

County of Hamilton, Ohio
Federal Entity Identification Number 31-6000063
Report on Federal Awards in Accordance With
OMB Circular A-133
For the Year Ended December 31, 2002



**Auditor of State
Betty Montgomery**

Board of Commissioners
Hamilton County
138 e. Court St. Room 304a
Cincinnati, Ohio 45202

We have reviewed the Independent Auditor's Report of the Hamilton County, prepared by Pricewaterhousecoopers LLP, for the audit period January 1, 2002 to 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. Hamilton County is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

August 29, 2003

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Report of Independent Auditors on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To The Honorable County Auditor, County Treasurer
and the Board of County Commissioners
County of Hamilton, Ohio:

We have audited the basic financial statements of the County of Hamilton, Ohio (the "County") as of and for the year ended December 31, 2002, and have issued our report thereon dated June 25, 2003. The financial statements of the Metropolitan Sewer District of Greater Cincinnati ("MSD") fund were audited by other auditors whose report thereon was furnished to us, hence our opinion insofar as it relates to the amounts included for the MSD fund is based solely on the report of the other auditors. 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 County'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 basic 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the County in a separate letter dated June 25, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County'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 basic 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, which we have reported to management of the County in a separate letter dated June 25, 2003.

The Honorable County Auditor, County Treasurer
and the Board of County Commissioners
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This report is intended solely for the information and use of the County's management, the Board of County Commissioners, federal awarding agencies and pass-through entities, and the Auditor of State of Ohio and is not intended to be and should not be used by anyone other than those specified parties.

PriceWaterhouseCoopers LLP

June 25, 2003

**Report of Independent Auditors on Compliance With Requirements
Applicable to Each Major Program and Internal Control Over Compliance
in Accordance With OMB Circular A-133**

To The Honorable County Auditor, County Treasurer,
and the Board of County Commissioners
County of Hamilton, Ohio:

Compliance

We have audited the compliance of the County of Hamilton, Ohio ("the County") 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 County's major federal programs are identified in the summary of auditor's 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 County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County'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 County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2002.

Internal Control Over Compliance

The management of the County 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 County'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.

The Honorable County Auditor, County Treasurer
and the Board of County Commissioners
Page 2

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 structure over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the County as of and for the year ended December 31, 2002, and have issued our report thereon dated June 25, 2003. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is not presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

PriceWaterhouseCoopers LLP

June 25, 2003

County of Hamilton, Ohio
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2002

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>County of Hamilton Department or Board</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture				
<i>Child Nutrition Cluster:</i>				
Direct Program:				
Food Donation	Juvenile Court	10.550		\$ 2,673 (a)
Pass-through the Ohio Department of Education:				
Food Donation	River City Correctional Center	10.550	135285	32,372 (a)
School Breakfast Program	Juvenile Court	10.553		36,749
National School Lunch Program	Juvenile Court	10.555		168,077 (b)
National School Lunch Program	Mental Retardation and Developmental Disabilities (MRDD)	10.555		<u>47,720 (b)</u>
Total U.S. Department of Agriculture				<u>\$ 287,591</u>
U.S. Department of Labor				
Pass-through the Ohio Department of Jobs and Family Services:				
<i>Workforce Investment Act Cluster:</i>				
WIA Adult Program	Jobs and Family Services (JFS)	17.258		\$ 357,838
WIA Youth Activities	JFS	17.259		572,533
WIA Dislocated Workers	JFS	17.260		<u>438,624</u>
Total U.S. Department of Labor				<u>\$ 1,368,995</u>
U.S. Department of Education				
Pass-through the Ohio Rehabilitation Services Commission:				
Rehabilitation Services-Vocational Rehabilitation Grants to States	Mental Health	84.126	RSC 379 415-616	\$ 30,895
Pass-through the Ohio Department of Rehabilitations and Corrections:				
Adult Education-State Grant Program	Sheriff	84.002	2003-PRSL-0002	11,226
Title I Program for Neglected and Delinquent Children	Sheriff	84.013	2003T1.ED-0002	465
Pass-through the Ohio Department of Education:				
Safe and Drug-Free Schools and Communities - State Grants	Alcohol and Drug Addition Services (ADAS)	84.186	COME#WP02Y8	305,000
Innovative Education Program Strategies	MRDD	84.298		326
<i>Special Education Cluster:</i>				
Special Education-Preschool Grants	MRDD	84.173		44,648
Special Education-Grants to States	MRDD	84.027		<u>37,646</u>
Total U.S. Department of Education				<u>\$ 430,206</u>

The accompanying notes are an integral part of this schedule.

County of Hamilton, Ohio
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2002

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	County of Hamilton Department or Board	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services				
Direct Program:				
Adoption Opportunities	Juvenile Court	93.652		\$ 116,850
Pass-through the Ohio Department of Alcohol and Drug Abuse:				
Block Grants for Prevention and Treatment of Substance Abuse Medical Assistance Program (Medicaid; Title XIX)	ADAS ADAS	93.959 93.778	COME-ADA-WP02YV	6,756,639 2,221,719 (c)
Pass-through the Ohio Department of Mental Health:				
Projects for Assistance in Transition From Homelessness	Mental Health	93.150		153,534
Social Services Block Grant (Title XX) Medical Assistance Program (Medicaid; Title XIX)	Mental Health Mental Health	93.667 93.778	MC-21 MC-21	727,758 (d) 19,749,125 (c)
Block Grants for Community Mental Health Services	Mental Health	93.958		1,991,039
Pass-through the Ohio Department of Mental Retardation and Development Disabilities:				
Social Services Block Grant (Title XX) Medical Assistance Program (Medicaid; Title XIX)	MRDD MRDD	93.667 93.778	MR-31	633,179 (d) <u>12,035,358 (c)</u>
Total U.S. Department of Health and Human Services				<u>\$ 44,385,201</u>
Corporation for National and Community Services				
Pass-through the Ohio Department of Youth Services:				
AmeriCorps	Juvenile Court	94.006		<u>\$ 10,852</u>

The accompanying notes are an integral part of this schedule.

County of Hamilton, Ohio
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2002

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	County of Hamilton Department or Board	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development				
Direct Programs:				
Community Development Block Grants/Entitlement Grants	Community Development	14.218		\$ 3,737,603
Emergency Shelter Grants Program	JFS	14.231		68,475 (e)
Emergency Shelter Grants Program	Community Development	14.231		117,889 (e)
HOME Investment Partnerships Program	Community Development	14.239		2,403,127
Supportive Housing Program	JFS	14.235		117,253
Section 8 Housing Choice Vouchers	Community Development	14.871		<u>14,508,535</u>
Total U.S. Department of Housing and Urban Development				<u>\$ 20,952,882</u>
U.S. Department of Justice				
Direct Programs:				
Local Law Enforcement Block Grants Program	Municipal Court's Pre-Trial Services	16.592		\$ 561,152
Public Safety Partnership and Community Policing Grants ("COPS" Grants)	Sheriff	16.710	1999-CL-WX-0226	503,768
Pass-through the Ohio Attorney General: Crime Victim Assistance	Prosecuting Attorney	16.575	2002VADSCE424	91,833
Pass-through the Ohio Department of Youth Services: Juvenile Accountability Incentive Block Grants	Juvenile Court	16.523		300,239
Pass-through the Office of Criminal Justice Services: National Institute of Justice Research, Evaluation, and Development Project Grants	Coroner	16.560	316402045	8,450
Byrne Formula Grant Program	River City Correctional Center	16.579	1998-RS-SAT-106	<u>42,477</u>
Total U.S. Department of Justice				<u>\$ 1,507,919</u>

The accompanying notes are an integral part of this schedule.

County of Hamilton, Ohio
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2002

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	County of Hamilton Department or Board	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation				
Pass-through the Ohio Environmental of Public Safety:				
Highway Planning and Construction	Engineer	20.205	31000EN0	\$ 28,263
Pass-through the Ohio Environmental Protection Agency:				
Interagency Hazardous Materials Public Sector Training and Planning Grants	Emergency Mgmt. Agency	20.703	31000000	<u>19,667</u>
Total U.S. Department of Transportation				<u>\$ 47,930</u>
U.S. Environmental Protection Agency				
Direct Programs:				
Air Pollution Control Program Support	Environmental Services	66.001		\$ 603,106
Surveys, Studies, Investigations and Special Purpose Grants	Environmental Services	66.606		499,659
Pass-through the Ohio Environmental Protection Agency:				
State Emergency Response Commission	Emergency Mgmt. Agency	66.unknown		<u>89,737</u>
Total U.S. Environmental Protection Agency				<u>\$ 1,192,502</u>
Federal Emergency Management Agency				
Pass-through the Ohio Emergency Management Agency:				
Emergency Management Performance Grants	Emergency Mgmt. Agency	83.552	31000000	\$ 95,125
Public Assistance Grants	Engineer	83.544	1390-DR-61-U6R1Q	358,294 (f)
Public Assistance Grants	Public Works	83.544	1390-DR-61-UBQW	13,867 (f)
Pass-through the United Way of America:				
Emergency Food and Shelter National Board Program	JFS	83.523		<u>18,263</u>
Total Emergency Management Agency				<u>\$ 485,549</u>
U.S. Department of Energy				
Direct Program:				
State Energy Program	Environmental Services	81.041		\$ 13,150
Pass-through the Ohio Emergency Management Agency:				
Consolidated Monitoring and Oversight Grant	Emergency Mgmt. Agency	81.unknown	31000000	<u>15,000</u>
Total U.S. Department of Energy				<u>\$ 28,150</u>
Total Expenditures of Federal Awards				<u>\$ 70,697,777</u>

The accompanying notes are an integral part of this schedule.

County of Hamilton, Ohio
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2002

1. Summary of Significant Accounting Policies:

- a. Basis of Presentation:** The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County of Hamilton, Ohio (the “County”) recorded on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, hence some amounts may differ from amounts used in the preparation of the basic financial statements. Also, certain information may not agree with other federal award reports that the County submits to federal granting agencies because, among other reasons, the other federal award reports may be prepared for a different fiscal period or include cumulative data rather than data for the current year only.
- b. Subrecipients:** Certain funds are passed through to subgrantee organizations by the County. Expenditures incurred by the subgrantees and reimbursed by the County are presented in the Schedule of Expenditures of Federal Awards. The County is also the subrecipient of federal funds that have been subject to testing and are reported as expenditures and listed as federal pass-through funds.
- c. Basis for Valuing Noncash Commodities:** Distributions of noncash commodities are reported as expenditures in the amount of the estimated fair value of those commodities when they were received.

2. CFDA (Catalog of Federal Domestic Assistance) Number Not Available:

The Emergency Management Agency is the recipient of two grants for which CFDA numbers are not available. These grants have been included in the Schedule of Expenditures of Federal Awards.

3. Total Expenditures by Federal CFDA Number:

Total expenditures under each federal grant is disclosed within the accompanying Schedule of Expenditures of Federal Awards for all but the following CFDA numbers:

(a)	10.550	\$ 35,045
(b)	10.555	215,797
(c)	93.778	34,006,202
(d)	93.667	1,360,937
(e)	14.231	186,364
(f)	83.544	372,161

County of Hamilton, Ohio
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2002

4. Clusters of Federal Programs:

Certain federal programs with different CFDA numbers are defined as a cluster of programs because they are closely related and share common compliance requirements. In 2002, the County expended money under more than one federal program in each of the following clusters:

	<u>Total Federal Expenditures</u>
Child Nutrition Cluster	\$ 287,591
Workforce Investment Act Cluster	1,368,995
Special Education Cluster	82,294

County of Hamilton, Ohio
Schedule of Findings and Questioned Costs
Section I – Summary of Auditor’s Results
For the Year Ended December 31, 2002

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financing reporting:

- Material weaknesses identified? No
- Reportable conditions identified that are not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? No
- Reportable conditions identified that are not considered to be material weaknesses? None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510 (a) of Circular A-133? No

County of Hamilton, Ohio
Schedule of Findings and Questioned Costs
Section I – Summary of Auditor’s Results
For the Year Ended December 31, 2002

Programs Audited as Major

<u>Name of Federal Program or Cluster</u>	<u>CFDA Numbers</u>
Workforce Investment Act Cluster	17.258, 17.259 and 17.260
Safe and Drug-Free Schools and Communities-State Grants	84.186
Block Grants for Prevention and Treatment of Substance Abuse	93.959
Block Grants for Community Mental Health Services	93.958
Section 8 Housing Choice Vouchers	14.871
Public Safety Partnership and Community Policing Grants	16.710
Dollar threshold used to distinguish between type A and type B programs:	\$2,120,933
Auditee qualified as low-risk auditee?	Yes

County of Hamilton, Ohio
Schedule of Findings and Questioned Costs
Section II – Financial Statement Findings
For the Year Ended December 31, 2002

No items noted.

County of Hamilton, Ohio
Schedule of Findings and Questioned Costs
Section III – Federal Awards Findings and Questioned Costs
For the Year Ended December 31, 2002

No items noted.

County of Hamilton, Ohio

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2002

Reportable Condition

2001-1: Grant 93.959, Block Grants for Prevention and Treatment of Substance Abuse, contains certain requirements that we noted were not fully complied with by the County's ADAS department, as follows:

- A physical inventory must be conducted every two years, and property records must be maintained that include description (including serial number or other identification number), source, who holds title, acquisition date and cost, percentage of federal participation in the cost, location, condition, and any ultimate disposition data including the date of disposal and sales price or method used to determine current fair market value. ADAS did not conduct a physical inventory for the previous two years, and its property records did not contain all of the required information. We recommended that ADAS perform a complete physical inventory and update its property records for all required information.
- At least 20% of the funds must be used for prevention. The information provided by ADAS indicated that the department spent only 17.43% in 2001 for prevention. We recommended that ADAS adjust its spending such that the 20% threshold is achieved on a cumulative basis, then ensure compliance is maintained going forward.
- Pass-through entities must monitor subrecipient activities in order to provide reasonable assurance that subrecipients administer federal awards in compliance with federal requirements, including requiring appropriate corrective action be taken on all findings. ADAS had not been monitoring subrecipient annual audits. We reviewed a sample of five subrecipient annual reports from 2001, noting two with findings related to federal awards and one with a financial statement finding. We recommended that ADAS begin monitoring its subrecipients, including reviewing all subrecipient annual reports, including past reports that ADAS had not reviewed yet, and ensure that appropriate corrective action be taken on all findings.

We recommended that ADAS assign a member of management to oversee the process of addressing the above requirements as well as ensuring that all grant requirements be monitored for compliance in the future.

In the prior year, management provided the following response:

- The Hamilton County Alcohol and Drug Addiction Services Board has kept inventory cards. The ADAS Board has routinely sent them to the Hamilton County Auditor's Office.
- The Hamilton County Alcohol and Drug Addiction Services Board is now in the process of electronically updating all physical inventories.
- The Hamilton County Alcohol and Drug Addiction Services Board now has changed its policy. It is allocating 20% of its per capita dollar at the beginning of the fiscal year.
- The Director of Financial Operations has been given the responsibility to review all sub-recipient audits in the future. Any findings will require corrective action by the sub-recipient.

County of Hamilton, Ohio
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2002

In the current year, we noted that ADAS is taking significant steps to address these points as well as certain other matters involving internal control. For 2002, we noted one subrecipient had not submitted a required audit report, to which management's response was:

- ADAS management is aware that a subrecipient spending over \$300,000 in Federal funds must submit an audit. The ADAS Board will correct the oversight.

County of Hamilton, Ohio
Report on Federal Financial Assistance
In Accordance With OMB Circular A-133
For the Year Ended December 31, 2002

ADDITIONAL INFORMATION

Lead Auditor: Richard C. Stover

Telephone Number: (513) 768-4592

Our audits were performed between December 2002 and June 2003 at the County's facilities as follows:

<u>Location</u>	<u>Description of Facility</u>	<u>Dates Visited</u>
Cincinnati	County of Hamilton - Administrative Building	December 2002 - June 2003

2002

Comprehensive

Annual

Financial

Report

For the year ending
December 31, 2002

The County of
Hamilton, Ohio

Issued by
Dusty Rhodes
Hamilton County
Auditor

**COUNTY OF HAMILTON, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 Year Ended December 31, 2002**

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County of Hamilton

DUSTY RHODES

AUDITOR

COUNTY ADMINISTRATION BUILDING
138 EAST COURT STREET
CINCINNATI, OHIO 45202

June 25, 2003

To the Honorable Board of County Commissioners
and Citizens of Hamilton County:

I am pleased to present the Comprehensive Annual Financial Report of the County of Hamilton for the year ended December 31, 2002.

Report Background

Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 require that the County produce annual financial statements pursuant to generally accepted accounting principles (GAAP). The responsibility for the accuracy of all data presented and its completeness and fairness of presentation rests with the County Auditor's Office and, specifically, the Department of Finance. To the best of management's knowledge, this report contains the financial statements and other financial and statistical data that provide a complete and full disclosure of all material financial aspects of the County. All disclosures necessary to enable the reader to gain an understanding of the County of Hamilton's activities have been included.

To provide a reasonable basis for making these representations, internal accounting controls have been incorporated as an integral part of the County's financial reporting system. These controls are designed to achieve the fundamental objectives of safeguarding assets, providing reasonable assurance that financial transactions are properly recorded, and ensuring that adequate accounting data are compiled to allow for the preparation of financial statements in accordance with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Ohio Revised Code Sections 117.11 and 115.567, respectively, require an annual audit be performed by the Auditor of State or an independent certified public accountant approved by the Auditor of State. PricewaterhouseCoopers LLP has performed the County audit for 2002. The goal of the independent audit was to obtain reasonable assurance that the County's basic financial statements, as listed in the table of contents, its results of operations and the cash flows of its proprietary funds types, for the fiscal year ended December 31, 2002, are free of material misstatement. In addition to meeting the requirements of State statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act of 1984 and the related U.S. Office of Management and Budget's Circular A-133. Generally accepted auditing standards and the standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The independent audit included examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall basic financial statement presentation. The auditor's report on

the basic financial statements is included as the first part of the financial section of this report. It concluded that the County of Hamilton's basic financial statements for the fiscal year ended December 31, 2002, present fairly, in all material respects, the County's financial position at December 31, 2002, in conformity with accounting principles generally accepted in the United States of America. The auditor's report on internal controls and compliance with applicable laws and regulations can be found in a separately issued single audit report.

GAAP requires that management provide a Management Discussion and Analysis (MD&A), a narrative introduction, overview and analysis to accompany the basic financial statements. The MD&A complements this letter and should be read in conjunction with it. The MD&A appears immediately after the independent auditor's report.

County of Hamilton Government Profile

The County of Hamilton was named for the former Secretary of the Treasury, Alexander Hamilton, and was created by proclamation of Arthur St. Clair, Governor of the Northwest Territory, on January 2, 1790. The County was the second county formed in the State of Ohio, with Cincinnati as the County seat. The County is situated in the extreme southwestern corner of the State and covers an area of 412.81 square miles. The County encompasses 49 cities, villages and townships, of which Cincinnati is the largest. The County is the third largest in the State of Ohio in terms of population (845,303 per the 2000 U.S. Census). Located on the Ohio River, Hamilton County forms the core of the Greater Cincinnati Metropolitan Area, which also includes the counties of Warren, Clermont, Brown and Butler in Ohio; Dearborn and Ohio Counties in Indiana; and Kenton, Campbell, Gallatin, Grant, Pendleton and Boone Counties across the river in Kentucky. The metro area has a population of 1,979,202, which makes it the 24th largest metropolitan area in the country per the 2000 U.S. Census.

The County has operated under the statutory form of government since its founding. As an agent of the state, County government serves the entire County in a variety of ways.

The County's legislative and taxing authority are vested in an elected, three-member Board of County Commissioners who are responsible, among other things, for passing resolutions, issuing bonds, adopting budgets and hiring the County Administrator. The County Administrator is responsible for carrying out the policies and resolutions of the Board of County Commissioners, and for appointing the heads of the departments under the control of the Board.

The County Auditor is also elected and serves as both the chief fiscal officer for the County and the real property assessor for all political subdivisions within the County. As chief fiscal officer, the Auditor is responsible for maintaining the County's centralized accounting, payroll and benefits systems; for preparing the Comprehensive Annual Financial Report; and for issuing warrants and processing payments made on behalf of County agencies. The Auditor prepares the general tax list of the County, calculates the voted and unvoted tax rates for real estate and personal property and, once collected, distributes the tax receipts to the appropriate political subdivisions and agencies within the County. As real property assessor, the Auditor is responsible for a full reappraisal of more than 350,000 parcels of real property in the County every six years, with an interim update three years later.

The Treasurer is the custodian of County funds and is responsible for collecting all tax moneys and applying payments to the appropriate tax accounts. As specified by law, the Treasurer is also responsible for investing idle County funds.

In addition to those discussed immediately above, other elected officials serving four-year terms include the Prosecutor, Engineer, Recorder, Sheriff, Coroner and Clerk of Courts. The Court of Appeals Judges, Common Pleas Judges and the County-wide Municipal Court Judges are all elected to six-year terms.

The annual budget is the starting point for the County's financial planning and control. The budgeting process is primarily the province of the Board of County Commissioners (BOCC) and is administered by the Department of Administrative Services (DAS). In the spring of the calendar year, agencies submit their capital requests for review for the following year (i.e., the year being budgeted). In July and August, agencies submit to DAS their goals/objectives/performance measures along with personnel and operational expense requests for resources necessary to accomplish them. Based on its review of these materials, DAS makes budget recommendations to the County Administrator in October and November. In November, the County Administrator in turn makes his recommendations to the BOCC. After the BOCC conducts a public hearing on the budget, it typically adopts the

final budget in December. But if a final budget is not adopted before January 1, the start of the County's fiscal year, then the BOCC must adopt a temporary appropriation measure, and then approve the final budget by April 1.

The appropriated budget is prepared by (1) fund, (2) agency/function and (3) appropriation level (personnel services, other expenditures and capital outlay), otherwise known as the legal level of budgetary control (the level at which agencies may not overspend appropriations without BOCC authorization). The adopted budget may be amended in one of three ways: (1) transfer of funds between funds, departments or appropriation levels, all of which must be approved by the BOCC; (2) additional appropriations, which also require BOCC approval; and (3) transfers within appropriated levels, which require County Administrator approval. (With regard to this latter category, however, such transfers within appropriated levels are not necessary since agencies may legally spend within their total budget for a given appropriation level without further approval.) Budget-to-actual comparisons are provided in this report for the General Fund and each annually budgeted major special revenue fund, and are included as part of the basic governmental fund financial statements. In the supplementary information section, budgetary comparisons are presented at the legal level of budgetary control for all governmental funds with legally adopted annual budgets.

Factors Affecting Financial Condition

Local Economy Like many localities, Hamilton County is dependent on the U.S. economic climate, and with the downturn in the national economy, Hamilton County has suffered. But in some ways it has felt the impact more than its peer counties across the nation. At the beginning of the current recession, from March 2000 to March 2001, Hamilton County lost 2.4% of its job base, more than any other of the 50 most populous U.S. counties. There has been a steady decline in jobs since then. However, the County's annual average 2002 unemployment rate of 5.1% nevertheless compares favorably to the State of Ohio and the national annual average unemployment rates of 5.7% and 5.8%, respectively. Home forfeitures through foreclosures have posted double digit increases in Hamilton County every year since the mid-1990s, more than doubling since 1995. In addition to the dismal national economic picture, the 2001 racially-based riots in Hamilton County's seat, the City of Cincinnati, appear to be having a lingering effect on the attractiveness of the downtown area, its businesses and the region.

It must also be noted that Hamilton County's population has been steadily declining over the past decade, going from 873,002 in 1993 to 833,721 in 2002, a decrease of 4.5%. At the same time, the residential property tax burden of County-wide levies has increased from \$100.52 to \$175.35 on a per capita basis, an increase of 74.4%. This current per capita residential property tax burden is larger than that of any of the other most-populous or neighboring Ohio counties. (For more information on these and other aspects of the County's tax burden, please refer to the 2002 Citizens Financial Report, which can be found at the Auditor's website at www.hamiltoncountyauditor.org.)

This tax burden may help to explain why much of the population and development that Hamilton County lost retreated from the central core of the region—Hamilton County and the City of Cincinnati—to surrounding suburban counties. In neighboring Warren County, the effect is especially illustrative. In stark contrast to Hamilton County, there the commissioners have passed legislation designed to *limit* residential development and have *eliminated* a portion of the property tax since sales tax revenues have been so healthy.

Meanwhile, the sales tax picture in Hamilton County has been particularly grim. This source of funds accounts for approximately 25% of the General Fund's revenues. The Board of County Commissioners has historically relied upon an annual growth rate of 3% to meet the County's continuing needs. Furthermore, in planning in recent years for ambitious riverfront redevelopment efforts—which the Commissioners considered the cornerstone of downtown Cincinnati revitalization—the Commissioners anticipated sales tax growth significantly in excess of 3% to help fund that project. But the County has not seen 3% growth in sales tax revenues since 1999. That is, in 2002, for the third year in a row, sales tax growth has not been sufficient to meet the long-term level necessary (3%) to finance even the debt the Commissioners issued in the past several years to fund new baseball and football stadiums that were constructed as the first phase of riverfront redevelopment efforts. For 2003, the Commissioners have now budgeted only a 2% expected growth rate for sales tax revenues. As a result, remaining plans to establish "The Banks"—a mixed-use commercial office space/residential/retail district, on the riverfront between the stadiums—may have to be significantly scaled back. Additionally, several years ago, at the time of implementing an additional sales tax to fund the new stadiums, the Commissioners indicated that some of those proceeds would be used to establish the Sales Tax Credit to reduce the annual residential property taxes

of Hamilton County's residents who own and occupy their home: Should the sales tax revenue rate of growth not improve in the long term, that credit could be in jeopardy eventually.

But at the same time the County's population and sales tax revenue have been declining, and property taxes increasing, the County government's workforce has been increasing too, growing from 5,892 full-time positions in 1994 to 6,339 in 2002, an increase of 7.6%. In order to house this expanding County government workforce, in 2002 the Board of County Commissioners expended \$3.6 million to acquire a vacant office building in downtown Cincinnati. The costs for renovating and operating the building were projected to be \$3.3 million and \$850,000 annually, respectively. However, with a change in membership on the Board of County Commissioners in January 2003, the building's acquisition is being reconsidered, and the County may attempt to sell it.

In sum, the Greater Cincinnati economy faces a challenge to reverse the erosion of the central core as population and employment opportunities move to the surrounding suburbs and suburban counties. Meanwhile, business and community leaders optimistically look to the area's man99assets—such as its diversified economy, competitive cost structure, skilled work force, international airport and easy access to national and regional markets—to help drive the local economy to new success by providing a favorable environment for attracting new businesses and a strong foundation for growth.

Risk Management The County retains the claim and defense costs from general, public officials' and automobile risks. The County purchases workers' compensation insurance through the Ohio Bureau of Workers' Compensation under a retrospective-rated program. Separate insurance policies are procured for buildings and contents, County-owned equipment, boilers and machinery, crime exposures and aviation liability.

Cash Management Policies and Practices The County's investment policy is based on the Ohio Revised Code, Chapter 135. The policy is set up to actively seek maximum return while maintaining the utmost security of funds.

Maximum Return. The County pools all securities so as to utilize the economies of scale. The Treasurer, in accordance with State law, utilizes the most up-to-date equipment in order to continually monitor and track all securities and diversify and manage the portfolio. Eligible investments, as defined in Section 135.35 of the Ohio Revised Code, include federal agencies' securities; U.S. Treasury bonds, notes and bills; and certificates of deposit in eligible financial institutions, also as defined in Section 135.32 of the Ohio Revised Code. The County continues to monitor new legislation in the cash management arena and new techniques for achieving maximum investment efficiency within State law. The County has never owned any derivative-type investments, interest-only investments or principal-only investments.

Security of Funds. It is an express policy of the County to value overall long-term portfolio performance over the short-term needs of the County. It is fiscally irresponsible to invest funds on a long-term basis that will be needed for short-term cash needs. All cash is invested and collateralized, in accordance with Ohio State law, in eligible security instruments.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Hamilton County for its Comprehensive Annual Financial Report for the year ended December 31, 2001. In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, the County published an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. This was the tenth consecutive year that the County has received this prestigious award. We believe that our current CAFR 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.

Hamilton County also received an award from the GFOA for the County's popular annual financial report for the year ended December 31, 2001, the eighth consecutive year that the County has received this prestigious award. This report, titled the Citizens Financial Report, is a condensed, simplified version of the CAFR and was distributed to County residents via inserts in the two local daily newspapers of general circulation. The Citizens Financial Report was prepared by the Auditor's Finance Department.

In addition, the County also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget dated January 1, 2002. In order to qualify for the Distinguished Budget Presentation Award,

the County's budget document was judged to be proficient in several categories, including policy documentation, financial planning and organization. It was the tenth consecutive year the County received this prestigious award.

Acknowledgments

The preparation of this report could not have been accomplished without the efficient and dedicated services of the Auditor's Finance Department, as well as other Auditor Staff. I would like to express my appreciation to the Director and all members of the Department who assisted and contributed to the preparation of this report. Due credit also should be given to the County administration for their efforts to fulfill their responsibilities with regard to the operations of the County.

Sincerely,

A stylized, handwritten signature in black ink that reads "DUSTY RHODES". The letters are bold and somewhat irregular, with some overlapping.

Dusty Rhodes
Auditor

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Hamilton,
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

**COUNTY OF HAMILTON, OHIO
ELECTED OFFICIALS**

As of December 31, 2002

Board of County Commissioners

Thomas Neyer, Jr., President
John S. Dowlin
Todd Portune

Dusty Rhodes
James C. Cissell
Carl L. Parrott, Jr., M.D.
William W. Brayshaw
Michael K. Allen
Rebecca Prem Groppe
Simon L. Leis, Jr.
Robert A. Goering

**Auditor
Clerk of Courts
Coroner
Engineer
Prosecutor
Recorder
Sheriff
Treasurer**

Ohio Court of Appeals First District

Mark P. Painter, Presiding Judge
Rupert A. Doan
Robert H. Gorman

Lee H. Hildebrandt, Jr.
J. Howard Sundermann
Ralph Winkler

Common Pleas Court Judges

General Division

Fred J. Cartolano, Presiding Judge
Kim Wilson Burke
Thomas H. Crush
David P. Davis
Patrick T. Dinkelacker
Dennis S. Helmick
Robert S. Kraft
Melba D. Marsh

Steven E. Martin
Norbert A. Nadel
Richard A. Niehaus
Thomas C. Nurre
Robert P. Ruehlman
Mark R. Schweikert
Ann Marie Tracey
John Andrew West

Domestic Relations Division

Ronald A. Panioto, Administrative Judge
Penelope R. Cunningham

Susan Laker Tolbert

Probate Court Division

Wayne F. Wilke, Presiding Administrative Judge

Juvenile Court Division

Sylvia Sieve Hendon, Presiding Judge

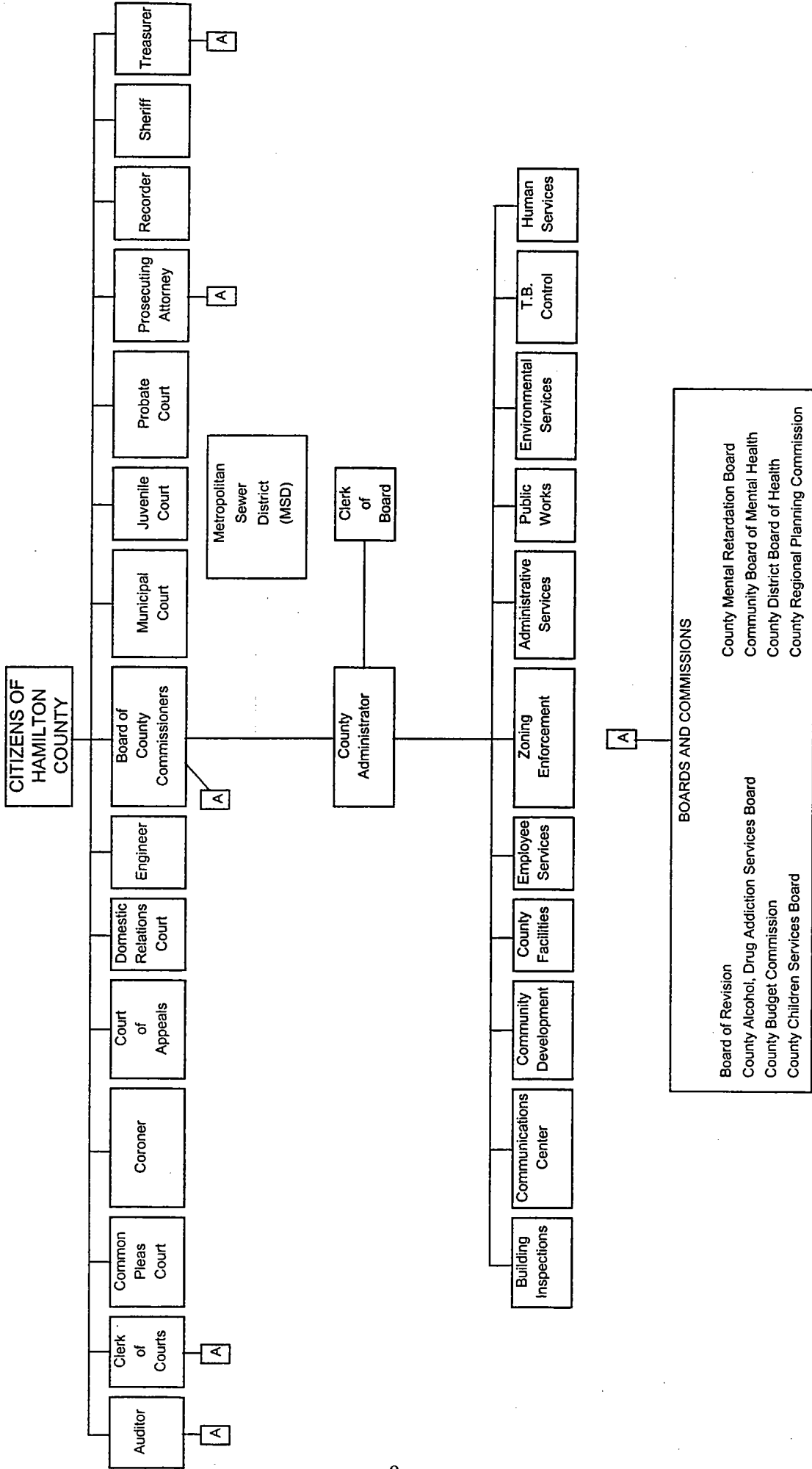
Thomas R. Lipps

Hamilton County Municipal Court

Karla J. Grady, Presiding Judge
Nadine L. Allen
Timothy S. Black
John H. Burlew
Ethna Cooper
Cheryl D. Grant
Guy C. Guckenberger

William L. Mallory
Elizabeth B. Mattingly
Heather Russell
David Stockdale
Robert Taylor
Ralph E. Winkler
Robert C. Winkler

**ORGANIZATIONAL CHART
COUNTY OF HAMILTON, OHIO**



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Report of Independent Auditors

To the Honorable County Auditor, County Treasurer,
and Board of County Commissioners
County of Hamilton, Ohio 45202

In our opinion, based on our audit and the report of other auditors, the accompanying basic financial statements as listed in the table of contents present fairly, in all material respects, the financial position of the County of Hamilton, Ohio (the "County") at December 31, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America. These basic financial statements are the responsibility of the County's management; our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Metropolitan Sewer District of Greater Cincinnati ("MSD"), which statements reflect total assets of \$887,575,000 at December 31, 2002, and total operating revenues of \$121,447,000 for the year then ended. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for MSD, is based solely on the report of the other auditors. We conducted our audit of these statements 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, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

As described in Note II, the County adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by 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 Statements Note Disclosures*, for the year ended December 31, 2002.

The Honorable County Auditor, County Treasurer,
and Board of County Commissioners

Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2003, on our consideration of County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis referenced in the table of contents is not a required part of the basic financial statements but is supplementary information required by GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental 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 basic financial statements of the County taken as a whole. The supplementary information referenced in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Accordingly, we do not express an opinion on the financial position, results of operations and cash flows of the supplementary information. However, the information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not audit the introductory and statistical information referenced in the table of contents and therefore express no opinion thereon.

PriceWaterhouseCoopers LLP

June 25, 2003

**COUNTY OF HAMILTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2002
UNAUDITED**

The discussion and analysis of Hamilton County's financial performance provides an overall review of the County's financial activities for the fiscal year ended December 31, 2002. The intent of this discussion and analysis is to present a narrative overview of the County's financial performance as a whole. Readers should also review the transmittal letter, at the front of this report, and the County's financial statements and notes, which follow this section, to enhance their understanding of the County's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2002 are as follows:

- The assets of the County exceeded its liabilities at the close of the fiscal year ended December 31, 2002, by \$1,154.9 million (net assets). Of this amount, \$17.5 million (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors and \$236.6 million is classified as unrestricted in business-type activities.
- In total, net assets increased \$54.9 million, which represents a 5% increase from 2001. Net assets of governmental activities increased \$22.1 million, which represents a 6% increase from 2001. Net assets of the business-type activities increased \$32.8 million, which represents a 5% increase from 2001.
- General revenues accounted for \$404.9 million in revenue, or 36% of all revenues. Program-specific revenues in the form of charges for services, grants and contributions accounted for \$734.5 million, or 64% of total revenue of \$1,139.4 million.
- The County had \$894.9 million in expenses related to governmental activities; \$550.4 million of these expenses were offset by program-specific charges for services, grants or contributions. General revenues (primarily taxes) of \$367.2 million were adequate to provide for these programs.
- At the end of the current fiscal year, the County's governmental funds reported a combined ending fund balance of \$287.5 million. Of this amount, \$218.5 million is available for spending (unreserved fund balance) on behalf of the County's citizens.
- Among major funds, the General Fund had \$243.5 million in revenues and \$218.9 million in expenditures. The General Fund's balance increased to \$101.9 million from \$94.9 million.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$62.9 million, which represents a 19% decrease over the prior year and represents 26% of total General Fund expenditures and other financing uses.
- Net assets for the enterprise funds increased slightly. This increase resulted from operating revenues of \$221.8 million and transfers of \$0.6 million exceeding operating expenses of \$189.6 million.
- Hamilton County's total debt increased by a minimal amount of \$0.3 million during the current fiscal year. The key factor for this increase was the issuance of special assessment bonds for the construction and renovation of various capital projects.
- Cinergy Field was imploded on December 29, 2002, to make room for the then nearly completed Great American Ball Park located immediately next door on the central riverfront. The demolition cost for Cinergy Field of \$5.4 million is part of the substantially complete Ballpark Sitework and Infrastructure capital improvement project, with a total cost of \$41.1 million, funded through a variety of sources, including contributions from

**COUNTY OF HAMILTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2002
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private sources, State of Ohio funding and the proceeds of sales tax bonds issued in 2000.

- In 2002, Hamilton County substantially completed construction of the Baseball Project—a key anchor for the Riverfront Development project in Cincinnati that hosted Opening Day as scheduled in March, 2003—which consists of the design and construction of the Great American Ball Park for the Cincinnati Reds, funded through a variety of sources including contributions from private sources, State of Ohio funding and the proceeds of sales tax bonds issued in 2000. Construction in progress as of the end of the current fiscal year reached \$281.3 million.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

Overview of the Financial Statements

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

The discussion and analysis in this section is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements include three components: (1) the County-wide financial statements, (2) the fund financial statements and (3) the notes to the financial statements. This report also contains other supplementary information that further explains and supports information in the basic financial statements.

1. The County-wide financial statements—the *Statement of Net Assets* and the *Statement of Activities*—are designed to provide both long-term and short-term information about the County's overall financial status.
2. The fund financial statements report detailed financial information about individual parts of the County's operations. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. The most significant funds—major funds—are presented in separate columns on the fund financial statements, with all other funds—nonmajor funds—presented in total in one column.
3. The financial statement notes provide more detailed data and explanations for some financial statement information.

REPORTING HAMILTON COUNTY AS A WHOLE

County-Wide Financial Statements

This document contains information about the separate funds used by Hamilton County to account for services and programs provided to our citizens. Additionally, the review of the County as a financial whole assesses all financial transactions and measures the County's financial position, liquidity and flexibility. The County-wide financial statements—the *Statement of Net Assets* and the *Statement of Activities*—are designed to provide readers with a broad overview of the County's finances.

Statement of Net Assets and Statement of Activities

The *Statement of Net Assets* and the *Statement of Activities* report both long-term and short-term information about the County's overall financial status using the accrual basis of accounting, similar to the method of accounting used by private-sector companies.

**COUNTY OF HAMILTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2002
UNAUDITED**

- The *Statement of Net Assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. This statement provides information about the nature and amounts of investments in resources (assets) and the obligations to County creditors (liabilities), and supplies the basis for evaluating the County's capital structure.
- The *Statement of Activities* provides information about all of the County's current-year revenues and expenses, and measures the success of the County's operations over the past year. Use of the accrual basis of accounting for financial reporting means all current year revenues and expenses are reported regardless of when cash is received or paid.

These two government-wide statements report the County's net assets and changes in those assets. The change in net assets is important because it tells the reader whether, for the County as a whole, the financial position has improved or diminished. In evaluating the overall position of the County, nonfinancial information, such as changes in the County's tax or employment bases, the condition of County capital assets and other factors, such as changing economic conditions, population and customer growth, and new or changed rules and regulations, also need to be considered.

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

In the *Statement of Net Assets* and the *Statement of Activities*, County functions are divided into the following two distinct kinds of activities:

- ◆ **Governmental Activities**—Most of the County's programs and services mandated by State statute are reported here, including general government, judicial, public safety, public works, human services, health, community development and conservation. These services are funded primarily by taxes and intergovernmental revenues, including federal and State grants and other shared revenues.
- ◆ **Business-Type Activities**—Most of the County's programs or services intended to recover all or a significant portion of their costs through user fees and charges are reported here. The County charges fees to recoup the cost of operations and capital expenses associated with these activities.

The County-wide financial statements include not only the County itself (known as the primary government) but also any component units, if applicable. Component units are legally separate entities for which the primary government is financially accountable. There were no entities identified as legally separate component units of the County for this report. However, the separately audited financial statements of the Metropolitan Sewer District of Greater Cincinnati (MSD), the County-owned sewer district operated by the City of Cincinnati under a management contract, have been included in this report as a proprietary enterprise fund with appropriate note disclosure because MSD is a blended component unit—one whose funds are treated as funds of the government with which it is included.

The County-wide financial statements can be found on pages 32–33 of this report.

**COUNTY OF HAMILTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2002
UNAUDITED**

REPORTING HAMILTON COUNTY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Based on restrictions on the use of moneys, the County maintains many funds that account for the multitude of services provided to its citizens.

The fund financial statements report detailed financial information about individual parts of the County's operations, focusing on the County's most significant funds—major funds. Major funds are presented in separate columns on the fund financial statements, with all nonmajor funds presented in total in one column.

Governmental Funds, Proprietary Funds and Fiduciary Funds

All of the funds of the County 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 County-wide financial statements. However, unlike the County-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources (cash and other financial assets that can readily be converted to cash flow in and out), as well as on balances left at fiscal year-end that are available for spending. Governmental fund statements explain how services were financed in the short term, as well as what dollars remain for future spending. 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 County-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the County-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The *Balance Sheet—Governmental Funds* and the *Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains a multitude of individual governmental funds. Information is presented separately in the *Balance Sheet—Governmental Funds* and in the *Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds* for the General Fund, the Public Assistance fund and the Health and Human Services Levies fund, all of which are considered to be major governmental funds. Data from the other nonmajor governmental funds, which include special revenue, debt service and capital projects funds, are combined into a single, aggregate presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements in the supplementary information section of this report.

The County is required by Ohio law to adopt budgets for the General Fund, special revenue funds and debt service funds. A budgetary comparison statement for the General Fund and each annually budgeted major special revenue fund has been provided as part of the basic governmental fund financial statements. In the supplementary information, budgetary comparisons are presented at the legal level of budgetary control for all governmental funds with legally adopted annual budgets.

The basic governmental fund financial statements can be found on pages 34–40 of this report.

**COUNTY OF HAMILTON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Proprietary Funds: Proprietary fund statements present both short-term and long-term financial information about County operations financed and operated in a manner similar to a private business. Proprietary funds provide the same type of information as the County-wide financial statements, only in more detail.

Generally, the purpose of a proprietary fund is to provide a service or product to operating units within the reporting entity (the County) or to the public at a reasonable cost. Proprietary funds may also be used where the Board of County Commissioners has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The County charges fees to recoup the cost of operations and capital expenses associated with these activities.

The County maintains two different types of proprietary funds: enterprise funds and internal service funds.

- ❖ **Enterprise Funds:** Enterprise funds are used to report the same functions presented as business-type activities in the County-wide financial statements. The County maintains seven enterprise funds: the Metropolitan Sewer District of Greater Cincinnati (MSD) fund, to account for sewer services provided to County residents; the Cinergy Field fund, to account for the lease operations with the Cincinnati Reds; the Paul Brown Stadium fund, to account for the construction and operation of the new Bengals football stadium; the Baseball Stadium fund, to account for the construction of the Great American Ball Park; the Riverfront Development fund, to account for various construction projects (including parking) to be located between the stadiums; the Main Street Parking Garage fund, to account for revenue received for the construction and operations of the Main Street Parking Garage; and the Sales Tax Stabilization fund, to account for revenue to be used as a contingency account for future debt service payments.

Financial information is presented separately in the proprietary funds financial statements for the Metropolitan Sewer District fund, the Paul Brown Stadium fund and the Baseball Stadium fund, all of which are considered to be major enterprise funds. All other nonmajor enterprise funds are combined in total in one column.

- ❖ **Internal Service Funds:** Internal service funds are used to report a combination of governmental activities and business-type activities.
 - ◆ Governmental internal service funds are used to accumulate and allocate costs internally between the County's various functions, or to account for operations that provide services to County departments, agencies or other governments on a cost-reimbursement basis. Because the services provided by the County's governmental internal service funds—the Auditor's Computer Center fund and the Workers' Compensation Reserve fund—benefit governmental rather than business-type functions, they have been included with governmental activities in the County-wide financial statements.
 - ◆ Business-type internal service funds are used to account for operations that provide services financed by fees charged predominantly to other governments or external parties. Because the services provided by the County's business-type internal service funds—the Sheriff's Rotary fund, the Communications Center fund and the Workers' Compensation Reserve for Stadiums fund—primarily benefit business-type functions, they have been included with business-type activities in the County-wide financial statements.

The basic proprietary fund financial statements can be found on pages 42–51 of this report.

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Fiduciary Funds: The fiduciary fund financial statements provide information about funds used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the County-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 52 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 County-wide and fund financial statements.

The notes to the financial statements begin on page 54 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents individual fund data for each of the nonmajor governmental funds, nonmajor enterprise funds, internal service funds and certain required supplementary information that is provided in the form of Combining and Individual Fund Financial Statements and Schedules.

The supplementary information section begins on page 83.

COUNTY-WIDE FINANCIAL ANALYSIS

This is the first year that Hamilton County has presented its financial statements using the new reporting model required by the Governmental Accounting Standards Board, including its Statement No. 34 (GASB 34), *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. Because this reporting model significantly changes both the recording and presentation of financial data, the County restated the beginning governmental fund balance; however, the County did not perform a complete restatement for the purpose of providing comparative information for Management's Discussion and Analysis. In future years when prior year information is available, a comparative analysis of financial data will be included in this report.

Net Assets

Net assets—the difference between assets and liabilities—may serve over time as a useful indicator of the County's financial position. Hamilton County's assets exceeded liabilities by \$1,154.9 million (\$417.1 million in governmental activities and \$737.8 million in business-type activities) as of December 31, 2002.

By far, the largest portion of the County's net assets (\$688.6 million or 60%) reflects its investment in capital assets, which includes property, plant, equipment and infrastructure assets, net of accumulated depreciation and less any related debt used to acquire those assets that is still outstanding (\$192.0 million or 46% of governmental activities and \$496.6 million or 67% of business-type activities) as of December 31, 2002. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County'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 County's net assets represents resources that are subject to external restrictions on how they may be used. In the current fiscal year, this represented \$212.2 million or 18% of net assets (\$207.6 million or 50% of governmental activities and \$4.6 million or 1% of

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business-type activities). The remaining \$254.1 million or 22% of net assets (\$17.5 million or 4% of governmental activities and \$236.6 million or 32% of business-type activities) may be used to meet the County's ongoing obligations to its citizens and creditors and for business-type activities.

As of December 31, 2002, the County is able to report positive balances in all three categories of net assets, both for the County as a whole and for its separate governmental and business-type activities.

Table 1 provides a summary of the County's net assets for 2002.

Table 1
HAMILTON COUNTY'S NET ASSETS
(In Millions)

	Governmental Activities 2002	Business-Type Activities 2002	Total 2002
ASSETS			
Current and Other Assets	\$ 617.9	\$ 335.8	\$ 953.7
Capital Assets, Net	311.2	1,541.4	1,852.6
TOTAL ASSETS	929.1	1,877.2	2,806.3
LIABILITIES			
Current and Other Liabilities	303.7	38.6	342.3
Long-Term Liabilities			
Due Within One Year	13.9	23.7	37.6
Due in More Than One Year	194.4	1,077.1	1,271.5
TOTAL LIABILITIES	512.0	1,139.4	1,651.4
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	192.0	496.6	688.6
Restricted for:			
Debt Service	14.6	4.6	19.2
Capital Projects	3.0	-	3.0
Special Revenue Funds	190.0	-	190.0
Unrestricted	17.5	236.6	254.1
TOTAL NET ASSETS	\$ 417.1	\$ 737.8	\$ 1,154.9

Infrastructure Assets

Hamilton County's total assets stand at \$2,806.3 million (\$929.1 million or 33% of governmental activities and \$1,877.2 million or 67% of business-type activities) at December 31, 2002. Of this amount, \$1,852.6 million (\$311.2 million or 17% of governmental activities and \$1,541.4 million or 83% of business-type activities) can be attributed to net capital assets, which includes some infrastructure and construction in progress. Historically, infrastructure assets have not been reported or depreciated in governmental financial statements.

GASB 34 requires that all capital assets, including infrastructure, be valued and reported within the governmental activities column of the government-wide financial statements. GASB 34 does allow the reporting of infrastructure assets in two stages: prospective reporting of infrastructure is required during the first year of implementation of GASB 34; retroactive reporting of projects acquired or finished prior to the first year of implementation is permitted at a later date.

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During the first year of implementation, in accordance with GASB 34, Hamilton County has elected to report infrastructure assets consisting of (1) all bridges acquired prior to January 1, 2002—bridges acquired or that received substantial improvements subsequent to January 1, 1980, and are reported at estimated historical cost using deflated replacement cost—and (2) roads—2002 costs only. Excluding bridges, the County elected to defer implementation of retroactive infrastructure reporting. In future years, to comply with new reporting requirements, this amount will include additional roadway data for acquisitions and improvements subsequent to January 1, 1980. Implementation will occur no later than 2006.

Table 2 below provides a summary of the changes in net assets for the fiscal year ended December 31, 2002. The County's financial position improved for both governmental and business-type activities.

Table 2
HAMILTON COUNTY'S CHANGES IN NET ASSETS
(In Millions)

	Governmental Activities 2002	Business-Type Activities 2002	Total 2002
REVENUES			
Program Revenues:			
Charges for Services	\$ 224.6	\$ 143.5	\$ 368.1
Operating Grants and Contributions	323.8	-	323.8
Capital Grants and Contributions	2.0	40.6	42.6
General Revenues:			
Property Taxes	237.2	-	237.2
Sales and Use Taxes	60.0	31.5	91.5
Motor Fuel Taxes	14.5	-	14.5
Other Taxes	32.6	-	32.6
Unrestricted Investment Earnings	21.0	5.5	26.5
Net Increase (Decrease) in Fair Value of Equity in Pooled Cash and Investments	1.9	(1.9)	-
Change in Fair Value of MSD Investments	-	2.5	2.5
Other Revenue	-	0.1	0.1
Other Expenses	-	(.07)	(.07)
Gain on Sale of Capital Assets	-	0.1	0.1
Loss on Sale of Capital Assets	-	(.08)	(.08)
TOTAL REVENUES	917.6	221.8	1,139.4
EXPENSES			
Program Expenses:			
General Government	68.9	-	68.9
Judicial	112.9	-	112.9
Public Safety	90.1	-	90.1
Social Services	315.6	-	315.6
Health	234.0	-	234.0
Public Works	27.5	-	27.5
Environmental Control	6.5	-	6.5
Economic Development	20.8	-	20.8
Parks and Recreation	6.7	-	6.7
Interest and Fiscal Charges	8.8	-	8.8

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Metropolitan Sewer District	-	124.4	124.4
Paul Brown Stadium	-	45.5	45.5
Baseball Stadium	-	0.5	0.5
Cinergy Field	-	4.8	4.8
Riverfront Development	-	2.5	2.5
Main Street Parking Garage	-	1.0	1.0
Sales Tax Stabilization	-	-	-
Rotary Funds	-	5.4	5.4
Communications Center	-	5.0	5.0
Workers' Compensation Reserve for Stadiums	-	0.5	0.5
Total Program Expenses	891.8	189.6	1,081.4
Indirect Expenses Allocation	3.1	-	3.1
TOTAL EXPENSES	894.9	189.6	1,084.5
Increase in Net Assets Before Transfers	22.7	32.2	54.9
Transfers	(0.6)	0.6	-
INCREASE IN NET ASSETS	22.1	32.8	54.9
NET ASSETS AT BEGINNING OF YEAR	395.0	705.0	1,100.0
NET ASSETS AT END OF YEAR	\$ 417.1	\$ 737.8	\$ 1,154.9

Governmental Activities

Governmental activities increased Hamilton County's net assets by \$22.1 million due to the receipt of charges for services, operating grants and contributions and property tax revenues, accounting for 40% of the total growth in the net assets of the County. Social Services accounts for \$315.6 million of the \$894.9 million total expenses for governmental activities, or 35% of total expenses. Health is the next largest program within the County, accounting for \$234.0 million, which represents 26% of total expenses for governmental activities.

The County's direct charges to users of County governmental services made up \$224.6 million or 25% of the governmental activities' expenses. A significant portion of these charges are fees for real estate transfers, fees associated with the collection of property taxes throughout the County, fines and forfeitures related to judicial activities, and licenses and permits associated with building inspections.

The County has exercised an aggressive strategy to secure the maximum amount of grants and contributions that are provided by the State and federal governments. In 2002, grants and contributions provided by the State and federal governments included \$323.8 million for operating grants and contributions. Grants and contributions make up 36% of governmental activities' expenses. The most significant of these intergovernmental contributions is accounted for through subsidies received to provide Public Assistance, Health and Human Services and Social Services programs. Approximately 82% of intergovernmental revenue is allocated to these programs.

Business-Type Activities

Business-type activities increased Hamilton County's net assets by \$32.8 million, accounting for 60% of the total growth in the net assets of the County. The County's direct charges to users of County business-type services made up \$143.5 million or 76% of the business-type activities' expenses. A significant portion of these charges are Metropolitan Sewer District sewer service charges and surcharges, which reflect a 6% sewerage rate increase. Other major revenue sources were capital grants and contributions of \$40.6 million and sales and use tax revenues of \$31.5 million.

Metropolitan Sewer District accounts for \$124.4 million of the \$189.6 million total expenses for business-type activities, or 66% of total expenses. Paul Brown Stadium accounts for the next

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largest amount of expenses of \$45.5 million, which represents 24% of total expenses for business-type activities.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$287.5 million. Approximately \$218.5 million of this amount constitutes unreserved fund balance, which is available for spending for its citizens. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to account for (1) a reserve for judgments and claims—\$1.0 million; (2) future obligations—\$23.1 million; (3) advances to other funds—\$7.6 million; (4) liquidation of prior-year contracts and purchase orders—\$35.6 million; and (5) a reserve for inventories—\$1.7 million.

Most governmental fund balances are not reserved in the governmental fund statements but may be reported as restricted net assets on the *Statement of Net Assets*. Restricted net assets represent amounts that are not appropriable, or are legally segregated for a specific purpose mandated by the source of the resources, such as the State government, the federal government or a tax levy.

General Fund. The General Fund is the chief operating fund of the County. It is available for any authorized purpose and is used to account for all financial resources, except those required to be accounted for in another fund. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$62.9 million, while total fund balance reached \$101.9 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 approximately 26% of the total General Fund expenditures and other financing uses, while total fund balance represents 43% of that same amount.

The fund balance of the County's General Fund increased by \$7.0 million during the current fiscal year; revenues exceeded expenditures by \$24.5 million. Several factors contributed to the increased General Fund balance, including a significant reduction in expenditures by County departments, increased fees for building inspections and rural zoning, fees charged to out-of-County coroners for coroner services and an increase in the real estate transfer tax from 1.5 mills to 2.0 mills. However, interest earnings declined significantly in 2002, due to decreasing interest rates and a reduced amount available for investments.

Public Assistance Fund and Health and Human Services Levies Fund. The Public Assistance fund and the Health and Human Services Levies fund, major special revenue funds used to account for specific governmental revenues other than major capital projects, require separate accounting because of legal or regulatory provisions or administrative action and account for expenditures for specified purposes.

Public Assistance Fund. The Public Assistance fund, an annually budgeted special revenue fund, is used to account for revenue from the federal, State and County governments and for expenditures used to provide services to eligible County residents. The fund balance of the Public Assistance fund increased by \$8.4 million during the current fiscal year; revenues exceeded

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expenditures by \$6.9 million. An increase in charges for services was the largest factor contributing to the increase in fund balance.

Health and Human Services Levies Fund. The Health and Human Services Levies fund, an annually budgeted special revenue fund, is used to account for the revenue from health and human services levies. Levies and expenditures are determined by policies of the Board of County Commissioners. The fund balance of the County's Health and Human Services Levies fund increased by \$9.1 million during the current fiscal year; revenues exceeded expenditures by \$13.8 million.

During 2002, two ballot issues affected the 2003 budget and resulted in appropriations. The Community Mental Health Board Levy was passed in May as a renewal of 2.47 mills and an increase of .27 mills. The Senior Services Levy was passed in November as a renewal of 1.02 mills and an increase of .14 mills.

Due to the result of lost State revenue ranging from \$20 to \$30 million per year, the fund balance within the Children's Services Levy has been largely exhausted. Through efforts to control costs, maximize State reimbursements and shift eligible services for children with multiple-agency needs to the appropriate levies, such as Mental Health and MRDD, the Children's Services Levy will be able to support service through 2003.

Other Governmental Funds. The fund balances of Other Governmental Funds—Nonmajor Governmental Funds—decreased by \$16.3 million during the current fiscal year; expenditures exceeded revenues by \$36.7 million. The major factors contributing to the decrease in the fund balances of Nonmajor Governmental Funds were capital outlay expenditures for the acquisition of capital assets and for costs related to various County capital projects, principal retirement payments for general obligation nonvoted debt that were offset by transfers in (other financing sources) and not by revenues, and expenditures for reimbursable Community Services Grants that exceeded the amounts of reimbursements received.

Proprietary Funds: Proprietary enterprise funds provide the same type of information reported in the County-wide financial statements as business-type activities, but in more detail.

Metropolitan Sewer District Fund, Paul Brown Stadium Fund and Baseball Stadium Fund. The Metropolitan Sewer District fund, the Paul Brown Stadium fund and the Baseball Stadium fund are major enterprise funds. The expenses (including depreciation) of providing goods and services primarily or solely to the general public are financed or recovered mainly through fees and user charges.

Metropolitan Sewer District Fund. The Metropolitan Sewer District fund is used to account for County-provided sewer services to residential, commercial and industrial users in Hamilton County. Sewer charges are based upon water usage and serve as the major revenue source for financing operations and maintenance for the sewer system. The fund net assets of Metropolitan Sewer District exceeded liabilities by \$430.4 million at the close of the most recent fiscal year. The largest portion of the District's net assets (\$291.5 million or 68%) reflect its investment in capital assets used primarily in the collection and treatment of wastewater throughout the District's service area, less any related debt used to acquire those assets that is still outstanding. The related debt will be repaid with resources provided by systems users through rates and fees. Net assets increased by \$12.8 million during the current fiscal year, with revenues exceeding expenses by \$4.4 million. A combination of income before contributions, connection fees, assessments and developer contributions were the largest factors contributing to the increase in fund net assets. Capital contributions fluctuate depending on building activity and assessment projects. Operating revenues reflect a six percent sewerage rate increase implemented January 9, 2002. Nonoperating revenues reflect an offset between an increase in the fair value of investments and a decrease in investment income due to declining interest rates and a rebate payment. Operating expenses include increased costs for personnel health care, basic wage

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increases, retirements, billing services, security costs, repair and maintenance efforts, computer and process systems, regulatory negotiations and environmental studies. Nonoperating expenses reflect increased interest expense costs resulting from a full year of interest expense on the November 2001 bond issue.

Paul Brown Stadium Fund. The Paul Brown Stadium fund is used to account for revenue received from stadium tenants for the construction and operation of the new Paul Brown Football Stadium. The fund net assets of the Paul Brown Stadium fund decreased by \$15.1 million during the current fiscal year; expenses exceeded revenues by \$26.1 million. Factors contributing to the decrease in fund net assets include depreciation expense on the stadium with minimal revenue offset, stadium utility costs exceeding estimates and large unanticipated increases in insurance costs.

Baseball Stadium Fund. The Baseball Stadium fund is used to account for revenue received for the construction and operations of the new Great American Ball Park Baseball Stadium. The fund net assets of the Baseball Stadium fund increased by \$30.8 million during the current fiscal year; revenues exceeded expenses by \$11.5 million. The largest factor contributing to the increase in fund net assets was a \$20 million sales tax capital contribution.

Other Enterprise Funds. The fund net assets of Other Enterprise Funds—Nonmajor Enterprise Funds—increased by \$4.6 million during the current fiscal year; revenues exceeded expenses by \$2.6 million. The largest factor contributing to the increase in fund net assets resulted from the riverfront development parking garage becoming fully operational in 2002.

GENERAL FUND BUDGETARY HIGHLIGHTS

The County's annual budget, the starting point for the County's financial planning and control, is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The Board of County Commissioners (BOCC) adopts the annual operating budget for the County on or about the first of each year. All disbursements and transfers of cash between funds require appropriation by the County Commissioners.

The adopted budget may be amended in one of three ways: (1) transfer of funds between funds, department or appropriation levels, all of which must be approved by the BOCC; (2) additional appropriations, which also require BOCC approval and (3) transfers within appropriated levels, which requires county administrator approval. (With regard to this latter category, however, such transfers within appropriated levels are not necessary since agencies may legally spend within their total budget for a given appropriation level without further approval). The Budget and Research division reviews departmental requests for transfers and supplemental appropriations throughout the year and assists departments in monitoring budget activity. All budgetary amendments and supplemental appropriations made during 2002 are included in the revised budget amounts presented in the budget-to-actual comparisons.

The County made several revisions to the original appropriations approved by the County Commissioners. Overall these changes resulted in a net increase from the original budget of 10% or \$24.6 million. The largest increase occurred in the area of General Government—\$22.3 million. In 2002, \$7 million was added to the budget stabilization fund (established by the Board in 2001 and funded with the maximum amount of \$12 million to provide protection against future budget shortfalls), which increased its balance to \$19 million. The County spent 92% of the amount appropriated in the General Fund during 2002.

Differences between the County's original budgeted revenues and the final budgeted revenues were minimal. Actual General Fund revenues received during 2002 were \$7.3 million or 3%

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higher than final budgeted General Fund revenues. The majority of the increased revenue consisted of \$8.6 million received for charges for services, resulting from real estate transfer tax revenues and revenue fees collected by the Recorder's Office. The \$8.6 million increase was offset by reduced actual revenues for Sales and Use Tax, State Shared Taxes, Fines and Forfeitures and Investment Earnings. These combined factors resulted in the County's financial position being over \$33.6 million better than budgeted for the year in the General Fund on the budgetary basis.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: Hamilton County's total investment in capital assets—which includes property, plant, equipment and infrastructure assets—amounts to \$1,852.6 million (net of accumulated depreciation) as of December 31, 2002. Net capital assets related to governmental activities amount to \$311.2 million. Net capital assets related to business-type activities amount to \$1,541.4 million and include \$681.3 million net capital assets of MSD.

The total increase in Hamilton County's investment in capital assets for the current fiscal year was 13.4% (a 1.1% increase for governmental activities and a 12.3% increase for business-type activities).

Major capital asset events during the current fiscal year* included the following:

- implosion of Cinergy Field on December 29, 2002, to make room for the nearly completed Great American Ball Park located immediately next door on the central riverfront at a cost of \$5.4 million, as part of the substantially complete Ball Park Sitework and Infrastructure Capital Improvement Project, \$41.1 million total final cost, funded through a variety of sources including contributions from private sources, State of Ohio funding and the proceeds of sales tax bonds issued in 2000. The remaining Cinergy fund cash balance will be transferred to Paul Brown Stadium operations in 2003.
- substantial completion of the Great American Ball Park for the Cincinnati Reds, funded through a variety of sources including contributions from private sources, State of Ohio funding and proceeds of sales tax bonds issued in 2000, with construction in progress as of the end of the current fiscal year at \$281.3 million;
- acquisition of the Hartford Building, located at 630 Main Street, for relocation of County agencies, \$3.9 million total purchase cost, paid for with General Fund resources;
- completion of the relocation of the Public Works Maintenance Facility, \$1.3 million total final cost, paid for with General Fund resources;
- completion of the redesign of and addition to the Sheriff's Road Patrol Division Headquarters, \$3.5 million total final cost, paid for with General Fund resources;
- acquisition of public safety radio equipment, \$4.3 million total final cost, paid for with Communications Department restricted funding, as part of the 800 Megahertz Voice Radio Emergency Communications System project of the Hamilton County Communications Center;
- completion of \$32 million Metropolitan Sewer District capital improvement projects (including receipt of about \$8 million in capital contributions) involving sewer replacements and improvements, with the largest project being the System Wide Modeling project, \$3.9 million;**
- completion of four bridge replacement or improvement projects by the Hamilton County Engineer's Office, \$1.1 million total final cost, funded by Hamilton County; and

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- completion of new roadway projects by the Hamilton County Engineer's Office, including \$0.32 million preconstruction costs, \$3,299 million land costs and \$4,059 million construction costs equal to \$7,680 million total final costs, paid for with \$5,712 million Hamilton County funding and \$1,968 million Ohio Public Works Commission (OPWC) funding.

*Source: Hamilton County 2003 Budget, Capital Improvement Program

**Source: Metropolitan Sewer District of Greater Cincinnati 2002 Audited Financial Statements

The Hamilton County Capital Improvement Plan was submitted and accepted for the years 2003 through 2007. Significant capital projects Hamilton County has committed to fund in 2003 include projects previously approved at a total cost of \$517.9 million. The majority of that amount, \$473.9 million, is for riverfront development—Great American Ball Park; riverfront parking and infrastructure—funded through a variety of sources including contributions from private sources, State of Ohio funding and the proceeds of sales tax bonds issued in 2000. Also included is \$20.4 million for the Communication Center 800 Megahertz Public Safety Radio System, funded with General Fund resources. The plan includes \$14.5 million of projects proposed in 2003, including renovation of three floors of the County Administration Building, to better accommodate staff needs; the Paddock Park Juvenile Center, to detain juveniles in the local community; the Paddock Park Office Center, to provide offices for agencies that are currently renting; various drainage improvements, to reduce flooding; and several waterlines, to provide water and fire protection.*

The Metropolitan Sewer District capital plan was submitted and accepted for the years 2003 through 2007. As part of the MSD capital improvement program, MSD has entered into a number of contracts for construction, design and other services. Commitments under these contracts aggregate to approximately \$43 million as of December 31, 2002. MSD finances its construction primarily through the issuance of revenue bonds and will utilize low-interest loan programs through the State of Ohio in appropriate circumstances. The capital plan contemplates issuing an average of about \$60 million in debt each year to finance the capital improvement program. Each project must be individually approved before proceeding. **

*Source: Hamilton County 2003 Budget, Capital Improvement Program

**Source: Metropolitan Sewer District of Greater Cincinnati 2002 Audited Financial Statements

Additional information regarding the County's capital assets can be found in footnote IV D of the Notes to the Basic Financial Statements on pages 70–71 of this report.

Museum Center and Convention Center. The following information pertains to the capital assets for which Hamilton County assumes the responsibility for the payment of the related debt of the capital assets; however, the County does not own or hold title to the assets.

Museum Center—Voted Debt. After taxpayers voted in a levy to fund the Museum Center, Hamilton County issued the related debt in the County's name. Hamilton County assumes responsibility for the debt payments; however, Hamilton County does not have title to the Museum Center.

Convention Center—General Obligation Debt. Hamilton County Commissioners sold a bond issue to fund the Convention Center debt. Hamilton County assumes responsibility for the related debt payments; however, Hamilton County does not have title to the Convention Center.

Additional information regarding the Museum Center and the Convention Center can be found in footnote IV F of the Notes to the Basic Financial Statements—Long Term Debt and Other Obligations—on pages 72–76 of this report.

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Long-Term Debt: Hamilton County's total long-term debt outstanding at December 31, 2002, was \$1,261.0 million (\$167.2 million related to governmental activities and \$1,093.8 related to business-type activities). Hamilton County continued to reduce its outstanding debt in both its governmental and business-type activities by paying down the principal of long-term debt obligations with moneys available in various County funds. The County's total long-term debt decreased a net amount of \$30.1 million (2.3%) during the 2002 fiscal year.

Total governmental long-term debt decreased \$11.2 million (6.3%); the majority of the decrease was due to the reduction of the principal of general obligation unvoted bonds that were issued for various purposes, such as building improvements and acquisitions. Total business-type long-term debt decreased \$18.9 million (1.7%); the majority of the decrease was due to the reduction of the principal of Metropolitan Sewer District Series A Revenue Bonds.

Table 3 provides a summary of the County's outstanding long-term debt at December 31, 2002.

Table 3
**HAMILTON COUNTY'S
OUTSTANDING LONG-TERM DEBT AT YEAR-END**
(In Millions)

	Governmental Activities 2002	Business-Type Activities 2002	Totals 2002
General Obligation Bonds—Voted	\$ 17.3	\$ -	\$ 17.3
General Obligation Bonds—Unvoted	126.8	9.4	136.2
General Obligation Notes	19.5	-	19.5
General Obligation Special Assessment Bonds	3.6	-	3.6
Metropolitan Sewer District Obligations	-	438.9	438.9
Adjustable Rate Revenue Bonds	-	24.5	24.5
Sales Tax Bonds	-	621.0	621.0
TOTAL LONG-TERM DEBT	\$ 167.2	\$ 1,093.8	\$ 1,261.0

At the end of the current fiscal year, the County had a number of debt issues outstanding. These issues, net of applicable unamortized discounts, included \$153.5 million of general obligation bonds, \$19.5 million of general obligation bond anticipation notes, \$3.6 million of general obligation special assessment bonds, \$438.9 million of sewer revenue bonds and other obligations of MSD, \$24.5 million of parking garage adjustable rate revenue bonds and \$621.0 million of stadium sales tax bonds.

General obligation bonds and notes are backed by the full faith and credit of the government. General obligation special assessment bonds are debt for which the County is liable in the event of default by the property owners subject to the assessment. Sewer revenue bonds are backed by user charges against individual ratepayers. Sales tax bonds are backed by a lien on the receipts of an additional ½% sales tax approved by County voters in 1996.

During 2002, the County issued new debt for the purpose listed below:

Governmental Activities—Governmental Long-Term Debt: General Obligation Special Assessment Bonds (\$0.3 million), dated August 15, 2002, issued for the purpose of constructing sewer improvements at Round Top Road, Silva Drive, Hamilton and Woodlawn Avenues, and Clover Leaf and Robben Lanes, in anticipation of the collection of special assessments against the benefited properties.*

*Source: Original Bond Document

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The County currently obtains credit ratings on all of its debt and maintains ratings as follows:*

<u>County Debt Issuances</u>	<u>Rating Agencies</u>		
	<u>Moody's</u>	<u>Standard and Poor's</u>	<u>Fitch</u>
General Obligation Issues	Aa2	-	-
Series 1993, 1995, 1997 A Sewer Revenue Bonds ¹ Series 2000, 2001 A Sewer Revenue Bonds ²	Aa3	AA	-
Series 1998 A Sales Tax Supported Bonds ² Series 1998 B Sales Tax Supported Bonds ²	Aaa	AAA	-
Series 2000 B Sales Tax Supported Bonds ³	Aaa**	-	AAA
2001 Variable Rate Parking System Revenue Bonds	Aa3	-	-

*Sources: Hamilton County 2003 Budget, Debt Section

Metropolitan Sewer District of Greater Cincinnati 2002 Audited Financial Statements

** 2000 Series B Sales Tax Supported Bonds were rated AAA by Moody's in the Hamilton County 2002 Budget, Debt Section

¹ FGIC insured

² MBIA insured

³ AMBAC insured

The Uniform Bond Law of the State of Ohio provides that the total net indebtedness created or incurred by any county shall never exceed a sum equal to 3% of the first \$100 million or part of the tax list, plus 1½% of the tax list in excess of \$100 million and not in excess of \$300million, plus 2½% of the tax list in excess of \$300 million. In addition, the net indebtedness created or incurred by any county without vote of the electors shall never exceed a sum equal to 1% of the tax list of the county. Contained in the Uniform Bond Law of the State of Ohio are exceptions for debt limitations. Among the kinds of debt exempted are debt issued for special assessments, sewer works, self-supported revenue bonds and jail facilities.

The total voted and unvoted non-exempt debt of the County that could be issued subject to the 3%, 1½% and 2½% limitation described above is \$430.1 million. The total County debt subject to this limitation is \$124.5 million, leaving a borrowing capacity of \$305.6 million within the limitation from combined voted and unvoted non-exempt debt. The total County unvoted, non-exempt debt that could be issued subject to the 1% limitation is \$172.6 million. The total County debt subject to such limitation is \$107.1 million, leaving a borrowing capacity of \$65.5 million within the 1% limitation for unvoted non-exempt debt.

The County's long-term obligations also include compensated absences (\$35.5 million related to governmental activities and \$7.1 million related to business-type activities), forgivable loan contracts of \$5.6 million and various long-term operating leases for office space. Operating lease payments for 2002 amounted to \$2.9 million.

For more information regarding the County's debt, see footnote IV F of the Notes to the Basic Financial Statements on pages 72–76 of this report.

Interest and fiscal charges for 2002 were \$8.8 million or 1% of the total governmental activities' expenses.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Hamilton County forms the core of a tri-county hub, the Greater Cincinnati Metropolitan Area, noted for its commerce, industry and strong educational and cultural heritage. With its easy accessibility, extensive transportation network and central Midwest location, the Greater Cincinnati Metropolitan Area has developed into a major center for local and international business, medical and other services, federal government installations, major convention facilities, performing arts centers and various sporting venues. This diverse economic base

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continues to be a source of some stability for the area, providing some protection from severe peaks and valleys in the business cycle.

The Greater Cincinnati economy faces a challenge to reverse the erosion of the central core as population and employment opportunities move to the surrounding suburbs and suburban counties. Business and community leaders optimistically look to the area's many assets, such as its diversified economy, competitive cost structure, skilled workforce, international airport and easy access to national and regional markets, which can help drive the local economy to new success by providing a favorable environment for attracting new businesses and a strong foundation for future growth.

Hamilton County's population of 845,303 is the third largest in the State of Ohio*. The County's annual average 2002 unemployment rate of 5.1% compares favorably to the State of Ohio and the national annual average unemployment rates of 5.7% and 5.8%, respectively**.

* Source: U.S. Census Bureau, 2000 Ohio County Population

** Source: Ohio Department of Job and Family Services

Several additional factors considered in the preparation of the County's 2003 budget include those listed below:

- the slowing local and national economies;
- the volatility of sales tax revenue during an economic slowdown;
- the low interest rates, as the Federal Reserve continues to use every monetary tool to support the economy; and
- the significant reductions in state funding.

The County Commission authorized a balanced budget of \$2.19 billion for 2003, an increase over the \$2.05 billion 2002 adopted budget. The 2003 budget has with minimal room for adjustment that maintains essential service levels, increases jurors' daily pay from \$7.50 per day to \$19.00 per day and holds steady the real estate transfer tax. The majority of the County's budgetary increase occurs in the Department of Job and Family Services (JFS) program area. For the third consecutive year, JFS is continuing to experience significant entitlement payment increases in Medicaid. These do not result in increased local contributions as the programs are funded through State and federal payments. Areas of significant increased spending for governmental activities in the 2003 budget include the following:

- increased JFS managed care of over \$11 million due to the need for services for abused and neglected children;
- increased length of availability (twelve months as compared to six months) of the JFS Creative Connections/Choices program;
- increased JFS health insurance and salaries;
- increased expenditures from the Real Estate Assessment Fund, due to costs associated with statutorily mandated 2005 reappraisal of all property in Hamilton County; and
- increased MRDD expenditures, offset by waiver revenue, as the savings from State waivers are used to fund additional positions in direct care.

Areas of significant increased spending for business-type activities in the 2003 budget include the following:

- increased stadium expenses, due to the costs of starting up Great American Ball Park versus 2002 costs of winding down Cinergy Field, plus a significant increase in insurance costs for both facilities; and
- increased riverfront parking expenses, since the County will refund game-day parking receipts to the Cincinnati Reds.

**COUNTY OF HAMILTON, OHIO
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The 2003 budget also includes continued funding for the Home Improvement Program, the Emergency Management Agency Citizens Corps and \$1 million for discretionary Commissioner initiatives.

Substantial decreases in the budget occur in the Children's Services Levy, with reductions of approximately \$1.5 million arising from the shift of costs of juvenile medical services into the Health and Hospitalization Levy. The County Commission has also budgeted \$0.5 million for the utilization of management efficiency consultants to review the Public Works and Building Inspections departments. Due to the County's strained operating budget, and in compliance with federal- and State-mandated County responsibilities, departments and elected offices have reduced many expenditures.

The 2003 budget reflects continued reduction in State funding to the General Fund and restricted funds, such as the Department of Job and Family Services, and continues to maximize nonlocal revenue and to provide enhanced services to the degree possible, given limited state funding. The 2003 budget also includes reduced Communications Center contingency funding of \$500,000; in 2002, the Board set aside \$1 million as a two-year contingency for the Communications Center, budgeted in the Department of Administrative Services, which was not used in 2002.

The County Commission authorized a General Fund budget of \$258.6 million for 2003. The General Fund budget uses savings from completed bond projects and one-time cash to set aside funds for current and future debt service. It also includes a transfer of \$4.1 million from the General Fund reserve to the budget stabilization fund as an added safeguard against State budget cuts or other adverse situations that may affect the County in 2003. In addition, the Clerk of Courts has identified approximately \$2.1 million from the Auto Title fund that the Board could use for various General Fund purposes.

At the end of the 2002 fiscal year, unreserved fund balance in the General Fund decreased to \$62.9 million. The County has encumbered \$7.3 million of this amount for spending on fiscal year 2003 activity.

In business-type activities, budgetary decreases occur for Metropolitan Sewer District. The operating budget for 2003 is \$129.5 million. The service area of the Metropolitan Sewer District is one in which the system generally is being upgraded and replaced to comply with increasing regulatory requirements. For the past several years, MSD has not been receiving the revenues anticipated from rate increases. The budget, as submitted by MSD and the City of Cincinnati, required an 8% rate increase to compensate for the reduced revenues. A combination of expense reductions results in a rate increase of 7% (approved by the Hamilton County Board of Commissioners and effective January 9, 2003) as included in the budget that will provide for necessary operating expenses, annual debt support, support of the District's capital program and the satisfaction of bond covenants.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

Currently known facts, decisions or conditions—information that management is aware of as of the date of the Auditor's report—that are expected to have a material effect on financial position (net assets) or results of operations (revenues, expenses and other changes in net assets) are as follows:

- The County Auditor conducted an interim statistical update of real property taxes as mandated by State law in 2002. Property taxes are on the rise because of voter-approved levies. Assessed property values are established by the County Auditor at 35% of appraised market value, with a physical reappraisal of all real property required every six years (the last physical reappraisal was completed during 1999), with an interim statistical update three years later.

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- The Reds will pay \$10 million on or prior to substantial completion of the Great American Ball Park in 2003 as part of the construction financing of Great American Ball Park. In 1999, the County and the Reds entered into the Baseball Lease agreement that sets forth the terms under which the Great American Ball Park will be built and operated and includes a financial commitment from the Reds to pay \$30 million to the County in precompletion payments—the Reds paid \$10 million of this amount to the County upon groundbreaking in 2000 and another \$10 million one year after groundbreaking in August 2001.
- The Board of County Commissioners of Hamilton County, Ohio, passed a resolution on April 3, 2002, authorizing the establishment of a linked deposit loan program, Hamilton County's Home Improvement Program (HIP), for the purpose of enhancing housing in Hamilton County. HIP allows homeowners in Hamilton County communities to borrow money to repair or remodel their homes or rental property at interest rates 3% below market rate or the lowest rate a bank would normally offer. HIP is funded with certificates of deposit representing interim and/or inactive moneys of the Hamilton County Treasurer's investment portfolio in an aggregate amount not to exceed \$28 million. Current HIP funding is \$7 million.
- An additional 3.5% lodging tax, effective December 1, 2002, is earmarked for the expansion and renovation of the Cincinnati Convention Center.
- The City of Cincinnati and the Board of County Commissioners of Hamilton County, Ohio, are parties to an Interim Partial Consent Decree on Sanitary Sewer Overflows, which was lodged on February 15, 2002, with the U.S. District Court for the Southern District of Ohio, Western Division. This Decree provides for, among other things, the scheduled elimination of sixteen "highly active" sanitary sewer overflows. The Sanitary Sewer Overflows (SSOs) category of Metropolitan Sewer District's 2003 Capital Improvement Plan contains \$19.9 million of projects that are required by the signed Partial SSO Consent Decree and consists of the Collection System Capacity Assessment Plan, the Capacity Assurance Plan and projects to eliminate highly active SSOs. Additionally, \$750,000 is budgeted in 2003 for flow monitoring and rain gauge maintenance to respond to the interim partial consent decree on sanitary sewer overflows.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Hamilton County Auditor Dusty Rhodes, 138 East Court Street, Cincinnati, Ohio 45202, (513) 946-4000, or visit the Auditor's website at www.hamiltoncountyauditor.org.

COUNTY OF HAMILTON, OHIO
STATEMENT OF NET ASSETS
December 31, 2002
(Amounts in Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
ASSETS			
Equity in Pooled Cash and Investments	\$ 289,466	\$ 100,072	\$ 389,538
Cash and Cash Equivalents—Segregated Accounts	461	16,854	17,315
Accounts Receivable	8,935	21,336	30,271
Interest Receivable	4,016	-	4,016
Intergovernmental Receivable	75,492	1,031	76,523
Real and Other Taxes Receivable	225,172	-	225,172
Internal Balances	(153)	153	-
Prepaid Expenses	-	2,443	2,443
Inventories	1,688	-	1,688
Due from Advances to Other Funds	7,572	-	7,572
Restricted Assets:			
Cash and Cash Equivalents Held by the City of Cincinnati:			
Construction Account	-	9,947	9,947
Amount to Be Transferred to Surplus Account	-	6,371	6,371
Held by Trustees:			
Cash and Cash Equivalents	-	37,420	37,420
Investments—Held to Maturity	-	112,245	112,245
Special Assessments Receivable	5,208	-	5,208
Nondepreciable Capital Assets	46,176	633,473	679,649
Depreciable Capital Assets, Net	265,060	907,945	1,173,005
Unamortized Financing Cost	-	24,816	24,816
Other Long-Term Assets	-	3,103	3,103
TOTAL ASSETS	<u>929,093</u>	<u>1,877,209</u>	<u>2,806,302</u>
LIABILITIES			
Accounts Payable	24,368	18,222	42,590
Accrued Wages and Benefits Payable	7,791	1,366	9,157
Accrued Interest Payable	684	5,483	6,167
Construction Accounts Payable	-	5,178	5,178
Retainage Payable	874	7,969	8,843
Advances from Other Funds	7,572	-	7,572
Deferred Revenue	250,198	-	250,198
Escheat	6,124	-	6,124
Estimated Future Claims	6,061	356	6,417
Long-Term Liabilities:			
Due Within One Year	13,843	23,727	37,570
Due in More Than One Year	194,478	1,077,146	1,271,624
TOTAL LIABILITIES	<u>511,993</u>	<u>1,139,447</u>	<u>1,651,440</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	192,051	496,643	688,694
Restricted for:			
Debt Service	14,593	4,565	19,158
Capital Projects	2,945	-	2,945
Special Revenue Funds	190,052	-	190,052
Unrestricted	17,459	236,554	254,013
TOTAL NET ASSETS	<u>\$ 417,100</u>	<u>\$ 737,762</u>	<u>\$ 1,154,862</u>

See accompanying notes to the basic financial statements.

COUNTY OF HAMILTON, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2002
(Amounts in Thousands)

FUNCTION/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities								
General Government	\$ 68,904	\$ 98	\$ 52,162	\$ 7,009	\$ -	\$ (9,831)	\$ -	\$ (9,831)
Judicial	112,921	144	36,835	23,407	-	(52,823)	-	(52,823)
Public Safety	90,065	266	13,496	3,611	-	(73,224)	-	(73,224)
Social Services	315,605	1,170	93,576	179,731	-	(43,468)	-	(43,468)
Health	233,986	643	18,639	86,480	-	(129,510)	-	(129,510)
Public Works	27,519	116	4,937	678	1,968	(20,052)	-	(20,052)
Environmental Control	6,462	283	3,462	2,668	-	(615)	-	(615)
Economic Development	20,852	193	716	20,083	-	(246)	-	(246)
Parks and Recreation	6,689	139	764	147	-	(5,917)	-	(5,917)
Interest	8,753	-	-	-	-	(8,753)	-	(8,753)
Fiscal Charges	5	-	-	-	-	(5)	-	(5)
Total Governmental Activities	891,761	3,052	224,587	323,814	1,968	(344,444)	-	(344,444)
Business-Type Activities								
Metropolitan Sewer District	124,452	-	121,447	-	8,314	-	5,309	5,309
Paul Brown Stadium	45,496	-	1,097	-	11,000	-	(33,989)	(33,989)
Baseball Stadium	478	-	7	-	19,264	-	18,793	18,793
Cinergy Field	4,845	-	4,596	-	-	-	(249)	(249)
Riverfront Development	2,460	-	5,364	-	2,029	-	4,933	4,933
Main Street Parking Garage	1,038	-	829	-	-	-	(209)	(209)
Rotary Funds	5,372	-	5,488	-	-	-	116	116
Communication Center	5,058	-	4,243	-	-	-	(815)	(815)
Workers' Compensation Reserve for Stadiums	450	-	450	-	-	-	-	-
Total Business-Type Activities	189,649	-	143,521	-	40,607	-	(5,521)	(5,521)
Total	\$ 1,081,410	\$ 3,052	\$ 368,108	\$ 323,814	\$ 42,575	(344,444)	(5,521)	(349,965)
GENERAL REVENUES								
Property Taxes						237,171		237,171
Sales and Use Taxes						60,007	31,456	91,463
Motor Fuel Taxes						14,487	-	14,487
Other Taxes						32,580	-	32,580
Unrestricted Investment Earnings						21,040	5,468	26,508
Net Increase (Decrease) in Fair Value of Equity in Pooled Cash and Investments						1,902	-	1,902
Increase in Fair Value of Equity in Pooled Cash and Investments						-	1,780	1,780
Decrease in Fair Value of Equity in Pooled Cash and Investments						-	(3,667)	(3,667)
Change in Fair Value of MSD Investments						-	2,493	2,493
Other Revenue						-	130	130
Other Expenses						-	(69)	(69)
Gain on Sale of Capital Assets						-	95	95
Loss on Sale of Capital Assets						-	(75)	(75)
Transfers						(641)	641	-
TOTAL GENERAL REVENUES AND TRANSFERS						366,546	38,252	404,798
CHANGE IN NET ASSETS						22,102	32,731	54,833
NET ASSETS AT BEGINNING OF YEAR						394,988	705,031	1,100,029
NET ASSETS AT END OF YEAR						\$ 417,100	\$ 737,762	\$ 1,154,862

See accompanying notes to the basic financial statements.

COUNTY OF HAMILTON, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2002
(Amounts in Thousands)

	General	Public Assistance	Health and Human Services Levies	Other Governmental Funds	Total Governmental Funds
ASSETS					
Equity in Pooled Cash and Investments	\$ 85,571	\$ 20,146	\$ 79,618	\$ 95,424	\$ 280,759
Cash and Cash Equivalents—Segregated Accounts	-	-	-	461	461
Accounts Receivable	116	-	15	8,804	8,935
Interest Receivable	4,016	-	-	-	4,016
Intergovernmental Receivable	17,426	10,568	5,582	41,916	75,492
Real and Other Taxes Receivable	35,872	-	186,918	2,382	225,172
Due from Other Funds	1,409	31	12,246	2,312	15,998
Inventories	-	-	-	1,688	1,688
Due from Advances to Other Funds	7,572	-	-	-	7,572
Special Assessments Receivable	-	-	-	5,208	5,208
TOTAL ASSETS	\$ 151,982	\$ 30,745	\$ 284,379	\$ 158,195	\$ 625,301
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 3,709	\$ 9,013	\$ 8,308	\$ 3,329	\$ 24,359
Accrued Wages and Benefits Payable	4,070	1,554	1,051	1,090	7,765
Retainage Payable	105	19	56	694	874
Due to Other Funds	175	1	5	15,970	16,151
Advances from Other Funds	-	-	-	7,572	7,572
Deferred Revenue	35,872	-	188,322	50,752	274,946
Escheat	6,124	-	-	-	6,124
TOTAL LIABILITIES	50,055	10,587	197,742	79,407	337,791
FUND BALANCES					
Reserved for:					
Judgments and Claims	1,000	-	-	-	1,000
Future Obligations	23,100	-	-	-	23,100
Advances to Other Funds	7,572	-	-	-	7,572
Encumbrances	7,316	4,735	7,340	16,225	35,616
Inventories	-	-	-	1,688	1,688
Unreserved, Reported in:					
General Fund	62,939	-	-	-	62,939
Special Revenue Funds	-	15,423	79,297	52,776	147,496
Debt Service Funds	-	-	-	9,932	9,932
Capital Projects Fund	-	-	-	(1,833)	(1,833)
TOTAL FUND BALANCES	101,927	20,158	86,637	78,788	287,510
TOTAL LIABILITIES AND FUND BALANCES	\$ 151,982	\$ 30,745	\$ 284,379	\$ 158,195	\$ 625,301

See accompanying notes to the basic financial statements.

COUNTY OF HAMILTON, OHIO
RECONCILIATION OF BALANCE SHEET—GOVERNMENTAL FUNDS
TO GOVERNMENT-WIDE STATEMENT OF NET ASSETS
DECEMBER 31, 2002
(Amounts in Thousands)

Total Governmental Funds Balances	\$	287,510
<p>Amounts reported for governmental activities in the Statement of Net Assets are different from the amounts reported in the governmental funds because of the following:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Capital Assets	\$ 573,223	
Accumulated Depreciation	<u>(262,407)</u>	
Total		310,816
<p>Other long-term assets that are not available to pay for current-period expenditures are deferred in the funds but not in the governmental activities.</p>		
Property Taxes	12,797	
Grants	6,743	
Special Assessments	<u>5,208</u>	
Total		24,748
<p>Internal service funds are used by management to charge the costs of workers' compensation and the Auditor's computer center to individual funds. The assets and liabilities of these internal service funds are included in governmental activities in the Statement of Net Assets.</p>		
		2,901
<p>Long-term liabilities, including bonds and notes payable, loan contracts, compensated absences and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds but are included in governmental activities.</p>		
General Obligation Bonds and Notes	(163,620)	
Special Assessment Bonds	(3,605)	
Loan Contracts	(5,601)	
Compensated Absences	(35,365)	
Accrued Interest Payable	<u>(684)</u>	
Total		<u>(208,875)</u>
Net Assets of Governmental Activities	\$	<u>417,100</u>

See accompanying notes to the basic financial statements.

COUNTY OF HAMILTON, OHIO
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002
(Amounts in Thousands)

	General	Public Assistance	Health and Human Services Levies	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes and Assessments	\$ 34,300	\$ -	\$ 200,017	\$ 2,854	\$ 237,171
Sales and Use Tax	60,007	-	-	-	60,007
State Shared Taxes	25,611	-	-	20,498	46,109
License and Permits	2,155	-	-	3,536	5,691
Charges for Services	57,887	75,548	-	17,284	150,719
Fines and Forfeitures	8,028	-	-	2,290	10,318
Investment Earnings	22,647	213	507	830	24,197
Intergovernmental	24,167	133,940	76,855	115,245	350,207
Other	8,653	9,233	1,783	8,787	28,456
TOTAL REVENUES	243,455	218,934	279,162	171,324	912,875
EXPENDITURES					
Current:					
General Government	49,508	-	1,364	5,593	56,465
Judicial	90,708	-	2,104	18,927	111,739
Public Safety	74,945	-	11,735	3,000	89,680
Social Services	934	211,991	76,405	26,902	316,232
Health	-	-	166,925	67,023	233,948
Public Works	2,173	-	-	28,253	30,426
Environmental Control	-	-	-	6,615	6,615
Economic Development	670	-	-	20,338	21,008
Parks and Recreation	-	-	6,828	-	6,828
Capital Outlay	-	-	-	11,010	11,010
Debt Service:					
Principal Retirement	-	-	-	11,540	11,540
Interest	-	-	-	8,804	8,804
Fiscal Charges	-	-	-	5	5
TOTAL EXPENDITURES	218,938	211,991	265,361	208,010	904,300
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	24,517	6,943	13,801	(36,686)	8,575
OTHER FINANCING SOURCES (USES)					
Transfers In	1,888	1,447	-	25,094	28,429
Transfers Out	(19,377)	-	(4,654)	(5,039)	(29,070)
Special Assessment Bonds Issued	-	-	-	295	295
TOTAL OTHER FINANCING SOURCES (USES), NET	(17,489)	1,447	(4,654)	20,350	(346)
NET CHANGE IN FUND BALANCES	7,028	8,390	9,147	(16,336)	8,229
FUND BALANCES AT BEGINNING OF YEAR	94,899	11,768	77,490	95,124	279,281
FUND BALANCES AT END OF YEAR	\$ 101,927	\$ 20,158	\$ 86,637	\$ 78,788	\$ 287,510

See accompanying notes to the basic financial statements.

**COUNTY OF HAMILTON, OHIO
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS
TO GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2002**

(Amounts in Thousands)

Net Change in Fund Balance—Total Governmental Funds		\$ 8,229
<p>Amounts reported for governmental activities in the Statement of Activities are different from the amounts reported in the governmental funds because of the following:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital Outlays	\$ 18,807	
Depreciation Expense	<u>(14,307)</u>	
Excess of Capital Outlays over Depreciation		4,500
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.</p>		
Repayment of Bond Principal		11,540
Net Proceeds from Special Assessment Bond		<u>(295)</u>
<p>In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due.</p>		
		51
<p>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.</p>		
Compensated Absences Payable		(1,876)
<p>The internal services funds are used by management to charge the costs of insurance and other services to individual funds. The net expenses of the internal services funds are reported with governmental activities.</p>		
		(2,015)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
		<u>1,968</u>
Change in Net Assets of Governmental Activities:		<u>\$ 22,102</u>

See accompanying notes to the basic financial statements.

COUNTY OF HAMILTON, OHIO
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

(Amounts in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes and Special Assessments	\$ 33,289	\$ 33,289	\$ 34,301	\$ 1,012
Sales and Use Tax	61,132	61,132	60,755	(377)
State Shared Taxes	26,699	26,699	25,475	(1,224)
License and Permits	1,909	1,909	2,151	242
Charges for Services	49,094	49,094	57,686	8,592
Fines and Forfeitures	9,189	9,189	8,149	(1,040)
Investment Earnings	21,749	21,749	21,139	(610)
Intergovernmental	24,703	24,663	23,385	(1,278)
Other	6,881	6,893	8,885	1,992
TOTAL REVENUES	<u>234,645</u>	<u>234,617</u>	<u>241,926</u>	<u>7,309</u>
EXPENDITURES				
Current:				
General Government	58,271	80,625	69,627	10,998
Judicial	93,395	95,065	90,976	4,089
Public Safety	77,441	78,029	75,151	2,878
Social Services	1,018	1,018	928	90
Public Works	2,450	2,450	2,242	208
Economic Development	782	782	670	112
TOTAL EXPENDITURES	<u>233,357</u>	<u>257,969</u>	<u>239,594</u>	<u>18,375</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,288</u>	<u>(23,352)</u>	<u>2,332</u>	<u>25,684</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	14	14	1,750	1,736
Transfers Out	(27,277)	(25,432)	(19,239)	6,193
TOTAL OTHER FINANCING SOURCES (USES), NET	<u>(27,263)</u>	<u>(25,418)</u>	<u>(17,489)</u>	<u>7,929</u>
NET CHANGE IN FUND BALANCE	(25,975)	(48,770)	(15,157)	33,613
FUND BALANCE AT BEGINNING OF YEAR	<u>67,575</u>	<u>67,575</u>	<u>67,575</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 41,600</u>	<u>\$ 18,805</u>	<u>\$ 52,418</u>	<u>\$ 33,613</u>

See accompanying notes to the basic financial statements.

**COUNTY OF HAMILTON, OHIO
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
PUBLIC ASSISTANCE—SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

(Amounts in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for Services	\$ 65,735	\$ 64,361	\$ 75,548	\$ 11,187
Intergovernmental	131,267	145,286	138,497	(6,789)
Other	5,239	5,239	9,219	3,980
TOTAL REVENUES	<u>202,241</u>	<u>214,886</u>	<u>223,264</u>	<u>8,378</u>
EXPENDITURES				
Current:				
Social Services	215,962	224,768	213,301	11,467
TOTAL EXPENDITURES	<u>215,962</u>	<u>224,768</u>	<u>213,301</u>	<u>11,467</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(13,721)</u>	<u>(9,882)</u>	<u>9,963</u>	<u>19,845</u>
OTHER FINANCING SOURCES				
Transfers in	1,447	1,447	1,447	-
TOTAL OTHER FINANCING SOURCES	<u>1,447</u>	<u>1,447</u>	<u>1,447</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(12,274)</u>	<u>(8,435)</u>	<u>11,410</u>	<u>19,845</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>1,090</u>	<u>1,090</u>	<u>1,090</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ (11,184)</u>	<u>\$ (7,345)</u>	<u>\$ 12,500</u>	<u>\$ 19,845</u>

See accompanying notes to the basic financial statements.

COUNTY OF HAMILTON, OHIO
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
HEALTH AND HUMAN SERVICES LEVIES—SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

(Amounts in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes and Special Assessments	\$ 192,644	\$ 192,644	\$ 200,017	\$ 7,373
Charges for Services	10	10	-	(10)
Intergovernmental	71,497	72,682	74,254	1,572
Other	1,052	1,052	1,767	715
TOTAL REVENUES	<u>265,203</u>	<u>266,388</u>	<u>276,038</u>	<u>9,650</u>
EXPENDITURES				
Current:				
General Government	1,841	1,841	1,816	25
Judicial	2,885	2,885	2,620	265
Public Safety	16,487	16,487	7,160	9,327
Social Services	83,082	83,033	75,610	7,423
Health	174,507	177,689	164,631	13,058
Parks and Recreation	6,358	6,650	6,650	-
TOTAL EXPENDITURES	<u>285,160</u>	<u>288,585</u>	<u>258,487</u>	<u>30,098</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(19,957)</u>	<u>(22,197)</u>	<u>17,551</u>	<u>39,748</u>
OTHER FINANCING USES				
Transfers Out	(3,280)	(4,654)	(4,654)	-
TOTAL OTHER FINANCING USES	<u>(3,280)</u>	<u>(4,654)</u>	<u>(4,654)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(23,237)	(26,851)	12,897	39,748
FUND BALANCE AT BEGINNING OF YEAR	<u>63,459</u>	<u>63,459</u>	<u>63,459</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 40,222</u>	<u>\$ 36,608</u>	<u>\$ 76,356</u>	<u>\$ 39,748</u>

See accompanying notes to the basic financial statements.

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COUNTY OF HAMILTON, OHIO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2002
(Amounts in Thousands)

	Business-Type Activities—Enterprise Funds		
	Metropolitan Sewer District	Paul Brown Stadium	Baseball Stadium
ASSETS			
Current Assets:			
Equity in Pooled Cash and Investments	\$ -	\$ 9,354	\$ 52,967
Cash and Cash Equivalents—Segregated Accounts	12,782	13	43
Accounts Receivable	21,057	259	7
Intergovernmental Receivable	-	-	-
Due from Other Funds	-	-	-
Prepaid Expenses	2,443	-	-
Restricted Cash and Cash Equivalents Held by Trustees	-	1,515	2,079
Total Current Assets	36,282	11,141	55,096
Restricted Assets:			
Cash and Cash Equivalents Held by the City of Cincinnati:			
Construction Account	9,947	-	-
Amount to Be Transferred to Surplus Account	6,371	-	-
Held by Trustees:			
Cash and Cash Equivalents	33,826	-	-
Investments—Held to Maturity	112,245	-	-
Total Restricted Assets	162,389	-	-
Capital Assets:			
Nondepreciable Capital Assets:			
Land and Improvements	4,977	68,916	-
Construction in Progress	167,080	-	281,315
Total Nondepreciable Capital Assets	172,057	68,916	281,315
Depreciable Capital Assets, Net:			
Buildings, Structures and Improvements	621,759	393,554	-
Processing Systems	257,417	-	-
Furniture, Fixtures and Equipment	29,221	11,048	-
Less Accumulated Depreciation	(399,166)	(36,368)	-
Total Depreciable Capital Assets, Net	509,231	368,234	-
Total Capital Assets, Net	681,288	437,150	281,315
Unamortized Financing Costs	5,064	11,018	8,734
Other	2,552	551	-
TOTAL ASSETS	887,575	459,860	345,145
LIABILITIES			
Current Liabilities:			
Accounts Payable	3,924	804	12,734
Accrued Wages and Benefits Payable	1,139	39	12
Accrued Interest Payable	-	-	-
Retainage Payable	-	22	3,701
Compensated Absences	-	-	-
Current Portion of Long-Term Debt	18,070	1,879	2,996
Total Current Liabilities	23,133	2,744	19,443
Current Liabilities Payable from Restricted Assets:			
Accrued Interest Payable	1,828	1,515	2,079
Construction Accounts Payable	5,178	-	-
Total Current Liabilities Payable from Restricted Assets	7,006	1,515	2,079
Noncurrent Liabilities:			
Estimated Future Claims	-	-	-
Accrued Compensated Absences	6,276	-	-
Long-Term Debt	420,768	383,835	232,387
Total Noncurrent Liabilities	427,044	383,835	232,387
TOTAL LIABILITIES	457,183	388,094	253,909
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	291,490	51,436	45,932
Restricted for Debt Service	4,565	-	-
Unrestricted	134,337	20,330	45,304
TOTAL NET ASSETS	\$ 430,392	\$ 71,766	\$ 91,236

Net assets reported for business-type activities in the government-wide Statement of Net Assets are different from enterprise fund net assets because the business-type net assets include those of 3 internal service funds:

Net assets of business-type activities:

See accompanying notes to the basic financial statements.

Business-Type Activities—Enterprise Funds		
Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 34,244	\$ 96,565	\$ 12,214
4,016	16,854	-
13	21,336	-
-	-	1,031
1	1	152
-	2,443	-
-	3,594	-
<u>38,274</u>	<u>140,793</u>	<u>13,397</u>
-	9,947	-
-	6,371	-
-	33,826	-
-	112,245	-
-	<u>162,389</u>	-
795	74,688	-
89,790	538,185	20,600
<u>90,585</u>	<u>612,873</u>	<u>20,600</u>
25,009	1,040,322	900
-	257,417	-
-	40,269	11,844
(1,984)	(437,518)	(4,869)
<u>23,025</u>	<u>900,490</u>	<u>7,875</u>
<u>113,610</u>	<u>1,513,363</u>	<u>28,475</u>
-	24,816	-
-	3,103	-
<u>151,884</u>	<u>1,844,464</u>	<u>41,872</u>
717	18,179	52
-	1,190	202
61	61	-
4,246	7,969	-
-	-	42
740	23,685	-
<u>5,764</u>	<u>51,084</u>	<u>296</u>
-	5,422	-
-	5,178	-
-	<u>10,600</u>	-
-	-	6,417
-	6,276	870
<u>33,140</u>	<u>1,070,130</u>	-
<u>33,140</u>	<u>1,076,406</u>	<u>7,287</u>
<u>38,904</u>	<u>1,138,090</u>	<u>7,583</u>
79,730	468,588	28,475
-	4,565	-
33,250	233,221	5,814
<u>\$ 112,980</u>	<u>706,374</u>	<u>\$ 34,289</u>
-	31,388	-
-	<u>\$ 737,762</u>	-

COUNTY OF HAMILTON, OHIO
RECONCILIATION OF STATEMENT OF NET ASSETS—PROPRIETARY FUNDS
TO GOVERNMENT-WIDE STATEMENT OF NET ASSETS
DECEMBER 31, 2002
(Amounts in Thousands)

	Total Enterprise Funds	Business-Type Activities Internal Service Funds	Business-Type Activities Statement of Net Assets
ASSETS			
Current Assets:			
Equity in Pooled Cash and Investments	\$ 96,565	\$ 3,507	\$ 100,072
Cash and Cash Equivalents —Segregated Accounts	16,854	-	16,854
Accounts Receivable	21,336	-	21,336
Intergovernmental Receivable	-	1,031	1,031
Due from Other Funds	1	152	153
Prepaid Expenses	2,443	-	2,443
Restricted Cash and Cash Equivalents Held by Trustees	3,594	-	3,594
Total Current Assets	140,793	4,690	145,483
Restricted Assets:			
Cash and Cash Equivalents Held by the City of Cincinnati:			
Construction Account	9,947	-	9,947
Amount to Be Transferred to Surplus Account	6,371	-	6,371
Held by Trustees:			
Cash and Cash Equivalents	33,826	-	33,826
Investments—Held to Maturity	112,245	-	112,245
Total Restricted Assets	162,389	-	162,389
Capital Assets:			
Nondepreciable Capital Assets:			
Land and Improvements	74,688	-	74,688
Construction in Progress	538,185	20,600	558,785
Total Nondepreciable Capital Assets	612,873	20,600	633,473
Depreciable Capital Assets, Net:			
Buildings, Structures and Improvements	1,040,322	900	1,041,222
Processing Systems	257,417	-	257,417
Furniture, Fixtures and Equipment	40,269	10,827	51,096
Less Accumulated Depreciation	(437,518)	(4,272)	(441,790)
Total Depreciable Capital Assets, Net	900,490	7,455	907,945
Total Capital Assets, Net	1,513,363	28,055	1,541,418
Unamortized Financing Costs	24,816	-	24,816
Other	3,103	-	3,103
TOTAL ASSETS	1,844,464	32,745	1,877,209
LIABILITIES			
Current Liabilities:			
Accounts Payable	18,179	43	18,222
Accrued Wages and Benefits Payable	1,190	176	1,366
Accrued Interest Payable	61	-	61
Retainage Payable	7,969	-	7,969
Compensated Absences	-	42	42
Current Portion of Long-Term Debt	23,685	-	23,685
Total Current Liabilities	51,084	261	51,345
Current Liabilities Payable from Restricted Assets:			
Accrued Interest Payable	5,422	-	5,422
Construction Accounts Payable	5,178	-	5,178
Total Current Liabilities Payable from Restricted Assets	10,600	-	10,600
Noncurrent Liabilities:			
Estimated Future Claims	-	356	356
Accrued Compensated Absences	6,276	740	7,016
Long-Term Debt	1,070,130	-	1,070,130
Total Noncurrent Liabilities	1,076,406	1,096	1,077,502
TOTAL LIABILITIES	1,138,090	1,357	1,139,447
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	468,588	28,055	496,643
Restricted for Debt Service	4,565	-	4,565
Unrestricted	233,221	3,333	236,554
TOTAL NET ASSETS	\$ 706,374	\$ 31,388	\$ 737,762

See accompanying notes to the basic financial statements.

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**COUNTY OF HAMILTON, 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 Activities— Enterprise Funds		
	Metropolitan Sewer District	Paul Brown Stadium	Baseball Stadium
OPERATING REVENUES			
Charges for Service	\$ -	\$ 453	\$ 7
Sewerage Service Charges	107,899	-	-
Sewerage Surcharges	10,841	-	-
Other	2,707	644	-
TOTAL OPERATING REVENUES	<u>121,447</u>	<u>1,097</u>	<u>7</u>
OPERATING EXPENSES			
Personnel Services	35,244	1,526	12
Utilities, Fuel and Supplies	15,506	2,695	1
Depreciation and Amortization	27,271	15,597	-
Purchased Services	18,814	3,006	4
Other	5,872	6,408	461
TOTAL OPERATING EXPENSES	<u>102,707</u>	<u>29,232</u>	<u>478</u>
OPERATING INCOME (LOSS)	<u>18,740</u>	<u>(28,135)</u>	<u>(471)</u>
NONOPERATING REVENUE (EXPENSES)			
Interest Income	4,861	112	402
Sales and Use Tax	-	18,202	13,255
Other Revenue	-	-	-
Gain on Disposal of Property, Plant and Equipment	95	-	-
Loss on Disposal of Property, Plant and Equipment	-	(75)	-
Interest Expense	(21,745)	(16,264)	-
Increase in Fair Value of Equity in Pooled Cash and Investments	-	167	945
Decrease in Fair Value of Equity in Pooled Cash and Investments	-	(140)	(2,584)
Change in Fair Value of MSD Investments	2,493	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(14,296)</u>	<u>2,002</u>	<u>12,018</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>4,444</u>	<u>(26,133)</u>	<u>11,547</u>
Capital Contributions	8,314	11,000	19,264
CHANGE IN NET ASSETS	<u>12,758</u>	<u>(15,133)</u>	<u>30,811</u>
NET ASSETS AT BEGINNING OF YEAR	<u>417,634</u>	<u>86,899</u>	<u>60,425</u>
NET ASSETS AT END OF YEAR	<u>\$ 430,392</u>	<u>\$ 71,766</u>	<u>\$ 91,236</u>

Change in net assets reported for business-type activities in the government-wide Statement of Activities is different from enterprise fund change in net assets because the net revenue (expense) of 3 internal service funds is reported with business-type activities.

Change in net assets of business-type activities:

See accompanying notes to the basic financial statements.

**Business-Type Activities—
Enterprise Funds**

Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 9,506	\$ 9,966	\$ 15,593
-	107,899	-
-	10,841	-
1,283	4,634	-
<u>10,789</u>	<u>133,340</u>	<u>15,593</u>
149	36,931	10,191
1,058	19,260	-
834	43,702	354
3,336	25,160	-
2,138	14,879	5,093
<u>7,515</u>	<u>139,932</u>	<u>15,638</u>
3,274	(6,592)	(45)
93	5,468	-
(1)	31,456	-
130	130	-
-	95	-
-	(75)	-
(828)	(38,837)	-
611	1,723	219
(683)	(3,407)	(377)
-	2,493	-
<u>(678)</u>	<u>(954)</u>	<u>(158)</u>
2,596	(7,546)	(203)
1,960	40,538	641
4,556	32,992	438
<u>108,424</u>		<u>33,851</u>
\$ 112,980		\$ 34,289

(261)

\$ 32,731

COUNTY OF HAMILTON, OHIO
RECONCILIATION OF STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS—PROPRIETARY FUNDS
TO GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2002
(Amounts in Thousands)

	Total Enterprise Funds	Business-Type Activities Internal Service Funds	Business-Type Activities Statement of Activities
OPERATING REVENUES			
Charges for Services	\$ 9,966	\$ 10,181	\$ 20,147
Sewerage Service Charges	107,899	-	107,899
Sewerage Surcharges	10,841	-	10,841
Other	4,634	-	4,634
TOTAL OPERATING REVENUES	133,340	10,181	143,521
OPERATING EXPENSES			
Personnel Services	36,931	9,213	46,144
Utilities, Fuel and Supplies	19,260	-	19,260
Depreciation and Amortization	43,702	280	43,982
Purchased Services	25,160	-	25,160
Other	14,879	1,387	16,266
TOTAL OPERATING EXPENSES	139,932	10,880	150,812
OPERATING INCOME (LOSS)	(6,592)	(699)	(7,291)
NONOPERATING REVENUE (EXPENSES)			
Interest Income	5,468	-	5,468
Sales and Use Tax	31,456	-	31,456
Other Revenue	130	-	130
Gain on Disposal of Property, Plant and Equipment	95	-	95
Loss on Disposal of Property, Plant and Equipment	(75)	-	(75)
Interest Expense	(38,837)	-	(38,837)
Increase in Fair Value of Equity in Pooled Cash and Investments	1,723	64	1,787
Decrease in Fair Value of Equity in Pooled Cash and Investments	(3,407)	(267)	(3,674)
Change in Fair Value of MSD Investments	2,493	-	2,493
TOTAL NONOPERATING REVENUES (EXPENSES)	(954)	(203)	(1,157)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(7,546)	(902)	(8,448)
Capital Contributions	40,538	641	41,179
CHANGE IN NET ASSETS	32,992	(261)	32,731
NET ASSETS AT BEGINNING OF YEAR	673,382	31,649	705,031
NET ASSETS AT END OF YEAR	\$ 706,374	\$ 31,388	\$ 737,762

See accompanying notes to the basic financial statements.

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**COUNTY OF HAMILTON, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002
(Amounts in Thousands)**

	Business-Type Activities—Enterprise Funds		
	Metro Sewer District	Paul Brown Stadium	Baseball Stadium
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers and Users	\$ 115,651	\$ 2,084	\$ -
Cash Received from Interfund Services Provided	-	-	-
Cash Payments to Suppliers for Goods and Services	(40,433)	(11,785)	-
Cash Payments for Interfund Services Provided	-	-	-
Cash Payments for Personnel Costs	(34,645)	(1,520)	-
Other Operating Revenue	3,461	508	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	44,034	(10,713)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Negative Cash Balance Implicitly Financed from the General Fund	-	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Sales and Use Tax	-	18,202	13,255
Other Revenue	-	-	-
Principal Payments on Long-Term Debt	(19,231)	(2,010)	-
Interest Payments on Long-Term Debt	(23,937)	(16,673)	-
Loan Proceeds	287	-	-
Revenue Bond Issuance Costs	(40)	-	-
Tap-in Fees	4,202	-	-
Capital Contributions	8,314	11,000	19,264
Acquisition and Construction of Property, Plant and Equipment	(38,399)	(286)	(149,770)
Proceeds from Sale of Equipment	95	-	-
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(68,709)	10,233	(117,251)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Government Securities	(228,048)	-	-
Maturity or Redemption of Governmental Securities	260,980	-	-
Interest on Investments and Pooled Cash and Investments	5,407	117	402
Increase in Fair Value of Equity in Pooled Cash and Investments	-	167	945
Decrease in Fair Value of Equity in Pooled Cash and Investments	-	(140)	(2,584)
Change in Fair Value of MSD Cash Equivalents—Segregated Accounts	58	-	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	38,397	144	(1,237)
Net Increase (Decrease) in Cash and Equity in Pooled Cash and Investments	13,722	(336)	(118,488)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	49,204	11,218	173,577
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 62,926	\$ 10,882	\$ 55,089
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 18,740	\$ (28,135)	\$ (471)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	27,271	15,597	-
Net Changes in Operating Assets and Liabilities:			
Accounts Receivable	(3,089)	1,495	(7)
Intergovernmental Receivables	-	-	-
Due from Other Funds	-	-	-
Prepaid Expenses	657	-	-
Other Assets	26	-	-
Operating Accounts Payable	(170)	324	466
Accrued Payroll and Other Related Withholdings	122	11	12
Compensated Absences	477	-	-
Due to Other Funds	-	(5)	-
Estimated Future Claims	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 44,034	\$ (10,713)	\$ -
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Equity in Pooled Cash and Investments	\$ -	\$ 9,354	\$ 52,967
Cash and Cash Equivalents—Segregated Accounts	12,782	13	43
Restricted Cash, Cash Equivalents and Pooled Investments Held by City of Cincinnati:			
Construction Account	9,947	-	-
Amount to Be Transferred to Surplus Account	6,371	-	-
Restricted Cash and Cash Equivalents Held by Trustees	33,826	1,515	2,079
TOTAL CASH AND CASH EQUIVALENTS	\$ 62,926	\$ 10,882	\$ 55,089
NONCASH INVESTING AND FINANCING TRANSACTIONS			
Structures Donated as Contributed Capital in Aid of Construction	\$ 3,261	\$ -	\$ -
TOTAL NONCASH INVESTING AND FINANCING TRANSACTIONS	\$ 3,261	\$ -	\$ -

See accompanying notes to the basic financial statements.

Business-Type Activities—Enterprise Funds		
Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 9,534	\$ 127,269	\$ 10,247
-	-	5,412
(6,933)	(59,151)	(1,962)
-	-	(2,619)
(153)	(36,318)	(10,054)
1,284	5,253	-
<u>3,732</u>	<u>37,053</u>	<u>1,024</u>
-	-	(138)
-	-	<u>(138)</u>
(1)	31,456	-
130	130	-
(245)	(21,486)	-
(787)	(41,397)	-
-	287	-
-	(40)	-
-	4,202	-
1,960	40,538	641
(11,897)	(200,352)	(14,186)
-	95	-
<u>(10,840)</u>	<u>(186,567)</u>	<u>(13,545)</u>
-	(228,048)	-
-	260,980	-
107	6,033	-
611	1,723	219
(683)	(3,407)	(377)
-	58	-
<u>35</u>	<u>37,339</u>	<u>(158)</u>
(7,073)	(112,175)	(12,817)
45,333	279,332	25,031
<u>\$ 38,260</u>	<u>\$ 167,157</u>	<u>\$ 12,214</u>
\$ 3,274	\$ (6,592)	\$ (45)
834	43,702	354
29	(1,572)	-
-	-	79
-	-	(14)
-	657	-
-	26	-
(402)	218	(20)
(3)	142	67
-	477	83
-	(5)	(33)
-	-	553
<u>\$ 3,732</u>	<u>\$ 37,053</u>	<u>\$ 1,024</u>
\$ 34,244	\$ 96,565	\$ 12,214
4,016	16,854	-
-	9,947	-
-	6,371	-
-	37,420	-
<u>\$ 38,260</u>	<u>\$ 167,157</u>	<u>\$ 12,214</u>
\$ -	\$ 3,261	\$ -
\$ -	\$ 3,261	\$ -

COUNTY OF HAMILTON, OHIO
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2002
(Amounts in Thousands)

	Agency
ASSETS	
Equity in Pooled Cash and Investments	\$ 93,136
Cash and Cash Equivalents—Segregated Accounts	24,627
Real and Other Taxes Receivable	913,962
TOTAL ASSETS	\$ 1,031,725
 LIABILITIES	
Intergovernmental Payable	\$ 82,145
Future Tax Collections to Be Distributed	913,962
Other Current Liabilities	35,618
TOTAL LIABILITIES	\$ 1,031,725

See accompanying notes to the basic financial statements.

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COUNTY OF HAMILTON, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(Dollar Amounts Expressed in Thousands)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Hamilton County is governed by a board of 3 commissioners elected by the voters of the County. The County Commissioners serve as the taxing authority, the contracting body and the chief administrators of public services for the County. Other elected officials include the Auditor, Clerk of Courts, Coroner, Engineer, Prosecutor, Recorder, Sheriff, Treasurer, 6 Court of Appeals Judges, 20 Common Pleas Court Judges and 14 County Municipal Court Judges.

The services provided by the above officials, and the boards, districts and commissions listed below, make up the primary government of the County as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. They have therefore been included as part of the reporting entity. No individual component units of the County were defined under the GASB 14 guidelines.

Based on the foregoing criteria, the financial activities of the following boards, commissions and districts are reflected in the accompanying financial statements:

Hamilton County Alcohol and Drug Addiction Services Board

Hamilton County Community Mental Health Board

Hamilton County Board of Mental Retardation and Developmental Disabilities

Hamilton County Rural Zoning Commission

Hamilton County Public Defender Commission

Hamilton County Solid Waste Management District

Metropolitan Sewer District (MSD)

MSD is the County-owned sewer district operated by the City of Cincinnati under a management contract. MSD employees are employees of the City. Bond indentures require separate audited financial statements of MSD that are included in this report as an enterprise fund with appropriate note disclosure.

Fiscal Agent Related Entities. As counties are structured in Ohio, the County Auditor and County Treasurer serve as fiscal officer and custodian of funds, respectively, for various non-County entities. As fiscal officer, the Auditor maintains the accounts and certifies the availability of appropriated funds prior to the processing of warrants for payment. As custodian of funds, the Treasurer invests public moneys held on deposit in the County treasury and redeems the Auditor's warrants. In the case of the separate districts and commissions listed below, the County Auditor and County Treasurer serve as statutory fiscal agent and custodian of funds, respectively. The County, however, is not otherwise accountable for these entities. Accordingly, only the cash for the following boards and commissions that is being held by the County Treasurer is reflected in accompanying agency funds statements:

The *Hamilton County Family and Children First Council* was formed through a planning grant from the State of Ohio. This Council is charged with the task of reviewing existing programs that serve children and families and modifying those programs as needed to improve services delivery systems and ensure that the programs reinforce each other. The County Board of Commissioners appointed an Executive Committee for the Council and delegated administrative powers to the Committee.

The *Hamilton County General Health District* provides public health services for the prevention or restriction of disease. The 5-member Board of Health is elected by the District Advisory Council, which consists of the President of the Board of County Commissioners, the chief executive of each municipal corporation not constituting a city health district and the chairman of the board of township trustees of each

township. The Health District appoints the Health Commissioner and can hire and fix compensation of employees. The Health District is dependent on the County to provide facilities and legal counsel and to act as a custodian for its funds. The budget is approved by the Health District, which is responsible for fiscal management through its authority to enter into contracts and prepare certain financial reports.

The *Hamilton County Regional Planning Commission* serves the Board of County Commissioners by providing advisory planning services to the unincorporated areas (12 townships) of the County. It also serves 37 County municipalities that are members of the Commission and pay annual fees. The Commission itself is made up of 7 representatives: 4 representatives from townships appointed by the Board of County Commissioners, 1 representative from a municipality appointed by the Board of County Commissioners, 1 representative from a municipal planning commission elected by municipal planning commissions and 1 representative from the City appointed by the Cincinnati Planning Commission. The Regional Planning Commission appoints an Executive Director and can hire and fix compensation of employees. The Commission is dependent on the County to provide facilities and legal counsel and to act as fiscal agent and custodian of its funds. The budget is approved by the Commission, which is responsible for fiscal management through its authority to enter into contracts and prepare certain financial reports.

The *Hamilton County Soil and Water Conservation District* has 5 supervisors who are officials elected by the eligible voters of the District and are authorized to contract and sue on behalf of the District. The Supervisors adopt their own budget, authorize District expenditures, hire and fire staff, and do not rely on the County to finance deficits.

Related Organizations. The Board of County Commissioners is also responsible for appointing the majority of the members of the boards of the Hamilton County Public Library District, the Hamilton County Regional Airport Authority, the Southwest Ohio Regional Transit Authority (SORTA), the Hamilton County Hospital Commission and the Port Authority of Cincinnati and Hamilton County. The Hamilton County Probate Court Judge appoints the members of the Hamilton County Park District. In none of the aforementioned instances does the County's accountability extend beyond making the appointments. These organizations do not have significant operational or financial relationships with the County.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County also applies Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided the guidelines do not conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for business-type activities and enterprise funds, subject to the same limitation. Hamilton County has elected not to follow subsequent private-sector guidance. The most significant of the County's accounting policies are described below.

B. Basis of Presentation

The County's basic financial statements consist of government-wide statements and fund financial statements. The government-wide statements include a Statement of Net Assets and a Statement of Activities. The fund financial statements provide a more detailed level of financial information.

Government-Wide Financial Statements. The Statement of Net Assets and the Statement of Activities display information about the County as a whole. These statements include the financial activities of the primary government. Agency funds are not included in the government-wide statements. The statements distinguish between those activities of the County that are governmental, which normally are supported by taxes and intergovernmental revenues, and those that are considered business-type activities, which rely to a significant extent on fees and charges for support. The activity of the governmental internal service funds is eliminated to avoid "doubling up" revenues and expenses. For the most part, the effect of interfund activity has been removed from these statements. The exceptions to this general rule are charges between the business-type Rotary funds 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.

The Statement of Net Assets presents the financial condition of the governmental and business-type activities of the County at year-end. The Statement of Activities presents a comparison between direct expenses and program

revenues for each program or function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program or department and are, therefore, clearly identifiable to a particular function. The policy of the County is to allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements. During the year, in order to aid financial management and to demonstrate legal compliance, the County segregates in separate funds the transactions related to certain County functions or activities. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Internal service funds are segregated into their governmental and business-type components in the combining statements. The total for all internal service funds is presented in a separate column on the face of the proprietary fund statements. Separate financial statements are provided for the agency funds, even though they are not included in the government-wide statements.

C. Fund Accounting

The County uses funds to maintain its financial records during the year. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purposes and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds. Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The following are the County's major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

Public Assistance, a special revenue fund, accounts for revenue from federal, State and County governments and expenditures used to provide services to eligible County residents.

The *Health and Human Services Levies* special revenue fund accounts for the revenue from health and human services levies. Levies and expenditures are determined by policies of the Board of County Commissioners.

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

Proprietary Funds. Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service:

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Board of County Commissioners has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The expenses of providing goods and services primarily or solely to the general public are financed or recovered primarily through user charges.

The following are the County's major enterprise funds:

Metropolitan Sewer District fund accounts for County-provided sewer service to residential, commercial and industrial users in Hamilton County. Sewer charges are based upon water usage and serve as the major revenue source for financing operations and maintenance of the sewer system.

Paul Brown Stadium fund accounts for revenue received from stadium tenants for the construction and operations of the new stadium.

Baseball Stadium fund accounts for revenue received for the construction and operations of the new stadium, the Great American Ball Park.

Internal service funds account for the financing of services provided by one department or agency of the County to other departments or agencies of the County on a cost-reimbursement basis. The internal service funds report on Sheriff's Department activities, workers' compensation for County employees and construction workers for the stadiums, the Auditor's computer center and the Communications Center, which provides County emergency services.

Fiduciary Funds. Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. The County's fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These funds account for assets held by the County as agent for the Board of Health and other districts and entities and for various taxes, assessments and state shared resources collected on behalf of other local governments.

D. Measurement Focus

Government-Wide Financial Statements. The government-wide financial statements are prepared using the *economic resources* measurement focus. All assets and all liabilities associated with the operation of the County are included on the Statement of Net Assets.

Fund Financial Statements. All governmental funds are accounted for using a flow of *current financial resources* measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The Statement of Cash Flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the *accrual* basis of accounting. Governmental funds use the *modified accrual* basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and the presentation of expenses versus expenditures.

Revenues—Exchange and Non-exchange Transactions. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. *Measurable* means the amount of the transaction can be determined, and *available* means that the resources will be collected within the current fiscal year or are expected to be collected

soon enough thereafter to be used to pay liabilities of the current fiscal year. Hamilton County considers revenues available if they are expected to be received within 60 days of year-end.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see note IV B). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: sales tax, local government funds, interest, fees and charges for services.

Deferred Revenue. Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. The County's deferred revenue components are as follows: (1) property taxes for which there is an enforceable legal claim as of December 31, 2002, but which were levied to finance year 2003 operations, (2) grants and entitlements received before the eligibility requirements have been met and (3) revolving loan funds used in the County's housing rehab program.

On governmental fund financial statements, receivables that will not be collected within the available period are also reported as deferred revenue. These include (1) delinquent property taxes, (2) special assessments and (3) grants for which eligibility requirements have been met.

Expenses/Expenditures. On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

F. Budgetary Process

The County is required by Ohio law to adopt annual budgets for the General Fund, some special revenue funds and all debt service funds. Under the direction of the County Administrator, the Department of Administrative Services prepares the budget and issues a separate budgetary report. The budgetary process begins at least six months prior to the calendar year for which the budget is to be adopted, with the County certifying the proposed budget to the County Auditor by July 20. By January 1, the County Commissioners may adopt annual or temporary measures using, in part, the official certificate of estimated resources by the County Budget Commission and the tax rates certified by the County Auditor. By April 1, the County Commissioners must adopt an annual appropriation resolution. Modifications to the original budget are approved by the Board of County Commissioners throughout the year as allowed by state statute.

All budgetary amendments and supplemental appropriations made during 2002 are included in the revised budget amounts presented in the budget-to-actual comparisons. The County maintains budgetary control within an organizational unit and fund by not permitting expenditures and encumbrances to exceed appropriations within three major categories—Personnel Services, Other Expenditures and Capital Outlay.

The budgetary process does not include annual budgeting for certain grants and the Capital Projects fund. Appropriations are made on a multiyear basis with the free balance and encumbrances being reappropriated annually. The administrative control is on a grant basis and, therefore, comparisons with annually appropriated funds do not provide meaningful data. The County adopts annual budgets for proprietary funds; however, budgetary data is not presented for proprietary funds due to the nature of the funds, where demand for goods and services largely determines the level of revenues and expenses. There is no legal requirement to report on such budgets.

G. Cash, Cash Equivalents and Investments

The County's cash consists of cash on hand and demand deposits. County investments with original maturities of one year or less are recorded at cost or amortized cost. Investments with original maturities of one year or more are recorded at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. For presentation on the financial statements, funds included within the Treasurer's cash management pool and investments with original maturities of three months or less are considered to be cash and cash equivalents.

State statutes authorize the County Treasurer to invest in obligations of the U.S. Treasury; obligations or securities issued by any government agency; certificates of deposit; bonds and other obligations of the State; and written repurchase agreements, where the institution agrees unconditionally to repurchase only securities of the U.S. Treasury or any other government agency. In 2002, investments were limited to federal securities, repurchase agreements, STAR Ohio and money market funds. Investments in STAR Ohio, an investment pool managed by the State Treasurer's Office, are valued at STAR Ohio's share price, which is the price for which the investment could be sold on December 31, 2002. (See note IV A for a detailed disclosure of cash, cash equivalents and investments held by the County.)

MSD is required by Ohio law to invest in only U.S. obligations; federal agency securities; Ohio bonds and other obligations or such obligations of political subdivisions of the State, provided that the subdivisions are located within Hamilton County; time certificates of deposit or deposit accounts in an eligible institution; and no-load money market mutual funds consisting only of investments mentioned above. Investments are required to mature within five years from the date of settlement, unless the investment is matched to a specific obligation or debt of MSD. Investment securities are stated at fair value in accordance with GASB 31.

Cash resources of individual funds, including proprietary funds, are combined to form a pool of cash and investments that is managed by the County Treasurer. Individual fund integrity is maintained through the County's records. Each fund's interest in the pool is presented as Equity in Pooled Cash and Investments on the financial statements. Certain moneys for MSD are held and invested by the City and trustees. These bank accounts and investments are represented by Cash and Cash Equivalents Held by the City of Cincinnati and Held by Trustees asset accounts.

Under existing Ohio statutes, all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during 2002 amounted to \$21,139, which includes \$116 assigned from other County funds.

The County has segregated bank accounts for moneys held separate from the County's central bank accounts. These accounts are presented in the statements of net assets and the balance sheets as Cash and Cash Equivalents—Segregated Accounts since they are not required to be deposited into the County treasury.

H. Inventories

Inventories of governmental funds are valued at cost. Costs are determined by the first-in, first-out (FIFO) method. The costs of inventory items are recognized as expenditures in the governmental funds when consumed. Recorded inventories in the governmental fund types are equally offset by a fund balance reserve, which indicates that they do not constitute expendable available resources even though they are a component of net current assets.

MSD's supplies and inventories are stated at the lower of cost or market on a FIFO basis.

I. Prepaid Expenses

MSD payments made to vendors for services that will benefit periods beyond December 31, 2002, are recorded as Prepaid Expenses using the consumption method. Under this method, a current asset is recorded for the prepaid amount and expenses are reflected in the year in which services are consumed.

J. Interfund Transactions

On fund financial statements, receivables and payables resulting from interfund loans are classified as Advances to/from Other Funds. Advances between funds are offset by a fund balance reserve account to indicate that they are not available for appropriation and are not expendable available financial resources.

Receivables and payables resulting from interfund transactions other than loans are classified as Due to/from Other Funds. Due to/from amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Assets, except for any net residual amounts due between governmental and business-type activities, which are presented as Internal Balances.

K. Restricted Assets

Land acquired for MSD’s use is titled to either the City or the County. The cost of the land has been recorded on the books of MSD, since it has the full benefits of the land as an economic resource.

In August 1985, the Federal District Court entered a consent order in an action with MSD and others (see note V C). In complying with the consent order, MSD is required to maintain amounts on deposit in an environmental security account. Expenditures from this account must be approved by the U.S. Environmental Protection Agency. The balance of this account, which is included in Other Long-Term Assets, was \$1,166 at December 31, 2002.

The Trust Agreement for Series A Revenue bonds (see note IV F) requires the establishment of certain trust accounts, including a Bond Account, Bond Reserve Account, Replacement and Improvement Account and Surplus Account to be held by the trustee. The Bond Account will be used to accumulate periodic principal and interest payments. The Bond Reserve Account will be funded in an amount equal to the highest annual future debt service requirement. The Replacement and Improvement Account will be maintained with a balance of \$5,000. The Surplus Account is available to be used for any other sewer system purpose. The Trust Agreement also requires the creation of a Construction Account to be held by the City to pay for project costs.

L. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets used by proprietary funds are also reported in the financial reports of the respective funds.

The County defines a capital asset as an asset with an initial cost of at least \$5,000 (amount not in thousands) and an estimated useful life of at least two years. All capital assets are capitalized at cost or estimated historical cost and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. Assets acquired by MSD through contributions, such as contributions from land developers and federal and State grants, are capitalized and recorded in the plant records at the contributor’s reported cost. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not. Construction in progress includes the cost of in-force labor and costs incurred for projects not placed in use as of December 31, 2002. Additionally, in the enterprise funds, this amount includes interest capitalized on debt during the period of construction.

Capital assets are depreciated except for land, land improvements and construction in progress. Depreciation is computed using the straight-line method over the following useful lives:

Bridges	50 years
Buildings and Structures	40 years
Parking Garages	30 years
Stadiums	28 years
MSD Processing Systems	25 years
Roads	20 years
Building Improvements	20 years
Office and Service Equipment	5 to 15 years

Infrastructure assets consist of roads and bridges. They are reported as governmental activities. Infrastructure assets acquired prior to January 1, 2002, consist of the bridges that were acquired or that received substantial improvements subsequent to January 1, 1980, and are reported at estimated historical cost using deflated replacement cost. Amounts reported for the roads are 2002 costs only. In future years, to comply with new reporting requirements, this amount will include additional roadway data for acquisitions and improvements subsequent to January 1, 1980.

Any gain or loss arising from the disposal of fixed assets for proprietary funds has been credited or charged to income or expense of the respective fund. Any gain or loss for governmental funds has been credited to General Revenues or charged to expenses of the General Government function in the Statement of Activities.

M. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the County's past experience of making termination payments. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the portion of unpaid compensated absences expected to be paid within a year is noted next to the total Compensated Absences in the Long-Term Debt and Other Obligations table (see note IV F). This amount is a portion of what is reported as Long-Term Liabilities Due Within One Year in the government-wide Statement of Net Assets. In proprietary funds, the entire amount of accrued compensated absences is reported as a fund liability.

Ohio law requires that vacation time not be accumulated for more than three years. Normally, all vacation time is to be taken in the year available unless administrative written approval for carryover is obtained. Sick time not taken may be accumulated until retirement. Employees eligible to retire under a County-recognized retirement plan, with a minimum of 10 years of service, are paid one-half (up to 630 hours for 70-hour pay periods; 720 hours for 80-hour pay periods) of accumulated sick time upon retirement. MSD (City of Cincinnati) employees eligible to retire under a City-recognized retirement plan, with a minimum of 10 years of service, are paid up to one-half (up to 600 hours) of accumulated sick time upon retirement.

Certain agencies of the County that are not under the control of the Board of County Commissioners may have slight variances in policies on compensated absences. For MSD employees, who are employees of the City, vacation benefits are considered to be vested benefits. Sick leave benefits are not considered vested benefits until an employee is eligible for retirement. For both County and MSD employees, compensated absences are accrued in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*.

N. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities and long-term obligations payable from proprietary funds are reported in the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an Other Financing Source net of applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as Debt Service expenditures.

O. Unamortized Financing Costs

For proprietary fund types, unamortized financing costs include bond discounts and consulting and attorney fees incurred in connection with the revenue bond obligations. These amounts are amortized on the interest method and straight-line method, respectively, over the lives of the revenue bonds.

P. Fund Balance Reserves

The County reserves those portions of fund equity that are legally segregated for a specific future use or that do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity that is available for appropriation in future periods. Fund equity reserves have been established for judgments and claims, future obligations, advances to other funds, encumbrances and inventories.

Q. Net Assets

Net assets represent the difference between assets and liabilities. Net assets in Invested in Capital Assets, Net of Related Debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The County applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for wastewater treatment, stadium rental income, lease income and parking fees. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

S. Capital Contributions

Capital Contributions in proprietary fund financial statements arise from outside contributions of fixed assets, from tap-in fees to the extent they exceed the cost of the connection to the system, from grants or outside contributions of resources restricted to capital acquisition and construction or from transfers from governmental funds. These assets, which are recorded at their fair market values on the dates contributed, are not subject to repayment.

T. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as Transfers In and Transfers Out. Interfund transfers are reported as Other Financing Sources (Uses) in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

U. Estimates

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

II. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

A. Changes in Accounting Principles

For the fiscal year 2002, the County implemented GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*; 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*.

GASB 34 creates new basic financial statements for reporting the County's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting. These statements split the County's programs between governmental and business-type activities. Also included in the financial statements are fund financial statements that present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Fund equity in the proprietary funds is now presented as net assets.

GASB 37, as an omnibus pronouncement, complements GASB 34. GASB 37 provides further clarification and implementation guidance on issues related to GASB 34 and related pronouncements.

GASB 38 aims to improve the effectiveness of note disclosures. This pronouncement establishes or modifies disclosures related to the summary of significant accounting policies, actions to address legal violations, debt, disaggregation of receivables and payables, and interfund balances and transfers.

B. Restatement of Fund Balance

Due to the implementation of GASB 34, the prior year governmental fund balance was restated as net assets of the governmental activities, as detailed below:

Governmental Funds Fund Balance, December 31, 2001	\$	279,281
Capital Assets		297,861
Long-Term (Deferred) Assets		34,218
Internal Service Funds		2,202
Long-Term Liabilities		<u>(218,564)</u>
Governmental Activities Net Assets, December 31, 2001	\$	<u>394,998</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Basis of Budgeting

While reporting financial position, results of operations and changes in fund balance on the basis of GAAP, the basis of budgeting as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. A Statement of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual is presented in the basic financial statements for the General Fund and major special revenue funds with annually appropriated budgets. The major differences for those funds between the basis of budgeting and the GAAP basis are the following:

1. Outstanding year-end encumbrances are treated as expenditures (budget) as opposed to reservations of fund balances for governmental fund types (GAAP).
2. Revenues are recorded when received (budget) as opposed to when susceptible to accrual (GAAP).
3. Expenditures are recorded when paid (budget) as opposed to when the liability is incurred (GAAP).

Adjustments necessary to convert the results of operations at the end of the year on the basis of budgeting to the GAAP basis are presented in the following table:

<u>Excess (Deficiency) of Revenues Over (Under) Expenditures</u>	<u>General Fund</u>	<u>Public Assistance</u>	<u>Health and Human Services Levies</u>
<i>GAAP Basis</i>	\$ 24,517	\$ 6,943	\$ 13,801
Increase (Decrease):			
Accrued Receivables 12/31/02 Not Recognized in 2002 Budget	(58,839)	(10,599)	(204,761)
Accrued Receivables 12/31/01 Recognized in 2001 Budget	55,224	15,142	187,067
Expenditures Accrued as Liabilities 12/31/02 Not Recognized in 2002 Budget	50,055	10,587	197,742
Expenditures Accrued as Liabilities 12/31/01 Recognized in 2001 Budget	(46,124)	(13,134)	(184,667)
Negative Cash Balance Implicitly Financed from the General Fund	707	-	-
Negative Cash Balance Implicitly Financed from the Health and Human Services Levies Fund	-	-	12,246
Prior-Year Expenditures	8,260	8,352	9,998
Encumbrances	<u>(31,468)</u>	<u>(7,328)</u>	<u>(13,875)</u>
<i>Basis of Budgeting</i>	<u>\$ 2,332</u>	<u>\$ 9,963</u>	<u>\$ 17,551</u>

B. Accountability

The Main Street Parking Garage nonmajor enterprise fund contained a deficit balance of (\$261) in its year-end net assets. The deficit was due in part to not collecting sufficient revenues to cover operations costs.

The Social Service Grants nonmajor special revenue fund had a deficit fund balance of (\$9,141) as of December 31, 2002. This was caused by the nature of the grants, which require reimbursement from the grantor for allowable expenditures.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Moneys held by the County are classified by State statute into two categories:

1. Active moneys are public moneys determined to be necessary to meet current demand upon the County treasury. Active moneys must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.
2. Moneys held by the County that are not considered active are classified as inactive.

Per Ohio law, inactive moneys are to be deposited or invested in the following:

1. U.S. Treasury notes, bills, bonds or other obligations or securities issued by the U.S. Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. bonds, notes, debentures or any other obligations or securities issued directly by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and Student Loan Marketing Association;
3. written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed 30 days;
4. bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. no-load money market mutual funds consisting exclusively of obligations described in item 1 or 2 above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. the State Treasurer's investment pool (STAR Ohio);
8. securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in item 1 or 2 above or cash or both securities and cash, equal value for equal value;
9. high-grade commercial paper in an amount not to exceed 5% of the County's total average portfolio; or
10. bankers' acceptances for a period not to exceed 270 days and in an amount not to exceed 10% of the County's total average portfolio.

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to specific obligations or debt of the County, and must be purchased with the expectation that it will be held to maturity.

Investments may be made only through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*.

Cash on Hand. At year-end, the County had \$610 in undeposited cash on hand. This amount is included on the Statement of Net Assets of the County as part of Equity in Pooled Cash and Investments.

Deposits—County. At year-end, the County's carrying amount of deposits was \$45,651 and the bank balance was \$69,098. Of the bank balance, \$20,809 was covered by federal depository insurance or by collateral held by the

County's agent in the County's name. The remaining balance of \$48,289 was collateralized with securities held by the pledging institution's trust department or agent but not in the County's name.

Investments—County. The County's investments are required to be categorized to give an indication of the level of risk assumed by the County at year-end. Investments are classified into three categories of credit risk:

1. insured, registered or securities held by the County or its agent in the County's name;
2. uninsured and unregistered, with securities held by the counterparty's trust department or agent in the County's name; or
3. uninsured and unregistered, with securities held by the counterparty, its trust department or its agent but not in the County's name.

STAR Ohio allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. STAR Ohio funds are invested in U.S. government and agency securities, collateralized repurchase agreements with eligible Ohio financial institutions and eligible bankers' acceptances and commercial paper. STAR Ohio and money market investments are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

At December 31, 2002, the County's investment balances were as follows:

Investments	Category			Carrying Amount	Fair Value
	1	2	3		
Federal Securities	\$ 314,884	\$ -	\$ -	\$ 314,884	\$ 314,884
Repurchase Agreements	150,555	-	-	150,555	150,555
Investment in STAR Ohio	-	-	-	744	744
Money Market Fund—Trustee	-	-	-	3,594	3,594
Total County Investments	\$ 465,439	\$ -	\$ -	\$ 469,777	\$ 469,777

Deposits—MSD. At December 31, 2002, the carrying amount of MSD's deposits held by the City totaled \$29,100. Amounts held by the City are invested on MSD's behalf in accordance with the City's Municipal Code. These amounts are collateralized as part of the City's cash and investment balances.

Investments—MSD. Funds held by trustees are eligible investments as defined by the trust agreement. These funds are held in the name of the trustee for the benefit of MSD.

Investments made by MSD are summarized below. Trustee account investments are categorized according to the credit risk into the following categories:

1. insured, registered or securities held by MSD or its agent (bank trust department) in MSD's name;
2. uninsured and unregistered, with securities held by the counterparty's trust department or agent in MSD's name; or
3. uninsured and unregistered, with securities held by the counterparty, its trust department or its agent but not in MSD's name.

Money market funds are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

At December 31, 2002, MSD investment balances were as follows:

Investments	Category			Carrying Amount	Fair Value
	1	2	3		
U.S. Government Securities	\$ 112,245	\$ -	\$ -	\$ 112,245	\$ 112,245
Money Market Funds	-	-	-	33,826	33,826
Total	\$ 112,245	\$ -	\$ -	\$ 146,071	\$ 146,071

Reconciliation of Balance Sheet Cash with Deposits and Investments. The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. A reconciliation between the classifications of cash and

investments on the combined financial statements and the classifications of deposits and investments, including MSD, presented above per GASB 3 is as follows:

Carrying Amount of Deposits	\$ 74,751	Equity in Pooled Cash and Investments	\$ 482,674
Carrying Amount of Investments	615,848	Cash and Cash Equivalents—Segregated Accounts	41,942
Total	<u>\$ 690,599</u>	Cash and Cash Equivalents—Restricted	53,738
		Investments—Restricted	112,245
		Total	<u>\$ 690,599</u>

B. Receivables

Receivables at December 31, 2002, consisted of taxes, interest, special assessments, accounts (billings for user-charged services, including unbilled utility services), loans, and intergovernmental receivables arising from grants, entitlements and shared revenues. All trade and property tax receivables, including those for MSD, are shown net of an allowance for uncollectibles. Receivables are recorded on the County's financial statements to the extent that the amounts are determined to be material and substantiated, not only by supporting documentation but also by a reasonable, systematic method of determining their existence, completeness, valuation and collectibility.

Property Tax. Property taxes include amounts levied against real, public utility and tangible (personal) property. The assessed value by property classification upon which the 2002 tax collection was based is as follows:

Real Property—2002 Valuation:	
Residential/Agricultural	\$ 10,158,602
Commercial/Industrial/Public Utilities	4,330,791
Tangible Personal Property—2002 Valuation:	
Tangible Personal Property	2,054,198
Public Utility Personal Property	718,507
Total Valuation	<u>\$ 17,262,098</u>

Ohio law prohibits taxation of property by all overlapping taxing authorities in excess of 10 mills per dollar of assessed value without a vote of the people. Presently, the County levies 2.26 mills of this 10 mill limit for its General Fund. In addition to the 2.26 mills, voted levies in the amount of 18.18 mills have been approved for debt service, health and hospitalization, law enforcement, mental retardation and health, children's services, zoological parks and senior services.

A summary of the voted levies follows:

Purpose	Voter Authorized Rate ⁽¹⁾	Rates Levied for Current Year Collection ⁽²⁾		Final Collection Year
		Residential/ Agricultural	Commercial/ Industrial	
Debt Service (Museum Center)	0.16	0.16	0.16	2009
Drake Center	1.59	0.91	1.16	2004
University Hospital	5.39	2.40	3.25	2006
Police Information Center	0.54	0.19	0.28	Continuing
Police Information Center	0.29	0.25	0.26	2003
Mental Retardation	3.53	2.86	3.23	2004
Mental Health	2.47	1.36	1.70	2002
Children's Services	2.77	2.20	2.53	2006
Zoo	0.42	0.36	0.38	2003
Senior Services	1.02	0.87	0.93	2002
Total Voted Millage	<u>18.18</u>	<u>11.56</u>	<u>13.88</u>	

⁽¹⁾dollar amount per \$1,000 of assessed valuation

⁽²⁾reduction factors applied to levies

Ohio law provides for a reduction in the rates of voted levies to offset increased values resulting from the reappraisal of real property. Reduction factors are applied to authorized voted levies so that each levy yields the same amount from real property taxes as in the year in which the levy was approved. The reduction factors are computed annually and applied separately for residential/agricultural property and commercial/industrial property. Increases to voted levy revenues occur with the addition of new construction that is added to the tax duplicate each year.

The County Commissioners allocated approximately 30% of the ½ cent permissive sales tax receipts to reduce residential property taxes in the County. In 2002, this represented a 3.92% reduction for all owner-occupied homeowners in the County.

Taxes collected on real property (other than public utilities) in one calendar year are levied on the preceding calendar year's assessed values as of January 1 of that preceding year, the lien date. Assessed values are established the preceding year by the County Auditor at 35% of appraised market value. A physical reappraisal of all real property is required every six years, with a statistical update every third year. The last physical reappraisal was completed during 1999.

The County Treasurer bills and collects real property taxes on behalf of all taxing districts in the County, including the County. Taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20 of the following year. The County's practice is to extend the December 31 due date to January. Unpaid taxes become delinquent after December 31 of the year they are due with penalties and interest assessed. Foreclosure proceedings may be initiated by the County Prosecutor if delinquent taxes are not paid within one year.

Personal property taxes, other than for public utilities, are a self-assessed tax. Each business lists its tangible personal property as of December 31 or the end of its fiscal year. A lien for taxes accrues against this personal property on the following January 1. The taxes are calculated using the full tax rates in effect for the current calendar year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxes at 25% of its true value. Business inventories are assessed for ad valorem taxes at 24% of average value. Each business receives a \$10,000 (amount not in thousands) exemption in assessed value that is reported. The reduction in tax dollars resulting from the exemption is reimbursed by the State to the appropriate taxing authorities. Amounts paid by multicounty taxpayers are due September 20. Single-county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30 with the remainder payable September 20. Taxpayers are eligible to file for an extension until June 15.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the collection year, the lien date. The majority of public utility tangible personal property currently is assessed at 25% of its true value. Public utility taxes are payable on the same date as real property taxes described previously.

The County Auditor periodically remits to the taxing districts their portions of the taxes collected. The final settlements of real and public utility property taxes are made in April and August and tangible taxes in August and October for the first and second halves of the year, respectively. Collections of the taxes and remittance of them to the taxing districts are accounted for in various agency funds of the County. The County accrues property taxes as receivables since they can be measured and recorded when levied and recognized as deferred revenue since they are collected in advance of the year for which they are levied. Property taxes are recognized as revenue in the year for which they are levied.

Property tax revenues were recorded in the following funds in 2002:

General Fund	\$ 34,300
Health and Human Services Levies Fund	200,017
Nonmajor Debt Service Fund	2,854
Total Property Tax Revenues	<u>\$ 237,171</u>

Property tax revenues include levies collected from both the current levy and delinquent levies. The cumulative delinquency as of December 31, 2002, was \$11,972 of real and public utility taxes and \$6,482 of tangible personal property taxes, for a total of \$18,454. The delinquent property tax revenue was not recorded in the financial statements due to the uncertainty of collection. Recording the delinquency would not have an impact on the fund balance of the County since it would be offset by a reserve for delinquent accounts.

Sales and Use Tax. On March 19, 1996, voters of Hamilton County approved a ½% increase (from ½% to 1%) in the County's general sales tax. The County Commissioners approved by resolution that this additional tax will be used for development of the riverfront area, including construction of the football and baseball stadiums. Vendor collections of the tax are paid to the State Treasurer by the 25th day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within 45 days of the end of each month. The State Auditor then has 5 days in which to draw the warrant payable to the County.

Intergovernmental. State subsidies for local property tax reductions are recorded as Intergovernmental Receivable when measurable and Intergovernmental Revenues when measurable and available. Federal and State grants and assistance awards made on the basis of entitlement are recorded as Intergovernmental Receivable and Revenues when entitlement occurs. All other federal and State reimbursement-type grants are recorded as receivables and revenues when the related expenditures/expenses are incurred. A summary of the principal items of Intergovernmental Receivable for the year ended December 31, 2002, follows:

<u>Governmental Activities</u>	<u>Amount</u>
General Fund:	
County Permissive Sales Tax	\$ 9,288
Income Tax Local Government	5,739
Sheriff—Boarding Federal Prisoners	290
Sheriff—State Grant	10
Juvenile Court—Educational Subsidy	278
Juvenile Court—State Children's Service Subsidy	8
Probate Court—Reimbursement from State Probate	48
Recorder—Miscellaneous Receipts	39
Sheriff—Miscellaneous Reimbursements	18
Juvenile Court—Miscellaneous Receipts and Reimbursements	49
Common Pleas Court—Miscellaneous Receipts	1
Probate Court—Miscellaneous Receipts	61
Clerk of Courts—Miscellaneous Receipts and Reimbursements	680
Public Defender—Miscellaneous Reimbursements	849
Adult Probation—Miscellaneous Receipts and Reimbursements	68
Total General Fund	17,426
Special Assistance—Special Revenue Fund:	
Job and Family Services—Federal Grants	10,568
Special Assistance Total	10,568
Health and Human Services Levies—Special Revenue Fund:	
Board of Mental Retardation and Developmental Disabilities—Educational Subsidy	200
Board of Mental Retardation and Developmental Disabilities—Federal Grants	3,968
Board of Mental Retardation and Developmental Disabilities—State Grants	1,365
Job and Family Services—Miscellaneous Receipts	2
Board of Mental Retardation and Developmental Disabilities—Miscellaneous Reimbursements	9
Community Mental Health Board—Miscellaneous Reimbursements	38
Health and Human Services Levies Total	5,582
Nonmajor Special Revenue Funds:	
Motor Vehicle License Tax	599
County Permissive Auto Tax City	167
County Permissive Auto Tax County	89
Clerk of Courts—Vehicle Titles and Fees	191
Facilities—Federal Grants	40
Community Development—Federal Grants	5,833
Sheriff—Federal Grants	195
Sheriff—State Grants	16
Prosecutor—Federal Grants	61
Children's Trust Fund—Federal Grants	96
River City Correctional Center—Federal Grants	1,309
River City Correctional Center—State Grants	1,434
Juvenile Court—Youth Service Subsidy	601
Juvenile Court—Federal Grants	454
Adult Probation—Federal Grants	498
Adult Probation—State Grants	498
Engineer—Federal Grants	3
Environmental Services—Federal Grants	1,471

Community Mental Health Board—Health Grants	3,026
Community Mental Health Board—Federal Grants	17,339
Community Mental Health Board—State Grants	23
Alcohol and Drug Addiction Services Board—Federal Grants	6,535
Alcohol and Drug Addiction Services Board—State Grants	972
Dog Warden—Miscellaneous Receipts	4
Sheriff—Miscellaneous Receipts	2
Prosecutor—Miscellaneous Receipts	4
Juvenile Court—Miscellaneous Receipts and Reimbursements	7
Common Pleas Court—Miscellaneous Receipts and Reimbursements	149
Municipal Court—Miscellaneous Receipts	21
Probate Court—Miscellaneous Receipts and Reimbursements	26
Clerk of Courts—Miscellaneous Receipts and Reimbursements	25
Adult Probation—Miscellaneous Receipts and Reimbursements	104
Engineer—Miscellaneous Receipts and Reimbursements	1
Environmental Services—Miscellaneous Receipts	1
Alcohol and Drug Addiction Services Board—Miscellaneous Receipts	122
Nonmajor Special Revenue Funds Total	<u>41,916</u>
Governmental Activities Total	<u>\$ 75,492</u>

Business-Type Activities

	<u>Amount</u>
Internal Service Funds:	
Sheriff—Township Patrol Fees	\$ 549
Sheriff—City of Cincinnati Reimbursement for Central Warrants ID Unit	1
Communications Center—Communications Services	481
Business-Type Activities Total	<u>\$ 1,031</u>

Loans. The Hamilton County Housing Rehab Program provides low-interest loans to income-qualifying homeowners to provide an affordable means for making major repairs on their homes. The program is funded by the Board of County Commissioners through the Hamilton County Community Block Grant Program, with funds from the U.S. Department of Housing and Urban Development. Funds from loan repayments by previous program recipients are made available for use through a revolving loan fund. These loans (\$8,574) are classified as Accounts Receivable on the Balance Sheet—Governmental Funds.

In 2002, the County Commissioners adopted the Home Improvement Program (HIP). HIP allows homeowners in Hamilton County to borrow money from banks to repair or remodel their homes or rental property at interest rates 3% below the lowest rate the banks would normally offer. These loans are collateralized by Hamilton County certificates of deposit (CDs). These CDs approximated \$4,314 at December 31, 2002, and are included in Equity in Pooled Cash and Investments on the Balance Sheet—Governmental Funds.

C. Restricted Assets

Restricted assets in the enterprise funds include the following cash, cash equivalents and investments:

Restricted Cash and Cash Equivalents:	
Held by the City of Cincinnati:	
Construction Account	\$ 9,947
Amount to Be Transferred to Surplus Account	6,371
Held by Trustees	<u>37,420</u>
Total Restricted Cash and Cash Equivalents	<u>53,738</u>
Restricted Investments:	
Held by Trustees—Held to Maturity	112,245
Total Restricted Assets	<u>\$ 165,983</u>

D. Capital Assets

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

	Balance 12/31/2001	Additions	Reductions	Balance 12/31/2002
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 32,688	\$ 5,669	\$ (245)	\$ 38,112
Construction in Progress	-	8,064	-	8,064
Total Capital Assets Not Being Depreciated	<u>32,688</u>	<u>13,733</u>	<u>(245)</u>	<u>46,176</u>
Capital Assets Being Depreciated:				
Buildings, Structures and Improvements	376,824	10,930	(13,517)	374,237
Infrastructure	70,291	5,153	-	75,444
Furniture, Fixtures and Equipment	76,745	3,872	(2,234)	78,383
Total Capital Assets Being Depreciated	<u>523,860</u>	<u>19,955</u>	<u>(15,751)</u>	<u>528,064</u>
Less Accumulated Depreciation:				
Buildings, Structures and Improvements	(178,852)	(10,700)	1,823	(187,729)
Infrastructure	(13,674)	(1,406)	-	(15,080)
Furniture, Fixtures and Equipment	(56,170)	(6,054)	2,029	(60,195)
Total Accumulated Depreciation	<u>(248,696)</u>	<u>(18,160)</u>	<u>3,852</u>	<u>(263,004)</u>
Capital Assets Being Depreciated, Net	<u>275,164</u>	<u>1,795</u>	<u>(11,899)</u>	<u>265,060</u>
Governmental Activities Capital Assets, Net	<u>\$ 307,852</u>	<u>\$ 15,528</u>	<u>\$ (12,144)</u>	<u>\$ 311,236</u>
Business-Type Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 74,643	\$ 603	\$ (558)	\$ 74,688
Construction in Progress	370,360	237,031	(48,606)	558,785
Total Capital Assets Not Being Depreciated	<u>445,003</u>	<u>237,634</u>	<u>(49,164)</u>	<u>633,473</u>
Capital Assets Being Depreciated:				
Buildings, Structures and Improvements	1,018,731	22,491	-	1,041,222
Processing System	258,181	286	(1,050)	257,417
Furniture, Fixtures and Equipment	50,174	1,559	(637)	51,096
Total Capital Assets Being Depreciated	<u>1,327,086</u>	<u>24,336</u>	<u>(1,687)</u>	<u>1,349,735</u>
Less Accumulated Depreciation:				
Buildings, Structures and Improvements	(273,714)	(29,229)	-	(302,943)
Processing System	(108,786)	(9,686)	-	(118,472)
Furniture, Fixtures and Equipment	(17,506)	(3,430)	561	(20,375)
Total Accumulated Depreciation	<u>(400,006)</u>	<u>(42,345)</u>	<u>561</u>	<u>(441,790)</u>
Capital Assets Being Depreciated, Net	<u>927,080</u>	<u>(18,009)</u>	<u>(1,126)</u>	<u>907,945</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,372,083</u>	<u>\$ 219,625</u>	<u>\$ (50,290)</u>	<u>\$ 1,541,418</u>

Construction in Progress includes assets that upon completion will be transferred to the General Fund or Health and Human Services Levies governmental fund; to the MSD, Riverfront Development or Baseball Stadium enterprise fund; or to the Communications Center internal service fund. Construction costs are being funded from notes payable proceeds that will eventually be paid from the proceeds of special assessment bonds.

Depreciation expense was charged to functions/funds as follows:

Governmental Activities	
General Government	\$ 9,400
Judicial	1,127
Public Safety	432
Social Services	522
Health	450
Public Works	2,266
Environmental Control	103
Economic Development	7
Total Depreciation Expense	<u>\$ 14,307</u>

<u>Business-Type Activities</u>	
MSD	\$ 27,271
Paul Brown Stadium	15,597
Nonmajor Enterprise Funds	834
Communications Center—Internal Service Fund	280
Total Depreciation Expense	<u>\$ 43,982</u>

E. Interfund Balances and Transfers

Interfund balances at December 31, 2002, consisted of the following amounts and represent charges for services or reimbursable expenses except for (1) the General Fund's coverage of the negative cash balance of (\$707) in a fund in the nonmajor capital projects fund and (2) the Health and Human Services Levies fund's coverage of the negative cash balance of (\$12,246) in the Social Service Grants nonmajor special revenue fund.

Due to/from balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting records and (3) payments are made between funds. All are expected to be paid within one year.

Due to Other Funds	Due from Other Funds						Total
	General Fund	Public Assistance	Health and Human Services Levies	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Internal Service Funds	
General Fund	\$ 1	\$ 18	\$ -	\$ 8	\$ 1	\$ 147	\$ 175
Public Assistance	-	-	-	1	-	-	1
Health and Human Services Levies	3	-	-	2	-	-	5
Nonmajor Governmental Funds	1,405	13	12,246	2,301	-	5	15,970
Total	<u>\$ 1,409</u>	<u>\$ 31</u>	<u>\$ 12,246</u>	<u>\$ 2,312</u>	<u>\$ 1</u>	<u>\$ 152</u>	<u>\$ 16,151</u>

Advances to/from balances are amounts that are owed, other than charges for goods and services rendered, by a particular fund to another fund and that are not due within one year. At year-end, these advances totaled \$7,572, which was advanced from the General Fund to a nonmajor governmental fund.

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, to segregate money for anticipated capital projects, to provide additional resources for current operations or debt service, and to return money to the fund from which it was originally provided once a project is completed.

Included in the transfers out/in are several residual equity transfers between funds. Residual transfers were made from the General Fund into the nonmajor General Obligation Nonvoted debt service fund (\$1,000) and into the Communications Center internal service fund (\$641), the latter of which recognized the increase as Capital Contributions; from the nonmajor Health and Community Services Nongrants special revenue fund into the nonmajor Health and Community Services Grants (\$54) and the Judicial Services Grants (\$155) special revenue funds; from the nonmajor Health and Community Services Grants special revenue fund to the nonmajor Health and Community Services Nongrants special revenue fund (\$60); and from the nonmajor Capital Projects fund into the General Fund (\$139) and into the nonmajor General Obligation Nonvoted (\$1,543) and the Special Assessments (\$61) debt service funds.

Interfund transfers for the year ended December 31, 2002, consisted of the following:

Transfers In	Transfers Out			
	General Fund	Health and Human Services Levies	Nonmajor Governmental Funds	Total
General Fund	\$ -	\$ -	\$ 1,888	\$ 1,888
Public Assistance	1,447	-	-	1,447
Nonmajor Governmental Funds	17,289	4,654	3,151	25,094
Internal Service Funds	641	-	-	641
Total	<u>\$ 19,377</u>	<u>\$ 4,654</u>	<u>\$ 5,039</u>	<u>\$ 29,070</u>

F. Long-Term Debt and Other Obligations

The long-term obligations of the County payable as of December 31, 2002, are as follows:

Governmental Activities	Maturity	Interest Rate %	Balance January 1	Additions	Reductions	Balance December 31	Due in One Year
<i>Long-Term Debt</i>							
<u>Year Issued/Purpose/Amount Issued</u>							
<u>General Obligation Bonds—Voted</u>							
2001 Museum Center—\$19,545	2009	3.00-4.00	\$ 19,545	\$ -	\$ (2,185)	\$ 17,360	\$ 2,250
<u>General Obligation Bonds—Unvoted</u>							
1985 County Justice Complex—\$6,750	2005	8.875	1,350	-	(335)	1,015	340
1985 Convention Center—\$16,000	2005	8.25	3,200	-	(800)	2,400	800
1986 Administration Building—\$9,900	2007	5.875	2,970	-	(495)	2,475	495
1987 Courthouse Improvement—\$2,000	2007	5.75	600	-	(100)	500	100
1993 County Building Acquisition—\$7,755	2013	2.50-5.00	5,440	-	(345)	5,095	360
1993 Courthouse Improvement Refunding—\$8,680	2011	2.00-5.00	7,145	-	(770)	6,375	755
1993 Various Purpose—\$44,480	2014	5.00-5.10	31,425	-	(2,020)	29,405	2,075
1995 County Building Renovation—\$8,390	2015	6.10-6.25	5,875	-	(420)	5,455	420
1995 Water West Phase 1A—\$4,770	2015	5.40-5.55	3,770	-	(190)	3,580	205
1996 Various Purpose—\$5,990	2016	4.80-5.00	4,705	-	(270)	4,435	280
1996 Building Improve. Series 1996—\$2,650	2011	5.25-5.35	1,765	-	(175)	1,590	175
1997 Various Purpose Series 1997—\$9,055	2017	5.35-5.50	7,850	-	(330)	7,520	350
1997 Building Improve. Series 1997 B—\$24,850	2017	5.10-5.25	21,825	-	(870)	20,955	920
1998 Courthouse Improvement—\$16,045	2018	4.75-4.90	14,550	-	(550)	14,000	580
1998 Building Improvement—\$12,495	2018	4.80-5.00	11,250	-	(450)	10,800	465
2001 Various Purpose—\$9,050	2012	3.00-4.00	9,050	-	(890)	8,160	890
2001 Various Purpose—\$1,455	2021	3.00-5.00	1,455	-	(50)	1,405	50
2001 Water West Phase 2—\$1,660	2021	3.00-5.00	1,660	-	(55)	1,605	60
Total General Obligation Bonds—Unvoted			135,885	-	(9,115)	126,770	9,320
<u>General Obligation Notes</u>							
2001 800 MHz Voice Radio System Fire—\$19,490	2006	4.75	19,490	-	-	19,490	-
<u>Special Assessment Bonds</u>							
1982 Sewer District—\$343	2002	8.75	15	-	(15)	-	-
1983 Sewer District—\$161	2003	9.125	20	-	(10)	10	10
1985 Sewer District—\$675	2005	8.375	135	-	(30)	105	35
1987 Sewer District—\$395	2007	7.125	115	-	(20)	95	20
1988 Sewer District—\$416	2008	7.25	145	-	(20)	125	20
1990 Sewer District—\$410	2010	6.9	255	-	(20)	235	25
1993 Sewer District—\$600	2013	4.90-5.20	425	-	(25)	400	30
1994 Sewer District—\$175	2014	5.75	120	-	(10)	110	10
1995 Sewer District—\$210	2015	5.10-5.80	175	-	(10)	165	10
1996 Sewer District—\$445	2016	5.55-5.625	370	-	(15)	355	20
1997 Sewer District—\$340	2017	5.125-5.30	305	-	(15)	290	15
1998 Sewer District—\$705	2018	4.65-4.75	635	-	(25)	610	25
1999 Sewer District—\$170	2019	5.5	160	-	(5)	155	5
2000 Sewer District—\$545	2020	5.40-5.55	530	-	(20)	510	20
2001 Sewer District—\$150	2021	4.00-5.10	150	-	(5)	145	5
2002 Sewer District—\$295	2022	3.50-5.05	-	295	-	295	10
Total Special Assessment Bonds			3,555	295	(245)	3,605	260
Total Governmental Long-Term Debt			178,475	295	(11,545)	167,225	11,830
<u>Other Long-Term Liabilities</u>							
<u>Compensated Absences</u>							
			33,726	21,399	(19,630)	35,495	1,871
<u>Loan Contracts</u>							
			5,743	-	(142)	5,601	142
Total Governmental Long-Term Liabilities			\$ 217,944	\$ 21,694	\$ (31,317)	\$ 208,321	\$ 13,843

Business-Type Activities

	Maturity	Interest Rate %	Balance January 1	Additions	Reductions	Balance December 31	Due in One Year
<i>Long-Term Debt</i>							
<i>Year Issued/Purpose/Amount Issued</i>							
MSD Obligations							
2001 Series A Revenue Bonds—\$76,000	2026	2.30-5.25	\$ 76,000	\$ -	\$ (4,795)	\$ 71,205	\$ 5,225
2000 Series A Revenue Bonds—\$40,085	2025	4.50-5.75	39,260	-	(865)	38,395	905
1997 Series A Revenue Bonds—\$105,245	2017	3.85-5.13	91,255	-	(3,900)	87,355	4,075
1995 Series A Revenue Bonds—\$85,800	2017	3.70-6.05	68,510	-	(3,920)	64,590	4,160
1993 Series A Revenue Bonds—\$171,790	2016	2.45-5.60	161,780	-	(2,440)	159,340	2,565
Ohio Water Development Authority Contracts (OWDA)—\$41,830							
Ohio Water and Sewer Rotary Commission	2019	2.00-7.49	1,656	-	(321)	1,335	174
Ohio Public Works Commission (OPWC)	-	-	50	-	-	50	-
Water Pollution Control Loan Fund (WPCLF)	2017	3.54-4.80	4,677	-	(237)	4,440	257
Construction Drawdown	2018	0.00-3.00	12,508	287	(667)	12,128	709
Total MSD Obligations			455,696	287	(17,145)	438,838	18,070
Enterprise Fund Debt—Parking Facility							
		Market Value Based					
2001 Parking Facility—\$24,500	2026		24,500	-	-	24,500	480
Sales Tax Bonds							
1998 Football Project Series A—\$71,610	2027	3.95-4.75	59,885	-	(1,030)	58,855	-
1998 Football Project Series B—\$272,855	2027	4.20-5.50	212,970	-	(720)	212,250	420
2000 Stadium Series B—\$349,992	2032	5.57	349,992	-	-	349,992	4,455
Total Sales Tax Bonds			622,847	-	(1,750)	621,097	4,875
General Obligation—Parking Facility							
1998 Parking Facility—\$10,090	2024	4.15-5.00	9,625	-	(245)	9,380	260
Total Business-Type Long-Term Debt			1,112,668	287	(19,140)	1,093,815	23,685
<i>Other Long-Term Liabilities</i>							
Compensated Absences							
Total Business-Type Long-Term Liabilities			6,354	4,014	(3,310)	7,058	42
			\$1,119,022	\$ 4,301	\$ (22,450)	\$ 1,100,873	\$ 23,727

Annual principal and interest requirements for the County's long-term debt are as follows:

Year	Governmental Activities					
	General Obligation Bonds		General Obligation Notes		Special Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 11,570	\$ 7,086	\$ -	\$ 926	\$ 260	\$ 201
2004	11,815	6,526	-	926	255	182
2005	12,060	5,951	-	926	260	166
2006	11,230	5,356	19,490	926	220	151
2007	11,515	4,836	-	-	225	138
2008-2012	50,365	16,308	-	-	1,110	503
2013-2017	30,770	5,340	-	-	935	224
2018-2022	4,805	304	-	-	340	38
Total	\$ 144,130	\$ 51,707	\$ 19,490	\$ 3,704	\$ 3,605	\$ 1,603

Year	Business-Type Activities					
	MSD*		General Obligation Bonds**		Sales Tax Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 18,070	\$ 22,668	\$ 740	\$ 833	\$ 4,875	\$ 29,802
2004	18,918	21,761	775	815	6,100	29,586
2005	19,873	20,803	815	796	4,000	29,280
2006	20,890	19,784	865	775	5,125	29,100
2007	21,902	18,770	910	754	6,545	28,864
2008-2012	127,405	75,959	5,360	3,403	51,645	137,652
2013-2017	161,207	39,708	6,570	2,651	90,575	119,957
2018-2022	28,835	10,731	8,575	1,808	116,678	120,843
2023-2027	24,135	2,894	9,270	531	138,772	136,249
2028-2032	-	-	-	-	196,782	70,113
Total	\$ 441,235	\$ 233,078	\$ 33,880	\$ 12,366	\$ 621,097	\$ 731,446

*Amounts are the total loan amounts, \$2,397 of which has not been drawn down or finalized (related to OPWC and WPCLF).

**Adjustable Rate Parking System Revenue Bonds, in the amount of \$24,500, were issued to pay the costs of making improvements and enlargements to the County's above-ground parking structures and surface parking lots in the Cincinnati central riverfront area, near the stadiums and at the US Bank Arena. The interest rate is to be determined at the close of business each Wednesday. The interest rate at the close of business on December 31, 2002, was 1.61%. Using this rate as a basis, the projected interest to be paid on this bond issue will be \$5,197.

Long-Term Bonds. All long-term debt of the County is retired from the debt service funds except for debt payable from enterprise funds. General obligation bonds and notes are backed by the County's ability to levy a voted or unvoted property tax within limitations of State law. General obligation special assessment bonds are backed by the County's ability to levy an assessment against individual property owners within limitation of State law. Sewer revenue bonds are backed by user charges against individual ratepayers. Sales tax bonds are backed by a lien on the receipts of an additional ½% sales tax approved by the County voters on March 19, 1996.

General obligation bonds are generally issued as 20-year serial bonds with equal amounts of principal maturing each year. Under State law applicable to the County, general obligation bond anticipation notes may be issued from time to time up to a maximum maturity of 20 years from the date of issuance of the original notes.

The Uniform Bond Law of the State of Ohio provides that the total net indebtedness created or incurred by any county shall never exceed a sum equal to 3% of the first \$100,000 or part of the tax list, plus 1½% of the tax list in excess of \$100,000 and not in excess of \$300,000, plus 2½% of the tax list in excess of \$300,000. In addition, the net indebtedness created or incurred by any county without vote of the electors shall never exceed a sum equal to 1% of the tax list of the county. Contained in the Uniform Bond Law of the State of Ohio are exceptions for debt limitations. Among the kinds of debt exempted are debt issued for special assessments, sewer works, self-supported revenue bonds and jail facilities.

The total voted and unvoted non-exempt debt of the County that could be issued subject to the 3%, 1½% and 2½% limitation described above is \$430,052. The total County debt subject to this limitation is \$124,458, leaving a borrowing capacity of \$305,594 within the limitation from combined voted and unvoted non-exempt debt. The total County unvoted, non-exempt debt that could be issued subject to the 1% limitation is \$172,621. The total County debt subject to such limitation is \$107,098, leaving a borrowing capacity of \$65,523 within the 1% limitation for unvoted non-exempt debt.

2002 Special Assessment Bonds. Outstanding special assessment bonds consist of water and sewer line improvements, which are payable from the proceeds of tax assessments against the individual property owners. The full faith and credit of the County as additional security also backs these bonds. In 2002, new special assessment bonds were issued in the amount of \$295, with a final maturity date of December 1, 2022. These bonds carry interest rates ranging from 3.50% to 5.05%.

Series A Revenue Bonds. In 2001, 1995 and 1993, MSD issued County of Hamilton, Ohio Series A Sewer System Improvement and Refunding Revenue bonds. The proceeds of the bonds were used to permanently fund certain previous capital expenditures, provide funds for new projects, defease a portion of previous Series A bond issues, fund the new bond reserve requirements and pay the costs of issuance.

In 2000 and 1997, MSD issued County of Hamilton, Ohio Series A Sewer System Improvement bonds. The proceeds were used to permanently fund certain previous capital expenditures, fund the new bond reserve requirements and pay the costs of issuance.

These bonds may be redeemed prior to their maturities in accordance with provisions of the bond resolutions. The redemption process for the bonds include declining premiums up to 2% of principal. Under the terms of the amended revenue bond trust indenture, MSD has agreed to certain covenants, among other things to restrict additional borrowing, maintain rates sufficient to meet debt service requirements and maintain specified balances under trust agreements. The revenue bond issues contain covenants that require MSD to maintain a maximum level of debt service coverage of 125%.

Ohio Water Development Authority Contracts. All contracts between the Ohio Water Development Authority (OWDA) and MSD require the County to prescribe and charge such rates for sewer usage that are sufficient (after expenses of operation and maintenance) to pay principal and interest on OWDA contracts. The principal is repayable in equal semi-annual installments to maturity.

Ohio Water and Sewer Rotary Commission. Advances from the Ohio Water and Sewer Rotary Commission represent tap-in fees and acreage assessments to be forwarded to the Commission upon collection from customers. Such advances do not bear interest unless they are determined to be in default.

Ohio Public Works Commission. The County, through MSD, has entered into agreements with the Ohio Public Works Commission (OPWC) for financing of certain qualified capital projects. As the projects progress, the commitments are drawn down as funds are paid by OPWC directly to the contractors. The principal is repayable in semi-annual installments to the date of maturity for each project.

Water Pollution Control Loan Fund. The County, through MSD, has received low-interest loan commitments from the Ohio Water Pollution Control Loan Fund for certain qualified projects. As the projects progress, the commitments are drawn down. The principal is repayable in semi-annual installments to the date of maturity of each project.

Prior Defeased Debt. In prior years, the County has defeased various general obligation serial bonds and revenue serial bonds through refinancing and operations. Separate irrevocable trust funds were established and funded to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and is not included in the financial statements. At December 31, 2002, \$8,055 general obligation bonds, \$17,220 voted debt and \$79,945 of sales tax-supported bonds are considered defeased.

Compensated Absences. Employees with a minimum of one year of service become vested in accumulated unpaid vacation time. For County employees, Ohio law requires that vacation time not be accumulated for more than three years. Normally, all vacation time is to be taken in the year available unless administrative approval for carryover is obtained. For MSD employees, City ordinance requires that vacation time not be accumulated for more than one and one-half years. For both County and MSD employees, unpaid vacation time is payable upon termination of employment. In general, employees are eligible to be paid for unpaid overtime and unused compensatory time upon termination of employment. All sick, vacation and overtime/compensatory time payments are made at the employee's current wage rate. The liability is accrued by fund and is reported in the Statement of Net Assets. The payments are made out of the same fund in which the liability is accrued.

At December 31, 2002, in accordance with GASB 16, the following liabilities associated with employees' compensated absences have been recognized in the government-wide Statement of Net Assets:

<u>Liability</u>	Governmental	Business-Type
	<u>Activities</u>	<u>Activities</u>
Vacation Leave	\$ 12,672	\$ 3,034
Sick Leave	22,133	3,762
Compensatory Time	690	262
Totals	<u>\$ 35,495</u>	<u>\$ 7,058</u>

Operating Leases. At December 31, 2002, the County had entered into various long-term operating leases for office space, ranging in length from one month to five years. Operating lease payments are recorded in the period that they are paid. These payments are made from the General Fund and from the Public Assistance, Health and Human Services Levies and nonmajor special revenue funds. The operating lease payments for 2002 amounted to \$2,919. Future rental obligations are as follows:

<u>Year Ending December 31</u>	<u>Operating Lease Payments</u>
2003	\$ 2,971
2004	2,937
2005	2,802
2006	2,562
2007	834
Total	<u>\$ 12,106</u>

Interest on Long-Term Obligations. The following interest costs were incurred and expensed or capitalized as part of the cost of additions to capital assets:

	<u>MSD</u>
Net Interest Cost	\$ 23,937
Less: Interest Capitalization	(2,192)
Interest Expense	<u>\$ 21,745</u>

Other Long-Term Obligations. Other long-term obligations of the County consist of loan contracts, made between the Hamilton County Community Mental Health Board (the Board) and the Ohio Department of Mental Health (ODMH), for the purchase of and improvement to various properties in the County for use in providing mental health services. The loan contracts between the Board and ODMH provide that the property must be used to provide mental health services for a specified period of time.

The terms of the contract are essentially equivalent to a mortgage on the property, with the Board being obligated to provide mental health services for a period of 40 years from the inception of the contract. Should the Board discontinue mental health services at a particular facility, the balance of the contract would become due immediately. Failure to pay the balance could result in foreclosure by ODMH. The balance due is reduced on a month-by-month basis over the term of the contract as long as the facility is used for mental health services. The amount outstanding on these loan contracts at December 31, 2002, amounted to \$5,601 and is reported as part of Long-Term Liabilities in the government-wide Statement of Net Assets.

Year Ending December 31	Loan Contracts Payments
2003	\$ 142
2004	142
2005	142
2006	142
2007	142
2008–2012	710
2012–2017	710
2018–2022	710
2024–2027	710
2029–2032	710
2033–2037	710
2038–2042	631
Total	<u>\$ 5,601</u>

Conduit Debt Obligations. Periodically, the County has issued Hospital Facility, Health-Care System, Economic Development, Industrial Development and Multi-Family Housing revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of hospital, health-care, industrial and commercial facilities deemed to be in the public interest. These bonds are backed by the property financed and are payable solely from payment received on the underlying mortgage loans. The bonds do not constitute a debt or pledge of the full faith and credit of the County and, therefore, are not reported in the financial statements. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance.

As of December 31, 2002, the aggregate principal amount outstanding for the above-referenced bonds was as follows:

Hospital Facilities	\$ 887,721
Health-Care Systems	76,605
Economic Development	94,650
Industrial Development	66,200
Multi-Family Housing	16,670
Total	<u>\$ 1,141,846</u>

G. Segment Information

The Riverfront Development and Main Street Parking Garage funds, reported as nonmajor enterprise funds, have one or more bonds or other debt instruments outstanding with a revenue stream pledged in support of that debt. Riverfront Development accounts for the redevelopment of the County's scenic riverfront. The Main Street Parking

Garage affords citizens downtown parking. Summary financial information for these funds, as of and for the year ended December 31, 2002, follows:

<u>Condensed Statement of Net Assets</u>	<u>Riverfront Development</u>	<u>Main Street Parking Garage</u>
Assets:		
Current Assets	\$ 29,741	\$ 599
Capital Assets	105,035	8,575
Total Assets	<u>134,776</u>	<u>9,174</u>
Liabilities:		
Current Liabilities	5,449	315
Noncurrent Liabilities	24,020	9,120
Total Liabilities	<u>29,469</u>	<u>9,435</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	80,535	(805)
Unrestricted	24,772	544
Total Net Assets	<u>\$ 105,307</u>	<u>\$ (261)</u>

<u>Condensed Statement of Revenues, Expenses and Changes in Fund Net Assets</u>	<u>Riverfront Development</u>	<u>Main Street Parking Garage</u>
Charges for Services	\$ 5,364	\$ 829
Depreciation and Amortization	(525)	(309)
Other Operating Expenses	(1,592)	(244)
Operating Income (Loss)	<u>3,247</u>	<u>276</u>
Nonoperating Revenues (Expenses):		
Sales and Use Tax	286	-
Other Revenue	-	130
Interest Expense	(343)	(485)
Net Increase (Decrease) in Fair Value of Equity in Pooled Cash and Investments	(81)	1
Capital Contributions	2,029	(69)
Change in Net Assets	5,138	(147)
Net Assets Beginning of Year	100,169	(114)
Net Assets End of Year	<u>\$ 105,307</u>	<u>\$ (261)</u>

<u>Condensed Statement of Cash Flows</u>	<u>Riverfront Development</u>	<u>Main Street Parking Garage</u>
Net Cash Provided (Used) by:		
Operating Activities	\$ 3,917	\$ 577
Capital and Related Financing Activities	(9,920)	(633)
Investing Activities	(81)	1
Net Increase (Decrease)	<u>(6,084)</u>	<u>(55)</u>
Cash and Equity in Pooled Cash and Investments at Beginning of Year	35,825	640
Cash and Equity in Pooled Cash and Investments at Beginning of Year	<u>\$ 29,741</u>	<u>\$ 585</u>

V. OTHER INFORMATION

A. Risk Management

The County 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 County 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 retained by the County. There has been no reduction in insurance coverage or limits from coverage provided in 2001. Over the past three years, claim amounts from risks covered by commercial insurance have not exceeded the specific policy's limit.

The County retains risk of loss related to court judgments resulting from tort and general liability claims of County officials and employees. A designation of the General Fund balance has been established to pay potential, court-ordered judgments, and at December 31, 2002, this amounted to \$1,000.

Beginning in 1990, the County established an internal service fund entitled Workers' Compensation Reserve to account for and finance its workers' compensation claims risk. The County uses a retrospective rating program provided under the Bureau of Ohio Workers' Compensation to cover injured workers' claims. All departments of the County participate in the program and make per capita payments to the internal service fund.

Changes in the balances of workers' compensation claims liabilities during the past two years are as follows:

	<u>2002</u>	<u>2001</u>
Unpaid Claims at Beginning of Year	\$ 5,864	\$ 4,613
Incurred Claims (Including IBNRs)	3,298	2,326
Claim Payments	<u>(2,718)</u>	<u>(1,075)</u>
Unpaid Claims at End of Year	6,444	5,864
Less: Claims Payable, Current	<u>(27)</u>	<u>-</u>
Estimated Future Claims	<u>\$ 6,417</u>	<u>\$ 5,864</u>

The County participates in the Ohio Fire Marshall Underground Storage Tank Insurance program for environmental risks of underground fuel storage tanks.

MSD records an estimated liability for indemnity health care, workers' compensation, torts and other claims against MSD. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience. Claims liabilities include specific, incremental claim adjustment expenses and allocated loss adjustment expenses and are reduced for estimated recoveries on unsettled claims, such as salvage and subrogation.

B. Related Party Transactions

Cincinnati Water Works provides billing and collection services on customers' accounts for MSD. Fees for these services for 2002 were \$4,235. Fees are also paid to other municipalities and villages within the County for collection of sewerage bills.

The City provides overhead services to MSD, such as check disbursement and investment and legal services. The fees for these services for 2002 were \$2,215. In addition, the City's Municipal Garage provides gasoline and repairs vehicles for MSD. Fees for these services were \$1,123 for 2002.

C. Commitments and Contingent Liabilities

On April 30, 1999, the County and the Cincinnati Reds Baseball Team (the Reds) entered into a binding lease agreement for the construction and operation of a new baseball stadium (the Baseball Project) on the Cincinnati riverfront. The general financial terms included a financial commitment from the Reds to fund \$30,000 of the Baseball Project costs, payable \$10,000 on each of the following dates: groundbreaking, the first anniversary of groundbreaking and substantial completion date. The County's financial contribution to the Baseball Project construction costs (exclusive of County costs for land acquisition, if any, demolition, parking and infrastructure improvements and bond financing costs) was capped at \$235,000 (1998 dollars). The lease term was 30 years (subsequently amended as set forth below) and further required the County to contribute (1) \$1,000 per year into a County-controlled Capital Reserve account to fund future County capital costs for the Baseball Project and (2) \$500 per year escalating 5% annually into an Operating and Maintenance Reserve, which would be available to reimburse the Reds for actual operating and maintenance costs incurred in connection with ballpark operations during the lease term. Pursuant to the terms of the lease, the County will be responsible for capital repairs and the Reds will be responsible for all routine maintenance, groundskeeping and related expenses. In addition, the lease provides that the County will provide 3,500 parking spaces for use in connection with ballpark operations in locations to be determined.

On January 19, 2000, the County and the Reds entered into a lease amendment that fixed the County's maximum contribution for Baseball Project costs (exclusive of land acquisition, demolition, parking, infrastructure and bond financing costs) at \$280,000. In addition, the lease term was extended to 35 years. The lease amendment provides that in the event the State issues additional appropriations targeted specifically to the Baseball Project, the \$280,000 maximum County contribution to the Baseball Project shall be increased by (1) 50% of the initial \$20,000 of any such appropriation and (2) 15% of an additional appropriation in excess of \$20,000. The remainder of any such appropriation will be retained by the County for use in funding costs of the Baseball Project.

The \$280,000 estimated cost of the Baseball Project will be funded through a variety of sources, including a Reds contribution, State funding and proceeds of bonds. To meet its opening year target date of the 2003 baseball season, the County issued the bonds in 2000 to fund a portion of the Baseball Project's costs.

The County has contracted construction commitments for the following:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Riverfront Development	\$ 102,688	\$ 9,002

The City of Cincinnati and the Board of County Commissioners of Hamilton County, Ohio, are parties to a federal consent order (related to MSD) that was entered in 1985 in settlement of *United States of America v. The Board of County Commissioners of Hamilton County, Ohio, et al.*, Case No. C-1-85-0693. The City and County have continued in their efforts to negotiate an amendment to change certain construction schedules appearing in exhibits to that order. The City and County believe these changes are due to circumstances beyond the control of either, and are seeking approval of those schedule modifications from the U.S. Environmental Protection Agency (EPA). The consent order provides for stipulated penalties for failure to meet certain construction schedule deadlines but specifically contemplates that no such penalties will be collected from either defendant where the noncompliance was beyond the reasonable control of the defendants. In addition, according to MSD's Chief Legal Counsel, the EPA has requested the payment of \$290 in stipulated penalties under the consent order for certain effluent limit excursions between 1988 and January 1, 1991. The consent order provides for stipulated penalties under certain conditions, and although the City and County have argued that no substantial penalties are appropriate, it appears that the EPA does intend to extract some monetary payment for the excursions.

The City of Cincinnati and the Board of County Commissioners of Hamilton County, Ohio, are parties to an Interim Partial Consent Decree on Sanitary Sewer Overflows, which was lodged on February 15, 2002, with the U.S. District Court for the Southern District of Western Division. This decree provides for, among other things, the scheduled elimination of 16 "highly active" sanitary sewer overflows. This decree is being contested by a third party.

Negotiations continue on other wastewater collection and treatment issues, including combined sewer overflows.

As part of MSD's capital improvement program, MSD has entered into a number of contracts for construction, design and other services. Commitments under these contracts aggregate approximately \$43,000 as of December 31, 2002.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County Prosecuting Attorney that resolution of these matters will not have a material adverse effect on the financial condition of the County.

D. Deferred Compensation Plan

Employees of the County may elect to participate in a deferred compensation plan administered by one of the following: (1) The Ohio Public Employees Deferred Compensation Plan; (2) ING Financial Services, Inc.; or (3) The County Commissioners Association of Ohio. Under these plans, employees can defer up to 25% of their annual salary not to exceed \$11,000 (amount not in thousands) in 2002. The deferred amounts, as well as any income related to the deferral, are not subject to federal or State income tax until actually received by the employee. In accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, and Internal Revenue Code Section 457, assets of the aforementioned plans were placed in trust for the exclusive benefit of the participants and beneficiaries during 1999. The amounts held in all three plans are no longer reported as assets of the County.

E. Employee Retirement Systems and Plans

All County employees are covered by one of three pension systems. These are the Ohio Public Employees Retirement System (OPERS), the State Teachers Retirement System of Ohio (STRS Ohio), which are State pension systems, and the City of Cincinnati Retirement System (CRS), a municipal pension plan. County employees hired after April 1, 1986, are also covered under the Federal Social Security Act for the Medicare portion only.

The OPERS, STRS Ohio and CRS plans are cost-sharing, multiple-employer, defined-benefit, public-employee retirement systems. Each provides retirement, disability and death benefits to plan members and beneficiaries. The OPERS, STRS Ohio and CRS plans also provide health-care benefits to vested retirees. Benefits provided under the plans are established by the Ohio Revised Code and Cincinnati Municipal Code, respectively.

All three plans issue separate financial reports to the public that include financial statements and required supplemental information. These reports may be obtained by contacting each system as follows: Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215, telephone (800) 222-7377; State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215, telephone (800) 227-7877; and City of Cincinnati Retirement System, 801 Plum Street, Cincinnati, Ohio 45202, telephone (513) 352-3227.

The Ohio Revised Code and the Cincinnati Municipal Code provide OPERS, STRS Ohio and CRS statutory authority, respectively, for employee and employer contributions. The required, actuarially determined contribution rates for 2002 for the Hamilton County and MSD employees are as follows:

<u>Employees of the County</u>	<u>Retirement System</u>	<u>County Share</u>	<u>Employee Share</u>
Law Enforcement Officers	OPERS	16.70%	10.10%
Public Safety Officers	OPERS	16.70%	9.00%
All Other Eligible County	OPERS	13.55%	8.50%
County Board of MRDD/Juvenile Court	STRS Ohio	14.00%	9.30%
MSD and Other Eligible County	CRS	7.00%	7.00%
MSD Other Eligible	OPERS	13.55%	8.50%

The County's contributions, representing 100% of employer contributions, for the year ended December 31, 2002, and for each of the two preceding years, are as follows:

<u>Fiscal Year</u>	<u>OPERS</u>	<u>STRS</u>	<u>CRS</u>
2000	\$ 23,545	\$ 847	\$ 1,883
2001	30,310	874	2,008
2002	31,097	881	2,017

F. Other Post-Employment Benefits (OPEB)

In addition to the pension benefits described in note V E, OPERS, STRS Ohio and CRS all provide post-retirement health-care coverage, commonly referred to as OPEB (other post-employment benefits). For OPERS and STRS Ohio and for CRS, the Ohio Revised Code and the Cincinnati Municipal Code, respectively, provide the authority for public employers to fund post-retirement health care through their contributions.

OPERS. OPERS provides post-retirement health-care coverage to age and service retirees with 10 or more years of qualifying State service credit and to primary survivor recipients of such retirees. Health-care coverage for disability recipients and primary survivor recipients is available. The 2002 employer contribution rate for County employees, excluding law enforcement officers and public safety officers, was 13.55%, of which 5.00% was used to fund health care. The County's contribution for these County employees, for the year ended December 31, 2002, was \$10,429 to fund post-employment benefits. The 2002 employer contribution rate for law enforcement officers and public safety officers was 16.70%, of which 5.00% was used to fund health care. The County's contribution for law enforcement officers and public safety officers for the year ended December 31, 2002, was \$848 to fund post-employment benefits.

The OPEB is advance funded on an actuarially determined basis. The principal assumptions and calculations were based on the latest actuarial review as of December 31, 2001:

Funding Method. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Asset Valuation Method. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets.

Investment Return. The most recent information available indicates that the investment assumption rate for 2001 was 8.00%.

Active Employee Total Payroll. An annual payroll increase of 4.00% is compounded annually, and is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases over and above the 4.00% base increase were assumed to range from 0.50% to 6.30%.

Health Care. Health-care costs were assumed to increase 4.00% annually.

At December 31, 2001 (latest available), there were 402,041 active participants contributing to the plan. In addition, the actuarial value of the plan's net asset value available for OPEB was \$11.6 billion and the actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

STRS Ohio. STRS Ohio provides comprehensive health-care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health-care coverage. Pursuant to the Ohio Revised Code, the STRS Ohio Board had discretionary authority over how much, if any, of the health-care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health-care costs in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14.00% of covered payroll.

The STRS Ohio Board allocates employer contributions to the Health-Care Reserve Fund, from which health-care benefits are paid. For STRS Ohio's fiscal year ended June 30, 2002, the board allocated employer contributions equal to 4.50% of covered payroll to the Health-Care Reserve Fund. This totaled \$.28 million for the County in 2002. The balance in the Health-Care Reserve Fund was \$3 billion on June 30, 2002.

For the fiscal year ended June 30, 2002, net health-care costs paid by STRS Ohio were \$354.7 million. There were 105,300 eligible benefit recipients.

CRS. CRS provides hospital and surgical insurance to retired members who have earned 15 years of credited service at the time of termination or terminate after age 60 with 5 years of credited service. Those who are receiving survivor benefits of eligible members are entitled to have their hospital and surgical insurance premiums paid by CRS. When benefits under the coverage would be reduced by reason of the retired member's eligibility for hospital and medical benefits under federal Social Security laws, CRS will pay whatever additional fees are required for the federal medical coverage.

The health-care coverage provided by CRS 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 County's cost to fund health-care coverage was \$.5 million in 2002.

The actuarial assumptions used for the December 31, 2002, valuation of unfunded liabilities (latest information available) 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

coverage is recognized as an expense as claims are paid. The actuarial value of the System's net assets available for OPEB at December 31, 2002, was \$748.3 million. The actuarially accrued liability based on the actuarial cost method was \$757.2 million. As of December 31, 2002, CRS had 5,600 active contributing participants, of which 619 are MSD employees.

G. Subsequent Events

The Board of County Commissioners approved a 7% sewerage rate increase effective January 9, 2003, for MSD.

Sewer System Improvement and Refunding Revenue Bonds, in the amount of \$230,885, have been approved for issuance in 2003. These bonds will be used to refund a portion of previous bond issues, fund capital improvements projects of MSD and fund issuance costs. The bonds are payable from the net revenues of MSD.

COUNTY OF HAMILTON, OHIO

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

**COUNTY OF HAMILTON, OHIO
NONMAJOR GOVERNMENTAL FUNDS**

COMBINING FINANCIAL STATEMENTS

NONMAJOR SPECIAL REVENUE FUNDS

The special revenue funds are used to account for specific governmental revenues (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action and to account for expenditures for specified purposes.

ANNUALLY BUDGETED

Motor Vehicle Gas Tax	To account for Motor Vehicle Gas Tax federal and State revenues that are distributed to various municipalities and townships for repair and building of streets and bridges.
Health and Community Services Nongrants	To account for revenues other than grants that are to be used for health and community services.
Health and Community Services Grants	To account for revenues from the federal, State and County governments and expenditures thereof as prescribed under the various health and community service functions, including mental health and alcohol and drug programs.
Community Development Block Grants	To account for revenue from the federal government and expenditures as prescribed under the Community Development Block Grant Program.

MULTIYEAR BUDGETED

Judicial Services Grants

To account for revenue from the federal, State and County governments and expenditures used to provide legal services to eligible County residents.

Community Service Grants

To account for revenues from the federal, State and County governments and expenditures thereof as prescribed under the various community service functions.

Social Service Grants

To account for revenue from federal, State and County governments and expenditures used to provide social services to eligible County residents.

Environmental Control Grants

To account for revenue from the federal, State and County governments and expenditures for the purpose of environmental protection for the community.

**COUNTY OF HAMILTON, OHIO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING FINANCIAL STATEMENTS
NONMAJOR DEBT SERVICE FUNDS**

The debt service funds are used to account for the accumulation of financial resources for, and the payment of, general long-term debt principal, interest and related costs.

Bond Retirement	To account for the retirement of principal and interest on the Heritage Center bond issue approved by the electorate. The revenue source for this fund is tax levies.
General Obligation Nonvoted	To account for the retirement of principal and interest of various bond issues not approved by the electorate. The revenue source for this fund is transfers from various other funds.
Special Assessments	To account for the retirement of principal and interest on Special Assessment Debt. The revenues are generated from Special Assessment tax collections.

NONMAJOR CAPITAL PROJECTS FUND

The Capital Projects fund is established to account for financial resources to be used for the acquisition of major capital facilities (other than those financed by the proprietary funds).

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**COUNTY OF HAMILTON, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2002**
(Amounts in Thousands)

	Annually Budgeted				MultiYear Budgeted				Total Normal Special Revenue Funds
	Health and Community Services Nongrants	Health and Community Services Grants	Community Development Block Grants	Judicial Services Grants	Community Service Grants	Social Service Grants	Environmental Control Grants		
ASSETS									
Equity in Pooled Cash and Investments	\$ 27,041	\$ 37,688	\$ 3,196	\$ 1,692	\$ -	\$ -	\$ -	\$ 1,315	\$ 73,400
Cash and Cash Equivalents—Segregated Accounts	234	-	-	-	-	-	-	-	234
Accounts Receivable	-	229	-	8,574	-	-	-	1	8,804
Intergovernmental Receivable	860	648	14	5,833	-	27,895	1,471	-	41,916
Real and Other Taxes Receivable	-	-	-	-	-	-	-	-	-
Due from Other Funds	12	-	-	-	-	-	-	-	12
Inventories	1,688	-	-	-	-	-	-	-	1,688
Special Assessments Receivable	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 29,835	\$ 38,565	\$ 3,210	\$ 16,099	\$ -	\$ 27,895	\$ 2,787	\$ -	\$ 128,054
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts Payable	\$ 1,008	\$ 454	\$ 17	\$ 452	\$ -	\$ -	\$ 35	\$ -	\$ 2,694
Accrued Wages and Benefits Payable	281	435	10	33	-	-	68	-	1,090
Retainage Payable	234	-	-	-	-	-	-	-	234
Due to Other Funds	-	141	-	115	-	12,703	1	-	12,963
Advances from Other Funds	-	-	-	-	-	-	-	-	-
Deferred Revenue	-	-	14	13,778	-	23,997	1,388	-	49,162
TOTAL LIABILITIES	1,523	1,030	41	14,378	4,655	37,036	1,470	35	60,143
FUND BALANCES									
Reserved for:									
Encumbrances	6,416	1,446	8	46	-	-	3	3	11,447
Inventories	1,688	-	-	-	-	-	-	-	1,688
Unreserved/Undesignated	18,208	36,089	3,161	1,675	-	(9,144)	1,314	-	52,776
TOTAL FUND BALANCES	26,312	37,535	3,169	1,721	2,688	(9,141)	1,317	3	65,911
TOTAL LIABILITIES AND FUND BALANCES	\$ 29,835	\$ 38,565	\$ 3,210	\$ 16,099	\$ 7,663	\$ 27,895	\$ 2,787	\$ -	\$ 128,054

	Debt Service				Capital Projects		Total Nonmajor Governmental Funds
	Bond Retirement	General Obligation Nonvoted	Special Assessments	Total Nonmajor Debt Service Funds	Project Accounting		
ASSETS							
Equity in Pooled Cash and Investments	\$ 1,001	\$ 8,951	\$ 566	\$ 9,938	\$ 12,086	\$ 85,424	
Cash and Cash Equivalents—Segregated Accounts	-	-	-	-	227	461	
Accounts Receivable	-	-	-	-	-	8,804	
Intergovernmental Receivable	-	-	-	-	-	41,916	
Real and Other Taxes Receivable	2,382	-	-	2,382	-	2,382	
Due from Other Funds	-	-	-	-	2,300	2,312	
Inventories	-	-	-	-	-	1,688	
Special Assessments Receivable	-	-	5,208	5,208	-	5,208	
TOTAL ASSETS	\$ 3,383	\$ 8,951	\$ 5,794	\$ 17,528	\$ 14,613	\$ 158,195	
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ -	\$ 5	\$ 1	\$ 6	\$ 629	\$ 3,329	
Accrued Wages and Benefits Payable	-	-	-	-	-	1,080	
Retainage Payable	-	-	-	-	480	694	
Due to Other Funds	-	-	-	-	3,007	15,970	
Advances from Other Funds	-	-	-	-	7,572	7,572	
Deferred Revenue	2,982	-	5,208	7,590	-	50,752	
TOTAL LIABILITIES	2,982	5	5,209	7,586	11,668	79,407	
FUND BALANCES							
Reserved for:							
Encumbrances	-	-	-	-	4,778	16,225	
Inventories	-	-	-	-	-	1,688	
Unreserved/Undesignated	1,001	8,946	585	9,932	(1,853)	60,875	
TOTAL FUND BALANCES	1,001	8,946	585	9,932	2,945	78,788	
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,983	\$ 8,951	\$ 5,794	\$ 17,528	\$ 14,613	\$ 158,195	

COUNTY OF HAMILTON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002
(Amounts in Thousands)

	Annually Budgeted				Multiyear Budgeted				Total Nonmajor Special Revenue Funds
	Motor Vehicle Gas Tax	Health and Community Services Nongrants	Health and Community Services Grants	Community Development Block Grants	Judicial Services Grants	Community Service Grants	Social Service Grants	Environmental Control Grants	
REVENUES									
Property Taxes and Assessments	13	-	-	-	-	-	-	-	13
State Shared Taxes	20,488	-	-	-	9	-	-	-	20,498
License and Permits	-	3,536	-	-	-	-	-	-	3,536
Charges for Services	275	16,487	71	-	39	-	-	402	17,284
Fines and Forfeitures	471	1,800	19	-	-	-	-	-	2,290
Investment Earnings	455	234	25	11	5	-	(247)	6	489
Intergovernmental	1,179	20,416	1,772	20,072	11,819	-	57,128	2,354	114,740
Other	2,891	4,373	20	716	378	-	-	305	8,764
TOTAL REVENUES	28,873	48,856	1,907	20,789	12,250	-	58,881	3,066	167,634
EXPENDITURES									
Current:									
General Government	-	5,563	-	-	40	-	-	-	5,593
Judicial	-	4,808	674	-	13,445	-	-	-	18,927
Public Safety	-	2,116	660	-	211	-	-	13	3,000
Social Services	-	26,691	-	-	189	22	-	-	26,902
Health	-	3,977	-	-	-	-	63,046	-	67,023
Public Works	27,601	652	-	-	-	-	-	-	28,253
Environmental Control	-	2,649	446	-	-	-	-	3,520	6,615
Economic Development	-	-	-	20,338	-	-	-	-	20,338
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service:	-	-	-	-	-	-	-	-	-
Principal Retirement	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Fiscal Charges	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	27,601	46,446	1,780	20,338	13,885	22	63,046	3,533	176,651
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,728)	410	127	461	(1,635)	(22)	(6,165)	(465)	(9,017)
OTHER FINANCING SOURCES (USES)									
Transfers In	-	5,106	70	-	207	-	-	-	5,383
Transfers Out	-	(3,230)	(60)	-	-	-	-	-	(3,290)
Special Assessment Bonds Issued	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES), NET	-	1,876	10	-	207	-	-	-	2,093
NET CHANGE IN FUND BALANCES	(1,728)	2,286	137	461	(1,428)	(22)	(6,165)	(465)	(6,924)
FUND BALANCES AT BEGINNING OF YEAR	30,040	35,249	3,092	1,260	4,426	22	(2,976)	1,782	72,835
FUND BALANCES AT END OF YEAR	\$ 28,312	\$ 37,535	\$ 3,169	\$ 1,721	\$ 2,998	\$ -	\$ (9,141)	\$ 1,317	\$ 65,911

	Debt Service				Capital Projects		Total Nonmajor Governmental Funds
	Bond Retirement	General Obligation Nonvoted	Special Assessments	Total Nonmajor Debt Service Funds	Project Accounting		
REVENUES							
Property Taxes and Assessments							
State Shared Taxes	2,431	\$ -	410	\$ 2,841	\$ -	\$ -	2,854
Licenses and Permits	-	-	-	-	-	-	20,498
Charges for Services	-	-	-	-	-	-	3,536
Fines and Forfeitures	-	-	-	-	-	-	17,284
Investment Earnings	-	-	-	-	-	-	2,280
Intergovernmental	283	222	-	505	341	341	830
Other	2	-	1	3	-	-	115,245
TOTAL REVENUES	2,716	222	411	3,349	341	341	8,787
							171,324
EXPENDITURES							
Current:							
General Government	-	-	-	-	-	-	5,593
Judicial	-	-	-	-	-	-	18,927
Public Safety	-	-	-	-	-	-	3,000
Social Services	-	-	-	-	-	-	26,902
Health	-	-	-	-	-	-	67,023
Public Works	-	-	-	-	-	-	28,293
Environmental Control	-	-	-	-	-	-	6,615
Economic Development	-	-	-	-	-	-	20,338
Capital Outlay	-	-	-	-	-	-	11,010
Debt Service:							
Principal Retirement	2,185	9,115	240	11,540	-	-	11,540
Interest	716	7,885	202	8,804	-	-	8,804
Fiscal Charges	-	(5)	10	5	-	-	5
TOTAL EXPENDITURES	2,901	16,995	452	20,349	11,010	11,010	208,010
							(36,686)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(185)	(16,774)	(41)	(17,000)	(10,659)	(10,659)	
OTHER FINANCING SOURCES (USES)							
Transfers In	-	18,889	112	19,001	710	710	25,094
Transfers Out	-	-	-	-	(1,749)	(1,749)	(5,039)
Special Assessment Bonds Issued	-	-	-	-	295	295	295
TOTAL OTHER FINANCING SOURCES (USES), NET	-	18,889	112	19,001	(744)	(744)	20,350
NET CHANGE IN FUND BALANCES	(185)	2,115	71	2,001	(11,413)	(11,413)	(16,336)
FUND BALANCES AT BEGINNING OF YEAR	1,186	6,231	514	7,931	14,358	14,358	95,124
FUND BALANCES AT END OF YEAR	\$ 1,001	\$ 8,346	\$ 585	\$ 9,932	\$ 2,945	\$ 2,945	\$ 78,788

COUNTY OF HAMILTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2002
(Amounts in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes and Special Assessments	\$ 33,289	\$ 33,289	\$ 34,301	\$ 1,012
Sales and Use Tax	61,132	61,132	60,755	(377)
State Shared Taxes	26,699	26,699	25,475	(1,224)
License and Permits	1,909	1,909	2,151	242
Charges for Services	49,094	49,094	57,686	8,592
Fines and Forfeitures	9,189	9,189	8,149	(1,040)
Investment Earnings	21,749	21,749	21,139	(610)
Intergovernmental	24,703	24,663	23,385	(1,278)
Other	6,881	6,893	8,885	1,992
TOTAL REVENUES	<u>234,645</u>	<u>234,617</u>	<u>241,926</u>	<u>7,309</u>
EXPENDITURES				
Current:				
GENERAL GOVERNMENT				
County Commissioners				
Personnel Services	653	653	633	20
Other Expenditures	84	84	83	1
Total County Commissioners	<u>737</u>	<u>737</u>	<u>716</u>	<u>21</u>
County Administrator				
Personnel Services	1,417	1,401	1,217	184
Other Expenditures	1,294	3,681	3,502	179
Capital Outlay	23	38	33	5
Total County Administrator	<u>2,734</u>	<u>5,120</u>	<u>4,752</u>	<u>368</u>
County Personnel				
Personnel Services	957	957	933	24
Other Expenditures	752	752	543	209
Capital Outlay	13	13	10	3
Total County Personnel	<u>1,722</u>	<u>1,722</u>	<u>1,486</u>	<u>236</u>
Administrative Services				
Personnel Services	2,187	2,187	1,856	331
Other Expenditures	7,607	7,248	6,030	1,218
Capital Outlay	161	361	303	58
Total Administrative Services	<u>9,955</u>	<u>9,796</u>	<u>8,189</u>	<u>1,607</u>

COUNTY OF HAMILTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2002
(Amounts in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
County Buildings				
Personnel Services	\$ 4,966	\$ 5,060	\$ 5,060	\$ -
Other Expenditures	19,189	19,110	12,714	6,396
Capital Outlay	136	136	101	35
Total County Buildings	<u>24,291</u>	<u>24,306</u>	<u>17,875</u>	<u>6,431</u>
Building Commissioner				
Personnel Services	1,628	1,638	1,638	-
Other Expenditures	283	283	277	6
Capital Outlay	89	79	1	78
Total Building Commissioner	<u>2,000</u>	<u>2,000</u>	<u>1,916</u>	<u>84</u>
Rural Zoning Commission				
Personnel Services	423	430	428	2
Other Expenditures	32	25	25	-
Capital Outlay	2	2	1	1
Total Rural Zoning Commission	<u>457</u>	<u>457</u>	<u>454</u>	<u>3</u>
Auditor				
Personnel Services	2,739	2,739	2,465	274
Other Expenditures	1,554	1,554	1,330	224
Capital Outlay	185	185	84	101
Total Auditor	<u>4,478</u>	<u>4,478</u>	<u>3,879</u>	<u>599</u>
Treasurer				
Personnel Services	872	872	868	4
Other Expenditures	382	382	372	10
Capital Outlay	11	11	5	6
Total Treasurer	<u>1,265</u>	<u>1,265</u>	<u>1,245</u>	<u>20</u>
Recorder				
Personnel Services	1,954	1,985	1,933	52
Other Expenditures	662	631	467	164
Capital Outlay	51	63	54	9
Total Recorder	<u>2,667</u>	<u>2,679</u>	<u>2,454</u>	<u>225</u>

(Continued)

COUNTY OF HAMILTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2002
(Amounts in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Board of Zoning Appeals				
Personnel Services	\$ 78	\$ 78	\$ 76	\$ 2
Other Expenditures	9	9	4	5
Capital Outlay	1	1	-	1
Total Board of Zoning Appeals	<u>88</u>	<u>88</u>	<u>80</u>	<u>8</u>
Board of Elections				
Personnel Services	3,828	3,828	3,657	171
Other Expenditures	1,549	1,549	1,399	150
Capital Outlay	45	45	41	4
Total Board of Elections	<u>5,422</u>	<u>5,422</u>	<u>5,097</u>	<u>325</u>
Nondepartmental Accounts				
Other Expenditures	-	20,100	20,100	-
Capital Outlay	2,455	2,455	1,384	1,071
Total Nondepartmental Accounts	<u>2,455</u>	<u>22,555</u>	<u>21,484</u>	<u>1,071</u>
TOTAL GENERAL GOVERNMENT	<u>58,271</u>	<u>80,625</u>	<u>69,627</u>	<u>10,998</u>
JUDICIAL				
Juvenile Court				
Personnel Services	26,047	27,317	27,160	157
Other Expenditures	6,560	6,250	5,214	1,036
Capital Outlay	618	528	269	259
Total Juvenile Court	<u>33,225</u>	<u>34,095</u>	<u>32,643</u>	<u>1,452</u>
Court of Appeals				
Other Expenditures	109	109	95	14
Capital Outlay	19	19	1	18
Total Court of Appeals	<u>128</u>	<u>128</u>	<u>96</u>	<u>32</u>
Court of Common Pleas				
Personnel Services	4,084	4,200	4,200	-
Other Expenditures	4,262	4,146	3,682	464
Capital Outlay	30	30	30	-
Total Court of Common Pleas	<u>8,376</u>	<u>8,376</u>	<u>7,912</u>	<u>464</u>

COUNTY OF HAMILTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2002
(Amounts in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Municipal Court				
Personnel Services	\$ 5,551	\$ 5,557	\$ 5,557	\$ -
Other Expenditures	537	568	568	-
Capital Outlay	80	43	27	16
Total Municipal Court	<u>6,168</u>	<u>6,168</u>	<u>6,152</u>	<u>16</u>
Adult Probation				
Personnel Services	8,651	8,651	8,107	544
Other Expenditures	2,025	2,025	1,843	182
Capital Outlay	74	74	2	72
Total Adult Probation	<u>10,750</u>	<u>10,750</u>	<u>9,952</u>	<u>798</u>
Domestic Relations				
Personnel Services	4,334	4,334	4,297	37
Other Expenditures	438	845	805	40
Capital Outlay	442	35	27	8
Total Domestic Relations	<u>5,214</u>	<u>5,214</u>	<u>5,129</u>	<u>85</u>
Probate Court				
Personnel Services	2,355	2,381	2,371	10
Other Expenditures	880	854	724	130
Capital Outlay	33	33	10	23
Total Probate Court	<u>3,268</u>	<u>3,268</u>	<u>3,105</u>	<u>163</u>
Clerk of Courts				
Personnel Services	11,543	11,543	11,124	419
Other Expenditures	2,894	2,870	2,422	448
Capital Outlay	150	174	161	13
Total Clerk of Courts	<u>14,587</u>	<u>14,587</u>	<u>13,707</u>	<u>880</u>
Public Defender				
Personnel Services	5,304	5,304	5,244	60
Other Expenditures	3,802	4,602	4,591	11
Capital Outlay	31	31	26	5
Total Public Defender	<u>9,137</u>	<u>9,937</u>	<u>9,861</u>	<u>76</u>

(Continued)

COUNTY OF HAMILTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2002
(Amounts in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Court Reporters				
Personnel Services	\$ 2,390	\$ 2,390	\$ 2,286	\$ 104
Other Expenditures	108	108	108	-
Capital Outlay	44	44	25	19
Total Court Reporters	<u>2,542</u>	<u>2,542</u>	<u>2,419</u>	<u>123</u>
TOTAL JUDICIAL	<u>93,395</u>	<u>95,065</u>	<u>90,976</u>	<u>4,089</u>
PUBLIC SAFETY				
Communications Center				
Personnel Services	643	678	651	27
Other Expenditures	2,437	2,402	1,517	885
Capital Outlay	41	41	32	9
Total Communications Center	<u>3,121</u>	<u>3,121</u>	<u>2,200</u>	<u>921</u>
Sheriff				
Personnel Services	47,905	48,010	47,653	357
Other Expenditures	8,910	9,343	8,518	825
Capital Outlay	1,909	1,974	1,504	470
Total Sheriff	<u>58,724</u>	<u>59,327</u>	<u>57,675</u>	<u>1,652</u>
Prosecutor				
Personnel Services	11,634	11,634	11,490	144
Other Expenditures	558	558	484	74
Capital Outlay	68	68	59	9
Total Prosecutor	<u>12,260</u>	<u>12,260</u>	<u>12,033</u>	<u>227</u>
Coroner				
Personnel Services	2,751	2,708	2,682	26
Other Expenditures	558	586	554	32
Capital Outlay	27	27	7	20
Total Coroner	<u>3,336</u>	<u>3,321</u>	<u>3,243</u>	<u>78</u>
TOTAL PUBLIC SAFETY	<u>77,441</u>	<u>78,029</u>	<u>75,151</u>	<u>2,878</u>
SOCIAL SERVICES				
Soldiers Relief				
Personnel Services	423	423	383	40
Other Expenditures	570	570	520	50
Capital Outlay	25	25	25	-
Total Soldiers Relief	<u>1,018</u>	<u>1,018</u>	<u>928</u>	<u>90</u>
TOTAL SOCIAL SERVICES	<u>1,018</u>	<u>1,018</u>	<u>928</u>	<u>90</u>

COUNTY OF HAMILTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2002
(Amounts in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
PUBLIC WORKS				
Public Works				
Personnel Services	\$ 1,483	\$ 1,483	\$ 1,333	\$ 150
Other Expenditures	170	170	114	56
Capital Outlay	42	42	40	2
Total Public Works	<u>1,695</u>	<u>1,695</u>	<u>1,487</u>	<u>208</u>
Engineer				
Other Expenditures	755	755	755	-
Total Engineer	<u>755</u>	<u>755</u>	<u>755</u>	<u>-</u>
TOTAL PUBLIC WORKS	<u>2,450</u>	<u>2,450</u>	<u>2,242</u>	<u>208</u>
ECONOMIC DEVELOPMENT				
Community Development				
Personnel Services	84	79	42	37
Other Expenditures	8	13	8	5
Capital Outlay	8	8	4	4
Total Community Development	<u>100</u>	<u>100</u>	<u>54</u>	<u>46</u>
Economic Development				
Other Expenditures	682	682	616	66
Total Economic Development	<u>682</u>	<u>682</u>	<u>616</u>	<u>66</u>
TOTAL ECONOMIC DEVELOPMENT	<u>782</u>	<u>782</u>	<u>670</u>	<u>112</u>
TOTAL EXPENDITURES	<u>233,357</u>	<u>257,969</u>	<u>239,594</u>	<u>18,375</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,288</u>	<u>(23,352)</u>	<u>2,332</u>	<u>25,684</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	14	14	1,750	1,736
Transfers Out	(27,277)	(25,432)	(19,239)	6,193
TOTAL OTHER FINANCING SOURCES (USES), NET	<u>(27,263)</u>	<u>(25,418)</u>	<u>(17,489)</u>	<u>7,929</u>
NET CHANGE IN FUND BALANCE	(25,975)	(48,770)	(15,157)	33,613
FUND BALANCE AT BEGINNING OF YEAR	<u>67,575</u>	<u>67,575</u>	<u>67,575</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 41,600</u>	<u>\$ 18,805</u>	<u>\$ 52,418</u>	<u>\$ 33,613</u>

COUNTY OF HAMILTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
PUBLIC ASSISTANCE—SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

(Amounts in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for Services	\$ 65,735	\$ 64,361	\$ 75,548	\$ 11,187
Intergovernmental	131,267	145,286	138,497	(6,789)
Other	5,239	5,239	9,219	3,980
TOTAL REVENUES	<u>202,241</u>	<u>214,886</u>	<u>223,264</u>	<u>8,378</u>
EXPENDITURES				
Current:				
SOCIAL SERVICES				
Personnel Services	65,483	60,483	59,345	1,138
Other Expenditures	149,599	163,399	153,692	9,707
Capital Outlay	880	886	264	622
TOTAL SOCIAL SERVICES	<u>215,962</u>	<u>224,768</u>	<u>213,301</u>	<u>11,467</u>
TOTAL EXPENDITURES	<u>215,962</u>	<u>224,768</u>	<u>213,301</u>	<u>11,467</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(13,721)</u>	<u>(9,882)</u>	<u>9,963</u>	<u>19,845</u>
OTHER FINANCING SOURCES				
Transfers In	1,447	1,447	1,447	-
TOTAL OTHER FINANCING SOURCES	<u>1,447</u>	<u>1,447</u>	<u>1,447</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(12,274)	(8,435)	11,410	19,845
FUND BALANCE AT BEGINNING OF YEAR	1,090	1,090	1,090	-
FUND BALANCE AT END OF YEAR	<u>\$ (11,184)</u>	<u>\$ (7,345)</u>	<u>\$ 12,500</u>	<u>\$ 19,845</u>

COUNTY OF HAMILTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
HEALTH AND HUMAN SERVICES LEVIES—SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002
(Amounts in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes and Special Assessments	\$ 192,644	\$ 192,644	\$ 200,017	\$ 7,373
Charges for Services	10	10	-	(10)
Intergovernmental	71,497	72,682	74,254	1,572
Other	1,052	1,052	1,767	715
TOTAL REVENUES	<u>265,203</u>	<u>266,388</u>	<u>276,038</u>	<u>9,650</u>
EXPENDITURES				
Current:				
GENERAL GOVERNMENT				
Personnel Services	21	21	21	-
Other Expenditures	1,820	1,820	1,795	25
TOTAL GENERAL GOVERNMENT	<u>1,841</u>	<u>1,841</u>	<u>1,816</u>	<u>25</u>
JUDICIAL				
Other Expenditures	2,885	2,885	2,620	265
TOTAL JUDICIAL	<u>2,885</u>	<u>2,885</u>	<u>2,620</u>	<u>265</u>
PUBLIC SAFETY				
Personnel Services	1,942	1,942	1,811	131
Other Expenditures	14,545	14,545	5,349	9,196
TOTAL PUBLIC SAFETY	<u>16,487</u>	<u>16,487</u>	<u>7,160</u>	<u>9,327</u>
SOCIAL SERVICES				
Personnel Services	542	542	531	11
Other Expenditures	82,540	82,491	75,079	7,412
TOTAL SOCIAL SERVICES	<u>83,082</u>	<u>83,033</u>	<u>75,610</u>	<u>7,423</u>
HEALTH				
Personnel Services	33,920	33,920	32,562	1,358
Other Expenditures	139,095	142,277	130,754	11,523
Capital Outlay	1,492	1,492	1,315	177
TOTAL HEALTH	<u>174,507</u>	<u>177,689</u>	<u>164,631</u>	<u>13,058</u>
PARKS AND RECREATION				
Other Expenditures	6,358	6,650	6,650	-
TOTAL PARKS AND RECREATION	<u>6,358</u>	<u>6,650</u>	<u>6,650</u>	<u>-</u>
TOTAL EXPENDITURES	<u>285,160</u>	<u>288,585</u>	<u>258,487</u>	<u>30,098</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(19,957)</u>	<u>(22,197)</u>	<u>17,551</u>	<u>39,748</u>
OTHER FINANCING USES				
Transfers Out	(3,280)	(4,654)	(4,654)	-
TOTAL OTHER FINANCING USES	<u>(3,280)</u>	<u>(4,654)</u>	<u>(4,654)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(23,237)	(26,851)	12,897	39,748
FUND BALANCE AT BEGINNING OF YEAR	<u>63,459</u>	<u>63,459</u>	<u>63,459</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 40,222</u>	<u>\$ 36,608</u>	<u>\$ 76,356</u>	<u>\$ 39,748</u>

**COUNTY OF HAMILTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
MOTOR VEHICLE GAS TAX—SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

(Amounts in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes and Special Assessments	\$ 7	\$ 7	\$ 13	\$ 6
State Shared Taxes	21,750	21,750	21,481	(269)
Charges for Services	152	152	298	146
Fines and Forfeitures	403	403	471	68
Investment Earnings	1,130	1,130	379	(751)
Intergovernmental	3,000	3,000	1,176	(1,824)
Other	1,045	1,045	2,992	1,947
TOTAL REVENUES	<u>27,487</u>	<u>27,487</u>	<u>26,810</u>	<u>(677)</u>
EXPENDITURES				
Current:				
PUBLIC WORKS				
Personnel Services	10,625	10,625	9,377	1,248
Other Expenditures	6,469	6,919	5,260	1,659
Capital Outlay	20,413	22,414	16,443	5,971
TOTAL PUBLIC WORKS	<u>37,507</u>	<u>39,958</u>	<u>31,080</u>	<u>8,878</u>
TOTAL EXPENDITURES	<u>37,507</u>	<u>39,958</u>	<u>31,080</u>	<u>8,878</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(10,020)</u>	<u>(12,471)</u>	<u>(4,270)</u>	<u>8,201</u>
NET CHANGE IN FUND BALANCE	(10,020)	(12,471)	(4,270)	8,201
FUND BALANCE AT BEGINNING OF YEAR	<u>21,228</u>	<u>21,228</u>	<u>21,228</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 11,208</u>	<u>\$ 8,757</u>	<u>\$ 16,958</u>	<u>\$ 8,201</u>

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COUNTY OF HAMILTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
HEALTH AND COMMUNITY SERVICES NONGRANTS—SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

(Amounts in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
License and Permits	\$ 3,362	\$ 3,362	\$ 3,540	\$ 178
Charges for Services	15,628	15,628	16,460	832
Fines and Forfeitures	1,269	1,419	1,793	374
Investment Earnings	275	275	92	(183)
Intergovernmental	19,434	20,181	20,701	520
Other	5,078	5,078	4,222	(856)
TOTAL REVENUES	<u>45,046</u>	<u>45,943</u>	<u>46,808</u>	<u>865</u>
EXPENDITURES				
Current:				
GENERAL GOVERNMENT				
Personnel Services	3,802	3,802	3,456	346
Other Expenditures	3,380	3,380	946	2,434
Capital Outlay	109	109	61	48
TOTAL GENERAL GOVERNMENT	<u>7,291</u>	<u>7,291</u>	<u>4,463</u>	<u>2,828</u>
JUDICIAL				
Personnel Services	2,633	2,633	2,446	187
Other Expenditures	3,188	3,253	2,140	1,113
Capital Outlay	1,995	2,105	386	1,719
TOTAL JUDICIAL	<u>7,816</u>	<u>7,991</u>	<u>4,972</u>	<u>3,019</u>
PUBLIC SAFETY				
Personnel Services	859	844	712	132
Other Expenditures	1,761	1,908	1,422	486
Capital Outlay	43	43	36	7
TOTAL PUBLIC SAFETY	<u>2,663</u>	<u>2,795</u>	<u>2,170</u>	<u>625</u>
SOCIAL SERVICES				
Personnel Services	7,955	7,055	6,862	193
Other Expenditures	17,834	19,834	19,477	357
Capital Outlay	131	131	22	109
TOTAL SOCIAL SERVICES	<u>25,920</u>	<u>27,020</u>	<u>26,361</u>	<u>659</u>

**COUNTY OF HAMILTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
HEALTH AND COMMUNITY SERVICES NONGRANTS—SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

(Amounts in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
HEALTH				
Personnel Services	\$ 970	\$ 970	\$ 834	\$ 136
Other Expenditures	3,335	3,335	3,111	224
Capital Outlay	45	45	9	36
TOTAL HEALTH	<u>4,350</u>	<u>4,350</u>	<u>3,954</u>	<u>396</u>
PUBLIC WORKS				
Personnel Services	548	548	480	68
Other Expenditures	459	459	252	207
Capital Outlay	61	61	51	10
TOTAL PUBLIC WORKS	<u>1,068</u>	<u>1,068</u>	<u>783</u>	<u>285</u>
ENVIRONMENTAL CONTROL				
Personnel Services	522	531	530	1
Other Expenditures	2,144	2,137	2,023	114
Capital Outlay	15	15	11	4
TOTAL ENVIRONMENTAL CONTROL	<u>2,681</u>	<u>2,683</u>	<u>2,564</u>	<u>119</u>
TOTAL EXPENDITURES	<u>51,789</u>	<u>53,198</u>	<u>45,267</u>	<u>7,931</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,743)</u>	<u>(7,255)</u>	<u>1,541</u>	<u>8,796</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	3,587	3,961	5,106	1,145
Transfers Out	(1,508)	(3,258)	(3,230)	28
TOTAL OTHER FINANCING SOURCES (USES), NET	<u>2,079</u>	<u>703</u>	<u>1,876</u>	<u>1,173</u>
NET CHANGE IN FUND BALANCE	(4,664)	(6,552)	3,417	9,969
FUND BALANCE AT BEGINNING OF YEAR	<u>31,082</u>	<u>31,082</u>	<u>31,082</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 26,418</u>	<u>\$ 24,530</u>	<u>\$ 34,499</u>	<u>\$ 9,969</u>

COUNTY OF HAMILTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
HEALTH AND COMMUNITY SERVICES GRANTS—SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002
(Amounts in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for Services	\$ 301	\$ 301	\$ 75	\$ (226)
Fines and Forfeitures	-	-	18	18
Investment Earnings	-	18	13	(5)
Intergovernmental	1,317	1,759	1,827	68
Other	-	-	50	50
TOTAL REVENUES	<u>1,618</u>	<u>2,078</u>	<u>1,983</u>	<u>(95)</u>
EXPENDITURES				
Current:				
JUDICIAL				
Personnel Services	397	397	355	42
Other Expenditures	872	890	251	639
Capital Outlay	16	16	9	7
TOTAL JUDICIAL	<u>1,285</u>	<u>1,303</u>	<u>615</u>	<u>688</u>
PUBLIC SAFETY				
Personnel Services	26	26	21	5
Other Expenditures	14	326	114	212
Capital Outlay	516	516	516	-
TOTAL PUBLIC SAFETY	<u>556</u>	<u>868</u>	<u>651</u>	<u>217</u>
ENVIRONMENTAL CONTROL				
Other Expenditures	318	447	447	-
TOTAL ENVIRONMENTAL CONTROL	<u>318</u>	<u>447</u>	<u>447</u>	<u>-</u>
TOTAL EXPENDITURES	<u>2,159</u>	<u>2,618</u>	<u>1,713</u>	<u>905</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(541)</u>	<u>(540)</u>	<u>270</u>	<u>810</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	70	70	70	-
Transfers Out	(60)	(60)	(60)	-
TOTAL OTHER FINANCING SOURCES (USES), NET	<u>10</u>	<u>10</u>	<u>10</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(531)	(530)	280	810
FUND BALANCE AT BEGINNING OF YEAR	<u>3,104</u>	<u>3,104</u>	<u>3,104</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 2,573</u>	<u>\$ 2,574</u>	<u>\$ 3,384</u>	<u>\$ 810</u>

**COUNTY OF HAMILTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANTS—SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

(Amounts in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment Earnings	\$ -	\$ -	\$ 6	\$ 6
Intergovernmental	20,673	20,754	19,683	(1,071)
Other	514	514	718	204
TOTAL REVENUES	<u>21,187</u>	<u>21,268</u>	<u>20,407</u>	<u>(861)</u>
EXPENDITURES				
Current:				
ECONOMIC DEVELOPMENT				
Personnel Services	1,190	1,714	1,081	633
Other Expenditures	19,975	21,244	19,087	2,157
Capital Outlay	19	26	11	15
TOTAL ECONOMIC DEVELOPMENT	<u>21,184</u>	<u>22,984</u>	<u>20,179</u>	<u>2,805</u>
TOTAL EXPENDITURES	<u>21,184</u>	<u>22,984</u>	<u>20,179</u>	<u>2,805</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3</u>	<u>(1,716)</u>	<u>228</u>	<u>1,944</u>
NET CHANGE IN FUND BALANCE	3	(1,716)	228	1,944
FUND BALANCE AT BEGINNING OF YEAR	<u>1,387</u>	<u>1,387</u>	<u>1,387</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,390</u>	<u>\$ (329)</u>	<u>\$ 1,615</u>	<u>\$ 1,944</u>

COUNTY OF HAMILTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
BOND RETIREMENT—DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

(Amounts in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes and Special Assessments	\$ 2,352	\$ 2,352	\$ 2,432	\$ 80
Intergovernmental	299	299	284	(15)
TOTAL REVENUES	<u>2,651</u>	<u>2,651</u>	<u>2,716</u>	<u>65</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	2,185	2,185	2,185	-
Interest	716	716	716	-
Fiscal Charges	-	1	1	-
TOTAL EXPENDITURES	<u>2,901</u>	<u>2,902</u>	<u>2,902</u>	<u>-</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(250)</u>	<u>(251)</u>	<u>(186)</u>	<u>65</u>
NET CHANGE IN FUND BALANCE	(250)	(251)	(186)	65
FUND BALANCE AT BEGINNING OF YEAR	<u>1,186</u>	<u>1,186</u>	<u>1,186</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 936</u>	<u>\$ 935</u>	<u>\$ 1,000</u>	<u>\$ 65</u>

COUNTY OF HAMILTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
GENERAL OBLIGATION NONVOTED—DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002
(Amounts in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 222	\$ 222	\$ 222	\$ -
TOTAL REVENUES	<u>222</u>	<u>222</u>	<u>222</u>	<u>-</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	16,603	16,603	16,603	-
Interest	7,886	7,886	7,886	-
Fiscal Charges	44	44	(71)	115
TOTAL EXPENDITURES	<u>24,533</u>	<u>24,533</u>	<u>24,418</u>	<u>115</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(24,311)</u>	<u>(24,311)</u>	<u>(24,196)</u>	<u>115</u>
OTHER FINANCING SOURCES				
Transfers In	16,540	16,540	18,889	2,349
TOTAL OTHER FINANCING SOURCES	<u>16,540</u>	<u>16,540</u>	<u>18,889</u>	<u>2,349</u>
NET CHANGE IN FUND BALANCE	(7,771)	(7,771)	(5,307)	2,464
FUND BALANCE AT BEGINNING OF YEAR	<u>6,169</u>	<u>6,169</u>	<u>6,169</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ (1,602)</u>	<u>\$ (1,602)</u>	<u>\$ 862</u>	<u>\$ 2,464</u>

COUNTY OF HAMILTON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
SPECIAL ASSESSMENTS—DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

(Amounts in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes and Special Assessments	\$ 580	\$ 580	\$ 410	\$ (170)
Other	-	-	1	1
TOTAL REVENUES	<u>580</u>	<u>580</u>	<u>411</u>	<u>(169)</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	240	240	240	-
Interest	194	202	202	-
Fiscal Charges	10	10	10	-
TOTAL EXPENDITURES	<u>444</u>	<u>452</u>	<u>452</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>136</u>	<u>128</u>	<u>(41)</u>	<u>(169)</u>
OTHER FINANCING SOURCES				
Transfers In	55	55	112	57
TOTAL OTHER FINANCING SOURCES	<u>55</u>	<u>55</u>	<u>112</u>	<u>57</u>
NET CHANGE IN FUND BALANCE	191	183	71	(112)
FUND BALANCE AT BEGINNING OF YEAR	<u>513</u>	<u>513</u>	<u>513</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 704</u>	<u>\$ 696</u>	<u>\$ 584</u>	<u>\$ (112)</u>

**COUNTY OF HAMILTON, OHIO
NONMAJOR ENTERPRISE FUNDS**

COMBINING FINANCIAL STATEMENTS

The enterprise funds are established to account for operations that are financed and operated in a manner similar to business in the private sector. The expenses (including depreciation) of providing goods and services primarily or solely to the general public are financed or recovered primarily through user charges.

Cinergy Field	To account for revenue received from stadium tenants and for expenses of operation and maintenance.
Riverfront Development	To account for revenue received for the construction and operations of future riverfront developments.
Main Street Parking Garage	To account for revenue received for the construction and operations of the Main Street Parking Garage.
Sales Tax Stabilization	To set aside a reserve to meet future debt service payments.

COUNTY OF HAMILTON, OHIO
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2002
(Amounts in Thousands)

	Business-Type Activities				
	Cinergy Field	Riverfront Development	Main Street Parking Garage	Sales Tax Stabilization	Total Nonmajor Enterprise Funds
ASSETS					
Current Assets:					
Equity in Pooled Cash and Investments	\$ 1,770	\$ 25,725	\$ 585	\$ 6,164	\$ 34,244
Cash and Cash Equivalents—Segregated Accounts	-	4,016	-	-	4,016
Accounts Receivable	-	-	13	-	13
Due from Other Funds	-	-	1	-	1
Total Current Assets	<u>1,770</u>	<u>29,741</u>	<u>599</u>	<u>6,164</u>	<u>38,274</u>
Capital Assets:					
Nondepreciable Capital Assets:					
Land and Improvements	-	558	237	-	795
Construction in Progress	-	89,790	-	-	89,790
Total Nondepreciable Capital Assets	<u>-</u>	<u>90,348</u>	<u>237</u>	<u>-</u>	<u>90,585</u>
Depreciable Capital Assets, Net:					
Buildings, Structures and Improvements	-	15,736	9,273	-	25,009
Less Accumulated Depreciation	-	(1,049)	(935)	-	(1,984)
Total Depreciable Capital Assets, Net	<u>-</u>	<u>14,687</u>	<u>8,338</u>	<u>-</u>	<u>23,025</u>
Total Capital Assets, Net	<u>-</u>	<u>105,035</u>	<u>8,575</u>	<u>-</u>	<u>113,610</u>
TOTAL ASSETS	<u>1,770</u>	<u>134,776</u>	<u>9,174</u>	<u>6,164</u>	<u>151,884</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	-	698	19	-	717
Accrued Interest Payable	-	25	36	-	61
Retainage Payable	-	4,246	-	-	4,246
Current Portion of Long-Term Debt	-	480	260	-	740
Total Current Liabilities	<u>-</u>	<u>5,449</u>	<u>315</u>	<u>-</u>	<u>5,764</u>
Noncurrent Liabilities:					
Long-Term Debt	-	24,020	9,120	-	33,140
Total Noncurrent Liabilities	<u>-</u>	<u>24,020</u>	<u>9,120</u>	<u>-</u>	<u>33,140</u>
TOTAL LIABILITIES	<u>-</u>	<u>29,469</u>	<u>9,435</u>	<u>-</u>	<u>38,904</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt Restricted for Debt Service	-	80,535	(805)	-	79,730
Unrestricted	1,770	24,772	544	6,164	33,250
TOTAL NET ASSETS	<u>\$ 1,770</u>	<u>\$ 105,307</u>	<u>\$ (261)</u>	<u>\$ 6,164</u>	<u>\$ 112,980</u>

COUNTY OF HAMILTON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002
(Amounts in Thousands)

	Business-Type Activities				
	Cinergy Field	Riverfront Development	Main Street Parking Garage	Sales Tax Stabilization	Total Nonmajor Enterprise Funds
OPERATING REVENUES					
Charges for Services	\$ 3,313	\$ 5,364	\$ 829	\$ -	\$ 9,506
Other	1,283	-	-	-	1,283
TOTAL OPERATING REVENUES	<u>4,596</u>	<u>5,364</u>	<u>829</u>	<u>-</u>	<u>10,789</u>
OPERATING EXPENSES					
Personnel Services	149	-	-	-	149
Utilities, Fuel and Supplies	925	111	22	-	1,058
Depreciation and Amortization	-	525	309	-	834
Purchased Services	1,975	1,156	205	-	3,336
Other	1,796	325	17	-	2,138
TOTAL OPERATING EXPENSES	<u>4,845</u>	<u>2,117</u>	<u>553</u>	<u>-</u>	<u>7,515</u>
OPERATING INCOME (LOSS)	<u>(249)</u>	<u>3,247</u>	<u>276</u>	<u>-</u>	<u>3,274</u>
NONOPERATING REVENUE (EXPENSES)					
Interest Income	-	-	-	93	93
Sales and Use Tax	-	286	-	(287)	(1)
Other Revenue	-	-	130	-	130
Interest Expense	-	(343)	(485)	-	(828)
Increase in Fair Value of Equity in Pooled Cash and Investments	31	459	11	110	611
Decrease in Fair Value of Equity in Pooled Cash and Investments	(38)	(540)	(10)	(95)	(683)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(7)</u>	<u>(138)</u>	<u>(354)</u>	<u>(179)</u>	<u>(678)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	<u>(256)</u>	<u>3,109</u>	<u>(78)</u>	<u>(179)</u>	<u>2,596</u>
Capital Contributions	-	2,029	(69)	-	1,960
CHANGE IN NET ASSETS	<u>(256)</u>	<u>5,138</u>	<u>(147)</u>	<u>(179)</u>	<u>4,556</u>
NET ASSETS AT BEGINNING OF YEAR	<u>2,026</u>	<u>100,169</u>	<u>(114)</u>	<u>6,343</u>	<u>108,424</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,770</u>	<u>\$ 105,307</u>	<u>\$ (261)</u>	<u>\$ 6,164</u>	<u>\$ 112,980</u>

COUNTY OF HAMILTON, OHIO
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002
(Amounts in Thousands)

	Business-Type Activities				Total Nonmajor Enterprise Funds
	Cinergy Field	Riverfront Development	Main Street Parking Garage	Sales Tax Stabilization	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers and Users	\$ 3,313	\$ 5,394	\$ 827	\$ -	\$ 9,534
Cash Payments to Suppliers for Goods and Services	(5,207)	(1,477)	(249)	-	(6,933)
Cash Payments for Personnel Costs	(152)	-	(1)	-	(153)
Other Operating Revenue	1,284	-	-	-	1,284
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(762)</u>	<u>3,917</u>	<u>577</u>	<u>-</u>	<u>3,732</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Sales and Use Tax	-	286	-	(287)	(1)
Other Revenue	-	-	130	-	130
Principal Payments on Long-Term Debt	-	-	(245)	-	(245)
Interest Payments on Long-Term Debt	-	(338)	(449)	-	(787)
Capital Contributions	-	2,029	(69)	-	1,960
Acquisition and Construction of Property, Plant and Equipment	-	(11,897)	-	-	(11,897)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>(9,920)</u>	<u>(633)</u>	<u>(287)</u>	<u>(10,840)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on Investments and Pooled Cash and Investments	-	-	-	107	107
Increase in Fair Value of Equity in Pooled Cash and Investments	31	459	11	110	611
Decrease in Fair Value of Equity in Pooled Cash and Investments	(38)	(540)	(10)	(95)	(683)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(7)</u>	<u>(81)</u>	<u>1</u>	<u>122</u>	<u>35</u>
Net Decrease in Cash and Equity in Pooled Cash and Investments	(769)	(6,084)	(55)	(165)	(7,073)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,539</u>	<u>35,825</u>	<u>640</u>	<u>6,329</u>	<u>45,333</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,770</u>	<u>\$ 29,741</u>	<u>\$ 585</u>	<u>\$ 6,164</u>	<u>\$ 38,260</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (249)	\$ 3,247	\$ 276	\$ -	\$ 3,274
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation and Amortization	-	525	309	-	834
Net Changes in Operating Assets and Liabilities:					
Accounts Receivable	1	30	(2)	-	29
Operating Accounts Payable	(511)	115	(6)	-	(402)
Accrued Payroll and Other Related Withholdings	(3)	-	-	-	(3)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (762)</u>	<u>\$ 3,917</u>	<u>\$ 577</u>	<u>\$ -</u>	<u>\$ 3,732</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS					
Equity in Pooled Cash and Investments	\$ 1,770	\$ 25,725	\$ 585	\$ 6,164	\$ 34,244
Cash and Cash Equivalents—Segregated Accounts	-	4,016	-	-	4,016
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 1,770</u>	<u>\$ 29,741</u>	<u>\$ 585</u>	<u>\$ 6,164</u>	<u>\$ 38,260</u>

See accompanying notes to the basic financial statements.

**COUNTY OF HAMILTON, OHIO
INTERNAL SERVICE FUNDS**

COMBINING FINANCIAL STATEMENTS

The internal service funds are established to account for the financing of goods or services provided by one department of the County to other departments of the County on a cost-reimbursement basis.

Workers' Compensation Reserve	To provide self-insurance to the County through a retrospective rating plan with the State of Ohio for workers' compensation.
Auditor's Computer Center	To account for the financial activity relating to the data processing center.
Rotary	To track the cost of various activities of the Sheriff's Department within the County.
Communications Center	To account for the financial activity relating to emergency 911 services for Hamilton County.
Workers' Compensation Reserve for Stadiums	To provide the insurance to the labor force constructing Paul Brown Stadium.

COUNTY OF HAMILTON, OHIO
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2002
(Amounts in Thousands)

	Governmental Activities		
	Workers' Compensation Reserve	Auditor's Computer Center	Total Governmental Activities
ASSETS			
Current Assets:			
Equity in Pooled Cash and Investments	\$ 7,478	\$ 1,229	\$ 8,707
Intergovernmental Receivable	-	-	-
Due from Other Funds	-	-	-
Total Current Assets	7,478	1,229	8,707
Capital Assets:			
Nondepreciable Capital Assets:			
Construction in Progress	-	-	-
Total Nondepreciable Capital Assets	-	-	-
Depreciable Capital Assets, Net:			
Buildings, Structures and Improvements	-	-	-
Furniture, Fixtures and Equipment	-	1,017	1,017
Less Accumulated Depreciation	-	(597)	(597)
Total Depreciable Capital Assets, Net	-	420	420
Total Capital Assets, Net	-	420	420
TOTAL ASSETS	7,478	1,649	9,127
LIABILITIES			
Current Liabilities:			
Accounts Payable	7	2	9
Accrued Wages and Benefits Payable	-	26	26
Compensated Absences	-	-	-
Total Current Liabilities	7	28	35
Noncurrent Liabilities:			
Estimated Future Claims	6,061	-	6,061
Accrued Compensated Absences	-	130	130
Total Noncurrent Liabilities	6,061	130	6,191
TOTAL LIABILITIES	6,068	158	6,226
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	-	420	420
Unrestricted	1,410	1,071	2,481
TOTAL NET ASSETS	\$ 1,410	\$ 1,491	\$ 2,901

Business-Type Activities				
Rotary Funds	Communications Center	Workers' Compensation Reserve for Stadiums	Total Business-Type Activities	Totals
\$ 254	\$ 2,863	\$ 390	\$ 3,507	\$ 12,214
550	481	-	1,031	1,031
-	152	-	152	152
<u>804</u>	<u>3,496</u>	<u>390</u>	<u>4,690</u>	<u>13,397</u>
-	20,600	-	20,600	20,600
-	<u>20,600</u>	-	<u>20,600</u>	<u>20,600</u>
-	900	-	900	900
-	10,827	-	10,827	11,844
-	<u>(4,272)</u>	-	<u>(4,272)</u>	<u>(4,869)</u>
-	7,455	-	7,455	7,875
-	28,055	-	28,055	28,475
<u>804</u>	<u>31,551</u>	<u>390</u>	<u>32,745</u>	<u>41,872</u>
4	12	27	43	52
50	126	-	176	202
-	42	-	42	42
<u>54</u>	<u>180</u>	<u>27</u>	<u>261</u>	<u>296</u>
-	-	356	356	6,417
210	530	-	740	870
<u>210</u>	<u>530</u>	<u>356</u>	<u>1,096</u>	<u>7,287</u>
<u>264</u>	<u>710</u>	<u>383</u>	<u>1,357</u>	<u>7,583</u>
-	28,055	-	28,055	28,475
540	2,786	7	3,333	5,814
<u>\$ 540</u>	<u>\$ 30,841</u>	<u>\$ 7</u>	<u>\$ 31,388</u>	<u>\$ 34,289</u>

**COUNTY OF HAMILTON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

(Amounts in Thousands)

	Governmental Activities		
	Workers' Compensation Reserve	Auditor's Computer Center	Total Governmental Activities
OPERATING REVENUES			
Charges for Services	\$ 3,649	\$ 1,763	\$ 5,412
TOTAL OPERATING REVENUES	<u>3,649</u>	<u>1,763</u>	<u>5,412</u>
OPERATING EXPENSES			
Personnel Services	-	978	978
Depreciation	-	74	74
Other	3,307	399	3,706
TOTAL OPERATING EXPENSES	<u>3,307</u>	<u>1,451</u>	<u>4,758</u>
OPERATING INCOME (LOSS)	342	312	654
NONOPERATING EXPENSES			
Increase in Fair Value of Equity in Pooled Cash and Investments	133	22	155
Decrease in Fair Value of Equity in Pooled Cash and Investments	(97)	(13)	(110)
TOTAL NONOPERATING EXPENSES	<u>36</u>	<u>9</u>	<u>45</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	378	321	699
Capital Contributions	-	-	-
CHANGE IN NET ASSETS	378	321	699
NET ASSETS AT BEGINNING OF YEAR	<u>1,032</u>	<u>1,170</u>	<u>2,202</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,410</u>	<u>\$ 1,491</u>	<u>\$ 2,901</u>

Business-Type Activities				
Rotary Funds	Communications Center	Workers' Compensation Reserve for Stadiums	Total Business-Type Activities	Totals
<u>\$ 5,488</u>	<u>\$ 4,243</u>	<u>\$ 450</u>	<u>\$ 10,181</u>	<u>\$ 15,593</u>
5,488	4,243	450	10,181	15,593
5,301	3,912	-	9,213	10,191
-	280	-	280	354
71	866	450	1,387	5,093
<u>5,372</u>	<u>5,058</u>	<u>450</u>	<u>10,880</u>	<u>15,638</u>
116	(815)	-	(699)	(45)
5	52	7	64	219
(3)	(257)	(7)	(267)	(377)
<u>2</u>	<u>(205)</u>	<u>-</u>	<u>(203)</u>	<u>(158)</u>
118	(1,020)	-	(902)	(203)
-	641	-	641	641
118	(379)	-	(261)	438
<u>422</u>	<u>31,220</u>	<u>7</u>	<u>31,649</u>	<u>33,851</u>
<u>\$ 540</u>	<u>\$ 30,841</u>	<u>\$ 7</u>	<u>\$ 31,388</u>	<u>\$ 34,289</u>

**COUNTY OF HAMILTON, OHIO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002
(Amounts in Thousands)**

	Governmental Activities		
	Workers' Compensation Reserve	Auditor's Computer Center	Total Governmental Activities
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers and Users	\$ -	\$ -	\$ -
Cash Received from Interfund Services Provided	3,649	1,763	5,412
Cash Payments to Suppliers for Goods and Services	-	(423)	(423)
Cash Payments for Interfund Services Provided	(2,619)	-	(2,619)
Cash Payments for Personnel Costs	-	(953)	(953)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,030</u>	<u>387</u>	<u>1,417</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Negative Cash Balance Implicitly Financed from the General Fund	-	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Contributions	-	-	-
Acquisition and Construction of Property, Plant and Equipment	-	(24)	(24)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>(24)</u>	<u>(24)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in Fair Value of Equity in Pooled Cash and Investments	133	22	155
Decrease in Fair Value of Equity in Pooled Cash and Investments	(97)	(13)	(110)
NET CASH PROVIDED USED BY INVESTING ACTIVITIES	<u>36</u>	<u>9</u>	<u>45</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,066	372	1,438
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>6,412</u>	<u>857</u>	<u>7,269</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 7,478</u>	<u>\$ 1,229</u>	<u>\$ 8,707</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 342	\$ 312	\$ 654
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	-	74	74
Net Changes in Operating Assets and Liabilities:			
Intergovernmental Receivables	-	-	-
Due from Other Funds	-	-	-
Operating Accounts Payable	7	(23)	(16)
Accrued Payroll and Related Withholdings	-	7	7
Compensated Absences	-	20	20
Due to Other Funds	-	(3)	(3)
Estimated Future Claims	681	-	681
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,030</u>	<u>\$ 387</u>	<u>\$ 1,417</u>

Business-Type Activities				
Rotary Funds	Communications Center	Workers' Compensation Reserve for Stadiums	Total Business-Type Activities	Totals
\$ 5,503	\$ 4,294	\$ 450	\$ 10,247	\$ 10,247
-	-	-	-	5,412
(85)	(903)	(551)	(1,539)	(1,962)
-	-	-	-	(2,619)
(5,243)	(3,858)	-	(9,101)	(10,054)
<u>175</u>	<u>(467)</u>	<u>(101)</u>	<u>(393)</u>	<u>1,024</u>
(138)	-	-	(138)	(138)
<u>(138)</u>	<u>-</u>	<u>-</u>	<u>(138)</u>	<u>(138)</u>
-	641	-	641	641
-	(14,162)	-	(14,162)	(14,186)
-	(13,521)	-	(13,521)	(13,545)
5	52	7	64	219
(3)	(257)	(7)	(267)	(377)
<u>2</u>	<u>(205)</u>	<u>-</u>	<u>(203)</u>	<u>(158)</u>
39	(14,193)	(101)	(14,255)	(12,817)
215	17,056	491	17,762	25,031
<u>\$ 254</u>	<u>\$ 2,863</u>	<u>\$ 390</u>	<u>\$ 3,507</u>	<u>\$ 12,214</u>
\$ 116	\$ (815)	\$ -	\$ (699)	\$ (45)
-	280	-	280	354
15	64	-	79	79
-	(14)	-	(14)	(14)
(8)	(23)	27	(4)	(20)
12	48	-	60	67
46	17	-	63	83
(6)	(24)	-	(30)	(33)
-	-	(128)	(128)	553
<u>\$ 175</u>	<u>\$ (467)</u>	<u>\$ (101)</u>	<u>\$ (393)</u>	<u>\$ 1,024</u>

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**COUNTY OF HAMILTON, OHIO
AGENCY FUNDS**

COMBINING FINANCIAL STATEMENTS

The agency funds are established to account for assets received and held by the County acting in the capacity of an agent or custodian.

Undivided Tax

To account for all undivided taxes collected by the County and their distribution to the proper beneficiaries.

Other Agency Funds

To account for payroll taxes and other related payroll deductions collected as custodian. To account for the collection of moneys held by the County agencies outside of the County Treasury.

COUNTY OF HAMILTON, OHIO
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2002
(Amounts in Thousands)

	<u>Undivided Taxes</u>	<u>Other Agency</u>	<u>Total</u>
ASSETS			
Equity in Pooled Cash and Investments	\$ 69,875	\$ 23,261	\$ 93,136
Cash and Cash Equivalents—Segregated Accounts	-	24,627	24,627
Real and Other Taxes Receivable	913,962	-	913,962
TOTAL ASSETS	<u>\$ 983,837</u>	<u>\$ 47,888</u>	<u>\$ 1,031,725</u>
LIABILITIES			
Intergovernmental Payable	\$ 69,875	\$ 12,270	\$ 82,145
Future Tax Collections to Be Distributed	913,962	-	913,962
Other Current Liabilities	-	35,618	35,618
TOTAL LIABILITIES	<u>\$ 983,837</u>	<u>\$ 47,888</u>	<u>\$ 1,031,725</u>

COUNTY OF HAMILTON, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002
(Amounts in Thousands)

	Beginning Balance	Additions	Deductions	Ending Balance
UNDIVIDED TAXES				
ASSETS				
Equity in Pooled Cash and Investments	\$ 53,551	\$ 1,437,328	\$ 1,421,004	\$ 69,875
Real and Other Taxes Receivable	862,937	913,961	862,936	913,962
TOTAL ASSETS	<u>\$ 916,488</u>	<u>\$ 2,351,289</u>	<u>\$ 2,283,940</u>	<u>\$ 983,837</u>
LIABILITIES				
Intergovernmental Payable	\$ 53,551	\$ 1,437,328	\$ 1,421,004	\$ 69,875
Future Tax Collections to Be Distributed	862,937	913,961	862,936	913,962
TOTAL LIABILITIES	<u>\$ 916,488</u>	<u>\$ 2,351,289</u>	<u>\$ 2,283,940</u>	<u>\$ 983,837</u>
OTHER AGENCY FUNDS				
ASSETS				
Equity in Pooled Cash and Investments	\$ 23,437	\$ 584,704	\$ 584,880	\$ 23,261
Cash and Cash Equivalents—Segregated Accounts	20,592	178,231	174,196	24,627
Due from Other Funds	1,468	-	1,468	-
TOTAL ASSETS	<u>\$ 45,497</u>	<u>\$ 762,935</u>	<u>\$ 760,544</u>	<u>\$ 47,888</u>
LIABILITIES				
Intergovernmental Payable	\$ 9,829	\$ 173,149	\$ 170,708	\$ 12,270
Due to Other Funds	1,385	-	1,385	-
Other Current Liabilities	34,283	589,725	588,390	35,618
TOTAL LIABILITIES	<u>\$ 45,497</u>	<u>\$ 762,874</u>	<u>\$ 760,483</u>	<u>\$ 47,888</u>

**COUNTY OF HAMILTON, OHIO
CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

COUNTY OF HAMILTON, OHIO
SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS BY SOURCE
DECEMBER 31, 2002
(Amounts in Thousands)

GOVERNMENTAL FUNDS CAPITAL ASSETS

Land	\$ 35,977
Land Improvements	2,135
Buildings, Structures and Improvements	374,237
Infrastructure	75,444
Furniture, Fixtures and Equipment	77,366
Construction in Progress	8,064
TOTAL	<u><u>\$ 573,223</u></u>

INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE

General Fund Revenues	\$ 129,494
Special Revenue Fund Revenues	196,120
Capital Projects:	
General Obligation Bonds	208,665
Federal and State Grants	26,655
Donations	12,289
TOTAL	<u><u>\$ 573,223</u></u>

COUNTY OF HAMILTON, OHIO
SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS BY FUNCTION AND ACTIVITY
DECEMBER 31, 2002
(Amounts in Thousands)

<u>Function and Activity</u>	<u>Land and Land Improvements</u>	<u>Buildings, Structures and Improvements</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Infrastructure</u>	<u>Totals</u>
General Government	\$ 36,341	\$ 370,328	\$ 8,850	\$ -	\$ 415,519
Judicial	18	76	21,514	-	21,608
Public Safety	46	32	19,551	-	19,629
Social Services	50	112	8,380	-	8,542
Health	407	3,598	6,304	-	10,309
Public Works	1,250	91	10,596	75,444	87,381
Environmental Control	-	-	2,000	-	2,000
Economic Development	-	-	171	-	171
Construction in Progress	-	7,742	-	322	8,064
Total	<u>\$ 38,112</u>	<u>\$ 381,979</u>	<u>\$ 77,366</u>	<u>\$ 75,766</u>	<u>\$ 573,223</u>

COUNTY OF HAMILTON, OHIO
SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS BY FUNCTION AND ACTIVITY
YEAR ENDED DECEMBER 31, 2002
(Amounts in Thousands)

<u>Function and Activity</u>	<u>Balance at Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at End of Year</u>
General Government	\$ 415,243	\$ 13,918	\$ 13,642	\$ 415,519
Judicial	21,794	385	571	21,608
Public Safety	19,181	1,573	1,125	19,629
Social Services	8,114	624	196	8,542
Health	8,914	1,699	304	10,309
Public Works	80,220	7,317	156	87,381
Environmental Control	1,916	84	-	2,000
Economic Development	173	-	2	171
Construction in Progress	-	8,064	-	8,064
Total	<u>\$ 555,555</u>	<u>\$ 33,664</u>	<u>\$ 15,996</u>	<u>\$ 573,223</u>

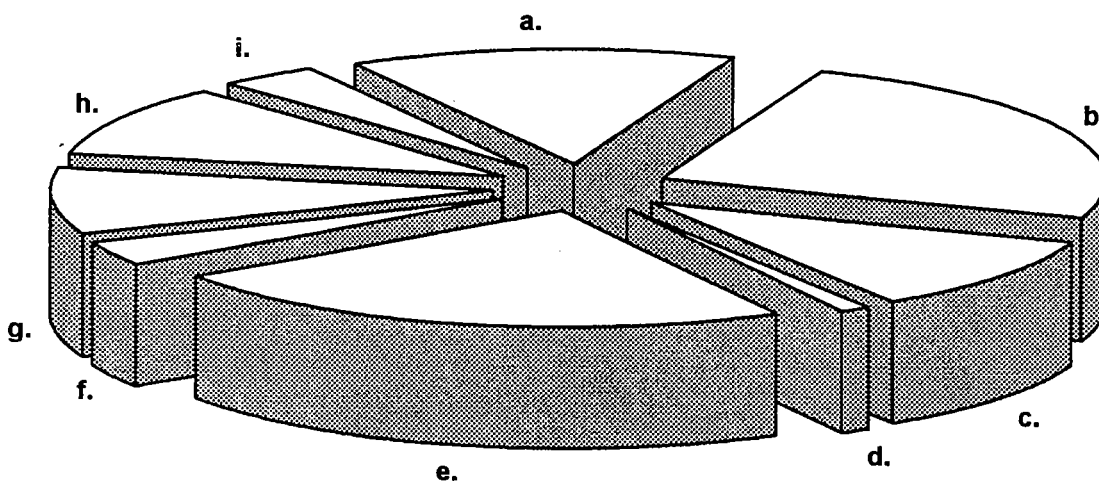
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**COUNTY OF HAMILTON, OHIO
STATISTICAL SECTION**

STATISTICAL TABLES

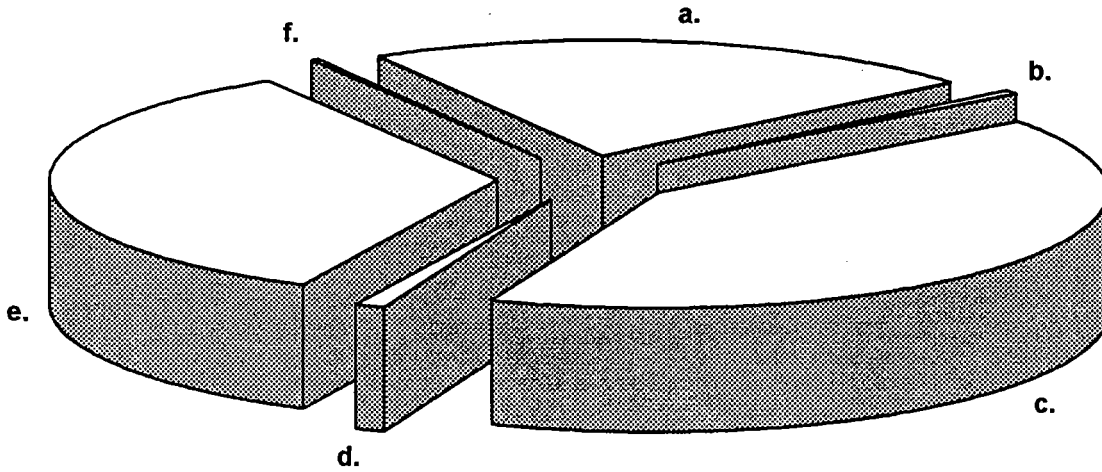
The statistical section provides selected financial, economic and demographic information that may be used to indicate trends for comparative fiscal periods. The statistical tables include information on General Fund ratios and trends, assessments and taxes, and long-term debt and miscellaneous.

**COUNTY OF HAMILTON, OHIO
REVENUE BY SOURCE—GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**



REVENUE BY SOURCE		%
a.	Property Taxes.....	14.09
b.	Sales and Use Tax.....	24.65
c.	State Shared Taxes.....	10.52
d.	Licenses and Permits.....	0.88
e.	Charges for Services.....	23.78
f.	Fines and Forfeitures.....	3.30
g.	Investment Earnings.....	9.30
h.	Intergovernmental.....	9.93
i.	Other.....	3.55
	TOTAL	100.00

**COUNTY OF HAMILTON, OHIO
EXPENDITURE DOLLAR BY FUNCTION—GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**



EXPENSE BY FUNCTION		%
a.	General Government.....	22.61
b.	Social Services.....	0.43
c.	Judicial.....	41.43
d.	Public Works.....	0.99
e.	Public Safety.....	34.23
f.	Economic Development.....	0.31
	TOTAL	100.00

COUNTY OF HAMILTON, OHIO
GENERAL FUND CASH RECEIPTS BY SOURCE AND
CASH DISBURSEMENTS BY FUNCTION
LAST TEN YEARS

(Amounts in Thousands)

RECEIPTS	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Taxes										
Property Taxes	\$ 25,716	\$ 28,579	\$ 28,576	\$ 28,288	\$ 30,378	\$ 30,454	\$ 30,914	\$ 34,232	\$ 34,661	\$ 34,301
Sales and Use Tax	43,371	47,054	47,945	68,513	67,689	80,198	58,973	70,330	63,561	60,755
State Shared Taxes	18,451	19,644	22,077	21,998	23,081	24,509	25,215	26,010	27,097	25,475
Licenses and Permits	3,959	1,924	1,540	1,513	1,519	1,871	1,862	1,606	1,511	2,151
Charges for Services	23,082	22,945	25,441	29,512	27,847	42,456	34,599	45,653	45,236	57,686
Fines and Forfeitures	7,350	7,318	7,729	9,082	7,981	9,147	9,201	9,240	7,510	8,149
Investment Earnings	9,589	10,492	14,697	13,704	16,578	23,225	25,592	31,222	29,027	21,139
Intergovernmental	12,451	17,818	16,293	17,730	18,630	21,853	18,359	24,426	24,266	23,385
Miscellaneous	1,193	1,593	2,824	3,082	4,146	4,596	8,087	8,540	10,816	8,885
Other Source	744	-	317	-	-	-	-	-	-	-
Transfers In	-	-	2,365	741	2,075	-	-	-	19,511	1,750
TOTAL RECEIPTS	\$ 145,906	\$ 157,367	\$ 169,804	\$ 194,163	\$ 199,924	\$ 238,309	\$ 212,802	\$ 251,259	\$ 263,196	\$ 243,676
DISBURSEMENTS										
General Government	\$ 43,246	\$ 41,577	\$ 47,468	\$ 47,528	\$ 49,756	\$ 53,960	\$ 45,086	\$ 44,574	\$ 47,934	\$ 69,627
Judicial	48,599	50,246	52,302	56,952	61,298	64,368	77,702	82,287	85,592	90,976
Public Works	1,083	668	761	789	818	855	1,225	1,307	1,480	2,242
Public Safety	45,165	45,225	45,071	50,120	51,860	52,251	62,140	65,198	71,780	75,151
Health	13	-	-	-	-	-	-	-	-	-
Social Services	729	652	683	707	684	659	757	739	878	928
Economic Development	-	-	-	-	-	-	343	587	596	670
Transfers Out	18,827	22,320	18,004	18,115	55,019	46,767	56,856	23,704	30,793	19,239
TOTAL DISBURSEMENTS	\$ 157,662	\$ 160,688	\$ 164,289	\$ 174,211	\$ 219,435	\$ 218,860	\$ 244,109	\$ 218,396	\$ 239,053	\$ 258,833

Source: Hamilton County Auditor's Financial Reporting, Budgetary Basis

**COUNTY OF HAMILTON, OHIO
GENERAL GOVERNMENTAL REVENUES BY
SOURCE AND EXPENDITURES BY FUNCTION
LAST TEN YEARS**

(Amounts in Thousands)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
REVENUES										
Taxes										
Property Taxes	\$ 166,131	\$ 167,079	\$ 178,461	\$ 175,709	\$ 199,816	\$ 197,977	\$ 208,529	\$ 223,472	\$ 219,331	\$ 237,171
Sales and Use Tax	44,291	47,162	48,986	75,416	70,136	72,736	68,878	71,634	73,431	60,007
State Shared Taxes	37,423	37,816	41,479	41,931	43,680	44,295	47,306	44,976	56,244	46,109
Licenses and Permits	5,461	4,695	4,325	4,567	4,537	4,959	5,256	4,532	5,101	5,691
Charges for Services	35,042	42,826	64,587	66,430	56,317	71,287	72,532	115,399	100,079	150,719
Fines and Forfeitures	9,222	9,495	9,894	11,443	10,216	11,343	12,279	11,172	10,560	10,318
Investments Earnings	11,530	13,555	17,240	16,527	21,064	27,997	23,256	39,978	27,862	24,197
Intergovernmental	159,118	191,026	193,936	206,808	251,334	260,623	328,544	342,828	346,982	350,207
Lease Revenue	2,555	2,553	2,551	-	-	-	-	-	-	-
Miscellaneous	8,863	8,087	9,491	11,175	14,707	18,278	20,735	22,188	24,049	28,456
TOTAL REVENUES	\$ 479,636	\$ 524,294	\$ 570,950	\$ 610,006	\$ 671,807	\$ 709,495	\$ 787,315	\$ 876,179	\$ 863,639	\$ 912,875
EXPENDITURES										
General Government	\$ 47,143	\$ 50,773	\$ 53,774	\$ 68,468	\$ 60,840	\$ 68,494	\$ 48,069	\$ 53,959	\$ 48,673	\$ 56,465
Judicial	54,199	56,138	62,121	67,489	73,313	79,613	102,033	102,331	107,804	111,739
Public Works	18,571	18,645	22,454	20,417	24,059	24,189	29,484	29,770	29,855	30,426
Public Safety	51,976	48,700	49,495	53,895	57,160	58,848	73,552	76,519	88,000	89,680
Economic Development	12,242	13,855	12,037	12,645	12,281	14,669	15,614	14,181	16,947	21,008
Health	138,306	206,072	165,003	165,673	171,679	182,320	188,636	208,856	198,632	233,948
Social Services	122,951	95,980	166,061	165,841	179,907	197,499	259,745	322,686	316,184	316,232
Environmental Control	3,031	4,785	6,102	6,640	6,402	5,697	5,200	4,836	5,965	6,615
Parks and Recreation	4,719	4,830	4,896	4,816	4,990	-	6,217	6,409	6,217	6,828
Miscellaneous	-	26	-	-	-	-	-	-	-	-
Capital Outlay	28,512	38,439	30,725	32,352	32,877	24,715	15,427	9,716	2,385	11,010
Debt Service										
Bond Principal Retirement	5,922	18,607	8,715	20,270	54,420	19,290	16,865	16,575	42,975	11,540
Note Principal Retirement	-	-	20,005	-	-	-	-	-	-	-
Fiscal	-	-	-	72	64	12	210	32	621	5
Interest	7,937	9,626	10,373	9,829	11,836	11,391	11,040	10,116	9,237	8,804
Escrow Account Refunding/Fiscal Charges	214	-	38	-	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 495,723	\$ 586,476	\$ 611,799	\$ 628,407	\$ 689,828	\$ 686,737	\$ 772,092	\$ 855,986	\$ 873,495	\$ 904,300

Note: Includes all governmental fund types (General, Special Revenue, Debt Service and Capital Projects) on a GAAP basis.

Source: Hamilton County Auditor's Finance Department

**COUNTY OF HAMILTON, OHIO
PROPERTY TAX LEVIES AND COLLECTIONS
REAL, UTILITY AND TANGIBLE TAXES
LAST TEN YEARS**

Tax Year/ Collection Year	Current Levy	Delinquent Levy	Total Levy	Current Collection
1992/1993	\$193,440,457	\$14,230,795	\$207,671,252	\$188,145,245
1993/1994	196,180,296	14,947,756	211,128,052	190,711,343
1994/1995	210,573,806	14,153,427	224,727,233	205,057,328
1995/1996	210,661,835	14,350,515	225,012,350	204,316,902
1996/1997	234,466,576	18,367,236	252,833,812	227,575,547
1997/1998	232,576,991	15,588,698	248,165,689	226,682,488
1998/1999	243,871,859	15,353,864	259,225,723	236,690,049
1999/2000	268,875,736	16,101,819	284,977,555	260,266,951
2000/2001	258,587,877	17,663,002	276,250,879	250,641,616
2001/2002	279,619,746	20,798,346	300,418,092	270,041,922
Totals	<u>\$2,328,855,179</u>	<u>\$161,555,458</u>	<u>\$2,490,410,637</u>	<u>\$2,260,129,391</u>

Includes the Hamilton County Park District, which is not part of this reporting entity, and the rollback and homestead reimbursements from the State of Ohio.

Source: Hamilton County Auditor's Finance Department

Current Levy Collected	Delinquent Collection	Total Collection	Total Collections as a Percent of Current Levy
97.26%	\$6,681,286	\$194,826,531	100.72%
97.21%	7,294,666	198,006,009	100.93%
97.38%	6,736,884	211,794,212	100.58%
96.99%	6,648,968	210,965,870	100.14%
97.06%	10,357,890	237,933,437	101.48%
97.47%	8,297,212	234,979,700	101.03%
97.06%	8,282,287	244,972,336	100.45%
96.80%	8,599,370	268,866,321	100.00%
96.93%	9,753,318	260,394,934	100.70%
96.57%	10,965,600	281,007,522	100.50%
	<u>\$83,617,481</u>	<u>\$2,343,746,872</u>	

COUNTY OF HAMILTON, OHIO
ASSESSED AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY
LAST TEN YEARS
(Amounts in Thousands)

Tax Year/ Collection Year	REAL PROPERTY		PERSONAL PROPERTY	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1992/1993	\$9,695,519	\$27,701,483	\$2,044,098	\$8,176,392
1993/1994	11,029,472	31,512,777	2,012,269	8,049,076
1994/1995	11,165,437	31,901,249	1,985,287	7,941,148
1995/1996	11,305,422	32,301,206	2,029,232	8,116,928
1996/1997	11,989,588	34,255,966	2,063,161	8,252,645
1997/1998	12,096,491	34,561,402	2,074,756	8,299,024
1998/1999	12,205,425	34,872,643	2,105,777	8,423,108
1999/2000	14,193,173	40,551,923	2,080,609	8,322,436
2000/2001	14,312,437	40,892,677	2,120,376	8,481,504
2001/2002	14,489,393	41,398,266	2,054,198	8,216,792

⁽¹⁾Beginning in tax year 1990, percentages for valuing estimated actual value of Public Utility properties vary by class, type and age.

Source: Hamilton County Auditor's Finance Department

PUBLIC UTILITY		TOTAL		Ratio of Assessed to Estimated Actual Value
Assessed Value	Estimated Actual Value⁽¹⁾	Assessed Value	Estimated Actual Value	
\$1,045,831	\$2,091,662	\$12,785,448	\$37,969,537	33.67%
1,084,285	2,168,570	14,126,026	41,730,423	33.85%
1,126,311	2,252,622	14,277,035	42,095,019	33.92%
1,065,606	2,131,212	14,400,260	42,549,346	33.84%
1,071,857	2,143,714	15,124,606	44,652,325	33.87%
1,022,980	2,045,960	15,194,227	44,906,386	33.84%
1,040,198	2,080,396	15,351,400	45,376,147	33.83%
1,040,467	2,080,934	17,314,249	50,955,293	33.98%
977,417	1,954,834	17,410,230	51,329,015	33.92%
718,507	1,437,014	17,262,098	51,052,072	33.81%

COUNTY OF HAMILTON, OHIO
PROPERTY TAX RATES
ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS
(PER \$1,000 OF ASSESSED VALUATION)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
HAMILTON COUNTY:										
General Operating	2.26	2.26	2.26	2.26	2.26	2.26	2.26	2.26	2.26	2.26
Debt (Bond Retirement)	0.26	0.21	0.19	0.19	0.18	0.18	0.18	0.18	0.17	0.16
Drake Hospital	1.95	1.95	1.76	1.76	1.76	1.76	1.76	1.59	1.59	1.59
For University of Cincinnati Hospital	4.73	4.73	4.73	4.73	4.73	4.73	4.73	4.73	4.73	5.39
For County Park District	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03
For County Police Information Center	0.54	0.54	0.54	0.54	0.54	0.54	0.83	0.83	0.83	0.83
For Care and Training Mentally Retarded	2.73	2.73	2.73	2.73	2.73	2.73	2.73	3.53	3.53	3.53
For Community Mental Health	1.99	1.81	1.99	1.99	1.99	1.99	2.47	2.47	2.47	2.47
For Support of Children Services	1.62	1.62	1.62	1.62	2.77	2.77	2.11	2.77	1.87	2.77
For Recreation/Zoological Purposes	0.45	0.45	0.45	0.45	0.45	0.00	0.42	0.42	0.42	0.42
For Senior Services	1.00	1.00	1.00	1.00	1.00	1.02	1.02	1.02	1.02	1.02
Total	18.56	18.33	18.30	18.30	19.44	19.01	19.54	20.83	19.92	21.47
TOWNSHIPS:										
Anderson	7.24	8.90	8.90	8.90	8.90	8.90	9.90	9.90	9.90	11.87
Anderson Township Park District	2.28	2.28	2.28	2.28	2.28	2.28	2.28	2.28	2.28	2.28
Colerain	12.34	12.34	12.34	12.34	12.34	12.34	12.34	10.84	15.18	15.18
Columbia	19.66	17.76	17.96	17.96	17.96	17.96	17.96	17.96	17.96	17.96
Crosby	9.24	9.24	9.24	9.24	9.24	9.24	9.24	9.24	9.24	9.24
Delhi	15.86	19.66	19.46	19.46	19.46	19.46	19.46	19.46	19.46	19.46
Delhi Township Park District	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Green	7.06	7.06	8.81	8.81	8.81	8.81	8.81	8.81	8.81	8.31
Harrison	3.74	3.74	3.74	3.74	3.74	3.74	3.74	3.74	3.74	3.74
Miami	5.20	5.56	5.56	6.85	6.85	6.85	6.45	6.45	7.45	7.45
Springfield	15.66	15.67	15.67	15.67	15.67	14.30	14.30	14.30	14.30	20.30
Sycamore	7.74	7.60	7.60	7.60	7.60	7.60	7.75	7.75	7.75	7.75
Symmes	10.30	10.30	11.00	11.00	11.00	11.00	11.90	11.75	11.75	11.75
Whitewater	10.84	10.84	10.84	10.84	10.84	10.84	10.84	10.84	10.84	10.84
SCHOOLS:										
Cincinnati	49.94	48.75	48.58	53.52	53.19	53.13	53.13	51.94	56.93	57.15
Deer Park	55.10	55.10	55.10	62.01	62.01	62.01	62.01	62.01	70.00	70.00
Finneytown	69.42	68.77	68.70	68.64	72.60	72.39	72.39	72.39	72.39	80.34
Forest Hills	43.16	43.04	49.51	49.23	51.37	51.37	51.37	51.16	50.97	50.97
Indian Hill	42.92	44.69	44.63	44.58	44.48	44.51	42.92	42.92	47.10	47.10
Lockland	27.68	35.12	35.12	35.89	58.34	59.07	57.96	56.59	55.95	37.69
Loveland	57.46	56.69	56.13	55.44	60.14	59.58	64.21	63.79	70.14	70.14
Madeira	61.28	68.97	68.97	68.97	72.13	72.13	72.13	71.71	80.22	80.04
Mariemont	67.96	67.97	67.97	74.97	74.97	74.97	84.92	82.92	85.15	85.67
Milford	51.90	57.50	57.50	57.50	54.52	59.10	59.10	59.10	59.10	63.20
Mt. Healthy	56.06	55.89	55.79	55.77	55.66	54.99	61.98	61.85	61.66	61.71
North College Hill	54.14	54.12	53.97	53.57	53.57	53.57	53.57	57.47	57.47	57.47
Northwest	43.18	43.18	43.15	42.98	42.98	50.18	50.18	50.13	49.80	49.80
Norwood	49.94	47.98	46.63	49.92	49.51	48.90	48.82	48.57	52.80	52.95
Oak Hills	35.30	35.30	40.20	40.20	40.20	46.97	46.97	46.97	46.97	46.97
Princeton	42.24	42.24	42.24	42.24	42.24	42.24	42.24	46.19	46.19	46.19
Reading	43.30	43.30	51.28	51.28	51.28	57.18	57.18	57.18	57.18	57.18
St. Bernard	29.90	29.75	36.67	36.67	36.71	35.72	34.97	34.97	43.25	43.86
Southwest	39.04	45.13	45.13	45.13	44.77	44.74	48.22	48.22	47.88	47.75
Sycamore	54.14	54.14	54.14	54.14	54.14	54.14	61.53	60.84	60.84	60.84
Three Rivers	39.40	39.40	32.06	36.96	37.86	37.54	37.48	37.26	39.95	39.95
Winton Woods	54.62	62.12	62.12	62.12	62.12	62.13	70.08	70.08	70.08	70.08
Wyoming	63.02	63.03	64.98	64.98	64.98	64.98	73.18	71.03	70.39	70.29
Great Oaks Joint Vocational	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70

COUNTY OF HAMILTON, OHIO
PROPERTY TAX RATES
ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS
(PER \$1,000 OF ASSESSED VALUATION)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
CITIES & VILLAGES:										
Addyston	6.58	6.59	6.59	7.59	7.59	7.59	7.59	7.59	5.59	5.59
Amberley	4.00	4.00	4.00	4.00	4.00	4.00	6.00	6.00	7.00	7.00
Arlington Heights	11.00	10.87	10.81	10.77	10.02	10.82	10.82	10.82	10.82	10.82
Blue Ash	3.08	3.08	3.08	3.08	3.08	3.08	3.08	3.08	3.08	3.08
Cheviot	13.68	13.38	13.38	13.02	13.00	12.84	12.82	12.66	12.62	12.56
Cincinnati	11.46	11.46	11.46	11.46	11.46	11.46	11.46	10.90	10.76	10.76
Cleves	16.36	19.36	19.36	19.36	23.71	23.71	20.71	20.71	17.41	13.66
Deer Park	6.84	6.68	6.68	6.58	7.20	7.20	4.50	3.55	3.55	3.55
Elmwood Place	17.78	17.78	17.78	17.78	17.78	17.78	17.78	17.78	17.78	17.78
Evendale	3.34	3.34	3.34	3.34	3.34	3.34	3.34	0.00	0.00	0.00
Fairfax	2.76	2.76	2.76	2.76	2.76	2.76	2.76	2.76	2.76	2.76
Forest Park	8.00	8.01	8.01	8.01	8.01	8.01	8.01	8.01	8.01	12.76
Glendale	26.98	25.38	25.38	23.68	23.26	22.34	19.66	21.93	21.65	21.55
Golf Manor	12.60	12.60	19.60	19.60	19.60	19.42	19.42	19.42	25.32	24.52
Greenhills	18.28	18.04	18.04	21.54	21.91	26.22	26.47	25.99	25.99	25.93
Harrison	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Indian Hill	1.30	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96
Lincoln Heights	24.34	24.34	10.08	20.08	20.08	20.08	20.08	20.08	20.08	24.58
Lockland	6.02	6.02	6.02	6.02	6.02	6.02	6.02	6.02	6.02	6.02
Loveland	9.72	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	12.00
Madeira	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50
Marionmont	8.94	8.94	8.94	8.94	8.94	12.44	12.44	12.44	12.44	12.44
Millford	13.10	13.10	13.10	13.10	12.60	12.60	12.60	12.60	12.00	12.00
Montgomery	9.14	9.15	9.15	9.15	9.15	9.15	9.15	10.75	10.75	10.05
Mt. Healthy	4.60	4.61	7.11	7.11	7.11	7.11	7.11	6.61	8.11	8.11
Newtown	8.86	8.87	8.87	8.87	8.87	8.87	8.87	6.87	6.87	6.87
North Bend	15.40	13.82	16.59	17.88	17.88	17.88	14.88	10.38	10.09	10.09
North College Hill	6.18	6.18	6.18	6.18	7.98	7.98	7.98	7.98	7.98	7.98
Norwood	11.40	11.40	11.40	11.40	11.40	11.40	11.40	11.40	11.40	11.40
Reading	3.52	3.52	1.76	1.76	1.76	1.76	1.76	1.76	3.52	3.52
St. Bernard	2.28	2.28	2.28	2.28	2.28	2.28	2.28	2.28	2.28	2.28
Sharonville	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Silverton	6.14	11.15	11.15	11.15	11.15	11.15	8.15	8.15	8.15	8.15
Springdale	3.08	3.08	3.08	3.08	3.08	3.08	3.08	3.08	3.08	3.08
Terrace Park	21.96	18.32	14.86	14.86	14.86	14.86	14.86	14.86	14.86	14.86
Woodlawn	4.08	4.08	4.08	4.08	4.08	4.08	5.08	5.08	5.08	5.08
Wyoming	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
SPECIAL DISTRICTS:										
Deer Park/Silverton Joint Fire District	0.00	0.00	0.00	0.00	0.00	0.00	6.50	6.50	6.50	6.50
Eastern Joint Ambulance District	0.00	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	3.00
Fairfax/Madison Pl. Joint Fire & Rescue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.50
Western Joint Ambulance District	0.00	0.00	0.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25

Source: Hamilton County Auditor's Finance Department—Tax Year Data

**COUNTY OF HAMILTON, OHIO
SPECIAL ASSESSMENTS
LAST TEN YEARS**

	<u>BILLED</u>	<u>COLLECTED</u>	<u>DELINQUENT</u>
1993	\$812,448	\$705,740	\$107,298
1994	781,658	678,072	103,585
1995	801,939	706,015	95,924
1996	783,195	688,493	94,702
1997	887,650	720,815	166,835
1998	901,738	717,734	184,004
1999	925,862	726,994	198,868
2000	846,870	713,303	133,567
2001	837,304	701,311	133,567
2002	754,779	596,403	163,758

Includes collections made on behalf of the Metropolitan Sewer District.

Source: Hamilton County Auditor's Finance Department

**COUNTY OF HAMILTON, OHIO
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND
NET BONDED DEBT PER CAPITA
LAST TEN YEARS**

Year	Population ⁽¹⁾	Assessed Value ⁽²⁾ (Amounts in 000s)	General		Balance Debt Service Fund (Amounts in 000s)	Net		Ratio of Net Bonded Debt to Assessed Value	Net General Bonded Debt (Amounts in 000s)	Net General Bonded Debt Per Capita
			Bonded Debt (Amounts in 000s)	Bonded Debt (Amounts in 000s)						
1993	866,228	\$12,785,448	\$133,775	\$4,492	\$129,283	1.01%	\$149.25			
1994	866,228	14,126,026	129,065	4,408	124,657	0.88%	143.91			
1995	866,228	14,277,035	135,660	3,849	131,811	0.92%	152.17			
1996	857,616	14,400,260	154,995	4,473	150,522	1.05%	175.51			
1997	857,616	15,124,606	177,935	5,397	172,538	1.14%	201.18			
1998	857,616	15,194,227	204,240	6,876	197,364	1.30%	230.13			
1999	847,403	15,351,400	190,605	6,847	183,758	1.20%	216.85			
2000	845,303	17,314,249	176,260	6,872	169,388	0.98%	200.39			
2001	845,303	17,410,230	165,055	7,931	157,124	0.90%	185.88			
2002	845,303	17,262,098	153,510	9,932	143,578	0.83%	169.85			

Sources:

⁽¹⁾U.S. Bureau of the Census

⁽²⁾Hamilton County Auditor's Finance Department

**COUNTY OF HAMILTON, OHIO
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2002**

(Amounts in Thousands)

	Total Debt Limit ⁽¹⁾	Unvoted Debt Limit ⁽²⁾
Debt Limitation of Assessed Value	\$430,052	\$172,621
Outstanding Debt	\$1,261,040	\$1,261,040
Debt Exempt from Computation		
Metropolitan Sewer District Bonds	420,885	420,885
Metropolitan Sewer District Loans	17,953	17,953
Special Assessments	3,605	3,605
Museum Center	0	17,360
Justice Complex	1,015	1,015
Juvenile Youth Center	11,395	11,395
Waterline West Phase I	3,190	3,190
Alms & Doepke Building	21,405	21,405
Waterline West Phase II	1,605	1,605
Sales Tax Supported Bond	621,097	621,097
Parking Garage Revenue Bond	24,500	24,500
Available Funds in Debt Service Funds	9,932	9,932
Total Exempt Debt	\$1,136,582	\$1,153,942
Net Debt Applicable to Debt Limitation	124,458	107,098
Legal Debt Margin Remaining	\$305,594	\$65,523

Note: Assessed valuation is \$17,262,098.

⁽¹⁾Debt limit is a total of a sum equal to three percent (3%) of the first \$100,000,000 of the assessed valuation plus one and a half percent (1.5%) of such valuation of \$100,000,000 and not in excess of \$300,000,000, plus two and half percent (2.5%) of such valuation in excess of \$300,000,000.

⁽²⁾Debt limit is one percent of the total assessed valuation.

Source: Hamilton County Auditor's Finance Department

COUNTY OF HAMILTON, OHIO
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2002

(Amounts in Thousands)

Political Subdivision	Debt		Net Debt	Percent Applicable	County Share
	Outstanding	Service Fund			
Direct Debt:					
County of Hamilton	\$176,605	\$9,932	\$166,673	100.00%	\$166,673
Overlapping Debt:					
Cities and Villages	312,087 ⁽³⁾	1,884 ⁽¹⁾	310,203	94.47%	293,064
Schools	601,901 ⁽³⁾	23,241 ⁽²⁾	578,660	90.28%	522,408
Townships	33,996 ⁽³⁾	129 ⁽¹⁾	33,867	100.00%	33,867
Total Overlapping Debt	<u>947,984</u>	<u>25,254</u>	<u>922,730</u>	<u>92.05%</u>	<u>849,339</u>
Total Direct and Overlapping Debt	<u>\$1,124,589</u>	<u>\$35,186</u>	<u>\$1,089,403</u>	<u>93.26%</u>	<u>\$1,016,012</u>

Sources:

⁽¹⁾2002 Certificate of the Total Amount Available—Certified Unencumbered Cash Balance as of December 31, 2002, filed with the Hamilton County Auditor

⁽²⁾Hamilton County School Districts file on fiscal year ending June 30, 2002—budgetary basis

⁽³⁾Ohio Municipal Advisory Council and the Hamilton County Auditor

**COUNTY OF HAMILTON, OHIO
 RATIO OF ANNUAL DEBT SERVICE
 FOR GENERAL BONDED DEBT TO TOTAL
 GENERAL GOVERNMENTAL EXPENDITURES
 LAST TEN YEARS**

Fiscal Year	Debt Service on General Tax Supported Debt	General Governmental Expenditures (Amounts in 000s)	Ratio of Tax Supported Debt Service to General Governmental Expenditures
1993	\$21,166,931	\$495,723	4.27%
1994	12,708,328	566,476	2.24%
1995	14,654,360	611,799	2.40%
1996	15,968,324	628,407	2.54%
1997	20,822,052	689,828	3.02%
1998	22,887,918	685,918	3.34%
1999	24,541,774	771,602	3.18%
2000	23,586,698	855,986	2.75%
2001	20,483,370	873,495	2.34%
2002	18,315,833	904,508	2.02%

Source: Hamilton County Auditor's Office, Financial Reporting

COUNTY OF HAMILTON, OHIO
REVENUE BOND COVERAGE—PARKING GARAGE
FIRST YEAR

(Amounts in thousands)

Year	Gross Revenue	Total Operating Expenses	Net Available for Debt Service	Debt Service Requirements	Coverage
2002 ⁽¹⁾	\$5,364	\$961	\$4,403	\$338	13.03

⁽¹⁾2002 was the first full year of operations for the parking garage and the first year of debt service requirements.

Source: Audited Hamilton County financial statements

COUNTY OF HAMILTON, OHIO
REVENUE BOND COVERAGE—METROPOLITAN SEWER DISTRICT
LAST TEN YEARS

(Amounts in Thousands)

Year	Gross Revenue	Total Operating Expenses	Revenues Transferred to Surplus ⁽¹⁾	Net Available for Debt		Debt		Coverage
				Service	Requirements	Service	Requirements	
1993	\$96,328	\$58,215	\$4,790	\$42,903	\$20,391		2.10	
1994	103,093	65,245	7,065	44,913	18,437		2.44	
1995	104,953	65,909	5,351	44,395	19,275		2.30	
1996	113,566	67,060	5,494	52,000	23,328		2.23	
1997	111,913	69,578	7,118	49,453	23,886		2.07	
1998	118,495	66,605	4,912	56,802	31,743		1.79	
1999	115,016	63,379	5,272	56,909	31,747		1.79	
2000	120,602	67,507	5,117	58,212	32,833		1.77	
2001	127,707	70,312	5,350	62,745	34,743		1.81	
2002	130,997	75,436	3,186	58,747	38,871		1.51	

⁽¹⁾Half of pledged revenues are transferred to a surplus account.

Source: Audited MSD financial reports

**COUNTY OF HAMILTON, OHIO
PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS
LAST TEN YEARS**

Year	Assessed Value (Amounts in 000's)	Bank Deposits at December 31⁽¹⁾ (Amounts in 000's)	Buildings Permits Issued⁽²⁾
1993	\$12,785,448	\$15,290,520	5,682
1994	14,126,026	17,301,493	5,329
1995	14,277,035	18,661,138	4,759
1996	14,400,260	21,598,936	4,857
1997	15,124,606	18,070,000	4,786
1998	15,194,227	24,305,322	4,770
1999	15,351,400	41,302,569	4,745
2000	17,314,249	76,137,192	4,496
2001	17,410,230	133,025,841	4,437
2002	17,262,098	145,359,134	4,717

Sources:

⁽¹⁾Federal Reserve Bank of Cleveland

⁽²⁾Hamilton County Buildings Department

**COUNTY OF HAMILTON, OHIO
DEMOGRAPHIC STATISTICS**

POPULATION

1940	621,897
1950	723,953
1960	864,121
1970	925,944
1980	866,714
1990	866,228
2000	845,303

AGE DISTRIBUTION

	<u>2000</u>	
	<u>NUMBER</u>	<u>PERCENTAGE</u>
Under 5 years	56,548	6.69%
5-9 years	60,719	7.18%
10-14 years	63,822	7.56%
15-19 years	60,987	7.21%
20-24 years	56,941	6.74%
25-34 years	117,694	13.92%
35-44 years	132,973	15.73%
45-54 years	112,172	13.27%
55-59 years	37,992	4.49%
60-64 years	31,557	3.73%
65-74 years	58,302	6.90%
75-84 years	40,462	4.79%
85 years and over	15,134	1.79%
Total	<u>845,303</u>	<u>100.00%</u>

Median Age: 35.5

Source: U.S. Bureau of the Census

DISTRIBUTION OF FAMILIES BY INCOME BRACKET (Average 2.50 Persons)

	<u>2000</u>	
	<u>NUMBER</u>	<u>PERCENTAGE</u>
\$0-\$9,999	47,530	13.97%
\$10,000-\$19,999	47,850	14.06%
\$20,000-\$29,999	44,720	13.14%
\$30,000-\$39,999	52,480	15.42%
\$40,000-\$49,999	46,410	13.64%
\$50,000-\$59,999	31,440	9.24%
\$60,000-\$74,999	29,030	8.53%
\$75,000-\$99,999	20,920	6.15%
\$100,000-\$124,999	7,960	2.34%
\$125,000-\$149,999	3,620	1.06%
Over \$150,000	8,310	2.45%
Total	<u>340,270</u>	<u>100.00%</u>

Per Capita Income \$32,753

Source: U.S. Department of Commerce

**COUNTY OF HAMILTON, OHIO
DEMOGRAPHIC STATISTICS**

LAST TEN YEARS

Employment—Annual Average	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Total Labor Force	441,600	435,800	436,900	449,000	450,300	459,100	458,600	449,000	447,600	442,600
Total Employed	417,300	415,000	419,300	432,800	435,700	445,900	444,700	436,100	430,800	424,700
Total Unemployed	24,300	20,800	17,600	16,200	14,600	13,200	13,900	12,900	16,900	17,900
Unemployment Rate	5.50%	4.80%	4.00%	3.60%	3.20%	2.90%	3.00%	2.90%	3.80%	4.00%

**AVERAGE QUARTERLY EMPLOYMENT AS COVERED UNDER THE
OHIO AND FEDERAL UNEMPLOYMENT COMPENSATION LAWS**

	FOURTH QUARTER	
	2001	2002
Private Sector		
Accommodation and Food Services	40,216	39,653
Administrative and Waste Services	38,124	39,875
Arts, Entertainment, and Recreation	6,708	6,907
Construction	25,596	24,266
Educational Services	9,636	9,729
Finance and Insurance	25,946	26,231
Health Care and Social Assistance	69,989	71,236
Information	12,992	11,730
Management of Companies and Enterprises	26,074	26,601
Manufacturing	70,040	66,112
Professional and Technical Services	35,758	37,721
Real Estate and Rental and Leasing	9,428	9,917
Retail Trade	59,722	59,343
Transportation and Warehousing	14,476	13,396
Utilities	2,843	2,777
Wholesale Trade	30,631	29,189
Other Services, Except Public Administration	20,602	20,146
Government Sector		
State Government & Local Government	47,892	48,057
Federal Government ⁽¹⁾	10,656	10,264
Grand Total	<u>557,329</u>	<u>553,150</u>

⁽¹⁾Includes only federal government agencies

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

**COUNTY OF HAMILTON, OHIO
PRINCIPAL TAXPAYERS
DECEMBER 31, 2002**

(Amounts in Thousands)

Name of Taxpayer	Nature of Business	Assessed Valuation	Percent of Total Assessed Valuation
1. Cinergy Corporation	Public Utility	\$490,138	2.84%
2. Procter & Gamble Co.	Consumer Goods - Manufacturing	250,523	1.45%
3. Cincinnati Bell Telephone	Public Utility	164,627	0.95%
4. Ford Motor Company	Automotive Manufacturing	72,083	0.42%
5. General Electric	Aircraft Engines	61,232	0.35%
6. City of Cincinnati	City Government	55,776	0.32%
7. Duke Realty Limited Partnership	Real Estate Management	55,553	0.32%
8. Cognis Corporation	Chemical Manufacturing	54,116	0.31%
9. Concordia Properties	Real Estate Management	52,569	0.30%
10. Kroger Company	Consumer Goods - Distribution	42,247	0.24%
Total		\$1,298,864	7.50%

Source: Hamilton County Auditor's Office

**COUNTY OF HAMILTON, OHIO
SCHEDULE OF INSURANCE COVERAGE
DECEMBER 31, 2002**

Name of Carrier	Policy Number	Policy Period	Annual Premium	Details of Coverage/Liability Limit
ROYAL SUN ALLIANCE INSURANCE CO.	PSU 005092	01/01/2002 to 03/01/2003	\$281,227	Property coverage on County-owned buildings and contents; builder's risk; \$545,000,000 value, \$545,000,000 limit, \$100,000 deductible per occurrence.
ROYAL SUN ALLIANCE INSURANCE CO.	PSU 005093	01/01/2002 to 03/01/2003	422,488	Property coverage on Cinergy Field, East Garage and Paul Brown Stadium; \$561,000,000 value, \$100,000,000 limit, \$100,000 deductible per occurrence.
AMERICAN GUARANTEE & LIABILITY INSURANCE CO.	XPP3705902	01/01/2002 to 03/01/2003	110,000	Property coverage on Cinergy Field, East Garage and Paul Brown Stadium; \$561,000,000 value, \$100,000,000 excess of \$100,000,000 limits.
CONTINENTAL CASUALTY CO.	198804040	01/01/2002 to 03/01/2003	270,000	Property coverage on Cinergy Field, East Garage and Paul Brown Stadium; \$561,000,000 value, \$300,000,000 excess of \$200,000,000 limits.
OLD REPUBLIC INSURANCE CO.	12108	12/12/2002 to 12/12/2003	28,428	Aviation liability insurance; \$20,000,000 limit.
LEXINGTON INSURANCE	4372723	03/20/2002 to 03/20/2003	2,302	Commercial General Liability on Mt. Airy Men's Shelter; \$1,000,000 limit, \$1,000 deductible.
LEXINGTON INSURANCE	4372722	03/20/2002 to 03/20/2003	6,447	Professional liability on Mt. Airy Men's Shelter; \$1,000,000 limit.
TIG INSURANCE STAR EXCESS COMMERCIAL UNDERWRITER'S INS. CO. LEXINGTON INSURANCE ST. PAUL SURPLUS LINES INS. CO.	T7000000502700 9550170 CU9550170 9550170 QY05509029	08/01/2002 to 08/01/2003	763,400	Commercial general liability, umbrella and excess liability on Paul Brown Stadium; \$100,000,000 limit.
CINCINNATI INSURANCE CO.	CAP 769 86 45	04/15/2001 to 04/15/2004	13,931	Package policy on Board of Elections; Business personal property, \$25,000 limit; Commercial general liability, \$1,000,000/\$2,000,000 limit.
OHIO CASUALTY GROUP	50330206	09/07/2002 to 06/27/2005	397	Package policy on Treasurer's Office; Money & securities, \$20,000 limit; Inland marine, \$100,000 limit.
Total			<u>\$1,898,620</u>	

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Betty Montgomery**

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HAMILTON COUNTY FINANCIAL CONDITION

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
SEPTEMBER 25, 2003**