7	50	477
Law	93		20	73
Human Resources	244	6		250
Finance	405	104	39	470
Community Development	50,357	21,291	3,284	68,364
City Planning	19	8		27
Recreation	69,924	4,801	211	74,514
Parks	31,336	153	71	31,418
Buildings and Inspections	280	246	173	353
Public Safety	44,559	1,043	3,113	42,489
Transportation & Engineering	375,625	41,677	288	417,014
General Services	11,790	4,206	241	15,755
Public Services	25,831	1,854	1,448	26,237
Public Health	10,035	358	41	10,352
Pooled, Unassigned Equipment	138		138	
Southern Railway Improvement	83,224			83,224
General Government				
Land	57,134		177	56,957
Buildings	90,398		2	90,396
Improvements	42,538	8,841	500	50,879
Construction in Progress	99,187	48,123	38,422	108,888
Total Governmental Capital Assets	$ 993,796	$ 132,770	$ 48,218	$ 1,078,348

* See note page 124.

SCHEDULES

CITY OF CINCINNATI, OHIO
Outstanding Bonds and Notes
December 31, 2002

Year	~General Obligation Bonds and Notes	#Municipal Income Tax Bonds and Notes	@Water Works Bonds	@Expressway Bonds	Revenue* Bonds	@Police & Fire Pension Bonds
1993	$138,600,000	$17,000,000	$67,040,000	$466,000	$5,167,000	$ ----
1994	135,320,000	13,300,000	68,315,000	150,000	3,899,000	----
1995	133,580,000	11,800,000	69,790,000	50,000	1,104,000	----
1996	126,825,000	10,300,000	73,290,000	----	11,410,000	----
1997	126,000,000	8,800,000	79,160,000	----	11,368,000	----
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

Year	++Urban Development Taxable Bonds	@University Dormitory and Improvement Bonds	@Recreational Facility Bonds & Notes	@Off-Street Parking Facilities Bonds	Urban Renewal/ Economic Development Bonds & Notes
1993	----	1,925,000	6,105,000	7,045,000	13,110,000
1994	----	1,575,000	8,245,000	6,310,000	12,520,000
1995	----	1,200,000	10,770,000	5,575,000	17,930,000
1996	----	800,000	9,880,000	4,840,000	14,840,000
1997	----	400,000	8,980,000	4,055,000	15,735,000
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

Year	@Stormwater Bonds and Notes	@Urban Redevelopment Bonds and Notes	Gross Tax Supported Debt	Gross Revenue Supported Debt	Gross Total Debt
1993	----	----	138,600,000	117,858,000	256,458,000
1994	2,000,000	----	135,320,000	116,314,000	251,634,000
1995	2,000,000	3,250,000	133,580,000	123,469,000	257,049,000
1996	1,800,000	3,170,000	126,825,000	130,330,000	257,155,000
1997	6,600,000	3,085,000	126,000,000	138,183,000	264,183,000
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

~ 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 ANNUAL DEBT SERVICE
DECEMBER 31, 2002

PROPERTY TAX-SUPPORTED

Year	Maturing	Interest Cost	Debt Service Requirement	Outstanding Debt End of Year
2002				$195,500,000
2003	$36,795,000	$9,392,381	$46,187,381	158,705,000
2004	18,730,000	7,984,424	26,714,424	139,975,000
2005	16,270,000	7,106,546	23,376,546	123,705,000
2006	15,270,000	6,351,884	21,621,884	108,435,000
2007	13,950,000	5,626,171	19,576,171	94,485,000
2008	12,230,000	4,949,941	17,179,941	82,255,000
2009	10,880,000	4,337,424	15,217,424	71,375,000
2010	8,590,000	3,784,144	12,374,144	62,785,000
2011	8,590,000	3,344,444	11,934,444	54,195,000
2012	8,590,000	2,904,744	11,494,744	45,605,000
2013	8,590,000	2,462,725	11,052,725	37,015,000
2014	8,590,000	2,014,038	10,604,038	28,425,000
2015	8,610,000	1,558,681	10,168,681	19,815,000
2016	7,350,000	1,090,681	8,440,681	12,465,000
2017	5,100,000	688,506	5,788,506	7,365,000
2018	2,370,000	395,869	2,765,869	4,995,000
2019	2,370,000	268,481	2,638,481	2,625,000
2020	2,625,000	141,094	2,766,094	0

MUNICIPAL INCOME TAX SUPPORTED

Year	Maturing	Interest Cost	Debt Service Requirement	Outstanding Debt End of Year
2002				$14,097,000
2003	$2,380,000	$796,010	$3,176,010	11,717,000
2004	5,780,000	688,085	6,468,085	5,937,000
2005	1,777,000	314,685	2,091,685	4,160,000
2006	280,000	218,000	498,000	3,880,000
2007	280,000	203,650	483,650	3,600,000
2008	280,000	189,300	469,300	3,320,000
2009	280,000	173,900	453,900	3,040,000
2010	280,000	158,500	438,500	2,760,000
2011	280,000	144,500	424,500	2,480,000
2012	280,000	130,500	410,500	2,200,000
2013	280,000	116,500	396,500	1,920,000
2014	280,000	102,150	382,150	1,640,000
2015	280,000	87,450	367,450	1,360,000
2016	280,000	72,750	352,750	1,080,000
2017	280,000	58,050	338,050	800,000
2018	280,000	43,000	323,000	520,000
2019	280,000	27,950	307,950	240,000
2020	240,000	12,900	252,900	0

REVENUE

Year	Maturing	Interest Cost	Debt Service Requirement	Outstanding Debt End of Year
2002				$108,407,000
2003	$3,822,000	$5,781,138	$9,603,138	104,585,000
2004	4,743,000	5,584,062	10,327,062	99,842,000
2005	4,943,000	5,354,632	10,297,632	94,899,000
2006	5,145,000	5,110,863	10,255,863	89,754,000
2007	5,382,000	4,843,784	10,225,784	84,372,000
2008	5,600,000	4,596,425	10,196,425	78,772,000
2009	5,833,000	4,303,788	10,136,788	72,939,000
2010	5,954,000	3,974,666	9,928,666	66,985,000
2011	5,035,000	3,638,146	8,673,146	61,950,000
2012	5,315,000	3,358,598	8,673,598	56,635,000
2013	5,620,000	3,049,981	8,669,981	51,015,000
2014	5,950,000	2,719,863	8,669,863	45,065,000
2015	6,300,000	2,367,838	8,667,838	38,765,000
2016	6,115,000	1,998,613	8,113,613	32,650,000
2017	5,885,000	1,670,313	7,555,313	26,765,000
2018	6,210,000	1,347,238	7,557,238	20,555,000
2019	6,520,000	1,036,738	7,556,738	14,035,000
2020	6,845,000	710,738	7,555,738	7,190,000
2021	7,190,000	368,488	7,558,488	0

SELF-SUPPORTED

Maturing	Interest Cost	Debt Service Requirement	Outstanding Debt End of Year	Year
			$169,440,000	2002
$21,795,000	$8,464,440	$30,259,440	147,645,000	2003
28,320,000	7,201,224	35,521,224	119,325,000	2004
16,190,000	6,107,204	22,297,204	103,135,000	2005
13,925,000	5,325,453	19,250,453	89,210,000	2006
11,790,000	4,665,208	16,455,208	77,420,000	2007
8,030,000	4,114,810	12,144,810	69,390,000	2008
5,100,000	3,744,005	8,844,005	64,290,000	2009
5,170,000	3,507,370	8,677,370	59,120,000	2010
5,250,000	3,262,611	8,512,611	53,870,000	2011
5,200,000	3,015,206	8,215,206	48,670,000	2012
4,135,000	2,769,474	6,904,474	44,535,000	2013
4,030,000	2,565,149	6,595,149	40,505,000	2014
2,320,000	2,363,084	4,683,084	38,185,000	2015
2,115,000	2,235,390	4,350,390	36,070,000	2016
2,200,000	2,115,903	4,315,903	33,870,000	2017
2,290,000	1,991,183	4,281,183	31,580,000	2018
2,380,000	1,860,283	4,240,283	29,200,000	2019
1,845,000	1,733,438	3,578,438	27,355,000	2020
1,915,000	1,630,883	3,545,883	25,440,000	2021
1,285,000	1,523,590	2,808,590	24,155,000	2022
1,360,000	1,447,133	2,807,133	22,795,000	2023
1,445,000	1,366,213	2,811,213	21,350,000	2024
1,530,000	1,280,235	2,810,235	19,820,000	2025
1,620,000	1,189,200	2,809,200	18,200,000	2026
1,715,000	1,092,000	2,807,000	16,485,000	2027
1,820,000	989,100	2,809,100	14,665,000	2028
1,930,000	879,900	2,809,900	12,735,000	2029
2,045,000	764,100	2,809,100	10,690,000	2030
2,170,000	641,400	2,811,400	8,520,000	2031
2,300,000	511,200	2,811,200	6,220,000	2032
2,435,000	373,200	2,808,200	3,785,000	2033
2,580,000	227,100	2,807,100	1,205,000	2034
1,205,000	72,300	1,277,300	0	2035

Total

Maturing	Interest Cost	Debt Service Requirement	Outstanding Debt End of Year	Year
			$487,444,000	2002
$64,792,000	$24,433,969	$89,225,969	422,652,000	2003
57,573,000	21,457,794	79,030,794	365,079,000	2004
39,180,000	18,883,067	58,063,067	325,899,000	2005
34,620,000	17,006,199	51,626,199	291,279,000	2006
31,402,000	15,338,813	46,740,813	259,877,000	2007
26,140,000	13,850,476	39,990,476	233,737,000	2008
22,093,000	12,559,116	34,652,116	211,644,000	2009
19,994,000	11,424,680	31,418,680	191,650,000	2010
19,155,000	10,389,701	29,544,701	172,495,000	2011
19,385,000	9,409,048	28,794,048	153,110,000	2012
18,625,000	8,398,680	27,023,680	134,485,000	2013
18,850,000	7,401,199	26,251,199	115,635,000	2014
17,510,000	6,377,053	23,887,053	98,125,000	2015
15,860,000	5,397,434	21,257,434	82,265,000	2016
13,465,000	4,532,771	17,997,771	68,800,000	2017
11,150,000	3,777,289	14,927,289	57,650,000	2018
11,550,000	3,193,451	14,743,451	46,100,000	2019
11,555,000	2,598,169	14,153,169	34,545,000	2020
9,105,000	1,999,370	11,104,370	25,440,000	2021
1,285,000	1,523,590	2,808,590	24,155,000	2022
1,360,000	1,447,133	2,807,133	22,795,000	2023
1,445,000	1,366,213	2,811,213	21,350,000	2024
1,530,000	1,280,235	2,810,235	19,820,000	2025
1,620,000	1,189,200	2,809,200	18,200,000	2026
1,715,000	1,092,000	2,807,000	16,485,000	2027
1,820,000	989,100	2,809,100	14,665,000	2028
1,930,000	879,900	2,809,900	12,735,000	2029
2,045,000	764,100	2,809,100	10,690,000	2030
2,170,000	641,400	2,811,400	8,520,000	2031
2,300,000	511,200	2,811,200	6,220,000	2032
2,435,000	373,200	2,808,200	3,785,000	2033
2,580,000	227,100	2,807,100	1,205,000	2034
1,205,000	72,300	1,277,300	0	2035

CITY OF CINCINNATI, OHIO
Schedule of Expenditure of Federal Awards
(Non-GAAP Budgetary Basis)
For the year ended December 31, 2002
(Amounts in Thousands)

Grantor/Program Title	Fund	CFDA #	Grant #	Grant and Contract Revenue Received	Contributions and other Revenue	CFS Expenditures
1 *U.S. Department of Agriculture*						
* *Passed through Ohio Department of Health*						
* Hamilton County WIC Program	391	10.557	31-2-001-1-CL	2,382		(2,373)
Total for CFDA No. 10.557				2,382		(2,373)
Findlay Market Improvements	980	10.601	12-25-A-3532			(70)
Total for CFDA No 10.601						(70)
TOTAL DEPARTMENT OF AGRICULTURE				**2,382**		**(2,443)**
2 *U.S. Department of Health and Human Services*						
* *Passed through Council on Aging of Southwestern Ohi*						
* Retired Senior Volunteer Program	324			15		(15)
Total for CFDA No. 93.044				15		(15)
* Retired Senior Volunteer Program	324			148	30	(178)
Total for CFDA No. 93.045				148	30	(178)
* *Passed through Cincinnati Health Network*						
* Homeless Health Care Program	448	93.151	Contract #25-9086	162		(163)
Total for CFDA No. 93.151				162		(163)
* *Passed through Ohio Department of Health*						
* Regional Lead Poisoning Prevention	380	93.197	31-2-001-1-BE	74	26	(91)
Total for CFDA No. 93.197				74	26	(91)
* *Passed through Cincinnati Health Network*						
* Cincinnati Health Network	446	93.224	Contract #25-9087	313		(302)
Total for CFDA No. 93.224				313		(302)
* *Passed through Ohio Department of Health*						
* Immunization Action Plan Special	415	93.268	31-2-001-2-AZ	240		(316)
Total for CFDA No. 93.268				240		(316)
Federal AIDS Prevention	378	93.940	31-2-01-F-DL-SE1	132		(128)
Federal AIDS Prevention	378	93.940	31-2-001-2-AS-03	464		(408)
Total for CFDA No. 93.940				596		(536)
STD Control Program	378	93.977	31-2-001-2-BX	63		(57)
Total for CFDA No. 93.977				63		(57)
STD/HIV Prevention Training Centers	379	93.978	R30/CCR516650-03	423		(424)
Total for CFDA No. 93.978				423		(424)
* *Passed through Ohio Department of Health*						
* Heart Health in Hamilton County	425	93.991	31-2-001-2-ED	140		(160)
Total for CFDA No. 93.991				140		(160)
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				**2,174**	**56**	**(2,242)**

CITY OF CINCINNATI, OHIO
Schedule of Expenditure of Federal Awards
(Non-GAAP Budgetary Basis)
For the year ended December 31, 2002
(Amounts in Thousands)

Grantor/Program Title	Fund	CFDA #	Grant #	Grant and Contract Revenue Received	Contributions and other Revenue	CFS Expenditures
3 *U.S.Department of Housing & Urban Development*						
* *Passed through Ohio Department of Development*						
* Community Development Block Grant	304	14.218	B-MC390003	25,530	3,531	(28,966)
HUD Disaster Recovery Initiative	466	14.218	B98MU390003	135		(135)
Total for CFDA No. 14.218				25,665	3,531	(29,101)
* *Passed through Ohio Department of Development*						
* Emergency Shelter Grant	445	14.231	S-02-MC-39-0003	702		(701)
Total for CFDA No. 14.231				702		(701)
* *Passed through Ohio Department of Development*						
* HOME-Shelter Plus Care	410	14.238	OH16C95-1093	147		(147)
* HOME-Shelter Plus Care	410	14.238	OH16C96-0002	295		(295)
* HOME-Shelter Plus Care	410	14.238	OH16C97-0013	185		(185)
* HOME-Shelter Plus Care	410	14.238	OH16C800-003	278		(278)
* HOME-Shelter Plus Care	410	14.238	OH16C900-004	400		(400)
* HOME-Shelter Plus Care	410	14.238	OH16C10-0014	128		(128)
Total for CFDA No. 14.238				1,433		(1,433)
* *Passed through Ohio Department of Development*						
* HOME	411	14.239	M-02-MC-39-0213	5,318	500	(5,666)
Total for CFDA No. 14.239				5,318	500	(5,666)
* *Passed through Ohio Department of Development*						
* Housing Opportunities For People With Aids	465	14.241	O-HH-02-F001	439		(439)
Total for CFDA No. 14.241				439		(439)
Empowerment Zone	324	14.244		195		(175)
Empowerment Zone	386	14.244	EZ-99-OH-0009	4,922		(4,922)
Total for CFDA No. 14.244				5,117		(5,097)
Findlay Market Phase III	980	14.246	06-01-04417			(1,580)
Total for CFDA No 14.246						(1,580)
* *Passed through Ohio Department of Development*						
* HUD Section 108 Loan Program	304	14.248	B01-MC390003	4,000		(2,680)
Total for CFDA No. 14.248				4,000		(2,680)
Lincoln Center Renovation	980	14.866				(1,561)
Total for CFDA No. 14.866						(1,561)
Cincinnati Lead Abatement Program	387	14.900	OHLHR0063-99	312		(312)
Total for CFDA No. 14.900				312		(312)
TOTAL DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				**42,986**	**4,031**	**(48,570)**
4 *U.S. Department of the Interior*						
ODNR-Hooked on Fishing	324	15.605		10		(8)
Total for CFDA No. 15.605				10		(8)
TOTAL DEPARTMENT OF THE INTERIOR				**10**		**(8)**

CITY OF CINCINNATI, OHIO
Schedule of Expenditure of Federal Awards
(Non-GAAP Budgetary Basis)
For the year ended December 31, 2002
(Amounts in Thousands)

Grantor/Program Title	Fund	CFDA #	Grant #	Grant and Contract Revenue Received	Contributions and other Revenue	CFS Expenditures
5 *U.S. Department of Justice*						
Local Law Enforcement Block Grant	365	16.200	1999 LBVX 9040		2	(357)
Local Law Enforcement Block Grant	364	16.200	2000 LBBX 1630		31	(155)
Total for CFDA No. 16.200					33	(512)
* *Passed through Ohio Department of Youth Services*						
* Bloom Earn & Learn	447	16.548	JV-T50-5035	34	2	(8)
Total for CFDA No. 16.548				34	2	(8)
* *Passed through Ohio Office of Criminal Justice Services*						
* Law Enforcement Advocate (Byrne)	368	16.579	00-DG-E01-7356	2		(5)
* Mallory Center	447	16.579	01-DG-B01-7352	58		(57)
Total for CFDA No. 16.579				60		(62)
* *Passed through Ohio Office of Criminal Justice Services*						
* Domestic Violence Advocacy	368	16.588	WF-VAS-8583	51		(101)
Total for CFDA No. 16.588				51		(101)
Local Law Enforcement Block Grant	361	16.592	2001-LB-BX-2319		101	(391)
Local Law Enforcement Block Grant	375	16.592	2002-LB-BX-2510	463	4	
Total for CFDA No. 16.592				463	105	(391)
Bulletproof Vests	368	16.607	01004115	30		(5)
Total for CFDA No. 16.607				30		(5)
TOTAL DEPARTMENT OF JUSTICE				**638**	**140**	**(1,079)**
6 *U.S. Department of Labor*						
Work Incentive Grant	464	17.207	WI-11016-01-60	350		(169)
Youth Offender	464	17.207	AF-11585-01-60	210		(87)
				560		(256)
* *Passed through Ohio Job & Family Service*						
* JTPA-Title III(EDWAAA)	438	17.250	N-7498-9-00-87-60			(349)
Total for CFDA No. 17.250						(349)
* *Passed through Ohio Job & Family Service*						
Youth Worker Apprentice	464	17.260	AN-11637-01-60	80		(72)
* Workforce Investment Act	464	17.260		1,509		(2,261)
Total for CFDA No. 17.260				1,589		(2,333)
TOTAL DEPARTMENT OF LABOR				**2,149**		**(2,938)**
7 *U.S. Department of Transportation*						
* *Passed through Ohio Department of Transportation*						
* Local Match Funds - FAA Projects	980-2267	20.106			(106)	(10)
* Lunken Improvements - '01	980-2628	20.106	3-39-0018-1401	115	25	(182)
* Lunken Improvements - '02	980-2762	20.106	3-39-0018-1502		51	
Total for CFDA No. 20.106				115	(30)	(192)
* *Passed through Ohio Department of Transportation*						
* Highway Planning and Construction	980-2295	20.205			152	(152)
* Highway Planning and Construction	980-2296	20.205			438	(438)
* Highway Planning and Construction	980-2298	20.205		213		(213)
* Highway Planning and Construction	980-2393	20.205			869	(1,103)
* Highway Planning and Construction	980-2162	20.205				(38)
* Highway Planning and Construction	980-2504	20.205		12,725	417	(9,845)
* Highway Planning and Construction	980-2507	20.205		771		(771)
* Highway Planning and Construction	980-2595	20.205			400	(598)
Total for CFDA No. 20.205				13,709	2,276	(13,158)
TOTAL DEPARTMENT OF TRANSPORTATION				**13,824**	**2,246**	**(13,350)**

CITY OF CINCINNATI, OHIO
Schedule of Expenditure of Federal Awards
(Non-GAAP Budgetary Basis)
For the year ended December 31, 2002
(Amounts in Thousands)

	Grantor/Program Title	Fund	CFDA #	Grant #	Grant and Contract Revenue Received	Contributions and other Revenue	CFS Expenditures
8	*Federal Emergency Management Agency*						
	FEMA Flood Control Grant	461	83.544	1164-DR-61-15000			
	FEMA Flood Control Grant	461	83.544	FEMA-1390-DR-061-1500(	52	10	(197)
	Total for CFDA No. 83.544				52	10	(197)
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY					**52**	**10**	**(197)**
9	*Environmental Protection Agency*						
	Environmental Preferable Purchasing	436	66.708	NP-97-53-2501	5		
	Total for CFDA No .66.708				5		
TOTAL ENVIRONMENTAL PROTECTION AGENCY					**5**		
10	*National Park Service*						
	Urban Park and Recovery	980-2659	15.919	39-CTY-1610-01-01			(281)
	Mt. Auburn Hopkins Park	980-2765	15.919	39-CTY-1610-02-01		214	
	Total for CFDA No. 15.919					214	(281)
TOTAL NATIONAL PARK SERVICE						**214**	**(281)**
	TOTAL FEDERAL GRANTS & SUBSIDIES (Non-GAAP Basis)				**64,220**	**6,697**	**(71,108)**
	Less Amount Recognized as Contributed Capital				(13,824)		
	Less Accrual of Federal Grant & Subsidies at 12/31/01				(3,095)		
	Plus Accrual of Federal Grant & Subsidies at 12/31/02				4,279		
	Plus Deferral of Federal Grant & Subsidies at 12/31/01				424		
	Less Deferral of Federal Grant & Subsidies at 12/31/02				(305)		
	Amount Recognized as Federal Grants & Subsidies (GAAP Basis)				51,699		

* 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 Block Grant loans outstanding at December 31,2002 totaled $40,133. Total Rental Rehab loans outstanding totaled $15,016.

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 2002 and 2001.

(AMOUNTS IN THOUSANDS)

	2002	2001
Required Base Amount	$58,809	$57,583
Actual Appropriated Amount	$69,738	$75,002
Infrastructure Expenditures - As of December 31, 2002	$44,828	$63,549
Percentage of Expenditures to Base Amount	76.2264%	110.3607%

I hereby certify that the City of Cincinnati appropriated for 2002 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 2002 for the 2001 Infrastructure year more than 90% of the annual base amount, which satisfies the requirements for continuation of the Infrastructure Income Tax.

William E. Moller
Director of Finance

STATISTICAL SECTION

CITY OF CINCINNATI, OHIO
General Fund
General Governmental Expenditures by Function
Last Ten Years

(AMOUNTS IN THOUSANDS)

Year	General Government	Parks and Recreation	Public Safety	Public Services, Transportation and Engineering	Health	Benefits	Total
1993	$30,055	$13,837	$ 94,809	$19,765	$14,703	$48,215	$221,384
1994	31,772	14,621	98,052	19,376	14,887	50,788	229,496
1995	34,333	14,668	103,231	20,522	15,380	51,775	239,909
1996	38,578	15,314	107,156	18,839	16,306	52,685	248,878
1997	40,307	16,535	113,958	19,699	17,791	53,659	261,949
1998	44,849	17,338	118,730	20,525	18,682	49,997	270,121
1999	50,248	19,146	126,205	22,066	20,831	48,782	287,278
2000	61,393	19,201	120,568	22,607	22,300	47,634	293,703
2001	55,625	19,427	128,345	22,760	22,534	49,119	297,810
2002	54,394	19,235	133,171	21,583	22,390	53,633	304,406

Note - The column titled "General Government" includes expenditures made in various departments including Office of City Manager, Law, Personnel, Finance, City Planning, Community Development, Buildings and Inspections, and General Services.

CITY OF CINCINNATI, OHIO
General Fund
General Governmental Revenues by Source
Last Ten Years

(AMOUNTS IN THOUSANDS)

Year	Taxes	Licenses and Permits	Use of Money and Property	Inter-governmental Revenues	Charges For Current Services	Miscellaneous	Total
1993	$164,490	$4,603	$ 9,343	$35,170	$10,648	$1,122	$225,376
1994	170,407	4,899	9,280	38,802	11,785	1,201	236,374
1995	174,688	5,010	12,071	38,963	12,282	1,266	244,280
1996	176,397	5,569	14,366	41,371	13,202	850	251,755
1997	191,346	5,202	13,876	45,454	12,842	2,102	270,822
1998	194,702	5,043	14,717	49,581	11,392	2,870	278,305
1999	209,606	5,200	14,134	52,355	12,901	1,885	296,081
2000	213,982	5,688	17,584	48,614	12,736	3,783	302,387
2001	215,069	5,922	17,799	54,396	12,598	2,640	308,424
2002	215,796	6,011	27,578	57,423	13,767	1,879	322,454

CITY OF CINCINNATI, OHIO
Property Tax Levy and Collections
Last Ten Years

Year	Net Tax Levy	Current Collections	Percentage of Current Collections to Net Levy	Prior Year Collections	Total Collections	Percentage of Total Collections to Net Levy
1993	$49,284,901	$47,532,229	96.44%	$1,847,653	$49,379,882	100.19%
1994	54,050,028	51,869,952	95.97	2,028,235	53,898,187	99.72
1995	53,978,024	52,084,199	96.49	1,858,948	53,943,147	99.94
1996	53,713,379	51,586,332	96.04	1,572,712	53,159,044	98.97
1997	56,128,543	53,274,996	94.92	2,080,494	55,355,490	98.62
1998	56,435,352	53,642,749	95.05	1,892,964	55,535,713	98.41
1999	56,218,046	52,974,060	94.23	1,986,691	54,960,751	97.76
2000	59,878,090	56,587,823	94.51	2,281,771	58,869,594	98.32
2001	60,020,478	56,489,930	94.22	2,229,855	58,778,785	97.93
2002	58,201,216	54,858,148	94.26	2,271,190	57,129,338	98.16

CITY OF CINCINNATI, OHIO
Assessed Valuations and Estimated True Values
Last Ten Years

Assessed Valuations

Year	Real Property	Public Utility Property	Tangible Personal Property	Total
1993	$3,165,220,020	$422,856,220	$675,662,090	$4,263,738,330
1994	3,561,282,660	439,762,520	672,466,430	4,673,511,610
1995	3,540,684,410	450,760,050	689,532,610	4,680,977,070
1996	3,531,863,130	421,404,651	707,228,240	4,660,496,021
1997	3,732,312,910	419,703,440	689,982,870	4,841,999,220
1998	3,734,237,420	395,256,670	672,898,830	4,802,392,920
1999	3,749,677,500	398,949,700	664,939,340	4,813,566,540
2000	4,363,343,290	400,519,090	674,101,770	5,437,964,150
2001	4,363,447,780	377,645,690	687,613,910	5,428,707,380
2002	4,379,262,050	304,549,100	644,918,170	5,328,729,320

The current assessed valuation for 2002 is computed at approximately the following percentages of estimated true value:

real property - 35%; public utilities - various; and tangible personal property machinery and equipment - 25%; inventory - 25%.

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

Year	Estimated True Values	Year	Estimated True Values
1993	$ 9,043,485,770	1998	$10,669,249,771
1994	10,175,093,314	1999	10,713,364,285
1995	10,116,241,171	2000	12,466,695,114
1996	10,091,037,514	2001	12,466,993,657
1997	10,663,751,117	2002	12,512,177,286

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, OHIO
Property Tax Rates - Direct and Overlapping Governments
Last Ten Years

Year	Year	City Levy	School Levy	County Levy	Total Levy	Effective Millage	Debt Service Included in City Levy	Debt Service Included in Total Levy
1992	for 1993	$11.46	$49.94	$18.56	$79.96	$64.20	$5.36	$6.14
1993	" 1994	11.46	48.75	18.33	78.54	59.07	5.36	6.03
1994	" 1995	11.46	48.58	18.30	78.34	59.99	5.36	5.91
1995	" 1996	11.46	53.52	18.30	83.28	65.33	5.36	5.88
1996	" 1997	11.46	53.19	19.44	84.09	66.56	5.36	5.81
1997	" 1998	11.46	53.13	19.01	83.60	66.38	5.36	5.71
1998	" 1999	11.46	53.13	19.54	84.13	67.08	5.36	5.71
1999	" 2000	10.90	51.94	20.83	83.67	63.10	5.36	5.71
2000	" 2001	10.76	56.93	19.92	87.61	67.53	5.36	5.67
2001	" 2002	10.76	57.15	21.47	89.38	69.32	5.36	5.66

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

Source: Hamilton County Auditor's Office

CITY OF CINCINNATI, OHIO
Computation of Direct and Overlapping Debt
December 31, 2002

	Assessed Valuation (a)	Net General Tax Supported Debt		Percent Overlapping	Net Tax Supported Overall Debt
Direct:					
City of Cincinnati	$5,328,729,320	$181,745,936		100%	$181,745,936
Overlapping:					
Board of Education - Cincinnati City School District	5,988,280,290	275,220,000	(a)	89%	244,945,800
Hamilton County	17,262,098,470	166,666,834	(b)	31%	51,666,719
Subtotal		441,886,834			296,612,519
Total		$623,632,770			$478,358,455

(a) Source: Cincinnati City School District
(b) Source: Hamilton County Auditor's Office

CITY OF CINCINNATI, OHIO
Special Assessment Billings and Collections
Last Ten Years

(AMOUNTS IN THOUSANDS)

Year	Billings	Collections	Year	Billings	Collections
1993	$3,202	$2,068	1998	$2,150	$2,079
1994	1,038	2,225	1999	2,041	2,343
1995	1,918	2,344	2000	1,529	2,058
1996	2,215	2,437	2001	1,822	1,945
1997	2,937	2,004	2002	2,099	2,286

Source: City of Cincinnati Finance Department

CITY OF CINCINNATI, OHIO
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
1993	$128,416,636	$4,263,738,300	364,000	3.01%	$353
1994	125,291,191	4,673,511,610	364,000	2.68	344
1995	121,543,637	4,680,977,070	364,000	2.60	334
1996	114,646,410	4,660,496,021	345,820	2.46	332
1997	113,189,887	4,841,999,220	345,820	2.34	327
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

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

Note 2 - The 1991 - 2002 figures are based on Bureau of the Census data.

CITY OF CINCINNATI, OHIO
Ratio of Annual Debt Service for General
Bonded Debt to Total General Fund Expenditures
Last Ten Years

(AMOUNTS IN THOUSANDS)

Year	Debt Service on General Obligation Debt	General Fund Expenditures	Ratio
1993	$48,871	$221,384	22.08%
1994	54,834	229,496	23.89
1995	55,354	239,909	23.07
1996	56,979	248,878	22.89
1997	55,714	261,949	21.27
1998	58,019	270,121	21.48
1999	60,869	287,278	21.19
2000	66,977	293,703	22.80
2001	68,962	297,810	23.16
2002	68,393	304,406	22.47

CITY OF CINCINNATI, OHIO
Legal Debt Margin
December 31

		2002	2001
Overall Debt Limitation - 10-1/2% of Assessed Valuation		$559,516,579	$570,014,275
Gross Indebtedness	$487,444,000		
Less Debt Outside Limitations:			
Self-Supporting Debt	291,944,000		
Urban Redevelopment Bonds	100,000		
	292,044,000		
Net Debt Within 10-1/2% Limitation		195,400,000	175,220,000
Legal Debt Margin Within 10-1/2% Limitation		$364,116,579	$394,794,275

		2002	2001
Unvoted Debt Limitation - 5-1/2% of Assessed Valuation		$293,080,113	$298,578,906
Gross Indebtedness Authorized by Council	$487,344,000		
Less Debt Outside Limitations:			
Municipal Income Tax Supported Bonds and Notes	14,097,000		
Off-Street Parking Facilities Bonds	1,400,000		
Parking Improvement Note	9,100,000		
Police and Fire Pension Bonds	40,170,000		
Recreational Facilities Bonds and Notes	12,265,000		
Revenue Bonds	108,407,000		
Stormwater Management Bonds	4,225,000		
Urban Development Bonds	6,570,000		
Urban Redevelopment Bonds	7,305,000		
Urban Renewal/Economic Development Bonds	20,595,000		
Water Works Bonds	67,810,000		
	291,944,000		
Net Debt Within 5-1/2% Limitation		195,400,000	175,220,000
Legal Debt Margin Within 5-1/2% Limitation		$97,680,113	$123,358,906

TEN LARGEST AD VALOREM TAXPAYERS IN
CITY OF CINCINNATI 2002

The following is a list of the ten largest ad valorem taxpayers (based on the taxable valuation of their property) subject to the City's taxing jurisdiction. The valuations were provided to the City's Finance Department by the Hamilton County Auditor's Office.

Name of Taxpayer	Nature of Business	Taxable Valuation (a)	Percentage of Total Assessed Valuations
Cinergy	Public Utility	$ 222,250,760	4.17%
The Procter & Gamble Co.	Consumer Goods Manufacturing	119,942,960	2.25
Cincinnati Bell Telephone, Inc.	Public Utility	74,240,730	1.39
Emery Realty	Real Estate Holdings	30,975,000	.58
Prudential Insurance	Real Estate Holdings	28,000,000	.53
Columbia Development	Real Estate Holdings	27,720,000	.52
Ohio Teachers Retirement System	Real Estate Holdings	26,320,000	.49
Kroger Company	Consumer Goods Retail	26,045,940	.49
Unova Industrial		25,319,580	.48
Fifth Third Center	Real Estate Holdings	21,350,000	.40
All Others		4,726,564,350	88.70
Total Taxable Valuation		$5,328,729,320(b)	100.00%

(a) The taxable valuation is based upon both the Personal and Real Property Valuation of the largest property holders in the City.

(b) The total assessed valuation figure is the 2001 for 2002 purposes amount.

TEN LARGEST EMPLOYERS IN CINCINNATI PRIMARY METROPOLITAN STATISTICAL AREA

Name of Employer	Nature of Business	Approximate Number of Employees
University of Cincinnati	Education	14,000
The Procter & Gamble Co	Consumer Goods Manufacturing	13,700
Health Alliance	Healthcare	13,500
The Kroger Co.	Consumer Goods Distribution	12,000
General Electric	Aircraft Engines	7,500
Archdiocese of Cincinnati	Education	7,400
Mercy Health Partners	Healthcare	7,200
Cincinnati Public Schools	Education	7,100
City of Cincinnati	Government	7,100
Tri-Health Inc.	Healthcare	6,800

Source: Business Courier 2003 Winter Book

Unemployment Statistics

The following table lists the unemployment rates for the Cincinnati Metropolitan area for the past five years. The figures are expressed in percentages and represent the ratio of the total unemployed to the total labor force.

Year	Rate
1998	3.4%
1999	3.5
2000	3.5
2001	3.9
2002	4.8

Source: Department of Job & Family Services, Bureau of Labor Market Information, State of Ohio

CITY OF CINCINNATI, OHIO
Construction, Bank Deposits and Property Value
Last Ten Years

	New Residential Construction(1)		New Non-Residential Construction(1)		Total Construction(1)	
Year	Number of Permits	Estimated Cost (in thousands)	Number of Permits	Estimated Cost (in thousands)	Number of Permits	Estimated Cost (in thousands)
1993	138	$21,228	817	$63,218	12,131	$216,233
1994	148	20,553	838	19,068	11,724	182,643
1995	136	16,051	778	40,881	11,108	201,767
1996	160	20,062	1,003	56,595	11,306	258,999
1997	127	13,332	735	32,095	11,911	231,917
1998	142	12,973	533	36,588	11,433	266,664
1999	129	12,088	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

		Property Value (3)	
Year	Bank Deposits (2) (in thousands)	Residential (in thousands)	Non-Residential (in thousands)
1993	$15,290,052	$4,757,764	$4,285,722
1994	17,301,493	5,342,062	4,833,031
1995	18,661,138	5,360,460	4,755,871
1996	21,598,936	5,376,340	4,714,698
1997	18,070,437	5,954,496	4,709,255
1998	24,305,322	5,961,433	4,707,816
1999	41,678,898	5,979,174	4,734,190
2000	21,394,000	7,165,094	5,301,602
2001	28,358,000	7,191,011	5,275,983
2002	27,212,000	7,190,165	5,322,012

Source: (1) The City's Department of Buildings and Inspections' records.
(2) Greater Cincinnati Chamber of Commerce for the Hamilton County Area (1993-1998), Federal Reserve Bank (1999), FDIC (2000 - 2002)
(3) Values obtained from the Hamilton County Auditor's Office.

CITY OF CINCINNATI, OHIO
Salaries of Principal Officials

Position	Salary
Mayor	$114,300
Councilmember, other than Mayor	$57,150
City Manager	$187,720
Commissioner of Health	$101,600 - $137,150
Deputy City Manager	$101,600 - $137,150
City Solicitor	$101,600 - $137,150
Various Department Directors	$86,950 - $117,390

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 (xxiii). 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
Surety Bond Coverage

A faithful performance blanket bond coverage of $1,000,000 is maintained for all City employees.

CITY OF CINCINNATI, OHIO
Demographic Statistics

	2000	1990	1980	1970	1960
Population	331,285	364,040	385,457	453,514	502,550
Age Distribution					
0 - 4	23,862	30,595	28,781	38,520	56,316
5 - 19	68,724	73,156	82,125	119,261	118,827
20 - 64	198,045	209,563	218,839	235,884	268,796
65 - 99	40,654	50,726	55,712	58,859	58,611
Race					
White	175,492	220,285	251,144	325,394	392,865
Black	142,176	138,132	130,467	125,070	108,757
Other	13,617	5,623	3,846	2,060	928
Employment					
Labor Force	160,722	158,881	159,396	183,877	201,729
Male	81,347	79,866	85,303	105,618	127,816
Female	79,375	79,015	74,093	78,259	73,913
Class of Worker					
Private	118,143	126,181	122,095	139,737	156,827
Government	22,622	24,591	30,738	27,072	20,495
Self Employed	7,052	7,673	6,323	8,091	11,498
Housing Units					
Total Units	166,012	169,088	172,571	172,551	171,679
Units Occupied	148,095	154,342	157,677	159,838	161,827
Owner Occupied	57,715	59,172	60,673	61,504	65,355
Renter Occupied	90,380	95,170	97,004	98,334	96,472
Persons Per Unit (Median)					
All Units	2.15	1.9	1.9	2.2	2.4
Owner Occupied	2.43	2.3	2.4	2.7	2.9
Renter Occupied	1.97	1.6	1.6	1.9	2.3
Education (In School)					
Elementary	*27,000	*36,321	46,909	64,681	69,996
High School	*15,000	*20,000	21,049	26,575	22,145
College	33,085	33,105	29,397	22,494	10,650
Income of Families					
Median	$ 27,781	$ 26,774	$ 16,800	$ 8,894	$ 5,701

Source: City Planning Commission. This data was extracted by the Commission from various reports of the U.S. Bureau of the Census.

* Estimated by the City's Finance Department.

CITY OF CINCINNATI, OHIO
Cincinnati Profile

Government and History

Cincinnati was founded in 1788, chartered as a village in 1802, and incorporated as a City within Hamilton County in 1819. Major revisions to the City Charter were approved by the voters in 1926 to provide for home rule and the council-manager form of government. In 2001, the City adopted a strong mayor-council form of government. Copies of the City Charter are available on request from the Clerk of Council; City Hall; Cincinnati, Ohio 45202.

Population	**Census 2000**	**Census 1990**	**Census 1980**	**Census 1970**	**Census 1960**
Cincinnati - City	331,285	364,040	385,457	453,514	502,550
Hamilton County	845,303	866,228	873,224	925,944	864,121
Metropolitan Area	1,646,395	1,452,645	1,401,491	1,387,207	1,268,479

Area

Cincinnati	77 sq. miles
Hamilton County	413 sq. miles
Metropolitan Area	3,343 sq. miles

Geographically, the City of Cincinnati is located on the Ohio River in Southwestern Ohio near the junction of Ohio, Indiana and Kentucky. Cincinnati is centrally located relative to the thirty-three major U. S. distribution centers. Within 600 miles of Cincinnati reside 54% percent of the nation's population, 53% of the nation's purchasing power, 54% of the nation's manufacturing establishments and 57% of the nation's value added by manufacturing.

2002 City Data

Miles of Street	2,820
Miles of Sewer Mains	3,000
Miles of Water Mains	2,860
Number of Water Customers	1,000,000
Number of Water Customer Accounts	235,000
Number of Sewer Customers	800,000
Number of Sewer Customer Accounts	230,000
Acres of Parks and Recreation Land	7,300
Number of Recreation Facilities	204
Gross General Bonded Debt	$487,444,000
Gross Debt per Capita (331,285 population)	$1,471.37

Number of Municipal Employees, including three/quarter time

Police	1,012	Service Maintenance	889
Fire	733	Technicians	418
Security	13	Professionals	1,261
Clerical	528	Para-Professionals	307
Skilled Crafts	301	Administrators	278

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Auditor of State
Betty Montgomery

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Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
AUGUST 7, 2003