

# **County of Hamilton, Ohio**

**Federal Entity Identification Number 31-6000063**

**Report on Federal Awards in Accordance With**

**OMB Circular A-133**

**Year Ended December 31, 2003**





**Auditor of State  
Betty Montgomery**

Honorable County Auditor, County Treasurer,  
and Board of County Commissioners  
Hamilton County  
138 East Court Street  
Cincinnati, Ohio 45202

We have reviewed the Independent Auditor's Report of Hamilton County, prepared by PricewaterhouseCoopers LLP, for the audit period January 1, 2003 to December 31, 2003. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

November 15, 2004

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**County of Hamilton, Ohio**  
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**December 31, 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, 2003, and have issued our report thereon dated June 24, 2004. 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 24, 2004.

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

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

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 24, 2004.

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*

October 19, 2004

**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, 2003. 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.

As described in item 2003-1 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding the calculation of tenant's rent and verification and document retention of background checks that are applicable to its Section 8 Housing Choice Voucher Program. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2003.





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

#### 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.

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, 2003, and have issued our report thereon dated June 24, 2004. 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*

October 19, 2004

**County of Hamilton, Ohio**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2003**

<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>
<b>U.S. Department of Agriculture</b>				
<i>Child Nutrition Cluster:</i>				
Pass-through the Ohio Department of Education:				
School Breakfast Program	Juvenile Court	10.553		\$ 119,541
National School Lunch Program	Juvenile Court	10.555		311,195 (a)
National School Lunch Program	Mental Retardation and Developmental Disabilities (MRDD)	10.555		46,385 (a)
Total U.S. Department of Agriculture				<u>\$ 477,121</u>
<b>U.S. Department of Labor</b>				
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		\$ 586,533
WIA Youth Activities	JFS	17.259		478,128
WIA Dislocated Workers	JFS	17.260		342,223
Total U.S. Department of Labor				<u>\$ 1,406,884</u>
<b>U.S. Department of Education</b>				
Pass-through the Ohio Department of Rehabilitations and Corrections:				
Adult Education-State Grant Program	Sheriff	84.002	2003-PRSC-0002	\$ 104,333
Title I Program for Neglected and Delinquent Children	Sheriff	84.013	2003T1.ED-0002	44,279
Adult Education	River City Correctional Center	84.unknown	2004-PRSC-013	30,239
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
<i>Special Education Cluster:</i>				
Special Education-Preschool Grants	MRDD	84.173		194,317
Special Education-Grants to States	MRDD	84.027		212,673
Total U.S. Department of Education				<u>\$ 890,841</u>

The accompanying notes are an integral part of this schedule.

**County of Hamilton, Ohio**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2003**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>County of Hamilton Department or Board</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Health and Human Services</b>				
Direct Program:				
Medical Assistance Program (Title XIX)	MRDD	93.778		\$ 10,129,079 (b)
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	93.959	COME-ADA-WP02YV	5,602,461
	ADAS	93.778		1,345,749 (b)
Pass-through the Ohio Department of Mental Health:				
Projects for Assistance in Transition From Homelessness	Mental Health	93.150		187,350
Social Services Block Grant (Title XX)	Mental Health	93.667		714,567 (c)
Medical Assistance Program (Medicaid; Title XIX)	Mental Health	93.778		16,118,543 (b)
Block Grants for Community Mental Health Services	Mental Health	93.958		772,085
Pass-through the Ohio Department of Mental Retardation and Development Disabilities:				
Social Services Block Grant (Title XX)	MRDD	93.667		798,923 (c)
Medical Assistance Program (Medicaid; Title XIX)	MRDD	93.778		<u>1,476,466 (b)</u>
Total U.S. Department of Health and Human Services				<u>\$ 37,145,223</u>

The accompanying notes are an integral part of this schedule.

**County of Hamilton, Ohio**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2003**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>County of Hamilton Department or Board</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Housing and Urban Development</b>				
Direct Programs:				
Community Development Block Grants/Entitlement Grants	Community Development	14.218		\$ 3,899,834
Emergency Shelter Grants Program	JFS	14.231		186,058 (d)
Emergency Shelter Grants Program	Community Development	14.231		120,000 (d)
HOME Investment Partnerships Program	Community Development	14.239		1,438,823
Supportive Housing Program	JFS	14.235		125,680
Section 8 Housing Choice Vouchers	Community Development	14.871		19,249,818
Total U.S. Department of Housing and Urban Development				<u>\$ 25,020,213</u>
<b>U.S. Department of Justice</b>				
Direct Programs:				
Local Law Enforcement Block Grants Program	Municipal Court's Pre-Trial Services	16.592		\$ 446,268
Public Safety Partnership and Community Policing Grants ("COPS" Grants)	Sheriff	16.710		40,136
Pass-through the Ohio Attorney General:				
Crime Victim Assistance	Prosecuting Attorney	16.575	2003VADSCE424	135,104
Crime Laboratory Improvement	Coroner	16.564	2003-DN-BX-K104	6,429
Pass-through the Ohio Department of Youth Services:				
Juvenile Accountability Incentive Block Grants	Juvenile Court	16.523		504,834
Pass-through the Office of Criminal Justice Services:				
National Institute of Justice Research, Evaluation, and Development Project Grants	Coroner River City	16.560	2003-PC-NFS-7803	10,314
Byrne Formula Grant Program	Correctional Center	16.579	2002-RS-SAT-106	38,144
Total U.S. Department of Justice				<u>\$ 1,181,229</u>

The accompanying notes are an integral part of this schedule.

**County of Hamilton, Ohio**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2003**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>County of Hamilton Department or Board</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Transportation</b>				
Pass-through the Ohio Environmental of Public Safety:				
Highway Planning and Construction	Engineer	20.205	3250	\$ <u>2,101,267</u>
<b>U.S. Environmental Protection Agency</b>				
Direct Programs:				
Air Pollution Control Program Support	Environmental Services	66.001		\$ 593,773
Surveys, Studies, Investigations and Special Purpose Grants	Environmental Services	66.606		<u>418,753</u>
Total U.S. Environmental Protection Agency				\$ <u>1,012,526</u>
<b>U.S. Department of Homeland Security</b>				
Pass-through the Ohio Emergency Management Agency:				
State Domestic Preparedness Equipment Support Program	Emergency Mgmt. Agency	97.004		\$ 89,362
State and Local All Hazards Emergency Operations Plans	Emergency Mgmt. Agency	97.051		106,662
Pre-Disaster Mitigation	Emergency Mgmt. Agency	97.047		51,394
Pass-through the United Way of America:				
Emergency Food and Shelter National Board Program	JFS	97.024		<u>18,270</u>
Total U.S. Department of Homeland Security				\$ <u>265,688</u>
<b>U.S. Department of Energy</b>				
Direct Program:				
State Energy Program	Environmental Services	81.041		\$ <u>29,144</u>
Total Expenditures of Federal Awards				\$ <u>69,530,136</u>

The accompanying notes are an integral part of this schedule.

**County of Hamilton, Ohio**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2003**

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**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 River City Correctional Center is the recipient of a grant for which a CFDA number is not available. This grant has 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)	10.555	\$ 357,580
(b)	93.778	29,069,837
(c)	93.667	1,513,490
(d)	14.231	306,058

**County of Hamilton, Ohio**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2003**

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**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 2003, the County expended money under more than one federal program in each of the following clusters:

	<b>Total Federal Expenditures</b>
Child Nutrition Cluster	\$ 477,121
Workforce Investment Act Cluster	1,406,884
Special Education Cluster	406,990

**County of Hamilton, Ohio**  
**Schedule of Findings and Questioned Costs**  
**Section I – Summary of Auditor’s Results**  
**Year Ended December 31, 2003**

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**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?	No
Type of auditor’s report issued on compliance for major programs:	Unqualified except for Section 8 Housing Choice Voucher Program which was disclosed
Any audit findings disclosed that are required to be reported in accordance with Section 510 (a) of Circular A-133?	Yes



**County of Hamilton, Ohio**  
**Schedule of Findings and Questioned Costs**  
**Section I – Summary of Auditor’s Results**  
**Year Ended December 31, 2003**

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**Programs Audited as Major**

<b>Name of Federal Program or Cluster</b>	<b>CFDA Numbers</b>
Block Grants for Prevention and Treatment of Substance Abuse	93.959
Community Development Block Grant/Entitlement Grant	14.218
HOME Investment Partnership Program	14.239
Section 8 Housing Choice Vouchers	14.871
Local Law Enforcement Block Grants Program	16.592
Highway Planning and Construction	20.205

Dollar threshold used to distinguish between type A  
and type B programs: \$2,085,904  
Auditee qualified as low-risk auditee? Yes

**County of Hamilton, Ohio**  
**Schedule of Findings and Questioned Costs**  
**Section II – Financial Statement Findings**  
**Year Ended December 31, 2003**

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No items noted.

**County of Hamilton, Ohio**  
**Schedule of Findings and Questioned Costs**  
**Section III – Federal Awards Findings and Questioned Costs**  
**Year Ended December 31, 2003**

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**Finding 2003-1: Improve the controls over tenant rent calculations, as well as file documentation and retention.**

Condition

Grant 14.871, Section 8 Housing Choice Voucher Program, was reviewed by the U.S. Department of Housing and Urban Development initially in October 2002 and re-reviewed in March 2004. The re-review concluded that the Department of Community Development did not satisfactorily implement all the corrective actions contained in the approved Corrective Action Plan. Therefore, HUD selected a new sample of 31 participant files and found that 26 files had systematic errors. Under PIH Notice 2003-34, HUD is withholding ten percent of the monthly scheduled administrative fees until the Department has fully implemented the outstanding actions.

The public housing agency must calculate the correct rent payment for each tenant; however, during our testing, it was noted that one tenant out of the thirty had his/her rent payment incorrectly calculated, resulting in the tenant overpaying \$12 per month.

Criteria

The computation of the correct tenant rent amount as well as the performance and retention of the appropriate background checks must be properly performed.

Cause/Effect

Already HUD is withholding ten percent of the monthly administrative fees.

Recommendation

We recommend that the County implement all the corrective actions approved through the HUD review and verify on a go-forward basis that the proper controls are in place to eliminate such errors.

Management's Action Plan

Management has now implemented procedures, forms, and training with staff to fully comply with the Corrective Action Plan previously submitted to HUD, as well as a new Plan designed to have more frequent file reviews and tracking forms to monitor staff compliance.

Please note that the number of files reviewed by HUD included many where rent calculations were correct, but other procedures mandated by HUD were not followed explicitly. The number of files where the rent calculation was in error were 11 out of the 32 reviewed.

An appeal is being submitted to HUD to request cancellation of the sanction, as this office is now in compliance.

**County of Hamilton, Ohio**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended December 31, 2003**

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2001-1: Grant 93.959, Block Grants for Prevention and Treatment of Substance Abuse, contained a sub-recipient audit requirement that was not complied with by the County's ADAS department in the prior year. For 2003, ADAS management obtained all sub-recipient's annual audit reports that met the federal threshold requirement resulting in full compliance with the grant.

**County of Hamilton, Ohio**  
**Report on Federal Financial Assistance**  
**In Accordance With OMB Circular A-133**  
**Year Ended December 31, 2003**

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**ADDITIONAL INFORMATION**

Lead Auditor: Richard C. Stover

Telephone Number: (513) 768-4592

Our audits were performed between December 2003 and June 2004 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 2003 - June 2004



2003

Comprehensive

Annual

Financial

Report

For the year ending  
December 31, 2003

The County of  
Hamilton, Ohio

Issued by  
Dusty Rhodes  
Hamilton County  
Auditor



**2003 Comprehensive**

**Annual Financial Report**

*For the fiscal year ending*

*December 31, 2003*

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*Issued by*

**Dusty Rhodes**

**Auditor**

**Hamilton County, Ohio**

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**COUNTY OF HAMILTON, OHIO  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 Year Ended December 31, 2003**

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**Introductory  
Section**

**The County of  
Hamilton, Ohio**



# County of Hamilton

DUSTY RHODES  
AUDITOR

COUNTY ADMINISTRATION BUILDING  
138 EAST COURT STREET  
CINCINNATI, OHIO 45202

June 30, 2004

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, 2003.

## 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 2003. 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, 2003, 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, 2003, present fairly, in all material respects, the County's financial position at December 31, 2003, 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's 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 24<sup>th</sup> 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 that is 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 recent downturn in the national economy, Hamilton County has suffered. But in 2003 Hamilton County's economy also began to recover with the national one. At the beginning of the recent economic downturn, 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. Further, Hamilton County's unemployment rate had been increasing over the period of the past several years. However, the County's annual average 2003 unemployment rate remained at its 5.1% rate from 2002 and continues to compare favorably to the 2003 State of Ohio and the national average annual unemployment rates of 6.1% and 6.0%, respectively.

It must also be noted that according to the U.S. Census Bureau, in 2003 Hamilton County's population has continued its steady decline: It dropped to 823,472, down from 869,754 in 1994, revealing a decrease of 5.3% over the last decade. Further, from 2000 to 2003 Hamilton County's 2.6% decline in population was the second highest among the largest 100 counties in the U.S., second only to the County of San Francisco, California. Much of the population, and corresponding development, that Hamilton County lost during that time retreated from the central core of the region—the City of Cincinnati and Hamilton County—to surrounding suburban counties. (The City of Cincinnati in 2001–2002 lost a larger percentage of its population than any other U.S. city of 100,000 or more.) But during the 2000–2003 period, adjacent Ohio counties *increased* their population as follows: Butler County—3.2%; Clermont County—4.4%; Warren County—14.7%. In neighboring Warren County, the effect is so dramatic that in recent years its county commission has passed legislation designed to *limit* residential development and has even *eliminated* a portion of the property tax since sales tax revenues have been so healthy.

Some of this flight to more suburban environments may be explained by the 2001 racially based riots in Hamilton County's seat, the City of Cincinnati, which appear to be having a lingering effect on the attractiveness of the downtown area, its businesses and the region. Community leaders also consistently cite the perception of a crime problem in downtown Cincinnati as a principal factor inhibiting the city core's development and revitalization. Recent significant development and occupancy of downtown residential space (apartments and condominiums) may be an indicator of coming increased additional types of development and impending improvement in the downtown area.

A substantial relative tax burden may also help to explain partially the migration to neighboring counties. My office's 2003 study indicated that from 1993 to 2002, the residential property tax burden of County-wide levies increased from \$100.52 to \$175.35 on a per capita basis, an increase of 74.4%. This per capita residential property tax burden was 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](http://www.hamiltoncountyauditor.org).) Further, this tax burden may increase even more in coming years. During the first part of 2004, the Drake Center and the Mental Retardation and Developmental Disabilities Board, two entities with existing County-wide levies, were seeking increases in these levies of more than 30% each, and these requests have received the support of the

Tax Levy Review Committee, a body appointed by the Board of County Commissioners that is charged with evaluating and reporting to the County Commissioners on petitions for tax levies to be placed on the ballot.

A large portion, approximately 60% on a County-wide basis, of a homeowner's property tax bill goes to support the local school districts. The urban local schools, and especially the Cincinnati Public Schools, are generally perceived as being of lower quality than those in the suburbs, and this is another factor frequently cited in explaining Hamilton County's, and especially the City of Cincinnati's, loss of population to outlying areas.

As might be expected given the County's declining population, 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 sales tax growth rate of 3%. The Board also relied on this 3% sales tax growth rate to meet the County's legal and/or political obligations associated with a special 0.5% additional sales tax initiated in the late 1990s to cover the costs of ambitious riverfront redevelopment efforts, obligations that include: financing debt to cover the costs of building new major league football and baseball stadiums and related infrastructure; the costs of the continued operation of those stadiums and infrastructure; County payments to the Cincinnati Public Schools pledged as compensation for property tax revenues lost when the County acquired privately held land on the riverfront; and a property tax credit for people who own and occupy their own homes in Hamilton County. But the County has not seen 3% growth in sales tax revenues for the fourth year in a row, since 1999. As a result, for 2003 and 2004 the Commissioners budgeted only a 2% expected growth rate for sales tax revenues. (In 2004 the Commissioners additionally budgeted (1) another 0.45% due to a broadened base as a result of the State of Ohio implementing new sales taxes on certain types of transactions and (2) an additional 1.5% for a new sales tax on telephone service scheduled to be first received by the County in April 2004.) Also because of the sales tax revenue decline, serious concerns have arisen regarding whether or not over the next several years the Commissioners will be able to meet all of the previously enumerated legal and/or political obligations associated with riverfront redevelopment. Further, this decreased revenue growth has been a significant factor in putting on hold plans to establish "The Banks"—a mixed-use commercial office space/residential/retail district, on the riverfront between the stadiums, that is seen as being a critical component in returning downtown Cincinnati's vitality.

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. It grew from 5,892 full-time positions in 1994 to 6,345 in 2003, an increase of 7.7%.

In sum, the Greater Cincinnati Chamber of Commerce indicates that the local 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. The Chamber, and its business and community leaders, in their *2004 Economic Outlook* report also optimistically look to the area's major assets—such as a "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 notes and bills; and certificates of deposit in eligible financial institutions, 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.* The County Investment Policy values security, liquidity and return, in that order. 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, 2002. 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 eleventh 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, 2002, the ninth 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 budget for fiscal year beginning January 1, 2003. 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, operational guidelines and as a communication device. It was the eleventh 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,



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, 2002

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, 2003

## Board of County Commissioners

John S. Dowlin, President  
Phil Heimlich  
Todd Portune

Dusty Rhodes  
Gregory P. Hartmann  
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

J. Howard Sundermann, Jr., Presiding Judge  
Rupert A. Doan  
Robert H. Gorman

Lee H. Hildebrandt, Jr.  
Mark P. Painter  
Ralph Winkler

## Common Pleas Court Judges

### General Division

Steven E. Martin, Presiding Judge  
Kim Wilson Burke  
Ethna M. Cooper  
Thomas H. Crush  
David P. Davis  
Patrick T. Dinkelacker  
Dennis S. Helmick  
Charles J. Kubicki, Jr.

Melba D. Marsh  
Beth A. Myers  
Norbert A. Nadel  
Frederick D. Nelson  
Richard A. Niehaus  
Robert P. Ruhlman  
Mark R. Schweikert  
John Andrew West

### Domestic Relations Division

Ronald A. Panioto, Administrative Judge  
Penelope R. Cunningham

Susan Laker Tolbert

### Probate Court Division

James C. Cissell, Presiding Administrative Judge

### Juvenile Court Division

Sylvia Sieve Hendon, Presiding Judge

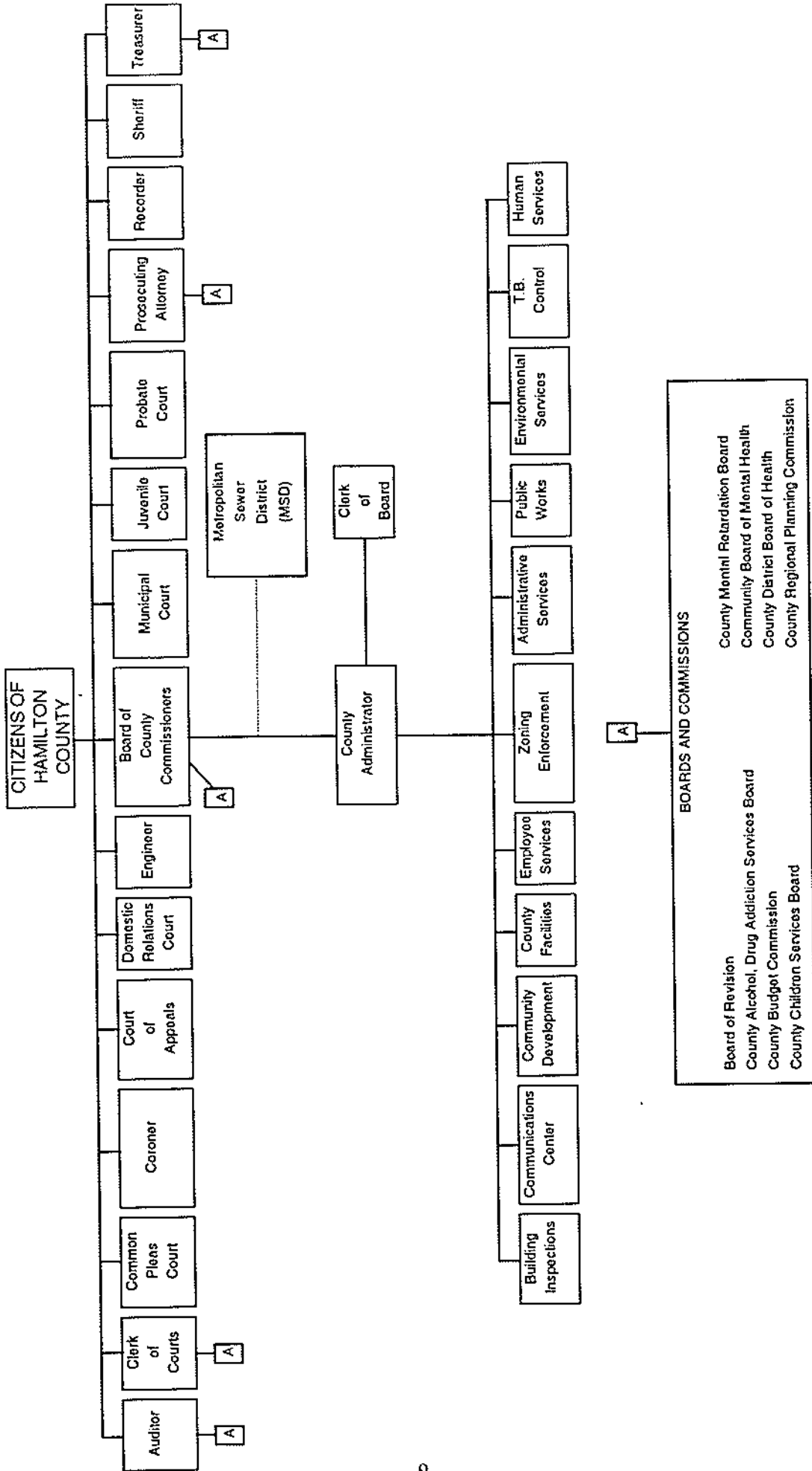
Thomas R. Lipps

## Hamilton County Municipal Court

Elizabeth B. Mattingly, Presiding Judge  
Lisa C. Allen  
Nadine L. Allen  
Timothy S. Black  
John H. Burlew  
Karla J. Grady  
Cheryl D. Grant

Guy C. Guckenberger  
William L. Mallory, Jr.  
Heather S. Russell  
David C. Stockdale  
Ralph E. Winkler  
Robert C. Winkler

# ORGANIZATION CHART COUNTY OF HAMILTON, OHIO



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**Financial  
Section**

**The County of  
Hamilton, Ohio**

## 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, 2003, 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 \$983,805,000 at December 31, 2003, and total operating revenues of \$128,579,000 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, 2003.

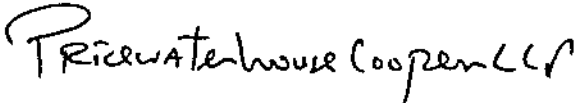
The Honorable County Auditor, County Treasurer,  
and Board of County Commissioners  
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2004, 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.



June 24, 2004



**COUNTY OF HAMILTON, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2003  
UNAUDITED**

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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, 2003. 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 2003 are as follows:

- The net assets of the County exceeded its liabilities in 2003 by \$1,531.9 million, compared to net assets of \$1,154.9 million in 2002. Of this amount, unrestricted net assets of governmental activities of \$12.2 million in 2003, compared to \$17.5 million in 2002, may be used to meet the County's ongoing obligations to citizens and creditors. Unrestricted net assets in business-type activities amount to \$224.4 million in 2003, compared to \$236.6 million in 2002.
- In total, net assets decreased \$6.1 million in 2003, compared to an increase of \$54.9 million in 2002. Net assets of governmental activities decreased \$23.7 million in 2003, compared to an increase of \$22.1 million in 2002. Net assets of business-type activities increased \$17.6 million in 2003, compared to an increase of \$32.8 million in 2002.
- The revenues of the governmental activities increased \$4 million over amounts reported in 2002 to \$921.6 million; \$555.6 million was from program revenues and \$366.0 million was from general revenues. During this same period, expenditures related to the governmental activities increased \$50.2 million. The largest increase was in Public Works of \$32.8 million.
- The revenues of the business-type activities increased \$13.7 million over amounts reported in 2002 to \$235.5 million; \$199.7 million was from program revenues and \$35.8 million was from general revenues. During this same period, expenditures related to the business-type activities increased \$28.5 million. The largest increase was in the Baseball Stadium fund of \$18.3 million.
- General revenues accounted for \$401.8 million (34.7%) of total revenues for 2003, compared to \$404.9 million (36%) of total revenues for 2002. Program-specific revenues in the form of charges for services, grants and contributions accounted for \$755.3 million (65.2%) of total revenues of \$1,157.1 million in 2003, compared to \$734.5 million (64%) of total revenues of \$1,139.4 million in 2002.
- The County had \$945.1 million in expenses related to governmental activities in 2003 compared to \$894.9 million in 2002. Of these expenses \$555.6 million were offset by program-specific charges for services, grants or contributions in 2003, compared to \$550.4 million in 2002. General revenues (primarily taxes) of \$366.0 million were adequate to provide for these programs in 2003, compared to \$367.2 million in 2002.
- As of December 31, 2003, the County's governmental funds reported a combined ending fund balance of \$282.0 million, compared to \$287.5 million in 2002, a decrease of \$5.5 million. Of this amount, \$199.9 million is available for spending (unreserved fund balance) on behalf of the County's citizens, compared to \$218.5 million in 2002.
- Among major funds, the General Fund had \$238.2 million in revenues in 2003, compared to \$243.5 million in 2002. The General Fund had \$225.8 million in expenditures, compared to 218.9 million in 2002. The General Fund's balance decreased to \$95.5 million in 2003 from \$101.9 million in 2002.

**COUNTY OF HAMILTON, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2003  
UNAUDITED**

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- Unreserved fund balance for the General Fund was \$49.0 million in 2003, compared to \$62.9 million in 2002. This represents a 22% decrease of unreserved fund balance for 2003 in comparison to a 19% decrease for 2002, and 20% of total General Fund expenditures and other financing uses for 2003 in comparison to 26% for 2002.
- Net assets for the enterprise funds increased \$17.4 million in 2003, compared to a slight increase in 2002. The 2003 increase resulted from operating revenues of \$235.5 million and transfers in of \$0.2 million. The 2002 increase resulted from operating revenues of \$221.8 million and transfers of \$0.6 million exceeding operating expenses of \$218.1 million.
- Hamilton County's total debt increased by \$68 million in 2003, compared to a minimal increase of \$0.16 million related to governmental activities in 2002. The key factor for the 2003 increase was an increase in Metropolitan Sewer District obligations reported in footnote IV F of the Notes to the Basic Financial Statements on pages 78–83. The key factor related to the 2002 increase was the issuance of special assessment bonds for certain sewer and water improvements.
- Hamilton County completed construction of Phase I of the Baseball Project, including Great American Ball Park baseball stadium for the Cincinnati Reds—a key anchor for the Riverfront Development project—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. On Opening Day, March 31, 2003, Phase I construction costs totaled about \$305 million and included Great American Ball Park baseball stadium—\$253 million, ballpark sitework and infrastructure—\$35 million, and ballpark parking—\$17 million. Phase II of the Baseball Project, which includes the Hall of Fame building and the outer concourses, is scheduled for completion in 2004, with total costs of about \$20 million and construction in progress at \$2.1 million at the end of 2003.

#### **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 government-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 government-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.

The financial statement notes provide more detailed data and explanations for some financial statement information.

COUNTY OF HAMILTON, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2003  
UNAUDITED

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## REPORTING HAMILTON COUNTY AS A WHOLE

### Government-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 and liquidity. The government-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.

- **Statement of Net Assets.** 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.
- **Statement of Activities.** 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 base, 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.

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The government-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 government-wide financial statements can be found on pages 38–39 of this report.

## 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 government-wide financial statements. However, unlike the government-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 of spendable resources available at the end of the fiscal year. 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 government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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

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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 40–46 of this report.

**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 government-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 government-wide financial statements. The County maintains nine enterprise funds: the Metropolitan Sewer District of Greater Cincinnati (MSD) fund, to account for sewer services provided to County residents; the Paul Brown Stadium fund, to account for the construction and operations of the Bengals football stadium; the Baseball Stadium fund, to account for the construction and operations 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; the Sales Tax Stabilization fund, to account for revenue to be used as a contingency account for future debt service payments; the Rotary funds, to track the cost of various activities of the Sheriff's Department within the County; and the Communications Center fund, to account for the financial activity relating to 911 services for Hamilton County. In 2003, the remaining \$1.7 million cash balance of the Cinergy Field fund was transferred into the General Fund. The funds were then transferred from the General Fund into the Baseball Stadium Fund for operations.

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-

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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 government-wide financial statements.

- ♦ Business-type internal service funds are used to report assets and liabilities within the business-type activities column of the Statement of Net Assets if enterprise funds are the predominant or only participant—the Workers' Compensation Reserve for Stadiums fund meets this criteria.

In 2002, the Sheriff's Rotary fund and the Communications Center fund were reported as business-type internal service funds. In 2003, these two funds are reported as enterprise funds on the Nonmajor Enterprise Funds Combining Financial Statements because they account for services financed by fees charged predominantly to other governments or external parties.

The basic proprietary fund financial statements can be found on pages 48–57 of this report.

***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 government-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 58 of this report.

#### **Notes to the Financial Statements**

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data that is essential to a full understanding of the information provided in the government-wide and fund financial statements.

The notes to the financial statements begin on page 60 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 89.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Hamilton County first 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*, in 2002. This reporting model significantly changes both the recording and presentation of financial data. A comparative analysis of current-year and prior-year financial data is included in this report. Due to the final phase of implementation of GASB 34 in 2003, the 2002 governmental net asset total was restated for comparison/uniformity purposes.

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**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 \$1,531.9 million in 2003 compared to \$1,154.9 million in 2002. This represents an increase of \$359.4 million in governmental activities and \$17.6 million in business-type activities in 2003, compared to an increase of \$417.1 million in governmental activities and \$737.8 million in business-type activities in 2002.

At the end of 2003, Hamilton County is able to report positive balances in all three categories of net assets, both for the County as a whole, as well as for its separate governmental and business-type activities. The same situation held true for 2002.

Table 1 below provides a comparative summary of the County's net assets for fiscal years 2003 and 2002.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2003	2002	2003	2002	2003	2002
<b>ASSETS</b>						
Current and Other Assets	\$ 614.1	\$ 617.9	\$ 329.5	\$ 335.8	\$ 943.6	\$ 953.7
Capital Assets, Net	668.4	311.2	1,636.2	1,541.4	2,304.6	1,852.6
<b>TOTAL ASSETS</b>	<u>1,282.5</u>	<u>929.1</u>	<u>1,965.7</u>	<u>1,877.2</u>	<u>3,248.2</u>	<u>2,806.3</u>
<b>LIABILITIES</b>						
Current and Other Liabilities	307.0	303.7	30.5	38.6	337.5	342.3
Long-Term Liabilities						
Due Within One Year	14.4	13.9	25.5	23.7	39.9	37.6
Due in More Than One Year	184.5	194.4	1,154.4	1,077.1	1,338.9	1,271.5
<b>TOTAL LIABILITIES</b>	<u>505.9</u>	<u>512.0</u>	<u>1,210.4</u>	<u>1,139.4</u>	<u>1,716.3</u>	<u>1,651.4</u>
<b>NET ASSETS</b>						
Invested in Capital Assets,						
Net of Related Debt	557.5	192.0	525.4	496.6	1,082.9	688.6
Restricted for:						
Debt Service	12.5	14.6	5.6	4.6	18.1	19.2
Capital Projects	(1.4)	3.0	-	-	(1.4)	3.0
Special Revenue Funds	195.7	190.0	-	-	195.7	190.0
Unrestricted	12.2	17.5	224.4	236.6	236.6	254.1
<b>TOTAL NET ASSETS</b>	<u>\$ 776.5</u>	<u>\$ 417.1</u>	<u>\$ 755.4</u>	<u>\$ 737.8</u>	<u>\$1,531.9</u>	<u>\$1,154.9</u>

By far, the largest portion of the County's net assets (\$1,082.9 million or 71% in 2003, compared to \$688.6 million or 60% in 2002) 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 (\$557.5 million or 72% of governmental

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activities and \$525.4 million or 70% of business-type activities for 2003, compared to \$192.0 million or 46% of governmental activities and \$496.6 million or 67% of business-type activities in 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. Restricted net assets were \$212.4 million or 14% of net assets (\$206.8 million or 53% of governmental activities and \$5.6 million or 1% of business-type activities) in 2003, in comparison to \$212.2 million or 18% of net assets (\$207.6 million or 50% of governmental activities and \$4.6 million or 1% of business-type activities) in 2002. The remaining net assets are unrestricted and may be used to meet the County's ongoing obligations to its citizens and creditors and for business-type activities. Unrestricted assets were \$236.6 million or 15% of net assets (\$12.2 million or 2% of governmental activities and \$224.4 million or 30% of business-type activities) in 2003, in comparison to \$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) in 2002.

Hamilton County's total assets increased to \$3,248.2 million (\$1,282.5 million or 39% of governmental activities and \$1,965.7 million or 61% of business-type activities) in 2003, compared to an increase to \$2,806.3 million (\$929.1 million or 33% of governmental activities and \$1,877.2 million or 67% of business-type activities) in 2002. Of this amount, \$2,304.6 million (\$668.4 million or 29% of governmental activities and \$1,636.2 million or 71% of business-type activities) for 2003, compared to \$1,852.6 million (\$311.2 million or 17% of governmental activities and \$1,541.4 million or 83% of business-type activities) for 2002, can be attributed to net capital assets, which includes some infrastructure and construction in progress.

**Infrastructure Assets.** 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.

For the fiscal year 2003, the County implemented the final phase of GASB Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. This requires the reporting of all infrastructure assets related to acquisition and improvements of County roads between January 1, 1980, and December 31, 2001.

### Changes in Net Assets

Hamilton County's total revenues increased 2% to \$1,157.1 million. Nearly one third of the County's revenue—33 cents of every dollar raised—comes from some type of tax. Another third of the County's revenue comes from fees charged for services. Most of the last third of the County's revenue is State and federal aid.

The County's financial position improved \$17.6 million for business-type activities, but decreased \$23.7 million for governmental activities, resulting in a County-wide net asset decrease of \$6.1 million. Additional information regarding factors contributing to the County-wide net asset decrease between 2002 and 2003 is provided on pages 22 and 23.

Table 2 below provides a comparative summary of the County's revenues and expenses—the changes in net assets—for fiscal years 2003 and 2002.



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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2003	2002	2003	2002	2003	2002
<b>REVENUES</b>						
<b>Program Revenues:</b>						
Charges for Services	\$239.4	\$224.6	\$151.6	\$143.5	\$ 391.0	\$ 368.1
Operating Grants and Contributions	314.3	323.8	-	-	314.3	323.8
Capital Grants and Contributions	1.9	2.0	48.1	40.6	50.0	42.6
<b>General Revenues:</b>						
Property Taxes	245.1	237.2	-	-	245.1	237.2
Sales and Use Taxes	61.1	60.0	34.4	31.5	95.5	91.5
Motor Fuel Taxes	13.5	14.5	-	-	13.5	14.5
Other Taxes	31.6	32.6	-	-	31.6	32.6
Unrestricted Investment Earnings	17.2	21.0	5.0	5.5	22.3	26.5
Net Increase (Decrease) in Fair Value Of Equity in Pooled Cash and Investments	(2.5)	1.9	(1.6)	(1.9)	(4.2)	-
Change in Fair Value of MSD Investments	-	-	(2.1)	2.5	(2.1)	2.5
Other Revenue	-	-	-	0.1	-	0.1
Other Expenses	-	-	-	(.07)	-	(.07)
Gain on Sale of Capital Assets	-	-	0.1	0.1	0.1	0.1
Loss on Sale of Capital Assets	-	-	-	(.08)	-	(.08)
<b>TOTAL REVENUES</b>	<u>921.6</u>	<u>917.6</u>	<u>235.5</u>	<u>221.8</u>	<u>1,157.1</u>	<u>1,139.4</u>
<b>EXPENSES</b>						
<b>Program Expenses:</b>						
General Government	67.7	68.9	-	-	67.7	68.9
Judicial	114.4	112.9	-	-	114.4	112.9
Public Safety	105.2	90.1	-	-	105.2	90.1
Social Services	319.1	315.6	-	-	319.1	315.6
Health	233.1	234.0	-	-	233.1	234.0
Public Works	60.3	27.5	-	-	60.3	27.5
Environmental Control	5.7	6.5	-	-	5.7	6.5
Economic Development	25.1	20.8	-	-	25.1	20.8
Parks and Recreation	6.3	6.7	-	-	6.3	6.7
Interest and Fiscal Charges	8.2	8.8	-	-	8.2	8.8
Metropolitan Sewer District	-	-	129.8	124.4	129.8	124.4
Paul Brown Stadium	-	-	48.8	45.5	48.8	45.5
Baseball Stadium	-	-	18.8	0.5	18.8	0.5
Cinergy Field	-	-	-	4.8	-	4.8
Riverfront Development	-	-	7.6	2.5	7.6	2.5

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Main Street Parking Garage	-	-	1.0	1.0	1.0	1.0
Sales Tax Stabilization	-	-	-	-	-	-
Rotary Funds	-	-	5.8	5.4	5.8	5.4
Communications Center	-	-	6.1	5.0	6.1	5.0
Workers' Compensation Reserve for Stadiums	-	-	0.2	0.6	0.2	0.5
<b>Total Program Expenses</b>	<b>945.1</b>	<b>891.8</b>	<b>218.1</b>	<b>189.6</b>	<b>1,163.2</b>	<b>1,081.4</b>
Indirect Expenses Allocation	3.1	3.1	-	-	3.1	3.1
Indirect Expense Reimbursement	(3.1)	(3.1)	-	-	(3.1)	(3.1)
<b>TOTAL EXPENSES</b>	<b>945.1</b>	<b>894.9</b>	<b>218.1</b>	<b>189.6</b>	<b>1,163.2</b>	<b>1,084.5</b>
<b>Increase in Net Assets Before Transfers</b>	<b>(23.5)</b>	<b>22.7</b>	<b>17.4</b>	<b>32.2</b>	<b>(6.1)</b>	<b>54.9</b>
Transfers	(0.2)	(0.6)	0.2	0.6	-	-
<b>INCREASE/DECREASE IN NET ASSETS</b>	<b>(23.7)</b>	<b>22.1</b>	<b>17.6</b>	<b>32.8</b>	<b>(6.1)</b>	<b>54.9</b>
<b>NET ASSETS—BEGINNING OF YEAR</b>	<b>800.2</b>	<b>395.0</b>	<b>737.8</b>	<b>705.0</b>	<b>1,538.0</b>	<b>1,100.0</b>
<b>NET ASSETS—END OF YEAR</b>	<b>\$776.5</b>	<b>\$417.1</b>	<b>\$755.4</b>	<b>\$737.8</b>	<b>\$1,531.9</b>	<b>\$1,154.9</b>

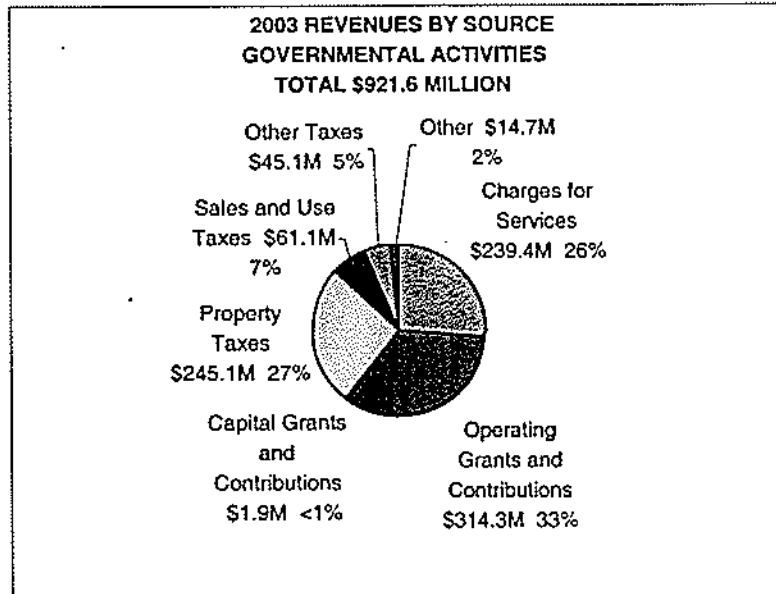
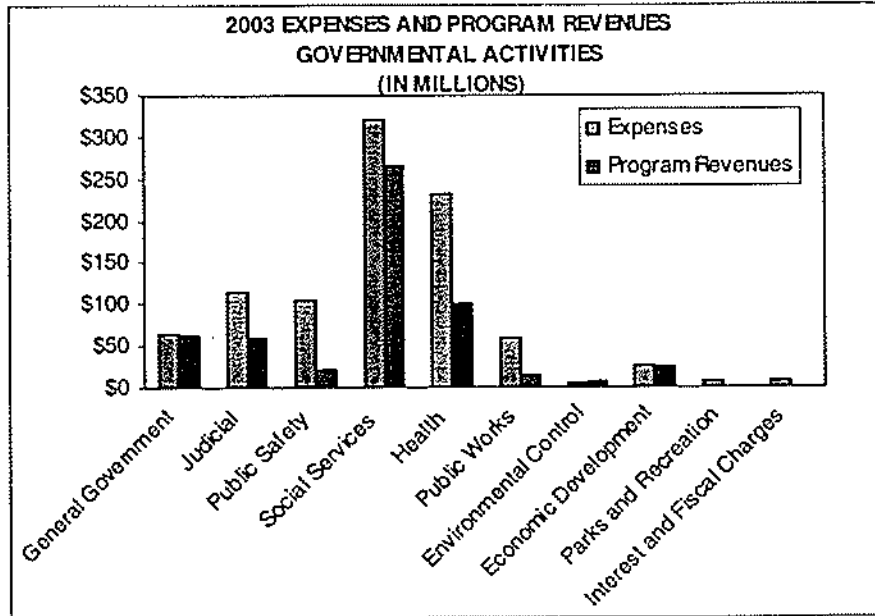
**Governmental Activities.** Governmental activities decreased Hamilton County's net assets by \$23.7 million, compared to an increase of \$22.1 million in 2002. Major factors contributing to the decrease include increased expenses for Public Safety, Public Works and Economic Development offset by reduced revenues for Operating and Capital Grants and Contributions, Motor Fuel and Other Taxes, and Investment Earnings.

General revenues increased \$1.2 million or 1%, which included an increase in property tax revenues of \$7.9 million or 3%, due to the impact of the triennial reassessment. Tax revenue accounts for \$351.3 million of the \$921.6 total revenue for governmental activity, or 38% of total revenue. The slow economy resulted in sales tax revenue being relatively flat compared to 2002. Sales taxes increased \$1.1 million as a result of an increase in the combined County and Ohio sales tax rate to 7%, effective August 1, 2003, on more types of goods and services taxed.

Total expenses of the County's governmental activities increased to \$945.1 million in 2003; this represents an increase of \$50.2 million (6%) from 2002. Social Services accounts for \$319.1 million of the \$945.1 million total expenses (34%) for governmental activities in 2003, compared to \$315.6 million of the \$894.9 million total expenses (35%) for governmental activities in 2002. Health is the next largest program within the County, accounting for \$233.1 million (25%) of total expenses for governmental activities for 2003, compared to \$234.0 million (26%) of total expenses for governmental activities in 2002. The increases in Social Services and Health expenses are due to an increase in the number of citizens applying to the programs for assistance.

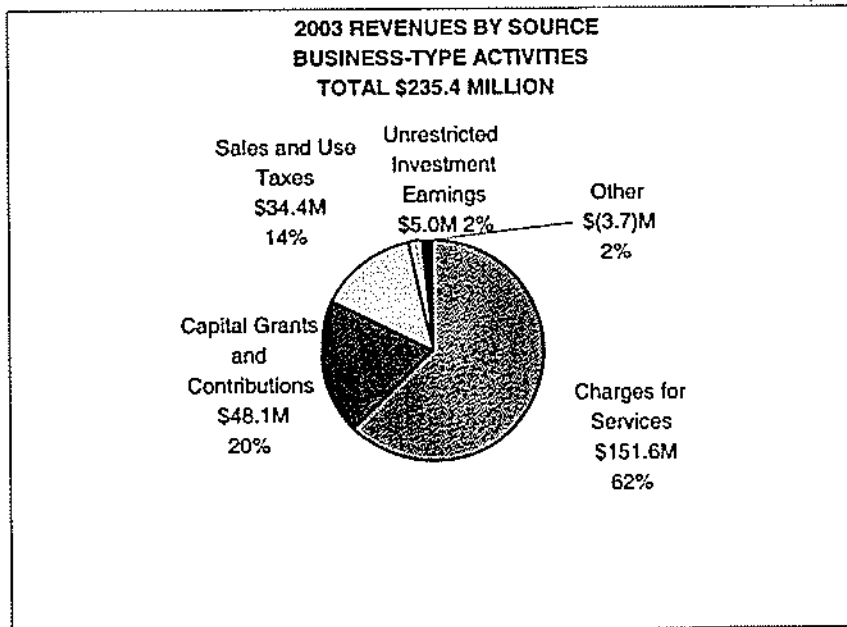
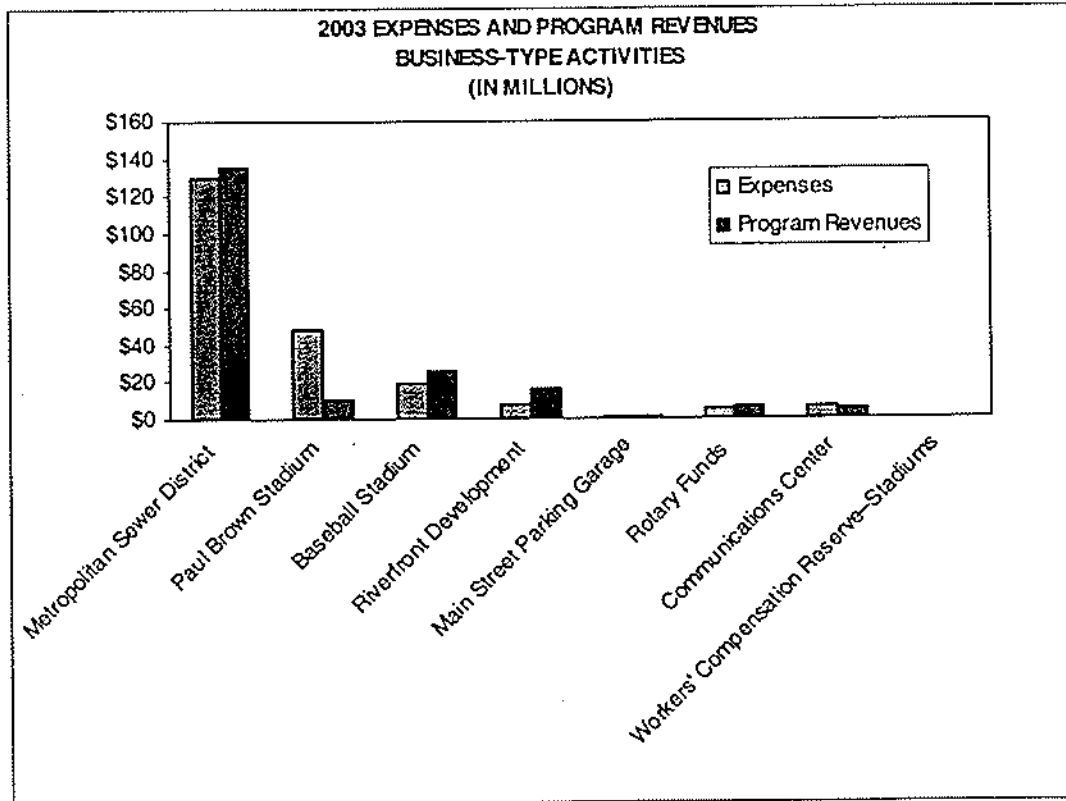
Program revenues increased \$5.2 million or 1% during 2003, due to increased revenues in the Recorder's Office as a result of a record number of home sales and refinancings. The County has exercised an aggressive strategy to secure the maximum amount of grants and contributions that are provided by the State and federal governments. In 2003, grants and contributions provided by the State and federal governments included \$314.1 million for operating grants and contributions, the largest program revenue, accounting for 34% of total governmental revenue, compared to \$323.8 million in 2002. Grants and contributions made up 33% of governmental activities' expenses in 2003, compared to 36% in 2002. 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 was allocated to these programs in 2003, compared to 82% in 2002.

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**Business-Type Activities.** Business-type activities increased Hamilton County's net assets by \$17.6 million in 2003, a decrease of \$15.2 million or 46%. This compares to an increase of \$32.8 million in 2002. Major factors contributing to the decrease in the net assets of business-type activities include increased operational costs related to Paul Brown Stadium that are not offset by revenues sufficient to cover expenses, increased expenses related to the operations of more parking garages operating in the riverfront development area (the Block 3 Central Riverfront Parking Garage became fully operational in 2003), and increased operating expenses related to the activation of the 800 Megahertz Public Safety Radio System project of the Hamilton County Communications Center.

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The County's direct charges to users of County business-type services, Charges for Services, were \$151.6 million or 70% of business-type activities' expenses in 2003, compared to \$143.5

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million or 76% of the business-type activities' expenses in 2002. A significant portion of these charges are Metropolitan Sewer District sewer service charges and surcharges (which reflect a 7% sewerage rate increase effective January 9, 2003) that will provide for necessary operating expenses, annual debt support, support of the District's capital program and the satisfaction of bond covenants. Other major revenue sources in 2003 were capital grants and contributions of \$48.1 million, an increase of \$7.5 million from \$40.6 million in 2002, as a result of capital contributions to the Paul Brown Stadium and Baseball Stadium Funds; and sales and use tax revenues of \$34.4 million in 2003, an increase of \$2.9 million from \$31.5 million in 2002, due to the increase of the combined County and Ohio sales tax rate to 7.00%, effective August 1, 2003, with more goods and services taxed. Interest earnings are reduced as the funding from the stadium projects is expended.

Overall expenses of the County's business-type activities increased \$28.5 million. Metropolitan Sewer District accounts for \$129.8 million (60%) of the \$218.1 million total expenses for business-type activities in 2003, compared to \$124.4 million (66%) of \$189.6 million total expenses for business-type activities in 2002. The increase of \$28.5 million from 2002 results primarily from the Baseball Stadium becoming fully operational in 2003, resulting in \$11.4 million of operating expenses, compared to minimal operating expenses of \$0.47 million in 2002. Paul Brown Stadium accounts for the next largest amount of expenses of \$48.8 million (22%) of the \$218.1 total expenses for business-type activities in 2003, compared to \$45.5 million or (24%) of \$189.6 million total expenses for business-type activities in 2002. The increase of \$3.3 million from 2002 results from increased operational costs related to Paul Brown Stadium that are not offset by revenues sufficient to cover expenses.

#### **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

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

##### **Governmental Funds**

The focus of Hamilton 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 the County completed the year, its governmental funds reported a combined ending fund balance of \$282.0 million, a decrease of \$5.5 million from the 2002 ending fund balance of \$287.5 million. Approximately \$267.5 million (95%) of this amount in 2003 constitutes unreserved fund balance which is available for spending for its citizens, compared to \$218.5 million in 2002. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for other purposes, which include (1) a reserve for judgments and claims—\$1.0 million; (2) future obligations—\$30.4 million; (3) advances to other funds—\$6.2 million; (4) liquidation of prior-year contracts and purchase orders—\$40.5 million; (5) a reserve for inventories—\$2.0 million; and (6) a receivable due from the Village of Woodlawn for repayment of a loan to construct a community center—\$2.0 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, available for any authorized purpose and used to account for all financial resources except those required to be accounted for in another fund. In 2003, unreserved fund balance of the General Fund was \$49.0

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million, while total fund balance reached \$95.5 million, compared to unreserved fund balance of the General Fund of \$62.9 million and total fund balance of \$101.9 million in 2002. For 2003, this is a decrease of 22% and 6%, respectively. 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. In 2003, unreserved fund balance represents approximately 20% of the total General Fund expenditures and other financing uses, while total fund balance represents 39% of that same amount, compared to 26% and 43% in 2002, respectively.

The fund balance of the County's General Fund decreased \$6.4 million during 2003. Revenues exceeded expenditures by \$12.4 million. This compares to an increase in 2002 of the fund balance of the General Fund by \$7.0 million; revenues exceeded expenditures by \$24.5 million. Several factors contributed to the decreased General Fund balance in 2003: increased tax receipts due to the impact of the triennial reassessment; increased income in the Recorder's Office, resulting from real estate transactions such as home sales and refinancings due to historically low interest rates; offset by a \$6.8 million contribution to the budget stabilization fund (a balance reserved to assure a continued balanced budget during times of particular financial difficulty); a \$2 million loan to the Village of Woodlawn for the purpose of constructing a community center; decreased interest earnings due to decreasing interest rates and a reduced amount available for investments; and an increase of \$1.3 million of transfers out from the General Fund to other departments.

**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 decreased by \$3.0 million in 2003, compared to an increase of \$8.4 million in 2002. Expenditures exceeded revenues by \$4.8 million in 2003, compared to revenues exceeding expenditures by \$6.9 million during 2002. Cutbacks in State funding combined with a greater number of citizens applying for assistance from the programs were the largest factors contributing to the decrease 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 decreased by \$6.3 million in 2003, compared to an increase of \$9.1 million in 2002. Revenues exceeded expenditures by \$0.4 million in 2003, compared to revenues exceeding expenditures by \$13.8 million during 2002. A \$6.7 million interfund transfer out into the Nonmajor Governmental Funds was the largest factor contributing to the increase in fund balance.

**Other Governmental Funds.** The fund balances of Other Governmental Funds—Nonmajor Governmental Funds—increased by \$10.3 million during 2003, compared to a decrease of \$16.3 million in 2002. Expenditures exceeded revenues by \$13.8 million in 2003, compared to expenditures exceeding revenues by \$36.7 million in 2002. The major factors contributing to the increase in the fund balances of Nonmajor Governmental Funds include interfund transfers in of \$31.4 million from the General Fund, Health and Human Services Levies Fund and the Nonmajor Governmental Funds.

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### Proprietary Funds

Proprietary enterprise funds provide the same type of information reported in the government-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. During 2003, the District successfully negotiated the Global Consent Decree on wet weather issues, unanimously approved by both Cincinnati City Council and the Board of County Commissioners. On December 4, 2003, the Consent Decree was filed with the United States District Court for the Southern District of Ohio, Western Division, for review and approval. Additional information related to the Global Consent Decree is provided on page 36.

The fund net assets of Metropolitan Sewer District exceeded liabilities by \$438.9 million in 2003. The largest portion of the District's net assets (\$252.4 million or 57%) 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 \$8.5 million in 2003 and \$12.8 million in 2002, with revenues exceeding expenses by \$1.4 million in 2003 and \$4.4 million in 2002. The increases are a combination of income before contributions and contributions in the form of connection fees, assessments and developer contributions. Capital contributions fluctuate depending on building activity and assessment projects.

Total revenues increased \$4.4 million or (3.4%) in 2003, compared to an increase of \$7.5 million (6.2%) in 2002. Total expenses increased \$7.4 million (5.9%) in 2003 compared to an increase of \$7.4 million (6.3%) in 2002. Operating revenues reflect a 7% sewerage rate increase implemented January 9, 2003, compared to a 6% sewerage rate increase implemented January 9, 2002. Nonoperating revenues decreased \$2.8 million in 2003, compared to an increase of \$1.7 million in 2002, due to a decrease in the fair value of investments. Operating expenses increased \$4.6 million (6%) in 2003, compared to an increase of \$5.1 million (7.3%) in 2002, due to increases in sewer repairs, regulatory negotiations, process and system work, flow monitoring and maintenance, offset by a reduction in personnel. Nonoperating expenses increased \$2.2 million (10.3%) in 2003 compared to an increase of \$2.2 million (11.4%) in 2002, due to a decrease in the fair value of investments.

***Paul Brown Stadium Fund.*** The Paul Brown Stadium fund is used to account for revenue received from stadium tenants and for the operation of Paul Brown Football Stadium. The fund net assets of the Paul Brown Stadium fund decreased \$20.4 million in 2003, compared to a decrease of \$15.1 million in 2002; expenses exceeded revenues by \$30.8 million in 2003, compared to expenses that exceeded revenues by \$26.1 million in 2002. Factors contributing to the decrease in fund net assets include depreciation expense on the stadium with minimal revenue offset, increased stadium utility expenditures, increases in insurance costs and costs to resod Paul Brown Stadium.

***Baseball Stadium Fund.*** The Baseball Stadium fund is used to account for revenue received for the construction and operations of Great American Ball Park Baseball Stadium. The fund net assets of the Baseball Stadium fund increased \$24.5 million in 2003, compared to an increase of

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\$30.8 million in 2002; revenues exceeded expenses by \$0.4 million in 2003, compared to revenues that exceeded expenses by \$11.5 million in 2002. The major factor contributing to the increase in fund net assets is the receipt of capital contributions. Revenues and expenditures are largely fixed amounts, as set forth in the ballpark lease. Operating costs will be shared by the Cincinnati Reds and County sales tax. In 2003, the remaining \$1.7 million cash balance of the Cinergy Field fund, used to account for the lease operations with the Cincinnati Reds, was transferred into the General Fund; the funds were then transferred from the General Fund into the Baseball Stadium Fund for operations.

**Other Enterprise Funds.** The fund net assets of Other Enterprise Funds—Nonmajor Enterprise Funds—increased by \$4.8 million in 2003, compared to an increase of \$4.6 million in 2002; expenditures exceeded revenues by \$1.8 million in 2003, compared to revenues that exceeded expenses by \$2.6 million in 2002. Factors contributing to the increase in fund net assets include the Block 3 Central Riverfront Parking Garage becoming fully operational in 2003. For more information related to the change in net assets of Other Enterprise Funds—Nonmajor Enterprise Funds, please refer to the Combining Statement of Revenues, Expenses and Changes in Fund Net Assets on pages 118 and 119.

#### 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, 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.) 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 2003 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 5.7% or \$13.1 million in 2003, compared to a net increase of 10% or \$24.6 million in 2002. The largest increase occurred in the area of General Government—\$7.2 million in 2003, compared to \$22.3 million in 2002. In 2003, \$6.8 million was added to the budget stabilization fund (a reserve to assure a continued balanced budget during times of particular financial difficulty), compared to \$7 million added in 2002, which increased its balance to \$25.8 million in 2003 and \$19 million in 2002.

The County spent 96% of the amount appropriated in the General Fund during 2003, compared to 92% in 2002.

Differences between the County's original budgeted revenues and the final budgeted revenues were minimal. Actual General Fund revenues received were \$1.9 million, or 1%, higher than final budgeted General Fund revenues in 2003, compared to actual General Fund revenues received of \$7.3 million, or 3%, higher than final budgeted General Fund revenues in 2002.



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The majority of the increased revenue consisted of \$4.4 million received for charges for services, resulting from real estate transfer tax revenues and revenue fees collected by the Recorder's Office. The \$4.4 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 \$19.1 million better than budgeted for the year in the General Fund on the budgetary basis.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

Hamilton County invested \$2,304.6 million (net of accumulated depreciation) in 2003, compared to \$1,852.6 million in 2002, in a broad range of capital assets, which include property, plant, equipment and infrastructure. This amount represents a net increase (including additions and deductions) of \$452 million, or 24%, compared to 2002.

Net capital assets related to governmental activities amount to \$668.4 million (a 115% increase) in 2003, compared to \$311.2 million (a 1.1% increase) in 2002, as a result of reporting roads and infrastructure in accordance with GASB 34. Net capital assets related to business-type activities amount to \$1,636.2 million and include \$711.2 million net capital assets of MSD in 2003, in comparison to \$1,541.4 million, including \$681.3 million net capital assets of MSD, in 2002.

Table 3 provides a comparative summary of the County's capital assets, net of accumulated depreciation, for fiscal years 2003 and 2002.

Table 3  
**HAMILTON COUNTY'S  
CAPITAL ASSETS AT YEAR-END**  
(Net of Accumulated Depreciation, in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land and Improvements	\$100.8	\$ 38.1	\$ 94.0	\$ 74.7	\$ 194.7	\$ 112.8
Buildings, Structures and Improvements	180.6	186.5	1,122.3	738.3	1,302.9	924.8
Infrastructure	361.8	60.3	-	-	361.8	60.3
Processing System	-	-	130.6	138.9	130.6	138.9
Furniture, Fixtures and Equipment	16.2	18.2	26.8	30.7	43.0	48.9
Construction in Progress	9.0	8.1	262.5	558.8	271.5	566.9
<b>TOTAL CAPITAL ASSETS, NET</b>	<b>\$668.4</b>	<b>\$311.2</b>	<b>\$ 1,636.2</b>	<b>\$ 1,541.4</b>	<b>\$ 2,304.6</b>	<b>\$ 1,852.6</b>

**Major Capital Asset Events.** Major capital asset events during the current fiscal year included the following:

- completion of Phase I of the Baseball Project, including Great American Ball Park baseball stadium 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. On Opening Day, March 31, 2003, Phase I construction costs totaled about \$305 million and included Great American Ball Park baseball stadium—\$253 million; ballpark sitework and infrastructure—\$35 million; and ballpark parking—\$17 million. Phase II of the Baseball Project, which includes the Hall of Fame building and the outer

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concourses, is scheduled for completion in 2004, with total costs of about \$20 million and construction in progress as of the end of the current fiscal year at \$2.1 million;

- completion of the Block 3 Central Riverfront Parking Garage located below the Underground Railroad Freedom Center, in July, 2003, at \$17.6 million total final cost, funded through sales tax revenues, parking revenue bonds and a Freedom Center contribution;
- completion of the 800 Megahertz Public Safety Radio System project of the Hamilton County Communications Center, at \$35.1 million total final cost, funded with General Fund resources;
- completion of about \$50 million Metropolitan Sewer District capital improvement projects (including receipt of about \$7 million in capital contributions) with sewer replacements and improvement projects making up 68% of the total;\*\*
- completion of two bridge replacement or improvement projects by the Hamilton County Engineer's Office, at \$0.8 million total final cost, funded by Hamilton County, with construction in progress as of the end of the current year totaling \$0.3 million;
- completion of \$0.8 million new roadway projects by the Hamilton County Engineer's Office, with construction in progress as of the end of the current year at \$3.3 million, equal to \$4.1 million total final costs, paid for with \$2.5 million Hamilton County funding and \$1.6 million Ohio Public Works Commission (OPWC) funding; and
- a vote by the Hamilton County Commissioners to reverse the 2002 Hartford Building purchase decision and list the property, located at 626 Main Street, for sale at \$3.9 million, following expenditures for asbestos removal of approximately \$200,000.

\*Source: Hamilton County Ohio 2004 Budget, Capital Improvement Program

\*\*Source: Metropolitan Sewer District of Greater Cincinnati 2003 Audited Financial Statements

**Five-Year Capital Plans.** The Hamilton County and Metropolitan Sewer District five-year capital plans were submitted and accepted for the years 2004 through 2008.

**Hamilton County Capital Improvement Plan.** Significant capital projects Hamilton County has committed to fund in 2004 include projects previously approved at a total estimated cost of \$512.2 million. The majority of that amount, \$474 million, is for riverfront development—Great American Ball Park, riverfront parking and infrastructure construction—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 are the remaining portion of the \$20.5 million Communications Center 800 Megahertz Public Safety Radio System project, an upgrade of the Computer Aided Dispatch (CAD) system, which will be completed in 2004; renovation of the Hartford Building, to relocate the Community Development department to lessen overcrowding and free space in the County Administration Building; renovation of the two central control rooms in the Justice Center, to replace the existing security door and fire alarm systems; renovation of the Communications Center, to upgrade mechanicals; various drainage improvements, to reduce flooding; and several waterlines, to provide water and fire protection.

The plan includes \$11.4 million of recommended projects, including the Paddock Park Juvenile Center, to detain juveniles in the local community, and the Paddock Park Office Center, to provide offices for agencies that are currently renting.

In addition to previously approved and recommended projects, three new projects are proposed in 2004. Costs have not been identified for two of them: a disaster operations and training center and a regional emergency management agency operations facility. The estimated cost of the third, a public works administration building, is \$5.6 million.\*

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*Metropolitan Sewer District Capital Plan.* 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 \$48 million as of December 31, 2003. 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 \$63 million in debt each year to finance the capital improvement program. Each project must be individually approved before proceeding.\*\*

\*Source: Hamilton County Ohio 2004 Budget, Capital Improvement Program

\*\*Source: Metropolitan Sewer District of Greater Cincinnati 2003 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 76–77 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 but for which the County does not hold title.

***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 78–83 of this report.

### Long-Term Debt

Hamilton County's total long-term debt outstanding at December 31, 2003, was \$1,329.1 million (\$155.9 million related to governmental activities and \$1,173.3 million related to business-type activities), compared to total long-term debt outstanding at December 31, 2002, of \$1,261.0 million (\$167.2 million related to governmental activities and \$1,093.8 related to business-type activities). The County's total long-term debt increased a net amount of \$68.1 million (5.4%) in 2003, compared to a net decrease of \$30.1 million (2.3%) in 2002. The increase is due to increased obligations of the Metropolitan Sewer District resulting from the issuance of bonds.

Total governmental long-term debt decreased \$11.3 million (6.7%) in 2003, compared to a decrease of \$11.2 million (6.3%) in 2002. As in 2002, most of the decrease in 2003 resulted from 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 increased \$79.5 million (7.3%) in 2003, compared to a decrease of \$18.9 million (1.7%) in 2002. Most of the increase in 2003 is due to an increase in Metropolitan Sewer District obligations resulting from the issuance of new bonds and the defeasance of prior-year bond issuances. Most of the decrease in 2002 resulted from the reduction of the principal of Metropolitan Sewer District Series A Revenue Bonds.

Table 4 provides a comparative summary of the County's outstanding long-term debt for fiscal years 2003 and 2002.

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Table 4  
**HAMILTON COUNTY'S  
OUTSTANDING LONG-TERM DEBT AT YEAR-END**  
(In Millions)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2003	2002	2003	2002	2003	2002
General Obligation Bonds—Voted	\$ 15.1	\$ 17.3	\$ -	\$ -	\$ 15.1	\$ 17.3
General Obligation Bonds—Unvoted	117.5	126.8	9.1	9.4	126.6	136.2
General Obligation Notes	19.5	19.5	-	-	19.5	19.5
General Obligation Special Assessment Bonds	3.8	3.6	-	-	3.8	3.6
Metropolitan Sewer District Obligations	-	-	523.9	438.9	523.9	438.9
Adjustable Rate Revenue Bonds	-	-	24.0	24.5	24.0	24.5
Sales Tax Bonds	-	-	616.2	621.0	616.2	621.0
<b>TOTAL LONG-TERM DEBT</b>	<b>\$155.9</b>	<b>\$167.2</b>	<b>\$1,173.3</b>	<b>\$1,093.8</b>	<b>\$1,329.1</b>	<b>\$1,261.0</b>

**Outstanding Debt Issues.** At the end of 2003, the County had a number of debt issues outstanding. These issues, net of applicable unamortized discounts, included \$141.7 million of general obligation bonds, \$19.5 million of general obligation bond anticipation notes, \$3.8 million of general obligation special assessment bonds, \$523.9 million of sewer revenue bonds and other obligations of MSD, \$24.0 million of parking garage adjustable rate revenue bonds, and \$616.2 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.

**New Debt.** During 2003, the County issued new debt for the purposes listed below.

**Governmental Activities—Governmental Long-Term Debt.** General Obligation Special Assessment Bonds (\$0.46 million), dated September 1, 2003, issued for the purpose of constructing sewer improvements at Race and Kenwood Roads and Ludlow Avenue, and water improvements at West and West Kemper Roads and Shady Lane, in anticipation of the collection of special assessments against the benefited properties.\*

\*Source: Original Bond Document

**Business-Type Activities—MSD Revenue Bonds.** Effective July 9, 2003, and September 4, 2003, MSD issued \$160.1 million Series A, dated June 1, 2003, and \$55.5 million Series B, dated September 1, 2003, respectively, County of Hamilton, Ohio, Sewer System Improvement and Refunding Revenue Bonds. The proceeds from the 2003 bonds were used to permanently fund certain previous capital expenditures, defease portions of the 1993 and 1995 Series A bond issues, provide funds for new projects, fund the new bond reserve requirement and pay for the cost of issuance. The 2003 bonds are special obligations of MSD, payable solely from the net revenues of the District and were issued on parity with the 1993, 1995, 1997, 2000 and 2001 Series A bonds, secured equally and ratably under the Trust Agreement.

A portion of the proceeds was used to purchase U.S. Government Securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service to

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refund \$111.4 million of outstanding 1993 Series A Bonds and \$17.1 million of outstanding 1995 Series A Bonds. As a result, these bonds are considered defeased, and the liability for those bonds has been removed from the balance sheet. Although the advance refunding resulted in the recognition of an accounting loss of \$7.2 million to be amortized over future periods in accordance with GASB Statement No.23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, MSD in effect reduced its aggregate debt service payments by \$19.3 million and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$14.7 million. At December 31, 2003, the amount of defeased debt outstanding amounted to \$17.1 million on the 1995 Series A Bonds.\*

\*Source: Metropolitan Sewer District of Greater Cincinnati 2003 Audited Financial Statements

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

County Debt	Bond Rating			Insurer
	Moody's	Standard & Poor's (S&P)	Fitch	
General Obligation	Aa2			
MSD Revenue <sup>1</sup>	Aa3	AA		FGIC, MBIA
Sales Tax—Riverfront (1998) <sup>2</sup>	Aa3	AA	AA	MBIA
Sales Tax—Riverfront (2002) <sup>2</sup>	A2		A+	AMBAC
Riverfront Parking Revenue (2001) <sup>3</sup>	Aa3			

\*Source: Hamilton County Ohio 2004 Budget, Debt Section

**Ratings**

Aaa (Moody's), AAA (S&P, Fitch)—Prime, maximum safety.  
Aa1, Aa2, Aa3 (Moody's), AA+, AA, AA- (S&P, Fitch)—High grade, high quality.  
A1, A2, A3 (Moody's), A+, A, A- (S&P, Fitch)—Upper medium grade.

**Insurers**

AMBAC—American Municipal Bond Assurance Corporation  
FGIC—Financial Guaranty Insurance Company  
MBIA—Municipal Bond Investors Assurance

**Notes**

- <sup>1</sup>The MSD revenue bond ratings above are the underlying ratings. The insured ratings are Aaa by Moody's and AAA by S&P.
- <sup>2</sup>The 1998 sales tax bonds were re-rated by Moody's in 2000 when their lien was closed off. The County did not obtain a rating from S&P for the 2000 bonds. In 2002, S&P re-rated the 1998 bonds. The sales tax bonds are insured and are rated Aaa by Moody's and AAA by S&P and Fitch.
- <sup>3</sup>The riverfront parking revenue debt is variable rate with a letter of credit. The Moody's rating is that of US Bank, the letter of credit bank.

**Legal Debt Margins.** 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 \$300 million, 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 \$462.1 million. The total County debt subject to this limitation is \$118.0 million, leaving a borrowing capacity of \$344.2 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 \$185.4 million. The total County debt subject to such limitation is \$102.8 million, leaving a borrowing capacity of \$82.6 million within the 1% limitation for unvoted non-exempt debt.

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**Other Long-Term Obligations.** The County's long-term obligations also include compensated absences of \$37.7 million in 2003 related to governmental activities, (compared to \$35.5 million in 2002), and \$6.6 million in 2003 related to business-type activities, (compared to \$7.1 million in 2002), forgivable loan contracts of \$5.4 million in 2003, compared to \$5.6 million in 2002, and various long-term operating leases for office space amounting to \$2.9 million in 2003, compared to \$2.9 million in 2002.

For more information regarding the County's debt, see footnote IV F of the Notes to the Basic Financial Statements on pages 78–83 of this report.

Interest and fiscal charges were \$8.2 million or 1% of the total governmental activities' expenses in 2003, compared to \$8.8 million or 1% in 2002.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES\***

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

The Greater Cincinnati economy continues to face a challenge to reverse the erosion of the central core as population and employment opportunities move to the surrounding suburbs and suburban counties. Hamilton County's population of 845,303 is the third largest in the State of Ohio. From 2000 to 2003, the population of Hamilton County and the City of Cincinnati declined 2.6% and 4.2%, respectively, among the very largest relative population declines in the nation among major counties and cities.<sup>1</sup>

Risks from international events, the war in Iraq, and the sluggish performance of the economy due to the uncertainty of the future have resulted in a fragile recovery from the economic recession that ended in November of 2001. Locally, there is some evidence that the recovery has started to take hold: an increase in manufacturing and total employment that is better than the national average. The soft economy is reflected in the County's lagging sales tax revenue, which has been poor regionally. Despite reports of increased economic activity and consumer spending, Hamilton County had yet to see the impact in County or State sales tax receipts in 2003.

Business and community leaders optimistically look to the many assets of the area that can help drive the local economy to new success—such as its “diversified economy, competitive cost structure, skilled workforce, international airport and easy access to national and regional markets”—which they maintain will continue to provide a favorable environment for attracting new businesses and a strong foundation for future growth.

The annual average unemployment rate for Hamilton County is currently 5.1%, which remains unchanged from a rate of 5.1% a year ago. This compares favorably to the State's average unemployment rate of 6.1% and the national average rate of 6.0%.<sup>2</sup> At the beginning of the recent economic downturn, 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.<sup>3</sup>

\* Information presented in this section was gathered from the Hamilton County Ohio 2004 Budget in Brief and the Hamilton County Ohio 2004 Budget, unless otherwise noted.

<sup>1</sup> U.S. Census Bureau

<sup>2</sup> Ohio Department of Job and Family Services

<sup>3</sup> U.S. Census Bureau

**COUNTY OF HAMILTON, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2003  
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Several additional factors were considered in preparing Hamilton County's budget for the 2004 fiscal year, including those listed below:

- the economic uncertainty as virtually every state across the country, including Ohio, struggles to overcome record deficits;
- the unique challenge of facing greatest service demands when resources are most constrained, due to County services being needed most during difficult economic times;
- the significant reductions in State funding;
- the development of an economic development agenda designed to increase sales tax revenues and respond to demographic changes to reverse the trend of people and jobs locating outside Hamilton County;
- the response to measures necessary to improve and enhance Hamilton County's Emergency and Domestic preparedness;
- the response to emergency stormwater and flash flooding issues; and
- the provision of support services to individuals transitioning from welfare to work.

The County Commission authorized a balanced budget of \$2.29 billion for 2004, an increase of \$0.10 billion over the 2003 adopted budget of \$2.19 billion. The majority of the County's budgetary increase occurs in the Department of Job and Family Services (JFS) program area. For the fourth 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 2004 budget include the following:

- \* increased JFS expenditures of \$30 million due to an accounting change;
- \* one-time JFS expenditures of \$10 million primarily related to closing out the Magellan managed care contract;
- \* increased MRDD expenditures from 2003 that bring the MRDD budget back in line with the 2004 levy plan while still projecting a positive fund balance at the end of 2004;
- \* increased MRDD expenditures for increased staffing, building repair and maintenance, bus rental costs and increased State waiver services; and
- \* increased Sheriff expenditures of approximately \$5 million due to increased personnel expenses related to renegotiated union contracts, increased medical costs and overtime expenses, and increases in inmate medical services and the inmate food service contract.

Areas of significant increased spending for business-type activities in the 2004 budget include the following:

- \* increased stadium expenses, due to the costs of starting up Great American Ball Park;
- \* increased riverfront parking expenses, due to the opening of the Ball Park and Central Riverfront Garages, including the refund of game-day parking receipts by the County to the Cincinnati Reds, as provided in agreements with the team; and
- \* increased Communications Center expenses, due to bringing on-line the 800 megahertz public safety radio system, resulting in increased demand for 911 service.

The total General Fund budget is \$258.3 million for 2004, which represents a \$0.4 million decrease from the 2003 General Fund approved appropriation of \$258.6 million. Employee wages and benefits account for approximately 65% of expenditures; other significant categories include supplies and materials, contractual services and debt service. Workers' Compensation charges increase, based on the amount needed to fund the retro plan and the lack of State rebates. (Beginning in 1990, the County established an internal service fund entitled Workers' Compensation Reserve to account for and finance its workers' compensations claims risk. The County uses a retrospective rating program provided under the Bureau of Ohio Workers'

**COUNTY OF HAMILTON, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Compensation to cover injured workers' claims. All departments in the County participate in the program and make per capita payments to the internal service fund). A new calculation was made to reflect the County's newly adopted self-insured plan. The County is changing from paying one year in arrears to a pay-as-you-go method. The rate for 2004 is 1.69% and reflects the cost of \$1.3 million for the one-time final payment to the Bureau. The Public Defender was provided funding to increase the rates of assigned counsel. In addition, the County will use \$5.7 million from the 2003 fund balance to retire early the 1993 Courthouse debt, resulting in annual debt service savings and a total net savings in interest payments of \$1.1 million from 2004 through 2011.

During the 2003 fiscal year, unreserved fund balance in the General Fund decreased from \$62.9 million to \$49.0 million, a decrease of \$13.9 million. Hamilton County has encumbered \$6.8 million of the amount for spending on fiscal year 2004 activity, compared to encumbering \$7.3 million for spending on fiscal year 2003 activity.<sup>4</sup>

In business-type activities, the 2004 budget will provide for efforts to complete the collection of Paul Brown Stadium overrun costs from responsible parties. Metropolitan Sewer District's budget increases \$15.4 million from \$129.5 million for 2003 to \$144.9 for 2004.<sup>5</sup> Of the increase \$9 million is primarily due to implementation of the Global Consent Decree, focused on reducing the amount of untreated wastewater released into local streams and rivers, and eliminating water-in-basement back-ups. The balance of the increase is for ongoing operational increases.

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<sup>4</sup> Hamilton County Ohio 2002 and 2003 Comprehensive Annual Reports

<sup>5</sup> Metropolitan Sewer District of Greater Cincinnati 2003 Audited Financial Statements

#### **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 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 in February, 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. This decree is being contested by a third party. In December, 2003, a Global Consent Decree was lodged with the U.S. District Court for the Southern District of Ohio, Western Division. This decree focuses on combined sewer overflows, the implementation of the Sanitary Sewer Overflow Correction plan established in the Interim Partial Consent Decree, and other wet weather issues. If approved, the program would cost about \$1.5 billion through 2022. The pending current decree documents are posted on the MSD web site, msdgc.org, under current decree. The MSD 2004 budget includes approved rate increases of 14% and 7%, effective January, 2004 and 2003, respectively, in anticipation of a potential Consent Decree settlement;<sup>1</sup> \$1,200,000 for the fine related to the Consent Decree; and \$7 million for implementation of the water-in-basement segment of the Consent Decree.
- On May 5, 2004, the Board of County Commissioners approved redemption of the July 1, 1993, Courthouse Improvement Refunding bond issue of \$8.68 million. The redemption price of 101% of the principal amount plus accrued interest to the date of redemption was

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\* Information presented in this section was gathered from the Hamilton County Ohio 2004 Budget in Brief and the Hamilton County Ohio 2004 Budget, unless otherwise noted.

<sup>1</sup> Metropolitan Sewer District of Greater Cincinnati 2003 Audited Financial Statements



**COUNTY OF HAMILTON, OHIO  
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wired to the paying agent and registrar on June 15, 2004.<sup>2</sup> According to the Commissioners, this early redemption will result in reduced debt payments through 2011 and a total net interest savings of \$1.1 million, eliminate \$1.0 million from the 2004 ongoing debt service budget and future interest costs, and free up additional debt capacity.

- On May 26, 2004, the Board of County Commissioners passed a supplemental resolution and corresponding appropriation to the Parking Revenue Fund to comply with the court order requiring deposit of funds in settlement of a lawsuit pending in the Hamilton County Court of Common Pleas. The lawsuit, titled the Board of County Commissioners of Hamilton County vs. Arena Management Holdings LLC, et al, involves a dispute between the parties relating to the riverfront redevelopment. The court has required that in July, 2004, the Board of County Commissioners deliver to counsel for Arena Management Holdings LLC, or alternately, deposit with the Clerk of Courts, a check in the amount of \$2.8 million for cash owed the arena for special events.<sup>3</sup>

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<sup>2</sup> Resolution passed by the Hamilton County Board of County Commissioners

<sup>3</sup> Resolution passed by the Hamilton County Board of County Commissioners

#### **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](http://www.hamiltoncountyauditor.org).

**COUNTY OF HAMILTON, OHIO**  
**STATEMENT OF NET ASSETS**  
**December 31, 2003**  
(Amounts in Thousands)

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Equity in Pooled Cash and Investments	\$ 288,321	\$ 26,442	\$ 314,763
Cash and Cash Equivalents—Segregated Accounts	230	16,579	16,809
Accounts Receivable	2,886	20,979	23,865
Interest Receivable	3,753	4	3,757
Intergovernmental Receivable	79,175	3,611	82,786
Real and Other Taxes Receivable	224,261	-	224,261
Internal Balances	(50)	50	-
Prepaid Expenses	-	2,427	2,427
Inventories	1,881	-	1,881
Due from Advances to Other Funds	6,202	-	6,202
Restricted Assets:			
Cash and Cash Equivalents Held by the City of Cincinnati:			
Construction Account	-	10,661	10,661
Amount to Be Transferred to Surplus Account	-	9,223	9,223
Held by Trustees:			
Cash and Cash Equivalents	-	17,280	17,280
Investments—Held to Maturity	-	196,065	196,065
Special Assessments Receivable	5,491	-	5,491
Loans to Political Subdivisions	1,999	-	1,999
Nondepreciable Capital Assets	109,771	356,468	466,239
Depreciable Capital Assets, Net	558,622	1,279,726	1,838,348
Unamortized Financing Cost	-	23,245	23,245
Other Long-Term Assets	-	2,969	2,969
<b>TOTAL ASSETS</b>	<b>1,282,542</b>	<b>1,965,729</b>	<b>3,248,271</b>
<b>LIABILITIES</b>			
Accounts Payable	36,359	9,923	46,282
Accrued Wages and Benefits Payable	8,778	1,468	10,246
Accrued Interest Payable	638	6,580	7,218
Construction Accounts Payable	-	5,481	5,481
Retainage Payable	503	4,001	4,504
Litigation Judgment Payable	-	2,800	2,800
Advances from Other Funds	6,202	-	6,202
Deferred Revenue	242,028	-	242,028
Escheat	5,031	-	5,031
Estimated Future Claims	7,482	216	7,698
Long-Term Liabilities:			
Due Within One Year	14,454	25,475	39,929
Due in More Than One Year	184,523	1,154,419	1,338,942
<b>TOTAL LIABILITIES</b>	<b>505,998</b>	<b>1,210,363</b>	<b>1,716,361</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	557,463	528,028	1,085,491
Restricted for:			
Debt Service	12,505	5,589	18,094
Capital Projects	(1,379)	-	(1,379)
Special Revenue Funds	195,708	-	195,708
Unrestricted	12,247	221,749	233,996
<b>TOTAL NET ASSETS</b>	<b>\$ 776,544</b>	<b>\$ 755,366</b>	<b>\$ 1,531,910</b>

See accompanying notes to the basic financial statements.

**COUNTY OF HAMILTON, OHIO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**  
(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
<b>Governmental Activities</b>								
General Government	\$ 67,679	\$ (3,078)	\$ 55,760	\$ 5,489	\$ -	\$ (3,352)	\$ -	\$ (3,352)
Judicial	114,395	152	35,099	25,761	-	(53,687)	-	(53,687)
Public Safety	105,239	250	14,748	6,262	268	(84,191)	-	(84,191)
Social Services	319,087	1,305	103,725	162,723	-	(53,944)	-	(53,944)
Health	233,129	571	18,582	81,764	-	(133,354)	-	(133,354)
Public Works	60,272	176	6,306	5,955	1,645	(46,542)	-	(46,542)
Environmental Control	5,731	284	3,424	2,600	-	9	-	9
Economic Development	25,088	203	823	23,631	-	(837)	-	(837)
Parks and Recreation	6,345	137	932	147	-	(5,403)	-	(5,403)
Interest	8,167	-	-	-	-	(8,167)	-	(8,167)
Fiscal Charges	8	-	-	-	-	(8)	-	(8)
<b>Total Governmental Activities</b>	<b>945,141</b>	<b>-</b>	<b>239,399</b>	<b>314,352</b>	<b>1,913</b>	<b>(389,477)</b>	<b>-</b>	<b>(389,477)</b>
<b>Business-Type Activities</b>								
Metropolitan Sewer District	129,764	-	128,579	-	7,060	-	5,875	5,875
Paul Brown Stadium	48,826	-	371	-	10,420	-	(38,035)	(38,035)
Baseball Stadium	18,768	-	3,104	-	22,392	-	6,728	6,728
Riverview Development	7,846	-	7,484	-	8,238	-	8,076	8,076
Main Street Parking Garage	970	-	769	-	-	-	(201)	(201)
Rotary Funds	5,814	-	5,991	-	-	-	177	177
Communications Center	6,054	-	4,883	-	-	-	(1,171)	(1,171)
Workers' Compensation Reserve for Stadiums	249	-	400	-	-	-	151	151
<b>Total Business-Type Activities</b>	<b>218,091</b>	<b>-</b>	<b>151,581</b>	<b>-</b>	<b>48,110</b>	<b>-</b>	<b>(18,400)</b>	<b>(18,400)</b>
<b>Total</b>	<b>\$ 1,163,232</b>	<b>\$ -</b>	<b>\$ 390,980</b>	<b>\$ 314,352</b>	<b>\$ 50,023</b>	<b>(389,477)</b>	<b>(18,400)</b>	<b>(407,877)</b>
<b>GENERAL REVENUES</b>								
Property Taxes					245,094			245,094
Sales and Use Taxes					61,104		34,412	95,516
Motor Fuel Taxes					13,547		-	13,547
Other Taxes					31,596		-	31,596
Unrestricted Investment Earnings					17,227		5,034	22,261
Net Increase (Decrease) in Fair Value of Equity in Pooled Cash and Investments					(2,542)		-	(2,542)
Increase in Fair Value of Equity in Pooled Cash and Investments					-		165	165
Decrease in Fair Value of Equity in Pooled Cash and Investments					-		(1,787)	(1,787)
Change in Fair Value of MSD Investments					-		(2,080)	(2,080)
Gain on Sale of Capital Assets					-		62	62
Transfers					(198)		198	-
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					<b>365,828</b>		<b>36,004</b>	<b>401,832</b>
<b>CHANGE IN NET ASSETS</b>					<b>(23,649)</b>		<b>17,604</b>	<b>(6,045)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>					<b>800,193</b>		<b>737,762</b>	<b>1,537,955</b>
<b>NET ASSETS AT END OF YEAR</b>					<b>\$ 776,544</b>		<b>\$ 755,366</b>	<b>\$ 1,531,910</b>

See accompanying notes to the basic financial statements.

**COUNTY OF HAMILTON, OHIO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2003**  
(Amounts in Thousands)

	General	Public Assistance	Health and Human Services Levies	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Equity in Pooled Cash and Investments	\$ 80,419	\$ 19,613	\$ 81,232	\$ 97,143	\$ 278,407
Cash and Cash Equivalents--Segregated Accounts	-	-	-	230	230
Accounts Receivable	184	-	126	2,576	2,886
Interest Receivable	3,753	-	-	-	3,753
Intergovernmental Receivable	17,444	17,216	6,149	38,366	79,175
Real and Other Taxes Receivable	36,325	-	185,526	2,410	224,261
Due from Other Funds	380	701	8,887	1,722	11,690
Inventories	-	-	-	1,881	1,881
Due from Advances to Other Funds	6,202	-	-	-	6,202
Special Assessments Receivable	-	-	-	5,491	5,491
Loans to Political Subdivisions	1,999	-	-	-	1,999
<b>TOTAL ASSETS</b>	<b>\$ 146,706</b>	<b>\$ 37,530</b>	<b>\$ 281,920</b>	<b>\$ 149,819</b>	<b>\$ 615,975</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 4,675	\$ 16,822	\$ 10,882	\$ 3,961	\$ 36,340
Accrued Wages and Benefits Payable	4,600	1,706	1,175	1,267	8,748
Retainage Payable	142	-	12	349	503
Due to Other Funds	289	-	708	10,743	11,740
Advances from Other Funds	-	-	-	6,202	6,202
Deferred Revenue	35,465	1,893	188,823	38,211	265,392
Escheat	5,031	-	-	-	5,031
<b>TOTAL LIABILITIES</b>	<b>51,202</b>	<b>20,421</b>	<b>201,600</b>	<b>60,733</b>	<b>333,956</b>
<b>FUND BALANCES</b>					
Reserved for:					
Judgments and Claims	1,000	-	-	-	1,000
Future Obligations	30,449	-	-	-	30,449
Advances to Other Funds	6,202	-	-	-	6,202
Encumbrances	6,834	5,165	6,538	22,009	40,546
Inventories	-	-	-	1,881	1,881
Loans	1,999	-	-	-	1,999
Unreserved, Reported in:					
General Fund	49,020	-	-	-	49,020
Special Revenue Funds	-	11,944	73,782	61,580	147,306
Debt Service Funds	-	-	-	7,502	7,502
Capital Projects Fund	-	-	-	(3,886)	(3,886)
<b>TOTAL FUND BALANCES</b>	<b>95,504</b>	<b>17,109</b>	<b>80,320</b>	<b>89,086</b>	<b>282,019</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 146,706</b>	<b>\$ 37,530</b>	<b>\$ 281,920</b>	<b>\$ 149,819</b>	<b>\$ 615,975</b>

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, 2003**  
(Amounts in Thousands)

Total Governmental Funds Balances	\$	282,019
<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	\$ 1,208,999	
Accumulated Depreciation	<u>(540,952)</u>	
Total		668,047
<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>		
Intergovernmental Loan Receivable	134	
Property Taxes	14,041	
Grants	3,698	
Special Assessments	<u>5,491</u>	
Total		23,364
<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>		
		2,594
<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	(152,050)	
Special Assessment Bonds	(3,805)	
Loan Contracts	(5,381)	
Compensated Absences	(37,606)	
Accrued Interest Payable	<u>(638)</u>	
Total		<u>(199,480)</u>
Net Assets of Governmental Activities	\$	<u>776,544</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, 2003**  
(Amounts in Thousands)

	General	Public Assistance	Health and Human Services Levies	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes and Assessments	\$ 37,063	\$ -	\$ 205,104	\$ 2,927	\$ 245,094
Sales and Use Tax	61,104	-	-	-	61,104
State Shared Taxes	24,916	-	-	20,227	45,143
License and Permits	2,453	-	-	3,367	5,820
Charges for Services	57,677	91,179	-	18,467	167,323
Fines and Forfeitures	9,277	-	-	2,442	11,719
Investment Earnings	14,334	(237)	(1,075)	62	13,104
Intergovernmental	22,976	114,772	71,798	131,899	341,445
Other	8,449	3,358	5,820	10,360	27,987
<b>TOTAL REVENUES</b>	<b>238,249</b>	<b>209,072</b>	<b>281,647</b>	<b>189,771</b>	<b>918,739</b>
<b>EXPENDITURES</b>					
Current:					
General Government	48,152	-	1,595	7,315	57,062
Judicial	92,482	-	4,126	17,953	114,561
Public Safety	80,745	-	15,503	3,280	99,528
Social Services	1,022	213,868	75,457	30,128	320,475
Health	-	-	178,095	56,604	234,699
Public Works	2,473	-	-	32,329	34,802
Environmental Control	-	-	-	6,903	6,903
Economic Development	954	-	-	24,328	25,282
Parks and Recreation	-	-	6,482	-	6,482
Capital Outlay	-	-	-	4,658	4,658
Debt Service:					
Principal Retirement	-	-	-	11,820	11,820
Interest	-	-	-	8,212	8,212
Fiscal Charges	-	-	-	8	8
<b>TOTAL EXPENDITURES</b>	<b>225,828</b>	<b>213,868</b>	<b>281,258</b>	<b>203,538</b>	<b>924,492</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>12,421</b>	<b>(4,796)</b>	<b>389</b>	<b>(13,767)</b>	<b>(5,753)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	1,877	1,747	-	31,406	35,030
Transfers Out	(20,721)	-	(6,706)	(7,801)	(35,228)
Special Assessment Bonds Issued	-	-	-	460	460
<b>TOTAL OTHER FINANCING SOURCES (USES), NET</b>	<b>(18,844)</b>	<b>1,747</b>	<b>(6,706)</b>	<b>24,065</b>	<b>262</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(6,423)</b>	<b>(3,049)</b>	<b>(6,317)</b>	<b>10,298</b>	<b>(5,491)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>101,927</b>	<b>20,158</b>	<b>86,637</b>	<b>78,788</b>	<b>287,510</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 95,504</b>	<b>\$ 17,109</b>	<b>\$ 80,320</b>	<b>\$ 89,086</b>	<b>\$ 282,019</b>

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, 2003**

(Amounts in Thousands)

Net Change in Fund Balance—Total Governmental Funds	\$	(5,491)
<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	\$ 10,024	
Depreciation Expense	<u>(38,854)</u>	
Excess of Capital Outlays over Depreciation		(28,830)
<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		11,820
Net Proceeds from Special Assessment Bond		(460)
<p>In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due.</p>		
		45
<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		(1,033)
<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>		
		(1,345)
<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>1,645</u>
Change in Net Assets of Governmental Activities:	\$	<u>(23,649)</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, 2003**

(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>		
<b>REVENUES</b>				
Property Taxes and Special Assessments	\$ 36,783	\$ 36,783	\$ 37,063	\$ 280
Sales and Use Tax	61,801	61,801	60,389	(1,412)
State Shared Taxes	26,589	26,589	24,909	(1,680)
License and Permits	2,170	2,170	2,457	287
Charges for Services	53,412	53,412	57,842	4,430
Fines and Forfeitures	8,847	8,847	9,183	336
Investment Earnings	17,838	17,838	16,973	(865)
Intergovernmental	23,408	23,408	23,171	(237)
Other	7,939	7,939	8,677	738
<b>TOTAL REVENUES</b>	<u>238,787</u>	<u>238,787</u>	<u>240,664</u>	<u>1,877</u>
<b>EXPENDITURES</b>				
Current:				
General Government	55,137	62,302	56,009	6,293
Judicial	91,227	94,519	92,257	2,262
Public Safety	77,615	80,285	79,795	490
Social Services	1,090	1,083	1,020	63
Public Works	2,535	2,535	2,391	144
Economic Development	1,037	1,037	995	42
<b>TOTAL EXPENDITURES</b>	<u>228,641</u>	<u>241,761</u>	<u>232,467</u>	<u>9,294</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>10,146</u>	<u>(2,974)</u>	<u>8,197</u>	<u>11,171</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	24	24	1,877	1,853
Transfers Out	(26,878)	(26,878)	(20,721)	6,157
<b>TOTAL OTHER FINANCING SOURCES (USES), NET</b>	<u>(26,854)</u>	<u>(26,854)</u>	<u>(18,844)</u>	<u>8,010</u>
<b>NET CHANGE IN FUND BALANCE</b>	(16,708)	(29,828)	(10,647)	19,181
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>52,418</u>	<u>52,418</u>	<u>52,418</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 35,710</u>	<u>\$ 22,590</u>	<u>\$ 41,771</u>	<u>\$ 19,181</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, 2003**

(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>		
<b>REVENUES</b>				
Charges for Services	\$ 87,593	\$ 88,363	\$ 91,179	\$ 2,816
Intergovernmental	126,097	126,097	110,027	(16,070)
Other	4,053	4,053	2,678	(1,375)
<b>TOTAL REVENUES</b>	<u>217,743</u>	<u>218,513</u>	<u>203,884</u>	<u>(14,629)</u>
<b>EXPENDITURES</b>				
Current:				
Social Services	222,168	223,709	210,067	13,642
<b>TOTAL EXPENDITURES</b>	<u>222,168</u>	<u>223,709</u>	<u>210,067</u>	<u>13,642</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>(4,425)</u>	<u>(5,196)</u>	<u>(6,183)</u>	<u>(987)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	1,747	1,747	1,747	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>1,747</u>	<u>1,747</u>	<u>1,747</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,678)	(3,449)	(4,436)	(987)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>12,500</u>	<u>12,500</u>	<u>12,500</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 9,822</u>	<u>\$ 9,051</u>	<u>\$ 8,064</u>	<u>\$ (987)</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, 2003**

(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>		
<b>REVENUES</b>				
Property Taxes and Special Assessments	\$ 202,900	\$ 202,900	\$ 205,104	\$ 2,204
Intergovernmental	74,852	74,852	74,096	(756)
Other	1,479	1,479	4,451	2,972
<b>TOTAL REVENUES</b>	<u>279,231</u>	<u>279,231</u>	<u>283,651</u>	<u>4,420</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,848	1,848	1,848	-
Judicial	4,451	4,451	4,425	26
Public Safety	16,500	16,898	15,081	1,817
Social Services	76,710	76,400	74,338	2,062
Health	180,176	180,176	175,385	4,791
Parks and Recreation	6,482	6,659	6,659	-
<b>TOTAL EXPENDITURES</b>	<u>286,167</u>	<u>286,432</u>	<u>277,736</u>	<u>8,696</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(6,936)</u>	<u>(7,201)</u>	<u>5,915</u>	<u>13,116</u>
<b>OTHER FINANCING USES</b>				
Transfers Out	(6,396)	(6,706)	(6,706)	-
<b>TOTAL OTHER FINANCING USES</b>	<u>(6,396)</u>	<u>(6,706)</u>	<u>(6,706)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(13,332)	(13,907)	(791)	13,116
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>76,356</u>	<u>76,356</u>	<u>76,356</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 63,024</u>	<u>\$ 62,449</u>	<u>\$ 75,565</u>	<u>\$ 13,116</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, 2003**  
(Amounts in Thousands)

	<b>Business-Type Activities—Enterprise Funds</b>		
	<b>Metropolitan Sewer District</b>	<b>Paul Brown Stadium</b>	<b>Baseball Stadium</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Equity in Pooled Cash and Investments	\$ -	\$ 4,020	\$ 4,636
Cash and Cash Equivalents—Segregated Accounts	13,187	60	2,682
Accounts Receivable	20,782	144	-
Interest Receivable	-	4	-
Intergovernmental Receivable	-	-	-
Due from Other Funds	-	-	-
Prepaid Expenses	2,427	-	-
Restricted Cash and Cash Equivalents Held by Trustees	-	1,380	2,235
<b>Total Current Assets</b>	<b>36,396</b>	<b>5,608</b>	<b>9,753</b>
<b>Restricted Assets</b>			
Cash and Cash Equivalents Held by the City of Cincinnati	-	-	-
Construction Account	10,661	-	-
Amount to Be Transferred to Surplus Account	9,223	-	-
Held by Trustees	-	-	-
Cash and Cash Equivalents	13,665	-	-
Investments—Held to Maturity	195,065	-	-
<b>Total Restricted Assets</b>	<b>229,614</b>	<b>-</b>	<b>-</b>
<b>Capital Assets</b>			
<b>Nondepreciable Capital Assets</b>			
Land and Improvements	4,977	68,916	17,665
Construction in Progress	166,127	-	2,069
<b>Total Nondepreciable Capital Assets</b>	<b>171,104</b>	<b>68,916</b>	<b>19,734</b>
<b>Depreciable Capital Assets, Net</b>			
Buildings, Structures and Improvements	676,033	393,545	325,631
Processing Systems	258,841	-	-
Furniture, Fixtures and Equipment	30,937	10,796	-
Less Accumulated Depreciation	(425,670)	(51,621)	(7,753)
<b>Total Depreciable Capital Assets, Net</b>	<b>540,141</b>	<b>352,520</b>	<b>317,878</b>
<b>Total Capital Assets, Net</b>	<b>711,245</b>	<b>421,436</b>	<b>337,632</b>
Unamortized Financing Costs	4,110	10,595	8,540
Other	2,440	529	-
<b>TOTAL ASSETS</b>	<b>983,665</b>	<b>438,168</b>	<b>355,925</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	5,464	772	2,394
Due to Other Funds	-	-	400
Accrued Wages and Benefits Payable	1,213	44	11
Accrued Interest Payable	-	-	-
Retainage Payable	-	60	3,348
Litigation Judgment Payable	-	-	-
Current Portion of Long-Term Debt	18,600	1,168	4,932
<b>Total Current Liabilities</b>	<b>25,277</b>	<b>2,044</b>	<b>11,035</b>
<b>Current Liabilities Payable from Restricted Assets</b>			
Accrued Interest Payable	2,942	1,380	2,235
Construction Accounts Payable	5,481	-	-
<b>Total Current Liabilities Payable from Restricted Assets</b>	<b>8,423</b>	<b>1,380</b>	<b>2,235</b>
<b>Noncurrent Liabilities</b>			
Estimated Future Claims	-	-	-
Accrued Compensated Absences	5,891	119	-
Long-Term Debt	505,316	363,273	226,849
<b>Total Noncurrent Liabilities</b>	<b>511,207</b>	<b>363,392</b>	<b>226,849</b>
<b>TOTAL LIABILITIES</b>	<b>544,907</b>	<b>386,816</b>	<b>240,169</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	252,441	36,995	105,851
Restricted for Debt Service	5,589	-	-
Unrestricted	180,869	14,357	9,505
<b>TOTAL NET ASSETS</b>	<b>\$ 438,899</b>	<b>\$ 51,352</b>	<b>\$ 115,756</b>

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
\$ 17,768	\$ 26,424	\$ 9,932
450	16,579	-
53	20,979	-
-	4	-
3,611	3,611	-
149	149	400
-	2,427	-
-	3,615	-
<u>22,031</u>	<u>73,788</u>	<u>10,332</u>
-	10,661	-
-	9,223	-
-	13,665	-
-	<u>196,065</u>	-
-	<u>229,614</u>	-
2,375	93,953	-
<u>94,319</u>	<u>262,515</u>	-
<u>96,694</u>	<u>356,468</u>	-
69,067	1,464,276	-
-	258,841	-
8,657	50,390	1,031
<u>(8,537)</u>	<u>(493,781)</u>	<u>(625)</u>
<u>69,167</u>	<u>1,279,726</u>	<u>346</u>
<u>165,881</u>	<u>1,636,194</u>	<u>346</u>
-	23,245	-
-	2,669	-
<u>167,912</u>	<u>1,965,610</u>	<u>10,678</u>
1,242	9,872	70
99	499	-
200	1,468	30
23	23	-
593	4,001	-
2,800	2,800	-
775	25,475	-
<u>5,732</u>	<u>44,138</u>	<u>100</u>
-	6,557	-
-	5,491	-
-	<u>12,038</u>	-
-	-	7,698
606	6,616	135
<u>32,365</u>	<u>1,147,803</u>	-
<u>32,971</u>	<u>1,154,419</u>	<u>7,833</u>
<u>38,703</u>	<u>1,210,556</u>	<u>7,933</u>
132,741	528,028	346
-	5,589	-
16,468	221,598	2,399
<u>\$ 149,209</u>	<u>755,215</u>	<u>\$ 2,745</u>
-	151	-
-	<u>\$ 755,366</u>	-

**COUNTY OF HAMILTON, OHIO**  
**RECONCILIATION OF STATEMENT OF NET ASSETS—PROPRIETARY FUNDS**  
**TO GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2003**  
(Amounts In Thousands)

	Total Enterprise Funds	Business-Type Activities Internal Service Funds	Business-Type Activities Statement of Net Assets
<b>ASSETS</b>			
<b>Current Assets:</b>			
Equity in Pooled Cash and Investments	\$ 26,424	\$ 18	\$ 26,442
Cash and Cash Equivalents—Segregated Accounts	16,579	-	16,579
Accounts Receivable	20,979	-	20,979
Interest Receivable	4	-	4
Intergovernmental Receivable	3,611	-	3,611
Due from Other Funds	149	400	549
Prepaid Expenses	2,427	-	2,427
Restricted Cash and Cash Equivalents Held by Trustees	3,615	-	3,615
<b>Total Current Assets</b>	<b>73,788</b>	<b>418</b>	<b>74,206</b>
<b>Restricted Assets:</b>			
Cash and Cash Equivalents Held by the City of Cincinnati:			
Construction Account	10,661	-	10,661
Amount to Be Transferred to Surplus Account	9,223	-	9,223
Held by Trustees:			
Cash and Cash Equivalents	13,665	-	13,665
Investments—Held to Maturity	196,065	-	196,065
<b>Total Restricted Assets</b>	<b>229,614</b>	<b>-</b>	<b>229,614</b>
<b>Capital Assets:</b>			
Nondepreciable Capital Assets:			
Land and Improvements	93,953	-	93,953
Construction in Progress	262,515	-	262,515
<b>Total Nondepreciable Capital Assets</b>	<b>356,468</b>	<b>-</b>	<b>356,468</b>
Depreciable Capital Assets, Net:			
Buildings, Structures and Improvements	1,464,276	-	1,464,276
Processing Systems	258,841	-	258,841
Furniture, Fixtures and Equipment	50,390	-	50,390
Less Accumulated Depreciation	(493,781)	-	(493,781)
<b>Total Depreciable Capital Assets, Net</b>	<b>1,279,726</b>	<b>-</b>	<b>1,279,726</b>
<b>Total Capital Assets, Net</b>	<b>1,636,194</b>	<b>-</b>	<b>1,636,194</b>
Unamortized Financing Costs	23,245	-	23,245
Other	2,969	-	2,969
<b>TOTAL ASSETS</b>	<b>1,965,810</b>	<b>418</b>	<b>1,966,228</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	9,872	51	9,923
Due to Other Funds	499	-	499
Accrued Wages and Benefits Payable	1,468	-	1,468
Accrued Interest Payable	23	-	23
Retainage Payable	4,001	-	4,001
Litigation Judgment Payable	2,800	-	2,800
Current Portion of Long-Term Debt	25,475	-	25,475
<b>Total Current Liabilities</b>	<b>44,138</b>	<b>51</b>	<b>44,189</b>
<b>Current Liabilities Payable from Restricted Assets:</b>			
Accrued Interest Payable	6,557	-	6,557
Construction Accounts Payable	5,481	-	5,481
<b>Total Current Liabilities Payable from Restricted Assets</b>	<b>12,038</b>	<b>-</b>	<b>12,038</b>
<b>Noncurrent Liabilities:</b>			
Estimated Future Claims	-	216	216
Accrued Compensated Absences	6,616	-	6,616
Long-Term Debt	1,147,803	-	1,147,803
<b>Total Noncurrent Liabilities</b>	<b>1,154,419</b>	<b>216</b>	<b>1,154,635</b>
<b>TOTAL LIABILITIES</b>	<b>1,210,595</b>	<b>267</b>	<b>1,210,862</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	528,028	-	528,028
Restricted for Debt Service	5,589	-	5,589
Unrestricted	221,598	151	221,749
<b>TOTAL NET ASSETS</b>	<b>\$ 755,215</b>	<b>\$ 151</b>	<b>\$ 755,366</b>

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, 2003**  
(Amounts in Thousands)

	Business-Type Activities— Enterprise Funds		
	Metropolitan Sewer District	Paul Brown Stadium	Baseball Stadium
<b>OPERATING REVENUES</b>			
Charges for Services	\$ -	\$ 203	\$ 3,103
Sewerage Service Charges	111,291	-	-
Sewerage Surcharges	14,544	-	-
Intergovernmental	-	-	-
Other	2,744	168	1
<b>TOTAL OPERATING REVENUES</b>	<u>128,579</u>	<u>371</u>	<u>3,104</u>
<b>OPERATING EXPENSES</b>			
Personnel Services	33,599	1,867	249
Utilities, Fuel and Supplies	15,824	2,956	4
Depreciation and Amortization	27,864	15,452	7,754
Purchased Services	23,669	2,869	1,780
Litigation Judgment Expense	-	-	-
Other	6,902	8,530	1,658
<b>TOTAL OPERATING EXPENSES</b>	<u>107,858</u>	<u>31,674</u>	<u>11,445</u>
<b>OPERATING INCOME (LOSS)</b>	<u>20,721</u>	<u>(31,303)</u>	<u>(8,341)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Income	4,649	270	50
Sales and Use Tax	-	17,493	16,919
Gain on Disposal of Property, Plant and Equipment	62	-	-
Loss on Disposal of Property, Plant and Equipment	-	(252)	-
Interest Expense	(21,906)	(16,900)	(7,323)
Increase in Fair Value of Equity in Pooled Cash and Investments	-	25	29
Decrease in Fair Value of Equity in Pooled Cash and Investments	-	(167)	(945)
Change in Fair Value of MSD Investments	(2,080)	-	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(19,275)</u>	<u>469</u>	<u>8,730</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>1,446</u>	<u>(30,834)</u>	<u>389</u>
Capital Contributions	7,060	10,420	22,392
Transfers In	-	-	1,739
Transfers Out	-	-	-
<b>CHANGE IN NET ASSETS</b>	<u>8,506</u>	<u>(20,414)</u>	<u>24,520</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>430,392</u>	<u>71,766</u>	<u>91,236</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 438,898</u>	<u>\$ 51,352</u>	<u>\$ 115,756</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.



<u>Business-Type Activities-- Enterprise Funds</u>		
<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
\$ 16,664	\$ 19,970	\$ 5,254
-	111,291	-
-	14,544	-
2,463	2,463	-
-	2,913	-
<u>19,127</u>	<u>151,181</u>	<u>5,254</u>
9,680	45,395	1,020
103	18,887	-
2,282	53,352	87
1,475	29,793	-
2,800	2,800	-
3,484	20,574	4,210
<u>19,824</u>	<u>170,601</u>	<u>5,317</u>
(697)	(19,620)	(63)
65	5,034	-
-	34,412	-
-	62	-
-	(252)	-
(660)	(46,789)	-
111	165	62
(668)	(1,780)	(162)
-	(2,080)	-
<u>(1,152)</u>	<u>(11,228)</u>	<u>(100)</u>
(1,849)	(30,848)	(163)
8,238	48,110	-
200	1,939	-
<u>(1,741)</u>	<u>(1,741)</u>	<u>-</u>
4,848	17,460	(163)
<u>144,361</u>	<u>2,908</u>	<u>2,908</u>
<u>\$ 149,209</u>	<u>\$ 2,745</u>	<u>\$ 2,745</u>
	144	
	<u>\$ 17,604</u>	

**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, 2003**  
(Amounts in Thousands)

	Total Enterprise Funds	Business-Type Activities Internal Service Funds	Business-Type Activities Statement of Activities
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 19,970	\$ 400	\$ 20,370
Sewerage Service Charges	111,291	-	111,291
Sewerage Surcharges	14,544	-	14,544
Intergovernmental	2,463	-	2,463
Other	2,913	-	2,913
<b>TOTAL OPERATING REVENUES</b>	<u>151,181</u>	<u>400</u>	<u>151,581</u>
<b>OPERATING EXPENSES</b>			
Personnel Services	45,395	-	45,395
Utilities, Fuel and Supplies	18,887	-	18,887
Depreciation and Amortization	53,352	-	53,352
Purchased Services	29,793	-	29,793
Litigation Judgment Expense	2,800	-	2,800
Other	20,574	249	20,823
<b>TOTAL OPERATING EXPENSES</b>	<u>170,801</u>	<u>249</u>	<u>171,050</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(19,620)</u>	<u>151</u>	<u>(19,469)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Income	5,034	-	5,034
Sales and Use Tax	34,412	-	34,412
Gain on Disposal of Property, Plant and Equipment	62	-	62
Loss on Disposal of Property, Plant and Equipment	(252)	-	(252)
Interest Expense	(46,789)	-	(46,789)
Increase in Fair Value of Equity in Pooled Cash and Investments	165	-	165
Decrease in Fair Value of Equity in Pooled Cash and Investments	(1,780)	(7)	(1,787)
Change in Fair Value of MSD Investments	(2,080)	-	(2,080)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(11,228)</u>	<u>(7)</u>	<u>(11,235)</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>(30,848)</u>	<u>144</u>	<u>(30,704)</u>
Capital Contributions	48,110	-	48,110
Transfers In	1,939	-	1,939
Transfers Out	(1,741)	-	(1,741)
<b>CHANGE IN NET ASSETS</b>	<u>17,460</u>	<u>144</u>	<u>17,604</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>737,755</u>	<u>7</u>	<u>737,762</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 755,215</u>	<u>\$ 151</u>	<u>\$ 755,366</u>

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, 2003**  
(Amounts in Thousands)

	<b>Business-Type Activities—Enterprise Funds</b>		
	<b>Metro Sewer District</b>	<b>Paul Brown Stadium</b>	<b>Baseball Stadium</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Customers and Users	\$ 126,110	\$ 487	\$ 3,110
Cash Received from Interfund Services Provided	-	-	-
Cash Payments to Suppliers for Goods and Services	(44,968)	(14,388)	(2,994)
Cash Payments for Interfund Services Provided	-	-	-
Cash Payments for Personnel Costs	(33,910)	(1,742)	(251)
Other Operating Revenue	3,024	-	1
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>50,256</b>	<b>(15,643)</b>	<b>(134)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from Other Funds	-	-	1,739
Transfers to Other Funds	-	-	-
Negative Cash Balance Implicitly Financed from the General Fund	-	-	-
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>1,739</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Sales and Use Tax	-	17,493	16,919
Principal Payments on Long-Term Debt	(146,609)	(1,273)	(3,602)
Interest Payments on Long-Term Debt	(28,645)	(16,591)	(4,893)
Loan Proceeds	906	-	-
Revenue Bond Proceeds	238,595	-	-
Revenue Bond Issuance Costs	(2,253)	-	-
Tap-in Fees	4,623	-	-
Capital Contributions	7,060	10,420	22,392
Acquisition and Construction of Property, Plant and Equipment	(58,897)	48	(76,891)
Proceeds from Sale of Equipment	62	-	-
<b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>14,842</b>	<b>10,097</b>	<b>(46,075)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Government Securities	(280,971)	-	-
Maturity or Redemption of Governmental Securities	195,427	-	-
Interest on Investments and Pooled Cash and Investments	4,612	266	50
Increase in Fair Value of Equity in Pooled Cash and Investments	-	25	29
Decrease in Fair Value of Equity in Pooled Cash and Investments	-	(167)	(945)
Change in Fair Value of MSD Cash Equivalents—Segregated Accounts	(356)	-	-
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(81,288)</b>	<b>124</b>	<b>(866)</b>
Net Increase (Decrease) in Cash and Equity in Pooled Cash and Investments	(16,190)	(5,422)	(45,336)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>62,926</b>	<b>10,882</b>	<b>55,089</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 46,736</b>	<b>\$ 5,460</b>	<b>\$ 9,753</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ 20,721	\$ (31,303)	\$ (8,341)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	27,864	15,452	7,754
Net Changes in Operating Assets and Liabilities:			
Accounts Receivable	275	115	7
Intergovernmental Receivables	-	-	-
Due from Other Funds	-	-	-
Prepaid Expenses	16	-	-
Other Assets	151	-	-
Operating Accounts Payable	1,540	(32)	48
Accrued Payroll and Other Related Withholdings	74	6	(2)
Litigation Judgment Payable	-	-	-
Compensated Absences	(385)	119	-
Due to Other Funds	-	-	400
Estimated Future Claims	-	-	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 50,256</b>	<b>\$ (15,643)</b>	<b>\$ (134)</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>			
Equity in Pooled Cash and Investments	\$ -	\$ 4,020	\$ 4,636
Cash and Cash Equivalents—Segregated Accounts	13,187	60	2,882
Restricted Cash, Cash Equivalents and Pooled Investments Held by City of Cincinnati:			
Construction Account	10,661	-	-
Amount to Be Transferred to Surplus Account	9,223	-	-
Restricted Cash and Cash Equivalents Held by Trustees	13,665	1,380	2,235
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>\$ 46,736</b>	<b>\$ 5,460</b>	<b>\$ 9,753</b>
<b>NONCASH INVESTING AND FINANCING TRANSACTIONS</b>			
Structures Donated as Contributed Capital in Aid of Construction	\$ 1,972	\$ -	\$ -
<b>TOTAL NONCASH INVESTING AND FINANCING TRANSACTIONS</b>	<b>\$ 1,972</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to the basic financial statements.

Business-Type Activities—Enterprise Funds		
Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 16,508	\$ 146,215	\$ -
-	-	4,854
(4,876)	(67,226)	(668)
-	-	(2,228)
(9,832)	(45,735)	(1,010)
-	3,025	-
<u>1,800</u>	<u>36,279</u>	<u>948</u>
200	1,939	-
(1,741)	(1,741)	-
99	99	-
<u>(1,442)</u>	<u>297</u>	<u>-</u>
-	34,412	-
(480)	(151,964)	-
(959)	(51,088)	-
-	906	-
-	238,595	-
-	(2,253)	-
-	4,523	-
8,238	48,110	-
(29,824)	(165,564)	(13)
-	62	-
<u>(23,025)</u>	<u>(44,161)</u>	<u>(13)</u>
-	(280,971)	-
-	195,427	-
65	4,993	-
111	165	62
(668)	(1,780)	(162)
-	(356)	-
<u>(492)</u>	<u>(62,522)</u>	<u>(100)</u>
(23,159)	(90,107)	835
41,377	170,274	9,097
<u>\$ 18,218</u>	<u>\$ 80,167</u>	<u>\$ 9,932</u>
\$ (697)	\$ (19,620)	\$ (63)
2,282	53,352	87
(39)	358	-
(2,580)	(2,580)	-
3	3	(400)
-	16	-
-	151	-
182	1,738	34
25	103	4
2,800	2,800	-
(176)	(442)	5
-	400	-
-	-	1,281
<u>\$ 1,800</u>	<u>\$ 36,279</u>	<u>\$ 948</u>
\$ 17,768	\$ 26,424	\$ 9,932
450	16,579	-
-	10,661	-
-	9,223	-
-	17,280	-
<u>\$ 18,218</u>	<u>\$ 80,167</u>	<u>\$ 9,932</u>
\$ -	\$ 1,972	\$ -
\$ -	\$ 1,972	\$ -

**COUNTY OF HAMILTON, OHIO**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**DECEMBER 31, 2003**  
 (Amounts in Thousands)

	<u>Agency</u>
<b>ASSETS</b>	
Equity in Pooled Cash and Investments	\$ 72,518
Cash and Cash Equivalents—Segregated Accounts	31,632
Real and Other Taxes Receivable	955,595
<b>TOTAL ASSETS</b>	<b>\$ 1,059,745</b>
<b>LIABILITIES</b>	
Intergovernmental Payable	\$ 69,268
Future Tax Collections to Be Distributed	955,595
Other Current Liabilities	34,882
<b>TOTAL LIABILITIES</b>	<b>\$ 1,059,745</b>

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, 2003  
(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 County's taxing authority, its primary contracting body and the chief administrators of many of its public services. 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 township representatives appointed by the Board of County Commissioners, 1 municipality representative appointed by the Board of County Commissioners, 1 municipal planning commission representative elected by municipal planning commissions and 1 City of Cincinnati representative 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 Rotary nonmajor enterprise 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 with uses restricted to particular purposes.

**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 (1) revenue received from stadium tenants and (2) the operations of the stadium.

*Baseball Stadium* fund accounts for revenue received for the construction and operations of the 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 (1) the Auditor's computer center and (2) workers' compensation for County employees and construction workers for the stadiums.

Certain funds were reclassified to realign them with their stated purpose.

**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; as agent for 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, 2003, but which were levied to finance year 2004 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) an intergovernmental loan receivable, (2) delinquent property taxes, (3) grants for which eligibility requirements have been met and (4) special assessments.

**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 2003 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 2003, 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, 2003. (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 2003 amounted to \$16,973, which includes \$108 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, 2003, 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 \$1,177 at December 31, 2003.

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 column 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 capital 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, 2003. 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 and roads that were acquired or that received

substantial improvements subsequent to January 1, 1980, and are reported at estimated historical cost using deflated replacement cost.

Any material gain or loss arising from the disposal of capital assets for proprietary funds has been credited or charged to income or expense of the respective fund. Any material 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. Immaterial amounts are part of the depreciation expense for the year.

#### **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 activities of the proprietary funds. For the County, these revenues are charges for services for wastewater treatment, stadium rental income, lease income, parking fees, and charges to political subdivisions and County departments for services provided by the County, including the costs of providing law enforcement staff, computer services, emergency communications and workers' compensation coverage. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. These expenses include personnel, utilities and supplies, depreciation, purchased services and litigation judgment expense. 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 capital 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 2003, the County implemented the final phase of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. This requires the



reporting of all infrastructure assets related to acquisition and improvements of County roads between January 1, 1980, and December 31, 2001.

## B. Restatement of Net Assets

Due to the final phase of implementation of GASB 34, the prior-year governmental net asset total was restated, as detailed below:

Governmental Activities Net Assets, December 31, 2002	\$ 417,100
Capital Assets	383,093
Governmental Activities Net Assets, December 31, 2002	<u>\$ 800,193</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:

	General Fund	Public Assistance	Health and Human Services Levies
<u>Excess (Deficiency) of Revenues Over (Under) Expenditures</u>			
<i>GAAP Basis</i>	\$ 12,421	\$ (4,796)	\$ 389
Increase (Decrease):			
Accrued Receivables 12/31/03 Not Recognized in 2003 Budget	(60,085)	(17,917)	(200,688)
Accrued Receivables 12/31/02 Recognized in 2002 Budget	58,839	10,599	204,761
Expenditures Accrued as Liabilities 12/31/03 Not Recognized in 2003 Budget	51,202	20,421	201,600
Expenditures Accrued as Liabilities 12/31/02 Recognized in 2002 Budget	(50,055)	(10,587)	(197,742)
Negative Cash Balance Implicitly Financed from the General Fund	99	-	-
Negative Cash Balance Implicitly Financed from the Health and Human Services Levies Fund	-	-	8,601
Prior-Year Expenditures	13,897	7,522	2,698
Encumbrances	(18,121)	(11,425)	(13,704)
<i>Basis of Budgeting</i>	<u>\$ 8,197</u>	<u>\$ (6,183)</u>	<u>\$ 5,915</u>

### B. Accountability

The Main Street Parking Garage nonmajor enterprise fund contained a deficit balance of (\$470) 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 (\$4,100) as of December 31, 2003. This was caused by the nature of the grants, which require reimbursement from the grantor for allowable expenditures.

The nonmajor Capital Projects fund had a deficit fund balance of (\$1,379) as of December 31, 2003. Hamilton County initially finances capital projects with advances from the General Fund and determines final funding at the conclusion of a project. The funding source to pay the advances has not yet been determined for projects in progress. Thus, the final funding has not been provided to this fund, which resulted in a deficit fund balance.

#### 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 \$1,015 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 \$53,333 and the bank balance was \$74,869. Of the bank balance, \$23,990 was covered by federal depository insurance or by collateral held by

the County's agent in the County's name. The remaining balance of \$50,879 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, 2003, the County's investment balances were as follows:

Investments	Category			Carrying Amount	Fair Value
	1	2	3		
Federal Securities	\$ 285,001	\$ -	\$ -	\$ 285,001	\$ 285,001
Repurchase Agreements	83,450	-	-	83,450	83,450
Investment in STAR Ohio	-	-	-	752	752
Money Market Fund—Trustee	-	-	-	3,615	3,615
Total County Investments	\$ 368,451	\$ -	\$ -	\$ 372,818	\$ 372,818

**Deposits—MSD.** At December 31, 2003, the carrying amount of MSD's deposits held by the City totaled \$33,071. 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, 2003, MSD investment balances were as follows:

Investments	Category			Carrying Amount	Fair Value
	1	2	3		
U.S. Government Securities	\$ 196,065	\$ -	\$ -	\$ 196,065	\$ 196,065
Money Market Funds	-	-	-	13,665	13,665
Total	\$ 196,065	\$ -	\$ -	\$ 209,730	\$ 209,730

**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	\$ 86,404	Equity in Pooled Cash and Investments	\$ 387,282
Carrying Amount of Investments	<u>582,548</u>	Cash and Cash Equivalents—Segregated Accounts	48,441
Total	<u>\$ 668,952</u>	Cash and Cash Equivalents—Restricted	37,164
		Investments—Restricted	<u>196,065</u>
		Total	<u>\$ 668,952</u>

## B. Receivables

Receivables at December 31, 2003, 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 2003 tax collection was based is as follows:

Real Property—2003 Valuation:	
Residential/Agricultural	\$ 11,388,562
Commercial/Industrial/Public Utilities	4,700,136
Tangible Personal Property—2003 Valuation:	
Tangible Personal Property	1,712,460
Public Utility Personal Property	<u>743,825</u>
Total Valuation	<u>\$ 18,544,983</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 18.58 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 <sup>(1)</sup>	Rates Levied for Current Year Collection <sup>(2)</sup>		Final Collection Year
		Residential/ Agricultural	Commercial/ Industrial	
Debt Service (Museum Center)	0.15	0.15	0.15	2009
Drake Center	1.59	0.82	1.09	2004
University Hospital	5.39	2.16	3.06	2006
Police Information Center	0.54	0.18	0.27	Continuing
Police Information Center	0.29	0.22	0.25	2003
Mental Retardation	3.53	2.57	3.04	2004
Mental Health	2.74	1.47	1.85	2007
Children's Services	2.77	1.98	2.39	2006
Zoo	0.42	0.32	0.36	2003
Senior Services	1.16	0.91	1.01	2007
Total Voted Millage	<u>18.58</u>	<u>10.78</u>	<u>13.47</u>	

<sup>(1)</sup>dollar amount per \$1,000 of assessed valuation

<sup>(2)</sup>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 2003, this represented a 3.83% 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 23% 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. Under current statutes, the exemption reimbursement will be phased out over 10 years, starting in 2003. 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 2003:

General Fund	\$ 37,063
Health and Human Services Levies Fund	205,104
Nonmajor Special Revenue Fund	9
Nonmajor Debt Service Funds	2,918
Total Property Tax Revenues	<u>\$ 245,094</u>

Property tax revenues include levies collected from both the current levy and delinquent levies. The cumulative delinquency as of December 31, 2003, was \$14,308 of real and public utility taxes and \$7,438 of tangible personal property taxes, for a total of \$21,746. 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, 2003, follows.

<u>Governmental Activities</u>	<u>Amount</u>
<b>General Fund:</b>	
County Permissive Sales Tax	\$ 10,003
Income Tax Local Government	5,746
Sale of Real Estate	134
Sheriff— Boarding Federal Prisoners	52
Juvenile Court—Educational Subsidy	57
Juvenile Court—State Children's Service Subsidy	6
Juvenile Court—Federal Grants	29
Probate Court—Reimbursement from State Probate	51
Sheriff—Miscellaneous Reimbursements	5
Juvenile Court—Miscellaneous Receipts and Reimbursements	107
Common Pleas Court—Miscellaneous Receipts	3
Probate Court—Miscellaneous Receipts	57
Clerk of Courts—Miscellaneous Receipts	821
Public Defender—Miscellaneous Reimbursements	314
Adult Probation—Miscellaneous Receipts and Reimbursements	59
Total General Fund	<u>17,444</u>
<b>Special Assistance—Special Revenue Fund:</b>	
Job and Family Services—Federal Grants	17,216
Special Assistance Total	<u>17,216</u>
<b>Health and Human Services Levies—Special Revenue Fund:</b>	
Board of Mental Retardation and Developmental Disabilities—Educational Subsidy	326
Board of Mental Retardation and Developmental Disabilities—Health Grants	3
Board of Mental Retardation and Developmental Disabilities—Federal Grants	3,912
Board of Mental Retardation and Developmental Disabilities—State Grants	808
CLEAR—Reimbursement	663
Health and Hospitalization Levy—Miscellaneous Receipts	437
Health and Human Services Levies Total	<u>6,149</u>
<b>Nonmajor Special Revenue Funds:</b>	
Motor Vehicle License Tax	622
County Permissive Auto Tax City	165
County Permissive Auto Tax County	92
Community Development—Federal Grants	3,953
Sheriff—Federal Grants	1
Sheriff—State Grants	138
Prosecutor—Federal Grants	8
Emergency Management Agency—Federal Grants	64
Emergency Management Agency—State Grants	242
Children's Trust Fund—State Grants	275
River City Correctional Center—State Grants	4,653
Juvenile Court—State Grants	311
Juvenile Court—Youth Service Subsidy	870
Adult Probation—State Grants	997
Environmental Services—Federal Grants	1,863
Environmental Services—State Grants	340
Community Mental Health Board—Health Grants	49
Community Mental Health Board—Federal Grants	17,447

Community Mental Health Board—State Grants	25
Alcohol and Drug Addiction Services Board—Federal Grants	3,397
Alcohol and Drug Addiction Services Board—State Grants	1,079
Transportation Improvement District—State Grants	250
Water Rotary—Miscellaneous Reimbursements	1,125
Dog Warden—Miscellaneous Receipts	4
Prosecutor—Miscellaneous Receipts	5
Juvenile Court—Miscellaneous Receipts	6
Common Pleas Court—Miscellaneous Receipts	168
Municipal Court—Miscellaneous Receipts	22
Probate Court—Miscellaneous Receipts	27
Clerk of Courts—Miscellaneous Receipts	5
Adult Probation—Miscellaneous Receipts and Reimbursements	34
Engineer—Miscellaneous Receipts and Reimbursements	24
Environmental Services—Miscellaneous Receipts	15
Alcohol and Drug Addiction Services Board—Miscellaneous Receipts	90
Nonmajor Special Revenue Funds Total	<u>38,366</u>
Governmental Activities Total	<u>\$ 79,175</u>

<u>Business-Type Activities</u>	<u>Amount</u>
Nonmajor Enterprise Funds:	
Riverfront Development—Reimbursement of Labor and Materials	\$ 2,463
Sheriff—Township Patrol Fees	501
Communications Center—Communications Services	647
Business-Type Activities Total	<u>\$ 3,611</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 (\$2,143) 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 totaled \$6,326 at December 31, 2003, and are included in Equity in Pooled Cash and Investments on the Balance Sheet—Governmental Funds.

In 2003, the County loaned \$2,000 to the Village of Woodlawn for the purpose of constructing a community center. The Village will repay the loan in annual payments from 2003 to 2009 at an interest rate of 3%. The receivable as of December 31, 2003 (\$1,999), is reported as Loans to Political Subdivisions in 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	\$ 10,661
Amount to Be Transferred to Surplus Account	9,223
Held by Trustees	<u>17,280</u>
Total Restricted Cash and Cash Equivalents	<u>37,164</u>
Restricted Investments:	
Held by Trustees—Held to Maturity	<u>196,065</u>
Total Restricted Assets	<u>\$ 233,229</u>

## D. Capital Assets

Capital asset activity for the year ended December 31, 2003, was as follows:

	Balance 12/31/2002	Additions	Reductions	Balance 12/31/2003
<b>Governmental Activities</b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land and Improvements	\$ 104,759	\$ -	\$ (3,981)	\$ 100,778
Construction in Progress	8,064	10,849	(9,920)	8,993
<b>Total Capital Assets Not Being Depreciated</b>	<b>112,823</b>	<b>10,849</b>	<b>(13,901)</b>	<b>109,771</b>
<b>Capital Assets Being Depreciated:</b>				
Buildings, Structures and Improvements	374,237	12,081	(11,667)	374,651
Infrastructure	644,402	1,597	-	645,999
Furniture, Fixtures and Equipment	78,383	10,126	(8,900)	79,609
<b>Total Capital Assets Being Depreciated</b>	<b>1,097,022</b>	<b>23,804</b>	<b>(20,567)</b>	<b>1,100,259</b>
<b>Less Accumulated Depreciation:</b>				
Buildings, Structures and Improvements	(187,729)	(10,455)	4,106	(194,078)
Infrastructure	(254,859)	(29,310)	-	(284,169)
Furniture, Fixtures and Equipment	(60,195)	(9,391)	6,196	(63,390)
<b>Total Accumulated Depreciation</b>	<b>(502,783)</b>	<b>(49,156)</b>	<b>10,302</b>	<b>(541,637)</b>
<b>Capital Assets Being Depreciated, Net</b>	<b>594,239</b>	<b>(25,352)</b>	<b>(10,265)</b>	<b>558,622</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 707,062</b>	<b>\$ (14,503)</b>	<b>\$ (24,166)</b>	<b>\$ 668,393</b>
<b>Business-Type Activities</b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 74,688	\$ 19,265	\$ -	\$ 93,953
Construction in Progress	558,785	121,256	(417,526)	262,515
<b>Total Capital Assets Not Being Depreciated</b>	<b>633,473</b>	<b>140,521</b>	<b>(417,526)</b>	<b>356,468</b>
<b>Capital Assets Being Depreciated:</b>				
Buildings, Structures and Improvements	1,041,222	423,064	(10)	1,464,276
Processing System	257,417	2,028	(604)	258,841
Furniture, Fixtures and Equipment	51,096	3,230	(3,936)	50,390
<b>Total Capital Assets Being Depreciated</b>	<b>1,349,735</b>	<b>428,322</b>	<b>(4,550)</b>	<b>1,773,507</b>
<b>Less Accumulated Depreciation:</b>				
Buildings, Structures and Improvements	(302,943)	(39,027)	1	(341,969)
Processing System	(118,472)	(9,734)	-	(128,206)
Furniture, Fixtures and Equipment	(20,375)	(3,843)	612	(23,606)
<b>Total Accumulated Depreciation</b>	<b>(441,790)</b>	<b>(52,604)</b>	<b>613</b>	<b>(493,781)</b>
<b>Capital Assets Being Depreciated, Net</b>	<b>907,945</b>	<b>375,718</b>	<b>(3,937)</b>	<b>1,279,726</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 1,541,418</b>	<b>\$ 516,239</b>	<b>\$ (421,463)</b>	<b>\$ 1,636,194</b>

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

Depreciation expense was charged to functions/funds as follows:

<b>Governmental Activities</b>	
General Government	\$ 4,199
Judicial	724
Public Safety	6,132
Social Services	(28)
Health	(1,033)
Public Works	29,720
Environmental Control	(869)
Economic Development	9
<b>Total Depreciation Expense</b>	<b>\$ 38,854</b>



<u>Business-Type Activities</u>	
MSD	\$ 26,503
Paul Brown Stadium	15,452
Baseball Stadium	7,754
Nonmajor Enterprise Funds	2,282
Total Depreciation Expense	<u>\$ 51,991</u>

### E. Interfund Balances and Transfers

Interfund balances at December 31, 2003, 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 (\$99) in the Communications Center nonmajor enterprise fund and (2) the Health and Human Services Levies fund's coverage of the negative cash balance of (\$8,601) 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	\$ 132	\$ 2	\$ -	\$ 11	\$ 144	\$ -	\$ 289
Health and Human Services Levies	10	698	-	-	-	-	708
Nonmajor Governmental Funds	139	1	8,887	1,711	5	-	10,743
Baseball Stadium	-	-	-	-	-	400	400
Nonmajor Enterprise Funds	99	-	-	-	-	-	99
Total	<u>\$ 380</u>	<u>\$ 701</u>	<u>\$ 8,887</u>	<u>\$ 1,722</u>	<u>\$ 149</u>	<u>\$ 400</u>	<u>\$ 12,239</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 \$6,202, 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 residual equity transfers between funds. Residual transfers were made between funds in the nonmajor Motor Vehicle Gas Tax special revenue fund group (\$1,621); from the nonmajor Health and Community Services Nongrants special revenue fund group into the nonmajor Capital Projects fund group (\$30); between funds in the nonmajor Capital Projects fund group (\$33); from the nonmajor Capital Projects fund group into the nonmajor Motor Vehicle Gas Tax special revenue fund group (\$4,099); from the nonmajor Capital Projects fund group into the General Fund (\$136); from the Cinergy nonmajor enterprise fund into the General Fund (\$1,739); from the General Fund into the Baseball Stadium enterprise fund (\$1,739); and from the Communications Center nonmajor enterprise fund into the General Fund (\$2).

Interfund transfers for the year ended December 31, 2003, consisted of the following:

Transfers In	Transfers Out				Total
	General Fund	Health and Human Services Levies	Nonmajor Governmental Funds	Nonmajor Enterprise Fund	
General Fund	\$ -	\$ -	\$ 136	\$ 1,741	\$ 1,877
Public Assistance	1,747	-	-	-	1,747
Nonmajor Governmental Funds	17,035	6,706	7,665	-	31,406
Baseball Stadium	1,739	-	-	-	1,739
Nonmajor Enterprise Funds	200	-	-	-	200
Total	<u>\$ 20,721</u>	<u>\$ 6,706</u>	<u>\$ 7,801</u>	<u>\$ 1,741</u>	<u>\$ 36,969</u>

## F. Long-Term Debt and Other Obligations

The long-term obligations of the County payable as of December 31, 2003, are as follows:

Governmental Activities		Maturity	Interest Rate %	Balance 1/1/2003	Additions	Reductions	Balance 12/31/2003	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	\$ 17,360	\$ -	\$ (2,250)	\$ 15,110	\$ 2,320	
<u>General Obligation Bonds—Unvoted</u>								
1985 County Justice Complex—\$6,750	2005	8.875	1,015	-	(340)	675	335	
1985 Convention Center—\$16,000	2005	8.25	2,400	-	(800)	1,600	800	
1986 Administration Building—\$9,900	2007	5.875	2,475	-	(495)	1,980	495	
1987 Courthouse Improvement—\$2,000	2007	5.75	500	-	(100)	400	100	
1993 County Building Acquisition—\$7,755	2013	2.50-5.00	5,095	-	(360)	4,735	380	
1993 Courthouse Improvement Refunding—\$8,680	2011	2.00-5.00	6,375	-	(755)	5,620	745	
1993 Various Purpose—\$44,480	2014	5.00-5.10	29,405	-	(2,075)	27,330	2,130	
1995 County Building Renovation—\$8,390	2015	6.10-6.25	5,455	-	(420)	5,035	420	
1995 Water West Phase 1A—\$4,770	2015	5.40-5.55	3,580	-	(205)	3,375	210	
1996 Various Purpose—\$5,990	2016	4.80-5.00	4,435	-	(280)	4,155	280	
1996 Building Improve. Series 1996—\$2,650	2011	5.25-5.35	1,590	-	(175)	1,415	180	
1997 Various Purpose Series 1997—\$9,055	2017	5.35-5.50	7,520	-	(350)	7,170	365	
1997 Building Improve. Series 1997 B—\$24,850	2017	5.10-5.25	20,955	-	(920)	20,035	970	
1998 Courthouse Improvement—\$16,045	2018	4.75-4.90	14,000	-	(580)	13,420	610	
1998 Building Improvement—\$12,495	2018	4.80-5.00	10,800	-	(465)	10,335	490	
2001 Various Purpose—\$9,050	2012	3.00-4.00	8,160	-	(890)	7,270	870	
2001 Various Purpose—\$1,455	2021	3.00-5.00	1,405	-	(50)	1,355	55	
2001 Water West Phase 2—\$1,660	2021	3.00-5.00	1,605	-	(50)	1,545	60	
Total General Obligation Bonds—Unvoted			126,770	-	(9,320)	117,450	9,495	
<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>								
1983 Sewer District—\$161	2003	9.125	10	-	(10)	-	-	
1985 Sewer District—\$675	2005	8.375	105	-	(35)	70	35	
1987 Sewer District—\$395	2007	7.125	95	-	(20)	75	20	
1988 Sewer District—\$416	2008	7.25	125	-	(20)	105	20	
1990 Sewer District—\$410	2010	6.9	235	-	(25)	210	25	
1993 Sewer District—\$600	2013	4.90-5.20	400	-	(30)	370	30	
1994 Sewer District—\$175	2014	5.75	110	-	(10)	100	10	
1995 Sewer District—\$210	2015	5.10-5.80	165	-	(10)	155	10	
1996 Sewer District—\$445	2016	5.55-5.625	355	-	(20)	335	20	
1997 Sewer District—\$340	2017	5.125-5.30	290	-	(15)	275	15	
1998 Sewer District—\$705	2018	4.65-4.75	610	-	(25)	585	30	
1999 Sewer District—\$170	2019	5.5	155	-	(5)	150	5	
2000 Sewer District—\$545	2020	5.40-5.55	510	-	(20)	490	20	
2001 Sewer District—\$150	2021	4.00-5.10	145	-	(5)	140	5	
2002 Sewer District—\$295	2022	3.50-5.05	295	-	(10)	285	10	
2003 Sewer District—\$460	2023	1.25-5.75	-	460	-	460	15	
Total Special Assessment Bonds			3,605	460	(260)	3,805	270	
Total Governmental Long-Term Debt			167,225	460	(11,830)	155,855	12,085	
<u>Other Long-Term Liabilities</u>								
<u>Compensated Absences</u>								
			35,495	23,020	(20,774)	37,741	2,184	
<u>Loan Contracts</u>								
			5,601	-	(220)	5,381	185	
Total Governmental Long-Term Liabilities			\$ 208,321	\$ 23,480	\$ (32,824)	\$ 198,977	\$ 14,454	

Business-Type 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>MSD Obligations</u>								
2003 Series B Revenue Bonds—\$55,510	2028	1.50-5.25	\$ -	\$ 55,510	\$ -	\$ 55,510	\$ 1,875	
2003 Series A Revenue Bonds—\$160,065	2028	1.50-5.25	-	160,065	-	160,065	495	
2001 Series A Revenue Bonds—\$76,000	2026	2.30-5.25	71,205	-	(5,225)	65,980	5,470	
2000 Series A Revenue Bonds—\$40,085	2025	4.50-5.75	38,395	-	(905)	37,490	950	
1997 Series A Revenue Bonds—\$105,245	2017	3.85-5.13	87,355	-	(4,075)	83,280	4,280	
1995 Series A Revenue Bonds—\$85,800	2017	3.70-6.05	64,590	-	(21,285)	43,305	4,410	
1993 Series A Revenue Bonds—\$171,790	2016	2.45-5.60	159,340	-	(113,995)	45,345	-	
Ohio Water Development Authority Contracts (OWDA)—\$41,830	2019	2.00-7.49	1,335	-	(174)	1,161	99	
Ohio Water and Sewer Rotary Commission	-	-	50	-	-	50	-	
Ohio Public Works Commission (OPWC)	2017	3.54-4.80	4,440	-	(241)	4,199	246	
Water Pollution Control Loan Fund (WPCLF) Construction Drawdown	2018	0.00-3.00	12,128	906	(709)	12,325	775	
<u>Deferred Amounts:</u>								
For Issuance Discounts			(4,220)	-	3,063	(1,157)	-	
For Issuance Premiums			1,685	22,196	(824)	23,057	-	
For Refundings			-	(7,154)	460	(6,694)	-	
<b>Total MSD Obligations</b>			<b>436,303</b>	<b>231,523</b>	<b>(143,910)</b>	<b>523,916</b>	<b>18,600</b>	
<u>Enterprise Fund Debt—Parking Facility</u>								
2001 Parking Facility—\$24,500	2026	Market Value Based	24,500	-	(480)	24,020	510	
<u>Sales Tax Bonds</u>								
1998 Football Project Series A—\$71,610	2027	3.95-4.75	58,855	-	-	58,855	-	
1998 Football Project Series B—\$272,855	2027	4.20-5.50	212,250	-	(420)	211,830	-	
2000 Stadium Series B—\$349,992	2032	5.57	349,992	-	(4,455)	345,537	6,100	
<b>Total Sales Tax Bonds</b>			<b>621,097</b>	<b>-</b>	<b>(4,875)</b>	<b>616,222</b>	<b>6,100</b>	
<u>General Obligation—Parking Facility</u>								
1998 Parking Facility—\$10,090	2024	4.15-5.00	9,380	-	(260)	9,120	265	
<b>Total Business-Type Long-Term Debt</b>			<b>1,091,280</b>	<b>231,523</b>	<b>(149,525)</b>	<b>1,173,278</b>	<b>25,475</b>	
<u>Other Long-Term Liabilities</u>								
<b>Compensated Absences</b>			<b>7,058</b>	<b>4,832</b>	<b>(5,274)</b>	<b>6,616</b>	<b>-</b>	
<b>Total Business-Type Long-Term Liabilities</b>			<b>\$ 1,098,338</b>	<b>\$236,355</b>	<b>\$(154,799)</b>	<b>\$1,179,894</b>	<b>\$ 25,475</b>	

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
2004	\$ 11,815	\$ 6,526	\$ -	\$ 926	\$ 270	\$ 207
2005	12,060	5,951	-	926	275	187
2006	11,230	5,356	19,490	926	235	171
2007	11,515	4,836	-	-	245	158
2008	11,255	4,294	-	-	255	145
2009-2013	47,635	13,843	-	-	1,200	531
2014-2018	26,405	3,749	-	-	965	239
2019-2023	645	66	-	-	360	48
<b>Total</b>	<b>\$132,560</b>	<b>\$44,621</b>	<b>\$19,490</b>	<b>\$2,778</b>	<b>\$3,805</b>	<b>\$1,686</b>

Year	Business-Type Activities					
	MSD*		General Obligation Bonds**		Sales Tax Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 18,600	\$ 25,310	\$ 775	\$ 721	\$ 6,100	\$ 29,586
2005	21,497	24,560	815	704	4,000	29,280
2006	22,641	23,687	865	686	5,125	29,100
2007	23,585	22,638	910	666	6,545	28,864
2008	24,813	21,526	960	646	8,000	28,513
2009-2013	143,466	88,185	5,660	2,886	57,625	134,862
2014-2018	149,847	49,193	6,465	2,197	100,090	115,183
2019-2023	56,180	23,016	8,965	1,414	118,182	127,182
2024-2028	59,017	8,405	7,725	255	122,401	153,728
2029-2033	-	-	-	-	188,154	25,346
Total	\$519,646	\$286,520	\$33,140	\$10,175	\$616,222	\$701,644

\*Amounts are the total loan amounts, \$10,936 of which has not been drawn down or finalized (related to 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, 2003, was 1.22%. Using this rate as a basis, the projected interest to be paid on this bond issue will be \$4,246.

**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 \$462,125. The total County debt subject to this limitation is \$117,956, leaving a borrowing capacity of \$344,169 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 \$185,450. The total County debt subject to such limitation is \$102,846, leaving a borrowing capacity of \$82,604 within the 1% limitation for unvoted non-exempt debt.

**2003 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 2003, new special assessment bonds were issued in the amount of \$460, with a final maturity date of December 1, 2023. These bonds carry interest rates ranging from 1.25% to 5.75%.

**Series A and B Revenue Bonds.** Effective July 9, 2003, and September 4, 2003, MSD issued \$160,065 Series A, dated June 1, 2003, and \$55,510 Series B, dated September 1, 2003, respectively, County of Hamilton, Ohio, Sewer System Improvement and Refunding Revenue bonds. The proceeds from the 2003 bonds were used to permanently fund certain previous capital expenditures, defease portions of the 1993 and 1995 Series A bond issues, provide funds for new projects, fund the new bond reserve requirement and pay for the cost of issuance. The 2003 bonds are special obligations of MSD, payable solely from the net revenues of MSD and were issued on parity with the 1993, 1995, 1997, 2000 and 2001 Series A bonds, secured equally and ratable under the Trust Agreement. A portion of the proceeds was used to purchase U.S. government securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service to refund \$111,430 of outstanding 1993 Series A bonds and \$17,125 of outstanding 1995 Series A bonds. As a result, these bonds are considered

deceased and the liability for those bonds removed from the balance sheet. Although the advance refunding resulted in the recognition of an accounting loss of \$7,154 to be amortized over future periods in accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, MSD in effect reduced its aggregate debt service payments by \$19,250 and obtained an economic gain (difference between the present values of the old and the new debt service payments) of \$14,719. At December 31, 2003, the amount of deceased debt outstanding amounted to \$17,125 on the 1995 Series A 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 includes 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 Deceased Debt.** In prior years, the County has deceased 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 deceased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered deceased and is not included in the financial statements. At December 31, 2003, \$7,250 general obligation bonds, \$15,180 voted debt and \$73,330 of sales tax-supported bonds are considered deceased.

**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. Typically, the General Fund has been used to liquidate compensated absences liabilities.

At December 31, 2003, 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>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Vacation Leave	\$ 13,457	\$ 2,935
Sick Leave	23,459	3,371
Compensatory Time	825	310
Totals	<u>\$ 37,741</u>	<u>\$ 6,616</u>

**Operating Leases.** At December 31, 2003, 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 2003 amounted to \$3,098. Future rental obligations are as follows:

<u>Year Ending December 31</u>	<u>Operating Lease Payments</u>
2004	\$ 2,892
2005	2,884
2006	2,957
2007	972
2008	457
Total	<u>\$ 10,162</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:

Net Interest Cost	<u>MSD</u> \$ 24,302
Less: Interest Capitalization	(2,396)
Interest Expense	<u>\$ 21,906</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, 2003, amounted to \$5,381 and is reported as part of Long-Term Liabilities in the government-wide Statement of Net Assets.

<u>Year Ending December 31</u>	<u>Loan Contracts Payments</u>
2004	\$ 185
2005	185
2006	185
2007	185
2008	185
2009-2013	923
2014-2018	923
2019-2023	923
2024-2028	923
2029-2033	654
2034-2038	110
Total	<u>\$ 5,381</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, 2003, the aggregate principal amount outstanding for the above-referenced bonds was as follows:

Hospital Facilities	\$ 903,566
Health-Care Systems	76,605
Economic Development	108,150
Industrial Development	66,200
Multi-Family Housing	16,670
Total	<u>\$ 1,171,191</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, 2003, follows:

<u>Condensed Statement of Net Assets</u>	Riverfront Development	Main Street Parking Garage
Assets:		
Current Assets	\$ 13,668	\$ 431
Capital Assets	127,932	8,266
Total Assets	<u>141,600</u>	<u>8,697</u>
Liabilities:		
Current Liabilities	5,099	312
Noncurrent Liabilities	23,510	8,855
Total Liabilities	<u>28,609</u>	<u>9,167</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	103,912	(854)
Unrestricted	9,079	384
Total Net Assets	<u>\$ 112,991</u>	<u>\$ (470)</u>

<u>Condensed Statement of Revenues, Expenses and Changes in Fund Net Assets</u>	Riverfront Development	Main Street Parking Garage
Charges for Service	\$ 5,021	\$ 769
Intergovernmental Revenues	2,463	-
Depreciation and Amortization	(768)	(309)
Other Operating Expenses	(6,621)	(258)
Operating Income	<u>95</u>	<u>202</u>
Nonoperating Revenues (Expenses):		
Interest Expense	(257)	(403)
Net Decrease in Fair Value of Equity in Pooled Cash and Investments	(392)	(8)
Capital Contributions	8,238	-
Change in Net Assets	7,684	(209)
Net Assets at Beginning of Year	105,307	(261)
Net Assets at End of Year	<u>\$ 112,991</u>	<u>\$ (470)</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	\$ 1,305	\$ 543
Capital and Related Financing Activities	(19,492)	(699)
Investing Activities	(392)	(8)
Net Decrease	(18,579)	(164)
Cash and Cash Equivalents at Beginning of Year	29,741	585
Cash and Cash Equivalents at End of Year	<u>\$ 11,162</u>	<u>\$ 421</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 2002. 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, 2003, this amounted to \$2,945.

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>2003</u>	<u>2002</u>
Unpaid Claims at Beginning of Year	\$ 6,417	\$ 5,864
Incurred Claims (Including IBNRs)	3,928	3,298
Claim Payments	(2,593)	(2,718)
Unpaid Claims at End of Year	7,752	6,444
Less: Claims Payable, Current	(54)	(27)
Estimated Future Claims	<u>\$ 7,698</u>	<u>\$ 6,417</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 2003 were \$4,303. 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 2003 were \$2,203. In addition, the City's Municipal Garage provides gasoline and repairs vehicles for MSD. Fees for these services were \$1,101 for 2003.

### 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>
Baseball Stadium	\$ 345,385	\$ 26,262
Riverfront Development	129,748	6,154
Total	\$ 475,133	\$ 32,416

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 Ohio, 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.

On December 4, 2003, a Global Consent Decree was lodged with the U.S. District Court for the Southern District of Ohio, Western Division. This decree focuses on combined sewer overflows, the implementation of the Sanitary Sewer Overflow Correction plan established in the Interim Partial Consent Decree, and other wet weather issues. If approved, the program would cost about \$1.5 billion through 2022. The pending current decree documents are posted on the MSD website, msdgc.org, under current decree.

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 \$48,000 as of December 31, 2003.

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 \$12,000 (amount not in thousands) in 2003. 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.

OPERS administers three separate pension plans: (1) The Traditional Pension Plan is a cost-sharing, multiple-employer, defined-benefit pension plan. (2) The Member-Directed Plan is a defined-contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and vested employer contributions plus any investment earnings thereon. (3) The Combined Plan is a cost-sharing, multiple-employer, defined-benefit pension plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan. OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension Plan and the Combined Plan. Members of the Member-Directed Plan do not qualify for ancillary benefits.

STRS Ohio administers three separate pension plans: (1) The Defined Benefit Plan is a cost-sharing, multiple-employer, defined-benefit pension plan. The plan provides service retirement, disability and survivor benefits; cost-of-living adjustments; and retiree health-care benefits. (2) The Defined Contribution Plan is a defined-contribution plan in which members invest both member and employer contributions. These contributions represent 10% and 10.5% of the employee's annual salary, respectively. Retirement income is based on the performance of the investment options selected. Members of the Defined Contribution Plan do not qualify for ancillary benefits. (3) The Combined Plan is a cost-sharing, multiple-employer retirement plan that includes features of the Defined Benefit and Defined Contribution Plans. The member contribution rate of 10% of annual salary funds a defined-contribution account. The employer contributions fund the defined-benefit portion of the plan to pay for a combination of service retirement, disability, survivor and retiree health-care benefits.

CRS is a cost-sharing, multiple-employer, defined-benefit plan. The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

Benefits provided under the OPERS and STRS Ohio plans are established by the Ohio Revised Code. Benefits provided under the CRS plan are established by the Cincinnati Municipal Code.

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 43215-4642, 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 2003 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%	10.00%*
MSD and Other Eligible County	CRS	7.00%	7.00%
MSD Other Eligible	OPERS	13.55%	8.50%

\*The member contribution rate increased from 9.3% to 10.0% on July 1, 2003.

The County's contributions, representing 100% of employer contributions, for the year ended December 31, 2003, and for each of the two preceding years, are as follows:

<u>Fiscal Year</u>	<u>OPERS</u>	<u>STRS</u>	<u>CRS</u>
2001	\$ 30,310	\$ 874	\$ 2,008
2002	31,097	881	2,017
2003	31,935	884	1,945

#### 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 2003 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, 2003, was \$10,737 to fund post-employment benefits. The 2003 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, 2003, was \$850 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, 2002:

*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 the 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 2002 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, 2002 (latest available), the actuarial value of the Retirement System's net asset value available for OPEB was \$10 billion and the actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$18.7 billion and \$8.7 billion, respectively. At December 31, 2003, there were 364,881 active participants contributing to the Traditional and Combined Plans.

**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, 2003, the board allocated employer contributions equal to 1.00% of covered payroll to the Health-Care Reserve Fund. This totaled \$.06 million for the County in 2003. The balance in the Health-Care Reserve Fund was \$2.8 billion on June 30, 2003.

For the fiscal year ended June 30, 2003, net health-care costs paid by STRS Ohio were \$352.3 million. There were 108,294 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 2003.

The actuarial assumptions used for the December 31, 2002, valuation included an assumption for hospital and surgical benefits recognizing adjusted premiums based on experience for recent years adjusted to current year by assumed annual increases in premium costs. The cost of OPEBs is recognized as an expense as claims are paid. The actuarial value of the System's net assets available for OPEB at December 31, 2003, was \$724 million. The actuarially accrued liability based on the actuarial cost method was \$782.7 million. The unfunded actuarially accrued liability for postemployment benefits at December 31, 2003, was \$58.6 million to be amortized over 15 years. CRS had 5,706 active contributing participants, of which 627 are MSD employees.

## **G. Subsequent Events**

The Board of County Commissioners approved a 14% sewerage rate increase effective January 9, 2004, for MSD.

On May 5, 2004, the Board of County Commissioners approved redemption of the July 1, 1993, Courthouse Improvement Refunding bond issue of \$8,680. The redemption price of 101% of the principal amount plus accrued interest to the date of redemption was wired to the paying agent and registrar on June 15, 2004.

**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**

<b>Motor Vehicle Gas Tax</b>	<b>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.</b>
<b>Health and Community Services Nongrants</b>	<b>To account for revenues other than grants that are to be used for health and community services.</b>
<b>Health and Community Services Grants</b>	<b>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.</b>
<b>Community Development Block Grants</b>	<b>To account for revenue from the federal government and expenditures as prescribed under the Community Development Block Grant Program.</b>

**MULTIYEAR BUDGETED**

<b>Judicial Services Grants</b>	<b>To account for revenue from the federal, State and County governments and expenditures used to provide legal services to eligible County residents.</b>
<b>Public Safety Grants</b>	<b>To account for revenue from the federal, State and County governments and expenditures thereof as prescribed under the various public safety functions.</b>
<b>Social Service Grants</b>	<b>To account for revenue from the federal, State and County governments and expenditures used to provide social services to eligible County residents.</b>
<b>Environmental Control Grants</b>	<b>To account for revenue from the federal, State and County governments and expenditures for the purpose of environmental protection for the community.</b>

**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.**

<b>Bond Retirement</b>	<b>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.</b>
<b>General Obligation Nonvoted</b>	<b>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.</b>
<b>Special Assessments</b>	<b>To account for the retirement of principal and interest on special assessment debt. The revenues are generated from special assessment tax collections.</b>

**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, 2003**  
(Amounts in Thousands)

	Special Revenue							Total Nonmajor Special Revenue Funds	
	Annually Budgeted			Multiyear Budgeted					
	Motor Vehicle Gas Tax	Health and Community Services Nongrants	Health and Community Services Grants	Community Development Block Grants	Judicial Services Grants	Public Safety Grants	Social Service Grants	Environmental Control Grants	
<b>ASSETS</b>									
Equity in Pooled Cash and Investments	\$ 26,329	\$ 45,814	\$ 5,967	\$ 1,714	\$ 4,068	\$ -	\$ -	\$ 618	\$ 84,590
Cash and Cash Equivalents—Segregated Accounts	230	-	-	-	-	-	-	-	230
Accounts Receivable	-	430	3	2,143	-	-	-	-	2,576
Intergovernmental Receivable	904	1,814	5	3,953	7,133	125	21,912	2,520	39,366
Real and Other Taxes Receivable	-	-	-	-	-	-	-	-	-
Due from Other Funds	12	-	-	-	-	-	10	-	22
Inventories	1,831	-	-	-	-	-	-	-	1,831
Special Assessments Receivable	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 29,476</b>	<b>\$ 48,058</b>	<b>\$ 5,975</b>	<b>\$ 7,810</b>	<b>\$ 11,201</b>	<b>\$ 125</b>	<b>\$ 21,922</b>	<b>\$ 3,138</b>	<b>\$ 127,655</b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>LIABILITIES</b>									
Accounts Payable	\$ 1,004	\$ 1,497	\$ 50	\$ 448	\$ 335	\$ -	\$ -	\$ 27	\$ 3,761
Accrued Wages and Benefits Payable	293	563	12	36	231	-	49	76	1,267
Retainage Payable	230	-	-	-	-	-	-	-	230
Due to Other Funds	1	82	-	118	314	-	8,611	-	9,124
Advances from Other Funds	-	-	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	5,363	5,457	125	17,012	2,353	30,310
<b>TOTAL LIABILITIES</b>	<b>1,533</b>	<b>2,142</b>	<b>62</b>	<b>5,963</b>	<b>5,387</b>	<b>125</b>	<b>26,022</b>	<b>2,453</b>	<b>44,692</b>
<b>FUND BALANCES</b>									
Reserved for:									
Encumbrances	6,893	5,954	4,322	16	2,096	-	3	16	19,502
Inventories	1,831	-	-	-	-	-	-	-	1,831
Unreserved/Undesignated	19,119	39,962	1,391	1,831	2,718	-	(4,103)	662	61,590
<b>TOTAL FUND BALANCES</b>	<b>27,693</b>	<b>45,916</b>	<b>5,913</b>	<b>1,847</b>	<b>4,814</b>	<b>-</b>	<b>(4,100)</b>	<b>680</b>	<b>82,963</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 29,476</b>	<b>\$ 48,058</b>	<b>\$ 5,975</b>	<b>\$ 7,810</b>	<b>\$ 11,201</b>	<b>\$ 125</b>	<b>\$ 21,922</b>	<b>\$ 3,138</b>	<b>\$ 127,655</b>

	Debt Service				Capital Projects		Total Nonmajor Governmental Funds
	Bond Retirement	General Obligation Nonvoted	Special Assessments	Total Nonmajor Debt Service Funds	Project Accounting		
<b>ASSETS</b>							
Equity in Pooled Cash and Investments	899	5,976	630	7,505	5,058		97,143
Cash and Cash Equivalents—Segregated Accounts	-	-	-	-	-	230	230
Accounts Receivable	-	-	-	-	-	2,876	2,876
Intergovernmental Receivable	2,410	-	-	2,410	-	38,366	38,366
Real and Other Taxes Receivable	-	-	-	-	1,700	1,722	1,722
Due from Other Funds	-	-	-	-	-	1,681	1,681
Inventories	-	-	5,491	5,491	-	5,491	5,491
Special Assessments Receivable	-	5,976	6,121	12,106	6,758	-	149,819
<b>TOTAL ASSETS</b>	<b>3,309</b>	<b>5,976</b>	<b>6,121</b>	<b>15,406</b>	<b>6,758</b>	<b>5,491</b>	<b>149,819</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts Payable	-	3	-	3	197	-	3,951
Accrued Wages and Benefits Payable	-	-	-	-	-	-	1,267
Retainage Payable	-	-	-	-	119	-	349
Due to Other Funds	-	-	-	-	1,619	-	10,743
Advances from Other Funds	-	-	-	-	6,202	-	6,202
Deferred Revenue	2,410	-	5,491	7,901	-	-	38,211
<b>TOTAL LIABILITIES</b>	<b>2,410</b>	<b>3</b>	<b>5,491</b>	<b>7,904</b>	<b>8,137</b>	<b>-</b>	<b>60,733</b>
<b>FUND BALANCES</b>							
Reserved for:	-	-	-	-	2,207	-	22,009
Encumbrances	-	-	-	-	-	-	1,881
Inventories	899	5,973	630	7,502	(3,886)	-	65,196
Unreserved/Undesignated	899	5,973	630	7,502	(1,379)	-	89,088
<b>TOTAL FUND BALANCES</b>	<b>3,309</b>	<b>5,976</b>	<b>6,121</b>	<b>15,406</b>	<b>6,758</b>	<b>5,491</b>	<b>149,819</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>							

**COUNTY OF HAMILTON, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**  
(Amounts in Thousands)

	Annually Budgeted			Special Revenue					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	Public Safety Grants	Social Service Grants	Environmental Control Grants	
<b>REVENUES</b>	\$ 9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9
Property Taxes and Assessments	20,227	-	-	-	-	-	-	-	20,227
State Shared Taxes	-	3,297	-	-	-	-	-	-	3,297
License and Permits	325	17,417	329	-	-	-	-	393	18,497
Charges for Services	450	1,986	4	-	-	-	-	-	2,442
Fines and Forfeitures	(60)	(911)	(16)	(7)	(16)	-	165	(19)	(269)
Investment Earnings	1,798	29,221	3,480	23,635	14,666	118	56,970	2,559	131,398
Intergovernmental	1,618	7,437	7	623	215	-	-	156	10,357
Other	24,305	58,179	3,604	24,454	14,800	116	57,135	3,120	185,998
<b>TOTAL REVENUES</b>									
<b>EXPENDITURES</b>									
Current:									
General Government	-	7,315	-	-	-	-	-	-	7,315
Judicial	-	4,759	758	-	12,438	-	-	-	17,953
Public Safety	-	2,497	76	-	965	116	-	226	3,880
Social Services	-	29,839	-	-	229	-	-	-	30,128
Health	-	4,510	-	-	-	-	52,094	-	56,604
Public Works	28,883	3,446	-	-	-	-	-	-	32,329
Environmental Control	-	3,116	237	24,328	-	-	-	3,550	6,903
Economic Development	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-
Principal Retirement	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Fiscal Charges	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	28,883	55,542	1,071	24,328	13,630	118	52,094	3,776	178,840
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(4,518)	2,637	2,733	125	1,778	-	5,041	(637)	7,158
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers In	5,720	7,224	11	-	40	-	-	-	13,005
Transfers Out	(1,021)	(1,492)	-	-	-	-	-	-	(3,111)
Special Assessment Bonds Issued	-	-	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES), NET</b>	4,699	5,732	11	-	40	-	-	-	9,894
<b>NET CHANGE IN FUND BALANCES</b>	(418)	8,369	2,744	120	1,818	-	5,041	(637)	17,052
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	28,312	37,535	3,109	1,721	2,928	-	(9,141)	1,317	65,911
<b>FUND BALANCES AT END OF YEAR</b>	\$ 27,893	\$ 45,910	\$ 5,919	\$ 1,847	\$ 4,814	\$ -	\$ (4,100)	\$ 680	\$ 82,963

	Debt Service				Capital Projects		Total Nonmajor Governmental Funds
	Bond Retirement	General Obligation Nonvoted	Special Assessments	Total Nonmajor Debt Service Funds	Project Accounting		
<b>REVENUES</b>							
Property Taxes and Assessments	2,463	\$ -	\$ 455	\$ 2,918	\$ -	\$ -	2,927
State Shared Taxes	-	-	-	-	-	-	20,237
Licenses and Permits	-	-	-	-	-	-	9,367
Charges for Services	-	-	-	-	-	-	18,467
Fines and Penalties	-	-	-	-	-	-	2,442
Investment Earnings Intergovernmental	378	222	-	601	351	351	82
Other	2	-	1	3	-	-	10,950
<b>TOTAL REVENUES</b>	<b>3,744</b>	<b>222</b>	<b>456</b>	<b>3,422</b>	<b>351</b>	<b>351</b>	<b>189,771</b>
<b>EXPENDITURES</b>							
Current:							
General Government	-	-	-	-	-	-	7,315
Judicial	-	-	-	-	-	-	17,953
Public Safety	-	-	-	-	-	-	9,280
Social Services	-	-	-	-	-	-	30,128
Health	-	-	-	-	-	-	56,604
Public Works	-	-	-	-	-	-	32,939
Environmental Control	-	-	-	-	-	-	6,903
Economic Development	-	-	-	-	-	-	24,328
Capital Outlay	-	-	-	-	-	-	4,658
Debt Service:							
Principal Retirement	2,250	9,320	250	11,820	-	-	11,820
Interest	596	7,416	300	8,312	-	-	8,312
Fiscal Charges	2,846	16,739	455	20,040	4,655	4,655	203,539
<b>TOTAL EXPENDITURES</b>	<b>(102)</b>	<b>(16,517)</b>	<b>1</b>	<b>(16,618)</b>	<b>(4,307)</b>	<b>(4,307)</b>	<b>(13,767)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>							
OTHER FINANCING SOURCES (USES)							
Transfers In	-	14,144	44	14,188	4,213	4,213	31,406
Transfers Out	-	-	-	-	(4,600)	(4,600)	(7,901)
Special Assessment Bonds Issued	-	-	-	-	460	460	460
<b>TOTAL OTHER FINANCING SOURCES (USES), NET</b>	<b>(102)</b>	<b>(2,373)</b>	<b>45</b>	<b>(2,430)</b>	<b>(17)</b>	<b>(17)</b>	<b>24,065</b>
<b>NET CHANGE IN FUND BALANCES</b>							
FUND BALANCES AT BEGINNING OF YEAR	1,901	8,346	555	9,802	2,945	2,945	78,768
FUND BALANCES AT END OF YEAR	899	5,973	600	7,502	(1,378)	(1,378)	83,686

**COUNTY OF HAMILTON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES—BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**  
(Amounts in Thousands)

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>REVENUES</b>				
Property Taxes and Special Assessments	\$ 36,783	\$ 36,783	\$ 37,063	\$ 280
Sales and Use Tax	61,801	61,801	60,389	(1,412)
State Shared Taxes	26,589	26,589	24,909	(1,680)
License and Permits	2,170	2,170	2,457	287
Charges for Services	53,412	53,412	57,842	4,430
Fines and Forfeitures	8,847	8,847	9,183	336
Investment Earnings	17,838	17,838	16,973	(865)
Intergovernmental	23,408	23,408	23,171	(237)
Other	7,939	7,939	8,677	738
<b>TOTAL REVENUES</b>	<u>238,787</u>	<u>238,787</u>	<u>240,664</u>	<u>1,877</u>
<b>EXPENDITURES</b>				
Current:				
<b>GENERAL GOVERNMENT</b>				
County Commissioners				
Personnel Services	711	711	691	20
Other Expenditures	75	75	48	27
<b>Total County Commissioners</b>	<u>786</u>	<u>786</u>	<u>739</u>	<u>47</u>
County Administrator				
Personnel Services	1,452	1,211	1,059	152
Other Expenditures	3,790	4,444	2,326	2,118
Capital Outlay	21	21	19	2
<b>Total County Administrator</b>	<u>5,263</u>	<u>5,676</u>	<u>3,404</u>	<u>2,272</u>
County Personnel				
Personnel Services	971	971	968	3
Other Expenditures	635	623	500	123
Capital Outlay	12	23	10	13
<b>Total County Personnel</b>	<u>1,618</u>	<u>1,617</u>	<u>1,478</u>	<u>139</u>
Administrative Services				
Personnel Services	3,144	2,308	2,266	42
Other Expenditures	8,101	7,412	7,412	-
Capital Outlay	72	49	20	29
<b>Total Administrative Services</b>	<u>11,317</u>	<u>9,769</u>	<u>9,698</u>	<u>71</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, 2003**

(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	\$ 5,447	\$ 5,447	\$ 5,341	\$ 106
Other Expenditures	13,693	13,693	11,526	2,167
Capital Outlay	146	146	139	7
Total County Buildings	<u>19,286</u>	<u>19,286</u>	<u>17,005</u>	<u>2,280</u>
Building Commissioner				
Personnel Services	1,709	1,709	1,709	-
Other Expenditures	199	207	204	3
Capital Outlay	139	139	118	21
Total Building Commissioner	<u>2,047</u>	<u>2,055</u>	<u>2,031</u>	<u>24</u>
Rural Zoning Commission				
Personnel Services	397	409	409	-
Other Expenditures	31	25	25	-
Capital Outlay	2	-	-	-
Total Rural Zoning Commission	<u>430</u>	<u>434</u>	<u>434</u>	<u>-</u>
Auditor				
Personnel Services	2,819	2,819	2,500	319
Other Expenditures	1,565	1,565	1,320	245
Capital Outlay	97	97	58	39
Total Auditor	<u>4,481</u>	<u>4,481</u>	<u>3,878</u>	<u>603</u>
Treasurer				
Personnel Services	865	865	865	-
Other Expenditures	333	345	322	23
Capital Outlay	8	8	8	-
Total Treasurer	<u>1,206</u>	<u>1,218</u>	<u>1,195</u>	<u>23</u>
Recorder				
Personnel Services	1,970	2,012	2,012	-
Other Expenditures	600	917	902	15
Capital Outlay	42	42	42	-
Total Recorder	<u>2,612</u>	<u>2,971</u>	<u>2,956</u>	<u>15</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, 2003**  
(Amounts in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Board of Zoning Appeals				
Personnel Services	\$ 79	\$ 79	\$ 79	\$ -
Other Expenditures	7	10	6	4
Capital Outlay	1	1	-	1
Total Board of Zoning Appeals	87	90	85	5
Board of Elections				
Personnel Services	3,301	3,356	3,326	30
Other Expenditures	1,323	1,273	1,193	80
Capital Outlay	55	50	34	16
Total Board of Elections	4,679	4,679	4,553	126
Nondepartmental Accounts				
Other Expenditures	200	8,115	7,843	272
Capital Outlay	1,125	1,125	709	416
Total Nondepartmental Accounts	1,325	9,240	8,552	688
<b>TOTAL GENERAL GOVERNMENT</b>	55,137	62,302	56,009	6,293
<b>JUDICIAL</b>				
Juvenile Court				
Personnel Services	26,160	26,210	26,209	1
Other Expenditures	5,838	5,740	5,338	402
Capital Outlay	461	509	509	-
Total Juvenile Court	32,459	32,459	32,056	403
Court of Appeals				
Other Expenditures	93	93	80	13
Capital Outlay	26	26	12	14
Total Court of Appeals	119	119	92	27
Court of Common Pleas				
Personnel Services	4,206	4,294	4,293	1
Other Expenditures	4,272	4,175	4,175	-
Capital Outlay	30	30	30	-
Total Court of Common Pleas	8,508	8,499	8,498	1



**COUNTY OF HAMILTON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES—BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

(Amounts in Thousands)

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Municipal Court				
Personnel Services	\$ 5,619	\$ 5,624	\$ 5,624	\$ -
Other Expenditures	589	636	636	-
Capital Outlay	11	7	7	-
Total Municipal Court	<u>6,219</u>	<u>6,267</u>	<u>6,267</u>	<u>-</u>
Adult Probation				
Personnel Services	8,733	8,693	8,305	388
Other Expenditures	1,890	1,889	1,519	370
Capital Outlay	-	1	1	-
Total Adult Probation	<u>10,623</u>	<u>10,583</u>	<u>9,825</u>	<u>758</u>
Domestic Relations				
Personnel Services	4,438	4,438	4,398	40
Other Expenditures	856	831	796	35
Capital Outlay	131	156	156	-
Total Domestic Relations	<u>5,425</u>	<u>5,425</u>	<u>5,350</u>	<u>75</u>
Probate Court				
Personnel Services	2,521	2,430	2,329	101
Other Expenditures	729	726	672	54
Capital Outlay	-	94	94	-
Total Probate Court	<u>3,250</u>	<u>3,250</u>	<u>3,095</u>	<u>155</u>
Clerk of Courts				
Personnel Services	11,032	11,868	11,582	286
Other Expenditures	1,185	2,844	2,629	215
Capital Outlay	144	153	148	5
Total Clerk of Courts	<u>12,361</u>	<u>14,865</u>	<u>14,359</u>	<u>506</u>
Public Defender				
Personnel Services	5,514	5,514	5,401	113
Other Expenditures	4,068	4,855	4,843	12
Capital Outlay	51	53	53	-
Total Public Defender	<u>9,633</u>	<u>10,422</u>	<u>10,297</u>	<u>125</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, 2003**

(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>		
<b>Court Reporters</b>				
Personnel Services	\$ 2,514	\$ 2,514	\$ 2,308	\$ 206
Other Expenditures	116	92	86	6
Capital Outlay	-	24	24	-
<b>Total Court Reporters</b>	<u>2,630</u>	<u>2,630</u>	<u>2,418</u>	<u>212</u>
<b>TOTAL JUDICIAL</b>	<u>91,227</u>	<u>94,519</u>	<u>92,257</u>	<u>2,262</u>
 <b>PUBLIC SAFETY</b>				
<b>Communications Center</b>				
Personnel Services	661	661	646	15
Other Expenditures	1,650	1,650	1,465	185
Capital Outlay	50	50	44	6
<b>Total Communications Center</b>	<u>2,361</u>	<u>2,361</u>	<u>2,155</u>	<u>206</u>
<b>Sheriff</b>				
Personnel Services	49,143	51,822	51,815	7
Other Expenditures	8,061	8,104	8,104	-
Capital Outlay	1,804	1,752	1,752	-
<b>Total Sheriff</b>	<u>59,008</u>	<u>61,678</u>	<u>61,671</u>	<u>7</u>
<b>Prosecutor</b>				
Personnel Services	12,058	12,058	11,990	68
Other Expenditures	576	576	488	88
Capital Outlay	88	88	73	15
<b>Total Prosecutor</b>	<u>12,722</u>	<u>12,722</u>	<u>12,551</u>	<u>171</u>
<b>Coroner</b>				
Personnel Services	2,895	2,860	2,792	68
Other Expenditures	603	610	577	33
Capital Outlay	26	54	49	5
<b>Total Coroner</b>	<u>3,524</u>	<u>3,524</u>	<u>3,418</u>	<u>106</u>
<b>TOTAL PUBLIC SAFETY</b>	<u>77,615</u>	<u>80,285</u>	<u>79,795</u>	<u>490</u>
 <b>SOCIAL SERVICES</b>				
<b>Soldiers Relief</b>				
Personnel Services	444	434	415	19
Other Expenditures	634	627	590	37
Capital Outlay	12	22	15	7
<b>Total Soldiers Relief</b>	<u>1,090</u>	<u>1,083</u>	<u>1,020</u>	<u>63</u>
<b>TOTAL SOCIAL SERVICES</b>	<u>1,090</u>	<u>1,083</u>	<u>1,020</u>	<u>63</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, 2003**

(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>		
<b>PUBLIC WORKS</b>				
Public Works				
Personnel Services	\$ 1,495	\$ 1,495	\$ 1,385	\$ 110
Other Expenditures	141	141	108	33
Capital Outlay	44	44	43	1
Total Public Works	<u>1,680</u>	<u>1,680</u>	<u>1,536</u>	<u>144</u>
Engineer				
Other Expenditures	855	855	855	-
Total Engineer	<u>855</u>	<u>855</u>	<u>855</u>	<u>-</u>
<b>TOTAL PUBLIC WORKS</b>	<u>2,535</u>	<u>2,535</u>	<u>2,391</u>	<u>144</u>
<b>ECONOMIC DEVELOPMENT</b>				
Community Development				
Personnel Services	59	61	56	5
Other Expenditures	25	26	4	22
Capital Outlay	18	15	-	15
Total Community Development	<u>102</u>	<u>102</u>	<u>60</u>	<u>42</u>
Economic Development				
Other Expenditures	935	935	935	-
Total Economic Development	<u>935</u>	<u>935</u>	<u>935</u>	<u>-</u>
<b>TOTAL ECONOMIC DEVELOPMENT</b>	<u>1,037</u>	<u>1,037</u>	<u>995</u>	<u>42</u>
<b>TOTAL EXPENDITURES</b>	<u>228,641</u>	<u>241,761</u>	<u>232,467</u>	<u>9,294</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>10,146</u>	<u>(2,974)</u>	<u>8,197</u>	<u>11,171</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	24	24	1,877	1,853
Transfers Out	(26,878)	(26,878)	(20,721)	6,157
<b>TOTAL OTHER FINANCING SOURCES (USES), NET</b>	<u>(26,854)</u>	<u>(26,854)</u>	<u>(18,844)</u>	<u>8,010</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(16,708)</u>	<u>(29,828)</u>	<u>(10,647)</u>	<u>19,181</u>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>52,418</u>	<u>52,418</u>	<u>52,418</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 35,710</u>	<u>\$ 22,590</u>	<u>\$ 41,771</u>	<u>\$ 19,181</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, 2003**

(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>		
<b>REVENUES</b>				
Charges for Services	\$ 87,593	\$ 88,363	\$ 91,179	\$ 2,816
Intergovernmental	126,097	126,097	110,027	(16,070)
Other	4,053	4,053	2,678	(1,375)
<b>TOTAL REVENUES</b>	<u>217,743</u>	<u>218,513</u>	<u>203,884</u>	<u>(14,629)</u>
<b>EXPENDITURES</b>				
Current:				
<b>SOCIAL SERVICES</b>				
Personnel Services	65,990	65,891	58,814	7,077
Other Expenditures	154,931	156,471	149,912	6,559
Capital Outlay	1,247	1,347	1,341	6
<b>TOTAL SOCIAL SERVICES</b>	<u>222,168</u>	<u>223,709</u>	<u>210,067</u>	<u>13,642</u>
<b>TOTAL EXPENDITURES</b>	<u>222,168</u>	<u>223,709</u>	<u>210,067</u>	<u>13,642</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>(4,425)</u>	<u>(5,196)</u>	<u>(6,183)</u>	<u>(987)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	1,747	1,747	1,747	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>1,747</u>	<u>1,747</u>	<u>1,747</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(2,678)</u>	<u>(3,449)</u>	<u>(4,436)</u>	<u>(987)</u>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>12,500</u>	<u>12,500</u>	<u>12,500</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 9,822</u>	<u>\$ 9,051</u>	<u>\$ 8,064</u>	<u>\$ (987)</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, 2003**

(Amounts in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes and Special Assessments	\$ 202,900	\$ 202,900	\$ 205,104	\$ 2,204
Intergovernmental	74,852	74,852	74,096	(756)
Other	1,479	1,479	4,451	2,972
<b>TOTAL REVENUES</b>	<u>279,231</u>	<u>279,231</u>	<u>283,651</u>	<u>4,420</u>
<b>EXPENDITURES</b>				
Current:				
<b>GENERAL GOVERNMENT</b>				
Personnel Services	22	22	22	-
Other Expenditures	1,826	1,826	1,826	-
<b>TOTAL GENERAL GOVERNMENT</b>	<u>1,848</u>	<u>1,848</u>	<u>1,848</u>	<u>-</u>
<b>JUDICIAL</b>				
Other Expenditures	4,451	4,451	4,425	26
<b>TOTAL JUDICIAL</b>	<u>4,451</u>	<u>4,451</u>	<u>4,425</u>	<u>26</u>
<b>PUBLIC SAFETY</b>				
Personnel Services	1,998	1,998	1,963	15
Other Expenditures	14,502	14,900	13,098	1,802
<b>TOTAL PUBLIC SAFETY</b>	<u>16,500</u>	<u>16,898</u>	<u>15,061</u>	<u>1,817</u>
<b>SOCIAL SERVICES</b>				
Personnel Services	604	604	598	6
Other Expenditures	76,106	75,796	73,740	2,056
<b>TOTAL SOCIAL SERVICES</b>	<u>76,710</u>	<u>76,400</u>	<u>74,338</u>	<u>2,062</u>
<b>HEALTH</b>				
Personnel Services	35,898	35,498	35,114	384
Other Expenditures	141,807	142,207	138,076	4,131
Capital Outlay	2,471	2,471	2,195	276
<b>TOTAL HEALTH</b>	<u>180,176</u>	<u>180,176</u>	<u>175,385</u>	<u>4,791</u>
<b>PARKS AND RECREATION</b>				
Other Expenditures	6,482	6,659	6,659	-
<b>TOTAL PARKS AND RECREATION</b>	<u>6,482</u>	<u>6,659</u>	<u>6,659</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>286,167</u>	<u>286,432</u>	<u>277,736</u>	<u>8,696</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(6,936)</u>	<u>(7,201)</u>	<u>5,915</u>	<u>13,116</u>
<b>OTHER FINANCING USES</b>				
Transfers Out	(6,396)	(6,706)	(6,706)	-
<b>TOTAL OTHER FINANCING USES</b>	<u>(6,396)</u>	<u>(6,706)</u>	<u>(6,706)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(13,332)	(13,907)	(791)	13,116
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	76,356	76,356	76,356	-
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 63,024</u>	<u>\$ 62,449</u>	<u>\$ 75,565</u>	<u>\$ 13,116</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, 2003**

(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>		
<b>REVENUES</b>				
Property Taxes and Special Assessments	\$ 11	\$ 11	\$ 9	\$ (2)
State Shared Taxes	21,600	21,600	21,161	(439)
Charges for Services	211	211	318	107
Fines and Forfeitures	408	408	451	43
Investment Earnings	950	950	254	(696)
Intergovernmental	2,550	2,550	843	(1,707)
Other	1,270	1,270	1,601	331
<b>TOTAL REVENUES</b>	<u>27,000</u>	<u>27,000</u>	<u>24,637</u>	<u>(2,363)</u>
<b>EXPENDITURES</b>				
Current:				
<b>PUBLIC WORKS</b>				
Personnel Services	11,041	11,041	9,672	1,369
Other Expenditures	6,551	6,551	4,604	1,947
Capital Outlay	16,315	20,786	13,789	6,997
<b>TOTAL PUBLIC WORKS</b>	<u>33,907</u>	<u>38,378</u>	<u>28,065</u>	<u>10,313</u>
<b>TOTAL EXPENDITURES</b>	<u>33,907</u>	<u>38,378</u>	<u>28,065</u>	<u>10,313</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>(6,907)</u>	<u>(11,378)</u>	<u>(3,428)</u>	<u>7,950</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	1,627	5,720	4,093
Transfers Out	-	-	(1,621)	(1,621)
<b>TOTAL OTHER FINANCING SOURCES (USES), NET</b>	<u>-</u>	<u>1,627</u>	<u>4,099</u>	<u>2,472</u>
<b>NET CHANGE IN FUND BALANCE</b>	(6,907)	(9,751)	671	10,422
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>16,958</u>	<u>16,958</u>	<u>16,958</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 10,051</u>	<u>\$ 7,207</u>	<u>\$ 17,629</u>	<u>\$ 10,422</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, 2003**

(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>		
<b>REVENUES</b>				
License and Permits	\$ 3,435	\$ 3,435	\$ 3,555	\$ 120
Charges for Services	16,654	17,115	17,247	132
Fines and Forfeitures	1,657	1,657	1,984	327
Investment Earnings	80	80	74	(6)
Intergovernmental	28,484	28,484	27,887	(597)
Other	4,480	5,480	6,450	970
<b>TOTAL REVENUES</b>	<u>54,790</u>	<u>56,251</u>	<u>57,197</u>	<u>946</u>
<b>EXPENDITURES</b>				
Current:				
<b>GENERAL GOVERNMENT</b>				
Personnel Services	4,019	4,019	3,637	382
Other Expenditures	10,143	10,143	8,015	2,128
Capital Outlay	36	512	504	8
<b>TOTAL GENERAL GOVERNMENT</b>	<u>14,198</u>	<u>14,674</u>	<u>12,156</u>	<u>2,518</u>
<b>JUDICIAL</b>				
Personnel Services	2,829	2,829	2,612	217
Other Expenditures	2,872	3,075	923	2,152
Capital Outlay	1,461	1,461	267	1,194
<b>TOTAL JUDICIAL</b>	<u>7,162</u>	<u>7,365</u>	<u>3,802</u>	<u>3,563</u>
<b>PUBLIC SAFETY</b>				
Personnel Services	877	891	811	80
Other Expenditures	1,735	1,799	1,462	337
Capital Outlay	95	95	64	31
<b>TOTAL PUBLIC SAFETY</b>	<u>2,707</u>	<u>2,785</u>	<u>2,337</u>	<u>448</u>
<b>SOCIAL SERVICES</b>				
Personnel Services	10,764	9,864	9,698	166
Other Expenditures	19,034	19,934	19,915	19
Capital Outlay	29	29	27	2
<b>TOTAL SOCIAL SERVICES</b>	<u>29,827</u>	<u>29,827</u>	<u>29,640</u>	<u>187</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, 2003**

(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>		
<b>HEALTH</b>				
Personnel Services	\$ 886	\$ 886	\$ 879	\$ 7
Other Expenditures	2,590	3,590	3,551	39
Capital Outlay	14	14	13	1
<b>TOTAL HEALTH</b>	<u>3,490</u>	<u>4,490</u>	<u>4,443</u>	<u>47</u>
<b>PUBLIC WORKS</b>				
Personnel Services	571	571	509	62
Other Expenditures	550	3,136	2,493	643
Capital Outlay	51	51	50	1
<b>TOTAL PUBLIC WORKS</b>	<u>1,172</u>	<u>3,758</u>	<u>3,052</u>	<u>706</u>
<b>ENVIRONMENTAL CONTROL</b>				
Personnel Services	548	548	535	13
Other Expenditures	2,385	2,601	2,541	60
Capital Outlay	16	16	6	10
<b>TOTAL ENVIRONMENTAL CONTROL</b>	<u>2,949</u>	<u>3,165</u>	<u>3,082</u>	<u>83</u>
<b>TOTAL EXPENDITURES</b>	<u>61,505</u>	<u>66,064</u>	<u>58,512</u>	<u>7,552</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>(6,715)</u>	<u>(9,813)</u>	<u>(1,315)</u>	<u>8,498</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	6,922	6,922	7,234	312
Transfers Out	(1,505)	(1,535)	(1,490)	45
<b>TOTAL OTHER FINANCING SOURCES (USES), NET</b>	<u>5,417</u>	<u>5,387</u>	<u>5,744</u>	<u>357</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(1,298)</u>	<u>(4,426)</u>	<u>4,429</u>	<u>8,855</u>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>34,499</u>	<u>34,499</u>	<u>34,499</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 33,201</u>	<u>\$ 30,073</u>	<u>\$ 38,928</u>	<u>\$ 8,855</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, 2003**

(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>		
<b>REVENUES</b>				
Charges for Services	\$ 272	\$ 272	\$ 329	\$ 57
Fines and Forfeitures	-	-	4	4
Investment Earnings	10	10	4	(6)
Intergovernmental	3,668	3,986	3,479	(507)
<b>TOTAL REVENUES</b>	<u>3,950</u>	<u>4,268</u>	<u>3,816</u>	<u>(452)</u>
<b>EXPENDITURES</b>				
Current:				
<b>JUDICIAL</b>				
Personnel Services	452	463	463	-
Other Expenditures	569	569	543	26
Capital Outlay	3	3	3	-
<b>TOTAL JUDICIAL</b>	<u>1,024</u>	<u>1,035</u>	<u>1,009</u>	<u>26</u>
<b>PUBLIC SAFETY</b>				
Personnel Services	36	36	11	25
Other Expenditures	69	69	69	-
Capital Outlay	4,498	4,498	4,498	-
<b>TOTAL PUBLIC SAFETY</b>	<u>4,603</u>	<u>4,603</u>	<u>4,578</u>	<u>25</u>
<b>ENVIRONMENTAL CONTROL</b>				
Other Expenditures	142	420	189	231
Capital Outlay	27	56	28	28
<b>TOTAL ENVIRONMENTAL CONTROL</b>	<u>169</u>	<u>476</u>	<u>217</u>	<u>259</u>
<b>TOTAL EXPENDITURES</b>	<u>5,796</u>	<u>6,114</u>	<u>5,804</u>	<u>310</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>(1,846)</u>	<u>(1,846)</u>	<u>(1,988)</u>	<u>(142)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	44	44	11	(33)
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>44</u>	<u>44</u>	<u>11</u>	<u>(33)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(1,802)</u>	<u>(1,802)</u>	<u>(1,977)</u>	<u>(175)</u>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>3,384</u>	<u>3,384</u>	<u>3,384</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 1,582</u>	<u>\$ 1,582</u>	<u>\$ 1,407</u>	<u>\$ (175)</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, 2003**  
(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>		
<b>REVENUES</b>				
Investment Earnings	\$ -	\$ -	\$ 11	\$ 11
Intergovernmental	23,287	23,287	23,535	248
Other	514	514	821	307
<b>TOTAL REVENUES</b>	<u>23,801</u>	<u>23,801</u>	<u>24,367</u>	<u>566</u>
<b>EXPENDITURES</b>				
Current:				
<b>ECONOMIC DEVELOPMENT</b>				
Personnel Services	1,366	1,366	1,105	261
Other Expenditures	22,375	23,229	23,135	94
Capital Outlay	60	60	55	5
<b>TOTAL ECONOMIC DEVELOPMENT</b>	<u>23,801</u>	<u>24,655</u>	<u>24,295</u>	<u>360</u>
<b>TOTAL EXPENDITURES</b>	<u>23,801</u>	<u>24,655</u>	<u>24,295</u>	<u>360</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>(854)</u>	<u>72</u>	<u>926</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(854)	72	926
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>1,615</u>	<u>1,615</u>	<u>1,615</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 1,615</u>	<u>\$ 761</u>	<u>\$ 1,687</u>	<u>\$ 926</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, 2003**

(Amounts in Thousands)

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property Taxes and Special Assessments	\$ 2,391	\$ 2,391	\$ 2,463	\$ 72
Intergovernmental	304	304	279	(25)
Other	-	-	2	2
<b>TOTAL REVENUES</b>	<u>2,695</u>	<u>2,695</u>	<u>2,744</u>	<u>49</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	2,250	2,250	2,250	-
Interest	596	596	596	-
Fiscal Charges	1	1	-	1
<b>TOTAL EXPENDITURES</b>	<u>2,847</u>	<u>2,847</u>	<u>2,846</u>	<u>1</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>(152)</u>	<u>(152)</u>	<u>(102)</u>	<u>50</u>
<b>NET CHANGE IN FUND BALANCE</b>	(152)	(152)	(102)	50
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 848</u>	<u>\$ 848</u>	<u>\$ 898</u>	<u>\$ 50</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, 2003**

(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>		
<b>REVENUES</b>				
Intergovernmental	\$ 222	\$ 222	\$ 222	\$ -
<b>TOTAL REVENUES</b>	<u>222</u>	<u>222</u>	<u>222</u>	<u>-</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	7,123	7,123	7,123	-
Interest	7,416	7,416	7,416	-
Fiscal Charges	4	6	6	-
<b>TOTAL EXPENDITURES</b>	<u>14,543</u>	<u>14,545</u>	<u>14,545</u>	<u>-</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>(14,321)</u>	<u>(14,323)</u>	<u>(14,323)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	14,189	14,189	14,144	(45)
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>14,189</u>	<u>14,189</u>	<u>14,144</u>	<u>(45)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(132)	(134)	(179)	(45)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>862</u>	<u>862</u>	<u>862</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 730</u>	<u>\$ 728</u>	<u>\$ 683</u>	<u>\$ (45)</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, 2003**

(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>		
<b>REVENUES</b>				
Property Taxes and Special Assessments	\$ 480	\$ 480	\$ 455	\$ (25)
Other	-	-	1	1
<b>TOTAL REVENUES</b>	<u>480</u>	<u>480</u>	<u>456</u>	<u>(24)</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	250	260	250	10
Interest	184	202	201	1
Fiscal Charges	5	5	5	-
<b>TOTAL EXPENDITURES</b>	<u>439</u>	<u>467</u>	<u>456</u>	<u>11</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>41</u>	<u>13</u>	<u>-</u>	<u>(13)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	44	44	44	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>44</u>	<u>44</u>	<u>44</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	85	57	44	(13)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>584</u>	<u>584</u>	<u>584</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 669</u>	<u>\$ 641</u>	<u>\$ 628</u>	<u>\$ (13)</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.**

<b>Cinergy Field</b>	<b>To account for revenue received from stadium tenants and for expenses of operation and maintenance.</b>
<b>Riverfront Development</b>	<b>To account for revenue received for the construction and operations of future riverfront developments.</b>
<b>Main Street Parking Garage</b>	<b>To account for revenue received for the construction and operations of the Main Street Parking Garage.</b>
<b>Sales Tax Stabilization</b>	<b>To set aside a reserve to meet future debt service payments.</b>
<b>Rotary</b>	<b>To track the cost of various activities of the Sheriff's Department within the County.</b>
<b>Communications Center</b>	<b>To account for the financial activity relating to emergency 911 services for Hamilton County.</b>

**COUNTY OF HAMILTON, OHIO**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**DECEMBER 31, 2003**  
(Amounts in Thousands)

	Business-Type Activities			
	Cinergy Field	Riverfront Development	Main Street Parking Garage	Sales Tax Stabilization
<b>ASSETS</b>				
Current Assets:				
Equity in Pooled Cash and Investments	\$ -	\$ 10,712	\$ 421	\$ 6,157
Cash and Cash Equivalents—Segregated Accounts	-	450	-	-
Accounts Receivable	-	43	10	-
Intergovernmental Receivable	-	2,463	-	-
Due from Other Funds	-	-	-	-
<b>Total Current Assets</b>	<b>-</b>	<b>13,668</b>	<b>431</b>	<b>6,157</b>
Capital Assets:				
Nondepreciable Capital Assets:				
Land and Improvements	-	2,138	237	-
Construction in Progress	-	94,319	-	-
<b>Total Nondepreciable Capital Assets</b>	<b>-</b>	<b>96,457</b>	<b>237</b>	<b>-</b>
Depreciable Capital Assets, Net:				
Buildings, Structures and Improvements	-	33,292	9,273	-
Furniture, Fixtures and Equipment	-	-	-	-
Less Accumulated Depreciation	-	(1,817)	(1,244)	-
<b>Total Depreciable Capital Assets, Net</b>	<b>-</b>	<b>31,475</b>	<b>8,029</b>	<b>-</b>
<b>Total Capital Assets, Net</b>	<b>-</b>	<b>127,932</b>	<b>8,266</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>-</b>	<b>141,600</b>	<b>8,697</b>	<b>6,157</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	-	1,173	47	-
Due to Other Funds	-	-	-	-
Accrued Wages and Benefits	-	-	-	-
Accrued Interest Payable	-	23	-	-
Retainage Payable	-	593	-	-
Litigation Judgment Payable	-	2,800	-	-
Current Portion of Long-Term Debt	-	510	265	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>5,099</b>	<b>312</b>	<b>-</b>
Noncurrent Liabilities:				
Accrued Compensated Absences	-	-	-	-
Long-Term Debt	-	23,510	8,855	-
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>23,510</b>	<b>8,855</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>28,609</b>	<b>9,167</b>	<b>-</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	-	103,912	(854)	-
Unrestricted	-	9,079	384	6,157
<b>TOTAL NET ASSETS</b>	<b>\$ -</b>	<b>\$ 112,991</b>	<b>\$ (470)</b>	<b>\$ 6,157</b>



**Business-Type Activities**

Rotary Funds	Communications Center	Total Nonmajor Enterprise Funds
\$ 478	\$ -	\$ 17,768
-	-	450
-	-	53
501	647	3,611
-	149	149
<u>979</u>	<u>796</u>	<u>22,031</u>
-	-	2,375
-	-	94,319
-	-	<u>96,694</u>
-	26,502	69,067
-	8,657	8,657
-	(5,476)	(8,537)
-	29,683	69,187
-	29,683	165,881
<u>979</u>	<u>30,479</u>	<u>187,912</u>
2	20	1,242
-	99	99
55	145	200
-	-	23
-	-	593
-	-	2,800
-	-	775
<u>57</u>	<u>264</u>	<u>5,732</u>
207	399	606
-	-	32,365
<u>207</u>	<u>399</u>	<u>32,971</u>
<u>264</u>	<u>663</u>	<u>38,703</u>
-	29,683	132,741
715	133	16,468
<u>\$ 715</u>	<u>\$ 29,816</u>	<u>\$ 149,209</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, 2003**  
(Amounts in Thousands)

	Business-Type Activities			
	Cinergy Field	Riverfront Development	Main Street Parking Garage	Sales Tax Stabilization
<b>OPERATING REVENUES</b>				
Charges for Services	\$ -	\$ 5,021	\$ 769	\$ -
Intergovernmental	-	2,463	-	-
<b>TOTAL OPERATING REVENUES</b>	<u>-</u>	<u>7,484</u>	<u>769</u>	<u>-</u>
<b>OPERATING EXPENSES</b>				
Personnel Services	-	-	-	-
Utilities, Fuel and Supplies	-	82	21	-
Depreciation and Amortization	-	768	309	-
Purchased Services	-	1,269	206	-
Litigation Judgment Expense	-	2,800	-	-
Other	-	2,470	31	-
<b>TOTAL OPERATING EXPENSES</b>	<u>-</u>	<u>7,389</u>	<u>567</u>	<u>-</u>
<b>OPERATING INCOME (LOSS)</b>	<u>-</u>	<u>95</u>	<u>202</u>	<u>-</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Income	-	-	-	65
Interest Expense	-	(257)	(403)	-
Increase in Fair Value of Equity in Pooled Cash and Investments	-	67	3	38
Decrease in Fair Value of Equity in Pooled Cash and Investments	(31)	(459)	(11)	(110)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(31)</u>	<u>(649)</u>	<u>(411)</u>	<u>(7)</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>(31)</u>	<u>(554)</u>	<u>(209)</u>	<u>(7)</u>
Capital Contributions	-	8,238	-	-
Transfers In	-	-	-	-
Transfers Out	(1,739)	-	-	-
<b>CHANGE IN NET ASSETS</b>	<u>(1,770)</u>	<u>7,684</u>	<u>(209)</u>	<u>(7)</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>1,770</u>	<u>105,307</u>	<u>(261)</u>	<u>6,164</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ -</u>	<u>\$ 112,991</u>	<u>\$ (470)</u>	<u>\$ 6,157</u>

<u>Business-Type Activities</u>		
<u>Rotary Funds</u>	<u>Communications Center</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 5,991	\$ 4,883	\$ 16,664
-	-	2,463
<u>5,991</u>	<u>4,883</u>	<u>19,127</u>
5,699	3,981	9,680
-	-	103
-	1,205	2,282
-	-	1,475
-	-	2,800
115	868	3,484
<u>5,814</u>	<u>6,054</u>	<u>19,824</u>
177	(1,171)	(697)
-	-	65
-	-	(660)
3	-	111
(5)	(52)	(668)
<u>(2)</u>	<u>(52)</u>	<u>(1,152)</u>
175	(1,223)	(1,849)
-	-	8,238
-	200	200
-	(2)	(1,741)
175	(1,025)	4,848
<u>540</u>	<u>30,841</u>	<u>144,361</u>
<u>\$ 715</u>	<u>\$ 29,816</u>	<u>\$ 149,209</u>

**COUNTY OF HAMILTON, OHIO**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**  
(Amounts in Thousands)

	Business-Type Activities			
	Cinergy Field	Riverfront Development	Main Street Parking Garage	Sales Tax Stabilization
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers and Users	\$ -	\$ 4,977	\$ 772	\$ -
Cash Payments to Suppliers for Goods and Services	-	(3,672)	(229)	-
Cash Payments for Personnel Costs	-	-	-	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>-</b>	<b>1,305</b>	<b>543</b>	<b>-</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from Other Funds	-	-	-	-
Transfers to Other Funds	(1,739)	-	-	-
Negative Cash Balance Implicitly Financed from the General Fund	-	-	-	-
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(1,739)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal Payments on Long-Term Debt	-	(480)	-	-
Interest Payments on Long-Term Debt	-	(260)	(699)	-
Capital Contributions	-	8,238	-	-
Acquisition and Construction of Property, Plant and Equipment	-	(26,990)	-	-
<b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>-</b>	<b>(19,492)</b>	<b>(699)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on Investments and Pooled Cash and Investments	-	-	-	65
Increase in Fair Value of Equity in Pooled Cash and Investments	-	67	3	38
Decrease in Fair Value of Equity in Pooled Cash and Investments	(31)	(459)	(11)	(110)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(31)</b>	<b>(392)</b>	<b>(8)</b>	<b>(7)</b>
Net Decrease in Cash and Equity in Pooled Cash and Investments	(1,770)	(18,579)	(164)	(7)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>1,770</b>	<b>29,741</b>	<b>585</b>	<b>6,164</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ -</b>	<b>\$ 11,162</b>	<b>\$ 421</b>	<b>\$ 6,157</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ -	\$ 95	\$ 202	\$ -
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	-	768	309	-
Net Changes in Operating Assets and Liabilities:				
Accounts Receivable	-	(43)	4	-
Intergovernmental Receivables	-	(2,463)	-	-
Due from Other Funds	-	-	-	-
Operating Accounts Payable	-	148	28	-
Accrued Payroll and Other Related Withholdings	-	-	-	-
Litigation Judgment Payable	-	2,800	-	-
Compensated Absences	-	-	-	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ -</b>	<b>\$ 1,305</b>	<b>\$ 543</b>	<b>\$ -</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>				
Equity in Pooled Cash and Investments	\$ -	\$ 10,712	\$ 421	\$ 6,157
Cash and Cash Equivalents—Segregated Accounts	-	450	-	-
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>\$ -</b>	<b>\$ 11,162</b>	<b>\$ 421</b>	<b>\$ 6,157</b>

Business-Type Activities		
Rotary Funds	Communications Center	Total Nonmajor Enterprise Funds
\$ 6,040	\$ 4,719	\$ 16,508
(116)	(859)	(4,876)
(5,698)	(4,134)	(9,832)
<u>226</u>	<u>(274)</u>	<u>1,800</u>
-	200	200
-	(2)	(1,741)
-	99	99
-	<u>297</u>	<u>(1,442)</u>
-	-	(480)
-	-	(959)
-	-	8,238
-	(2,834)	(29,824)
-	<u>(2,834)</u>	<u>(23,025)</u>
-	-	65
3	-	111
(5)	(52)	(668)
<u>(2)</u>	<u>(52)</u>	<u>(492)</u>
224	(2,863)	(23,159)
<u>254</u>	<u>2,863</u>	<u>41,377</u>
<u>\$ 478</u>	<u>\$ -</u>	<u>\$ 18,218</u>
\$ 177	\$ (1,171)	\$ (697)
-	1,205	2,282
-	-	(39)
49	(166)	(2,580)
-	3	3
(2)	8	182
5	20	25
-	-	2,800
(3)	(173)	(176)
<u>\$ 226</u>	<u>\$ (274)</u>	<u>\$ 1,800</u>
\$ 478	\$ -	\$ 17,768
-	-	450
<u>\$ 478</u>	<u>\$ -</u>	<u>\$ 18,218</u>

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**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.**

<b>Workers' Compensation Reserve</b>	<b>To provide self-insurance to the County through a retrospective rating plan with the State of Ohio for workers' compensation.</b>
<b>Auditor's Computer Center</b>	<b>To account for the financial activity relating to the data processing center.</b>
<b>Workers' Compensation Reserve for Stadiums</b>	<b>To provide the insurance to the labor force constructing Paul Brown Stadium.</b>

**COUNTY OF HAMILTON, OHIO  
COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
DECEMBER 31, 2003**

(Amounts in Thousands)

	Governmental Activities		
	Workers' Compensation Reserve	Auditor's Computer Center	Total Governmental Activities
<b>ASSETS</b>			
Current Assets:			
Equity in Pooled Cash and Investments	\$ 8,214	\$ 1,700	\$ 9,914
Due from Other Funds	-	-	-
Total Current Assets	<u>8,214</u>	<u>1,700</u>	<u>9,914</u>
Capital Assets:			
Depreciable Capital Assets, Net:			
Furniture, Fixtures and Equipment	-	1,031	1,031
Less Accumulated Depreciation	-	(685)	(685)
Total Depreciable Capital Assets, Net	<u>-</u>	<u>346</u>	<u>346</u>
Total Capital Assets, Net	<u>-</u>	<u>346</u>	<u>346</u>
<b>TOTAL ASSETS</b>	<u>8,214</u>	<u>2,046</u>	<u>10,260</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	3	16	19
Accrued Wages and Benefits Payable	-	30	30
Total Current Liabilities	<u>3</u>	<u>46</u>	<u>49</u>
Noncurrent Liabilities:			
Estimated Future Claims	7,482	-	7,482
Accrued Compensated Absences	-	135	135
Total Noncurrent Liabilities	<u>7,482</u>	<u>135</u>	<u>7,617</u>
<b>TOTAL LIABILITIES</b>	<u>7,485</u>	<u>181</u>	<u>7,666</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	-	346	346
Unrestricted	729	1,519	2,248
<b>TOTAL NET ASSETS</b>	<u>\$ 729</u>	<u>\$ 1,865</u>	<u>\$ 2,594</u>



<u>Business-Type Activities</u>		
<u>Workers' Compensation Reserve for Stadiums</u>	<u>Total Business-Type Activities</u>	<u>Totals</u>
\$ 18	\$ 18	\$ 9,932
400	400	400
<u>418</u>	<u>418</u>	<u>10,332</u>
-	-	1,031
-	-	(685)
-	-	346
-	-	346
<u>418</u>	<u>418</u>	<u>10,678</u>
51	51	70
-	-	30
<u>51</u>	<u>51</u>	<u>100</u>
216	216	7,698
-	-	135
<u>216</u>	<u>216</u>	<u>7,833</u>
<u>267</u>	<u>267</u>	<u>7,933</u>
-	-	346
151	151	2,399
<u>\$ 151</u>	<u>\$ 151</u>	<u>\$ 2,745</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, 2003**

(Amounts in Thousands)

	Governmental Activities		
	Workers' Compensation Reserve	Auditor's Computer Center	Total Governmental Activities
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 3,046	\$ 1,808	\$ 4,854
<b>TOTAL OPERATING REVENUES</b>	<u>3,046</u>	<u>1,808</u>	<u>4,854</u>
<b>OPERATING EXPENSES</b>			
Personnel Services	-	1,020	1,020
Depreciation	-	87	87
Other	3,645	316	3,961
<b>TOTAL OPERATING EXPENSES</b>	<u>3,645</u>	<u>1,423</u>	<u>5,068</u>
<b>OPERATING INCOME (LOSS)</b>	(599)	385	(214)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Increase in Fair Value of Equity in Pooled Cash and Investments	51	11	62
Decrease in Fair Value of Equity in Pooled Cash and Investments	(133)	(22)	(155)
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET</b>	<u>(82)</u>	<u>(11)</u>	<u>(93)</u>
<b>CHANGE IN NET ASSETS</b>	(681)	374	(307)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>1,410</u>	<u>1,491</u>	<u>2,901</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 729</u>	<u>\$ 1,865</u>	<u>\$ 2,594</u>

<b>Business-Type Activities</b>		
<b>Workers' Compensation Reserve for Stadiums</b>	<b>Total Business-Type Activities</b>	<b>Totals</b>
\$ 400	\$ 400	\$ 5,254
400	400	5,254
-	-	1,020
-	-	87
249	249	4,210
249	249	5,317
151	151	(63)
-	-	62
(7)	(7)	(162)
(7)	(7)	(100)
144	144	(163)
7	7	2,908
\$ 151	\$ 151	\$ 2,745

**COUNTY OF HAMILTON, OHIO**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**  
(Amounts in Thousands)

	Governmental Activities		
	Workers' Compensation Reserve	Auditor's Computer Center	Total Governmental Activities
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Interfund Services Provided	\$ 3,046	\$ 1,808	\$ 4,854
Cash Payments to Suppliers for Goods and Services	-	(303)	(303)
Cash Payments for Interfund Services Provided	(2,228)	-	(2,228)
Cash Payments for Personnel Costs	-	(1,010)	(1,010)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>818</u>	<u>495</u>	<u>1,313</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and Construction of Property, Plant and Equipment	-	(13)	(13)
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>-</u>	<u>(13)</u>	<u>(13)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Increase in Fair Value of Equity in Pooled Cash and Investments	51	11	62
Decrease in Fair Value of Equity in Pooled Cash and Investments	(133)	(22)	(155)
<b>NET CASH PROVIDED USED BY INVESTING ACTIVITIES</b>	<u>(82)</u>	<u>(11)</u>	<u>(93)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	736	471	1,207
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>7,478</u>	<u>1,229</u>	<u>8,707</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 8,214</u>	<u>\$ 1,700</u>	<u>\$ 9,914</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ (599)	\$ 385	\$ (214)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	-	87	87
Net Changes in Operating Assets and Liabilities:			
Due from Other Funds	-	-	-
Operating Accounts Payable	(4)	14	10
Accrued Payroll and Related Withholdings	-	4	4
Compensated Absences	-	5	5
Estimated Future Claims	1,421	-	1,421
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 818</u>	<u>\$ 495</u>	<u>\$ 1,313</u>

Business-Type Activities		
Workers' Compensation Reserve for Stadiums	Total Business-Type Activities	Totals
\$ -	\$ -	\$ 4,854
(365)	(365)	(668)
-	-	(2,228)
-	-	(1,010)
<u>(365)</u>	<u>(365)</u>	<u>948</u>
-	-	(13)
-	-	(13)
-	-	62
(7)	(7)	(162)
(7)	(7)	(100)
(372)	(372)	835
390	390	9,097
<u>\$ 18</u>	<u>\$ 18</u>	<u>\$ 9,932</u>
\$ 151	\$ 151	\$ (63)
-	-	87
(400)	(400)	(400)
24	24	34
-	-	4
-	-	5
(140)	(140)	1,281
<u>\$ (365)</u>	<u>\$ (365)</u>	<u>\$ 948</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, 2003**  
 (Amounts In Thousands)

	Undivided Taxes	Other Agency	Total
<b>ASSETS</b>			
Equity in Pooled Cash and Investments	\$ 55,365	\$ 17,153	\$ 72,518
Cash and Cash Equivalents—Segregated Accounts	-	31,632	31,632
Real and Other Taxes Receivable	955,595	-	955,595
<b>TOTAL ASSETS</b>	<u>\$ 1,010,960</u>	<u>\$ 48,785</u>	<u>\$ 1,059,745</u>
<b>LIABILITIES</b>			
Intergovernmental Payable	\$ 55,365	\$ 13,903	\$ 69,268
Future Tax Collections to Be Distributed	955,595	-	955,595
Other Current Liabilities	-	34,882	34,882
<b>TOTAL LIABILITIES</b>	<u>\$ 1,010,960</u>	<u>\$ 48,785</u>	<u>\$ 1,059,745</u>



**COUNTY OF HAMILTON, OHIO**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

(Amounts in Thousands)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>UNDIVIDED TAXES</b>				
<b>ASSETS</b>				
Equity in Pooled Cash and Investments	\$ 69,875	\$ 1,481,584	\$ 1,496,094	\$ 55,365
Real and Other Taxes Receivable	913,962	955,595	913,962	955,595
<b>TOTAL ASSETS</b>	<u>\$ 983,837</u>	<u>\$ 2,437,179</u>	<u>\$ 2,410,056</u>	<u>\$ 1,010,960</u>
<b>LIABILITIES</b>				
Intergovernmental Payable	\$ 69,875	\$ 1,481,584	\$ 1,496,094	\$ 55,365
Future Tax Collections to Be Distributed	913,962	955,595	913,962	955,595
<b>TOTAL LIABILITIES</b>	<u>\$ 983,837</u>	<u>\$ 2,437,179</u>	<u>\$ 2,410,056</u>	<u>\$ 1,010,960</u>
<b>OTHER AGENCY FUNDS</b>				
<b>ASSETS</b>				
Equity in Pooled Cash and Investments	\$ 23,261	\$ 583,361	\$ 589,469	\$ 17,153
Cash and Cash Equivalents—Segregated Accounts	24,627	213,421	206,416	31,632
<b>TOTAL ASSETS</b>	<u>\$ 47,888</u>	<u>\$ 796,782</u>	<u>\$ 795,885</u>	<u>\$ 48,785</u>
<b>LIABILITIES</b>				
Intergovernmental Payable	\$ 12,270	\$ 160,182	\$ 158,549	\$ 13,903
Other Current Liabilities	35,618	307,601	308,337	34,882
<b>TOTAL LIABILITIES</b>	<u>\$ 47,888</u>	<u>\$ 467,783</u>	<u>\$ 466,886</u>	<u>\$ 48,785</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, 2003**  
(Amounts in Thousands)

<b>GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	
Land	\$ 98,694
Land Improvements	2,084
Buildings, Structures and Improvements	374,651
Infrastructure	645,999
Furniture, Fixtures and Equipment	78,578
Construction in Progress	8,993
<b>TOTAL</b>	<b><u>\$ 1,208,999</u></b>
 <b>INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE</b>	
General Fund Revenues	\$ 136,606
Special Revenue Fund Revenues	826,867
Capital Projects:	
General Obligation Bonds	204,554
Federal and State Grants	28,310
Donations	12,662
<b>TOTAL</b>	<b><u>\$ 1,208,999</u></b>

**COUNTY OF HAMILTON, OHIO**  
**SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION OF**  
**GOVERNMENTAL FUNDS BY FUNCTION AND ACTIVITY**  
**DECEMBER 31, 2003**  
(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	\$ 32,411	\$ 369,540	\$ 11,587	\$ -	\$ 413,538
Judicial	18	68	21,526	-	21,612
Public Safety	46	32	18,427	-	18,505
Social Services	-	34	8,771	-	8,805
Health	406	4,887	5,371	-	10,664
Public Works	67,897	91	11,326	645,999	725,313
Environmental Control	-	-	1,384	-	1,384
Economic Development	-	-	185	-	185
Construction in Progress	-	5,024	-	3,969	8,993
<b>Total</b>	<u>\$ 100,778</u>	<u>\$ 379,676</u>	<u>\$ 78,577</u>	<u>\$ 649,968</u>	<u>\$ 1,208,999</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, 2003**

(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	\$ 415,519	\$ 12,878	\$ 14,859	\$ 413,538
Judicial	21,608	569	565	21,612
Public Safety	19,629	4,351	5,475	18,505
Social Services	8,542	1,311	1,048	8,805
Health	10,309	1,713	1,358	10,664
Public Works	722,986	2,445	118	725,313
Environmental Control	2,000	434	1,050	1,384
Economic Development	171	14	-	185
Construction in Progress	8,064	10,849	9,920	8,993
<b>Total</b>	<u>\$ 1,208,828</u>	<u>\$ 34,564</u>	<u>\$ 34,393</u>	<u>\$ 1,208,999</u>

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**Statistical  
Section**

**The County of  
Hamilton, Ohio**

**COUNTY OF HAMILTON, OHIO  
STATISTICAL SECTION**

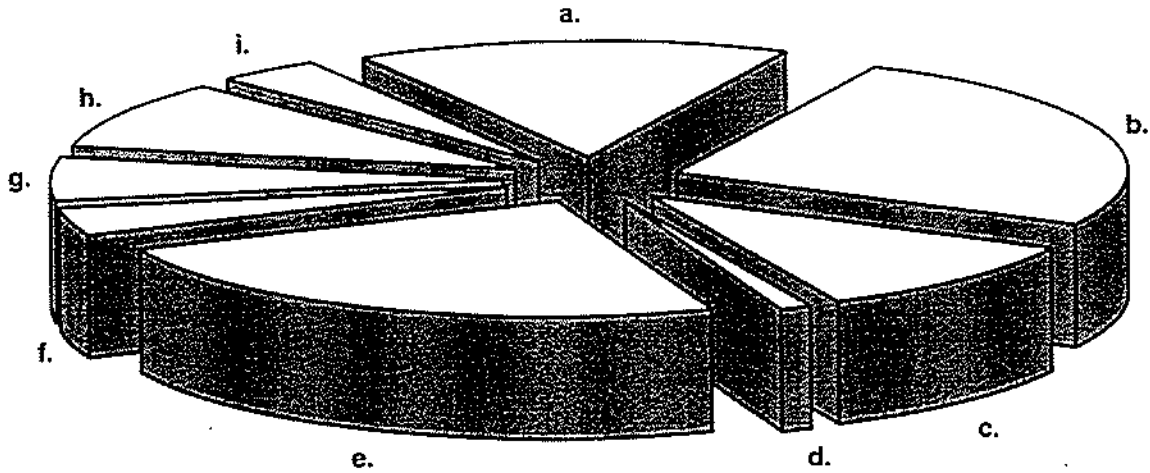
**STATISTICAL TABLES**

**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, 2003**

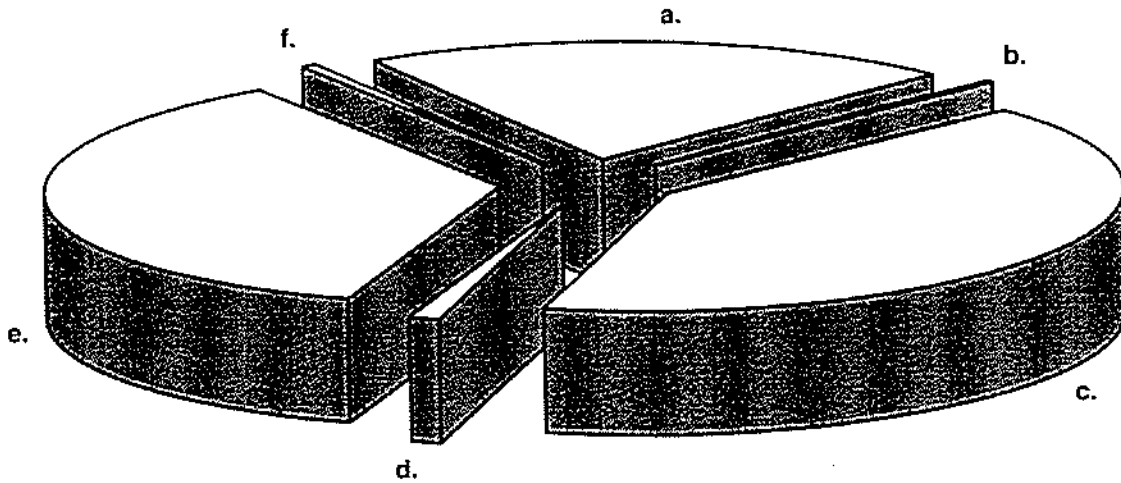
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REVENUE BY SOURCE		%
a.	Property Taxes.....	15.56
b.	Sales and Use Tax.....	25.65
c.	State Shared Taxes.....	10.46
d.	Licenses and Permits.....	1.02
e.	Charges for Services.....	24.21
f.	Fines and Forfeitures.....	3.89
g.	Investment Earnings.....	6.02
h.	Intergovernmental.....	9.64
i.	Other.....	3.55
TOTAL		100.00

COUNTY OF HAMILTON, OHIO  
 EXPENDITURE DOLLAR BY FUNCTION—GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2003

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EXPENSE BY FUNCTION		%
a.	General Government.....	21.32
b.	Social Services.....	0.45
c.	Judicial.....	40.95
d.	Public Works.....	1.10
e.	Public Safety.....	35.76
f.	Economic Development.....	0.42
	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	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Taxes:</b>										
Property Taxes	\$ 28,579	\$ 28,576	\$ 28,288	\$ 30,378	\$ 30,454	\$ 30,914	\$ 34,232	\$ 34,661	\$ 34,301	\$ 37,063
Sales and Use Tax	47,054	47,645	68,513	67,689	80,198	58,973	70,330	63,561	60,755	61,104
State Shared Taxes	19,644	22,077	21,998	23,081	24,509	25,215	26,010	27,097	25,475	24,916
Licenses and Permits	1,924	1,540	1,513	1,519	1,871	1,862	1,605	1,511	2,151	2,453
Charges for Services	22,945	25,441	29,512	27,847	42,456	34,599	45,653	45,236	57,686	57,677
Fines and Forfeitures	7,318	7,729	9,082	7,981	9,147	9,201	9,240	7,510	8,149	9,277
Investment Earnings	10,492	14,697	13,704	16,578	23,225	25,592	31,222	29,027	21,139	14,334
Intergovernmental	17,618	16,293	17,730	18,630	21,853	18,359	24,426	24,266	23,385	22,976
Miscellaneous	1,593	2,824	3,082	4,146	4,596	6,087	8,540	10,816	8,885	8,449
Other Source	-	317	-	-	-	-	-	-	-	-
Transfers In	-	2,365	741	2,075	-	-	-	19,511	1,750	1,877
<b>TOTAL RECEIPTS</b>	<b>\$ 157,367</b>	<b>\$ 169,804</b>	<b>\$ 194,163</b>	<b>\$ 199,924</b>	<b>\$ 238,309</b>	<b>\$ 212,802</b>	<b>\$ 251,259</b>	<b>\$ 263,196</b>	<b>\$243,676</b>	<b>\$240,126</b>
<b>DISBURSEMENTS</b>										
General Government	\$ 41,577	\$ 47,468	\$ 47,528	\$ 49,756	\$ 53,960	\$ 45,086	\$ 44,574	\$ 47,934	\$ 69,627	\$ 48,152
Judicial	50,246	52,302	56,952	61,298	64,368	77,702	82,287	85,592	90,978	92,482
Public Works	668	761	789	818	855	1,225	1,307	1,480	2,242	2,473
Public Safety	45,225	45,071	50,120	51,860	52,251	62,140	65,198	71,780	75,151	80,745
Social Services	652	683	707	684	659	757	739	878	928	1,022
Economic Development	-	-	-	-	-	343	587	596	670	954
Transfers Out	22,320	18,004	18,115	55,019	46,767	56,856	23,704	30,793	19,239	20,721
<b>TOTAL DISBURSEMENTS</b>	<b>\$ 160,688</b>	<b>\$ 164,289</b>	<b>\$ 174,211</b>	<b>\$ 219,435</b>	<b>\$ 218,860</b>	<b>\$ 244,109</b>	<b>\$ 218,396</b>	<b>\$ 239,053</b>	<b>\$258,833</b>	<b>\$246,549</b>

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)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>REVENUES</b>										
<b>Taxes</b>										
Property Taxes	\$ 167,079	\$ 178,461	\$ 175,709	\$ 189,816	\$ 197,977	\$ 208,529	\$ 223,472	\$ 219,331	\$ 237,171	\$ 245,094
Sales and Use Tax	47,162	48,986	75,416	70,136	72,736	68,878	71,634	73,431	60,007	61,104
State Shared Taxes	37,810	41,479	41,931	43,680	44,295	47,306	44,976	56,244	46,109	45,143
Licenses and Permits	4,695	4,325	4,567	4,537	4,959	5,256	4,532	5,101	5,691	5,820
Charges for Services	42,826	64,587	66,430	56,317	71,287	72,532	115,399	100,079	150,719	167,323
Fines and Forfeitures	9,495	9,894	11,443	10,216	11,343	12,279	11,172	10,560	10,318	11,719
Investments Earnings	13,555	17,240	16,527	21,064	27,997	23,256	39,978	27,662	24,197	13,104
Intergovernmental	191,026	193,936	206,808	251,334	260,623	328,544	342,828	348,982	350,207	341,445
Lease Revenue	2,553	2,551	-	-	-	-	-	-	-	-
Miscellaneous	8,087	9,491	11,175	14,707	18,278	20,735	22,188	24,049	28,456	27,987
<b>TOTAL REVENUES</b>	<b>\$ 524,294</b>	<b>\$ 570,950</b>	<b>\$ 610,065</b>	<b>\$ 671,807</b>	<b>\$ 709,495</b>	<b>\$ 787,315</b>	<b>\$ 876,179</b>	<b>\$ 863,639</b>	<b>\$ 912,875</b>	<b>\$ 918,739</b>
<b>EXPENDITURES</b>										
General Government	\$ 50,773	\$ 53,774	\$ 68,468	\$ 60,840	\$ 68,494	\$ 48,069	\$ 53,959	\$ 48,673	\$ 56,465	\$ 57,062
Judicial	56,138	62,121	67,489	73,313	79,613	102,033	102,331	107,804	111,739	114,561
Public Works	18,645	22,454	20,417	24,059	24,189	29,484	29,770	29,855	30,426	34,802
Public Safety	48,700	49,495	53,895	57,160	58,848	73,552	76,519	88,000	89,680	99,528
Economic Development	13,855	12,037	12,645	12,281	14,669	15,614	14,181	16,947	21,008	25,282
Health	206,072	165,003	165,673	171,679	182,320	188,636	208,856	198,632	233,948	234,699
Social Services	95,980	166,061	165,841	179,907	197,499	259,745	322,688	316,184	316,232	320,475
Environmental Control	4,785	6,102	6,640	6,402	6,697	5,200	4,836	5,965	6,615	6,903
Parks and Recreation	4,830	4,896	4,816	4,990	-	6,217	6,409	8,217	6,826	6,482
Miscellaneous	26	-	-	-	-	-	-	-	-	-
Capital Outlay	38,439	30,725	32,352	32,877	24,715	15,427	9,716	2,385	11,010	4,658
Debt Service:										
Bond Principal Retirement	16,607	8,715	20,270	54,420	19,290	16,865	16,575	42,975	11,540	11,820
Note Principal Retirement	-	20,005	-	-	-	-	-	-	-	-
Fiscal	-	-	72	64	12	210	32	621	5	8
Interest	9,626	10,373	9,829	11,836	11,391	11,040	10,116	9,237	8,804	6,212
Escrow Account Refunding/Fiscal Charges	-	38	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 566,476</b>	<b>\$ 611,799</b>	<b>\$ 628,407</b>	<b>\$ 689,828</b>	<b>\$ 686,737</b>	<b>\$ 772,092</b>	<b>\$ 855,986</b>	<b>\$ 873,495</b>	<b>\$ 904,300</b>	<b>\$ 924,492</b>

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**

<b>Tax Year/ Collection Year</b>	<b>Current Levy</b>	<b>Delinquent Levy</b>	<b>Total Levy</b>	<b>Current Collection</b>
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
2002/2003	293,718,944	23,835,087	317,554,031	280,905,493
<b>Totals</b>	<b><u>\$2,429,133,665</u></b>	<b><u>\$171,159,750</u></b>	<b><u>\$2,600,293,415</u></b>	<b><u>\$2,352,889,639</u></b>

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

<b>Current Levy Collected</b>	<b>Delinquent Collection</b>	<b>Total Collection</b>	<b>Total Collections as a Percent of Current Levy</b>
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%
95.64%	10,634,727	291,540,220	99.26%
	<b><u>\$87,570,922</u></b>	<b><u>\$2,440,460,561</u></b>	

**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
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
2002/2003	16,088,698	45,967,709	1,712,460	7,135,250

<sup>1)</sup>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 <sup>(1)</sup>	Assessed Value	Estimated Actual Value	
\$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%
743,825	1,487,650	18,544,983	54,590,609	33.97%



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

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>HAMILTON COUNTY:</b>										
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)	0.21	0.19	0.19	0.16	0.18	0.18	0.18	0.17	0.16	0.15
Drake Hospital	1.05	1.76	1.76	1.76	1.76	1.76	1.59	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	5.39	5.39
For Courty 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	0.83	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	3.53	3.53	3.53	3.53
For Community Mental Health	1.81	1.99	1.99	1.99	1.99	2.47	2.47	2.47	2.47	2.74
For Support of Children Services	1.62	1.62	1.62	2.77	2.77	2.11	2.77	1.87	2.77	2.77
For Recreation/Zoological Purposes	0.45	0.45	0.45	0.45	0.00	0.42	0.42	0.42	0.42	0.42
For Senior Services	1.00	1.00	1.00	1.00	1.02	1.02	1.02	1.02	1.02	1.16
<b>Total</b>	<b>18.33</b>	<b>18.30</b>	<b>18.30</b>	<b>19.44</b>	<b>19.01</b>	<b>19.54</b>	<b>20.83</b>	<b>19.92</b>	<b>21.47</b>	<b>21.67</b>
<b>TOWNSHIPS:</b>										
Anderson	8.90	8.60	8.90	8.90	8.90	9.90	9.90	9.90	11.67	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	10.84	15.18	15.18	16.18
Columbia	17.76	17.96	17.96	17.06	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	19.66	19.46	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	8.81	8.81	8.81	8.81	8.81	8.81	8.81	8.31	8.31
Harrison	3.74	3.74	3.74	3.74	3.74	3.74	3.74	3.74	3.74	3.74
Miami	5.56	5.56	6.85	6.85	6.85	6.45	6.45	7.45	7.45	9.91
Springfield	15.67	15.67	15.67	15.67	14.30	14.30	14.30	14.30	20.30	20.30
Sycamore	7.60	7.60	7.60	7.60	7.60	7.75	7.75	7.75	7.75	7.75
Symmes	10.30	11.00	11.00	11.00	11.00	11.90	11.75	11.75	11.75	13.45
Whitewater	10.84	10.84	10.84	10.84	10.84	10.84	10.84	10.84	10.84	11.44
<b>SCHOOLS:</b>										
Cincinnati	48.75	48.68	53.52	53.19	53.13	53.13	51.94	56.93	57.15	56.25
Deer Park	55.10	55.10	62.01	62.01	62.01	62.01	62.01	70.00	70.00	70.00
Finneytown	68.77	68.70	68.64	72.60	72.59	72.39	72.39	72.39	80.34	80.34
Forest Hills	43.04	49.51	49.23	51.37	51.37	51.37	51.16	50.97	50.97	55.67
Indian Hill	44.69	44.63	44.58	44.48	44.51	42.92	42.92	47.10	47.10	47.10
Lockland	35.12	35.12	35.89	58.34	59.07	57.96	66.59	55.95	37.69	37.69
Loveland	56.69	56.13	55.44	60.14	59.58	64.21	63.79	70.14	70.14	70.14
Madeira	68.97	68.97	68.97	72.13	72.13	72.13	71.71	80.22	80.04	79.47
Marionport	67.97	67.97	74.97	74.97	74.97	84.92	82.02	85.15	85.67	85.42
Milford	57.50	57.50	57.50	54.52	59.10	59.10	59.10	59.10	83.20	83.20
Mt. Healthy	55.69	55.79	55.77	55.66	54.99	81.98	61.85	61.68	61.71	61.63
North College Hill	54.12	53.97	53.57	53.57	53.57	53.57	57.47	57.47	57.47	57.47
Northwest	43.18	43.15	42.98	42.98	50.18	50.18	50.13	49.60	49.60	49.64
Norwood	47.98	46.63	49.92	49.51	48.90	48.82	48.57	52.60	52.95	49.90
Oak Hills	35.30	40.20	40.20	40.20	46.97	46.97	46.97	46.97	46.97	46.74
Princeton	42.24	42.24	42.24	42.24	42.24	42.24	46.19	46.19	46.19	45.79
Reading	43.90	51.28	51.28	51.28	57.18	57.18	57.18	57.18	57.18	57.18
St. Bernard	29.75	36.67	36.67	36.71	35.72	34.97	34.97	43.25	43.66	43.07
Southwest	45.13	45.13	45.13	44.77	44.74	48.22	48.22	47.88	47.75	47.44
Sycamore	54.14	54.14	54.14	54.14	54.14	61.53	60.84	60.84	60.84	60.49
Three Rivers	39.40	32.06	36.96	37.86	37.54	37.48	37.26	39.85	39.95	39.95
Winton Woods	62.12	62.12	62.12	62.12	62.13	70.08	70.08	70.08	70.08	70.08
Wyoming	63.03	64.98	64.98	64.98	64.98	73.18	71.03	70.39	70.29	70.08
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)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>CITIES &amp; VILLAGES:</b>										
Addyston	6.59	6.59	7.59	7.59	7.59	7.59	7.59	5.59	5.59	5.59
Amberley	4.00	4.00	4.00	4.00	4.00	6.00	6.00	7.00	7.00	7.00
Arlington Heights	10.87	10.81	10.77	10.02	10.82	10.82	10.82	10.82	10.82	9.52
Blue Ash	3.08	3.08	3.08	3.08	3.08	3.08	3.08	3.08	3.08	3.08
Cheviot	13.38	13.38	13.02	13.00	12.84	12.82	12.66	12.62	12.56	12.42
Cincinnati	11.46	11.46	11.46	11.46	11.46	11.46	10.90	10.76	10.76	10.63
Cleves	19.36	19.36	19.36	23.71	23.71	20.71	20.71	17.41	13.66	13.66
Dear Park	6.68	6.68	6.58	7.20	7.20	4.50	3.55	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	0.00	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	8.01	8.01	8.01	8.01	8.01	8.01	8.01	8.01	12.76	12.76
Glendale	25.38	25.38	23.68	23.26	22.34	19.66	21.93	21.65	21.55	22.61
Golf Manor	12.60	19.60	19.60	19.60	19.42	19.42	19.42	25.32	24.52	24.52
Greenhills	18.04	18.04	21.54	21.91	26.22	26.47	25.99	25.99	25.93	27.98
Harrison	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Indian Hill	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96
Lincoln Heights	24.34	10.08	20.08	20.08	20.08	20.08	20.08	20.08	24.58	26.33
Lockland	6.02	6.02	6.02	6.02	6.02	6.02	6.02	6.02	6.02	6.02
Loveland	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	12.00	12.00
Madeira	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50
Maneuport	8.94	8.94	8.94	8.94	12.44	12.44	12.44	12.44	12.44	12.44
Milford	13.10	13.10	13.10	12.60	12.60	12.60	12.60	12.00	12.00	12.00
Montgomery	9.15	9.15	9.15	9.15	9.15	9.15	10.75	10.75	10.05	10.05
Mt. Healthy	4.61	7.11	7.11	7.11	7.11	7.11	6.61	8.11	8.11	8.11
Newtown	8.87	8.87	8.87	8.87	8.87	8.87	6.87	6.87	6.87	10.37
North Bend	13.82	16.59	17.88	17.88	17.88	14.88	10.38	10.09	10.09	10.09
North College Hill	6.18	6.18	6.18	7.98	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	1.76	1.76	1.76	1.76	1.76	1.76	3.52	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	11.15	11.15	11.15	11.15	11.15	8.15	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	18.32	14.86	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	5.08	5.08	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
<b>SPECIAL DISTRICTS:</b>										
Dear Park/Silverton Joint Fire District	0.00	0.00	0.00	0.00	0.00	6.50	6.50	6.50	6.50	6.50
Eastern Joint Ambulance District	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	3.00	3.00
Fairfax/Madison Pl. Joint Fire & Rescue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.50	2.50
Western Joint Ambulance District	0.00	0.00	1.25	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**

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	<u>BILLED</u>	<u>COLLECTED</u>	<u>DELINQUENT</u>
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
2003	757,143	601,429	162,349

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 <sup>(1)</sup>	Assessed Value <sup>(2)</sup> (Amounts in 000s)	General		Balance		Net		Ratio of Net Bonded Debt to Assessed Value	Net General Bonded Debt Per Capita
			Bonded Debt (Amounts in 000s)	Debt (Amounts in 000s)	Debt Service Fund (Amounts in 000s)	General Bonded Debt (Amounts in 000s)	General 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	
2003	845,303	18,544,983	141,680	7,502	134,178			0.72%	158.73	

Sources:  
<sup>(1)</sup> U.S. Bureau of the Census  
<sup>(2)</sup> Hamilton County Auditor's Finance Department

**COUNTY OF HAMILTON, OHIO  
COMPUTATION OF LEGAL DEBT MARGIN  
DECEMBER 31, 2003**

(Amounts in Thousands)

	Total Debt Limit <sup>(1)</sup>	Unvoted Debt Limit <sup>(2)</sup>
<b>Debt Limitation of Assessed Value</b>	\$462,125	\$185,450
<b>Outstanding Debt</b>	1,313,927	1,313,927
<b>Debt Exempt from Computation</b>		
Metropolitan Sewer District Bonds	490,975	490,975
Metropolitan Sewer District Loans	17,735	17,735
Special Assessments	3,805	3,805
Museum Center	0	15,110
Justice Complex	675	675
Juvenile Youth Center	10,445	10,445
Waterline West Phase I	3,015	3,015
Alms & Doepke Building	20,032	20,032
Waterline West Phase II	1,545	1,545
Sales Tax Supported Bond	616,222	616,222
Parking Garage Revenue Bond	24,020	24,020
Available Funds in Debt Service Funds	7,502	7,502
<b>Total Exempt Debt</b>	1,195,971	1,211,081
<b>Net Debt Applicable to Debt Limitation</b>	117,956	102,846
<b>Legal Debt Margin Remaining</b>	\$344,169	\$82,604

Note: Assessed valuation is \$18,544,983.

<sup>(1)</sup>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.

<sup>(2)</sup>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, 2003**

(Amounts in Thousands)

Political Subdivision	Debt Outstanding	Debt		Net Debt	Percent Applicable	County Share
		Service Fund	Debt			
<b>Direct Debt:</b>						
County of Hamilton	\$164,795	\$7,502	\$157,293	100.00%	\$157,293	
<b>Overlapping Debt:</b>						
Cities and Villages	324,211 <sup>(3)</sup>	21,027 <sup>(1)</sup>	303,184	96.66%	293,064	
Schools	1,160,233 <sup>(2)</sup>	13,690 <sup>(2)</sup>	1,146,543	94.11%	1,079,030	
Townships	33,676 <sup>(3)</sup>	3,460 <sup>(1)</sup>	30,216	100.00%	30,216	
Special Districts	3,236 <sup>(3)</sup>	0 <sup>(1)</sup>	3,236	100.00%	3,236	
<b>Total Overlapping Debt</b>	<u>1,521,356</u>	<u>38,177</u>	<u>1,483,179</u>	<u>94.77%</u>	<u>1,405,546</u>	
<b>Total Direct and Overlapping Debt</b>	<u>\$1,686,151</u>	<u>\$45,679</u>	<u>\$1,640,472</u>	<u>95.27%</u>	<u>\$1,562,839</u>	

Sources:  
<sup>(1)</sup>2002 Certificate of the Total Amount Available—Certified Unencumbered Cash Balance as of December 31, 2003, filed with the Hamilton County Auditor  
<sup>(2)</sup>Hamilton County School Districts file on fiscal year ending June 30, 2003—budgetary basis  
<sup>(3)</sup>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**

<b>Fiscal Year</b>	<b>Debt Service on General Tax Supported Debt</b>	<b>General Governmental Expenditures (Amounts in 000s)</b>	<b>Ratio of Tax Supported Debt Service to General Governmental Expenditures</b>
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%
2003	20,032,072	924,492	2.17%

Source: Hamilton County Auditor's Office, Financial Reporting

**COUNTY OF HAMILTON, OHIO**  
**REVENUE BOND COVERAGE—PARKING GARAGE**  
**FIRST TWO YEARS**

(Amounts in thousands)

Year	Gross Revenue	Total Operating Expenses	Net Available for Debt Service	Debt Service Requirements	Coverage
2002 <sup>(1)</sup>	\$5,364	\$961	\$4,403	\$338	13.03
2003	5,043	4,184	859	740	1.16

<sup>(1)</sup>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 <sup>(1)</sup>	Net Available for Debt		Debt		Coverage
				Service	Requirements	Service	Requirements	
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
2003	138,388	79,995	4,612	63,005	41,165			1.53

<sup>(1)</sup>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**

<b>Year</b>	<b>Assessed Value</b> (Amounts in 000's)	<b>Bank Deposits</b> <b>at December 31<sup>(1)</sup></b> (Amounts in 000's)	<b>Buildings</b> <b>Permits Issued<sup>(2)</sup></b>
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
2003	18,544,983	147,868,600	5,343

Sources:

<sup>(1)</sup>Federal Reserve Bank of Cleveland

<sup>(2)</sup>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**

	2000	
	<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%
<b>Total</b>	<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)**

	2000	
	<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%
<b>Total</b>	<u>340,270</u>	<u>100.00%</u>

Per Capita Income                      \$32,753

Source: U.S. Department of Commerce  
(Most current information available)

**COUNTY OF HAMILTON, OHIO  
DEMOGRAPHIC STATISTICS**

**LAST TEN YEARS**

Employment—Annual Average	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total Labor Force	435,800	436,900	449,000	450,300	459,100	458,600	449,000	447,600	442,600	437,700
Total Employed	415,000	419,300	432,800	435,700	445,900	444,700	436,100	430,800	424,700	417,000
Total Unemployed	20,800	17,600	16,200	14,600	13,200	13,900	12,900	16,900	17,900	20,700
Unemployment Rate	4.80%	4.00%	3.60%	3.20%	2.90%	3.00%	2.90%	3.80%	4.00%	4.70%

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

	2001	2002	2003
<b>Private Sector</b>			
Accommodation and Food Services	40,216	39,653	39,375
Administrative and Waste Services	38,124	39,875	40,108
Arts, Entertainment, and Recreation	6,708	6,907	7,289
Construction	25,596	24,266	25,527
Educational Services	9,636	9,729	10,179
Finance and Insurance	25,946	26,231	25,424
Health Care and Social Assistance	69,989	71,236	73,477
Information	12,992	11,730	11,346
Management of Companies and Enterpris	26,074	26,601	25,358
Manufacturing	70,040	66,112	65,285
Professional and Technical Services	35,758	37,721	36,753
Real Estate and Rental and Leasing	9,428	9,917	9,127
Retail Trade	59,722	59,343	58,178
Transportation and Warehousing	14,476	13,396	13,000
Utilities	2,843	2,777	2,867
Wholesale Trade	30,631	29,189	27,918
Other Services, Except Public Administrat	20,602	20,146	19,043
<b>Government Sector</b>			
State Government & Local Government	47,892	48,057	48,327
Federal Government <sup>(1)</sup>	10,656	10,264	10,038
<b>Grand Total</b>	<u>557,329</u>	<u>553,150</u>	<u>548,619</u>

<sup>(1)</sup>Includes only federal government agencies

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

**COUNTY OF HAMILTON, OHIO  
PRINCIPAL TAXPAYERS  
DECEMBER 31, 2003**

(Amounts in Thousands)

Name of Taxpayer	Nature of Business	Assessed Valuation	Percent of Total Assessed Valuation
1. Cinergy Corporation	Public Utility	\$514,046	2.77%
2. Procter & Gamble Co.	Consumer Goods - Manufacturing	182,585	0.98%
3. Cincinnati Bell Telephone	Public Utility	160,258	0.86%
4. Duke Realty Ohio	Real Estate Management	77,059	0.42%
5. Ford Motor Company	Automotive Manufacturing	74,244	0.40%
6. City of Cincinnati	City Government	69,474	0.37%
7. Concordia Properties	Real Estate Management	57,029	0.31%
8. Hamilton County	County Government	54,116 <sup>(1)</sup>	0.00%
9. Cognis Corporation	Chemical Manufacturing	46,914	0.25%
10. Emery Realty	Real Estate Management	31,255	0.17%
<b>Total</b>		<u>\$1,266,980</u>	<u>6.53% <sup>(2)</sup></u>

<sup>(1)</sup>Real property for the Hamilton County Commissioners includes value of \$39,285,750 for the Great American Ball Park. The majority of this value will be exempted.

<sup>(2)</sup>Total excludes the Hamilton County Commissioners, for which a majority of the value will be exempted.

Source: Hamilton County Auditor's Office

**COUNTY OF HAMILTON, OHIO  
SCHEDULE OF INSURANCE COVERAGE  
DECEMBER 31, 2003**

<b>Name of Carrier</b>	<b>Policy Number</b>	<b>Policy Period</b>	<b>Annual Premium</b>	<b>Details of Coverage/Liability Limit</b>
AMERICAN GUARANTEE & LIABILITY INSURANCE CO.	ERP 3705902-01	03/01/2003 to 03/01/2004	\$728,574	Property coverage on County-owned buildings and contents, East Garage, and central riverfront parking; builder's risk; \$574,143,000 value, \$500,000,000 limit, \$100,000 deductible per occurrence.  Property coverage on Great American Ball Park and Paul Brown Stadium; \$695,588,000 value, \$300,000,000 limit, \$100,000 deductible.
OLD REPUBLIC INSURANCE CO.	12109	12/12/2003 to 12/12/2004	28,428	Aviation liability insurance; \$20,000,000 limit.
LEXINGTON INSURANCE	4373817	03/20/2003 to 04/03/2004	4,125	Commercial general liability on Mt. Airy Men's Shelter; \$1,000,000 limit, \$1,000 deductible.
LEXINGTON INSURANCE	4373816	03/20/2003 to 04/03/2004	10,371	Professional liability on Mt. Airy Men's Shelter; \$1,000,000 limit.
GULF INSURANCE WESTCHESTER SURPLUS CHUBB INSURANCE CO. ALLIED WORLD INSURANCE STARR EXCESS LIABILITY	CGL007794328 MLW774577 7953-43-77 AW1240152 634-0646	08/01/2003 to 08/01/2004	545,610	Commercial general liability, umbrella and excess liability on Paul Brown Stadium; \$100,000,000 limit.
GULF INSURANCE WESTCHESTER SURPLUS CHUBB INSURANCE CO. ALLIED WORLD INSURANCE STARR EXCESS LIABILITY	CGL007794329 MLW774576 7953-43-76 AW1240153 634-0648	08/01/2003 to 08/01/2004	557,100	Commercial general liability, umbrella and excess liability on Great American Ball Park; \$100,000,000 limit.
CINCINNATI INSURANCE CO.	CAP 769 86 45	04/15/2003 to 04/15/2004	13,966	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	09/07/2003 to 09/07/2004	397	Package policy on Treasurer's Office; Money & securities, \$20,000 limit; Inland marine, \$100,000 limit.
<b>Total</b>			<u>\$1,888,571</u>	

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**Auditor of State  
Betty Montgomery**

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## **FINANCIAL CONDITION**

### **HAMILTION 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  
NOVEMBER 30, 2004**