

CITY OF CINCINNATI, OHIO

Single Audit Reports

Year Ended December 31, 2006



Mary Taylor, CPA
Auditor of State

Honorable Mayor and Members of City Council
City of Cincinnati
City Hall, Room 246
801 Plum Street
Cincinnati, Ohio 45202

We have reviewed the *Independent Auditors' Report* of the City of Cincinnati, Hamilton County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2006 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 18, 2007

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CITY OF CINCINNATI, OHIO

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Schedule of Expenditure of Federal Awards
(Non-GAAP Budgetary Basis)
For the year ended December 31, 2006
(Amounts in Thousands)

Grantor/Program Title	Fund	CFDA #	Grant #	Grant and Contract Revenue Received	Contributions and other Revenue	CFS Expenditures
1 U.S. Department of Agriculture						
* Passed through Ohio Department of Health						
* Hamilton County WIC Program	391	10.557	31-2-001-1-CL-06	1,784		(1,959)
* Hamilton County WIC Program	391	10.557	31-2-001-1-CL-07	443		(662)
Total for CFDA No. 10.557				2,227		(2,621)
TOTAL DEPARTMENT OF AGRICULTURE				2,227		(2,621)
2 U.S. Department of Health and Human Services						
(a.) Aging Cluster						
* Passed through Council on Aging of Southwestern Ohio						
* Special Programs for the Aging Title III Part B	324	93.044		27		(27)
(a.) Total for CFDA No. 93.044				27		(27)
* Special Programs for the Aging Title III Part C	324	93.045		198	19	(229)
(a.) Total for CFDA No. 93.045				198	19	(229)
Total for Aging Cluster				225	19	(256)
* Passed through YMCA of Greater Cincinnati						
* TANF- Cincy After School	324	93.558				(35)
Total for CFDA No. 93.558						(35)
(b.) Consolidated Health Centers Cluster						
* Passed through Cincinnati Health Network						
* Homeless Health Care Program	448	93.151	Contract #55-9343			(34)
* Homeless Health Care Program	448	93.151	Contract #65-9432	171		(164)
(b.) Total for CFDA No. 93.151				171		(198)
Total for Consolidated Health Centers Cluster				171		(198)
* Passed through Ohio Department of Health						
* Regional Lead Poisoning Prevention	380	93.197	31-2-001-1-BE-05	21		
* Regional Lead Poisoning Prevention	380	93.197	31-2-001-1-BE-06	84	8	(74)
* Regional Lead Poisoning Prevention	380	93.197	31-2-001-1-BE-07	20		(41)
Total for CFDA No. 93.197				125	8	(115)
* Passed through Neighborhood Health Care						
* Cincinnati Health Network	446	93.224	Contract #45-9228			(24)
* Cincinnati Health Network	446	93.224	Contract #55-9342	4		
* Cincinnati Health Network	446	93.224	Contract #65-9435	315		(321)
Total for CFDA No. 93.224				319		(345)
* Passed through Ohio Department of Health						
* Immunization Action Plan Special	415	93.268	31-2-001-2-AZ-03	3		
* Immunization Action Plan Special	415	93.268	31-2-001-2-AZ-05			(35)
* Immunization Action Plan Special	415	93.268	31-2-001-2-AZ-06	249		(305)
Total for CFDA No. 93.268				252		(340)
* Passed through Ohio Department of Health						
* Federal AIDS Prevention	378	93.940	31-2-001-2-AS-04	3		
* Federal AIDS Prevention	378	93.940	31-2-001-2-AS-05	78		(91)
* Federal AIDS Prevention	378	93.940	31-2-001-2-AS-06	712	9	(727)
Total for CFDA No. 93.940				793	9	(818)
* Passed through Ohio Department of Health						
* STD Control Program	378	93.977	31-2-001-2-BX-06	2		(13)
* STD Control Program	378	93.977	31-2-001-2-BX-07	83		(83)
Total for CFDA No. 93.977				85		(96)
STD/HIV Prevention Training Centers	379	93.978	R30/CCR516650-06			(8)
STD/HIV Prevention Training Centers	379	93.978	R30/CCR516650-07	541		(539)
Total for CFDA No. 93.978				541		(547)
* Passed through Ohio Department of Health						
* Heart Health in Hamilton County	425	93.991	31-2-001-2-ED-05	59		(49)
* Heart Health in Hamilton County	425	93.991	31-2-001-2-ED-06	104		(108)
Total for CFDA No. 93.991				163		(157)

Schedule of Expenditure of Federal Awards
(Non-GAAP Budgetary Basis)
For the year ended December 31, 2006
(Amounts in Thousands)

Grantor/Program Title	Fund	CFDA #	Grant #	Grant and Contract Revenue Received	Contributions and other Revenue	CFS Expenditures
<i>Passed through Ohio Department of Health</i>						
* Public Health Infrastructure	350				508	(738)
* Public Health Infrastructure	350	93.283	31-2-001-2-B1-06	58		(140)
* Public Health Infrastructure	350	93.283	31-2-001-2-B1-07	42		(175)
Total for CFDA No. 93.283				100	508	(1,053)
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				2,774	544	(3,960)
 <i>3 U.S. Department of Housing & Urban Development</i>						
(c.) CDBG - Entitlement & Small Cities Cluster						
<i>Passed through Ohio Department of Development</i>						
* Community Development Block Grant	304	14.218	B04-MC390003	7,966		(7,203)
* Community Development Block Grant	304	14.218	B05-MC390003	15,289		(15,289)
* Community Development Block Grant	304	14.218	B06-MC390003	3,956	2,583	(6,461)
(c.) Total for CFDA No. 14.218				27,211	2,583	(28,953)
Total for CDBG Entitlement & Small Cities Cluster				27,211	2,583	(28,953)
 <i>Passed through Ohio Department of Development</i>						
* Emergency Shelter Grant	445	14.231	S-05-MC-39-0003	153		(153)
* Emergency Shelter Grant	445	14.231	S-06-MC-39-0003	435		(435)
Total for CFDA No. 14.231				588		(588)
 <i>Passed through Ohio Department of Development</i>						
* HOME-Shelter Plus Care	410	14.238	OH16C20-0001	77		(77)
* HOME-Shelter Plus Care	410	14.238	OH16C30-0016	57		(57)
* HOME-Shelter Plus Care	410	14.238	OH16C30-0001	148		(148)
* HOME-Shelter Plus Care	410	14.238	OH16C30-0020	46		(46)
* HOME-Shelter Plus Care	410	14.238	OH16C30-0021	46		(46)
* HOME-Shelter Plus Care	410	14.238	OH16C40-0001	108		(108)
* HOME-Shelter Plus Care	410	14.238	OH16C40-0014	844		(844)
* HOME-Shelter Plus Care	410	14.238	OH16C50-0021	1,095		(1,095)
* HOME-Shelter Plus Care	410	14.238	OH16C96-0004	175		(171)
Total for CFDA No. 14.238				2,596		(2,592)
 <i>Passed through Ohio Department of Development</i>						
* HOME	411	14.239	M-01-MC-39-0213	247		(247)
* HOME	411	14.239	M-02-MC-39-0213	106		(106)
* HOME	411	14.239	M-03-MC-39-0213	2,268		(2,268)
* HOME	411	14.239	M-04-MC-39-0213	130		(130)
* HOME	411	14.239	M-05-MC-39-0213	918		(1,397)
* HOME	411	14.239	M-06-MC-39-0213	534	2	(417)
Total for CFDA No. 14.239				4,203	2	(4,565)
 <i>Passed through Ohio Department of Development</i>						
* Housing Opportunities For People With Aids	465	14.241	O-HH-05-F001	87		(87)
* Housing Opportunities For People With Aids	465	14.241	O-HH-06-F001	453		(453)
Total for CFDA No. 14.241				540		(540)
Empowerment Zone	386	14.244	EZ-99-04-0009	1,359		(1,359)
Total for CFDA No. 14.244				1,359		(1,359)
Cincinnati Lead Abatement Program	387	14.900	OHLHB022002	608		(427)
Total for CFDA No. 14.900				608		(427)
TOTAL DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				37,105	2,585	(39,024)
 <i>4 U.S. Department of the Interior</i>						
(d.) Fish & Wildlife Cluster						
<i>Passed through Ohio Department of Natural Resources</i>						
* ODNR-Hooked on Fishing	324	15.605		10		(10)
(d.) Total for CFDA No. 15.605				10		(10)
Total for Fish & Wildlife Cluster				10		(10)
TOTAL DEPARTMENT OF THE INTERIOR				10		(10)

Schedule of Expenditure of Federal Awards
(Non-GAAP Budgetary Basis)
For the year ended December 31, 2006
(Amounts in Thousands)

Grantor/Program Title	Fund	CFDA #	Grant #	Grant and Contract Revenue Received	Contributions and other Revenue	CFS Expenditures
5 U.S. Department of Justice						
<i>* Passed through Ohio Department of Youth Services</i>						
* Juvenile Accountability	368	16.540	2005-JB-011-A242	38	4	(42)
Total for CFDA No. 16.540				38	4	(42)
<i>* Passed through Ohio Office of Criminal Justice Services</i>						
* Mental Health Associates (Byrne)	368	16.579	2004-DG-B01-7350	60		(60)
* Delinquency Prevention	447	16.579	2000-DG-BOV-7655	9		(6)
* Computer Cop	447	16.579	2004-DG-B02-7263	37		(37)
* Computer Cop	447	16.579	2005-JG-B01-6260	71		(71)
* Cinn Campaign for a Safe Community	368	16.579	2004-DG-B01-7343	23		(23)
Total for CFDA No. 16.579				200		(197)
<i>* Passed through Ohio Office of Criminal Justice Services</i>						
* Domestic Violence Advocacy	368	16.588	2005-WF-VA5-8583	55		(71)
Total for CFDA No. 16.588				55		(71)
<i>* Passed through Ohio Office of Criminal Justice Services</i>						
* Project Safe Neighborhood	475	16.609	2004-PS-PSN-345	38		(38)
* Project Safe Neighborhood	368	16.609	2003-PS-PSN-300A	19		(19)
Total for CFDA No. 16.609				57		(57)
Computer Aided Dispatch	980	16.710	2004-CK-WX-0135	495	2,633	(1,950)
Police Risk Management Systems	980	16.710	2003-CK-WX 0167	93		
Universal Hiring Program	346	16.710	2002-UL-WX-0038	1,439		(1,439)
Total for CFDA No. 16.710				2,027	2,633	(3,389)
Justice Assistance Grant	478	16.738	2005-DJ-BX-1383	655		(475)
Justice Assistance Grant	361	16.738	2006-DJ-BX-0957	407		(204)
Total for CFDA No. 16.588				1,062		(678)
TOTAL DEPARTMENT OF JUSTICE				3,439	2,637	(4,434)
6 U.S. Department of Transportation						
* Lunken Parking lot Expansion	980	20.106	3-39-0018-1905	130		(321)
Local Match Funds - FAA Projects '04	980	20.106	3-39-0018-1704	58	53	(56)
* Lunken Improvements - '03	980	20.106	3-39-0018-1603	138		(198)
Total for CFDA No. 20.106				326	53	(575)
(e.) Highway & Construction Cluster						
<i>* Passed through Ohio Department of Transportation</i>						
* L & N Bridge Approach Improvements	980	20.205	PID20312	239		4
* Bicycle Grates-Phase IV	980	20.205	PID10605		(45)	
* Hopple St., Meeker to I-75 Improv.	980	20.205	PID 04905		98	(1)
* Beechmont Ave SR 32 to Corbley	980	20.205	PID04959			119
* Ft Washington Way - State Share	980	20.205	PID18433			1
* Intermodal Center - ODOT/TRAC	980	20.205	PID20852			(1,849)
* Queen City Ave-White/Wyoming	980	20.205	PID04909			(9)
* Queen City Ave-White/Wyoming	980	20.205	PID10599			(229)
* Ohio River Trail Salem to Downtown	980	20.205	PID20399		62	(74)
* ML King Woodside to Eden	980	20.205	PID11262	620		(1,932)
Sub-total for ODOT - CFDA No. 20.205				859	115	(3,970)
Total for Highway & Construction Cluster				859	115	(3,970)
(f.) Highway Safety Cluster						
<i>* Passed through Governor's Highway Safety Office</i>						
* Law Enforcement Overtime Program	368	20.600	GG-2006-31-00-00-00579	84		(100)
(f.) Total for CFDA No. 20.600				84		(100)
Total for Highway Safety Cluster				84		(100)
TOTAL DEPARTMENT OF TRANSPORTATION				1,269	168	(4,645)

Schedule of Expenditure of Federal Awards
(Non-GAAP Budgetary Basis)
For the year ended December 31, 2006
(Amounts in Thousands)

Grantor/Program Title	Fund	CFDA #	Grant #	Grant and Contract Revenue Received	Contributions and other Revenue	CFS Expenditures
7 <i>Environmental Protection Agency</i>						
Reimbursement Queen City Barrel	472	66.001	68-0103-0-1-304	25		(25)
Total for CFDA No .66.001				25		(25)
* <i>Passed through Cinn Metropolitan Housing Authority</i>						
* Neighborhood Housing	980	66.606	XP-96549101-0			(3)
Total for CFDA No .66.606						(3)
Brownfield Job Training	474	66.815	JT96546101	107		(107)
Total for CFDA No .66.815				107		(107)
TOTAL ENVIRONMENTAL PROTECTION AGENCY				132		(135)
8 <i>National Park Service</i>						
Showboat Majestic Improvements	980	15.919	39-03-ML-1381	83		(123)
Mt. Auburn Hopkins Park	980	15.919	39-CTY-1610-02-01	197		(413)
Total for CFDA No. 15.919				280		(536)
TOTAL NATIONAL PARK SERVICE				280		(536)
9 <i>Department of Homeland Security</i>						
* <i>Passed through Hamilton County Emergency Mgt. Agency</i>						
* Urban Areas Security Initiative		97.008		255		(255)
* Urban Areas Security Initiative		97.008	S04-UASI-31-0546	7,205		(7,205)
* Urban Areas Security Initiative		97.008	S05-UASI-31-0297	2,792		(2,792)
Total for CFDA No . 97.008				10,252		(10,252)
* <i>Passed through Ohio Dept. of Natural Resources</i>						
* Paddle Safe Cincinnati	324	97.012		20		(18)
Total for CFDA No . 97.012				20		(18)
* <i>Passed through Ohio Dept. of Public Safety</i>						
* FEMA-Katrina	479	97.036	FEMA 3250-EM-061-15000	6		(6)
Total for CFDA No . 97.036				6		(6)
Assistance to Firefighters	472	97.044	EMW-2003-FG-17406			(45)
Total for CFDA No . 97.044						(45)
* <i>Passed through Ohio Emergency Management Agency</i>						
* Metropolitan Medical Response System	454	97.071	70-0560-0-1-999	228		(221)
Total for CFDA No . 97.044				228		(221)
TOTAL DEPARTMENT OF HOMELAND SECURITY				10,506		(10,542)
 TOTAL FEDERAL GRANTS & SUBSIDIES (Non-GAAP Basis)				57,742	5,934	(65,907)
Less Amount Recognized as Contributed Capital				(2,053)		
Less Accrual of Federal Grant & Subsidies at 12/31/05				(1,046)		
Plus Accrual of Federal Grant & Subsidies at 12/31/06				1,405		
Less Receivable from Federal Government at 12/31/05				(1,312)		
Amount Recognized as Federal Grants & Subsidies (GAAP Basis)				54,736		

The Schedule of Expenditures of Federal Awards is presented on a Non-GAAP budgetary basis. Total Community Development loans outstanding at December 31, 2006 totaled \$60,294,000.00 Total Rental Rehab loans outstanding totaled \$12,769,000.



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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cincinnati Ohio ("City") as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 25, 2007 wherein we noted the City implemented Governmental Accounting Standards Board Statement No. 47 and Governmental Accounting Standards Board Technical Bulletin 2006-1. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is a more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2006-1 to be significant deficiencies in internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance And Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated June 25, 2007.

The City's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, express no opinion on it.

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



Cincinnati, Ohio
June 25, 2007



Clark, Schaefer, Hackett & Co.

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

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

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

Compliance

We have audited the compliance of City of Cincinnati, Ohio ("City") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2006-2.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the

effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the City's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in the City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2006-2 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2006, and have issued our report thereon dated June 25, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Clark, Schaefer, Hachett & Co.

Cincinnati, Ohio
June 25, 2007

CITY OF CINCINNATI, OHIO

Schedule of Findings and Questioned Costs

Year Ended December 31, 2006

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal Control over major programs:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	yes
Type of auditors' report issued on compliance for major programs:	unqualified
Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133?	yes

Identification of major programs:

CFDA 10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children
CFDA 14.218 – Community Development Block Grants/Entitlement Grants;
CFDA 16.710 – Public Safety Partnership & Community Policing Grants;
CFDA 20.205 – Highway Planning and Construction;
CFDA 97.008 – Urban Areas Security Initiative;

Dollar threshold to distinguish between Type A and Type B Programs:	\$1,977,212
Auditee qualified as low-risk auditee?	no

Section II - Financial Statement Findings

Finding 2006-1 – Schedule of Expenditures of Federal Awards

During our testing of capital assets, we noted the City received approximately \$6.9 million of contributed equipment that was purchased by Hamilton County with U.S. Department of Homeland Security funding. Based on the requirements of OMB Circular A-133, this equipment purchased with federal funds should be reported on the City's Schedule of Expenditures of Federal Awards, but was not included on the original schedule prepared by the City. The final Schedule of Expenditures of Federal Awards includes this federal award. The City should develop policies and procedures to ensure the Schedule of Expenditures of Federal Awards is complete and accurate.

Views of Responsible Officials: Management has developed a corrective action plan.

Section III - Federal Award Findings and Questioned Costs

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Community Development Block Grant/Entitlement Grants – CFDA No. 14.218

Finding 2006-2 - Subrecipient Monitoring

Criteria: The A-102 Common Rule requires a pass-through entity to monitor its subrecipients' activities to provide reasonable assurance the subrecipient administers Federal awards in compliance with Federal Requirements.

Conditions: The tickler file used to monitor subrecipients' submission of audit reports was not maintained consistently and accurately throughout the year. Further, the file was not complete as it did not include all subrecipients. The City was unable to provide documentation on its monitoring efforts such as the required submission of audit reports by subrecipients, and follow-up when audit reports submitted did not include all required reports or included audit findings.

Additionally, there was no formal policy or procedure in place to perform during-the-award monitoring activities or to track and monitor the on-site reviews that did occur.

Effect: A pass-through entity assumes responsibility for complying with federal requirements when it accepts federal awards. When the City passes a grant through to a subrecipient, the City is ultimately responsible for compliance at the subrecipient level. Ineffective subrecipient monitoring could result in noncompliance with federal requirements by subrecipients.

Cause: The Department of Community Development and Planning is currently undergoing reorganization and has experienced turnover in significant positions.

Recommendation: We recommend the City evaluate the tickler file system used to monitor subrecipient report filings to ensure the list of subrecipients is complete, the reports are submitted timely and appropriately, audit findings reported are followed up on, and include contractual provisions for appropriate sanctions when subrecipients fail to comply. To assist with completeness of the tickler file system, the City may consider sending a questionnaire to all subrecipients inquiring about the expected amount of total Federal awards expended and whether the subrecipient will have an audit performed in accordance with OMB Circular A-133.

Additionally, we recommend the City implement formal policies and procedures to standardize the on-site reviews of subrecipients. Such policies and procedures should address the maintenance of a tracking system to schedule and track the reviews performed, define the frequency of such reviews; and specify the documentation required to be completed when performing a review.

Views of Responsible Officials: Management has developed a corrective action plan.

CITY OF CINCINNATI, OHIO

Schedule of Prior Audit Findings

Year Ended December 31, 2006

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Finding 2005-1 – *CFDA 14.218 – Community Development Block Grant/Entitlement Grants*

Condition: The tickler file used to monitor subrecipients' submission of audit reports was not maintained consistently and accurately throughout the year. Further, the file was not complete as it did not include all subrecipients. The City was unable to provide documentation on its monitoring efforts such as the required submission of audit reports by subrecipients, and follow-up when audit reports submitted did not include all required reports or included audit findings.

Additionally, there was no formal policy or procedure in place to perform during the-award monitoring activities or to track and monitor the on-site reviews that did occur.

Recommendations: It was recommended that the City evaluate the tickler file system used to monitor subrecipient report filings to ensure the list of subrecipients is complete, the reports are submitted timely and appropriately, audit findings reported are followed up on, and include contractual provisions for appropriate sanctions when subrecipients fail to comply. To assist with completeness of the tickler file system, the City may consider sending a questionnaire to all subrecipients inquiring about the expected amount of total Federal awards expended and whether the subrecipient will have an audit performed in accordance with OMB Circular A-133.

Additionally, it was recommended that the City implement formal policies and procedures to standardize the on-site reviews of subrecipients. Such policies and procedures should address the maintenance of a tracking system to schedule and track the reviews performed, define the frequency of such reviews; and specify the documentation required to be completed when performing a review.

Current Status: We tested the program as a major program during 2006 and observed the same conditions. Thus, we will repeat the significant deficiency in Finding 2006-2.

U.S. DEPARTMENT OF JUSTICE

Finding 2005-2 – *CFDA 16.710 – Public Safety Partnership & Community Policing Grants*

Condition: We reviewed the salaries and benefits for all police recruits that were paid for with UHP funding during 2004. Our tests disclosed that overtime and training costs were paid with UHP funds.

Recommendations: Policies and procedures should be written to educate and provide guidance to program employees concerning the allowability of costs with respect to grant requirements.

Current Status: This grant was tested as a major program during 2006. No similar findings were noted during the 2006 audit.



Department of Finance

CORRECTIVE ACTION PLAN

June 25, 2007

Suite 250, City Hall
801 Plum Street
Cincinnati, Ohio 45202
Phone (513) 352-3731
Fax (513) 352-2370

Joe Gray
Director

To the Department of Housing and Urban Development

The City of Cincinnati respectfully submits the following corrective action plan for the year ended December 31, 2006.

Clark, Schaefer, Hackett & Company
105 East Fourth Street
Suite 1500
Cincinnati, OH 45202

Audit period: January 1, 2006 – December 21, 2006

The findings from the June 2007 schedule of finding and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

FINANCIAL STATEMENT FINDING

Reportable Conditions: See Finding 2006-1 – Schedule of Expenditures of Federal Awards

During our testing of capital assets, we noted the City received approximately \$6.9 million of contributed equipment that was purchased by Hamilton County with U.S. Department of Homeland Security funding. Based on the requirements of OMB Circular A-133, this equipment purchased with federal funds should be reported on the City's Schedule of Expenditures of Federal Awards, but was not included on the original schedule prepared by the City. The final Schedule of Expenditures of Federal Awards includes this federal award. The City should develop policies and procedures to ensure the Schedule of Expenditures of Federal Awards is complete and accurate.

Action Taken: Standard procedures for accounting for reimbursements of expenses and in kind contributions from grants will be reviewed and modified as necessary. The grant questionnaire sent to all departments will be modified to specifically ask for information on in kind grants as well as monetary grants.

The City will work closely with the County officials of EMA to ensure items obtained with Homeland Security grants are reported timely in accordance with the requirements of the grant.

In June 2007, the Fire Department hired a Grants Administrator who will be the liaison between the Department and the County EMA. This position will be responsible for the oversight of this grant, the majority of which relates to the Fire Department.

FINDINGS-FEDERAL AWARD PROGRAMS AUDIT

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Community Development Block Grant/Entitlement Grants – CFDA No. 14.218

Reportable Conditions: See Finding 2006-2 – Sub recipient monitoring

Recommendation: We recommend the City evaluate the tickler file system used to monitor sub recipient report filings to ensure the list of sub recipients is complete, the reports are submitted timely and appropriately, audit findings reported are followed up on, and include contractual provisions for appropriate sanctions when sub recipients fail to comply. To assist with completeness of the tickler file system, the City may consider sending a questionnaire to all sub recipients inquiring about the expected amount of total Federal awards expended and whether the sub recipient will have an audit performed in accordance with OMB Circular A-133.

Action Taken: The Department of Community Development and Planning has put together a plan to establish, maintain and regularly update the list of sub recipients. The plan entails:

- Compile all Consolidated Plan Project Funding Request Forms (CPR) to gather information on CDBG sub recipients in order to assure that the list is accurate and up-to-date.

- Develop a spreadsheet listing all sub recipients that receive grants and update it annually.

- Notify all sub recipients on the list receiving over \$500,000 in Federal awards to submit information about their fiscal year end and audit plans. This will be accomplished no later than July 30, 2007.

Follow-up:

- Once the A-133 due dates have been determined, approximately 45 days prior to the due date, send a letter to the qualifying sub recipient requesting a copy of their A-133 Audit. The due date is nine months following the organization's fiscal year end.

If we do not receive a response from our first notice, a second notice will be sent to the organization. The relevant Division Manger will be copied on this notice for additional follow up for which he or she will be accountable.

In the event the agency fails to submit the Audit report after the second notification, a third notice will be sent and in consultation with the relevant Division Manger, the correspondence will include a suspension of funding to the sub recipient pending receipt of the Audit report or an acceptable plan of action toward the completion of the Audit report.

The spreadsheet will be updated at least annually and as necessary to capture the most current information on each sub recipient.

Audit reports will be reviewed as required by the guidebook, “Managing CDBG’ ’ within 30 days of receipt. Notification will be sent to the sub recipient informing them of any audit findings and corrective action needed with response deadline date and contact information for Department of Community Development and Planning staff for questions.

Previous staffing issues were mainly due to staff changes. However, this process has since been assigned to two staff members who will be accountable for consistency in this process from beginning to end.

Recommendation: Additionally, we recommend the City implement formal policies and procedures to standardize the on-site reviews of sub recipients. Such policies and procedures should address the maintenance of a tracking system to schedule and track the reviews performed, define the frequency of such reviews; and specify the documentation required to be completed when performing a review.

Action Taken: Community Development & Planning is working to enhance its current system and make the system more uniform to provide consistency in the monitoring process, regardless of the department section or program funding source. The system currently in place does include a Notification letter and a copy of the Site Visit Monitoring Form that is sent to the agency prior to the monitoring visit, which includes the documentation, to be reviewed when City staff visits. A meeting is held with the agency director and program staff upon arrival of City staff to outline the goals and process for the monitoring visit. This discussion is held to further explain the purpose of the visit and to reiterate the documentation and other materials staff is required to review as a part of its monitoring protocol. The meeting also provides each agency an opportunity to share program accomplishments and to note any changes that may have occurred and but have not been reported to the city.

Ongoing monitoring occurs monthly, quarterly and annually. Monthly claim vouchers are reviewed and processed for reimbursement. City required modifications to vouchers and/or repeated errors on monthly reimbursement requests initiate contact with the agency. Once a problem has been identified, it is handled and resolved as quickly as possible to reduce the need for ongoing problem solving on the same issue. Quarterly reports are received, reviewed and followed up on as needed to ensure agency accountability. This report may also uncover problems with difficult or challenging

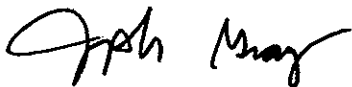
solutions that take an extended period of time to correct. The annual monitoring site visit provides the city the opportunity to a review agency records and allows for a face-to-face meeting with agency representatives to discuss and determine: 1) a reasonable assurance regarding the agency's performance; 2) the agency's ability to resolve/c orrect problems; and 3) the agency's ability to meet stated objective and outcomes in a measurable way.

We are in the process of developing a project database system which, when fully operational, will have a monitoring component. This monitoring component will alert the user when monitoring letters need to be mailed, when it is time to do an on-site monitoring visit as well as any follow up that needs to occur.

The new process combined with the project database will allow this department to enhance our systems and increase our internal accountability related to all monitoring requirements.

If the Department of Housing and Urban Development has questions regarding this plan, please call Pam Sacherman at 513 352-2568.

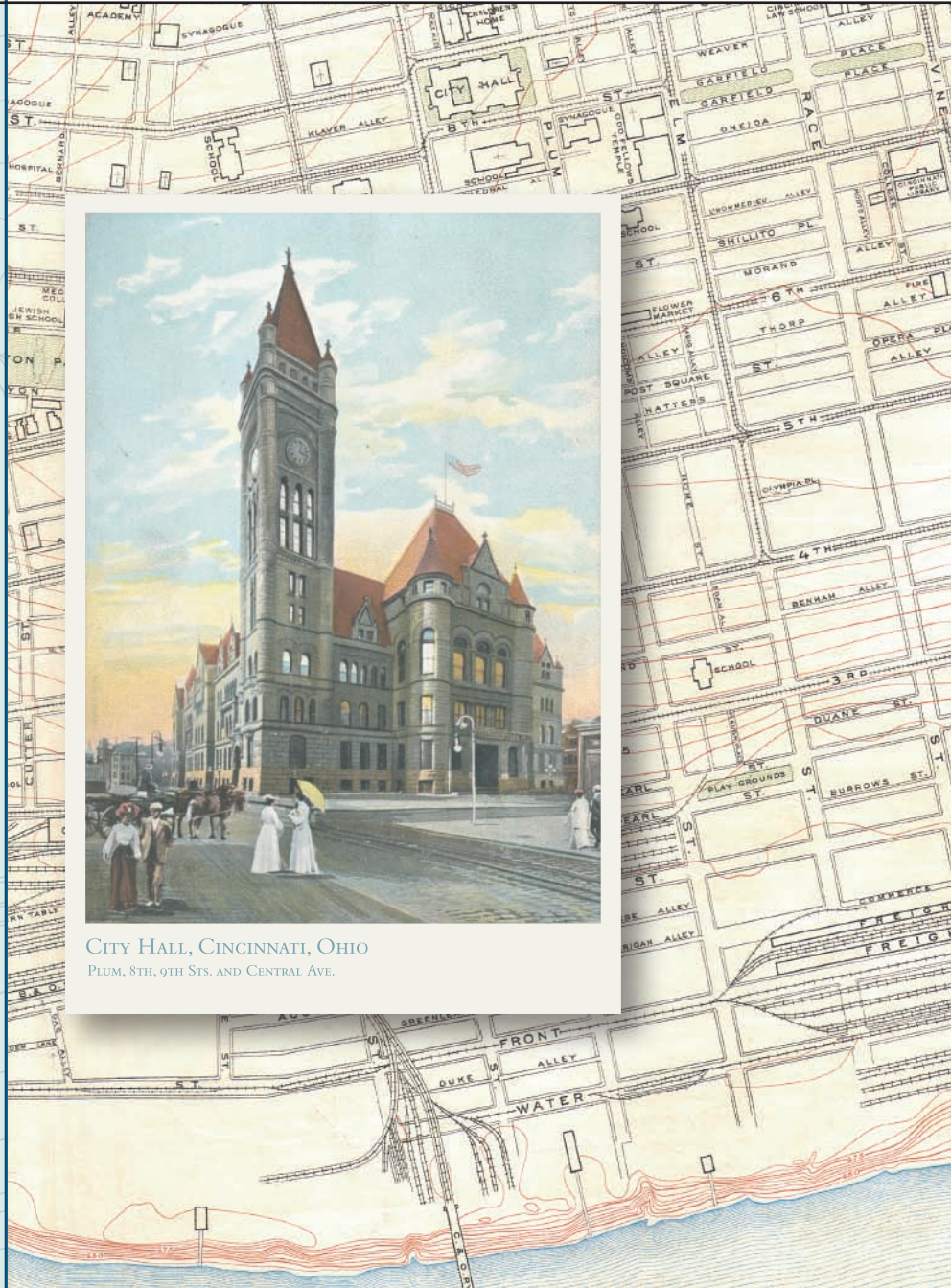
Sincerely yours,

A handwritten signature in black ink, appearing to read "Joe Gray". The signature is written in a cursive, flowing style.

Joe Gray, Director of Finance

Comprehensive Annual
FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2006



CITY HALL, CINCINNATI, OHIO
PLUM, 8TH, 9TH STS. AND CENTRAL AVE.

CITY OF CINCINNATI, OHIO



Cincinnati City Hall

In the year 1888 the construction of the new City Hall began. Designed by Samuel Hannaford & Sons Architects, the building was the entire block of Eighth, Plum, Ninth Streets and Central Avenue. The massive arched and gabled, ornamented style came to be known as "Richardson Romanesque." This building combined many municipal offices and support facilities under one roof.



Comprehensive Annual
FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2006

CITY OF CINCINNATI, OHIO

DIRECTOR OF FINANCE:

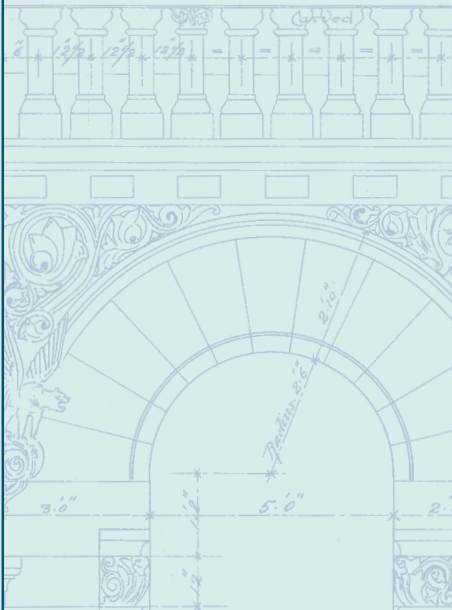
Joe Gray

ASSISTANT DIRECTOR OF FINANCE :

Kathleen A. Creager, CPA

FINANCE MANAGER:

Pamela J. Sacherman

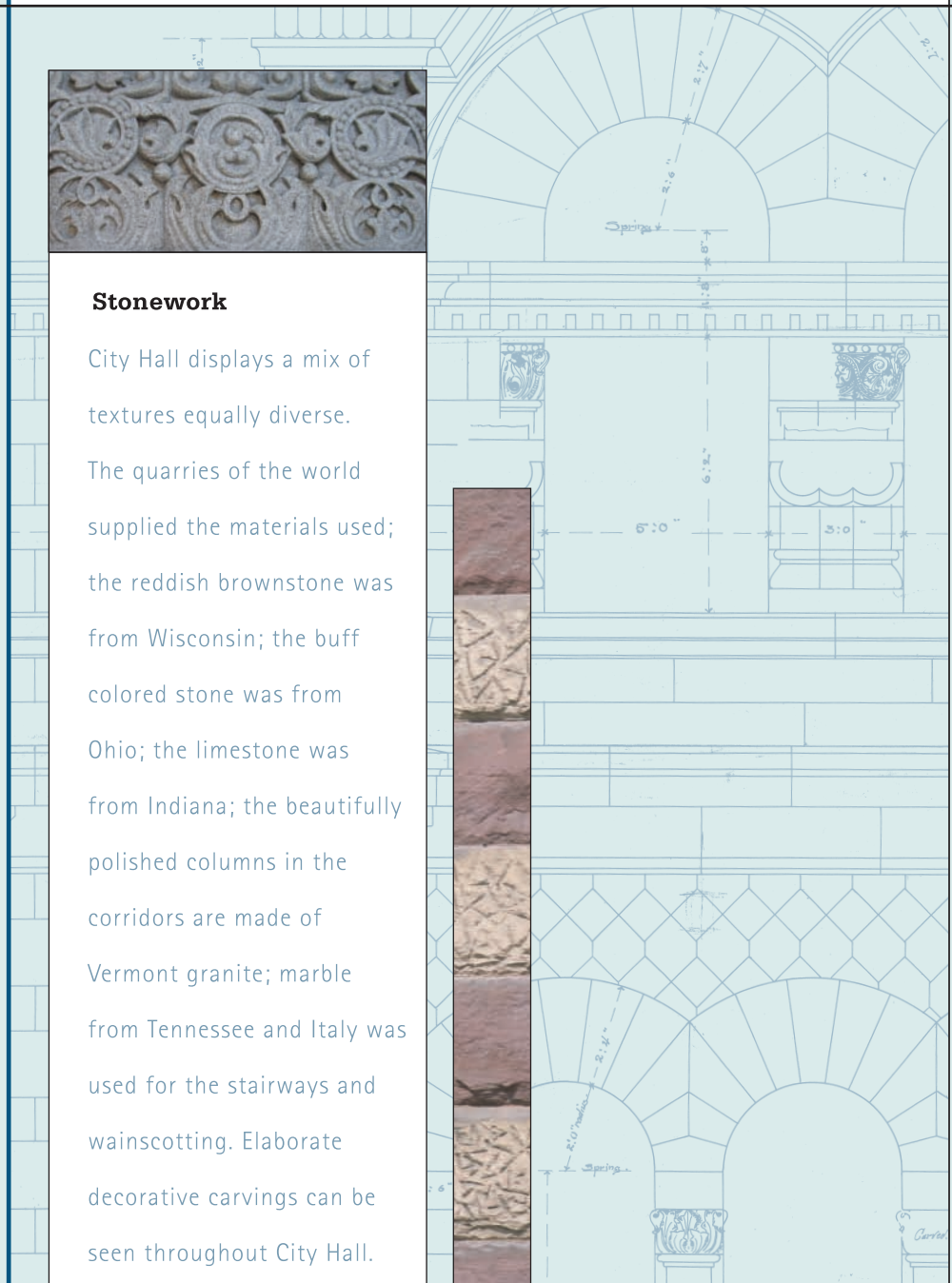


City of Cincinnati **Introductory Section**



Stonework

City Hall displays a mix of textures equally diverse. The quarries of the world supplied the materials used; the reddish brownstone was from Wisconsin; the buff colored stone was from Ohio; the limestone was from Indiana; the beautifully polished columns in the corridors are made of Vermont granite; marble from Tennessee and Italy was used for the stairways and wainscoting. Elaborate decorative carvings can be seen throughout City Hall.



CITY OF CINCINNATI, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended December 31, 2006

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City of Cincinnati

DEPARTMENT OF FINANCE

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

June 27, 2007

JOE GRAY
DIRECTOR OF FINANCE

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

We are pleased to submit the City of Cincinnati's Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2006. State law requires that the City of Cincinnati annually publish a complete set of financial statements for the results of its fiscal operations, presented in conformity with generally accepted accounting principles (GAAP). This report is prepared by the Department of Finance, which is responsible for the accuracy of the data and the completeness and fairness of its presentation, including disclosures. We believe that the information presented is accurate in all material respects and reported in a manner designed to show the financial position and operating results of the City.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A) that is located on page 3. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Cincinnati's 2006 CAFR is presented in three sections: Introductory, Financial, and Statistical. The Introductory section, which provides information on the general contents of the report, contains this letter of transmittal, an organizational chart of City government, and a list of City officials. The Financial section is comprised of the auditor's report, the MD&A, the basic financial statements, required supplementary information, and various statements and schedules pertaining to the City's funds and activities. The Statistical section provides various financial, economic, and demographic data about the City, generally on a multi-year basis.

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

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

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

A single audit is an organization-wide financial and compliance audit that is conducted in lieu of the traditional grant-by-grant multiple audits performed in the past. Federal law requires us to have this single audit of all City activities. We have remained in compliance with this requirement since its inception in 1985. Clark, Schaefer, Hackett and Co. conducted the single audit for the 2006 fiscal year.

Profile of the Government

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

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

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

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

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

Information Useful in Assessing the Government's Economic Condition

Local Economy

Fifty-four percent of the nation's population, 53% of the nation's purchasing power, 54% of the nation's manufacturing establishments, and 57% of the nation's value added by manufacturing is located within 600 miles of the City. The City's diverse economic base has been and continues to be a source of financial stability for the City. Among its prominent manufacturing groups are transportation equipment, which includes aircraft engines and auto parts; food and kindred products; metalworking and general industrial machinery; chemicals; fabricated metal products; printing and publishing.

According to the Greater Cincinnati Chamber of Commerce in its Economic Outlook 2007, recovery has

slowed from the mild recession primarily due to overly optimistic projections of employment growth. During the past five years, the unemployment rate in the Cincinnati MSA rose from an initial low of 4.9% (2002) to a high of 5.2% (2006).

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

Per the U.S. 2000 Census the City of Cincinnati's population was 331,285. The 2006 updated population estimates made by the Census Bureau has the Cincinnati population at 331,310.

Long Term Financial Planning

City Council established standards for a minimum working capital reserve account in 1984 to assure a strong financial position and to protect Cincinnati's general obligation bond rating during periods of fiscal stress. The policy called for achievement of a minimum reserve level, for emergency needs of a catastrophic nature, of no less than 5% or more than 8% of general operating revenues by December 31, 1986. The targeted year-end reserve level was achieved in January of each year 1985 through 2006. For 2007, the target reserve of \$23.1 million (6.7% of 2007 estimated revenues) has already been achieved.

Actual Non-GAAP General Fund expenditures/encumbrances in 2006 were \$345.8 million which is a \$16.7 million increase compared with 2005 expenditure/encumbrances of \$329.1 million. Actual Non-GAAP revenue in 2006 of \$344 million was greater than the original 2006 revenue estimate of \$337.1 million by \$6.9 million.

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

Relevant Financial Policies

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

The City's Investment Policy, which was approved by the Mayor and City Council, is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits are either insured by federal depository insurance or collateralized. The investments held by the City at December 31, 2006 were either backed by the full faith and credit of the U.S. Government or were investments with a credit rating of A-/A3 and above with the exception of a Park Board investment of \$25,000 that was rated BBB by Standard and Poor's and A3 by Moody's. The Investment Policy uses a laddered approach to schedule investment maturities whose weighted average maturity of the general investment portfolio is not to exceed two years. As of December 31, 2006, the weighted average maturity was 411.54 days. The Investment Policy also identifies a benchmark that is used to monitor the performance of the investment portfolio. During 2006, the benchmark ranged from 3.34% to 4.48% and the rate of return for general investments ranged from 3.51% to 4.52%. The rate of return on general investments was 3.98% in 2006 compared to 2.79% for all investments in 2005.

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

\$100 million for flood damage.

The City of Cincinnati Retirement System's (CRS) net plan assets increased from \$2.41 billion as of December 31, 2005 to \$2.61 billion as of December 31, 2006. The increase of \$200 million was generated by investment returns of 13.01% in 2006 on the total CRS investment portfolio. (See Pension Trust Fund financial statements on pages 32 and 33 and footnote 20.)

The Cincinnati Retirement System's actuary has reported that the funding progress of the plan as of December 31, 2006 was at 87.9% down from 95% in 2005 largely due to the change in investment rate assumption from 8.75% to 8.0%. Although the retirement system is under-funded, the City of Cincinnati has pre-funded not only the retirement system's pension liabilities but also its healthcare liabilities. Thus, the funding progress calculation accounts for both pension and healthcare liabilities.

Major Initiatives

In 2006, the City continued to improve customer service throughout city government and promote revitalization of neighborhoods, downtown, and the riverfront area. Major initiatives, accomplishments, and positive changes were made in the following areas and are of particular interest.

The Cincinnati Center City Development Corporation (3CDC), a private, non-profit corporation was created in July 2003 to help develop Cincinnati's Center City as a regional center of high value employment and real estate, sustained by a diverse mix of housing, culture, and entertainment leveraging public and private partnerships. Significant accomplishments include:

Fountain Square - The Cincinnati Center City Development Corporation (3CDC) worked with the City of Cincinnati to initiate the Fountain Square Revitalization project. 3CDC's plan envisions Fountain Square as a public space with retail, dining and entertainment that anchors the Fountain Square District. Spanning several blocks around the Square, the Fountain Square District will include new residential and retail developments. The total project cost is \$42.6 million of which the City has invested \$4 million. The project includes significant renovation of the supporting parking facility and public plaza. The square reopened in October 2006 and the final improvements to the square will be completed in 2007.

On June 22, 2006, the convention center (Duke Energy Center) was re-opened after a \$135 million expansion that will enable it to accommodate 75% of the national convention center market and provide economic impact to the Cincinnati region.

Tax Incentive Districts – Ohio cities may now create Tax Incentive Districts up to 300 acres in size. In the past, the City's TIF authority was limited to specific projects. This change provides Cincinnati with a new tool to stimulate development and investment in depressed portions of the community. Under the new legislation, eleven areas of Cincinnati were approved as Tax Incentive Districts by Cincinnati's City Council in December 2002. They include: Queensgate South, Downtown South/Riverfront (The Banks), Downtown/Over-the-Rhine West, Downtown/Over-the-Rhine East, Center Hill-Carthage, Walnut Hills, East Walnut Hills, Clifton Heights-University Heights-Fairview, Corryville, Bond Hill, and Evanston. The City received approval from the State of Ohio to implement its TIF authority, which was effective June 2004. In December 2005, the City created an additional nine TIF districts. They include: Avondale, Oakley, Madisonville, Westwood A, Westwood B, Lower Price Hill, West Price Hill, Price Hill and East Price Hill. The nine new TIF districts were approved by the State of Ohio on December 16, 2005. The City's authority to implement the new nine TIF districts is pending tax exemption approval by the State.

Awards and Acknowledgements

Certificate of Achievement and Budget Award

During 2006, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cincinnati for its comprehensive annual financial report for the fiscal year ended December 31, 2005. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

This is the twenty-sixth consecutive year that the City has received this award. In 1979, for our 1978 annual financial report, we were the first governmental unit in Ohio to receive the Certificate. As of December 31, 2005, 117 municipal reporting entities in Ohio and only 1,748 units nationwide are holders of the Certificate. We believe our current report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its' eligibility for another certificate.

We are equally proud of the GFOA's Award for Distinguished Budget Presentation earned by the City for its 2005/2006 biennial budget. This is the 19th consecutive year that the City has received this award. For the fiscal years beginning in 2005, only 26 entities in Ohio and only 1,050 nationwide received the award.

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

Respectfully,



Joe Gray
Director of Finance

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CERTIFICATE OF ACHIEVEMENT

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Cincinnati
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

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



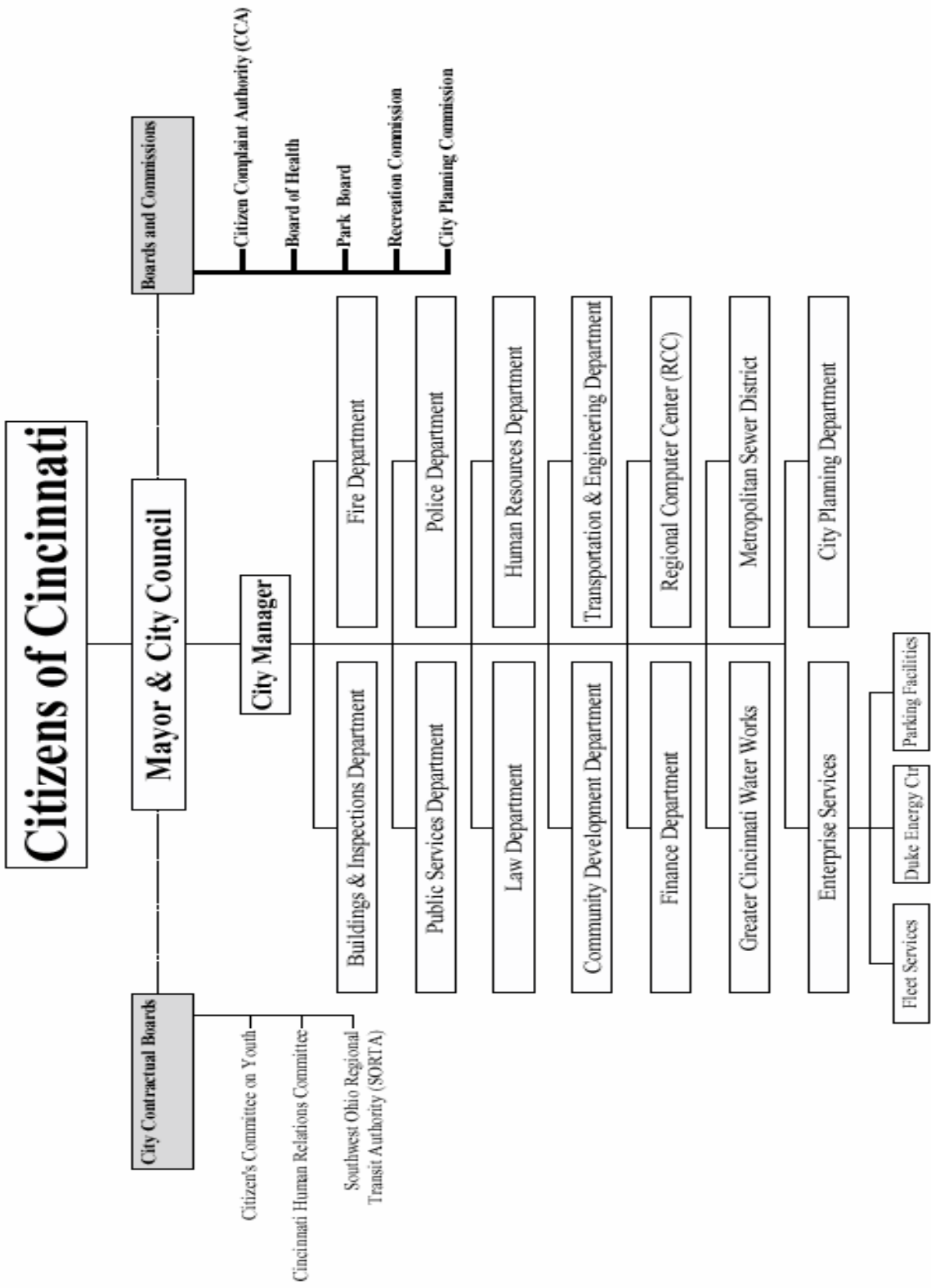
President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Cincinnati, Ohio for its comprehensive annual financial report for the fiscal year ended December 31, 2005.

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

A Certificate of Achievement is valid for a period of one year only. The City of Cincinnati has received a Certificate of Achievement for the last twenty-six consecutive years (fiscal years ended 1980 - 2005). We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.



CITY OF CINCINNATI, OHIO

Principal City Officials

CITY COUNCIL

Mark Mallory, Mayor
First term

James R. Tarbell, Vice Mayor, fourth term
Chris Monzel, second term
Jeff Berding, first term
Chris Bortz, first term
David Crowley, third term

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

CITY MANAGER

Milton Dohoney, Jr.

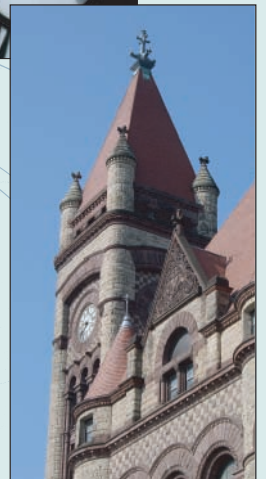
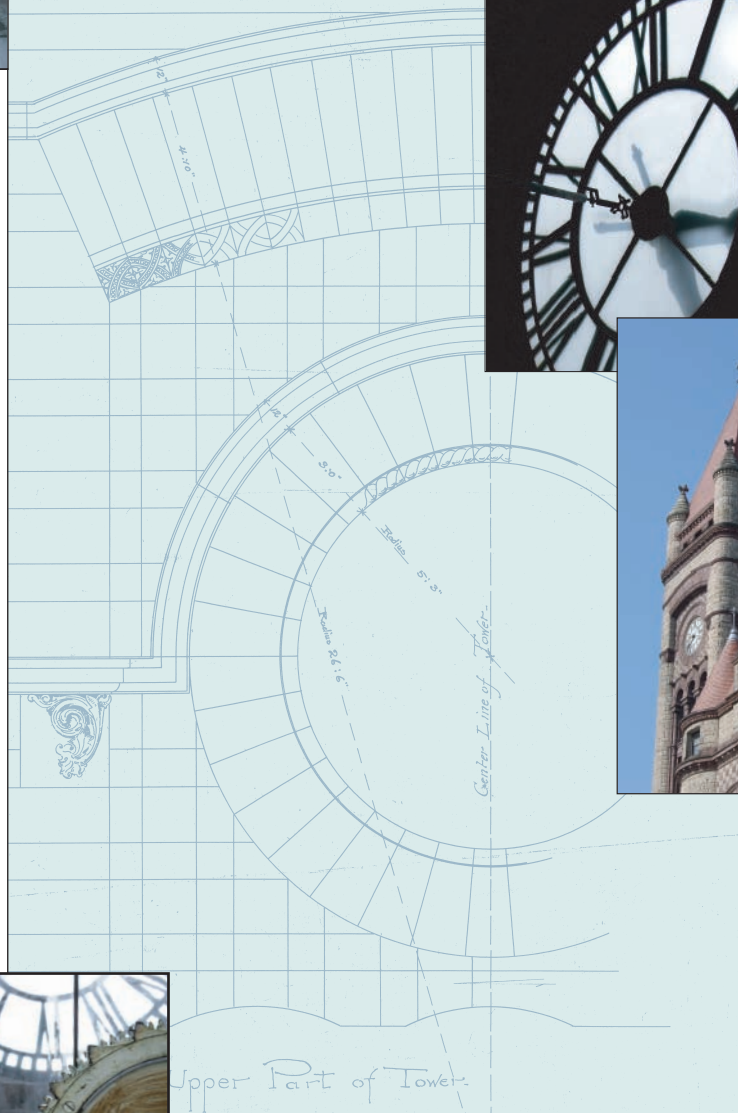
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City of Cincinnati **Financial Section**



The Tower

The tower of the building is positioned on the corner of Eighth and Plum Streets. It is 253 in height, taller than the Cathedral Steeple. Its most important feature is the clock; the dial is 10 1/2 feet in diameter and is lit at night. The tower also holds a bell weighing 4500 lbs. The bell was made by the Buckeye Foundry and was rung every hour when the new City Hall opened. Intricate detail and carvings can be appreciated while viewing the tower.





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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cincinnati, Ohio as of and for the year ended December 31, 2006, which collectively comprise the City of Cincinnati, Ohio's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Cincinnati, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cincinnati, Ohio as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 47, *Accounting for Termination Benefits* and Governmental Accounting Standards Board Technical Bulletin 2006-1, *Accounting and Financial Reporting by Employers and OPEB Plans for Payments from the Federal Government Pursuant to the Retiree Drug Subsidy Provisions of Medicare Part D*, as of January 1, 2006.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2007, on our consideration of the City of Cincinnati, Ohio's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the required supplementary information on pages 3 through 15 and 81 through 84, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Clark, Schaefer, Hachett & Co.

Cincinnati, Ohio
June 25, 2007

City of Cincinnati

Management's Discussion and Analysis

As management of the City of Cincinnati (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages v - ix of this report. The government-wide financial statements are presented on a GAAP basis; that is, they reflect accrual basis of accounting. The GAAP fund financial statements will differ from those presented on a budgetary basis.

Financial Highlights

- The assets of the City, including all Governmental and Business-type activities, exceeded its liabilities at the close of the most recent fiscal year by \$1.7 billion (net assets). Of this amount, \$61.9 million is considered unrestricted. The unrestricted net assets of the City's governmental activities are \$38.3 million and may be used to meet the government's on-going obligations. The unrestricted net assets of the City's business type activities are \$23.6 million and may be used to meet the on-going obligations of the City's parking, convention center, stormwater, aviation and golf business-type activities. Unrestricted net assets do not include assets with externally imposed restrictions or restrictions imposed by law. They do include assets that are obligated but not paid such as encumbrances and on-going projects.
- The City's total net assets increased \$64.3 million in 2006. Net assets of the governmental activities increased by \$24.5 million which represents a 3.0% increase from the 2005 balance. Net assets of business-type activities increased \$39.8 million or 5.1% increase from 2005. Governmental activities investment in capital assets, net of related debt increased \$16.6 million. Governmental activities restricted net assets increased \$7.1 million. Business-type activities investment in capital assets, net of related debt increased \$37.2 million. Business-type activities restricted net assets increased \$2.4 million as water works operations and debt were considered restricted in 2006.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$360.6 million, an increase of \$4.4 million in comparison with the prior year. On a combined basis approximately 50.9%, \$183.7 million, is considered unreserved at December 31, 2006. Unreserved fund balance includes \$94.4 million for capital projects.
- At the end of the current fiscal year, the general fund reported a fund balance of \$71.1 million. The unreserved fund balance for the general fund was \$57.4 million, or 16.9% of the total general fund expenditures. There was a \$119 thousand decrease in general fund balance for the year ended December 31, 2006.
- The City's total debt decreased by \$2.6 million (.3%) during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Works Fund and the Convention Center funds which are considered to be major funds of the City. The other enterprise funds are combined into a single, aggregated presentation in the proprietary fund financial statements. All internal service funds are also combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the other enterprise funds and internal service funds are provided in the form of *combining statements* found elsewhere in this report.

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 to 78 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Funding Progress of the City's Pension and Health Care Plans, Employer Contributions to the City's Pension and Health Care Plans and the Budgetary Comparison of the City's General Fund. Required supplementary information can be found on pages 79 to 84 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 87 to 140 of this report.

CITY OF CINCINNATI'S Net Assets

(AMOUNTS IN THOUSANDS)

	Governmental Activities		Business-type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	Current and other assets	\$605,013	\$577,678	\$159,569	\$201,988	\$764,582
Capital assets	<u>913,439</u>	<u>882,239</u>	<u>1,032,167</u>	<u>964,813</u>	<u>1,945,606</u>	<u>1,847,052</u>
Total Assets	1,518,452	1,459,917	1,191,736	1,166,801	2,710,188	2,626,718
Long-term liabilities outstanding	416,406	410,779	303,568	317,993	719,974	728,772
Other liabilities	<u>257,045</u>	<u>228,606</u>	<u>60,951</u>	<u>61,373</u>	<u>317,996</u>	<u>289,979</u>
Total liabilities	673,451	639,385	364,519	379,366	1,037,970	1,018,751
Net assets:						
Invested in capital assets, net of						
Related debt	648,232	631,671	752,246	715,004	1,400,478	1,346,675
Restricted	158,416	151,260	51,409	48,974	209,825	200,236
Unrestricted	<u>38,353</u>	<u>37,601</u>	<u>23,562</u>	<u>23,457</u>	<u>61,915</u>	<u>61,058</u>
Total net assets	<u>\$845,001</u>	<u>\$820,532</u>	<u>\$827,217</u>	<u>\$787,435</u>	<u>\$1,672,218</u>	<u>\$1,607,967</u>

Government-wide Financial Analysis

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

The largest portion of the City's net assets \$1.4 billion (83.8%) reflects its investment in capital assets (e.g. land, construction in progress, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, because the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets \$209.8 million (12.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance \$61.9 million (3.7%) represents *unrestricted net assets* and may be used to meet the government's ongoing obligations to citizens and creditors. It is important to note that although the total unrestricted net assets is \$61.9 million; the unrestricted net assets of the City's business-type activities (\$23.6 million) may not be used to fund governmental activities.

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

Overall, net assets of the City increased \$64.3 million in 2006. Net assets for governmental activities increased \$24.5 million, while net assets of business-type activities increased \$39.8 million.

There was an increase of \$7.2 million in restricted net assets reported in connection with the City's governmental activities and a \$2.4 million increase in restricted net assets reported in connection with the City's business-type activities. The key factors in these changes were the expenditures of funds restricted for capital projects that were funded by prior year bond sales and a decrease in revenue from grants. The reason for the increase in business type assets is that the operation of the water works and payment for their revenue bonds are considered restricted this year.

The City's governmental activities amount invested in capital assets, net of related debt, increased \$16.6 million as debt increased and bond proceeds and capital grants were used to complete certain capital projects during 2006. The City's business-type activities amount invested in capital assets, net of related debt, increased \$37.2 million.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2006	2005	2006	2005	2006	2005
Revenues:						
Program Revenues:						
Charges for Services	\$ 128,362	\$ 122,786	\$ 127,957	\$ 124,090	\$ 256,319	\$ 246,876
Operating Grants and Contributions	62,757	43,148			62,757	43,148
Capital Grants and Contributions	9,954	13,478	32,711	61,017	42,665	74,495
General Revenues:						
Property Taxes	79,996	67,816			79,996	67,816
Income Taxes	305,254	297,583			305,254	297,583
Admission Taxes	4,494	3,691			4,494	3,691
Shared Taxes	63,412	67,304			63,412	67,304
Occupancy Taxes	1,874	1,909	1,046	1,230	2,920	3,139
Unrestricted Investment Earnings	20,344	12,234	7,278	4,176	27,622	16,410
Miscellaneous	55	206	4,308	3,943	4,363	4,149
Total Revenues	676,502	630,155	173,300	194,456	849,802	824,611
Expenses:						
General Government	139,436	127,826			139,436	127,826
Economic Development	68				68	
Community Development	56,751	39,235			56,751	39,235
Parks and Recreation	40,848	39,438			40,848	39,438
Public Safety	224,724	218,576			224,724	218,576
Transportation and Engineering	37,271	26,472			37,271	26,472
Transit System	41,950	37,712			41,950	37,712
Public Services	47,268	48,125			47,268	48,125
Public Health	44,227	44,809			44,227	44,809
Interest on long-term debt	18,789	21,767			18,789	21,767
Water Works			99,177	99,895	99,177	99,895
Parking Facilities			9,118	8,637	9,118	8,637
Convention Center			10,359	6,809	10,359	6,809
General Aviation			2,160	2,032	2,160	2,032
Municipal Golf			6,179	6,266	6,179	6,266
Stormwater Management			7,226	5,739	7,226	5,739
Total Expenses	651,332	603,960	134,219	129,378	785,551	733,338
Change in net assets before transfers	25,170	26,195	39,081	65,078	64,251	91,273
Transfers	<u>(701)</u>	<u>(3,985)</u>	<u>701</u>	<u>3,985</u>	<u>64,251</u>	<u>91,273</u>
Change in net assets	24,469	22,210	39,782	69,063	64,251	91,273
Net assets – January 1 st	<u>820,532</u>	<u>798,322</u>	<u>787,435</u>	<u>718,372</u>	<u>1,607,967</u>	<u>1,516,694</u>
Net assets – December 31 st	<u>\$ 845,001</u>	<u>\$ 820,532</u>	<u>\$ 827,217</u>	<u>\$ 787,435</u>	<u>\$ 1,672,218</u>	<u>\$ 1,607,967</u>

Governmental activities. Governmental activities increased the City's net assets in 2006 by \$24.5 million, thereby accounting for 38.1% of the increase in net assets of the City. Key elements of the change in net assets include:

Revenues

- Revenues from Income Taxes increased \$7.7 million.
- Property tax increased by \$12.1 million due to higher than anticipated results from the six-year appraisal of property values completed in 2005.
- General government charges for services increased by \$5.6 million due to new fees for cell phone 911 calls, increases in collection of EMS fees, increase in fuel and materials charges and increase in retirement medical charges.
- Shared tax revenue decreased \$3.9 million due to a decrease in Estate Tax revenues.
- Investment earnings increased by \$8.1 million due to an increase in the general investment rate of return from 2.79% to 3.78% in 2006.
- Operating grants and contributions increased in 2006 by \$19.6 million and this was offset by grant expenditures. In prior year 2005, miscellaneous revenue from a loan repayment had been used to offset \$9 million in grant expenditures. Also, the city received grants from Homeland Security for \$10.3 million, including capital assets of \$5.7 million.

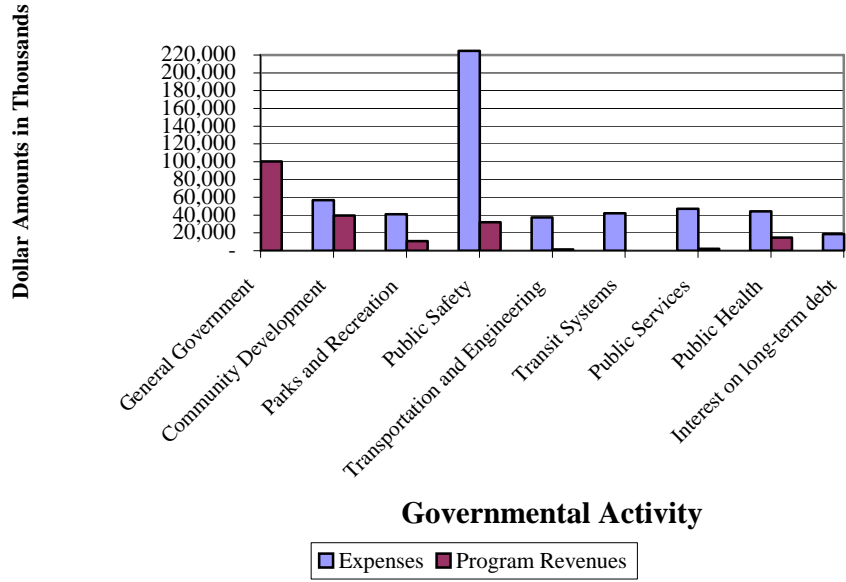
Expenditures

- Expenses for Public Safety increased by \$6.1 million due to a \$1.5 million increase in salary costs and \$4.6 million related to Homeland Security grants.
- Expenses for General Government Activities increased by \$11.6 million. Contributing to this is:
 - \$6.5 million increase for judgments against the City.
 - \$5.2 million increase for City contributions to developer's projects
- Expenses for Transportation and Engineering increased by \$10.8 million mostly from an increase in depreciation expense in infrastructure assets.
- Expenses for Community Development increased by \$17.5 million primarily due to increased spending of HUD grants.
- Expenditures for transit systems increased by \$4.2 million due to an increase in the revenue and appropriation of income tax collections dedicated to transit systems.

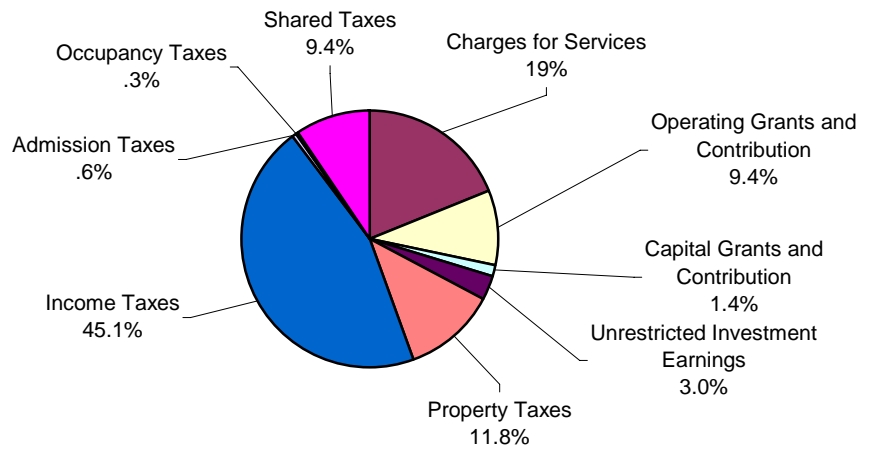
Business-type activities. Business-type activities increased the City's net assets in 2006 by \$39.8 million, accounting for 61.9% of the growth in the government's net assets. Key elements of the increase include:

- Capital contributions in the amount of \$32.7 million were received and include:
 - \$25.4 million for the renovation and expansion of the Duke Energy Center (formerly Cincinnati Convention Center),
 - Contributions of water mains to Water Works for \$5.6 million.
- Charges for Services increased \$3.9 million due to a rate increase for water services and expansion of the Duke Energy Center.
- Duke Energy Center expenditures increased \$3.5 million primarily due to increase in operating costs from the expanded convention facilities.
- Stormwater Management expenditures increased \$1.5 million from increased charges from other governmental agencies.

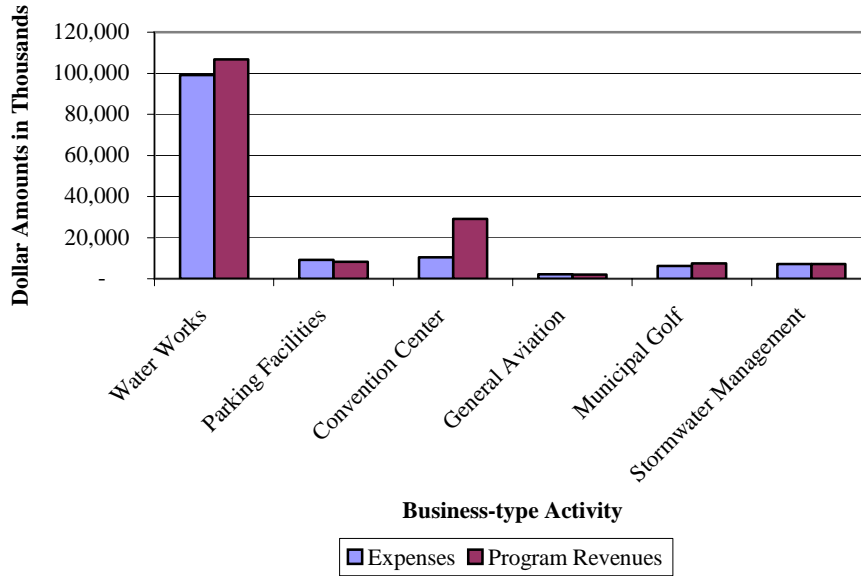
Expenses and Program Revenues - Governmental Activities



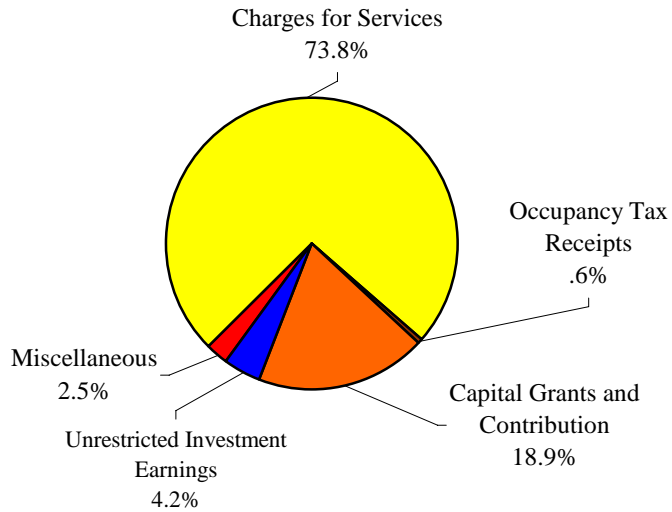
Revenues by Source - Governmental Activities



Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$360.6 million, an increase of \$4.4 million in comparison with the prior year. Approximately 50.9% or \$183.8 million of this total amount constitutes *unreserved fund balance*, which is available for spending. The remainder of the fund balance is reserved to indicate that it is not available for spending because it has already been committed for encumbrances, working capital, inventory, and advances to other funds.

The general fund is the primary operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$57.4 million, while total fund balance reached \$71.1 million. As a measure of the general fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 16.9% of total general fund expenditures, while total fund balance represents 21% of that same amount.

The fund balance of the City's general fund decreased by \$119 thousand during the current fiscal year. Key factors of the decrease are as follows:

- Total revenues increased by \$13.1 million offset by expenditure increase of \$15.9 million in 2006.
 - Taxes increased by \$10.2 million primarily due to an increase in Income Tax revenue of \$5.9 million and an increase in Property Tax and Admission Tax revenue of \$3.9 million,
 - Investment Income increased \$7 million,
 - Estate Taxes decreased \$4 million,
 - Increases in Charges for Services primarily from the increase in vehicle impoundment fees and Emergency Medical Services resulted in an additional \$1 million in revenue.
- Expenditures for Public Safety increased by \$8 million due to increases in salaries and fringe benefits.
- Expenditures for Employee Benefits increased \$4.1 million primarily due to the increase in pension costs.
- Expenditures for Parks and Recreation increased by \$1.5 million due to salary increases.
- Expenditures for General government increased by \$1.4 million due to salary increases and additional operating costs of new safety communication towers.
- Transfers in 2006 were a net \$5.1 million transfer out of which \$4 million was transferred to capital projects. In 2005, the transfers were a net \$2 million transfer in.

The capital projects fund has a total fund balance of \$160.9 million, which is a decrease of \$6.4 million from 2005. Key factors of the decrease are as follows:

- Property tax revenue increase of \$9.8 million from Tax Increment Financing revenues due to the six-year reappraisal of property by the County.
- Intergovernmental revenue decreased \$4.8 million in 2006. A \$3 million contribution from Hamilton County for bridge projects had been received in 2005.
- Expenditures increased \$41.1 million including public safety projects, street improvement projects, community development improvement projects, urban renewal projects, technology improvements, and facility improvements.
- Net Transfer In increased \$3.8 million.
- General Obligation Bonds and Notes issued increased \$11.5 million.

The debt service fund has a total fund balance of \$51.3 million that is reserved for the payment of debt service. The net increase in fund balance was \$6.5 million which was from higher than anticipated results from the six-year reappraisal of property values. Also, there was an increase in Revenue supported notes for Urban Renewal Projects.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the nonmajor enterprise funds are \$22.6 million. The total growth in net assets for the Water Works fund was \$17.6 million, for the Convention Center fund \$20.8 million and the growth in net assets for the other enterprise funds was \$1.7 million. Other factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The final amended General Fund budget had total appropriations of approximately \$.9 million more than the original budget. The original appropriations were \$347.1 million, while the final appropriations were \$348 million. Actual expenditures were \$2.2 million less than the final appropriation from savings in public safety activities and employee benefits. Key elements of the changes in appropriation include:

The following increases totaling \$1.1 million was funded from available fund balance:

- \$1,132,000 appropriation increase to Fire for increase in utility and vehicle maintenance costs, increase in fuel costs, uniform and other allowances and overtime.

The following increases totaling \$.2 million were funded from transfers in from other funds:

- \$43,000 appropriation increase to Police for 2006 NOBLE Conference funding
- \$29,000 appropriation increase to Recreation for Cincy Blues and Gospel Fest and 801 Plum concerts
- \$20,000 appropriation increase to Parks for Artworks
- \$100,000 appropriation increase to Community Development for Fountain Square marketing

The following decrease totaling \$.4 million was returned to fund balance and transferred to a capital project:

- \$455,020 appropriation decrease to Justice Department Policing Effort transferred to capital project to fund computer aided design/record management project for Police.

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

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2006 is \$1.9 billion (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, systems, improvements, machinery and equipment, park facilities, streets, and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 5.4% (3.5% increase for governmental activities and 7% increase for business-type activities).

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

(AMOUNTS IN THOUSANDS)

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 161,977	\$ 155,456	\$ 39,561	\$ 39,200	\$ 201,538	\$ 194,656
Buildings	46,302	50,637	165,159	166,437	211,461	217,074
Improvements	149,519	144,709	605,448	453,302	754,967	598,011
Machinery and Equipment	67,249	66,753	107,896	103,983	175,145	170,736
Infrastructure	350,694	331,619			350,694	331,619
Construction in Progress	137,660	133,043	114,103	201,891	251,763	334,934
Property Acquired under Capital Leases	<u>38</u>	<u>22</u>	<u>0</u>	<u>0</u>	<u>38</u>	<u>22</u>
Total	<u>\$ 913,439</u>	<u>\$ 882,239</u>	<u>\$ 1,032,167</u>	<u>\$ 964,813</u>	<u>\$1,945,606</u>	<u>\$1,847,052</u>

Total capital assets, net of accumulated depreciation, increased \$98.6 million. Major capital asset events during 2006 included the following:

- Governmental activities capital assets increased \$31.2 million in 2006 net of depreciation and included:
 - Construction in Progress increased \$4.6 million.
 - Infrastructure improvement for bridges, retaining walls, traffic signal upgrades and street improvements and upgrades increased by \$19 million (Net of Depreciation).
 - Machinery and Equipment increased \$.6 million (Net of Depreciation).
 - Buildings decreased \$4.3 million (Net of Depreciation).
 - Improvements increased \$4.8 million (Net of Depreciation).
 - Land increased \$6.5 million.

- Business-type activities capital assets increased \$67.4 million net of depreciation and included:
 - Improvements increased due to completion of the Duke Energy Center Expansion by \$122 million offset by a decrease in Construction in Progress of \$97 million.
 - Improvements in water utilities increased \$32.5 million and Construction in progress increased \$7.8 million.
 - Machinery and Equipment increased \$3.9 million (Net of Depreciation).

Additional information on the City's capital assets can be found in note 14 on pages 64 to 66 of this report.

Long-term debt. At the end of the current fiscal year, the City had \$701 million in short and long-term bonds and notes outstanding. Of this amount, \$379.7 million comprises debt backed by the full faith and credit of the government. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

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

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
General Obligation Bonds & Notes	\$ 346,690	\$ 330,208	\$ 33,044	\$ 41,314	\$ 379,734	\$ 371,522
Revenue Bonds & Notes	<u>36,682</u>	<u>36,449</u>	<u>284,600</u>	<u>295,645</u>	<u>321,282</u>	<u>332,094</u>
Total	<u>\$ 383,372</u>	<u>\$ 366,657</u>	<u>\$ 317,644</u>	<u>\$ 336,959</u>	<u>\$ 701,016</u>	<u>\$ 703,616</u>

During the current fiscal year, the City's total debt decreased by \$2.6 million (.4 percent). Key events contributing to the change in long-term debt balances are as follows:

- In June 2006 the City issued \$50 million various purpose general obligation bonds. \$32 million was issued for street, public building and equipment improvements, \$1.3 million for parks and recreation improvements; \$7.5 million was for judgments and \$9.2 million for urban renewal and redevelopment.
- During 2006 the City issued \$20 million in general obligation notes for Governmental Activities including \$13.5 million for urban renewal/redevelopment projects and \$6.5 million for judgments.
- During 2006 \$38 million in general long-term bond obligations were redeemed. Of the amounts redeemed, \$9.7 million in general obligation bonds were for business-type activities.
- During 2006 \$24 million in general obligation notes were redeemed, \$7.8 million of which were for business type activities.
- During 2006 \$13.9 million in revenue bonds were redeemed, of which \$11 million was for business-type activities.
- During 2006 \$6.1 million in revenue notes for urban redevelopment were issued and \$3 million redeemed.

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

The City is within all of its legal debt limitations. The Ohio Revised Code provides that the net debt (as defined in the Ohio Revised Code) of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations on debt are measured by the ratio of net debt to tax valuation and expressed in terms of a percentage. The City had a legal debt margin for total debt of \$410.4 million and a legal debt margin for unvoted debt of \$97.3 million.

Additional information about the City's long-term debt can be found in note 9 on pages 58-61 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Cincinnati MSA was 5.2% at December 2006, which is lower than a year ago by .2%. This rate compares favorably to the State's average unemployment rate of 5.6% but is higher than the national average rate of 4.5 %.
- The occupancy rate of the central business district Class A office space was 83% at the end of 2006 compared to an 89 % occupancy rate at the end of 2005.
- The City is experiencing increasing costs for employee health care, retirement and contractually obligated labor costs.

All of these factors were considered in preparing the City's biennial budget for the fiscal year 2007.

The General Fund balance is estimated to be \$6.8 million, on a budgetary basis, at the end of 2007. This is a reduction of \$13.7 million from the 2006 actual year-end fund balance of \$20.5 million on a budgetary basis. The reduction is primarily due to increased cost associated with the following: employer contributions to the City Retirement System, employer contributions for employee healthcare, the approved Police labor contract and approved Fire labor contract.

The City launched a new program in 2007, Shop 52, which is intended to create new shopping opportunities and business investments in the city's 52 neighborhoods.

The Water Works rate increase of 7.5 % became effective in 2006. Rate increases will support water service and capital replacement, maintain sufficient debt service coverage ratios, and provide an adequate fund balance necessary to maintain the current bond rating.

Requests for Information

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

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**BASIC
FINANCIAL STATEMENTS**

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CITY OF CINCINNATI, OHIO
Statement of Net Assets
December 31, 2006
(Amounts in Thousands)

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Current:			
Cash and Equivalents	\$ 32,820	\$ 2,559	\$ 35,379
Equity in City Treasury Cash	205,055	32,899	237,954
Advances and Petty Cash	126		126
Investments, at Fair Value	21,412		21,412
Receivables:			
Taxes	130,990	135	131,125
Accounts, Net	9,967	18,300	28,267
Special Assessments	7,750		7,750
Accrued Interest and Dividends	4,392	863	5,255
Due from Fiduciary Activities	16		16
Due from Other Governments	28,849	13,261	42,110
Prepaid Items	1,601	930	2,531
Inventory	3,982	4,122	8,104
Restricted Assets:			
Equity in City Treasury Cash		10,344	10,344
Investments, at Fair Value		27,436	27,436
Internal Balances	(13,006)	13,006	
Noncurrent:			
Equity in City Treasury Cash - Long Term	169,117	27,140	196,257
Restricted Equity in City Treasury Cash		8,525	8,525
Accounts Receivable, Net		49	49
Deferred Charges	1,942		1,942
Land	161,977	39,561	201,538
Buildings, net of Accumulated Depreciation	46,302	165,159	211,461
Improvements, net of Accumulated Depreciation	149,519	605,448	754,967
Machinery and Equipment, net of Accumulated Depreciation	67,249	107,896	175,145
Construction in Progress	137,660	114,103	251,763
Property Acquired under Capital Leases, net of Accumulated Amortization	38		38
Infrastructure Assets, net of Accumulated Depreciation	350,694		350,694
TOTAL ASSETS	<u>\$ 1,518,452</u>	<u>\$ 1,191,736</u>	<u>\$ 2,710,188</u>

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

CITY OF CINCINNATI, OHIO
Statement of Net Assets
December 31, 2006
(Amounts in Thousands)

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
LIABILITIES			
Current:			
Accounts Payable	\$ 30,645	\$ 3,026	\$ 33,671
Withholdings and Other Deposits	8,416		8,416
Due to Fiduciary Activities	2,889	208	3,097
Due to Other Governmental Agencies		754	754
Accrued Payroll	11,342	1,563	12,905
Accrued Liabilities	5,134	655	5,789
Accrued Interest	1,876	561	2,437
Deposits Payable	9,948	7	9,955
Unearned Revenue	79,024	16,769	95,793
Obligations under Capital Leases	19		19
Compensated Absences Payable	30,974	3,608	34,582
Estimated Liability for Unpaid Claims	19,201	136	19,337
Ohio Public Works Commission Loan		99	99
Ohio Water Development Authority Loan		62	62
Matured Bonds and Interest Payable	564		564
General Obligation Bonds and Notes Payable	43,525	15,409	58,934
Revenue Bonds and Notes Payable	8,562	11,335	19,897
Other	133		133
Advances from Other Governments	41		41
Payable from Restricted Assets:			
Construction Contracts		5,121	5,121
Deposits Payable		1,638	1,638
Noncurrent:			
Non-Current Obligations under Capital Leases	9		9
General Obligation Bonds and Notes Payable	303,165	17,635	320,800
Revenue Bonds and Notes	28,120	273,265	301,385
Compensated Absences Payable	50,095	3,716	53,811
Deferred Bond Premium	4,752		4,752
Other	1,078		1,078
Ohio Public Works Commission Loan		1,707	1,707
Ohio Water Development Authority Loan		1,246	1,246
Estimated Liability for Unpaid Claims	12,775		12,775
Net Pension Obligation	15,041	4,351	19,392
Net Other Post Employment Benefit Obligation	6,123	1,648	7,771
	<u>673,451</u>	<u>364,519</u>	<u>1,037,970</u>
TOTAL LIABILITIES			
NET ASSETS			
Invested in capital assets, net of related debt	648,232	752,246	1,400,478
Restricted for:			
Debt Service	32,033	143	32,176
Capital Projects	68,107		68,107
Other Purposes	49,427	51,266	100,693
Permanent Funds			
Expendable	610		610
Nonexpendable	8,239		8,239
Unrestricted	38,353	23,562	61,915
	<u>845,001</u>	<u>827,217</u>	<u>1,672,218</u>
TOTAL NET ASSETS			

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

City of Cincinnati, Ohio
Statement of Activities
For the year ended December 31, 2006
(Amounts in Thousands)

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:							
General Government	\$ 139,436	\$ 92,798	\$ 1,201	\$ 6,474	\$ (38,963)		\$ (38,963)
Economic Development	68				(68)		(68)
Community Development	56,751	706	38,156	616	(17,273)		(17,273)
Parks and Recreation	40,848	6,939	1,455	2,503	(29,951)		(29,951)
Public Safety	224,724	16,410	15,568		(192,746)		(192,746)
Transportation and Engineering	37,271	1,247		361	(35,663)		(35,663)
Transit System	41,950				(41,950)		(41,950)
Public Services	47,268	1,976	60		(45,232)		(45,232)
Public Health	44,227	8,286	6,317		(29,624)		(29,624)
Interest on long-term debt	18,789				(18,789)		(18,789)
Total governmental activities	<u>651,332</u>	<u>128,362</u>	<u>62,757</u>	<u>9,954</u>	<u>(450,259)</u>		<u>(450,259)</u>
Business type activities:							
Water Works	99,177	101,057		5,646		\$ 7,526	7,526
Parking Facilities	9,118	8,196		22		(900)	(900)
Convention Center	10,359	3,676		25,425		18,742	18,742
General Aviation	2,160	1,669		318		(173)	(173)
Municipal Golf	6,179	6,129		1,300		1,250	1,250
Stormwater Management	7,226	7,230				4	4
Total Business-type activities	<u>134,219</u>	<u>127,957</u>		<u>32,711</u>		<u>26,449</u>	<u>26,449</u>
Total	<u>\$ 785,551</u>	<u>\$ 256,319</u>	<u>\$ 62,757</u>	<u>\$ 42,665</u>	<u>(450,259)</u>	<u>26,449</u>	<u>(423,810)</u>
General Revenues:							
Taxes:							
Property taxes					79,996		79,996
Income taxes					305,254		305,254
Admission taxes					4,494		4,494
Shared taxes					63,412		63,412
Occupancy taxes					1,874	1,046	2,920
Unrestricted investment earnings					20,344	7,278	27,622
Miscellaneous					55	4,308	4,363
Transfers between governmental and business-type activities					(701)	701	
Total general revenues, miscellaneous, and transfers					<u>474,728</u>	<u>13,333</u>	<u>488,061</u>
Change in net assets					24,469	39,782	64,251
Net assets-beginning					820,532	787,435	1,607,967
Net assets-ending					<u>\$ 845,001</u>	<u>\$ 827,217</u>	<u>\$ 1,672,218</u>

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

CITY OF CINCINNATI, OHIO
Balance Sheet
Governmental Funds
December 31, 2006
(Amounts in Thousands)

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Equivalents	\$ 2	\$ 30,412	\$	\$ 2,392	\$ 32,806
Equity in City Treasury Cash	64,186	145,274	49,104	61,203	319,767
Advances and Petty Cash	126				126
Investments, at Fair Value		9,987	211	11,214	21,412
Receivables:					
Taxes	67,463	11,947	41,741	9,839	130,990
Accounts, Net	8,417	55		1,194	9,666
Special Assessments	320	49		7,381	7,750
Accrued Interest and Dividends	2,695	327	637	253	3,912
Due from Other Funds	579	1,303		544	2,426
Due from Other Governments	16,020	3,314		7,688	27,022
Inventory	2,365	808		485	3,658
Advances to Other Funds	302			2,655	2,957
	<u>162,475</u>	<u>203,476</u>	<u>91,693</u>	<u>104,848</u>	<u>562,492</u>
Total Assets	<u>\$ 162,475</u>	<u>\$ 203,476</u>	<u>\$ 91,693</u>	<u>\$ 104,848</u>	<u>\$ 562,492</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 4,245	\$ 16,197	\$ 7	\$ 4,621	\$ 25,070
Withholdings and Other Deposits	8,416				8,416
Due to Other Funds	2,344	919	1	831	4,095
Accrued Payroll	9,439		9	1,270	10,718
Accrued Liabilities	90			2,537	2,627
Deposits Payable	6,211	1,309	464	1,825	9,809
Deferred Revenue	59,803	10,045	39,392	14,130	123,370
Estimated Liability for Unpaid Claims	302			5	307
Advances from Other Funds	521	14,086		2,259	16,866
Advances from Other Governments		20			20
Matured Bonds and Interest Payable			564		564
	<u>91,371</u>	<u>42,576</u>	<u>40,437</u>	<u>27,478</u>	<u>201,862</u>
Total Liabilities	<u>91,371</u>	<u>42,576</u>	<u>40,437</u>	<u>27,478</u>	<u>201,862</u>
Fund Balances:					
Reserved for:					
Advances and Petty Cash	126				126
Encumbrances	10,919	42,548	4	32,661	86,132
Accordance with Trusts				9,671	9,671
Working Capital		23,098			23,098
Advances to Other Funds	302			2,655	2,957
Inventory	2,365	808		485	3,658
Debt Service			51,252		51,252
Unreserved, reported in:					
General Fund - Undesignated	55,892				55,892
General Fund - Designated for Int. Service Funds	1,500				1,500
Capital Projects		94,446			94,446
Special Revenue Funds - Undesignated				18,365	18,365
Special Revenue Funds - Designated for Contingencies				5,000	5,000
Special Revenue Funds - Designated for Compensated Absences				7,923	7,923
Permanent Funds				610	610
	<u>71,104</u>	<u>160,900</u>	<u>51,256</u>	<u>77,370</u>	<u>360,630</u>
Total Fund Balances	<u>71,104</u>	<u>160,900</u>	<u>51,256</u>	<u>77,370</u>	<u>360,630</u>
Total Liabilities and Fund Balances	<u>\$ 162,475</u>	<u>\$ 203,476</u>	<u>\$ 91,693</u>	<u>\$ 104,848</u>	<u>\$ 562,492</u>

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

CITY OF CINCINNATI, OHIO
Reconciliation of the Balance Sheet to the
Statement of Net Assets
Governmental Funds
December 31, 2006
(Amounts in Thousands)

Total fund balances - governmental funds \$ 360,630

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

Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. 913,439

Certain receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 45,484

Some amounts reported for governmental-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities. (2,642)

Seven internal service funds are used by the City's management. The assets and liabilities of the internal service funds are included with governmental activities. The net property of \$39,065 as it relates to the internal service funds is included in the capital asset amount above. 21,701

Bond issue costs and discounts are expended in the fund level financial statements, but are capitalized and amortized over the life of the bonds in the government-wide financial statements. This is the unamortized portion of those issue costs and discounts. 1,942

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

Bonds and notes payable	(346,690)
Revenue bonds and notes payable	(36,682)
Deferred bond premium	(4,752)
Compensated absences	(78,742)
Net Pension Obligation	(13,352)
Net Other Post Employment Benefit Obligation	(5,492)
Unpaid claims payable	(6,729)
Accrued interest on bonds	(1,876)
Other liability	(1,211)
Capital leases payable	(27)
	(346,690)

Total net assets - - governmental activities (page 20) **\$ 845,001**

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

City of Cincinnati, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended December 31, 2006
(Amounts in Thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 250,189	\$ 34,211	\$ 40,993	\$ 58,715	\$ 384,108
Licenses and Permits	7,257			3,660	10,917
Use of Money and Property	17,514	1,548	22,876	4,803	46,741
Special Assessments		18		4,030	4,048
Intergovernmental Revenue	49,493	740	3,105	14,462	67,800
Federal Grants		1,674		54,736	56,410
State Grants and Subsidies		5,659		1,886	7,545
Charges for Current Services	17,071	132		12,776	29,979
Miscellaneous	2,553	1,076		3,279	6,908
Total Revenues	<u>344,077</u>	<u>45,058</u>	<u>66,974</u>	<u>158,347</u>	<u>614,456</u>
EXPENDITURES					
Current:					
General Government	37,214		1,184	11,157	49,555
Community Development	5,388		9	4,178	9,575
Parks and Recreation	21,232			9,394	30,626
Public Safety	159,565			8,949	168,514
Transportation and Engineering	2,999			4,587	7,586
Transit System				41,950	41,950
Public Services	20,961			12,568	33,529
Public Health	22,575			12,177	34,752
Employee Benefits	69,124			8,872	77,996
Capital Outlay		111,327		40,705	152,032
Debt Service:					
Principal Retirement			50,581		50,581
Interest			18,573	305	18,878
Bond Issuance Cost			389		389
Total Expenditures	<u>339,058</u>	<u>111,327</u>	<u>70,736</u>	<u>154,842</u>	<u>675,963</u>
Excess (Deficiency) of Revenues over (under) Expenditures	5,019	(66,269)	(3,762)	3,505	(61,507)
OTHER FINANCING SOURCES(USES)					
General Obligation Bonds and Notes Issued		46,802	14,388		61,190
Revenue Bonds and Notes Issued			6,087		6,087
Premium on Bonds Issued			720		720
Transfers In	764	27,041	18,654	2,073	48,532
Transfers (Out)	(5,902)	(13,959)	(29,611)	(1,192)	(50,664)
Total Other Financing Sources(Uses)	<u>(5,138)</u>	<u>59,884</u>	<u>10,238</u>	<u>881</u>	<u>65,865</u>
Net change in fund balances	(119)	(6,385)	6,476	4,386	4,358
Fund Balances at January 1	<u>71,223</u>	<u>167,285</u>	<u>44,780</u>	<u>72,984</u>	<u>356,272</u>
Fund Balances at December 31	<u>\$ 71,104</u>	<u>\$ 160,900</u>	<u>\$ 51,256</u>	<u>\$ 77,370</u>	<u>\$ 360,630</u>

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

CITY OF CINCINNATI, OHIO
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2006
(Amounts in Thousands)

Net change in fund balances - total governmental funds	\$	4,358
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$152,032) exceeded depreciation (\$45,804) in the current period.		
		106,228
Capital outlay expensed		(72,375)
Governmental funds report cash received for assets disposed of as revenue. However, in the statement of activities, that cash offsets the difference between the book value and accumulated depreciation of the disposed asset. This is the sum of the cash received (\$516) and the net loss (\$1,258) on the sale of assets.		
		(1,774)
Statement of activities reports an increase in revenues due to current activity in deferred revenues which is not reported at fund level.		8,175
The long-term liability for compensated absences is not recorded in the fund level, but is reported in the statement of activities. This is the current year change in the liability, reported as an expense in the statement of activities.		(2,178)
The long-term liability for unpaid claims is not recorded in the fund level, but is reported in the statement of activities. This is the current year change in the liability, reported as an expense in the statement of activities.		4,580
The long-term liability for Net Pension Obligation is not recorded in the fund level, but is reported in the statement of activities. This is the current year change in the liability, reported as an expense in the statement of activities.		(4,104)
The long-term liability for Net Other Post Employment Benefit Obligation is not recorded in the fund level, but is reported in the statement of activities. This is the current year change in the liability, reported as an expense in the statement of activities.		(3,424)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.		(16,696)
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.		(404)

(Continued)

CITY OF CINCINNATI, OHIO
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2006
(Amounts in Thousands)

(Continued)

Bond premiums are included in revenue at the fund level, but capitalized and amortized over the life of the bonds in the government-wide financial statements.	\$ (231)
Bond issuance costs are included in expenditures at the fund level, but are deferred and amortized over the life of the bonds in the government-wide financial statements	218
Bond discounts are included in expenditures at the fund level, but are deferred and amortized over the life of the bonds in the government-wide financial statements	(5)
Internal balances between the governmental activities and the business type activities are not reported at the fund level.	267
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue(expense) of certain internal service funds is reported with governmental activities.	1,834
Change in net assets of governmental activities (page 21)	\$ 24,469

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

CITY OF CINCINNATI, OHIO
Statement of Net Assets
Proprietary Funds
December 31, 2006
(Amounts in Thousands)

	Business-Type Activities - Enterprise Funds				Governmental
	Water Works	Convention Center	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS					
<u>Current:</u>					
Cash and Equivalents	\$ 2,422	\$	\$ 137	\$ 2,559	\$ 14
Equity in City Treasury Cash	19,946	547	12,406	32,899	29,814
Receivables:					
Taxes		135		135	
Accounts, Net	16,163	450	1,687	18,300	301
Accrued Interest and Dividends	532		331	863	480
Due from Other Funds	535		74	609	2,371
Due from Other Governments	13,261			13,261	1,827
Prepaid Items	740	185	5	930	1,601
Inventory	4,122			4,122	324
Advances to Other Funds	157		10,109	10,266	3,998
Restricted Assets:					
Equity in City Treasury Cash	10,336		8	10,344	
Investments, at Fair Value	27,436			27,436	
Total Current Assets	95,650	1,317	24,757	121,724	40,730
<u>Noncurrent:</u>					
Equity in City Treasury Cash	16,451	450	10,239	27,140	24,591
Restricted Equity in City Treasury Cash	8,525			8,525	
Accounts Receivable, Net	49			49	
Land	2,606	11,555	25,400	39,561	283
Buildings, net of Accumulated Depreciation	124,207	15,860	25,092	165,159	
Improvements, net of Accumulated Depreciation	430,178	122,900	52,370	605,448	3,504
Machinery and Equipment, net of Accumulated Depreciation	105,444	1,651	801	107,896	34,416
Construction in Progress	96,765	499	16,839	114,103	851
Property Acquired under Capital Leases, net of Accumulated Amortization					11
Total Noncurrent Assets	784,225	152,915	130,741	1,067,881	63,656
Total Assets	879,875	154,232	155,498	1,189,605	104,386

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

CITY OF CINCINNATI, OHIO
Statement of Net Assets
Proprietary Funds
December 31, 2006
(Amounts in Thousands)

	Business-Type Activities - Enterprise Funds				Governmental
	Water Works	Convention Center	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
LIABILITIES					
Current::					
Accounts Payable	\$ 2,312	\$ 112	\$ 602	\$ 3,026	\$ 5,575
Due to Other Funds	437	1	281	719	3,673
Due to Other Governmental Agencies	754			754	
Accrued Payroll	1,379	7	177	1,563	624
Accrued Liabilities		54	601	655	2,507
Accrued Interest	180		381	561	
Obligations under Capital Leases					1
Deposits Payable			7	7	139
Unearned Revenue	9,071	396	7,302	16,769	1,138
Compensated Absences payable	3,129	25	454	3,608	1,445
Unpaid Claims payable	128	1	7	136	12,165
Ohio Public Works Commission Loan	99			99	
Ohio Water Development Authority Loan	62			62	
General Obligation Bonds and Notes Payable	6,550		8,859	15,409	
Revenue Bonds Payable	11,335			11,335	
Payable from Restricted Assets:					
Construction Contracts	5,121			5,121	
Deposits Payable	1,638			1,638	
Total Current Liabilities	42,195	596	18,671	61,462	27,267
<u>Noncurrent:</u>					
Compensated Absences Payable	3,239		477	3,716	882
Ohio Public Works Commission Loan	1,707			1,707	
Ohio Water Development Authority Loan	1,246			1,246	
Estimated liability for Unpaid Claims					12,775
Advances from Other Funds					355
Advances from Other Governments					21
Revenue Bonds Payable	273,265			273,265	
General Obligation Bonds and Notes Payable	16,400		1,235	17,635	
Net Pension Obligation	3,710	145	496	4,351	1,689
Net Other Post Employment Benefit Obligation	1,414	47	187	1,648	631
Total Noncurrent Liabilities	300,981	192	2,395	303,568	16,353
Total Liabilities	343,176	788	21,066	365,030	43,620
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	487,940	152,465	111,841	752,246	39,064
Restricted	135		8	143	
Unrestricted	48,624	979	22,583	72,186	21,702
Total Net Assets	\$ 536,699	\$ 153,444	\$ 134,432	824,575	\$ 60,766

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

Net assets of business type activities

2,642

\$ 827,217

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

City of Cincinnati, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the year ended December 31, 2006
(Amounts in Thousands)

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Works	Convention Center	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES					
Charges for Current Services	\$ 101,057	\$ 3,676	\$ 23,224	\$ 127,957	\$ 117,140
Miscellaneous	4,002		306	4,308	1,715
Total Operating Revenues	105,059	3,676	23,530	132,265	118,855
OPERATING EXPENSES					
Personal services	37,680	876	5,488	44,044	17,165
Contractual services	7,328	3,156	8,688	19,172	4,546
Maintenance and repairs	3,135	69	2,638	5,842	1,985
Materials and supplies	6,105	31	369	6,505	12,025
Utilities	9,752	543	1,003	11,298	1,200
Insurance	201	125	70	396	77,079
Taxes	48	62	864	974	(4)
Depreciation and amortization	21,471	5,350	5,026	31,847	4,968
Rent	1,037	3	197	1,237	1,760
Other expense	412	1	104	517	77
Total Operating Expenses	87,169	10,216	24,447	121,832	120,801
Operating Income(Loss)	17,890	(6,540)	(917)	10,433	(1,946)
NONOPERATING REVENUES(EXPENSES)					
Interest revenue	5,799	5	1,474	7,278	2,172
Occupancy tax receipts		1,046		1,046	
Interest expense	(11,113)		(234)	(11,347)	(33)
Gain (Loss) on disposal of assets	(628)	(143)	(2)	(773)	(69)
Nonoperating Revenues(Expenses)	(5,942)	908	1,238	(3,796)	2,070
Income (Loss) before Contributions and Transfers	11,948	(5,632)	321	6,637	124
Transfers In		1,000	10,257	11,257	2,805
Transfers (Out)		(15)	(10,541)	(10,556)	(1,374)
Capital contributions	5,646	25,425	1,640	32,711	279
Change in Net Assets	17,594	20,778	1,677	40,049	1,834
Net Assets at January 1	519,105	132,666	132,755		58,932
Net Assets at December 31	<u>\$ 536,699</u>	<u>\$ 153,444</u>	<u>\$ 134,432</u>		<u>\$ 60,766</u>

Some amounts reported for business-type activities in the statement of net assets are different because the net revenue of certain internal service funds is reported with business type activities.

(267)

Change in net assets of business type activities

\$ 39,782

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

CITY OF CINCINNATI, OHIO
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2006
(Amounts in Thousands)

	Business-Type Activities - Enterprise Funds				Governmental
	Water Works	Convention Center	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 105,982	\$ 3,383	\$ 23,426	\$ 132,791	\$ 14,872
Receipts from Other Funds		23	(26)	(3)	61,644
Receipts from Retirement System					43,814
Payments to Suppliers	(27,927)	(3,883)	(9,017)	(40,827)	(103,811)
Payments to Other Funds		(184)	(4,089)	(4,273)	(2,041)
Payments to Employees	(35,131)	(1,169)	(5,217)	(41,517)	(16,284)
Payments for Property Taxes	(48)	(60)	(740)	(848)	
Net Cash Provided (Used) by Operating Activities	<u>42,876</u>	<u>(1,890)</u>	<u>4,337</u>	<u>45,323</u>	<u>(1,806)</u>
Cash Flows from Noncapital Financing Activities:					
Repayment of Advances Made To Other Funds	49	24	1,153	1,226	986
Repayment of Advances Received From Other Funds					(213)
Amount Due to Other Fund for Property Acquisition					7
Proceeds from Sale of Inventory					73
Advances To Other Funds			(1,686)	(1,686)	
Occupancy Tax Receipts		1,124		1,124	
Transfers to Other Funds		(15)	(10,510)	(10,525)	(1,378)
Transfers from Other Funds		1,000	10,257	11,257	2,805
Net Cash Provided (Used) by Noncapital Financing	<u>49</u>	<u>2,133</u>	<u>(786)</u>	<u>1,396</u>	<u>2,280</u>
Cash Flows from Capital and Related Financing Activities:					
Capital Contributed by Other Sources	419	25,425	1,618	27,462	
Proceeds from the Sale of Capital Assets	55			55	
Proceeds from the Sale Of Bonds			9,174	9,174	
Proceeds from Ohio Water Development Authority Loan	1,339			1,339	
Acquisition of Property, Plant and Equipment	(11,636)		(1,023)	(12,659)	(3,884)
Interest Paid on Bonds and Notes	(11,715)		(127)	(11,842)	(32)
Principal Paid on Bonds and Notes	(19,475)		(9,014)	(28,489)	
Principal Paid on Ohio Public Works Bonds	(99)			(99)	
Principal Paid on Ohio Water Development Authority Loan	(31)			(31)	
Payments on Long Term Capital Lease Obligations					(13)
Additions to Construction in Progress	(50,212)	(26,435)	(4,682)	(81,329)	
Net Cash (Used) by Capital and Related Financing Activities	<u>(91,355)</u>	<u>(1,010)</u>	<u>(4,054)</u>	<u>(96,419)</u>	<u>(3,929)</u>
Cash Flow from Investing Activities:					
Investments Purchased	(910)			(910)	
Interest and Dividends on Investments	5,292	5	1,346	6,643	2,034
Net Cash Provided by Investing Activities	<u>4,382</u>	<u>5</u>	<u>1,346</u>	<u>5,733</u>	<u>2,034</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(44,048)	(762)	843	(43,967)	(1,421)
Cash and Cash Equivalents at Beginning of Year	<u>101,728</u>	<u>1,759</u>	<u>21,947</u>	<u>125,434</u>	<u>55,840</u>
Cash and Cash Equivalents at End of Year	<u>\$ 57,680</u>	<u>\$ 997</u>	<u>\$ 22,790</u>	<u>\$ 81,467</u>	<u>\$ 54,419</u>

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

CITY OF CINCINNATI, OHIO
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2006
(Amounts in Thousands)

	Business-Type Activities - Enterprise Funds				Governmental
	Water Works	Convention Center	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<u>Reconciliation of Operating Income (Loss) to</u>					
<u>Net Cash Provided (Used) by</u>					
<u>Operating Activities:</u>					
Operating Income (Loss)	\$ 17,890	\$ (6,540)	\$ (917)	\$ 10,433	\$ (1,946)
Depreciation and Amortization	21,471	5,350	5,026	31,847	4,968
Changes in Assets and Liabilities:					
(Increase) Decrease in:					
Receivables	(800)	(402)	(12)	(1,214)	(32)
Due from Other Funds	556		(48)	508	(110)
Due from Other Governments	1,168			1,168	361
Inventory	(281)			(281)	(36)
Prepaid Items	(427)	(147)	21	(553)	4
Increase (Decrease) in:					
Accounts Payable	127	3	66	196	(1,240)
Deposits Payable	436			436	99
Due to Other Funds	(4)	(14)	28	10	2,313
Due to Other Governmental Agencies	167			167	
Accrued Payroll	111	(46)	(2)	63	(69)
Accrued Liabilities		26	11	37	(49)
Unearned Revenue		136	(93)	43	(754)
Liability for Compensated Absences	381	(296)	(2)	83	66
Estimated Liability for Unpaid Claims	24	(14)	(6)	4	(6,270)
Net Pension Obligation	1,148	30	146	1,324	494
Net Other Post Employment Benefit Obligation	909	24	119	1,052	395
Net Cash Provided (Used) by Operating Activities	<u>\$ 42,876</u>	<u>\$ (1,890)</u>	<u>\$ 4,337</u>	<u>\$ 45,323</u>	<u>\$ (1,806)</u>
<u>Schedule of Noncash Investing, Capital</u>					
<u>and Financing Activities:</u>					
Acquisition of Property, Plant and Equipment from Capital Contributions	\$ 5,227	\$	\$ 22	\$ 5,249	\$ 279
Total Noncash Investing, Capital and Financing Activities	<u>\$ 5,227</u>	<u>\$</u>	<u>\$ 22</u>	<u>\$ 5,249</u>	<u>\$ 279</u>

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

CITY OF CINCINNATI, OHIO
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2006
(Amounts in Thousands)

	Pension Trust Fund	Investment Trust Fund	Agency
ASSETS			
Cash and Equivalents	\$ 103,776	\$	\$
Equity in City Treasury Cash		41,020	2,396
Investments, at fair value:			
U. S. Government Bonds	42,933		
U. S. Government Agencies	1,794		
U. S. Government Mortgage Backed Securities	380,768		
Corporate Bonds	313,124		
State and Local Obligations	1,943		
Equities	1,812,981		
Venture Capital	19,594		
U. S. Treasury Bills and Notes			382,016
Other Bonds	30,252		
Total Investments, at Fair Value	2,603,389		382,016
Collateral on Loaned Securities	294,299		
Receivables:			
Accounts, Net	175		29,720
Accounts Receivable for Securities Sold	61,917		
Accrued Interest and Dividends	8,973		1,268
Due from Other Funds	3,003		94
Due from Other Governments	1,875		
Inventory			278
Loans Receivable	18,331		
Machinery and Equipment	1,370		
Accumulated Depreciation	(1,328)		
Total Assets	3,095,780	41,020	\$ 415,772
LIABILITIES			
Accounts Payable	1,953		\$ 15,363
Accounts Payable for Securities Purchase	180,437		
Due to Other Funds	16		
Due to Other Governmental Agencies			384,813
Obligations Under Securities Lending	294,299		
Accrued Payroll	29		1,390
Accrued Liabilities	9,751		20
Deposits Payable			1,935
Estimated Liability for Compensated Absences	113		6,975
Net Pension Obligation			3,823
Net Other Post Employment Benefit Obligation			1,453
Total Liabilities	486,598		\$ 415,772
NET ASSETS			
Held in Trust for Pool Participant		41,020	
Held in Trust for Employees' Pension Benefits *	1,777,177		
Held in Trust for Employees' Postemployment Healthcare Benefits*	832,005		
Total Net Assets	\$ 2,609,182	\$ 41,020	

*(The schedule of funding progress is shown on page 81.)

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

CITY OF CINCINNATI, OHIO
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2006
(Amounts in Thousands)

	Pension Trust	Investment Trust Fund
ADDITIONS		
Contributions:	\$	\$
Plan members	12,771	
Employer	28,640	
Other	1,760	
Participant Deposits		255,602
Total Contributions	43,171	255,602
Transfers From Other Retirement Systems	145	
Investment earnings:		
Interest and Dividends	73,104	2,020
Net Appreciation (Depreciation) in the Fair Value of Investments	249,840	185
Total Investment Earnings	322,944	2,205
Less Investment Management Expenses	7,021	
Net Income From Investing Activities	315,923	2,205
From Security Lending Activities:		
Securities Lending Income	19,478	
Securities Lending Expense:		
Borrower Rebates	(18,074)	
Management Fees	(420)	
Total Securities Lending Expenses	(18,494)	
Net Income from Securities Lending Activities	984	
Total Additions	360,223	257,807
DEDUCTIONS		
Benefit Payments:		
Pension and Annuities	111,865	
Distributions to Participants		264,468
Hospital and Medical Care	40,265	
Medicare	3,569	
Dental Benefits	1,375	
Vision Benefits	145	
Death Benefits, Active and Retired	1,186	
Loss Due to Death of Members with Loans	10	
Transfers - Retirement to other systems	1,392	
Total Benefits Payments	159,807	264,468
Refunds of Contributions	1,981	
Administrative expenses:		
Personal Services	808	
Contractual Services	600	
Materials and Supplies	59	
Depreciation	43	
Total Administrative Expenses	1,510	
Total Deductions	163,298	264,468
Change in Net Assets	196,925	(6,661)
Net Assets at January 1	2,412,257	47,681
Net Assets at December 31	\$ 2,609,182	\$ 41,020

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

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Notes to Financial Statements

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CITY OF CINCINNATI, OHIO

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

Cincinnati owns a railway line, the Cincinnati Southern Railway that was completed in 1881 and extends from Cincinnati, Ohio to Chattanooga, Tennessee, a distance of 335 miles. Improvements have been made at various intervals; the most recent, a major line revision to eliminate tunnel clearance restrictions, grades, and curves, was completed in 1964. Improvements other than buildings in Governmental Activities include \$83,224,000 attributable to the City's cost to construct and improve this railway system. The railway is leased to the Cincinnati, New Orleans and Texas Pacific Railway Company until December 31, 2026, with an option to extend the lease for an additional 25 years. The lessee is part of the Norfolk Southern Railway System and is its second largest operating unit. Total rental income from the railway lease was \$17,701,000 in 2006 and \$17,086,000 in 2005.

B. Government-wide and Fund Financial Statements

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

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

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

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

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

The financial statements of the City of Cincinnati for 2006 are prepared in accordance with standards promulgated by the Governmental Accounting Standards Board (GASB). These standards include the effective pronouncements of the National Council on Governmental Accounting and the American Institute of Certified Public Accountants which are considered to be "generally accepted accounting principles" for state and local entities, until they are altered, amended, supplemented, revoked or superseded by a subsequent GASB pronouncement.

The City reports the following major governmental funds:

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

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

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

Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on general obligation debt and capital lease payments of the governmental funds.

The City reports the following major proprietary funds:

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

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

The City reports the following fund types:

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

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

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

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

Measurement Focus

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

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

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

Income taxes, delinquent property taxes, liquor permits, fines, local government fund, gasoline tax, and motor vehicle license fees for the current and prior periods are determined to be susceptible to accrual and are recognized as revenue in the current accounting period. All other major revenues of governmental funds are determined not to meet the criteria of either being measurable or available. The proprietary fund type statements are prepared utilizing the flow of economic resources measurement focus and the accrual basis of accounting for revenues, which are recognized when they are earned, and for expenses, which are recognized when they are incurred. Unbilled service receivables are recognized by proprietary funds when the services are provided.

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

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

Other Accounting Policies

- A.** *Investments* - The investments of the City (excluding the City of Cincinnati's Retirement System, (see Note 2)) are comprised primarily of time deposits and other securities guaranteed by the United States Government or its agencies and are stated at fair value based on quoted market prices.
- B.** *Inventories* - Inventories are valued at cost using either the moving weighted average or the first-in, first-out method. Inventories in the governmental funds and the proprietary funds are recorded using the consumption method whereby inventories are recorded as expenditures or expenses when they are used.
- C.** *Insurance* - The City maintains a comprehensive all-risk property insurance program that provides insurance coverage for approximately \$1,027,000,000 in property values. In addition, certain enterprise funds carry insurance coverage for specific purposes as determined by management. An estimated liability for uninsured losses is reported as required by Governmental Accounting Standards Board Statement 10 - Accounting and Financial Reporting for Risk Financing and Related Insurance Issues. State law authorizes the issuance of judgment bonds to settle claims. The City's available legal debt margin of \$97,000,000 at December 31, 2006, is considered adequate for catastrophic loss coverage.
- D.** *Inter-Fund Transactions* - During the course of normal operations, the City has numerous transactions between funds including expenditures/expenses, advances and transfers of resources to provide services, construct assets and service debt. The governmental and proprietary fund type financial statements generally reflect such transactions as transfers or advances. The internal service funds record charges for services to City departments as operating revenue. All City funds record these payments to the internal service funds as operating expenditures/expenses. The proprietary funds record operating subsidies as other income whereas the fund paying the subsidy records it as either an expenditure/expense or transfer. Transfers are intended to reallocate money permanently from one fund to another. Advances represent the long-term portion of loans between funds. Inter-fund services provided and used are accounted for as revenues, expenditures, or expenses in the funds involved. The

General Fund provides administrative services to enterprise funds. Based on an internal cost allocation plan certain costs initially borne by the General Fund are then billed as indirect charges to other funds of the City. The amounts charged for those services are treated as revenue to the General Fund and as operating expenses in the enterprise funds and as program expenses for individual functions and activities.

- E. Capital Assets** -Capital assets which include property, plant and equipment, and infrastructure (e. g. roads, streets, bridges and retaining walls) are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. The City defines capital assets as assets with an individual cost of \$5,000 or more (\$100,000 for governmental infrastructure assets) and an estimated useful life in excess of one year. Such assets are capitalized at historical cost, or estimated values that approximate historical cost if purchased or constructed. Pursuant to the implementation of GASB No. 34, the historical cost of infrastructure assets (retroactive to January 1, 1980) are included as part of the governmental capital assets reported in the government-wide statement. Thus, the depreciated value of construction cost for streets, bridges and retaining walls is reported. Donated capital assets are recorded at estimated fair market value at the time of donation.

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

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

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

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

- F. Deferred Revenues** - The City reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Certain intergovernmental receivables, uncollected assessments and miscellaneous receivables not meeting the availability criteria have been deferred and will be realized in a subsequent period in the governmental funds.
- G. Grants and Other Intergovernmental Revenues** - The proprietary fund types recognize the federal reimbursement-type capital grants as intergovernmental receivables and capital contributions as the related expenses are incurred. All other federal reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred. On an accrual basis, revenue in the form of shared revenue is recognized when the provider government recognizes its liability to the City.
- H. Operating Revenues and Expenses** - The City, in its proprietary funds, distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues

and expenses.

- I. *Capitalization of Interest* - Interest is capitalized by the City in proprietary fund types when it is determined to be material. The City capitalizes interest in accordance with Statement of Financial Accounting Standard No. 62, Capitalization of Interest Costs in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants. This statement requires that the interest cost capitalized during construction be reduced by interest income earned on investments of the bond proceeds from the date of the borrowing until the assets constructed from the bond proceeds are ready for their intended use.
- J. *Statement of Cash Flows* - For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments held by trustees, with a maturity of three months or less when purchased, to be cash equivalents. In addition, all cash and temporary investments with the City Treasurer are also considered to be cash equivalents since they are available to the proprietary funds on demand. The temporary investments primarily consist of certificates of deposit and U. S. Treasury securities that have maturities of up to two years.
- K. *Pronouncements Effective for the 2006 Financial Statements* – In its' 2005 financial report, the City changed its financial reporting to comply with Governmental Accounting Standards Board (GASB) Statement Number 44, *Economic Condition Reporting: The Statistical Section*. This Statement was issued in June 2004 and provides guidance on the tables and narrative explanations in the statistical section. This Statement is effective for periods beginning after June 15, 2005.

Also, in its' 2005 financial report, the City changed its financial reporting to comply with Governmental Accounting Standards Board (GASB) Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which provides guidance on all aspects of OPEB reporting by employers. This Statement was issued in June 2004 and addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and other nonpension benefits. The requirements for this Statement are effective for fiscal periods beginning after December 15, 2006 for governments with total annual revenues of \$100 million or more; for fiscal periods after December 15, 2007 for governments with total annual revenues of \$10 million or more but less than \$100 million; and for fiscal periods beginning after December 31, 2008, for governments with total annual revenues of less than \$10 million.

With this financial report, the City has changed its financial reporting to comply with Governmental Accounting Standards Board (GASB) Statement Number 47, *Accounting for Termination Benefits*. This Statement was issued in June 2005 and provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or severance to employees that are voluntarily or involuntarily terminated. The requirements of this Statement become effective for fiscal periods beginning after June 15, 2005 (except for those provisions involving other postemployment benefits, which only take effect upon the implementation of GASB Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*).

Also with this financial report the City has changed its financial reporting to comply with Governmental Accounting Standards Board (GASB) Technical Bulletin 2006-1, *Accounting and Financial Reporting by Employers and OPEB Plans for Payments from the Federal Government Pursuant to the Retiree Drug Subsidy Provisions of Medicare Part D*. This bulletin was issued in June 2006. This Technical Bulletin provides uniform guidance on accounting and financial reporting by state and local governmental employers and defined benefit OPEB plans for retiree drug subsidy payments from the federal government to an employer or to a plan. The requirements of this Technical Bulletin are effective immediately, except for portions of answers pertaining specifically to measurement,

recognition, or required supplementary information requirements of GASB Statements 43 or 45. Those provisions should be applied simultaneously with the implementation of Statement 43 or Statement 45.

- L. *Pronouncements Issued But Not Yet Effective* – Governmental Accounting Standards Board (GASB) Statement Number 48, *Accounting and Financial reporting for Sales and Pledges of Receivables and Intra-Entity Transfers of Assets and Future Revenues* was issued in September 2006. This Statement is effective for financial statements for fiscal periods beginning after December 15, 2006. This Statement establishes criteria that governments will use to ascertain whether certain transactions should be regarded as a sale or a collateralized borrowing, Such transactions are likely to comprise the sale of delinquent taxes, certain mortgages, student loans, or future revenues such as those arising from tobacco settlement agreements.

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

- M. *Working Capital Reserve* - City Council established standards for a minimum working capital reserve account in 1984 to assure a strong financial position and to protect Cincinnati's general obligation bond rating during periods of fiscal stress. The policy called for achievement of a minimum reserve level, for emergency needs of a catastrophic nature, of no less than 5% or more than 8% of general operating revenues by December 31, 1986. The targeted year-end reserve level was achieved in January of each year 1985 through 2007. The working capital reserve for 2006 was \$23,098,000 and is included in the Fund Balance Reserved for Working Capital in the Capital Projects Fund. The City is a chartered government and the working capital reserve, as established, is allowed by the charter.
- N. Restricted resources such as bond funds are assumed to be expended before non-restricted resources in paying for capital projects of both the governmental funds and the proprietary funds.

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

Deposits

At year-end the carrying amount of the City's deposits, including certificates of deposit with various financial institutions was \$194,022,000 and the bank balance was \$210,449,000. The entire bank balance is held in the name of the City and is collateralized either by federal depository insurance or securities pledged as collateral and segregated by the Federal Reserve Bank in a pledge account. The collateral is held by the City's agent in the City's name; it cannot be released by the Federal Reserve Bank without the City's approval.

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

Excluded from these amounts are deposits held by the City's Retirement System for which the year-end book balance was \$103,776,000. The year-end bank balance was \$13,465,000 and the cash balance was \$4,583,000. The cash balance was held by the City Treasurer. The cash equivalents of \$99,193,000 were held in money managers' custodial accounts at the Bank of New York at year-end and are not subject to the same insurance and collateralization requirements as the City's deposits and are uncollateralized.

Investments

The fair value of investments for the City at December 31, 2006 was \$758,982,000. These investments include \$465,373,000 in U. S. Treasury Securities, \$201,423,000 in U. S. Government pass-through mortgage backed securities, STAROhio \$9,987,000, \$20,012,000 in City of Cincinnati Notes, \$60,705,000 in Money Market Accounts, \$270,000 in Bond Mutual Funds, \$1,211,000 in Equity Securities, and a matured U.S. Treasury Obligation with a fair value of \$1,000. The City is legally authorized to invest in obligations of the U.S. Treasury, federal agencies or instrumentalities, obligations of the State of Ohio and its political subdivisions and repurchase agreements. All investments of the City of Cincinnati are insured or registered, or are securities held by the City or its agent in the City's name. The City Treasurer may enter into a repurchase agreement of United States Treasury obligations or other obligations for which the full faith and credit of the United States is pledged for the payment of principal and interest, or obligations or securities issued by any federal government agency. The City has not used reverse repurchase agreements or derivatives as investment instruments.

Excluded from the City's investments discussed above are assets held in trust by the City's Retirement System and the Park Board, which includes the Special Revenue Park Fund. The fair value of investments for these funds at December 31, 2006 was \$2,613,121,000. These investments include \$47,674,000 in U. S. Treasury Securities \$380,768,000 in U. S. Government pass-through mortgage backed securities, \$313,717,000 in Corporate Bonds and Notes, \$19,594,000 in Venture Capital, \$1,819,173,000 in Equity Securities, \$1,943,000 in State and Local Obligations, and \$30,252,000 in other bonds. In those cases where resources are maintained in trust, the authority for investment of the property rests with either the trust agreement or local ordinance. Investments of the City of Cincinnati Retirement System are, by ordinance, subject to certain terms and limitations. These limitations do not apply to investments in securities of the City and federal government or their agencies. Investments of the City of Cincinnati Retirement System and Park Board are uninsured, with securities held by the counterparty, or by its trust department or agent but not in the City's name. The investment in Venture Capital is not considered an investment in a security for purposes of credit risk classification since it is not evidenced by securities that exist in physical or book entry form.

Investment Policy and Risk

The investment policy and risk will be discussed in four categories: 1) the City investment policy, which

includes the General Fund, Debt Service Fund, Capital Project Fund, Water Works Fund (an Enterprise Fund), and the Metropolitan Sewer District (an Agency Fund), 2) the Permanent Funds except for the Park Board Fund, 3) the Park Board Fund, which includes the Parks Special Revenue Fund and 4) the City of Cincinnati's Retirement System's Pension Trust Fund.

A. City Investment Policy

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

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

At December 31, 2006, the city had the following investments held by the City Treasurer which were exposed to interest rate risk (amounts in thousands):

Investment Type	Investment Maturities (in years)				
	Fair Value	Less Than 1	1 to 5	6 to 10	More than 10
U.S. Treasury Obligations	\$ 465,373	\$ 367,274	\$ 73,172	\$ 17,219	\$ 7,708
Mortgage Backed					
Government Pass-Through	201,423	46,816	154,607		
Total	\$ 666,796	\$ 414,090	\$ 227,779	\$ 17,219	\$ 7,708

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

At December 31, 2006, the City had \$9,987,000 invested in STAR Ohio, which is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered as an investment company with the Securities Exchange Commission. STAR Ohio operates in a manner similar to Rule 2a-7 of the Investment Company Act of 1940.

The STAR Ohio investments are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2006. The STAR Ohio fund invests in U. S. government and agency securities, collateralized repurchase agreements with eligible Ohio financial institutions, and eligible banker's acceptances and commercial paper. The STAR Ohio fund had an average 35 days to maturity at December 31, 2006 and is rated AAAM by Standard and Poor's.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Credit ratings indicate the degree of credit risk for an investment. At December 31, 2006 the city held the following investments (amounts in thousands):

Investment Type	Total Fair Value	A-/A3 and Above	Full Faith & Credit
U.S. Treasury Obligations	\$ 465,373	\$	\$ 465,373
Mortgage Backed Government Pass-Through	201,423	201,423	
Money Market	<u>60,705</u>	<u>60,705</u>	<u> </u>
Total	\$ <u>727,501</u>	\$ <u>262,128</u>	\$ <u>465,373</u>

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

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. At December 31, 2006 the city did not have more than five percent of total investments with a single issuer.

B. Permanent Funds

The Permanent Funds (excluding the Park Board Fund) do not have a written investment policy. Each fund has a separate trust agreement, which limits the activity of the fund. At December 31, 2006, total investments were \$1,482,000. The Permanent Funds do not have investments exposed to interest rate risk, custodial credit risk, concentration of credit risk, or foreign currency risk. Their investments consist of equity securities with a fair value of \$1,211,000, bond mutual funds with a fair value of \$270,000 and a matured U.S. Treasury Obligation with a fair value of \$1,000. Credit Ratings and Maturity information was not available for the investments in bond mutual funds.

C. Park Board

The Park Board Fund investments goals are to generate capital growth for long-term usage and provide operating income to the respective projects and operations. The fund has established asset allocation ranges. For equities the range is seventy to ninety percent. For bonds, the range is ten to thirty percent. And for cash the range is zero to three percent. Each bond investment must have a minimum credit rating of A by Standard and Poor's and A by Moody's. Other than these limitations on investments, the Park Board Fund does not have an established policy for interest rate risk, credit risk, which includes concentration of credit risk, and custodial credit risk, or foreign currency risk.

At December 31, 2006 the Park Board had total investments with a fair value of \$9,731,000 which included equity securities with a fair value of \$6,192,000, and bond mutual funds with a fair value of \$226,000. The remaining \$3,313,000 in investments is identified in the chart on the following page.

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

Investment Type	Investment Maturities (in years)			
	Fair Value	Less Than 1	1 to 5	6 to 10
U.S. Treasury Obligations	\$ 776	\$ 321	\$ 308	\$ 147
U.S. Government Agency	26		26	
Mortgage Backed				
Government Pass-Through	2,170	1,118	1,026	26
Corporate Bonds	341	25	291	25
Total	\$ 3,313	\$ 1,464	\$ 1,651	\$ 198

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

Investment Type	Total Fair Value	A-/A3 and Above	BBB-/Baa3 to BBB+/Baa1	Full Faith & Credit
U.S. Treasury Obligations	\$ 776			\$ 776
U.S. Government Agency	26	26		
Mortgage Backed				
Government Pass-Through	2,170	2,170		
Corporate Bonds	341	316	25	
Total	\$ 3,313	\$ 2,512	\$ 25	\$ 776

D. City Retirement

The City of Cincinnati Retirement System's Pension Trust Fund Investment objectives are to maximize the total real return on the System's assets over the long term, subject to prudent investment standards and fiduciary responsibilities and to diversify investments across several asset classes so as to limit the adverse impact of any single investment. The System has established asset allocation goals, which may deviate by as much as five percent. The equity goal is 66% which is split with 50% allocated to U.S. common stock and 16% allocated to international stock. The remaining investments are allocated as follows: 26% to fixed income, 4% to real estate, 2% to private equity and 2% to cash.

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

At December 31, 2006, the System had the following investments subject to interest rate risk (amounts in thousands):

Investment Type	Investment Maturities (in years)				
	Fair Value	Less Than 1	1 to 5	6 to 10	More than 10
U.S. Government Treasuries	\$ 8,512	\$	\$ 2,195	\$ 4,576	\$ 1,741
U.S. Government TIPS	13,726			630	13,096
U.S. Government Agency	20,933	11,476	5,759	2,013	1,685
Other U.S. Government	38,723	131	3,185	491	34,916
Mortgage Backed					
Government Pass-Through	298,218		1,060	2,527	294,631
Corporate Pass Through	49,088		5,553		43,535
Collateralized Mortgage Obligations					
Government CMO	34,134			665	33,469
Corporate CMO	12,680				12,680
Corporate Bonds	210,304	15,081	105,047	65,153	25,023
Corporate Asset Backed	47,598		30,654	7,206	9,738
Private Placements	31,714	4,703	9,040	14,743	3,228
Municipals	1,943				1,943
Yankee Bonds	4,557	2,026	483	1,443	605
Developed Markets					
Corporate	15,048	449	7,802	5,025	1,772
Government/Sovereign	8,703	7,914			789
Emerging Markets					
Government/Sovereign	339				339
Convertible Bonds	2,087				2,087
Total	\$ 798,307	\$ 41,780	\$ 170,778	\$ 104,472	\$ 481,277

The above maturity chart includes investments with a fair value of \$27,493,000 which were reclassified as cash equivalents in the Pension Trust financial statements.

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

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

performance benchmark for the U.S. equity allocation.

An indicator of credit risk is a credit rating. The following are investments held by the System at December 31, 2006 (amounts in thousands):

Investment Type	Total Fair Value	A-/A3 and Above	BBB-/Baa3 to BBB+/Baa1	B-/B3 to BB+/Ba1	C/C to CCC/Caa	Not Rated	Full Faith & Credit	A-1/P-1 and above
U.S. Government								
Treasuries	\$ 8,512						\$ 8,512	
TIPS	13,726						13,726	
Agency	20,933	6,727					14,206	
Other	38,723	1,209					37,514	
Mortgage Backed								
Government								
Pass Through	298,218	4,905					293,313	
Corporate								
Pass Through	49,088	39,152					9,936	
Collateralized Mortgage Obligations								
Government CMO	34,134	10,113					24,021	
Corporate CMO	12,680	12,680						
Corporate Bonds	210,304	88,550	12,903	100,576	6,783		1,492	
Corporate Asset Backed	47,598	47,598						
Private Placements	31,714	17,280	1,033	11,058	2,343			
Municipals	1,943	1,029	914					
Yankee Bonds	4,557	2,558	852	1,147				
Developed Markets								
Corporate	15,048	8,350	1,016	5,682				
Government/Sovereign	8,703	8,703						
Emerging Markets								
Government/Sovereign	339		339					
Convertible Bonds	2,087		1,064	1,023				
Commercial Paper	16,657							16,657
Treasury Bills	5,554						5,554	
Total	\$ 820,518	\$ 248,854	\$ 18,121	\$ 119,486	\$ 9,126	\$ 380,482	\$ 27,792	\$ 16,657

The above credit rating chart includes investments with a fair value of \$49,704,000 which were reclassified as cash equivalents in the Pension Trust financial statements.

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

The System's exposure to foreign currency risk at December 31, 2006 is as follows (amounts in thousands):

Currency	Fair Value	Equity	Derivatives	Fixed Income
Australian Dollar	\$ 18	\$ 18	\$	\$
British Pound Sterling	91	99	(8)	
Canadian Dollar	11	11		
Euro Currency	151	151	(8)	8
Hong Kong Dollar	14	14		
Japanese Yen	85	74	4	7
New Zealand Dollar	2	2		
Singapore Dollar	4	4		
South African Rand	5	5		
Swedish Krona	11	11		
Swiss Franc	27	27		
Total	\$ <u>419</u>	\$ <u>416</u>	\$ <u>(12)</u>	\$ <u>15</u>

Securities Lending

City statutes and board of trustee policies permit the City of Cincinnati Retirement System to use investments of the plan to enter into securities lending transactions – loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same security in the future. Securities are loaned in exchange for collateral that may include cash, U.S. government securities and irrevocable letters of credit. U.S. securities are loaned in exchange for collateral valued at 102% of the market value of the securities plus any accrued interest. Non-U.S. securities are loaned in exchange for collateral valued at 105% of the market value of the securities plus any accrued interest. Collateral cannot be pledged or sold unless the borrower defaults. The borrower is required to pay to the Lender the equivalent of all interest and dividends that are paid by the issuer during the term of the loan. All security loans can be terminated on demand by either the lender or the borrower, although the average term of the System's overall loans was 17 days for the year ended December 31, 2006. Cash collateral is invested in a short-term investment pool, which had an average weighted maturity of 1 day as of December 31, 2006. Cash collateral may also be invested separately in "term loans", in which the maturity of the term loan is matched to either the maturity of the cash collateral invested or the interest rate reset of the cash collateral invested. These loans have rights of substitution and securities can be recalled on demand. As of December 31, 2006, there were no violations of legal or contractual provisions, no borrower or lending agent default and no losses known to the securities lending agent. There are no dividends or coupon payments owing on the securities lent.

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

Securities Lent	Fair Value of Underlying Securities	Cash Collateral Received/Securities Collateral Value
Lent for Cash Collateral:		
U.S. Government	\$ 9,010	\$ 9,226
U.S. Agencies	7,480	7,640
U.S. Corporate Fixed Income	32,717	33,816
Non-U.S. Equities	34,104	35,838
U.S. Equities	200,124	206,958
Total	\$ <u>283,435</u>	\$ <u>293,478</u>

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

Asset class	Less Than 1 Year	1-5 Years	Total
Asset Backed Security	\$ 27,150	\$ 67,067	\$ 94,217
Bank Note		10,120	10,120
Certificate of Deposit Float	21,071	40,120	61,191
Corporate Floating Rate		90,369	90,369
Reverse Repurchase Agreements	38,402		38,402
Total	<u>\$ 86,623</u>	<u>\$ 207,676</u>	<u>\$ 294,299</u>

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

Asset Class	S P Rating	Moody's Rating	Market Value
Asset Backed Security	AAA	Aaa	\$ 94,217
Bank Note	A+	A1	10,120
Certificate of Deposit Float	A-1	P-1	5,010
Certificate of Deposit Float	AA	Aa2	16,061
Certificate of Deposit Float	AA-	Aa2	20,051
Certificate of Deposit Float	AA-	Aa3	10,034
Certificate of Deposit Float	AA-	A1	10,035
Corporate Floating Rate	AAA	Aaa	10,009
Corporate Floating Rate	AA-	Aa1	10,006
Corporate Floating Rate	AA-	Aa3	10,009
Corporate Floating Rate	A+	Aa3	30,275
Corporate Floating Rate	A	A2	30,070
Reverse Repurchase Agreements			38,402
		TOTAL	<u>\$ 294,299</u>

Derivatives

Derivatives are generally defined as contracts whose value depend on, or derive from, the value of an underlying asset, reference rate, or index. The retirement system enters into certain derivative financial instruments, primarily to enhance the performance and reduce the volatility of the portfolio. It purchases S&P 500 futures contracts to gain exposure to the U.S. equity market, fixed income futures contracts and options to manage interest rate risk; and foreign exchange contracts are used occasionally to hedge foreign currency exposure. The retirement system's fixed income managers are authorized to invest in mortgage-backed securities (MBS), commercial mortgage-backed securities (CMB), collateralized mortgage obligations (CMO) and asset-backed securities (ABS). MBS securities are issued by government agencies and instrumentalities such as the FHA, FNMA, GNMA, FHLMC, while CMB and CMO securities are issued by non-government corporations. ABS securities are supported by loans, which are secured by first residential mortgages, home equity mortgages, auto loans, credit card receivables, etc.

The following derivative positions were held at December 31, 2006:

- 1.) Futures contracts settling March 16, 2007 to buy S&P 500 securities with a notional value of approximately \$37.1 million.
- 2.) Futures contracts settling March 30, 2007 to sell 5 year U.S. Treasury Note securities with a notional value of \$27.7 million.
- 3.) Futures contracts settling March 21, 2007 to buy 10 year U.S. Treasury Note securities with a notional value of \$14.6 million.
- 4.) Futures contracts settling March 21, 2007 to buy 30 year U.S. Treasury Bond securities with a notional value of \$26.3 million.
- 5.) Futures contracts settling June 18, 2007 to sell Eurodollar securities with a notional value of \$68.1 million.
- 6.) Futures contracts settling September 17, 2007 to sell Eurodollar securities with a notional value of \$63.1 million.

As of December 31, 2006 the retirement system held forward currency contracts with an expiration date of January 31, 2007. This currency hedge converts 4,305,500 U.K. Sterling to \$8,201,566 U.S. dollars.

3. MIXED INVESTMENT POOL

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

Summary by major investment classification:

(Amounts in Thousands)

	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity Dates</u>
Money Market Fund	\$ 57,500	\$ 57,500		
Certificates of Deposit	100,162	100,162	1.50% - 5.31%	03/06/07 - 05/26/09
U.S. Treasury Notes	119,643	118,990	2.25% - 4.75%	01/31/07 - 11/15/08
FHLB/FNMA Securities	199,479	198,849	3.00% - 5.80%	02/23/07 - 12/18/09
City of Cincinnati Notes	20,012	20,012	3.53% - 5.24%	07/01/07 - 09/21/07
Cash	<u>984</u>	<u>984</u>		
Total	<u>\$497,780</u>	<u>\$496,497</u>		

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

**Mixed Investment Pool
Statement of Net Assets
As of December 31, 2006**
(Amounts in Thousands)

<u>Assets</u>	
Equity in City Treasury	<u>\$ 496,497</u>
<u>Net Assets</u>	
Held in Trust for Internal Pool Participants	\$ 455,477
Held in Trust for External Pool Participant	<u>41,020</u>
Total Net Assets	<u>\$ 496,497</u>

**Mixed Investment Pool
Statement of Changes in Net Assets
For the Year Ended December 31, 2006**
(Amounts in Thousands)

	<u>Internal Participants</u>	<u>External Participants</u>	<u>Total</u>
Additions:			
Contributions:			
Participant Deposits	\$1,093,964	\$255,602	\$1,349,566
Investment earnings:			
Interest and dividends	18,315	2,020	20,335
Net appreciation in the fair value of investments	<u>1,873</u>	<u>185</u>	<u>2,058</u>
Total investment earnings	<u>20,188</u>	<u>2,205</u>	<u>22,393</u>
Total additions	1,114,152	257,807	1,371,959
Deductions:			
Distributions to Participants	<u>1,115,292</u>	<u>264,468</u>	<u>1,379,760</u>
Change in Net Assets	(1,140)	(6,661)	(7,801)
Net assets – beginning	<u>456,617</u>	<u>47,681</u>	<u>504,298</u>
Net assets – ending	<u>\$ 455,477</u>	<u>\$ 41,020</u>	<u>\$ 496,497</u>

4. COMMITMENTS

Convention Facilities Authority (CFA)

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

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

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

Subject to annual appropriation, the City shall pay \$1,000,000 (City Annual Contribution) to the Trustee of the CFA subject to the terms of the Cooperative Agreement. This contribution is pledged as an additional revenue source for the payment of the bonds. The City appropriated an amount sufficient to pay the City Annual Contribution for 2006.

Convergys

In July 2003 the City and Convergys Corporation entered into an Agreement for the Creation and Retention of Jobs. The City granted Convergys tax credits against the City's income tax for a period of fifteen years and a potential of \$29.75 million in grants if specific conditions are met over a three-year period. In December 2003 the City sold Economic Development Revenue Bonds in the amount of \$20.5 million to partially fund these grants.

Two grants totaling \$20.0 million were made to Convergys in 2004, one grant for \$3.0 million was made in 2005, and one grant for \$3.0 million was made in 2006 based on the eligibility requirements that were met in 2003, 2004, 2005, and 2006. If Convergys meets its eligibility requirements in 2007, it will receive a grant of \$2.75 million during 2007. An additional \$1.0 million can be earned at any time if certain employment performance conditions are met.

5. INTERFUND ASSETS/LIABILITIES

The composition of interfund balances as of December 31, 2006, is as follows:

DUE FROM/TO OTHER FUNDS (Amounts in Thousands)

	Due From							Total
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Internal Service Funds	Water Works Fund	Nonmajor Enterprise Funds	Fiduciary Funds	
Due To								
General Fund	\$	\$ 7	\$ 254	\$ 1,603	\$ 5	\$ 20	\$ 455	\$ 2,344
Capital Project Fund	175		65	169	434	22	54	919
Debt Service Fund							1	1
Nonmajor Governmental Funds	145	143	44	317	2		180	831
Internal Service Funds	201	1,117	35	26	92	3	2,199	3,673
Water Works Fund	53	26	22	151		3	182	437
Convention Center Fund							1	1
Nonmajor Enterprise Funds	5	10	124	89	2	26	25	281
Fiduciary Funds				16				16
Total	\$ 579	\$ 1,303	\$ 544	\$ 2,371	\$ 535	\$ 74	\$ 3,097	\$ 8,503

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

ADVANCES TO/FROM OTHER FUNDS (Amounts in Thousands)

	<u>Advances From</u>				Total
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Internal Service Funds	
<u>Advances To</u>					
General Fund	\$	\$	\$ 125	\$177	\$ 302
Nonmajor Governmental Funds	521		2,134		2,655
Water Works Fund				157	157
Nonmajor Enterprise Funds		10,088		21	10,109
Internal Service Funds		3,998			3,998
Total	<u>\$ 521</u>	<u>\$14,086</u>	<u>\$2,259</u>	<u>\$355</u>	<u>\$ 17,221</u>

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

6. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2006, consisted of the following:

TRANSFERS IN/OUT (Amounts in Thousands)

	<u>Transfers Out</u>							Total
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Internal Service Funds	Convention Center Fund	Nonmajor Enterprise Funds	
<u>Transfers In</u>								
General Fund	\$ -	\$ 481	\$ -	\$ 43	\$ 153	\$ -	\$ 87	\$ 764
Capital Projects Fund	4,021		21,866	221	902	15	16	27,041
Debt Service Fund	1,881	7,562		2	35		9,174	18,654
Nonmajor Governmental Funds	-	21		547	272		1,233	2,073
Internal Service Funds	-	2,395		379	-		31	2,805
Convention Center Fund		1,000						1,000
Nonmajor Enterprise Funds	-	2,500	7,745		12		-	10,257
Total	<u>\$5,902</u>	<u>\$13,959</u>	<u>\$29,611</u>	<u>\$ 1,192</u>	<u>\$1,374</u>	<u>\$ 15</u>	<u>\$ 10,541</u>	<u>\$62,594</u>

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

7. NET ASSETS / FUND EQUITY DEFICITS

Included in the financial statements is an internal service fund with net asset deficits as of December 31, 2006. The net asset deficit in the internal service fund of Property Management (\$99,000) is to be covered by future user charges. Also included in the financial statements is a non-major governmental fund with a net fund equity deficit as of December 31, 2006. The fund equity deficit in the Special Revenue Fund Nonappropriated - Community Development (\$1,157,000) is to be covered by reimbursement from a federal grant.

8. LEASES

CITY AS LESSEE

Operating Leases

The City has entered into various leases for property, equipment and office space. These leases are considered for accounting purposes to be operating leases. The total cost for such leases were \$1,238,000 for the year ended December 31, 2006. Future minimum lease payments are as follows:

(Amounts in Thousands)

<u>Year</u>	<u>Amount</u>
2007	\$ 1,235
2008	1,037
2009	981
2010	666
2011	602
2012-2015	<u>1,243</u>
Total Future Minimum Lease Payments	<u>\$ 5,764</u>

Capital Leases

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

The assets acquired through capital leases are as follows:

(Amounts in Thousands)

	<u>Governmental Activities</u>
Leased Property/Equipment	\$ 134
Less: Accumulated Depreciation	<u>96</u>
Total	<u>\$ 38</u>

The following is a schedule of future minimum capital leases and the present value of the net minimum lease payments at December 31, 2006:

(Amounts in Thousands)

<u>Year</u>	<u>Governmental Activities</u>
2007	\$ 22
2008	<u>9</u>
Total minimum lease payments	31
Less: Amounts representing interest	<u>3</u>
Present value of net minimum lease payments	<u>\$ 28</u>

CITY AS LESSOR

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

Amounts relating to the operating leases as of December 31, 2006 are included in the financial statements of the following:

(Amounts in Thousands)

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
Land	\$ 255	\$ 2,505
Buildings	1,759	3,328
Improvements		83,345
Accumulated Depreciation	1,182	81,173
Depreciation Expense	54	728

Future minimum rentals on non-cancelable operating leases as of December 31, 2006 are as follows:

(Amounts in Thousands)

<u>Year</u>	<u>Business-type Activities</u>	<u>Governmental Activities</u>
2007	\$ 598	\$ 17,773
2008	534	17,566
2009	489	17,531
2010	378	17,395
2011	149	17,089
Remaining years	<u>1,069</u>	<u>239,234</u>
Total Future Minimum Rental Payments	<u>\$ 3,217</u>	<u>\$326,588</u>
Total Rentals for 2006:	\$ 764	\$ 17,963

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

Enterprise Funds

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

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

Governmental Capital Assets

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

9. LONG-TERM DEBT

General Obligation Bonds and Notes

The City issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds and notes issued in prior years was \$554,605,000.

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

(Amounts in Thousands)

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.000% - 7.875%	\$346,690
Business-type activities	4.200% - 5.375%	<u>33,044</u>
		<u>\$379,734</u>

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

(Amounts in Thousands)

<u>Year Ending</u> <u>December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 43,525	\$ 16,157	\$15,409	\$ 1,481
2008	27,775	14,156	4,665	747
2009	26,135	12,893	2,065	547
2010	23,785	11,723	2,065	460
2011	23,365	10,666	2,065	374
2012-2016	105,795	37,569	6,125	670
2017-2021	56,990	15,847	325	120
2022-2026	20,845	6,790	325	43
2027-2031	10,135	3,283		
2032-2036	<u>8,340</u>	<u>859</u>		
Total	<u>\$346,690</u>	<u>\$129,943</u>	<u>\$33,044</u>	<u>\$ 4,442</u>

Revenue Bonds and Notes

The City also issues bonds and notes where the City pledges income derived from the acquired or constructed assets to pay debt service. The net revenues of the Water Works are pledged to pay Water Works revenue bonds debt service. The original amount of revenue bonds and notes authorized in prior years was \$430,733,663 of which \$376,318,663 was issued. During 2006, \$6,087,337 of revenue notes were issued to finance Economic Development projects.

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

(Amounts in Thousands)

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Economic Development	Various	\$ 36,682
Water Works	Various	<u>284,600</u>
		<u>\$321,282</u>

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

(Amounts in Thousands)

<u>Year Ending</u> <u>December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 8,562	\$ 2,101	\$ 11,335	\$ 13,295
2008	2,570	1,659	11,815	12,825
2009	2,645	1,526	12,125	12,509
2010	2,615	1,384	12,750	11,895
2011	1,590	1,235	13,235	11,398
2012-2016	9,100	4,473	77,180	46,003
2017-2021	6,460	2,098	98,975	24,208
2022-2026	<u>3,140</u>	<u>281</u>	<u>47,185</u>	<u>3,593</u>
Total	<u>\$36,682</u>	<u>\$14,757</u>	<u>\$284,600</u>	<u>\$135,726</u>

Bonds and Notes Outstanding at December 31, 2006

(AMOUNTS IN THOUSANDS)

Description	Interest Rates	Issue Dates	Maturity Dates	(AMOUNTS IN THOUSANDS)		
				Original Authorized	Amount Due 2007	Amount Outstanding 12/31/2006
Bonds:						
General Property Tax	3.25%	1957	2007	\$ 1,000	\$ 20	\$ 20
Supported	4.2% to 4.75%	1996-1999	2006-2009	53,500	5,340	11,270
	5.0%	2001-2004	2014-2016	39,640	2,850	27,175
	7.875%	1987	2017	30,000	1,000	11,000
Various Rate Issues	2.0% to 5.5%	2000-2006	2010-2026	209,580	13,730	166,285
Urban Redevelopment						
Various Rate Issues	4.5% to 5.5%	2004	2020	2,600	110	2,020
Municipal Income Tax	3.25% to 5.50%	2000-2006	2015-2026	24,960	1,340	22,995
Recreational Facilities	4.00% to 6.75%	1977-2001	2007-2021	11,800	645	7,345
Urban Renewal/Economic Dev.	5.125%	2000	2007	6,000	870	870
Various Rate Issues	3.25% to 6.00%	2002-2006	2012-2026	24,425	1,350	19,380
Refunding	5.0%	2004	2008	2,295	370	760
Judgment	3.0% to 5.0%	2005-2006	2007-2020	11,775	7,765	11,485
Urban Development Taxable						
Various Rate Issues	2.00% to 6.25%	1998-2003	2016-2021	21,905	1,515	17,100
Police & Fire Pension	5.10% to 5.25%	2000	2010	42,000	570	2,465
Refunding	3.0% to 4.5%	2005	2035	41,000	0	40,470
Total General Long-Term Bond Obligations				<u>522,480</u>	<u>37,475</u>	<u>340,640</u>
Recreational Facilities	5.375%	1977	2007	1,500	95	95
Refunding	5.0%	2004	2007	600	100	100
Parks & Recreation	4.375% to 5.0%	2006	2026	1,300	65	1,300
Water Works	4.20% to 4.75%	1997-1999	2007-2014	70,700	6,200	22,600
Refunding	5.0%	2004	2007	2,100	350	350
Stormwater	4.20% to 4.75%	1997-1999	2007	6,800	725	725
Total Proprietary Fund Obligations				<u>83,000</u>	<u>7,535</u>	<u>25,170</u>
Total General Obligation Bonds Payable				<u>605,480</u>	<u>45,010</u>	<u>365,810</u>
Notes:						
Parks & Recreation	3.53%	2006	2007	2,500	1,250	1,250
Parking Improvement	5.03%	2006	2007	12,674	12,674	12,674
Total General Obligation Notes Payable				<u>15,174</u>	<u>13,924</u>	<u>13,924</u>
Total General Obligation Bonds and Notes Payable				<u>\$ 620,654</u>	<u>\$ 58,934</u>	<u>\$ 379,734</u>
Revenue Bonds	1.57% to 8.48%	1990-2005	2010-2025	\$ 430,734	\$ 13,810	\$ 315,195
Revenue Note	5.24%	2006	2007	6,087	6,087	6,087
Total Revenue Bonds and Notes Payable				<u>\$ 436,821</u>	<u>\$ 19,897</u>	<u>\$ 321,282</u>
Total Outstanding Debt				<u>\$ 1,057,475</u>	<u>\$ 78,831</u>	<u>\$ 701,016</u>

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2006, was as follows:

(Amounts in Thousands)

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Bonds and Notes Payable:					
General Obligation Bonds	\$320,278	\$ 48,640	\$28,278	\$340,640	\$37,475
General Obligation Notes	9,930	12,550	16,430	6,050	6,050
Revenue Bonds	33,449		2,854	30,595	2,475
Revenue Note	<u>3,000</u>	<u>6,087</u>	<u>3,000</u>	<u>6,087</u>	<u>6,087</u>
Total Bonds and Notes Payable	366,657	67,277	50,562	383,372	52,087
Compensated Absences	78,825	37,601	35,357	81,069	30,974
Claims and Judgments	43,243	75,480	86,747	31,976	19,201
Capital Leases	60		32	28	19
Net Pension Obligation	10,442	4,599		15,041	
Net Other Post Employment Benefit Obligation	2,304	3,819		6,123	
Other	<u>685</u>	<u>526</u>	<u> </u>	<u>1,211</u>	<u>133</u>
Governmental Activity Long-term liabilities	<u>\$502,216</u>	<u>\$189,302</u>	<u>\$172,698</u>	<u>\$518,820</u>	<u>\$ 102,414</u>
Business-type Activities:					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 33,567	\$ 1,300	\$ 9,697	\$ 25,170	\$ 7,535
General Obligation Notes	7,747	7,874	7,747	7,874	7,874
Revenue Bonds	<u>295,645</u>	<u> </u>	<u>11,045</u>	<u>284,600</u>	<u>11,335</u>
Total Bonds and Notes Payable	336,959	9,174	28,489	317,644	26,744
Compensated Absences	7,242	3,471	3,389	7,324	3,608
Claims and Judgments	128	122	114	136	136
Net Pension Obligation	3,026	1,325		4,351	
Net Other Post Employment Benefit Obligation	597	1,051		1,648	
Other	400		400		
State Loan	<u>1,905</u>	<u>1,339</u>	<u>130</u>	<u>3,114</u>	<u>161</u>
Business-type Activity Long-term liabilities	<u>\$350,257</u>	<u>\$ 16,482</u>	<u>\$ 32,522</u>	<u>\$334,217</u>	<u>\$30,649</u>

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

Internal Service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$2,327,000 of compensated absences, \$24,940,000 of unpaid claims, and \$1,000 of capital leases for the internal service funds are included in the above amounts.

10. DEBT LIMITATION

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

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

11. TAXES

City Income Tax

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

The City's income tax of 2.1% is subdivided into four components. The first component is 0.1%, which is to be spent only for the maintenance of the City's infrastructure. The second component is the 0.3%, which can be used only for public transit purposes, including both capital and current operating expense. The third component is 0.15%, which can be used only for permanent improvement purposes. The remaining 1.55% is first used to meet annual deficiencies, to the extent required, in the General Fund. The amount of the 1.55% income tax revenue over the fixed allocation to the General Fund at the end of any year is recognized as revenue in the Income Tax Permanent Improvement Fund. The unused amount can be carried forward for subsequent year capital or operating needs.

Actual collections of \$222,937,681 for the 1.55% portion in 2006 were more than the original allocation of \$219,000,000 for the General Fund. The following table identifies the excess 1.55% income tax collections for the years 2002 through 2006 and collections in excess of allocation:

(Amounts in Thousands)

<u>Year</u>	<u>Actual Collections of 1.55%</u>	<u>Allocation to General Fund</u>	<u>Collections in Excess of Allocation</u>
2002	185,258	185,258	\$
2003	190,142	187,993	2,149
2004	193,411	193,411	
2005	210,537	210,537	
2006	222,938	219,000	3,938

Property Taxes

The assessed valuation of property within the City subject to the levy of ad valorem taxes includes real property, public utilities property and tangible personal property. The assessed value upon which the 2005 levy was based was \$5,507,516,000, \$324,807,000 and \$412,447,000 for real property, public utility property and tangible personal property, respectively (per Hamilton County Auditor). The City's property taxes are collected by the Hamilton County Auditor and are remitted to the City on a periodic basis. Real property taxes collected in any calendar year are generally levied on assessed values as of January 1 of the preceding year according to the following calendar:

Property Tax Calendar - 2007

Lien date	January 1, 2006
Levy date	October 31, 2006
First installment payment due	January 31, 2007
Second installment payment due	June 20, 2007

Assessed values are established by the County Audit, or at no more than 35% of appraised market value. The laws of the State of Ohio presently require that all property be revalued no less than every six years, at any time the County Auditor finds that true or taxable value thereof has changed, and in the third calendar year following the year in which a sexennial reappraisal is completed if ordered by the State Commissioner of Tax Equalization. Real property was reappraised during 2005 with the results affecting collections beginning in 2006. The City recognizes the property taxes due to be paid in 2007 as deferred revenue since the first settlement date is more than sixty days after year-end and does not meet the availability criteria for accrual.

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

12. SHORT-TERM DEBT – BOND ANTICIPATION NOTES

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

(Amounts in Thousands)

	<u>Beginning</u> <u>Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending</u> <u>Balance</u>
Bond Anticipation Notes	\$0	\$21,866	\$21,866	\$0

13. RESTRICTED ASSETS

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

(Amounts in Thousands)

Revenue bond construction account – Water Works	\$ 16,450
Revenue bond reserve account – Water Works	27,436
Revenue bond construction account – Parking Facilities	8
Customer deposits – Water Works	2,260
Construction account - other – Water Works	<u>151</u>
Total restricted assets	<u>\$46,305</u>

14. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006 was as follows:

(Amounts in Thousands)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 155,456	\$ 7,913	\$ (1,392)	\$ 161,977
Construction in Progress	<u>133,043</u>	<u>71,104</u>	<u>(66,487)</u>	<u>137,660</u>
Total capital assets, not being depreciated	<u>288,499</u>	<u>79,017</u>	<u>(67,879)</u>	<u>299,637</u>
Capital assets, being depreciated:				
Buildings	140,508	644		141,152
Improvements other than buildings	295,663	14,153	(876)	308,940
Machinery and Equipment	136,542	13,935	(5,007)	145,470
Property acquired under capital leases	56	78		134
Infrastructure	<u>517,556</u>	<u>44,219</u>		<u>561,775</u>
Total capital assets, being depreciated	<u>1,090,325</u>	<u>73,029</u>	<u>(5,883)</u>	<u>1,157,471</u>
Less accumulated depreciation for:				
Buildings	(89,871)	(4,979)		(94,850)
Improvements other than buildings	(150,954)	(8,683)	216	(159,421)
Machinery and Equipment	(69,789)	(11,904)	3,472	(78,221)
Property acquired under capital leases	(34)	(62)		(96)
Infrastructure	<u>(185,937)</u>	<u>(25,144)</u>		<u>(211,081)</u>
Total accumulated depreciation	<u>(496,585)</u>	<u>(50,772)</u>	<u>3,688</u>	<u>(543,669)</u>
Total capital assets, being depreciated, net	<u>593,740</u>	<u>22,257</u>	<u>(2,195)</u>	<u>613,802</u>
Governmental Activities capital assets, net	<u>\$ 882,239</u>	<u>\$101,274</u>	<u>\$(70,074)</u>	<u>\$913,439</u>

Capital asset activity for the year ended December 31, 2006 was as follows:

(Amounts in Thousands)

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 39,200	\$ 361	\$	\$ 39,561
Construction in Progress	<u>201,891</u>	<u>83,063</u>	<u>(170,851)</u>	<u>114,103</u>
Total capital assets, not being depreciated	<u>241,091</u>	<u>83,424</u>	<u>(170,851)</u>	<u>153,664</u>
Capital assets, being depreciated:				
Buildings	305,067	7,771	(420)	312,418
Improvements other than buildings	593,861	162,742	(4,267)	752,336
Machinery and Equipment	<u>219,383</u>	<u>17,086</u>	<u>(1,829)</u>	<u>234,640</u>
Total capital assets, being depreciated	<u>1,118,311</u>	<u>187,599</u>	<u>(6,516)</u>	<u>1,299,394</u>
Less accumulated depreciation for:				
Buildings	(138,630)	(8,747)	118	(147,259)
Improvements other than buildings	(140,559)	(9,968)	3,639	(146,888)
Machinery and Equipment	<u>(115,400)</u>	<u>(13,063)</u>	<u>1,719</u>	<u>(126,744)</u>
Total accumulated depreciation	<u>(394,589)</u>	<u>(31,778)</u>	<u>5,476</u>	<u>(420,891)</u>
Total capital assets, being depreciated, net	<u>723,722</u>	<u>155,821</u>	<u>(1,040)</u>	<u>878,503</u>
Business-type Activities capital assets, net	<u>\$ 964,813</u>	<u>\$ 239,245</u>	<u>\$ (171,891)</u>	<u>\$ 1,032,167</u>

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

(Amounts in Thousands)

Governmental activities:	
General Government	\$ 1,210
Community Development	5,028
Economic Development	68
Parks and Recreation	4,373
Public Safety	4,234
Transportation and Engineering	25,148
Public Services	5,230
Public Health	513
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>4,968</u>
Total depreciation expense – governmental activities:	<u>\$ 50,772</u>

(Amounts in Thousands)

Business-type activities:

Water Works	\$ 21,402
Parking Facilities	2,227
Convention Center	5,350
General Aviation	737
Municipal Golf	460
Stormwater Management	<u>1,602</u>

Total depreciation expense – business-type activities: \$ 31,778

Governmental Activities Construction in Progress at December 31, 2006 is comprised of the following:

(Amounts in Thousands)

<u>Administering Department</u>	Project Authori- zations	Expended to December 31, <u>2006</u>	<u>Committed</u>	Required Future <u>Financing</u>
Transportation & Engineering	\$ 65,960	\$ 10,128	\$ 55,832	\$ 11,328
Community Development	43,693	24,881	18,812	2,087
Economic Development	39,490	15,418	24,072	10,691
Recreation	48,861	37,652	11,209	4,209
Safety	8,652	6,308	2,344	
Parks	30,791	24,415	6,376	795
Public Services	21,004	11,634	9,370	8
Other	<u>16,815</u>	<u>7,224</u>	<u>9,591</u>	<u>2,028</u>
Totals	<u>\$275,266</u>	<u>\$137,660</u>	<u>\$137,606</u>	<u>\$ 31,146</u>

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

Business Activities Construction in Progress at December 31, 2006 is comprised of the following:

(Amounts in Thousands)

<u>Enterprise Fund</u>	Project Authori- zations	Expended to December 31, <u>2006</u>	<u>Committed</u>	Required Future <u>Financing</u>
Water Works	\$130,078	\$ 96,765	\$33,313	\$ 14,666
Parking Facilities	7,517	5,482	2,035	320
Convention Center	499	499		
General Aviation	2,166	1,908	258	3
Municipal Golf	4,280	2,568	1,712	
Stormwater Management	<u>9,654</u>	<u>6,881</u>	<u>2,773</u>	<u>417</u>
Totals	<u>\$154,194</u>	<u>\$114,103</u>	<u>\$40,091</u>	<u>\$15,406</u>

15. RECEIVABLES

Accounts Receivable are presented in the financial statements net of the allowance for uncollectible accounts. The uncollectible accounts related to the General Fund at December 31, 2006, are as follows: Taxes Receivable (\$2,186,000) and other accounts receivable (\$8,075,000). The uncollectible accounts related to the Debt Service Fund at December 31, 2006 are Taxes Receivable (\$3,322,000). The balance for the allowance for doubtful accounts in the Capital Projects Fund at December 31, 2006 is (\$3,854,000). The balance of the allowance accounts for Appropriated Special Revenue is (\$197,000) and Non-Appropriated Special Revenue is (\$1,137,000) as of December 31, 2006. The balances of the allowance accounts of the proprietary funds as of December 31, 2006 are as follows: Water Works (\$4,769,000), Regional Computer Center (\$16,000), Convention Center (\$108,000), Municipal Golf (\$0), Parking Facilities (\$1,000), and Stormwater Management (\$769,000).

Loans receivable of the special revenue funds are made from revolving type loan accounts financed by allocations from the City's Community Development Block Grant. These loans are secured by liens on the property. Federal regulations provide that the grantor maintains the ownership of the City's Community Development Block Grant funded revolving loan portfolio; accordingly, revolving loan fund transactions do not affect the operating statement. A small number of the special revenue loans, with a value of \$6,398,000, were made from Housing and Urban Development Section 108 funds and do not involve a revolving type loan account. The loans are repaid to the federal government. If the borrower fails to repay the loan, the City's Community Development Block Grant funds may be used to repay the federal government. The total amount receivable for the special revenue loans is offset by an allowance for uncollectible loans receivable. Special revenue loans receivable at December 31, 2006 total \$60,294,000.

Loans receivable of the capital project funds receive similar treatment to the special revenue funds' loans receivable, in that the total amount receivable is offset by an allowance for uncollectible loans receivable. The balance of the loans receivable at December 31, 2006 is \$3,812,000. This amount is related to Goodall Properties Ltd. and forgivable housing loans.

16. CONTINGENT LIABILITIES

Federal and State Grants

The City has received Federal and State grants in excess of \$58 million for specific purposes that are subject to review and audit by the grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Such disallowances have been immaterial in prior years. In June 2007, an agreement was reached between the City and the United States Department of Justice for the city to make payments totaling \$3.95 million for the HOME Investment Partnership Program.

Litigation

Various claims and lawsuits are pending against the City as of December 31, 2006. A liability of \$7.2 million was recorded for those claims and judgments as of December 31, 2006. Over the past decade, the City has averaged annual payments of \$3.0 million for claim and lawsuit settlements. Adequate funds have been provided to meet the claims paid from the General Fund, restricted funds and the sale of debt. The City Administration believes there is no foreseen problem in having adequate resources to settle presently known cases.

17. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health claims; unemployment compensation claims; and environmental damage. The City purchases commercial insurance to cover losses due to: theft of, damage to, or destruction of assets and purchases general liability insurance for specific operations and professional liability insurance for certain operations. All other risks of loss are self-insured by the City. There has been no reduction in insurance coverage from coverage in 2006. Insurance settlements for claims resulting from the risks covered by commercial insurance have not exceeded the insurance coverage in any of the past three years.

The City of Cincinnati provides a health insurance plan for its employees. The plan is self-insured and accounted for as an internal service fund. This internal service fund, titled "Self Insurance - Medical" has been in existence since 1980. Operating funds are charged a monthly rate per employee, by type of coverage.

In 1990, the City began to account for and finance its risk of loss due to workers' compensation claims and established an internal service fund titled "Self Insurance - Workers' Compensation". Workers' compensation is administered by the State. The City reimburses the Bureau of Workers' Compensation for injured workers' claims. All funds of the City participate in the program and make payments to the internal service fund based on the experience premium that would normally be charged by the Bureau of Workers' Compensation. Policy years 1989 through 2000 were financed through the retrospective rating program. Policy years 2001 and 2002 were financed through the fully insured program with the State Fund workers' compensation program. Beginning with policy year 2003, the City has elected to be fully self-insured for workers' compensation. All of the City's workers' compensation liabilities are funded within the "Workers' Compensation - Self-Insurance" fund. Changes in the balances of claims liabilities and claims adjustment expenses during 2006 and 2005 are as follows:

(Amounts in Thousands)

	General		Water Works		Parking Facilities		Convention Center		General Aviation		Municipal Golf	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Balance at January 1	\$721	\$584	\$104	\$79	\$7	\$1	\$15	\$5	\$0	\$0	\$0	\$0
Current-Year Claims and Changes in Estimates	1,584	2,427	133	180	(6)	12	(10)	25	5	0	0	1
Claim Payments	(2,003)	(2,290)	(109)	(155)	(0)	(6)	(4)	(15)	(1)	0	(0)	(1)
Balance at December 31	<u>\$ 302</u>	<u>\$ 721</u>	<u>\$ 128</u>	<u>\$ 104</u>	<u>\$ 1</u>	<u>\$ 7</u>	<u>\$ 1</u>	<u>\$ 15</u>	<u>\$ 4</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

	Stormwater Management		Income Tax Infrastructure		Self-Insurance Medical		Workers Compensation		General Long-Term Obligations		Totals	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Balance at January 1	\$2	\$3	\$3	\$8	\$13,141	\$13,815	\$25,175	\$17,793	\$11,309	\$5,344	\$50,477	\$37,632
Current-Year Claims and Changes in Estimates	0	1	33	8	78,185	77,562	(1,439)	12,022	2,648	6,965	81,133	99,203
Claim Payments	(0)	(2)	(31)	(13)	(79,220)	(78,236)	(5,371)	(4,640)	(7,228)	(1,000)	(93,967)	(86,358)
Balance at December 31	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 5</u>	<u>\$ 3</u>	<u>\$ 12,106</u>	<u>\$ 13,141</u>	<u>\$ 18,365</u>	<u>\$ 25,175</u>	<u>\$ 6,729</u>	<u>\$ 11,309</u>	<u>\$ 37,643</u>	<u>\$ 50,477</u>

The claims liabilities at December 31, 2006 for the Internal Service Funds above (Self-Insurance Medical and Workers Compensation) are included in the following liabilities in the balance sheet:

(Amounts in Thousands)

	Self-Insurance Medical	Workers Compensation
Accounts Payable	\$ 2,711	\$ 732
Accrued Liabilities		2,088
Estimated Liability For Unpaid Claim	<u>9,395</u>	<u>15,545</u>
Total	<u>\$12,106</u>	<u>\$18,365</u>

18. SUBSEQUENT EVENTS

On January 4, 2007 \$127,415,000 of Water Works Revenue Bonds were refunded. The refunding bond issue sold at coupon rates of 4.0% to 5.00%, with a bid premium of \$6,668,279.80. The effective yields are from 3.45% to 4.35%. The refunding resulted in a net present value savings of \$7,957,156.88.

On May 23, 2007, City Council authorized various bond or bond anticipation note issues for the purposes of providing for the issuance, sale and delivery of an amount not to exceed of \$52,000,000 in general obligation bonds. On June 5, 2007, Series A of these bonds totaling \$29,500,000 were bid on and accepted. These bonds were sold and dated June 28, 2007. The bond issues sold at coupon rates of 4.00% to 5.00%. The effective rates were from 3.70% to 4.67%. The total bonds that were authorized include property tax supported issues of \$11,210,000 for Street Improvements, \$5,440,000 for Equipment Improvements, \$3,850,000 for Public Building Improvements, \$4,500,000 for Parks & Recreation Improvements, \$4,500,000 for Economic Development. On June 5, 2007, Series B of these bonds totaling \$21,000,000 were bid on and accepted. These bonds were sold and dated June 28, 2007. The bond issues sold at coupon rates of 4.00% to 5.00%. The effective rates were from 3.70% to 4.61%. The total bonds that were authorized include municipal income tax supported issues of \$16,255,000 for Street Improvements, \$3,800,000 for Public Building Improvements, \$945,000 for Recreation Improvements.

On March 9, 2007 bond anticipation notes in the amount of \$11,572,700 were sold for street improvements. The notes were sold at a coupon rate of 3.53%.

On March 9, 2007 bond anticipation notes in the amount of \$3,500,000 were sold for equipment improvements. The notes were sold at a coupon rate of 3.53%.

On April 11, 2007 City Council authorized the taking of bids on \$100,000,000 of Water Works Revenue Bonds. Serial bonds were issued in the amount of \$73,885,000, dated May 17, 2007. The bond issues sold at coupon rates of 3.625% to 5.00%, with a bid premium of \$3,931,520. The effective yields are from 3.60% to 4.19%.

On May 24, 2007 \$30,000,000 of Water Works Revenue Bonds were remarketed subsequent to a mandatory

tender as a result of the conversion of the interest rate from the Auction Rate Mode to the Fixed Rate Mode. The remarketing bond issue sold at coupon rate of 5.0%, with a bid premium of \$2,209,392.75. The effective yields are from 4.05% to 4.13%.

On April 23, 2007 bond anticipation notes in the amount of \$2,000,000 were sold for economic development improvements. The notes were sold at a coupon rate of 4.89%.

On April 26, 2007 bond anticipation notes in the amount of \$9,000,000 were sold for economic development improvements. The notes were sold at a coupon rate of 3.58%. This includes \$2,750,000 that was paid to Convergys based on the 2003 agreement with the City for the Creation and Retention of Jobs.

On May 23, 2007 City Council authorized the issuance, sale and delivery of bonds in a principal amount not to exceed \$55,000,000 for the purpose of advance refunding all or a portion of certain unlimited tax various purpose general obligation bonds. It is anticipated these bonds will be sold in June 2007

On June 12, 2007 the United States Department of Justice accepted the City's offer concerning findings for recovery of funds. The City agreed to make payments totaling \$3.95 million to the City's HOME account for use within its HOME Investment Partnership Program.

19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

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

Funding Policy

The benefit is funded on a pay-as-you-go basis. Each year the City budgets for a pre-determined amount based on prior years payments. The members of the OPFPF do not make a contribution for this benefit. In 2006 the City budgeted \$292,000 and paid out \$221,000. The benefits unfunded liability for 2006 based on the future value of the liability as calculated by the City is \$446,000.

20. PENSION AND RETIREMENT

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

Ohio Police and Fire Pension Fund

Plan Description

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

Funding Policy

Plan members are required to contribute 10.0% of their annual covered salary, while the City of Cincinnati is required to contribute 19.5% and 24.0% respectively for police officers and fire fighters. The City of Cincinnati's contributions to OP&F for the years ending December 31, 2006, 2005, and 2004 were \$27,448,000, \$27,416,000, and \$24,882,000, respectively equal to the required contribution for each year.

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

Other Postemployment Benefit Information

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by the police and firefighters' retirement system is considered an Other Postemployment Benefit (OPEB). A portion of each employer's contribution to the Police and Fire Pension Fund is set aside for the funding of postemployment health care. The Ohio Revised Code provides the statutory authority allowing the fund's board of trustees to provide health care coverage to all eligible individuals. Health care funding and accounting are on a pay-as-you-go basis. In 2006, 7.75% of covered payroll was used to pay retiree health care expenses. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly healthcare contributions.

The number of participants eligible to receive health care benefits as of December 31, 2005, the date of the last actuarial valuation available was 13,922 for police and 10,537 for firefighters. The portion of the City's 2006 contributions that was used to pay postemployment benefits was \$5,709,841 for police and \$4,220,287 for firefighters. The total health care expense of the fund for the year ending December 31, 2005, the date of the last actuarial valuation available, was \$108,039,449, which was net of member contributions of \$55,271,881.

State PERS

Plan Description

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

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

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

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

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

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

Funding Policy

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2006, member and employer contribution rates were consistent across all three plans. Employees contribute 9.0% of their annual compensation. The City's contribution rate for 2006 was 13.7% of covered payroll: 9.2% was the portion used to fund pension obligations and 4.5% was used to fund health care for 2006. City of Cincinnati's contributions to OPERS for the years ending December 31, 2006, 2005, and 2004, were \$2,203,000, \$2,228,000, and \$2,216,000 respectively, equal to the required contributions for each year.

Other Postemployment Benefit Information

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

In order to qualify for postemployment healthcare coverage, age and service retirees under the Traditional Pension and Combined Plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB statement 12. A portion of each employer's contribution to OPERS is set aside for the funding of postemployment health care. The Ohio Revised Code provides statutory authority requiring public employers to fund post employment healthcare through their contributions to OPERS. The City's

contribution rate for 2006 was 13.7% of covered payroll: 9.2% was the portion used to fund pension obligations and 4.5% was used to fund health care for 2006.

OPEB are advance-funded on an actuarially determined basis. The number of active contributing participants at year-end 2006 was 369,214. The portion of the City's employer contribution that was used to fund postemployment benefits was \$723,744. The actuarial value of OPERS net assets available for OPEB was \$11,100,000,000 at December 31, 2005, the date of the last actuarial valuation available. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$31,300,000,000 and \$20,200,000,000 respectively.

City of Cincinnati Retirement System

Plan Description

The City of Cincinnati Retirement System is a cost-sharing multiple-employer defined benefit pension plan. The System provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The System is considered part of the City of Cincinnati's financial reporting entity and is included in the City's financial report as a pension trust fund, see pages 30 and 31. No separate financial report is issued. Article XV of the Administrative Code of the City of Cincinnati provides the statutory authority vesting the general administration and responsibility for the proper operation of the System in the Board of Trustees of the City of Cincinnati Retirement System. There are four employers that contribute to the plan. They are the City of Cincinnati, University of Cincinnati, University Hospital and Hamilton County. Membership of the Retirement System of the City consisted of the following at December 31, 2006, the date of the latest actuarial valuation:

	<u>Pension</u>	<u>Health care</u>
Retirees and beneficiaries receiving benefits	4,396	4,396
Terminated plan members entitled to future benefits	145	145
Active plan members:		
Vested	2,782	1,875
Nonvested	<u>2,044</u>	<u>2,951</u>
Total	<u>9,367</u>	<u>9,367</u>

1,540 of the nonvested members are part-time employees who are included in the system to comply with the Omnibus Budget Reconciliation Act of 1990, which mandated the inclusion of certain classifications of employees either in state or municipal retirement systems or the Federal Insurance Contribution Act (Social Security). The City of Cincinnati's Retirement System covers the majority of non-uniformed City employees and a closed group of members from other employers which includes employees of the University of Cincinnati and University Hospital who joined before control of these institutions was transferred to the State of Ohio, and former City employees staying with various operations transferred to the control of Hamilton County.

The service retirement allowance vests after five years of creditable service. Medical care benefits are provided after fifteen years of creditable service, or if hired before January 9, 1997 after reaching age sixty with at least five years of creditable service. Any member in service may retire at any age upon completing thirty or more years of membership service or at age 60 with at least five years creditable service, with a retirement allowance commencing immediately; or any member upon completing five years of creditable service before age sixty may retire with a retirement allowance commencing at age sixty, provided, however,

at the time of election of the deferred annuity there is no loan outstanding against his contributions.

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

Contributions

Each member contributes at a rate of 7% of his salary until his retirement. This percent contributed by the employees is fixed by the fund's Board of Trustees on the basis of authority provided by Chapter 203 Section 77 of the Cincinnati Municipal Code. The City makes annual employer contributions based on a percentage of the salaries of all members. The contribution rate for 2006 was 17% for all employers. The Board has adopted a policy of applying the net employer contribution rate to the second following year after the actuarial valuation. The rate based on the actuarial report was 24.87%. City of Cincinnati's contributions to the City of Cincinnati Retirement System for the years ending December 31, 2006, 2005 and 2004 were \$23,540,000 \$15,598,000, and \$15,520,000, respectively, equal to the required contributions for each year except for 2005 and 2006. Administrative costs are financed from the system assets. The unfunded actuarial accrued liability for pension costs as of December 31, 2006 was \$247,698,000 to be amortized over an open period of 15 years. Although this is a multiple-employer cost allocation plan, it is being accounted for as a single employer plan. This is due to the fact that the number of active participants from employers other than the City of Cincinnati is insignificant in relation to the total number of active City of Cincinnati participants.

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

(Amounts in Thousands)

Annual required contribution	\$19,296
Interest on net pension obligation	1,178
Adjustment to annual required contribution	<u>(1,366)</u>
Annual pension cost	19,108
Actual contribution	<u>(13,184)</u>
Increase in net pension obligation	5,924
Net pension obligation beginning of year	<u>13,468</u>
Net pension obligation end of year	<u>\$ 19,392</u>
Annual pension cost	\$19,108
Percentage of annual pension cost contributed	69.00%

Annual OPEB Cost and Net OPEB Obligation.

(Amounts in Thousands)

Annual required contribution	\$15,062
Interest on net other post employment benefit obligation	233
Adjustment to annual required contribution	<u>(270)</u>
Annual other post employment benefit cost	15,025
Actual contribution	<u>(10,356)</u>
Increase in net other post employment benefit obligation	4,669
Net other post employment benefit obligation beginning of year	<u>2,656</u>
Net other post employment benefit obligation end of year	<u>\$ 7,325</u>
Annual other post employment benefit cost	\$15,025
Percentage of annual post employment benefit cost contributed	68.93%

Summary of Significant Accounting Policies and Plan Asset Matters

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

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

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

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

Other Postemployment Benefit Information

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

The health care coverage provided by the System is considered an Other Postemployment Benefit (OPEB). It is advance-funded on an actuarially determined basis as a portion of the employer contribution requirement to the System. The Cincinnati Municipal Code provides authority for employer contributions.

The actuarial assumptions used for the December 31, 2006 valuation included an assumption for hospital and surgical benefits recognizing adjusted premiums based on experience for recent years adjusted to current year by assumed annual increases in premium costs. The cost of OPEBs is recognized as an expense as claims are paid. The employer contribution that was used to fund postemployment benefits was \$3,694,000. The actuarial value of the System's net assets available for OPEB at December 31, 2006 was \$805,695,000. The actuarially accrued liability based on the actuarial cost method used was \$966,726,000. The unfunded actuarial accrued liability for postemployment benefits at December 31, 2006 was \$161,031,000 to be amortized over an open period of 15 years.

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

Valuation date	12/31/06
Actuarial cost method	Individual entry age normal
Asset valuation method	The actuarial value of assets was reset to market value of assets as of December 31, 2003. For future years, asset gains and losses will be recognized at the rate of 20% per year. The investment gain/(loss) is taken as the excess of the actual return on assets over the expected return on assets. The investment gain/(loss) is then recognized at 20% per year until fully recognized. The actuarial value of assets is the market value minus the sum of the deferred investment gains/(losses) during the preceding five plan years. In addition, the actuarial value is restricted to be no less than 80% of the market value or no more than 120% of the market value.
Actuarial assumptions:	
Investment rate of return*	8% per year, net of expenses, compounded annually.
Mortality	
Non-disabled lives:	Uninsured Pensioner 1994 Mortality Table projected to 2009
Disabled Retirees:	Pension Benefit Guarantee Corp. Disabled Mortality Table
Turnover	2006 City of Cincinnati Rate of Termination Experience Table
Disability	2006 City of Cincinnati Disability Retirement Experience Table
Salary increases	Salary increases are assumed to vary by service. For those who had not elected the 2.50% formula an additional 10%

assumption increase in average salary is used to reflect final lump sum payments.

Medical Benefits:

The City offers medical benefits (including outpatient prescription drug coverage) to retirees before and during Medicare eligibility. Three plan options are offered to current and future retirees: a traditional indemnity plan, a PPO and an HMO.

Starting claim costs were developed based on historical retiree claims and enrollment experience data projected forward to the valuation period with trend and adjusted for the demographics of the historical vs. current retiree population. Historical claims experience was reviewed from January 2003 through December 2006, with data split separately by plan, by medical and prescription drug coverage, and by Medicare status.

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

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

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

Retiree Contributions

Group 1 current and future retirees only contribute towards the cost of coverage in the HMO plan. Contribution amounts are \$64.20 per year Pre-Medicare and \$62.40 per year Medicare eligible. For retirees with dependent(s) covered, contributions are double the amounts above. Contributions do not increase with aging, but are assumed to increase with medical trend. (Group 1 retirees in other plans have no retiree contributions.) Group 2 retirees contribute based on a "points system" at retirement.

Other Health Benefits

Medicare Part B: The City reimburses the Medicare Part B premiums for retirees and dependents. Medicare Part B premiums are assumed to increase in accordance with estimates from the 2006 Annual Report of the Board of Trustee Report until the year 2016 (same as in last year's valuation) and then increase at 5.0% per year thereafter.

2007 Part B Premiums are \$1,122 (\$1,062 in 2006).

Dental Benefits

One traditional dental indemnity plan is provided to all current and future retirees. The plan includes a \$1,000 annual maximum on plan benefits. 2006 projected starting cost is \$239 per adult per year (\$227 for the 2006 estimate). Costs are assumed to increase at a decreasing rate, starting at 5.75% for 2007, then decreasing by 0.25% per year to 4.25% and remaining there for 16 years, then decreasing gradually over 16 years to no material trend. This takes the \$1,000 annual maximum on annual dental claims into account. Dental aging assumptions are a 1.0% increase per year up to age 65, then 0%.

Vision Benefits

One indemnity design plan is provided to all current and future retirees. The plan has fixed benefits with a \$100 annual maximum benefit. The projected starting cost for 2007 is \$25 per adult per year (same as the 2006 estimate). Although the claims benefit level is fixed, we anticipate a 3.0% annual trend increase in costs to account for increases in utilization/administrative costs. No aging impact is assumed in the vision coverage.

Option Electives

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

Expenses

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

REQUIRED
SUPPLEMENTARY INFORMATION

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REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

(AMOUNTS IN THOUSANDS)

PENSION PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) -Entry Age (b)	Unfunded Actuarial Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/01	1,699,977	1,473,359	(226,618)	115.38	191,756	(118.18)
12/31/02	1,623,059	1,586,583	(36,476)	102.30	186,266	(19.58)
12/31/03	1,555,672	1,636,805	81,133	95.04	184,407	44.00
12/31/04	1,607,444	1,696,645	89,201	94.74	182,575	48.86
12/31/05	1,654,448	1,767,359	112,911	93.61	175,335	64.40
12/31/06	1,720,978	1,968,676	247,698	87.42	175,369	141.24

HEALTHCARE PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) -Entry Age (b)	Unfunded Actuarial Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/01	775,960	845,443	69,483	91.78	191,756	36.24
12/31/02	748,291	757,166	8,875	98.83	186,266	4.76
12/31/03	724,049	782,698	58,649	92.51	184,407	31.80
12/31/04	753,105	822,938	69,833	91.51	182,575	38.25
12/31/05	775,248	789,740	14,492	98.16	175,335	8.27
12/31/06	805,695	966,726	161,031	83.34	175,369	91.82

SCHEDULE OF EMPLOYERS' CONTRIBUTIONS

(AMOUNTS IN THOUSANDS)

PENSION PLAN

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2001	0	N/A
2002	3,980	218.99
2003	14,854	64.04
2004	29,857	48.77
2005	34,148	46.63
** 2006	23,227	107.40

HEALTHCARE PLAN

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2001	0	N/A
2002	1,327	304.45
2003	4,951	62.78
2004	9,953	48.00
2005	5,662	55.44
** 2006	18,242	20.25

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

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CITY OF CINCINNATI, OHIO
Budgetary Comparison Schedule
General Fund
For the year ended December 31, 2006
(Amounts in Thousands)

	General Fund			Variance With Final Budget Positive(Negative)
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	
	<u>Original</u>	<u>Final</u>		
Revenue				
Taxes	\$ 246,462	\$ 252,488	\$ 252,592	\$ 104
Licenses and Permits	6,429	7,578	7,268	(310)
Use of Money and Property	11,562	13,162	14,316	1,154
Intergovernmental Revenue	51,266	47,967	49,492	1,525
Charges for Current Services	16,312	17,612	18,080	468
Miscellaneous	5,034	5,034	2,252	(2,782)
Total Revenue	337,065	343,841	344,000	159
Expenditures				
Current				
General Government	41,491	39,315	38,872	443
Community Development	5,745	5,569	5,558	11
Parks and Recreation	20,960	21,167	21,163	4
Public Safety	160,167	163,680	162,660	1,020
Transportation & Engineering	3,295	3,115	3,060	55
Public Services	21,123	21,123	20,954	169
Public Health	22,489	22,489	22,483	6
Employee Benefits	71,676	71,456	70,995	461
Capital Outlay	157	56	55	1
Total Expenditures	347,103	347,970	345,800	2,170
Excess (Deficiency) of Revenue over (under) Expenditures	(10,038)	(4,129)	(1,800)	2,329
Other Financing Sources (Uses)				
Transfer In		610	610	
Transfers (Out)		(4,021)	(4,021)	
Total Other Financing Sources (Uses)		(3,411)	(3,411)	
Excess of Revenue over (under) Expenditures and Other Financing Sources	(10,038)	(7,540)	(5,211)	2,329
Cancellation of Prior Years Encumbrances				
		2,984	4,114	1,130
Fund Balances, January 1	21,569	21,569	21,569	
Fund Balances, December 31	\$ 11,531	\$ 17,013	\$ 20,472	\$ 3,459

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

Excess (Deficiency) of revenues and other financing sources over (under) expenditures and other uses per the Budgetary Comparison Schedule	\$ (5,211)
(Increases) decreases from revenues:	
Received in cash during year but already accrued as receivables (GAAP) at December 31, 2005	(36,496)
Accrued as receivables at December 31, 2006 but not recognized in budget	38,263
(Increases) decreases from encumbrances:	
Expenditures of amounts encumbered during prior years	(6,699)
Recognized as expenditures in the budget	9,650
(Increases) decreases from expenditures:	
Accrued as liabilities at December 31, 2005 recognized as expenditures (GAAP) but not in budget	7,254
Accrued as liabilities at December 31, 2006	(7,131)
Inventory purchase recognized as expenditures (budget) but not in GAAP	251
Net change in fund balance per the Statement of Revenues, Expenditures, and Changes in Fund Balance (Page 24)	<u>\$ (119)</u>

See notes to required supplementary information.

City Of Cincinnati, Ohio
Note to the Required Supplementary Information
December 31, 2006

Note A- Budgetary Data

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

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

SUPPLEMENTARY INFORMATION

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MAJOR GOVERNMENTAL FUND

GENERAL FUND

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

CITY OF CINCINNATI, OHIO
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the year ended December 31, 2006
(Amounts in Thousands)

GENERAL FUND	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue				
Taxes				
Real Property	\$ 22,888	\$ 26,000	\$ 26,223	\$ 223
Personal Property	2,600	2,600	2,188	(412)
Public Utility Property Tax Reimbursement	688	688	688	
City Income Tax	216,486	219,000	219,000	
Admissions	3,800	4,200	4,493	293
Total Taxes	246,462	252,488	252,592	104
Payments In Lieu of Taxes				
Licenses and Permits				
Street Use	1,500	1,950	2,037	87
Health	295	295	242	(53)
Police and Protective	62	62	57	(5)
Beer and Liquor	500	500	501	1
Business and Merchandising	17	17	11	(6)
Amusements	100	100	83	(17)
Professional and Occupational	191	191	172	(19)
Buildings, Structures and Equipment	3,764	4,463	4,165	(298)
Total Licenses and Permits	6,429	7,578	7,268	(310)
Use of Money and Property				
Fines, Forfeits and Penalties	4,773	4,873	4,839	(34)
Income from Treasury Investments	6,600	8,100	9,279	1,179
Rents	104	104	150	46
General Concessions and Commissions	85	85	48	(37)
Total Use of Money and Property	11,562	13,162	14,316	1,154
Intergovernmental Revenue				
Proportionately Shared State Taxes				
Local Government Revenue Assistance	2,875	2,875	2,875	
Local Government Fund - Sales, Franchise, State Income Tax	25,975	25,976	25,975	(1)
Local Government Fund - Financial Institution Tax	600	600	810	210
Estate Tax	19,000	16,000	16,672	672
State Income Tax - Real Property Tax Reduction	2,612	2,312	2,041	(271)
State Income Tax - Tangible Property Tax Reduction	200	200	846	646
Payments from Other Governmental Units	4	4	3	(1)
Revenue from Private Sources			270	270
Total Intergovernmental Revenue	51,266	47,967	49,492	1,525
Charges for Current Services				
General Government	7,545	7,543	7,986	443
Recreation			3	3
Buildings and Inspections				
Other Inspection Certificates	1,122	1,122	811	(311)
Elevator Certifications	570	570	590	20
Public Safety				
Police and Communication Charges	30	30	8	(22)
Motor Vehicle Response	150	150	92	(58)
Impounded Vehicle Fees	960	960	1,132	172
Protective Inspection Fees	50	50	134	84
Protection Service - Burglary Alarm	660	660	480	(180)
Emergency Transportation Service	4,000	5,300	4,952	(348)
Other Public Safety Charges	100	100	82	(18)

(Continued)

CITY OF CINCINNATI, OHIO
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the year ended December 31, 2006
(Amounts in Thousands)

GENERAL FUND (Continued)	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue				
Public Services				
Recycling Incentive Fee	\$ 350	\$ 350	\$ 349	\$ (1)
Other Public Services Charges	25	27	409	382
Public Health				
Vital Statistics	632	632	937	305
Clinic Fees	106	106	106	
Other Public Health Charges	12	12	9	(3)
Total Charges for Current Services	16,312	17,612	18,080	468
Miscellaneous Revenue	5,034	5,034	2,252	(2,782)
TOTAL REVENUE	337,065	343,841	344,000	159
Expenditures				
City Council				
Personal Services	1,411	1,420	1,354	66
Non-Personal Services	71	62	45	17
Total City Council	1,482	1,482	1,399	83
Office of the Mayor				
Personal Services	381	358	345	13
Non-Personal Services	69	92	78	14
Total Office of the Mayor	450	450	423	27
Office of the Clerk of Council				
Personal Services	299	329	311	18
Non-Personal Services	354	394	392	2
Total Office of the Clerk of Council	653	723	703	20
Regional Computer Center				
Non-Personal Services	4,130	4,318	4,318	
Total Regional Computer Center	4,130	4,318	4,318	
Office of the City Manager				
Personal Services	1,110	941	937	4
Non-Personal Services	385	508	495	13
Total Office of the City Manager	1,495	1,449	1,432	17
Division of Budget & Evaluation				
Personal Services	829	769	755	14
Non-Personal Services	243	303	294	9
Total Division of Budget and Evaluation	1,072	1,072	1,049	23
Total Department of City Manager	2,567	2,521	2,481	40
Citizen's Complaint Authority				
Personal Services	493	452	448	4
Non-Personal Services	79	95	92	3
Total Citizen's Complaint Authority	572	547	540	7

(Continued)

CITY OF CINCINNATI, OHIO
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the year ended December 31, 2006
(Amounts in Thousands)

GENERAL FUND	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
(Continued)				
Expenditures				
Department of Law				
Division of Legal Services				
Personal Services	\$ 3,702	\$ 3,695	\$ 3,681	\$ 14
Non-Personal Services	797	1,400	1,400	
Total Department of Law	4,499	5,095	5,081	14
Department of Human Resources				
Personal Services	1,331	1,349	1,342	7
Non-Personal Services	461	443	383	60
Total Department of Human Resources	1,792	1,792	1,725	67
Department of Finance				
Office of the Director				
Personal Services	251	216	216	
Non-Personal Services	24	52	51	1
Capital Outlay	5	10	10	
Total Office of the Director	280	278	277	1
Division of Accounts and Audits				
Personal Services	942	942	942	
Non-Personal Services	69	69	69	
Total Division of Accounts and Audits	1,011	1,011	1,011	
Division of Treasury				
Personal Services	399	399	395	4
Non-Personal Services	161	161	144	17
Total Division of Treasury	560	560	539	21
Division of Risk Management				
Non-Personal Services	132	132	132	
Total Division of Risk Management	132	132	132	
Division of Income Tax				
Personal Services	2,197	2,122	2,107	15
Non-Personal Services	701	729	729	
Total Division of Income Tax	2,898	2,851	2,836	15
Division of Purchasing				
Personal Services	667	905	905	
Non-Personal Services	182	235	199	36
Total Division of Purchasing	849	1,140	1,104	36

(Continued)

CITY OF CINCINNATI, OHIO
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the year ended December 31, 2006
(Amounts in Thousands)

GENERAL FUND (Continued)	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Division of Internal Audit				
Personal Services	\$ 335	\$ 285	\$ 283	\$ 2
Non-Personal Services	48	48	13	35
Total Internal Audit Unit	383	333	296	37
Total Department of Finance	6,113	6,305	6,195	110
Department of Community Development				
Office of the Director				
Personal Services	553	517	517	
Non-Personal Services	3,307	3,254	3,254	
Total Office of the Director	3,860	3,771	3,771	
Division of Housing Development				
Personal Services	19	74	65	9
Non-Personal Services	486	486	485	1
Total Division of Housing Development	505	560	550	10
Division of Human Services				
Non-Personal Services	165	165	165	
Total Division of Human Services	165	165	165	
Division of Community Development				
Personal Services	326	96	95	1
Non-Personal Services	386	486	486	
Total Division of Community Development	712	582	581	1
Division of Historic Conservation/Land Use Management				
Personal Services	478	466	466	
Non-Personal Services	25	25	25	
Total Division of Historic Conserv/Land Use Management	503	491	491	
Total Department of Community Development	5,745	5,569	5,558	11
Department of Public Recreation				
West Region Division				
Personal Services	2,026	2,025	2,025	
Non-Personal Services	174	174	174	
Total West Region Division	2,200	2,199	2,199	
East Region Division				
Personal Services	1,808	1,809	1,808	1
Non-Personal Services	203	203	202	1
Total East Region Division	2,011	2,012	2,010	2

(Continued)

CITY OF CINCINNATI, OHIO
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the year ended December 31, 2006
(Amounts in Thousands)

GENERAL FUND	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
(Continued)				
Expenditures				
Central Region Division				
Personal Services	\$ 2,199	\$ 2,219	\$ 2,219	\$
Non-Personal Services	212	222	222	
Total Central Region Division	2,411	2,441	2,441	
Maintenance Division				
Personal Services	2,536	2,460	2,460	
Non-Personal Services	3,035	3,240	3,240	
Total Maintenance Division	5,571	5,700	5,700	
Division of Athletics				
Personal Services	1,212	1,276	1,276	
Non-Personal Services	94	94	93	1
Total Division of Athletics	1,306	1,370	1,369	1
Division of Waterfront Activities				
Personal Services	320	254	254	
Non-Personal Services	233	234	234	
Total Division of Waterfront Activities	553	488	488	
Division of Administration				
Personal Services	1,282	1,282	1,282	
Non-Personal Services	733	762	761	1
Capital Outlay	21	21	21	
Total Division of Administration	2,036	2,065	2,064	1
Total Department of Public Recreation	16,088	16,275	16,271	4
Department of Parks				
Division of Administration and Program Services				
Personal Services	167	167	167	
Non-Personal Services	2	2	2	
Total Division of Administration and Program Services	169	169	169	
Division of Operations				
Personal Services	1,377	1,427	1,427	
Non-Personal Services	1,293	1,243	1,243	
Total Division of Operations	2,670	2,670	2,670	
Division of Planning, Design and Development				
Personal Services	1,342	1,342	1,342	
Non-Personal Services	712	732	732	
Total Division of Planning, Design and Development	2,054	2,074	2,074	
Total Department of Parks	4,893	4,913	4,913	

(Continued)

CITY OF CINCINNATI, OHIO
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the year ended December 31, 2006
(Amounts in Thousands)

GENERAL FUND	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
(Continued)				
Expenditures				
Department of Buildings and Inspections				
Office of the Director				
Personal Services	\$ 262	\$ 269	\$ 269	\$
Non-Personal Services	419	507	506	1
Total Office of the Director	681	776	775	1
Division of Licenses and Permits				
Personal Services	2,636	2,487	2,472	15
Non-Personal Services	185	318	315	3
Total Division of Licenses and Permits	2,821	2,805	2,787	18
Division of New Building Construction & Existing Buildings				
Personal Services	1,526	1,414	1,414	
Non-Personal Services	155	162	162	
Total Division of New Building Construction & Existing Buildings	1,681	1,576	1,576	
Total Department of Buildings and Inspections	5,183	5,157	5,138	19
Department of Police				
Personal Services	83,449	85,069	85,068	1
Non-Personal Services	12,481	13,136	13,075	61
Total Department of Police	95,930	98,205	98,143	62
Department of Fire Protection				
Personal Services	57,275	57,386	56,926	460
Non-Personal Services	6,962	8,089	7,591	498
Capital Outlay	106			
Total Department of Fire Protection	64,343	65,475	64,517	958
Department of Transportation and Engineering				
Office of the Director				
Personal Services	298	398	398	
Non-Personal Services	98	78	72	6
Total Office of the Director	396	476	470	6
Division of Transportation, Planning and Urban Design				
Personal Services	227	257	257	
Non-Personal Services	47	32	22	10
Total Division of Transportation, Planning and Urban Design	274	289	279	10
Division of Engineering				
Personal Services	451	151	151	
Non-Personal Services	171	170	140	30
Total Division of Engineering	622	321	291	30
Division of Traffic Engineer				
Personal Services	55	31	24	7
Non-Personal Services	1,948	1,998	1,996	2
Total Division of Traffic Engineer	2,003	2,029	2,020	9
Total Department of Transportation and Engineering	3,295	3,115	3,060	55

(Continued)

CITY OF CINCINNATI, OHIO
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the year ended December 31, 2006
(Amounts in Thousands)

GENERAL FUND	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
(Continued)				
Expenditures				
Department of Public Services				
Office of the Director				
Personal Services	\$ 434	\$ 460	\$ 455	\$ 5
Non-Personal Services	204	204	179	25
Capital Outlay	5	5	4	1
Total Office of the Director	643	669	638	31
Traffic and Road Operations Division				
Personal Services	582	413	315	98
Non-Personal Services	354	443	443	
Total Traffic and Road Operations Division	936	856	758	98
Neighborhood Operations Division				
Personal Services	8,122	8,090	8,090	
Non-Personal Services	8,621	8,707	8,704	3
Total Neighborhood Operations Division	16,743	16,797	16,794	3
City Facility Management				
Personal Services	448	448	412	36
Non-Personal Services	2,358	2,358	2,356	2
Total Division of City Facility Management	2,806	2,806	2,768	38
Total Department of Public Services	21,128	21,128	20,958	170
Department of Public Health				
Office of the Commissioner				
Personal Services	905	905	905	
Non-Personal Services	97	97	97	
Capital Outlay	20	20	20	
Total Office of the Commissioner	1,022	1,022	1,022	
Division of Technical Resources				
Personal Services	2,478	2,297	2,295	2
Non-Personal Services	1,179	1,360	1,360	
Total Division of Technical Resources	3,657	3,657	3,655	2
Division of Community Health Services				
Personal Services	2,194	2,369	2,369	
Non-Personal Services	352	352	352	
Total Division of Community Health Services	2,546	2,721	2,721	
Division of Primary Care - Special Services				
Personal Services	5,664	5,664	5,660	4
Non-Personal Services	762	762	762	
Total Division of Primary Care - Special Services	6,426	6,426	6,422	4
Division of Primary Care - Health Centers				
Personal Services	6,791	6,466	6,466	
Non-Personal Services	2,067	2,217	2,217	
Total Division of Primary Care - Health Centers	8,858	8,683	8,683	
Total Department of Public Health	22,509	22,509	22,503	6

(Continued)

CITY OF CINCINNATI, OHIO
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the year ended December 31, 2006
(Amounts in Thousands)

GENERAL FUND	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
(Continued)				
Expenditures				
Nondepartmental Accounts				
Pension Systems				
Contribution to City Pension System	\$ 12,363	\$ 11,794	\$ 11,791	\$ 3
Contribution to State Pension System	1,310	1,310	1,310	
Contribution to Police Pension System	15,078	15,078	15,078	
Contribution to Fire Pension System	14,257	14,257	14,257	
Employee Benefits				
Contribution to Employee Hospital Care	21,666	21,916	21,904	12
Dental and Vision Care	2,433	2,555	2,546	9
Medicare Tax	2,343	2,378	2,336	42
Public Employee Assistance	213	213	213	
Contribution to Workers' Compensation Insurance	485	492	492	
Police Officers and Firefighters' Insurance	316	292	221	71
State Unemployment Compensation	300	259	259	
Lump Sum Payments	800	800	512	288
Life Insurance	107	107	76	31
City Council Staff Benefits	5	5		5
Professional Services and Legal Fees				
Judgments against the City	1,500	1,137	1,137	
Collaborative Policing Effort	1,000	1,000	1,000	
Audit and Examiner's Fees	275	275	275	
Hamilton County Treasurer's and Auditor's Fees	590	620	613	7
County Clerk Fees	300	350	350	
Election Expense	550	520	520	
Miscellaneous Accounts				
Mayor's Office Obligations	10	10	9	1
Justice Department Policing Effort	1,500	1,045	1,045	
Cincinnati Public Schools	5,000	5,000	5,000	
Port Authority of Greater Cincinnati	350	350	350	
Property Investment Reimbursement Agreements	1,980	580	580	
Reserve for Contingencies	1,000	48	-	48
Total Nondepartmental Accounts	85,731	82,391	81,874	517
TOTAL EXPENDITURES	347,103	347,970	345,800	2,170
Excess (Deficiency) of Revenue over (under) Expenditures	(10,038)	(4,129)	(1,800)	2,329
Other Financing Sources (Uses)				
Transfer In		610	610	
Transfer (Out)		(4,021)	(4,021)	
Total Other Financing Sources (Uses)		(3,411)	(3,411)	
Excess (Deficiency) of Revenue over (under) Expenditures and Other Financing Sources (Uses)	(10,038)	(7,540)	(5,211)	2,329
Cancellation of Prior Years Encumbrances		2,984	4,114	1,130
Fund Balance, January 1	21,569	21,569	21,569	
Fund Balance, December 31	\$ 11,531	\$ 17,013	\$ 20,472	\$ 3,459

CITY OF CINCINNATI, OHIO
Statement of Revenue, Expenditures and Changes in Fund Balance
For the year ended December 31, 2006
(Amounts in Thousands)

GENERAL FUND

Revenue

Taxes

Real Property	\$ 26,497
Public Utility Property Tax Reimbursement	688
Personal Property	2,188
City Income Tax	216,323
Admissions	<u>4,493</u>
Total Taxes	250,189

Licenses and Permits

Street Use	2,037
Health	241
Police and Protective	57
Beer and Liquor	492
Business and Merchandising	9
Amusements	83
Professional and Occupational	172
Buildings, Structures and Equipment	<u>4,166</u>
Total Licenses and Permits	7,257

Use of Money and Property

Fines, Forfeits and Penalties	4,610
Income from Treasury Investments	12,856
General Concessions and Commissions	<u>48</u>
Total Use of Money and Property	17,514

Intergovernmental Revenue

Proportionately Shared State Taxes	
Local Government Revenue Assistance	2,876
Local Government Fund - Sales, Franchise, State Income	25,975
Local Government Fund - Financial Institution Tax	810
State Income Tax - Real Property Tax Reduction	2,041
State Income Tax - Tangible Property Tax Reduction	846
Estate Tax	16,672

(Continued)

CITY OF CINCINNATI, OHIO
Statement of Revenue, Expenditures and Changes in Fund Balance
For the year ended December 31, 2006
(Amounts in Thousands)

GENERAL FUND

(Continued)

Revenue

Intergovernmental Revenue	
Payments from Other Governmental Units	\$ 3
Revenue from Private Sources	<u>270</u>
Total Intergovernmental Revenue	49,493
Charges for Current Services	
General Government	6,370
Recreation	3
Buildings and Inspections	
Other Inspection Certificates	828
Elevator Certifications	590
Public Safety	
Police and Communication Charges	8
Impounded Vehicle Fees	1,132
Protective Inspection Fees	134
Protection Service - Burglary Alarm	545
Emergency Transportation Service	5,556
Other Public Safety Charges	15
Public Services	837
Public Health	
Vital Statistics	938
Clinic Fees	106
Other Public Health Charges	<u>9</u>
Total Charges for Current Services	17,071
Miscellaneous Revenue	<u>2,553</u>
TOTAL REVENUE	344,077

(Continued)

CITY OF CINCINNATI, OHIO
Statement of Revenue, Expenditures and Changes in Fund Balance
For the year ended December 31, 2006
(Amounts in Thousands)

GENERAL FUND

(Continued)

Expenditures

City Council	\$ 1,375
Office of the Clerk of Council	527
Office of the Mayor	417
Office of the City Manager	1,444
Division of Budget and Evaluation	936
Total Department of City Manager	<u>2,380</u>
Citizen's Complaint Authority	513
Department of Law	4,821
Department of Human Resources	1,718
Department of Finance	
Office of the Director	160
Division of Treasury	534
Division of Income Tax	2,932
Division of Risk Management	87
Division of Purchasing	1,151
Division of Accounts and Audits	1,028
Division of Internal Audit	<u>306</u>
Total Department of Finance	6,198
Department of Community Development	
Office of the Director	3,438
Division of Housing Development	474
Division of Human Services	438
Division of Community Development	538
Division of Historic Conservation, Land Use Management and City Planning	<u>500</u>
Total Department of Community Development	5,388

(Continued)

CITY OF CINCINNATI, OHIO

Statement of Revenue, Expenditures and Changes in Fund Balance

For the year ended December 31, 2006

(Amounts in Thousands)

GENERAL FUND

(Continued)

Expenditures

Department of Public Recreation

Division of Community Activities - West Region	\$	2,213
Division of Community Activities - East Region		2,012
Division of Community Activities - Central Region		2,447
Division of Community Activities - Maintenance Division		5,949
Division of Athletics		1,362
Division of Waterfront Activities		441
Division of Administrative Services		<u>1,779</u>

Total Department of Public Recreation 16,203

Department of Parks

Division of Administration and Program Service		168
Division of Planning, Design and Development		2,166
Division of Operations		<u>2,695</u>

Total Department of Parks 5,029

Department of Buildings and Inspections

Office of the Director		778
Division of Licenses and Permits		2,764
Division of Building Construction Inspection		<u>1,603</u>

Total Department of Buildings and Inspections 5,145

Department of Police

96,334

Department of Fire

63,231

Department of Transportation and Engineering

Office of the Director		467
Division of Engineering		318
Division of Transportation Planning		290
Division of Traffic Engineering		<u>1,924</u>

Total Department of Transportation and Engineering 2,999

(Continued)

CITY OF CINCINNATI, OHIO
Statement of Revenue, Expenditures and Changes in Fund Balance
For the year ended December 31, 2006
(Amounts in Thousands)

GENERAL FUND
(Continued)

Expenditures

Department of Public Services	
Director's Office	\$ 694
Division of Traffic and Road Operations	761
Division of Neighborhood Operations	16,675
Division of Facility Management	<u>2,831</u>
Total Department of Public Services	20,961
Department of Regional Computer Center	4,538
Department of Public Health	
Office of the Commissioner	1,041
Division of Technical Resources	3,602
Division of Community Health Services	2,743
Division of Primary Health Care - Special Programs	6,409
Division of Primary Health Care - Health Centers	<u>8,780</u>
Total Department of Public Health	22,575
Nondepartmental Accounts	
Contribution to City Pension System	10,760
Contribution to State Pension System	1,266
Contribution to Police Pension System	15,107
Contribution to Fire Pension System	14,279
Contribution to Employee Hospital Care	21,076
Contribution to Dental and Vision Care	2,546
Contribution to Medicare	2,339
Public Employees Assistance Program	213
Contribution to Workers' Compensation Insurance	385
Police Officers and Firefighters' Insurance	261
State Unemployment Compensation	290
Lump Sum Payment	512
Life Insurance	90

(Continued)

CITY OF CINCINNATI, OHIO
Statement of Revenue, Expenditures and Changes in Fund Balance
For the year ended December 31, 2006
(Amounts in Thousands)

GENERAL FUND
(Continued)

Expenditures

Nondepartmental Accounts

Judgments against the City	\$ 1,666
Collaborative Policing Effort	673
County Fees	963
Election Expense	520
Mayor's Office Obligations	7
Justice Department Policing Effort	323
Cincinnati Public Schools	5,000
Audits Fees	273
Property Investment Reimbursement Agreements	<u>157</u>

Total Nondepartmental Accounts	<u>78,706</u>
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TOTAL EXPENDITURES	<u>339,058</u>
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Excess of Revenue over Expenditures	5,019
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Other Financing Sources (Uses)

Transfers In	764
Transfers (Out)	<u>(5,902)</u>

Total Other Financing Sources (Uses)	<u>(5,138)</u>
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Excess (Deficiency) of Revenue and Other Financing Sources over Expenditures and Other Uses	(119)
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Fund Balance, January 1	<u>71,223</u>
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Fund Balance, December 31	<u><u>\$ 71,104</u></u>
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CITY OF CINCINNATI, OHIO
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF CINCINNATI, OHIO

PERMANENT FUNDS

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

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

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

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

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

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

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

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

CITY OF CINCINNATI, OHIO
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2006
(Amounts in Thousands)

	Special Revenue Funds - Appropriated							
	Health Services	Street Construction Maintenance and Repair	Parking Meter	Cable T.V.	Income Tax Infrastructure	Income Tax Transit	Motor Vehicle License	Special Recreation
ASSETS								
Cash and Equivalents	\$	\$	\$	\$	\$	\$	\$	\$ 61
Equity in City Treasury Cash	1,007	2,433	799	2,641	5,081	11,296	1,030	1,494
Investments								
Receivables:								
Taxes					2,460	7,379		
Accounts, Net	231	1		179	17		10	27
Special Assessments								
Accrued Interest				3		117		13
Due from Other Funds		147		218	23		36	
Due from Other Governments		3,554					1,333	
Inventory					164		78	
Advances to Other Funds	500	496						
Total Assets	<u>\$ 1,738</u>	<u>\$ 6,631</u>	<u>\$ 799</u>	<u>\$ 3,041</u>	<u>\$ 7,745</u>	<u>\$ 18,792</u>	<u>\$ 2,487</u>	<u>\$ 1,595</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable	\$ 155	\$ 99	\$ 96	\$ 95	\$ 319	\$ 19	\$ 46	\$ 49
Due to Other Funds	14	73	1	153	104		121	12
Accrued Payroll	63	267	7	66	400		37	55
Accrued Liabilities	3	4		1	5			1
Deposits Payable		6		265			1	
Deferred Revenue		2,195		1	1,028	3,143	903	6
Estimated Liability for Unpaid Claims					5			
Advances from Other Funds								
Total Liabilities	<u>235</u>	<u>2,644</u>	<u>104</u>	<u>581</u>	<u>1,861</u>	<u>3,162</u>	<u>1,108</u>	<u>123</u>
Fund Balances:								
Reserved for Encumbrances	129	186	191	1,265	810	111	135	96
Reserved for Advances to Other Funds	500	496						
Reserved for Inventory					164		78	
Reserved in Accordance with Trust								
Unreserved - Designated for Compensated Absences								
Unreserved - Designated for Contingencies						5,000		
Unreserved - Undesignated	874	3,305	504	1,195	4,910	10,519	1,166	1,376
Total Fund Balances	<u>1,503</u>	<u>3,987</u>	<u>695</u>	<u>2,460</u>	<u>5,884</u>	<u>15,630</u>	<u>1,379</u>	<u>1,472</u>
Total Liabilities and Fund Balances	<u>\$ 1,738</u>	<u>\$ 6,631</u>	<u>\$ 799</u>	<u>\$ 3,041</u>	<u>\$ 7,745</u>	<u>\$ 18,792</u>	<u>\$ 2,487</u>	<u>\$ 1,595</u>

CITY OF CINCINNATI, OHIO
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended December 31, 2006
(Amounts in Thousands)

	Special Revenue Funds - Appropriated							
	Health Services	Street Construction Maintenance and Repair	Parking Meter	Cable T.V.	Income Tax Infrastructure	Income Tax Transit	Motor Vehicle License	Special Recreation
REVENUES								
Taxes	\$	\$	\$	\$	\$ 14,210	\$ 42,631	\$	\$
Licenses and Permits				2,473				
Use of Money and Property				1		486		355
Special Assessments								
Intergovernmental Revenue		9,386		156			2,592	
Federal Grants								
State Grants and Subsidies								
Charges for Current Services	3,162						2	3,494
Earnings from Investments								
Contributions								
Miscellaneous			3					1
Total Revenues	<u>3,162</u>	<u>9,386</u>	<u>3</u>	<u>2,630</u>	<u>14,210</u>	<u>43,117</u>	<u>2,594</u>	<u>3,850</u>
EXPENDITURES								
Current:								
General Government	106		84	1,317	2,016	484	59	148
Community Development			110	84	6			
Parks and Recreation			4		1,975	21		3,422
Public Safety			219					
Transportation and Engineering			518		3,568	53		
Public Services		6,378		32	3,684		1,746	
Transit System						41,950		
Public Health	2,921							
Employee Benefits	280	2,222	30	497	3,268		241	159
Capital Outlay	40	72			3			32
Debt Service:								
Interest								
Total Expenditures	<u>3,347</u>	<u>8,672</u>	<u>965</u>	<u>1,930</u>	<u>14,520</u>	<u>42,508</u>	<u>2,046</u>	<u>3,761</u>
Excess (Deficiency) of Revenue over (under) Expenditures	<u>(185)</u>	<u>714</u>	<u>(962)</u>	<u>700</u>	<u>(310)</u>	<u>609</u>	<u>548</u>	<u>89</u>
OTHER FINANCING SOURCES (USES)								
Transfers In			1,233	22		1		9
Transfers (Out)				(437)	(300)	(100)		
Total Other Financing Sources (Uses)			<u>1,233</u>	<u>(415)</u>	<u>(300)</u>	<u>(99)</u>		<u>9</u>
Net Change in Fund Balances	(185)	714	271	285	(610)	510	548	98
Fund Balances, January 1	1,688	3,273	424	2,175	6,494	15,120	831	1,374
Fund Balances, December 31	<u>\$ 1,503</u>	<u>\$ 3,987</u>	<u>\$ 695</u>	<u>\$ 2,460</u>	<u>\$ 5,884</u>	<u>\$ 15,630</u>	<u>\$ 1,379</u>	<u>\$ 1,472</u>

CITY OF CINCINNATI, OHIO
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2006
(Amounts in Thousands)

Special Revenue Funds - Nonappropriated

	Recreation	Parks	Safety	Health	Cincinnati Blue Ash Airport	Community Development	Department of Labor Grants	Other	Bettman Nature Center
ASSETS									
Cash and Equivalents	\$		\$ 1,762	\$	\$	\$ 208	\$	\$ 39	\$ 91
Equity in City Treasury Cash	754	1,729	14,519	4,434	239	270	507	12,036	
Investments		2,193							1,344
Receivables:									
Taxes									
Accounts, Net	46			368	17			298	
Special Assessments						4,253		3,128	
Accrued Interest	5	19	86						
Due from Other Funds				120					
Due from Other Governments	6		70	164		2,143		418	
Inventory				194				49	
Advances to Other Funds	25							1,634	
Total Assets	<u>\$ 836</u>	<u>\$ 5,703</u>	<u>\$ 14,675</u>	<u>\$ 5,280</u>	<u>\$ 256</u>	<u>\$ 6,874</u>	<u>\$ 507</u>	<u>\$ 17,602</u>	<u>\$ 1,435</u>
LIABILITIES AND FUND BALANCE									
Liabilities:									
Accounts Payable	\$ 138	\$ 10	\$ 196	\$ 374	\$ 4	\$ 2,280	\$	\$ 741	\$
Due to Other Funds		1	248	34		45		25	
Accrued Payroll	1	10		241		64		59	
Accrued Liabilities				56		150		2,317	
Deposits Payable			1,553						
Deferred Revenue	3	9	68			5,492		1,276	
Estimated Liability for Unpaid Claims									
Advances from Other Funds			1,634	500				125	
Total Liabilities	<u>142</u>	<u>30</u>	<u>3,699</u>	<u>1,205</u>	<u>4</u>	<u>8,031</u>		<u>4,543</u>	
Fund Balances:									
Reserved for Encumbrances		25	1,689	1,366	35	11,884	10	14,729	
Reserved for Advances to Other Funds	25							1,634	
Reserved for Inventory				194				49	
Reserved in Accordance with Trust									1,435
Unreserved - Designated for Compensated Absences			7,923						
Unreserved - Designated for Contingencies									
Unreserved - Undesignated	669	5,648	1,364	2,515	217	(13,041)	497	(3,353)	
Total Fund Balances	<u>694</u>	<u>5,673</u>	<u>10,976</u>	<u>4,075</u>	<u>252</u>	<u>(1,157)</u>	<u>507</u>	<u>13,059</u>	<u>1,435</u>
Total Liabilities and Fund Balances	<u>\$ 836</u>	<u>\$ 5,703</u>	<u>\$ 14,675</u>	<u>\$ 5,280</u>	<u>\$ 256</u>	<u>\$ 6,874</u>	<u>\$ 507</u>	<u>\$ 17,602</u>	<u>\$ 1,435</u>

CITY OF CINCINNATI, OHIO
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended December 31, 2006
(Amounts in Thousands)

Special Revenue Funds -Nonappropriated

	Recreation	Parks	Safety	Health	Cincinnati Blue Ash Airport	Community Development	Department of Labor Grants	Other	Bettman Nature Center
REVENUES									
Taxes	\$	\$	\$	\$	\$	\$	\$	1,874	\$
Licenses and Permits			216	971					
Use of Money and Property	21	584	372		97	312		1,464	203
Special Assessments						16		4,014	
Intergovernmental Revenue			1,225	1,103					
Federal Grants	254		13,319	4,714		30,573	107	5,769	
State Grants and Subsidies	530	51	803	188				314	
Charges for Current Services	42	587	1,588	2,964		126		811	
Miscellaneous		592	90	188		1,956		449	
Total Revenues	847	1,814	17,613	10,128	97	32,983	107	14,695	203
EXPENDITURES									
Current:									
General Government			771	90		1,339		4,743	
Community Development						1,336	446	2,196	
Parks and Recreation	881	1,451						1,576	14
Public Safety			8,579					151	
Transportation and Engineering					30			418	
Public Services								728	
Transit System									
Public Health			76	9,180					
Employee Benefits				1,742		432		1	
Capital Outlay			6,120	116	2	30,429		3,891	
Debt Service:									
Interest						305			
Total Expenditures	881	1,451	15,546	11,128	32	33,841	446	13,704	14
Excess (Deficiency) of Revenues over (under) Expenditures	(34)	363	2,067	(1,000)	65	(858)	(339)	991	189
OTHER FINANCING SOURCES (USES)									
Transfers In	14	233				7		554	
Transfers (Out)			(63)	(2)				(43)	(21)
Total Other Financing Sources (Uses)	14	233	(63)	(2)		7		511	(21)
Net Change in Fund Balances	(20)	596	2,004	(1,002)	65	(851)	(339)	1,502	168
Fund Balances, January 1	714	5,077	8,972	5,077	187	(306)	846	11,557	1,267
Fund Balances, December 31	\$ 694	\$ 5,673	\$ 10,976	\$ 4,075	\$ 252	\$ (1,157)	\$ 507	\$ 13,059	\$ 1,435

CITY OF CINCINNATI, OHIO
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2006
(Amounts in Thousands)

	Permanent Funds							Total Nonmajor Governmental Funds	
	Grosbeck Endowment Fund	Schmidlapp Park Music Fund	Joanna Peters Bequest	The W.M. Ampt Music Endowment Fund	Crosley Field Trust	Kroger Trust	Yeatman's Cove Park Trust		Park Board Fund
ASSETS									
Cash and Equivalents	\$	\$	\$	\$	\$	\$	\$	\$	2,392
Equity in City Treasury Cash	40	51	100	130		75	538		61,203
Investments, at Fair Value	527		1	144	810			6,195	11,214
Receivables:									
Taxes									9,839
Accounts, Net									1,194
Special Assessments									7,381
Accrued Interest		1	1	1		1	6		253
Due from Other Funds									544
Due from Other Governments									7,688
Inventory									485
Advances to Other Funds									2,655
Total Assets	<u>\$ 567</u>	<u>\$ 52</u>	<u>\$ 102</u>	<u>\$ 275</u>	<u>\$ 810</u>	<u>\$ 76</u>	<u>\$ 544</u>	<u>\$ 6,426</u>	<u>\$ 104,848</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts Payable	\$	\$	\$	\$	\$	\$	\$	\$	4,621
Due to Other Funds									831
Accrued Payroll									1,270
Accrued Liabilities									2,537
Deposits Payable									1,825
Deferred Revenue			1	1		1	3		14,130
Estimated Liability for Unpaid Claims									5
Advances from Other Funds									2,259
Total Liabilities			<u>1</u>	<u>1</u>		<u>1</u>	<u>3</u>		<u>27,478</u>
Fund Balances:									
Reserved for Encumbrances									32,661
Reserved for Advances to Other Funds									2,655
Reserved for Inventory									485
Reserved in Accordance with Trust	567	52	101	274	225	50	541	6,426	9,671
Unreserved - Designated for Compensated Absences									7,923
Unreserved - Designated for Contingencies									5,000
Unreserved - Undesignated					585	25			18,975
Total Fund Balances	<u>567</u>	<u>52</u>	<u>101</u>	<u>274</u>	<u>810</u>	<u>75</u>	<u>541</u>	<u>6,426</u>	<u>77,370</u>
Total Liabilities and Fund Balances	<u>\$ 567</u>	<u>\$ 52</u>	<u>\$ 102</u>	<u>\$ 275</u>	<u>\$ 810</u>	<u>\$ 76</u>	<u>\$ 544</u>	<u>\$ 6,426</u>	<u>\$ 104,848</u>

CITY OF CINCINNATI, OHIO
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended December 31, 2006
(Amounts in Thousands)

	Permanent Funds								Total Nonmajor Governmental Funds
	Goesbeck Endowment Fund	Schmidlapp Park Music Fund	Joanna Peters Bequest	The W.M. Ampt Music Endowment Fund	Crosley Field Trust	Kroger Trust	Yeatman's Cove Park Trust	Park Board Fund	
REVENUES									
Taxes	\$	\$	\$	\$	\$	\$	\$	\$	\$ 58,715
Licenses and Permits									3,660
Use of Money and Property	83	2	4	36	123	3	23	634	4,803
Special Assessments									4,030
Intergovernmental Revenue									14,462
Federal Grants									54,736
State Grants and Subsidies									1,886
Charges for Current Services									12,776
Miscellaneous									3,279
Total Revenues	<u>83</u>	<u>2</u>	<u>4</u>	<u>36</u>	<u>123</u>	<u>3</u>	<u>23</u>	<u>634</u>	<u>158,347</u>
EXPENDITURES									
Current:									
General Government									11,157
Community Development									4,178
Parks and Recreation					8			42	9,394
Public Safety									8,949
Transportation and Engineering									4,587
Public Services									12,568
Transit System									41,950
Public Health									12,177
Employee Benefits									8,872
Capital Outlay									40,705
Debt Service :									
Interest									305
Total Expenditures					8			42	154,842
Excess of Revenue over Expenditures	<u>83</u>	<u>2</u>	<u>4</u>	<u>36</u>	<u>115</u>	<u>3</u>	<u>23</u>	<u>592</u>	<u>3,505</u>
OTHER FINANCING SOURCES (USES)									
Transfers In									2,073
Transfers (Out)	(15)	(1)		(7)	(14)			(189)	(1,192)
Total Other Financing Sources (Uses)	<u>(15)</u>	<u>(1)</u>		<u>(7)</u>	<u>(14)</u>			<u>(189)</u>	<u>881</u>
Net Change in Fund Balances	68	1	4	29	101	3	23	403	4,386
Fund Balances, January 1	499	51	97	245	709	72	518	6,023	72,984
Fund Balances, December 31	<u>\$ 567</u>	<u>\$ 52</u>	<u>\$ 101</u>	<u>\$ 274</u>	<u>\$ 810</u>	<u>\$ 75</u>	<u>\$ 541</u>	<u>\$ 6,426</u>	<u>\$ 77,370</u>

CITY OF CINCINNATI, OHIO

Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the year ended December 31, 2006
(Amounts in Thousands)

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance With Budget Positive (Negative)</u>
HEALTH SERVICES FUND			
Revenue			
Charges for Current Services	\$ 3,500	\$ 3,147	\$ (353)
TOTAL REVENUE	3,500	3,147	(353)
Expenditures			
Department of Public Health			
Division of Primary Care - Special Programs			
Personal Services	55	55	
Non-Personal Services	476	416	60
Capital Outlay	40	40	
Total Division of Primary Care - Special Programs	571	511	60
Division of Primary Care - Health Centers			
Personal Services	1,197	1,018	179
Non-Personal Services	1,557	1,548	9
Total Division of Primary Care - Health Centers	2,754	2,566	188
Total Department of Health	3,325	3,077	248
Nondepartmental Accounts			
Contribution to Pension Systems	216	216	
Employee Hospital Care	171	171	
Dental and Vision Care	22	22	
Medicare Tax	16	16	
Public Employee Assistance	1	1	
Workers' Compensation Insurance	4	3	1
General Fund Overhead Charge	106	106	
Total Nondepartmental Accounts	536	535	1
TOTAL EXPENDITURES	3,861	3,612	249
Excess (Deficiency) of Revenue over (under) Expenditures	(361)	(465)	(104)
Cancellation of Prior Years Encumbrances		83	83
Fund Balance, January 1	1,546	1,546	
Fund Balance, December 31	\$ 1,185	\$ 1,164	\$ (21)

CITY OF CINCINNATI, OHIO

Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the year ended December 31, 2006
(Amounts in Thousands)

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance With Budget Positive (Negative)</u>
STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND			
Revenue			
Intergovernmental Revenue			
Motor Vehicle License	\$ 1,800	\$ 2,262	\$ 462
Gasoline	7,210	7,207	(3)
Miscellaneous	250	388	138
TOTAL REVENUE	9,260	9,857	597
Expenditures			
Department of Public Services			
Traffic and Road Operations Division			
Personal Services	2,904	2,778	126
Non-Personal Services	1,560	1,559	1
Capital Outlay	65	64	1
Total Traffic and Road Operations Division	4,529	4,401	128
Neighborhood Operations Division			
Personal Services	2,277	2,221	56
Non-Personal Services	368	355	13
Total Neighborhood Operations Division	2,645	2,576	69
Total Department of Public Services	7,174	6,977	197
Nondepartmental Accounts			
Contribution to Pension Systems	1,036	1,027	9
Employee Hospital Care	1,016	1,007	9
Dental and Vision Care	118	118	
Medicare Tax	73	73	
Workers' Compensation Insurance	12	12	
Life Insurance	2	2	
Total Nondepartmental Accounts	2,257	2,239	18
TOTAL EXPENDITURES	9,431	9,216	215
Excess (Deficiency) of Revenue over (under) Expenditures	(171)	641	812
Cancellation of Prior Years Encumbrances		94	94
Fund Balance, January 1	1,657	1,657	
Fund Balance, December 31	<u>\$ 1,486</u>	<u>\$ 2,392</u>	<u>\$ 906</u>

CITY OF CINCINNATI, OHIO
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the year ended December 31, 2006
(Amounts in Thousands)

	Budgeted Amounts	Actual Amounts	Variance With Budget Positive (Negative)
PARKING METER FUND			
Revenue			
Miscellaneous	\$ 1,233	\$ 1,243	\$ 10
TOTAL REVENUE	1,233	1,243	10
Expenditures			
Department of Community Development & Planning			
Housing Division			
Personal Services	36	36	
Non-Personal Services	57	57	
Total Department of Community Development	93	93	
Department of Police			
Personal Services	335	219	116
Total Department of Police	335	219	116
Department of Transportation & Engineering			
Division of Traffic Engineering			
Personal Services	61	43	18
Non-Personal Services	600	588	12
Total Department of Transportation & Engineering	661	631	30
Non-Departmental Accounts			
Contribution to Pension Systems	18	18	
Employee Hospital Care	9	9	
Dental and Vision Care	1	1	
Medicare Tax	1	1	
Workers' Compensation Insurance	1	1	
Downtown Special Improvements District	62	62	
Total Non-Departmental Accounts	92	92	
TOTAL EXPENDITURES	1,181	1,035	146
Excess of Revenue over (under)			
Expenditures	52	208	156
Cancellation of Prior Years Encumbrances		1	1
Fund Balance, January 1	297	297	
Fund Balance, December 31	\$ 349	\$ 506	\$ 157

CITY OF CINCINNATI, OHIO
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the year ended December 31, 2006
(Amounts in Thousands)

	Budgeted Amounts	Actual Amounts	Variance With Budget Positive (Negative)
CABLE T.V. FUND			
Revenue			
Licenses and Permits	\$ 2,300	\$ 2,478	\$ 178
Miscellaneous	100	87	(13)
TOTAL REVENUE	2,400	2,565	165
Expenditures			
Regional Computer Center			
Personal Services	554	551	3
Non-Personal Services	800	727	73
Total Regional Computer Center	1,354	1,278	76
Office of the City Manager			
Personal Services	302	302	
Non-Personal Services	243	222	21
Total Office of the City Manager	545	524	21
Department of Community Development & Planning			
Division of Housing Development			
Non-Personal Services	113	113	
Total Department of Community Development & Planning	113	113	
Department of Public Services			
Neighborhood Operations Division			
Non-Personal Services	33	32	1
Total Department of Public Services	33	32	1
Nondepartmental Accounts			
Contribution to Pension Systems	287	277	10
Employee Hospital Care	167	161	6
Dental and Vision Care	25	24	1
Medicare Tax	22	21	1
Workers' Compensation Insurance	2	2	
Life Insurance	2	2	
General Fund Overhead Charge	73	56	17
Total Nondepartmental Accounts	578	543	35
TOTAL EXPENDITURES	2,623	2,490	133
Excess of Revenue over Expenditures	(223)	75	298
Other Financing (Uses)			
Operating Transfers In	22	22	
Transfers Out	(436)	(436)	
TOTAL OTHER FINANCING (USES)	(414)	(414)	
Excess of Revenue over Expenditures and Other Financing (Uses)	(637)	(339)	298
Cancellation of Prior Years Encumbrances		162	162
Fund Balance, January 1	1,142	1,142	
Fund Balance, December 31	\$ 505	\$ 965	\$ 460

CITY OF CINCINNATI, OHIO

Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the year ended December 31, 2006
(Amounts in Thousands)

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance With Budget Positive (Negative)</u>
INCOME TAX INFRASTRUCTURE FUND			
Revenue			
Taxes			
City Income Tax	\$ 13,967	\$ 14,383	\$ 416
Miscellaneous	400	705	305
TOTAL REVENUE	<u>14,367</u>	<u>15,088</u>	<u>721</u>
Expenditures			
Regional Computer Center			
Non-Personal Services	<u>581</u>	<u>581</u>	
Total Regional Computer Center	581	581	
Department of Law			
Division of Legal Services			
Personal Services	201	175	26
Non-Personal Services	<u>10</u>	<u>10</u>	
Total Department of Law	211	185	26
Department of Human Resources			
Personal Services	<u>214</u>	<u>210</u>	<u>4</u>
Total Department of Human Resources	214	210	4
Department of Finance			
Division of Budget & Evaluation			
Personal Services	38	38	
Non-Personal Services	<u>26</u>	<u>26</u>	
Total Division of Budget & Evaluation	64	64	
Division of Accounts and Audits			
Personal Services	164	164	
Non-Personal Services	<u>3</u>	<u>3</u>	
Total Division of Accounts and Audits	167	167	
Division of Purchasing			
Personal Services	215	213	2
Non-Personal Services	<u>18</u>	<u>15</u>	<u>3</u>
Total Division of Purchasing	233	228	5
Total Department of Finance	464	459	5
Department of Community Development & Planning			
Division of Community Development			
Personal Services	2	2	
Non-Personal Services	<u>4</u>	<u>4</u>	
Total Department of Community Development & Planning	6	6	
Department of Public Recreation			
Region 4			
Personal Services	<u>412</u>	<u>412</u>	
Total Department of Public Recreation	412	412	

(Continued)

CITY OF CINCINNATI, OHIO

Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the year ended December 31, 2006
(Amounts in Thousands)

INCOME TAX INFRASTRUCTURE FUND
(Continued)

	Budgeted Amounts	Actual Amounts	Variance With Budget Positive (Negative)
Department of Parks			
Division of Operations			
Personal Services	\$ 1,213	\$ 1,213	\$
Non-Personal Services	375	375	
Total Division of Operations	1,588	1,588	
Division of Adm. & Program Services			
Personal Services	33	33	
Total Division of Adm. & Program Services	33	33	
Total Department of Parks	1,621	1,621	
Department of Buildings & Inspections			
Division of Licenses & Permits			
Personal Services	45	45	
Total Department of Buildings & Inspection	45	45	
Department of Transportation & Engineering			
Office of the Director			
Personal Services	375	375	
Non-Personal Services	39	30	9
Total Office of the Director	414	405	9
Division of Transportation, Planning and Urban Design			
Personal Services	77	68	9
Non-Personal Services	69	61	8
Total Division of Transportation, Planning and Urban Design	146	129	17
Division of Engineering			
Personal Services	1,777	1,777	
Non-Personal Services	805	799	6
Total Division of Engineering	2,582	2,576	6
Division of Traffic Engineering			
Personal Services	961	956	5
Non-Personal Services	149	141	8
Total Division of Traffic Engineering	1,110	1,097	13
Total Department of Transportation & Engineering	4,252	4,207	45
Department of Public Services			
Office of the Director			
Personal Services	209	207	2
Non-Personal Services	5	3	2
Capital Outlay	2		2
Total Office of the Director	216	210	6
Traffic and Road Operations Division			
Personal Services	1,627	1,530	97
Non-Personal Services	581	581	
Total Traffic and Road Operations Division	2,208	2,111	97

(Continued)

CITY OF CINCINNATI, OHIO
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the year ended December 31, 2006
(Amounts in Thousands)

INCOME TAX INFRASTRUCTURE FUND (Continued)	Budgeted Amounts	Actual Amounts	Variance With Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Division of City Facility Management			
Personal Services	\$ 1,045	\$ 1,006	\$ 39
Non-Personal Services	748	743	5
	<u> </u>	<u> </u>	<u> </u>
Total Division of Facility Management	1,793	1,749	44
	<u> </u>	<u> </u>	<u> </u>
Total Department of Public Services	4,217	4,070	147
	<u> </u>	<u> </u>	<u> </u>
Nondepartmental Accounts			
Contribution to Pension Systems	1,735	1,687	48
Employee Hospital Care	1,269	1,255	14
Dental and Vision Care	164	163	1
Medicare Tax	120	109	11
Public Employee Assistance	9	8	1
Workers' Compensation Insurance	20	19	1
State Unemployment Compensation	34	16	18
Life Insurance	10	10	
General Fund Overhead	697	571	126
Reserve for Contingencies			
	<u> </u>	<u> </u>	<u> </u>
Total Nondepartmental Accounts	4,058	3,838	220
TOTAL EXPENDITURES	<u>16,081</u>	<u>15,634</u>	<u>447</u>
Excess (Deficiency) of Revenue over (under) Expenditures	(1,714)	(546)	1,168
Other Financing (Uses)			
Transfers Out	(300)	(300)	
	<u> </u>	<u> </u>	<u> </u>
TOTAL OTHER FINANCING SOURCES	(300)	(300)	
	<u> </u>	<u> </u>	<u> </u>
Excess (Deficiency) of Revenue and Other Financing Sources over (under) Expenditures	(2,014)	(846)	1,168
Cancellation of Prior Years Encumbrances		46	46
Fund Balance, January 1	4,443	4,443	
	<u> </u>	<u> </u>	<u> </u>
Fund Balance, December 31	<u>\$ 2,429</u>	<u>\$ 3,643</u>	<u>\$ 1,214</u>

CITY OF CINCINNATI, OHIO
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the year ended December 31, 2006

	Budgeted Amounts	Actual Amounts	Variance With Budget Positive (Negative)
INCOME TAX TRANSIT FUND			
Revenue			
Taxes			
City Income Tax	\$ 41,901	\$ 43,149	\$ 1,248
Use of Money and Property	200	422	222
TOTAL REVENUE	42,101	43,571	1,470
Expenditures			
SORTA			
Operations	41,950	41,950	
Total SORTA	41,950	41,950	
Department of Parks			
Division of Operations			
Non Personal Services	30	21	9
Total Department of Parks	30	21	9
Department of Transportation and Engineering			
Division of Transportation, Planning & Urban Design			
Personal Services	33	33	
Non Personal Services	130	129	1
Total Department of Transportation and Engineering	163	162	1
Nondepartmental Accounts			
General Fund Overhead	487	485	2
Total Nondepartmental Accounts	487	485	2
TOTAL EXPENDITURES	42,630	42,618	12
Excess (Deficiency) of Revenue over (under) Expenditures	(529)	953	1,482
Other Financing (Uses)			
Operating Transfers In	1	1	
Transfers Out	(100)	(100)	
TOTAL OTHER FINANCING (USES)	(99)	(99)	
Excess (Deficiency) of Revenue over (under) Expenditures and Other Financing (Uses)	(628)	854	1,482
Fund Balance, January 1	10,380	10,380	
Fund Balance, December 31	<u>\$ 9,752</u>	<u>\$ 11,234</u>	<u>\$ 1,482</u>

CITY OF CINCINNATI, OHIO

Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the year ended December 31, 2006
(Amounts in Thousands)

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance With Budget Positive (Negative)</u>
MOTOR VEHICLE LICENSE FUND			
Revenue			
Licenses and Permits	\$ 2,295	\$ 2,632	\$ 337
Miscellaneous	15	10	(5)
TOTAL REVENUE	<u>2,310</u>	<u>2,642</u>	<u>332</u>
Expenditures			
Department of Public Services			
Traffic and Road Operations Division			
Personal Services	706	686	20
Non-Personal Services	1,201	1,201	
Capital Outlay	27	26	1
Total Department of Public Services	<u>1,934</u>	<u>1,913</u>	<u>21</u>
Nondepartmental Accounts			
Contribution to Pension Systems	168	137	31
Employee Hospital Care	103	81	22
Dental and Vision Care	18	13	5
Medicare Tax	11	8	3
Workers' Compensation Insurance	2	2	
Life Insurance	1	1	
General Fund Overhead	64	59	5
Total Nondepartmental Accounts	<u>367</u>	<u>301</u>	<u>66</u>
TOTAL EXPENDITURES	<u>2,301</u>	<u>2,214</u>	<u>87</u>
Excess of Revenue over (under) Expenditures	9	428	419
Fund Balance, January 1	<u>390</u>	<u>390</u>	
Fund Balance, December 31	<u>\$ 399</u>	<u>\$ 818</u>	<u>\$ 419</u>

CITY OF CINCINNATI, OHIO
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the year ended December 31, 2006
(Amounts in Thousands)

SPECIAL RECREATION FUND	Budgeted Amounts	Actual Amounts	Variance With Budget Positive (Negative)
Revenue			
Use of Money and Property	\$ 351	\$ 370	\$ 19
Charges for Current Services	3,486	3,594	108
Miscellaneous	13	1	(12)
TOTAL REVENUE	3,850	3,965	115
Expenditures			
Department of Recreation			
Region 1			
Personal Services	344	337	7
Non-Personal Services	235	218	17
Total Region 1	579	555	24
Region 2			
Personal Services	638	634	4
Non-Personal Services	173	162	11
Total Region 2	811	796	15
Region 3			
Personal Services	534	522	12
Non-Personal Services	226	186	40
Total Region 3	760	708	52
Division of Athletics			
Personal Services	316	311	5
Non-Personal Services	324	304	20
Total Division of Athletics	640	615	25
Division of Waterfront			
Personal Services	314	214	100
Non-Personal Services	531	516	15
Total Division of Waterfront	845	730	115
Division of Support Services			
Personal Services	53	53	
Non-Personal Services	64	51	13
Capital Outlay	32	32	
Total Division of Support Services	149	136	13
Total Department of Recreation	3,784	3,540	244

(Continued)

CITY OF CINCINNATI, OHIO
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the year ended December 31, 2006
(Amounts in Thousands)

SPECIAL RECREATION FUND (Continued)	Budgeted Amounts	Actual Amounts	Variance With Budget Positive (Negative)
Nondepartmental Accounts			
Contribution to Pension Systems	\$ 113	\$ 105	\$ 8
Hospital Care	20	18	2
Dental & Vision Care	5	2	3
Medicare Tax	30	29	1
Workers' Compensation Insurance	5	5	
Life Insurance	1		1
General Fund Overhead	161	149	12
Total Nondepartmental Accounts	<u>335</u>	<u>308</u>	<u>27</u>
TOTAL EXPENDITURES	<u>4,119</u>	<u>3,848</u>	<u>271</u>
Excess of Revenue over Expenditures	(269)	117	386
Cancellation of Prior Years Encumbrances		44	44
Fund Balance, January 1	<u>1,214</u>	<u>1,214</u>	
Fund Balance, December 31	<u><u>\$ 945</u></u>	<u><u>\$ 1,375</u></u>	<u><u>\$ 430</u></u>

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CITY OF CINCINNATI, OHIO

NON-MAJOR ENTERPRISE FUNDS

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

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

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

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

City of Cincinnati, Ohio
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2006
(Amounts in Thousands)

	<u>Business Type Activities - Enterprise Funds</u>				Total Nonmajor Enterprise Funds
	Parking Facilities	General Aviation	Municipal Golf	Stormwater Management	
Assets					
Current Assets:					
Cash and Equivalents	\$ 70	\$	\$ 67	\$	\$ 137
Equity in City Treasury Cash	8,777	813	784	2,032	12,406
Receivables:					
Accounts, Net	29	56		1,602	1,687
Accrued Interest	215	27	19	70	331
Due from Other Funds	27	22		25	74
Prepaid Items	5				5
Advances to Other Funds	4,664	1,207	1,712	2,526	10,109
Restricted Assets:					
Equity in City Treasury Cash	8				8
Noncurrent Assets:					
Equity in City Treasury Cash	7,246	670	647	1,676	10,239
Land	7,432	13,229	1,324	3,415	25,400
Buildings, net of Accumulated Depreciation	23,422	1,133	537		25,092
Improvements, net of Accumulated Depreciation	5,744	8,091	5,150	33,385	52,370
Machinery and Equipment, net of Accumulated Depreciation	379	299	72	51	801
Construction in Progress	5,482	1,908	2,568	6,881	16,839
Total Assets	\$ 63,500	\$ 27,455	\$ 12,880	\$ 51,663	\$ 155,498
Liabilities					
Current Liabilities:					
Accounts Payable	\$ 330	\$ 10	\$ 209	\$ 53	\$ 602
Due to Other Funds	29	33	10	209	281
Accrued Payroll	93	36	7	41	177
Accrued Liabilities	564	36	1		601
Accrued Interest	372	2	4	3	381
Deposits Payable		7			7
Unearned Revenue	7,302				7,302
Compensated Absences Payable	266	58	16	114	454
Unpaid Claims Liability	1	4		2	7
General Obligation Bonds and Notes Payable	7,874	33	227	725	8,859
Noncurrent liabilities:					
Compensated Absences Payable	292	97	7	81	477
General Obligation Bonds and Notes Payable		617	618		1,235
Net Pension Obligation	293	82	6	115	496
Net Other Post Employment Benefit Obligation	111	32	2	42	187
Total Liabilities	17,527	1,047	1,107	1,385	21,066
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	35,054	24,660	9,120	43,007	111,841
Restricted	8				8
Unrestricted	10,911	1,748	2,653	7,271	22,583
Total Net Assets	\$ 45,973	\$ 26,408	\$ 11,773	\$ 50,278	\$ 134,432

CITY OF CINCINNATI, OHIO
Combining Statement of Revenue, Expenses and Changes in Net Assets
Nonmajor Enterprise Funds
For the year ended December 31, 2006
(Amounts in Thousands)

	Business Type Activities - Enterprise Funds				Total Nonmajor Enterprise Funds
	Parking Facilities	General Aviation	Municipal Golf	Stormwater Management	
OPERATING REVENUES					
Charges for Services	\$ 8,196	\$ 1,669	\$ 6,129	\$ 7,230	\$ 23,224
Miscellaneous Income	305		1		306
Total Operating Revenues	<u>8,501</u>	<u>1,669</u>	<u>6,130</u>	<u>7,230</u>	<u>23,530</u>
OPERATING EXPENSES					
Personal Services	3,127	961	225	1,175	5,488
Contractual Services	1,888	113	4,739	1,948	8,688
Maintenance and Repairs	178	49	54	2,357	2,638
Materials and Supplies	129	53	159	28	369
Utilities	399	162	396	46	1,003
Insurance	52	17		1	70
Taxes	711	35	118		864
Rent	177	17		3	197
Other Expense	98	3	1	2	104
Depreciation and Amortization	2,227	737	460	1,602	5,026
Total Operating Expenses	<u>8,986</u>	<u>2,147</u>	<u>6,152</u>	<u>7,162</u>	<u>24,447</u>
Operating Income (Loss)	<u>(485)</u>	<u>(478)</u>	<u>(22)</u>	<u>68</u>	<u>(917)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest Revenue	983	118	62	311	1,474
Interest Expense	(132)	(11)	(27)	(64)	(234)
Loss on Disposal of Assets		(2)			(2)
Total Non-Operating Revenue (Expenses)	<u>851</u>	<u>105</u>	<u>35</u>	<u>247</u>	<u>1,238</u>
Income (Loss) before Contributions and Transfers	366	(373)	13	315	321
Transfers In	7,754		2,500	3	10,257
Transfers (Out)	(9,225)	(650)	(650)	(16)	(10,541)
Capital Contributions	22	318	1,300		1,640
Change in Net Assets	<u>(1,083)</u>	<u>(705)</u>	<u>3,163</u>	<u>302</u>	<u>1,677</u>
Net Assets, January 1	<u>47,056</u>	<u>27,113</u>	<u>8,610</u>	<u>49,976</u>	<u>132,755</u>
Net Assets, December 31	<u>\$ 45,973</u>	<u>\$ 26,408</u>	<u>\$ 11,773</u>	<u>\$ 50,278</u>	<u>\$ 134,432</u>

CITY OF CINCINNATI, OHIO
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the year ended December 31, 2006
(Amounts in Thousands)

	<u>Business Type Activities - Enterprise Funds</u>				Total Nonmajor Enterprise Funds
	Parking Facilities	General Aviation	Municipal Golf	Stormwater Management	
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 8,457	\$ 1,681	\$ 6,130	\$ 7,158	\$ 23,426
Receipts from Other Funds	(26)				(26)
Payments to Suppliers	(2,144)	(387)	(5,459)	(1,027)	(9,017)
Payments to Other Funds	(618)			(3,471)	(4,089)
Payments to Employees	(2,984)	(891)	(218)	(1,124)	(5,217)
Payments for Property Taxes	(705)	(35)			(740)
Net Cash Provided by Operating Activities	<u>1,980</u>	<u>368</u>	<u>453</u>	<u>1,536</u>	<u>4,337</u>
Cash Flows from Noncapital Financing Activities:					
Repayment of Advances Made To Other Funds	948			205	1,153
Advances to Other Funds		(81)	(1,605)		(1,686)
Transfers to Other Funds	(9,194)	(650)	(650)	(16)	(10,510)
Transfers from Other Funds	7,754		2,500	3	10,257
Net Cash Provided (Used) by Noncapital Financing	<u>\$ (492)</u>	<u>\$ (731)</u>	<u>\$ 245</u>	<u>\$ 192</u>	<u>\$ (786)</u>
Cash Flows from Capital and Related Financing Activities:					
Capital Contributed by Other Sources		318	1,300		1,618
Proceeds from the Sale of Bonds and Notes	7,874	650	650		9,174
Acquisition of Property, Plant and Equipment	(18)	(54)		(951)	(1,023)
Interest Paid on Bonds and Notes	(24)	(9)	(27)	(67)	(127)
Principal Paid on Bonds and Notes	(8,096)		(193)	(725)	(9,014)
Additions to Construction in Progress	(818)	(595)	(2,195)	(1,074)	(4,682)
Net Cash (Used) by Capital and Related Financing Activities	<u>(1,082)</u>	<u>310</u>	<u>(465)</u>	<u>(2,817)</u>	<u>(4,054)</u>
Cash Flow from Investing Activities:					
Interest and Dividends on Investments	880	108	58	300	1,346
Net Cash Provided by Investing Activities	<u>880</u>	<u>108</u>	<u>58</u>	<u>300</u>	<u>1,346</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,286	55	291	(789)	843
Cash and Cash Equivalents at Beginning of Year	<u>14,815</u>	<u>1,428</u>	<u>1,207</u>	<u>4,497</u>	<u>21,947</u>
Cash and Cash Equivalents at End of Year	<u>\$ 16,101</u>	<u>\$ 1,483</u>	<u>\$ 1,498</u>	<u>\$ 3,708</u>	<u>\$ 22,790</u>

CITY OF CINCINNATI, OHIO
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the year ended December 31, 2006
(Amounts in Thousands)

	<u>Business Type Activities - Enterprise Funds</u>				Total Nonmajor Enterprise Funds
	Parking Facilities	General Aviation	Municipal Golf	Stormwater Management	
<u>Reconciliation of Operating Income (Loss) to</u>					
<u>Net Cash Provided (Used) by</u>					
<u>Operating Activities:</u>					
Operating Income (Loss)	\$ (485)	\$ (478)	\$ (22)	\$ 68	\$ (917)
Depreciation and Amortization	2,227	737	460	1,602	5,026
Changes in Assets and Liabilities:					
(Increase) Decrease in:					
Receivables	51	11		(74)	(12)
Due from Other Funds	(27)	(22)		1	(48)
Prepaid Items	1	20			21
Increase (Decrease) in:					
Accounts Payable	168	7	8	(117)	66
Deposits Payable					
Due to Other Funds	(5)	24	1	8	28
Accrued Payroll	(9)	2		5	(2)
Accrued Liabilities	7	4			11
Unearned Revenue	(93)				(93)
Compensated Absences Payable	(6)	16	3	(15)	(2)
Unpaid Claims Payable	(6)				(6)
Net Pension Obligation	87	25	2	32	146
Net Other Post Employment Benefit Obligation	70	22	1	26	119
Net Cash Provided by Operating Activities	<u>\$ 1,980</u>	<u>\$ 368</u>	<u>\$ 453</u>	<u>\$ 1,536</u>	<u>\$ 4,337</u>
<u>Schedule of Noncash Investing</u>					
<u>Capital and Financing Activities:</u>					
Property, Plant and Equipment Contributed by Other Funds	\$ 22	\$	\$	\$	\$ 22
Total Noncash Investing, Capital and Financing Activities	<u>\$ 22</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 22</u>

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CITY OF CINCINNATI, OHIO

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

CITY OF CINCINNATI, OHIO
Combining Statement of Net Assets
Internal Service Funds
December 31, 2006
(Amounts in Thousands)

	Reproduction, Printing and Stores	Fleet Services	Property Management	Mechanized Street Sweeping	Self Insurance Medical	Self Insurance Workers' Compensation	Regional Computer Center	Total Internal Service Funds
ASSETS								
Current Assets:								
Cash	\$	\$	\$	\$	\$	\$	\$	\$
Equity in City Treasury Cash	554	8	181	67	14	7,904	20,240	860
Receivables:								
Accounts, Net	16	202					83	301
Accrued Interest					78	389	13	480
Due from Other Funds		1,005		68			1,298	2,371
Due from Other Governments							1,827	1,827
Prepaid Items		4	11	14	1,207		365	1,601
Inventory	36	288						324
Advances to Other Funds							3,998	3,998
Noncurrent Assets:								
Equity in City Treasury Cash	457	6	150	55	6,520	16,694	709	24,591
Land		283						283
Improvements, net of Accumulated Depreciation		2,368	5				1,131	3,504
Machinery and Equipment, net of Accumulated Depreciation	252	288		8			33,868	34,416
Construction in Progress		851						851
Property Acquired under Capital Leases, net of Accumulated Amortization	11							11
Total Assets	1,326	5,303	347	212	15,723	37,323	44,152	104,386

CITY OF CINCINNATI, OHIO
Combining Statement of Net Assets
Internal Service Funds
December 31, 2006
(Amounts in Thousands)

	Reproduction, Printing and Stores	Fleet Services	Property Management	Mechanized Street Sweeping	Self Insurance Medical	Self Insurance Workers' Compensation	Regional Computer Center	Total Internal Service Funds
LIABILITIES								
Current Liabilities:								
Accounts Payable	\$ 188	\$ 736	\$	\$ 3	\$ 2,718	\$ 748	\$ 1,182	\$ 5,575
Due to Other Funds	3	1,089	6	5	2,124		446	3,673
Accrued Payroll	19	161	10	12			422	624
Accrued Liabilities	1	2				2,088	416	2,507
Obligations under Capital Leases	1							1
Deposits Payable			139					139
Unearned Revenue			22				1,116	1,138
Compensated Absences Payable	53	404	15	36			937	1,445
Unpaid Claims Payable					9,395	2,770		12,165
Noncurrent Liabilities:								
Estimated Liability for Compensated Absences	22	218	39	27			576	882
Estimated Liability for Unpaid Claims						12,775		12,775
Advances from Other Funds		157	177	21				355
Advances from Other Governments		20					1	21
Net Pension Obligation	48	501	27	36			1,077	1,689
Net Other Post Employment Benefit Obligation	18	191	11	15			396	631
Total Liabilities	353	3,479	446	155	14,237	18,381	6,569	43,620
NET ASSETS								
Invested in Capital Assets, Net of Related Debt	262	3,790	5	8			34,999	39,064
Unrestricted	711	(1,966)	(104)	49	1,486	18,942	2,584	21,702
Total Net Assets	\$ 973	\$ 1,824	\$ (99)	\$ 57	\$ 1,486	\$ 18,942	\$ 37,583	\$ 60,766

CITY OF CINCINNATI, OHIO
Combining Statement of Revenue, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the year ended December 31, 2006
(Amounts in Thousands)

	Reproduction, Printing and Stores	Fleet Services	Property Management	Mechanized Street Sweeping	Self Insurance Medical	Self Insurance Workers' Compensation	Regional Computer Center	Total Internal Service Funds
OPERATING REVENUES								
Charges for Services	\$ 3,179	\$ 15,451	\$	\$ 917	\$ 80,662	\$	\$ 16,931	\$ 117,140
Miscellaneous			1,682				33	1,715
Total Operating Revenues	3,179	15,451	1,682	917	80,662		16,964	118,855
OPERATING EXPENSES								
Personal Services	681	5,283	245	558			10,398	17,165
Contractual Services	715	290	237		451	764	2,089	4,546
Maintenance and Repairs	102	582		143			1,158	1,985
Materials and Supplies	1,484	9,217	5	43		12	1,264	12,025
Utilities	2	232	3				963	1,200
Insurance	1	7			78,201	(1,185)	55	77,079
Taxes		(4)						(4)
Rent	25	14	44	37			1,640	1,760
Depreciation and Amortization	66	204		8			4,690	4,968
Other Expense		48	5		7	1	16	77
Total Operating Expenses	3,076	15,873	539	789	78,659	(408)	22,273	120,801
Operating Income (Loss)	103	(422)	1,143	128	2,003	408	(5,309)	(1,946)
NONOPERATING REVENUES (EXPENSES)								
Interest Expense	(1)	(32)						(33)
Interest Revenue					380	1,740	52	2,172
(Loss) on Disposal of Assets		(69)						(69)
Total Non-Operating Revenue (Expenses)	(1)	(101)			380	1,740	52	2,070
Income (Loss) before Contributions and Transfers	102	(523)	1,143	128	2,383	2,148	(5,257)	124
Transfers In		460					2,345	2,805
Transfers (Out)			(1,201)				(173)	(1,374)
Capital Contribution		279						279
Change in Net Assets	102	216	(58)	128	2,383	2,148	(3,085)	1,834
Net Assets, January 1	871	1,608	(41)	(71)	(897)	16,794	40,668	58,932
Net Assets, December 31	\$ 973	\$ 1,824	\$ (99)	\$ 57	\$ 1,486	\$ 18,942	\$ 37,583	\$ 60,766

CITY OF CINCINNATI, OHIO
Combining Statement of Cash Flows
Internal Service Funds
For the year ended December 31, 2006
(Amounts in Thousands)

	Reproduction, Printing and Stores	Fleet Services	Property Management	Mechanized Street Sweeping	Self Insurance Medical	Self Insurance Workers' Compensation	Regional Computer Center	Total Internal Service Funds
Cash Flows from Operating Activities:								
Receipts from Customers	\$ 174	\$ 331	\$ 1,805	\$	\$ 6,200	\$	\$ 6,362	\$ 14,872
Receipts from Other Funds	3,003	15,060		916	32,608		10,057	61,644
Receipts from Retirement System					43,814			43,814
Payment to Suppliers	(2,237)	(10,229)	(279)	(188)	(79,669)	(6,403)	(4,806)	(103,811)
Payments to Other Funds	(3)	(259)					(1,779)	(2,041)
Payments to Employees	(664)	(4,958)	(225)	(545)			(9,892)	(16,284)
Net Cash Provided (Used) by Operating Activities	<u>273</u>	<u>(55)</u>	<u>1,301</u>	<u>183</u>	<u>2,953</u>	<u>(6,403)</u>	<u>(58)</u>	<u>(1,806)</u>
Cash Flows from Noncapital								
Financing Activities:								
Repayment of Advances Made to Other Funds							986	986
Repayment of Advances Received From Other Funds		(49)		(164)				(213)
Amount Due to Other Fund for Property Acquisition		7						7
Proceeds from Sale of Inventory		73						73
Transfers to Other Funds			(1,205)				(173)	(1,378)
Transfers from Other Funds		460					2,345	2,805
Net Cash Provided (Used) by Noncapital Financing Activities		<u>491</u>	<u>(1,205)</u>	<u>(164)</u>			<u>3,158</u>	<u>2,280</u>
Cash Flows from Capital and Related								
Financing Activities:								
Acquisition of Property, Plant and Equipment		(598)					(3,286)	(3,884)
Additions to Construction In Progress								
Interest Paid on Debt	(1)	(31)						(32)
Payment on Long Term Capital Lease Obligations	(13)							(13)
Net Cash (Used) by Capital and Related Financing Activities	<u>(14)</u>	<u>(629)</u>					<u>(3,286)</u>	<u>(3,929)</u>
Cash Flows from Investing Activities:								
Interest and Dividends on Investments					340	1,647	47	2,034
Net Cash Provided by Investing Activities					<u>340</u>	<u>1,647</u>	<u>47</u>	<u>2,034</u>
Net Increase (Decrease) in Cash and Cash Equivalents	259	(193)	96	19	3,293	(4,756)	(139)	(1,421)
Cash and Cash Equivalents at Beginning of Year	752	207	235	103	11,145	41,690	1,708	55,840
Cash and Cash Equivalents at End of Year	<u>\$ 1,011</u>	<u>\$ 14</u>	<u>\$ 331</u>	<u>\$ 122</u>	<u>\$ 14,438</u>	<u>\$ 36,934</u>	<u>\$ 1,569</u>	<u>\$ 54,419</u>

CITY OF CINCINNATI, OHIO
Combining Statement of Cash Flows
Internal Service Funds
For the year ended December 31, 2006
(Amounts in Thousands)

	Reproduction, Printing and Stores	Municipal Garage	Property Management	Mechanized Street Sweeping	Self Insurance Medical	Self Insurance Workers' Compensation	Regional Computer Center	Total Internal Service Funds
<u>Reconciliation of Operating Income to</u>								
<u>Net Cash Provided (Used) by</u>								
<u>Operating Activities:</u>								
Operating Income (Loss)	\$ 103	\$ (422)	\$ 1,143	\$ 128	\$ 2,003	\$ 408	\$ (5,309)	\$ (1,946)
Depreciation and Amortization	66	204		8			4,690	4,968
Changes in Assets and Liabilities:								
(Increase) Decrease in:								
Receivables	(2)	1	24				(55)	(32)
Due from Other Funds		(60)	18	(1)	29		(96)	(110)
Due from Other Governments							361	361
Inventory	9	(45)						(36)
Prepaid Items		(1)		37	8		(40)	4
Increase (Decrease) in:								
Accounts Payable	79	(63)	(4)	(1)	(1,034)	(86)	(131)	(1,240)
Deposits Payable			99					99
Due to Other Funds		6		(1)	1,947	4	357	2,313
Accrued Payroll		1		(1)			(69)	(69)
Accrued Liabilities						(459)	410	(49)
Unearned Revenue			1				(755)	(754)
Liability for Compensated Absences	(11)	50	4	(8)			31	66
Unpaid Claims Payable						(6,270)		(6,270)
Net Pension Obligation	17	152	9	12			304	494
Net Other Post Employment Benefit Obligation	12	122	7	10			244	395
Net Cash Provided (Used) by Operating Activities	<u>\$ 273</u>	<u>\$ (55)</u>	<u>\$ 1,301</u>	<u>\$ 183</u>	<u>\$ 2,953</u>	<u>\$ (6,403)</u>	<u>\$ (58)</u>	<u>\$ (1,806)</u>
<u>Schedule of Noncash Investing,</u>								
<u>Capital and Financing Activities:</u>								
Property, Plant and Equipment Contributed by Other Funds	<u>\$</u>	<u>\$ 279</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 279</u>
Total Noncash Investing, Capital and Financing Activities	<u>\$</u>	<u>\$ 279</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 279</u>

CITY OF CINCINNATI, OHIO

FIDUCIARY FUNDS

TRUST AND AGENCY FUNDS

Pension Trust Fund

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

Agency Funds

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

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

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

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

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

CITY OF CINCINNATI, OHIO
Statement of Plan Net Assets
Pension Trust Fund
December 31, 2006
(Amounts in Thousands)

	Pension	Healthcare	Total
ASSETS			
Cash and Equivalents	\$ 70,684	\$ 33,092	\$ 103,776
Investments, at fair value:			
U. S. Government Bonds	29,243	13,690	42,933
U. S. Government Agencies	1,222	572	1,794
U. S. Government Mortgage Backed Securities	259,350	121,418	380,768
Corporate Bonds	213,276	99,848	313,124
State and Local Obligations	1,323	620	1,943
Equities	1,234,865	578,116	1,812,981
Venture Capital	13,346	6,248	19,594
Other Bonds	20,606	9,646	30,252
Total Investments, at fair value	1,773,231	830,158	2,603,389
Collateral on Loaned Securities	200,454	93,845	294,299
Receivables:			
Accounts Receivable - Other	119	56	175
Accounts Receivable for Securities Sold	42,173	19,744	61,917
Accrued Interest and Dividends	6,112	2,861	8,973
Due from Other Funds	2,046	957	3,003
Due from Other Governments	1,277	598	1,875
Loans Receivable	12,486	5,845	18,331
Machinery and Equipment	933	437	1,370
Accumulated Depreciation	(904)	(424)	(1,328)
Total Assets	2,108,611	987,169	3,095,780
LIABILITIES			
Accounts Payable	1,330	623	1,953
Accounts Payable for Securities Purchased	122,900	57,537	180,437
Due to Other Funds	11	5	16
Obligations under Securities Lending	200,454	93,845	294,299
Accrued Payroll	20	9	29
Accrued Liabilities	6,642	3,109	9,751
Estimated Liability for Compensated Absences	77	36	113
Total Liabilities	331,434	155,164	486,598
NET ASSETS			
Held in Trust for Employees' Pension Benefits	1,777,177		1,777,177
Held in Trust for Employees' Postemployment Healthcare Benefits		832,005	832,005
Combined Net Assets	\$ 1,777,177	\$ 832,005	\$ 2,609,182

CITY OF CINCINNATI, OHIO
Combining Statement of Changes in Plan Net Assets
Pension Trust Fund
For the year ended December 31, 2006
(Amounts in Thousands)

	<u>Pension</u>	<u>Healthcare</u>	<u>Total</u>
ADDITIONS			
Contributions:			
Member	\$ 11,124	\$ 1,647	\$ 12,771
Employer	24,946	3,694	28,640
Other		1,760	1,760
Total Contributions	<u>36,070</u>	<u>7,101</u>	<u>43,171</u>
Transfers from Other Retirement Systems	145		145
Investment Income			
From Investing Activities:			
Interest & Dividends	49,793	23,311	73,104
Net Appreciation in Fair Value of Investments	<u>170,171</u>	<u>79,669</u>	<u>249,840</u>
Total Investment Earnings	219,964	102,980	322,944
Less Investment Management Expenses	<u>4,782</u>	<u>2,239</u>	<u>7,021</u>
Net Income From Investing Activities	<u>215,182</u>	<u>100,741</u>	<u>315,923</u>
From Security Lending Activities:			
Securities Lending Income	<u>13,267</u>	<u>6,211</u>	<u>19,478</u>
Securities Lending Expense:			
Borrower Rebates	(12,311)	(5,763)	(18,074)
Management Fees	<u>(286)</u>	<u>(134)</u>	<u>(420)</u>
Total Securities Lending Expenses	<u>(12,597)</u>	<u>(5,897)</u>	<u>(18,494)</u>
Net Income from Securities Lending Activities	<u>670</u>	<u>314</u>	<u>984</u>
Total Additions	<u>252,067</u>	<u>108,156</u>	<u>360,223</u>
DEDUCTIONS			
Benefits Payments:			
Pension and Annuities	111,865		111,865
Hospital and Medical Care		40,265	40,265
Medicare		3,569	3,569
Dental Benefits		1,375	1,375
Vision Benefits		145	145
Death Benefits, Active and Retired	1,186		1,186
Loss Due to Death of Members with Loans	10		10
Transfers - Retirement to Other Systems	<u>1,392</u>		<u>1,392</u>
Total Benefits Payments	<u>114,453</u>	<u>45,354</u>	<u>159,807</u>
Refunds of Contributions	<u>1,981</u>		<u>1,981</u>
Administrative Expenses:			
Personal Services	550	258	808
Contractual Services	409	191	600
Materials and Supplies	41	18	59
Depreciation	30	13	43
Total Administration Expenses	<u>1,030</u>	<u>480</u>	<u>1,510</u>
Total Deductions	<u>117,464</u>	<u>45,834</u>	<u>163,298</u>
Change in Net Assets	134,603	62,322	196,925
Net Assets held in Trust for Benefits			
Beginning of Year	<u>1,642,574</u>	<u>769,683</u>	<u>2,412,257</u>
End of Year	<u>\$ 1,777,177</u>	<u>\$ 832,005</u>	<u>\$ 2,609,182</u>

CITY OF CINCINNATI, OHIO
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2006
(Amounts in Thousands)

	Agency Funds					Total
	Towing Charges Private Operators	Convention Facility Authority	Admissions Tax Bonds	Engineering Deposits	Metropolitan Sewer District	
ASSETS						
Equity in City Treasury Cash	\$ 299	\$ 221	\$ 26	\$ 1,850	\$	\$ 2,396
Investments, at fair value					382,016	382,016
Receivables:						
Accounts, Net				32	29,688	29,720
Accrued Interest and Dividends					1,268	1,268
Due from Other Funds				8	86	94
Inventory					278	278
Total Assets	\$ 299	\$ 221	\$ 26	\$ 1,890	\$ 413,336	\$ 415,772
LIABILITIES						
Accounts Payable	\$ 280	\$	\$	\$	\$ 15,083	\$ 15,363
Due to Other Governmental Agencies		221			384,592	384,813
Accrued Payroll					1,390	1,390
Accrued Liabilities					20	20
Deposits Payable	19		26	1,890		1,935
Estimated Liability for Compensated Absences					6,975	6,975
Net Pension Obligation					3,823	3,823
Net Other Post Employment Benefit Obligation					1,453	1,453
Total Liabilities	\$ 299	\$ 221	\$ 26	\$ 1,890	\$ 413,336	\$ 415,772

CITY OF CINCINNATI, OHIO
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended December 31, 2006
(Amounts in Thousands)

	Balance January 1, 2006	Additions	Deductions	Balance December 31, 2006
<u>TOWING CHARGES - PRIVATE OPERATORS</u>				
ASSETS				
Equity in City Treasury Cash	\$ 241	\$ 588	\$ 530	\$ 299
LIABILITIES				
Accounts Payable	\$ 225	\$ 280	\$ 225	\$ 280
Deposits Payable	16	588	585	19
Total Liabilities	<u>\$ 241</u>	<u>\$ 868</u>	<u>\$ 810</u>	<u>\$ 299</u>
<u>ADMISSION TAX BONDS</u>				
ASSETS				
Equity in City Treasury Cash	\$ 25	\$ 1	\$	\$ 26
LIABILITIES				
Deposits Payable	\$ 25	\$ 1	\$	\$ 26
<u>CONVENTION FACILITY AUTHORITY</u>				
ASSETS				
Equity in City Treasury Cash	\$ 223	\$ 8,922	\$ 8,924	\$ 221
LIABILITIES				
Due to Other Governments	\$	\$ 221	\$	\$ 221
Deposits Payable	223	8,922	9,145	221
Total Liabilities	<u>\$ 223</u>	<u>\$ 9,143</u>	<u>\$ 9,145</u>	<u>\$ 221</u>
<u>ENGINEERING DEPOSITS</u>				
ASSETS				
Equity in City Treasury Cash	\$ 1,797	\$ 1,620	\$ 1,567	\$ 1,850
Accounts Receivable	13	235	216	32
Due From Other Funds	8	8	8	8
Total Assets	<u>\$ 1,810</u>	<u>\$ 1,863</u>	<u>\$ 1,783</u>	<u>\$ 1,890</u>
LIABILITIES				
Deposits Payable	\$ 1,810	\$ 1,782	\$ 1,702	\$ 1,890

CITY OF CINCINNATI, OHIO
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended December 31, 2006
(Amounts in Thousands)

	Balance January 1, 2006	Additions	Deductions	Balance December 31, 2006
<u>METROPOLITAN SEWER DISTRICT</u>				
ASSETS				
Investments	\$ 320,041	\$ 148,317	\$ 86,342	\$ 382,016
Cash With Fiscal Agent		1	1	
Accounts Receivable	27,601	32,096	30,009	29,688
Accrued Interest Receivable	1,070	1,347	1,149	1,268
Due From Other Funds	47	86	47	86
Inventory	880	142	744	278
Total Assets	<u>\$ 349,639</u>	<u>\$ 181,989</u>	<u>\$ 118,292</u>	<u>\$ 413,336</u>
LIABILITIES				
Accounts Payable	\$ 10,944	\$ 15,083	\$ 10,944	\$ 15,083
Vouchers Payable		180,810	180,810	
Due to Other Governmental Agencies	327,618	384,592	327,618	384,592
Accrued Payroll	1,323	1,390	1,323	1,390
Accrued Liabilities	18	20	18	20
Estimated Liability for Compensated Absences	6,581	3,918	3,524	6,975
Net Pension Obligation	2,635	1,188		3,823
Net Other Post Employment Benefit Obligation	520	933		1,453
Total Liabilities	<u>\$ 349,639</u>	<u>\$ 587,934</u>	<u>\$ 524,237</u>	<u>\$ 413,336</u>
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Equity in City Treasury Cash	\$ 2,286	\$ 11,131	\$ 11,021	\$ 2,396
Investments	320,041	148,317	86,342	382,016
Receivables:				
Accounts, Net	27,614	32,331	30,225	29,720
Accrued Interest Receivable	1,070	1,347	1,149	1,268
Due from Other Funds	47	94	47	94
Inventory	880	142	744	278
Total Assets	<u>\$ 351,938</u>	<u>\$ 193,362</u>	<u>\$ 129,528</u>	<u>\$ 415,772</u>
LIABILITIES				
Accounts Payable	\$ 11,169	\$ 15,363	\$ 11,169	\$ 15,363
Vouchers Payable		180,810	180,810	
Due to Other Governmental Agencies	327,618	384,813	327,618	384,813
Accrued Payroll	1,323	1,390	1,323	1,390
Accrued Liabilities	18	20	18	20
Deposits Payable	2,074	11,293	11,432	1,935
Estimated Liability for Compensated Absences	6,581	3,918	3,524	6,975
Net Pension Obligation	2,635	1,188		3,823
Net Other Post Employment Benefit Obligation	520	933		1,453
Total Liabilities	<u>\$ 351,938</u>	<u>\$ 599,728</u>	<u>\$ 535,894</u>	<u>\$ 415,772</u>

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

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

	<u>2006</u>	<u>2005</u>
Governmental Funds Capital Assets		
Land	\$ 161,977	\$ 155,456
Buildings	141,152	140,508
Improvements	308,940	295,663
Machinery and Equipment	145,470	136,542
Infrastructure	561,775	517,556
Construction in Progress	137,660	133,043
Property acquired under capital leases	<u>134</u>	<u>56</u>
Total Governmental Capital Assets	<u>\$ 1,457,108</u>	<u>\$ 1,378,824</u>
Investment in Governmental Capital Assets	<u>\$ 1,457,108</u>	<u>\$ 1,378,824</u>

Investment in Governmental Capital Assets by Source:

Permanent Improvement Fund or		
General Obligation Bonds	\$ 906,598	\$ 846,853
Federal Grants	64,530	50,021
State Grants	153,044	151,948
County Grants	24,845	24,198
General Fund Revenues	51,658	49,168
Special Revenue Funds	9,138	8,998
Gifts	12,452	13,337
Other and Undifferentiated	<u>234,843</u>	<u>234,301</u>
Total from All Sources	<u>\$ 1,457,108</u>	<u>\$ 1,378,824</u>

CITY OF CINCINNATI, OHIO
Schedule of Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
As of December 31, 2006
(Amounts In Thousands)

	Total	Land	Buildings	Improvements	Equipment	Infrastructure	Property Acquisition under Capital Leases	Construction In Progress
Mayor and Council	\$ 92	\$	\$	\$	\$ 92	\$	\$	\$
City Manager	361		48		313			
Economic Development	4,198			4,000		198		
Law	79				79			
Human Resources	4,415			4,405	10			
Finance	373				373			
Regional Computer Center	3,857				3,857			
Community Development	112,879	63,544	2,128	43,084	272	3,841	10	
Recreation	94,308	6,909	18,123	65,158	3,555	495	68	
Parks	35,441	12,339	8,836	8,294	2,691	3,281		
Buildings and Inspections	451				451			
Public Safety	59,359	1,591	7,852	9,730	40,186			
Transportation & Engineering	588,854	17,383	6,144	10,800	952	553,575		
Enterprise Services	1,181		296		885			
Public Services	45,907	689	4,454	16,857	23,522	385		
Public Health	12,338	237	2,736	6,988	2,377			
Pooled, Unassigned Equipment	977				977			
Southern Railway Improvement	83,224			83,224				
General Government								
Land	58,706	58,706						
Buildings	90,559		90,559					
Improvements	51,805			51,805				
Total Governmental Capital Assets Allocated by Function	1,249,364	161,694	140,880	304,345	80,592	561,775	78	
Construction in Progress	136,809							136,809
Internal Service Funds:								
Purchasing, Printing and Stores	857				801		56	
Fleet Services	6,380	283	272	3,376	1,598			851
Street Sweeping	77				77			
Property Management	6			6				
Regional Computer Center	63,615			1,213	62,402			
Total Governmental Capital Assets	\$ 1,457,108	\$ 161,977	\$ 141,152	\$ 308,940	\$ 145,470	\$ 561,775	\$ 134	\$ 137,660

CITY OF CINCINNATI, OHIO
Schedule of Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Year Ended December 31, 2006
(Amounts in Thousands)

	General Capital Assets January 1, 2006	Additions	Deletions	General Capital Assets December 31, 2006
Mayor and Council	\$ 82	\$ 10	\$	\$ 92
City Manager	361			361
Economic Development		4,198		4,198
Law	79			79
Human Resources	4,643		228	4,415
Regional Computer Center	3,875		18	3,857
Finance	365	14	6	373
Community Development	105,575	8,714	1,410	112,879
Recreation	91,870	2,544	106	94,308
Parks	33,730	1,772	61	35,441
Buildings and Inspections	396	68	13	451
Public Safety	52,720	8,732	2,093	59,359
Transportation & Engineering	546,600	42,311	57	588,854
Enterprise Services	1,181			1,181
Public Services	40,675	6,291	1,059	45,907
Public Health	11,311	1,076	49	12,338
Pooled, Unassigned Equipment	993	86	102	977
Southern Railway Improvement	83,224			83,224
General Government				
Land	58,711		5	58,706
Buildings	90,559			90,559
Improvements	51,746	59		51,805
Construction in Progress	133,027	70,269	66,487	136,809
Internal Service Funds:				
Purchasing, Printing and Stores	857			857
Fleet Services	5,833	876	329	6,380
Street Sweeping	77			77
Property Management	6			6
Regional Computer Center	60,328	5,026	1,739	63,615
Total Governmental Capital Assets	<u>\$ 1,378,824</u>	<u>\$ 152,046</u>	<u>\$ 73,762</u>	<u>\$ 1,457,108</u>

SCHEDULES

CITY OF CINCINNATI, OHIO
Outstanding Bonds and Notes
December 31, 2006

<u>Year</u>	<u>~General Obligation Bonds and Notes</u>	<u>#Municipal Income Tax Bonds & Notes</u>	<u>@Water Works Bonds</u>	<u>Revenue* Bonds</u>	<u>@Police & Fire Pension Bonds</u>
1997	\$126,000,000	\$ 8,800,000	\$ 79,160,000	\$ 11,368,000	\$ ----
1998	124,185,000	21,003,000	93,780,000	13,123,000	----
1999	123,050,000	22,953,000	110,940,000	12,779,000	----
2000	164,800,000	25,563,000	96,500,000	12,346,000	41,050,000
2001	175,340,000	23,780,000	82,180,000	104,504,000	40,620,000
2002	195,500,000	14,097,000	67,810,000	108,407,000	40,170,000
2003	221,750,000	11,717,000	53,340,000	237,450,000	39,700,000
2004	220,620,000	5,937,000	41,510,000	228,152,000	39,205,000
2005	217,710,000	13,560,000	31,380,000	332,094,000	42,935,000
2006	223,225,000	22,995,000	22,950,000	321,282,337	42,935,000

<u>Year</u>	<u>++Urban Development Taxable Bonds</u>	<u>@University Dormitory and Improvement Bonds</u>	<u>@Recreational Facility Bonds & Notes</u>	<u>@Off-Street Parking Facilities Bonds</u>	<u>Urban Renewal/ Economic Development Bonds & Notes</u>
1997	\$ ----	\$ 400,000	\$ 8,980,000	\$ 4,055,000	\$15,735,000
1998	7,200,000	----	8,065,000	3,270,000	11,620,000
1999	7,200,000	----	7,080,000	2,685,000	13,990,000
2000	7,000,000	----	14,975,000	2,100,000	16,450,000
2001	6,790,000	----	13,855,000	1,750,000	16,440,000
2002	6,570,000	----	12,265,000	10,500,000	20,595,000
2003	6,335,000	----	10,910,000	10,150,000	18,490,000
2004	6,090,000	----	9,545,000	700,000	33,085,000
2005	5,830,000	----	8,375,000	350,000	35,046,800
2006	5,555,000	----	10,090,000	----	37,694,301

<u>Year</u>	<u>@Stormwater Bonds and Notes</u>	<u>@Urban Redevelopment Bonds and Notes</u>	<u>Gross Tax Supported Debt</u>	<u>Gross Revenue Supported Debt</u>	<u>Gross Total Debt</u>
1997	\$6,600,000	\$3,085,000	\$126,000,000	\$138,183,000	\$264,183,000
1998	5,900,000	2,995,000	124,185,000	166,956,000	291,141,000
1999	7,000,000	2,895,000	123,050,000	187,522,000	310,572,000
2000	6,075,000	2,795,000	164,800,000	224,854,000	389,654,000
2001	5,150,000	12,180,000	175,340,000	307,249,000	482,589,000
2002	4,225,000	7,305,000	195,500,000	291,944,000	487,444,000
2003	3,300,000	16,625,000	221,750,000	408,017,000	629,767,000
2004	2,375,000	16,235,000	220,620,000	382,834,000	603,454,000
2005	1,450,000	14,885,000	217,710,000	485,905,800	703,615,800
2006	725,000	13,565,000	223,225,000	477,791,638	701,016,638

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

**CITY OF CINCINNATI
SCHEDULE OF ANNUAL DEBT SERVICE
December 31, 2006**

PROPERTY TAX-SUPPORTED

SELF-SUPPORTED

<u>Year</u>	<u>Maturing</u>	<u>Interest Cost</u>	<u>Debt Service Requirement</u>	<u>Outstanding Debt End of Year</u>	<u>Maturing</u>	<u>Interest Cost</u>	<u>Debt Service Requirement</u>	<u>Outstanding Debt End of Year</u>	<u>Year</u>
2006				223,225,000				133,514,301	2006
2007	30,415,000	10,535,496	40,950,496	192,810,000	27,179,301	6,086,865	33,266,166	106,335,000	2007
2008	21,220,000	9,134,966	30,354,966	171,590,000	9,855,000	4,814,260	14,669,260	96,480,000	2008
2009	19,875,000	8,157,236	28,032,236	151,715,000	6,960,000	4,387,557	11,347,557	89,520,000	2009
2010	17,425,000	7,257,081	24,682,081	134,290,000	7,060,000	4,088,668	11,148,668	82,460,000	2010
2011	16,890,000	6,476,394	23,366,394	117,400,000	7,170,000	3,781,975	10,951,975	75,290,000	2011
2012	16,345,000	5,693,619	22,038,619	101,055,000	7,165,000	3,470,102	10,635,102	68,125,000	2012
2013	16,345,000	4,912,238	21,257,238	84,710,000	5,825,000	3,153,168	8,978,168	62,300,000	2013
2014	16,345,000	4,116,550	20,461,550	68,365,000	5,725,000	2,891,694	8,616,694	56,575,000	2014
2015	15,770,000	3,314,244	19,084,244	52,595,000	4,020,000	2,634,722	6,654,722	52,555,000	2015
2016	13,595,000	2,543,363	16,138,363	39,000,000	3,925,000	2,446,790	6,371,790	48,630,000	2016
2017	11,345,000	1,870,988	13,215,988	27,655,000	3,770,000	2,260,158	6,030,158	44,860,000	2017
2018	8,575,000	1,297,850	9,872,850	19,080,000	3,875,000	2,073,925	5,948,925	40,985,000	2018
2019	6,440,000	891,563	7,331,563	12,640,000	3,980,000	1,884,623	5,864,623	37,005,000	2019
2020	4,685,000	581,100	5,266,100	7,955,000	3,420,000	1,695,418	5,115,418	33,585,000	2020
2021	1,680,000	347,306	2,027,306	6,275,000	3,070,000	1,532,113	4,602,113	30,515,000	2021
2022	1,435,000	269,806	1,704,806	4,840,000	2,465,000	1,381,878	3,846,878	28,050,000	2022
2023	1,435,000	208,813	1,643,813	3,405,000	2,555,000	1,263,236	3,818,236	25,495,000	2023
2024	1,435,000	147,656	1,582,656	1,970,000	2,640,000	1,148,089	3,788,089	22,855,000	2024
2025	1,185,000	85,688	1,270,688	785,000	2,140,000	1,023,563	3,163,563	20,715,000	2025
2026	785,000	34,344	819,344	0	2,240,000	928,575	3,168,575	18,475,000	2026
					1,850,000	829,063	2,679,063	16,625,000	2027
					1,935,000	748,125	2,683,125	14,690,000	2028
					2,025,000	661,050	2,686,050	12,665,000	2029
					2,115,000	569,925	2,684,925	10,550,000	2030
					2,210,000	474,750	2,684,750	8,340,000	2031
					2,310,000	375,300	2,685,300	6,030,000	2032
					2,410,000	271,350	2,681,350	3,620,000	2033
					2,520,000	162,900	2,682,900	1,100,000	2034
					1,100,000	49,500	1,149,500	0	2035

MUNICIPAL INCOME TAX SUPPORTED

<u>Year</u>	<u>Maturing</u>	<u>Interest Cost</u>	<u>Debt Service Requirement</u>	<u>Outstanding Debt End of Year</u>	<u>Maturing</u>	<u>Interest Cost</u>	<u>Debt Service Requirement</u>	<u>Outstanding Debt End of Year</u>	<u>Year</u>
2006				22,995,000					
2007	1,340,000	1,016,311	2,356,311	21,655,000					
2008	1,365,000	953,711	2,318,711	20,290,000					
2009	1,365,000	894,911	2,259,911	18,925,000					
2010	1,365,000	837,511	2,202,511	17,560,000					
2011	1,370,000	781,511	2,151,511	16,190,000					
2012	1,370,000	725,311	2,095,311	14,820,000					
2013	1,375,000	669,811	2,044,811	13,445,000					
2014	1,380,000	613,411	1,993,411	12,065,000					
2015	1,380,000	556,111	1,936,111	10,685,000					
2016	1,355,000	498,531	1,853,531	9,330,000					
2017	1,360,000	440,831	1,800,831	7,970,000					
2018	1,360,000	374,281	1,734,281	6,610,000					
2019	1,370,000	305,231	1,675,231	5,240,000					
2020	1,335,000	238,181	1,573,181	3,905,000					
2021	1,050,000	173,031	1,223,031	2,855,000					
2022	650,000	123,031	773,031	2,205,000	78,831,638	33,034,515	111,866,153	701,016,638	2006
2023	650,000	95,281	745,281	1,555,000	46,825,000	29,386,333	76,211,333	622,185,000	2007
2024	650,000	67,406	717,406	905,000	42,970,000	27,475,131	70,445,131	575,360,000	2008
2025	550,000	39,406	589,406	355,000	41,215,000	25,462,030	66,677,030	532,390,000	2009
2026	355,000	15,531	370,531	0	40,255,000	23,672,522	63,927,522	491,175,000	2010
					40,550,000	21,691,926	62,241,926	450,920,000	2011
					39,940,000	19,799,424	59,739,424	410,370,000	2012
					40,800,000	17,734,541	58,534,541	370,430,000	2013
					39,440,000	15,694,590	55,134,590	329,630,000	2014
					37,470,000	13,795,400	51,265,400	290,190,000	2015
					35,560,000	11,840,135	47,400,135	252,720,000	2016
					33,785,000	10,113,672	43,898,672	217,160,000	2017
					32,865,000	8,357,537	41,222,537	183,375,000	2018
					31,485,000	6,812,876	38,297,876	150,510,000	2019
					29,055,000	5,148,501	34,203,501	119,025,000	2020
					27,230,000	3,687,020	25,117,020	89,970,000	2021
					256,865,000	2,822,329	25,007,329	68,540,000	2022
					242,040,000	1,825,597	14,375,597	46,355,000	2023
					226,370,000	1,392,926	13,342,926	33,805,000	2024
					209,975,000	978,450	4,358,450	21,855,000	2025
					192,625,000	829,063	2,679,063	18,475,000	2026
					174,355,000	748,125	2,683,125	16,625,000	2027
					155,760,000	661,050	2,686,050	14,690,000	2028
					136,675,000	569,925	2,684,925	12,665,000	2029
					116,700,000	474,750	2,684,750	10,550,000	2030
					95,625,000	375,300	2,685,300	8,340,000	2031
					73,580,000	271,350	2,681,350	6,030,000	2032
					50,325,000	162,900	2,682,900	3,620,000	2033
					33,445,000	49,500	1,149,500	1,100,000	2034
					15,900,000			0	2035
					8,075,000				
					8,319,269				

REVENUE

<u>Year</u>	<u>Maturing</u>	<u>Interest Cost</u>	<u>Debt Service Requirement</u>	<u>Outstanding Debt End of Year</u>	<u>Maturing</u>	<u>Interest Cost</u>	<u>Debt Service Requirement</u>	<u>Outstanding Debt End of Year</u>	<u>Year</u>
2006				321,282,337					
2007	19,897,337	15,395,843	35,293,180	301,385,000	32,865,000	8,357,537	41,222,537	150,510,000	2019
2008	14,385,000	14,483,396	28,868,396	287,000,000	31,485,000	6,812,876	38,297,876	119,025,000	2020
2009	14,770,000	14,035,427	28,805,427	272,230,000	29,055,000	5,148,501	34,203,501	89,970,000	2021
2010	15,365,000	13,278,770	28,643,770	256,865,000	27,230,000	3,687,020	25,117,020	68,540,000	2022
2011	14,825,000	12,632,642	27,457,642	242,040,000	256,865,000	2,822,329	25,007,329	46,355,000	2023
2012	15,670,000	11,802,894	27,472,894	226,370,000	242,040,000	1,825,597	14,375,597	33,805,000	2024
2013	16,395,000	11,064,207	27,459,207	209,975,000	226,370,000	1,392,926	13,342,926	21,855,000	2025
2014	17,350,000	10,112,886	27,462,886	192,625,000	209,975,000	978,450	4,358,450	18,475,000	2026
2015	18,270,000	9,189,513	27,459,513	174,355,000	192,625,000	829,063	2,679,063	16,625,000	2027
2016	18,595,000	8,306,716	26,901,716	155,760,000	174,355,000	748,125	2,683,125	14,690,000	2028
2017	19,085,000	7,268,158	26,353,158	136,675,000	155,760,000	661,050	2,686,050	12,665,000	2029
2018	19,975,000	6,367,616	26,342,616	116,700,000	136,675,000	569,925	2,684,925	10,550,000	2030
2019	21,075,000	5,276,120	26,351,120	95,625,000	116,700,000	474,750	2,684,750	8,340,000	2031
2020	22,045,000	4,298,177	26,343,177	73,580,000	95,625,000	375,300	2,685,300	6,030,000	2032
2021	23,255,000	3,096,051	26,351,051	50,325,000	73,580,000	271,350	2,681,350	3,620,000	2033
2022	16,880,000	1,912,305	18,792,305	33,445,000	50,325,000	162,900	2,682,900	1,100,000	2034
2023	17,545,000	1,254,999	18,799,999	15,900,000	33,445,000	49,500	1,149,500	0	2035
2024	7,825,000	462,446	8,287,446	8,075,000	15,900,000				
2025	8,075,000	244,269	8,319,269	0	8,075,000				

Schedule of Expenditure of Federal Awards
(Non-GAAP Budgetary Basis)
For the year ended December 31, 2006
(Amounts in Thousands)

Grantor/Program Title	Fund	CFDA #	Grant #	Grant and Contract Revenue Received	Contributions and other Revenue	CFS Expenditures
1 U.S. Department of Agriculture						
* Passed through Ohio Department of Health						
* Hamilton County WIC Program	391	10.557	31-2-001-1-CL-06	1,784		(1,959)
* Hamilton County WIC Program	391	10.557	31-2-001-1-CL-07	443		(662)
Total for CFDA No. 10.557				2,227		(2,621)
TOTAL DEPARTMENT OF AGRICULTURE				2,227		(2,621)
2 U.S. Department of Health and Human Services						
(a.) Aging Cluster						
* Passed through Council on Aging of Southwestern Ohio						
* Special Programs for the Aging Title III Part B	324	93.044		27		(27)
(a.) Total for CFDA No. 93.044				27		(27)
* Special Programs for the Aging Title III Part C	324	93.045		198	19	(229)
(a.) Total for CFDA No. 93.045				198	19	(229)
Total for Aging Cluster				225	19	(256)
* Passed through YMCA of Greater Cincinnati						
* TANF- Cincy After School	324	93.558				(35)
Total for CFDA No. 93.558						(35)
(b.) Consolidated Health Centers Cluster						
* Passed through Cincinnati Health Network						
* Homeless Health Care Program	448	93.151	Contract #55-9343			(34)
* Homeless Health Care Program	448	93.151	Contract #65-9432	171		(164)
(b.) Total for CFDA No. 93.151				171		(198)
Total for Consolidated Health Centers Cluster				171		(198)
* Passed through Ohio Department of Health						
* Regional Lead Poisoning Prevention	380	93.197	31-2-001-1-BE-05	21		
* Regional Lead Poisoning Prevention	380	93.197	31-2-001-1-BE-06	84	8	(74)
* Regional Lead Poisoning Prevention	380	93.197	31-2-001-1-BE-07	20		(41)
Total for CFDA No. 93.197				125	8	(115)
* Passed through Neighborhood Health Care						
* Cincinnati Health Network	446	93.224	Contract #45-9228			(24)
* Cincinnati Health Network	446	93.224	Contract #55-9342	4		
* Cincinnati Health Network	446	93.224	Contract #65-9435	315		(321)
Total for CFDA No. 93.224				319		(345)
* Passed through Ohio Department of Health						
* Immunization Action Plan Special	415	93.268	31-2-001-2-AZ-03	3		
* Immunization Action Plan Special	415	93.268	31-2-001-2-AZ-05			(35)
* Immunization Action Plan Special	415	93.268	31-2-001-2-AZ-06	249		(305)
Total for CFDA No. 93.268				252		(340)
* Passed through Ohio Department of Health						
* Federal AIDS Prevention	378	93.940	31-2-001-2-AS-04	3		
* Federal AIDS Prevention	378	93.940	31-2-001-2-AS-05	78		(91)
* Federal AIDS Prevention	378	93.940	31-2-001-2-AS-06	712	9	(727)
Total for CFDA No. 93.940				793	9	(818)
* Passed through Ohio Department of Health						
* STD Control Program	378	93.977	31-2-001-2-BX-06	2		(13)
* STD Control Program	378	93.977	31-2-001-2-BX-07	83		(83)
Total for CFDA No. 93.977				85		(96)
STD/HIV Prevention Training Centers	379	93.978	R30/CCR516650-06			(8)
STD/HIV Prevention Training Centers	379	93.978	R30/CCR516650-07	541		(539)
Total for CFDA No. 93.978				541		(547)

Schedule of Expenditure of Federal Awards
(Non-GAAP Budgetary Basis)
For the year ended December 31, 2006
(Amounts in Thousands)

Grantor/Program Title	Fund	CFDA #	Grant #	Grant and Contract Revenue Received	Contributions and other Revenue	CFS Expenditures
<i>Passed through Ohio Department of Health</i>						
* Heart Health in Hamilton County	425	93.991	31-2-001-2-ED-05	59		(49)
* Heart Health in Hamilton County	425	93.991	31-2-001-2-ED-06	104		(108)
Total for CFDA No. 93.991				163		(157)
<i>Passed through Ohio Department of Health</i>						
* Public Health Infrastructure	350				508	(738)
* Public Health Infrastructure	350	93.283	31-2-001-2-B1-06	58		(140)
* Public Health Infrastructure	350	93.283	31-2-001-2-B1-07	42		(175)
Total for CFDA No. 93.283				100	508	(1,053)
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				2,774	544	(3,960)
<i>U.S. Department of Housing & Urban Development</i>						
(c.) CDBG - Entitlement & Small Cities Cluster						
<i>Passed through Ohio Department of Development</i>						
* Community Development Block Grant	304	14.218	B04-MC390003	7,966		(7,203)
* Community Development Block Grant	304	14.218	B05-MC390003	15,289		(15,289)
* Community Development Block Grant	304	14.218	B06-MC390003	3,956	2,583	(6,461)
(c.) Total for CFDA No. 14.218				27,211	2,583	(28,953)
Total for CDBG Entitlement & Small Cities Cluster				27,211	2,583	(28,953)
<i>Passed through Ohio Department of Development</i>						
* Emergency Shelter Grant	445	14.231	S-05-MC-39-0003	153		(153)
* Emergency Shelter Grant	445	14.231	S-06-MC-39-0003	435		(435)
Total for CFDA No. 14.231				588		(588)
<i>Passed through Ohio Department of Development</i>						
* HOME-Shelter Plus Care	410	14.238	OH16C20-0001	77		(77)
* HOME-Shelter Plus Care	410	14.238	OH16C30-0016	57		(57)
* HOME-Shelter Plus Care	410	14.238	OH16C30-0001	148		(148)
* HOME-Shelter Plus Care	410	14.238	OH16C30-0020	46		(46)
* HOME-Shelter Plus Care	410	14.238	OH16C30-0021	46		(46)
* HOME-Shelter Plus Care	410	14.238	OH16C40-0001	108		(108)
* HOME-Shelter Plus Care	410	14.238	OH16C40-0014	844		(844)
* HOME-Shelter Plus Care	410	14.238	OH16C50-0021	1,095		(1,095)
* HOME-Shelter Plus Care	410	14.238	OH16C96-0004	175		(171)
Total for CFDA No. 14.238				2,596		(2,592)
<i>Passed through Ohio Department of Development</i>						
* HOME	411	14.239	M-01-MC-39-0213	247		(247)
* HOME	411	14.239	M-02-MC-39-0213	106		(106)
* HOME	411	14.239	M-03-MC-39-0213	2,268		(2,268)
* HOME	411	14.239	M-04-MC-39-0213	130		(130)
* HOME	411	14.239	M-05-MC-39-0213	918		(1,397)
* HOME	411	14.239	M-06-MC-39-0213	534	2	(417)
Total for CFDA No. 14.239				4,203	2	(4,565)
<i>Passed through Ohio Department of Development</i>						
* Housing Opportunities For People With Aids	465	14.241	O-HH-05-F001	87		(87)
* Housing Opportunities For People With Aids	465	14.241	O-HH-06-F001	453		(453)
Total for CFDA No. 14.241				540		(540)
Empowerment Zone	386	14.244	EZ-99-04-0009	1,359		(1,359)
Total for CFDA No. 14.244				1,359		(1,359)
Cincinnati Lead Abatement Program	387	14.900	OHLHB022002	608		(427)
Total for CFDA No. 14.900				608		(427)
TOTAL DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				37,105	2,585	(39,024)
<i>U.S. Department of the Interior</i>						
(d.) Fish & Wildlife Cluster						
<i>Passed through Ohio Department of Natural Resources</i>						
* ODNR-Hooked on Fishing	324	15.605		10		(10)
(d.) Total for CFDA No. 15.605				10		(10)
Total for Fish & Wildlife Cluster				10		(10)

Schedule of Expenditure of Federal Awards
(Non-GAAP Budgetary Basis)
For the year ended December 31, 2006
(Amounts in Thousands)

Grantor/Program Title	Fund	CFDA #	Grant #	Grant and Contract Revenue Received	Contributions and other Revenue	CFS Expenditures
TOTAL DEPARTMENT OF THE INTERIOR				10		(10)
5 U.S. Department of Justice						
* Passed through Ohio Department of Youth Services						
* Juvenile Accountability	368	16.540	2005-JB-011-A242	38	4	(42)
Total for CFDA No. 16.540				38	4	(42)
* Passed through Ohio Office of Criminal Justice Services						
* Mental Health Associates (Byrne)	368	16.579	2004-DG-B01-7350	60		(60)
* Delinquency Prevention	447	16.579	2000-DG-BOV-7655	9		(6)
* Computer Cop	447	16.579	2004-DG-B02-7263	37		(37)
* Computer Cop	447	16.579	2005-JG-B01-6260	71		(71)
* Cinn Campaign for a Safe Community	368	16.579	2004-DG-B01-7343	23		(23)
Total for CFDA No. 16.579				200		(197)
* Passed through Ohio Office of Criminal Justice Services						
* Domestic Violence Advocacy	368	16.588	2005-WF-VA5-8583	55		(71)
Total for CFDA No. 16.588				55		(71)
* Passed through Ohio Office of Criminal Justice Services						
* Project Safe Neighborhood	475	16.609	2004-PS-PSN-345	38		(38)
* Project Safe Neighborhood	368	16.609	2003-PS-PSN-300A	19		(19)
Total for CFDA No. 16.609				57		(57)
Computer Aided Dispatch	980	16.710	2004-CK-WX-0135	495	2,633	(1,950)
Police Risk Management Systems	980	16.710	2003-CK-WX 0167	93		
Universal Hiring Program	346	16.710	2002-UL-WX-0038	1,439		(1,439)
Total for CFDA No. 16.710				2,027	2,633	(3,389)
Justice Assistance Grant	478	16.738	2005-DJ-BX-1383	655		(474)
Justice Assistance Grant	361	16.738	2006-DJ-BX-0957	407		(204)
Total for CFDA No. 16.588				1,062		(678)
TOTAL DEPARTMENT OF JUSTICE				3,439	2,637	(4,434)
6 U.S. Department of Transportation						
* Lunken Parking lot Expansion	980	20.106	3-39-0018-1905	130		(321)
Local Match Funds - FAA Projects '04	980	20.106	3-39-0018-1704	58	53	(56)
* Lunken Improvements - '03	980	20.106	3-39-0018-1603	138		(198)
Total for CFDA No. 20.106				326	53	(575)
(e.) Highway & Construction Cluster						
* Passed through Ohio Department of Transportation						
* L & N Bridge Approach Improvements	980	20.205	PID20312	239		4
* Bicycle Grates-Phase IV	980	20.205	PID10605		(45)	
* Hopple St., Meeker to I-75 Improv.	980	20.205	PID 04905		98	(1)
* Beechmont Ave SR 32 to Corbly	980	20.205	PID04959			119
* Ft Washington Way - State Share	980	20.205	PID18433			1
* Intermodal Center - ODOT/TRAC	980	20.205	PID20852			(1,849)
* Queen City Ave-White/Wyoming	980	20.205	PID04909			(9)
* Queen City Ave-White/Wyoming	980	20.205	PID10599			(229)
* Ohio River Trail Salem to Downtown	980	20.205	PID20399		62	(74)
* ML King Woodside to Eden	980	20.205	PID11262	620		(1,932)
Sub-total for ODOT - CFDA No. 20.205				859	115	(3,970)
Total for Highway & Construction Cluster				859	115	(3,970)
(f.) Highway Safety Cluster						
* Passed through Governor's Highway Safety Office						
* Law Enforcement Overtime Program	368	20.600	GG-2006-31-00-00-00579	84		(100)
(f.) Total for CFDA No. 20.600				84		(100)
Total for Highway Safety Cluster				84		(100)
TOTAL DEPARTMENT OF TRANSPORTATION				1,269	168	(4,645)

Schedule of Expenditure of Federal Awards
(Non-GAAP Budgetary Basis)
For the year ended December 31, 2006
(Amounts in Thousands)

Grantor/Program Title	Fund	CFDA #	Grant #	Grant and Contract Revenue Received	Contributions and other Revenue	CFS Expenditures
7 <i>Environmental Protection Agency</i>						
Reimbursement Queen City Barrel	472	66.001	68-0103-0-1-304	25		(25)
Total for CFDA No .66.001				25		(25)
* <i>Passed through Cinn Metropolitan Housing Authority</i>						
* Neighborhood Housing	980	66.606	XP-96549101-0			(3)
Total for CFDA No .66.606						(3)
Brownfield Job Training	474	66.815	JT96546101	107		(107)
Total for CFDA No .66.815				107		(107)
TOTAL ENVIRONMENTAL PROTECTION AGENCY				132		(135)
8 <i>National Park Service</i>						
Showboat Majestic Improvements	980	15.919	39-03-ML-1381	83		(123)
Mt. Auburn Hopkins Park	980	15.919	39-CTY-1610-02-01	197		(413)
Total for CFDA No. 15.919				280		(536)
TOTAL NATIONAL PARK SERVICE				280		(536)
9 <i>Department of Homeland Security</i>						
* <i>Passed through Hamilton County Emergency Mgt. Agency</i>						
* Urban Areas Security Initiative		97.008		255		(255)
* Urban Areas Security Initiative		97.008	S04-UASI-31-0546	7,205		(7,205)
* Urban Areas Security Initiative		97.008	S05-UASI-31-0297	2,792		(2,792)
Total for CFDA No . 97.008				10,252		(10,252)
* <i>Passed through Ohio Dept. of Natural Resources</i>						
* Paddle Safe Cincinnati	324	97.012		20		(18)
Total for CFDA No . 97.012				20		(18)
* <i>Passed through Ohio Dept. of Public Safety</i>						
* FEMA-Katrina	479	97.036	FEMA 3250-EM-061-15000	6		(6)
Total for CFDA No . 97.036				6		(6)
Assistance to Firefighters	472	97.044	EMW-2003-FG-17406			(45)
Total for CFDA No . 97.044						(45)
* <i>Passed through Ohio Emergency Management Agency</i>						
* Metropolitan Medical Response System	454	97.071	70-0560-0-1-999	228		(221)
Total for CFDA No . 97.044				228		(221)
TOTAL DEPARTMENT OF HOMELAND SECURITY				10,506		(10,542)
TOTAL FEDERAL GRANTS & SUBSIDIES (Non-GAAP Basis)				57,742	5,934	(65,907)
Less Amount Recognized as Contributed Capital				(2,053)		
Less Accrual of Federal Grant & Subsidies at 12/31/05				(1,046)		
Plus Accrual of Federal Grant & Subsidies at 12/31/06				1,405		
Less Receivable from Federal Government at 12/31/05				(1,312)		
Amount Recognized as Federal Grants & Subsidies (GAAP Basis)				54,736		

The Schedule of Expenditures of Federal Awards is presented on a Non-GAAP budgetary basis. Total Community Development loans outstanding at December 31, 2006 totaled \$60,294,000.00 Total Rental Rehab loans outstanding totaled \$12,769,000.

CITY OF CINCINNATI, OHIO
INFRASTRUCTURE INCOME TAX

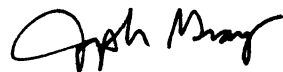
In accordance with the provisions of Chapter 311 of the Cincinnati Municipal Code, an additional earnings tax of .1% shall be levied for costs related to constructing, equipping, maintaining and repair of the City's infrastructure. Such tax shall remain in effect as long as the City appropriates at least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

The following data summarizes the results of the City's compliance with the infrastructure income tax requirements for 2006 and 2005.

(AMOUNTS IN THOUSANDS)

	<u>2006</u>	<u>2005</u>
Required Base Amount	\$58,942	\$57,550
Actual Appropriated Amount	\$73,075	\$76,568
Infrastructure Expenditures - As of December 31, 2006	\$43,045	\$59,235
Percentage of Expenditures to Base Amount	73.0294%	102.9279%

I hereby certify that the City of Cincinnati appropriated for 2006 an amount sufficient to meet the requirements for continuation of the Infrastructure Income Tax. I also certify that the City of Cincinnati did expend through 2006 for the 2005 Infrastructure year more than 90% of the annual base amount, which satisfies the requirements for continuation of the Infrastructure Income Tax.



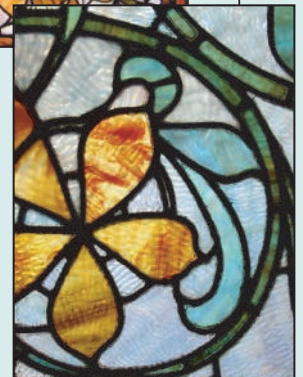
Joe Gray
 Director of Finance

City of Cincinnati **Statistical Section**



Stained Glass

The elegance of the stained glass windows in City Hall is evident as you enter the lobby on Plum. The windows continue up each stair landing and culminate in the skylight above the stairs; there are seven lunettes in the Council Chambers and one set of three on the Central Avenue side. The windows illustrate various Cincinnati themes, such as "the Queen City," Cincinnati's early days and Cincinnatus as well as depicting the seals of Cincinnati and Ohio.



CITY OF CINCINNATI, OHIO

STATISTICAL SECTION

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

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

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

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

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

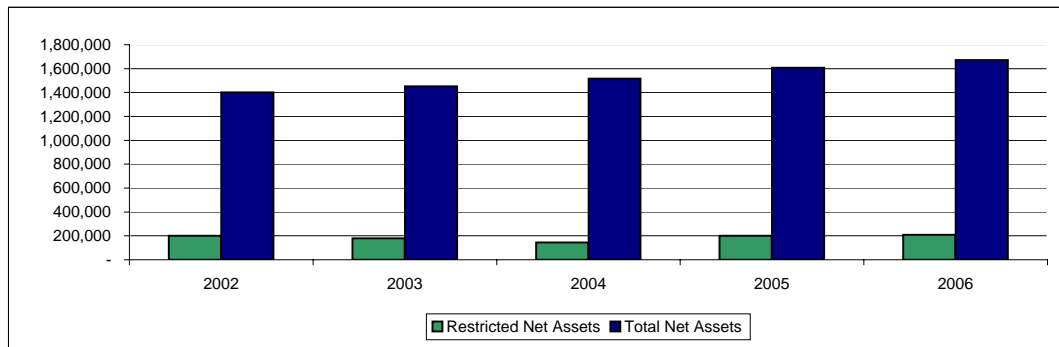
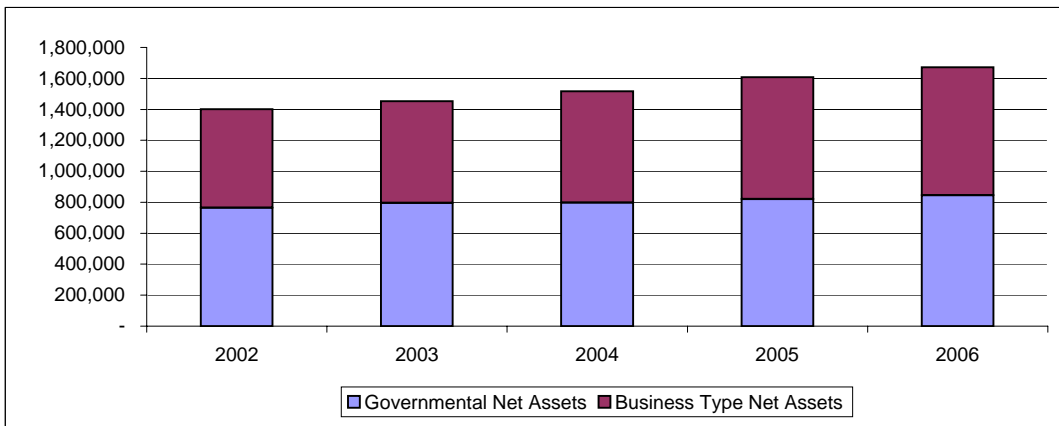
Operating Information – This section provides operating information related to the City's infrastructure, assets and services provided by function.

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

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

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



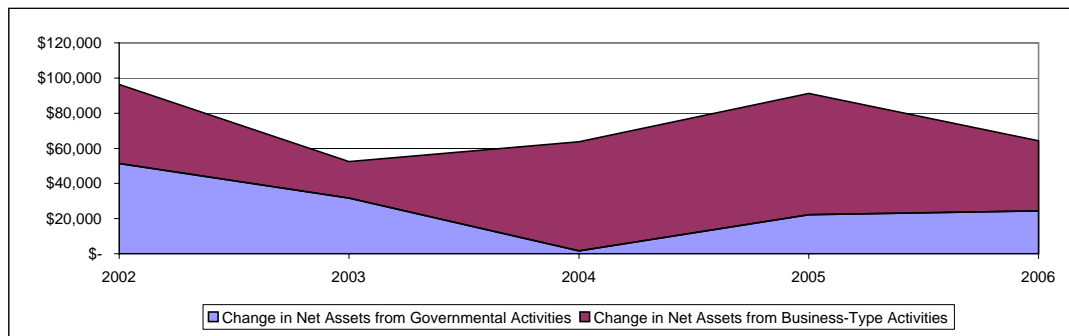
City of Cincinnati
Financial Trends Information
Schedule 2
Changes in Net Assets
Last Five Fiscal Years
(Amounts in Thousands)

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

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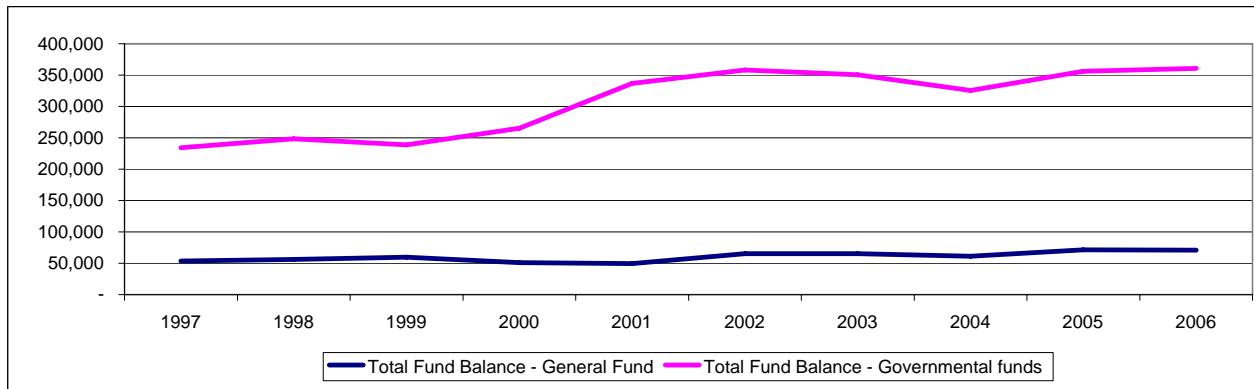
City of Cincinnati
Financial Trends Information
Schedule 2
Changes in Net Assets
Last Five Fiscal Years
(Amounts in Thousands)

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



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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	\$ 11,636	\$ 13,890	\$ 13,235	\$ 12,241	\$ 11,086	\$ 12,263	\$ 14,138	\$ 12,894	\$ 15,229	\$ 13,712
Unreserved	<u>41,959</u>	<u>42,390</u>	<u>46,617</u>	<u>38,577</u>	<u>38,239</u>	<u>53,078</u>	<u>51,339</u>	<u>48,539</u>	<u>55,994</u>	<u>57,392</u>
Total General Fund	<u>53,595</u>	<u>56,280</u>	<u>59,852</u>	<u>50,818</u>	<u>49,325</u>	<u>65,341</u>	<u>65,477</u>	<u>61,433</u>	<u>71,223</u>	<u>71,104</u>
Capital Projects Fund										
Reserved	30,762	36,199	35,031	52,217	98,255	76,025	66,639	65,634	72,364	66,454
Unreserved	<u>77,123</u>	<u>70,671</u>	<u>52,448</u>	<u>59,576</u>	<u>77,571</u>	<u>112,658</u>	<u>97,142</u>	<u>87,925</u>	<u>94,921</u>	<u>94,446</u>
Total Capital Projects Fund	<u>107,885</u>	<u>106,870</u>	<u>87,479</u>	<u>111,793</u>	<u>175,826</u>	<u>188,683</u>	<u>163,781</u>	<u>153,559</u>	<u>167,285</u>	<u>160,900</u>
Debt Service Fund										
Reserved	15,573	15,420	16,467	25,375	34,636	36,971	53,534	44,240	44,780	51,256
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Debt Service Fund	<u>15,573</u>	<u>15,420</u>	<u>16,467</u>	<u>25,375</u>	<u>34,636</u>	<u>36,971</u>	<u>53,534</u>	<u>44,240</u>	<u>44,780</u>	<u>51,256</u>
All Other Governmental Funds										
Reserved	31,704	37,631	38,857	40,857	60,030	54,770	47,549	42,488	41,709	45,472
Unreserved	<u>25,311</u>	<u>32,161</u>	<u>36,036</u>	<u>36,284</u>	<u>16,902</u>	<u>12,431</u>	<u>19,918</u>	<u>23,789</u>	<u>31,275</u>	<u>31,898</u>
Total Other Governmental Funds	<u>57,015</u>	<u>69,792</u>	<u>74,893</u>	<u>77,141</u>	<u>76,932</u>	<u>67,201</u>	<u>67,467</u>	<u>66,277</u>	<u>72,984</u>	<u>77,370</u>
Total Fund Balance, Governmental Funds	<u>\$ 234,068</u>	<u>\$ 248,362</u>	<u>\$ 238,691</u>	<u>\$ 265,127</u>	<u>\$ 336,719</u>	<u>\$ 358,196</u>	<u>\$ 350,259</u>	<u>\$ 325,509</u>	<u>\$ 356,272</u>	<u>\$ 360,630</u>
Estimated Liability for Compensated Absences	\$ 4,432	\$ 5,400	\$ 6,003	\$ 6,359	\$ 6,645	\$ 6,985	\$ 7,248	\$ 7,433	\$ 7,624	\$ 7,923



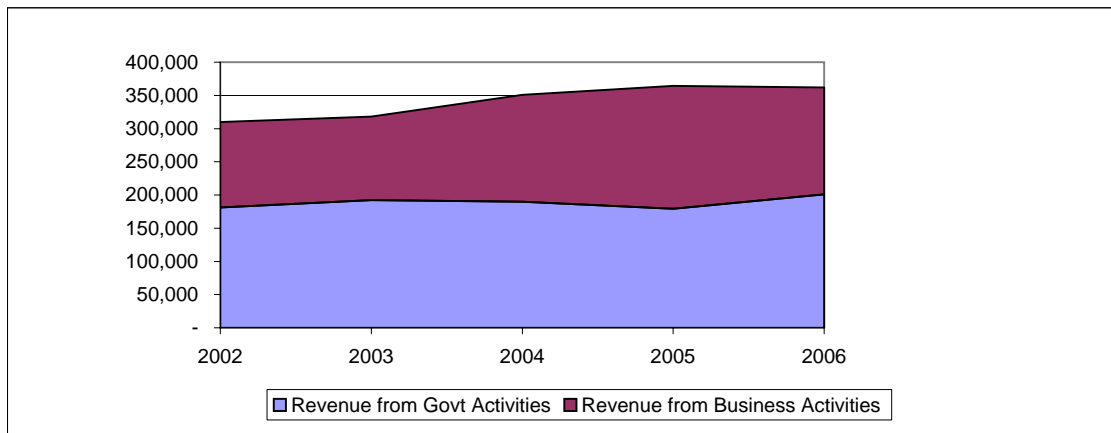
Note: In 2004, a reserve of fund balance was created for the Estimated Liability for Compensated Absences. In prior years, this amount has been included in the liability section of the financial statements. Prior years have been restated.

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes	\$ 284,524	\$ 299,851	\$ 308,885	\$ 314,404	\$ 317,263	\$ 317,356	\$ 331,539	\$ 339,750	\$ 357,636	\$ 384,108
Licenses and Permits	7,352	7,439	8,017	8,975	9,647	9,483	9,331	9,844	10,449	10,917
Use of Money and Property	36,273	38,140	37,402	43,468	90,005	69,724	37,509	49,532	37,413	46,741
Special Assessments	2,003	3,447	3,661	3,425	3,300	3,987	3,762	3,918	4,183	4,048
Intergovernmental Revenue	63,857	67,271	67,973	65,333	70,092	73,332	75,209	72,095	75,976	67,800
Federal Grants	38,315	41,623	101,078	108,438	54,753	65,408	56,349	40,343	33,723	56,410
State Grants and Subsidies	8,949	5,648	21,170	17,526	43,605	8,757	6,853	8,933	3,283	7,545
Charges for Current Services	26,131	24,215	25,452	25,039	25,357	27,917	24,006	26,483	27,441	29,979
Miscellaneous	8,197	10,376	7,398	10,552	7,282	5,694	11,478	14,662	14,460	6,908
Total Revenue	475,601	498,010	581,036	597,160	621,304	581,658	556,036	565,560	564,564	614,456
Expenditures										
Current										
General Government	50,105	55,421	62,013	67,076	67,276	54,140	52,119	52,081	46,751	49,555
Community Development						15,030	46,978	27,128	10,283	9,575
Parks and Recreation	24,432	24,528	26,336	26,398	28,393	27,588	28,411	27,921	28,360	30,626
Public Safety	119,481	124,098	130,434	124,839	131,084	136,615	142,126	151,301	154,319	168,514
Transportation and Engineering			1,236	5,117	4,576	4,783	7,328	7,220	7,386	7,586
Transit System									37,672	41,950
General Services	44,221	39,587	46,451	48,661	49,241	46,654	35,558	37,588	-	-
Public Services			20,830	32,857	33,971	33,261	35,358	34,776	33,724	33,529
Public Health	28,746	29,731	30,427	31,863	33,738	33,497	34,632	35,056	34,225	34,752
Employee Benefits	59,412	55,139	52,310	50,735	53,028	58,131	58,645	67,591	72,318	77,996
Capital Outlay	90,753	130,655	205,216	227,892	148,419	132,843	121,460	128,012	96,133	152,032
Debt Services:										
Principal Retirement	48,146	45,726	45,387	46,472	66,400	47,148	55,385	48,914	35,514	50,581
Interest	10,061	9,804	9,939	13,863	17,098	17,402	17,457	18,599	18,054	18,878
Police and Fire Prior Service Costs				41,416						
Bond Issuance Cost	-	-	-	-	-	377	707	342	679	389
Total Expenditures	475,357	514,689	630,579	717,189	633,224	607,469	636,164	636,529	575,418	675,963
Excess/(Deficiency) of Revenues over/(under) Expenditures	244	(16,679)	(49,543)	(120,029)	(11,920)	(25,811)	(80,128)	(70,969)	(10,854)	(61,507)
Other Financing Sources (Uses)										
General Obligation Bonds and Notes Issued	45,815	58,261	48,019	142,387	73,623	54,380	58,840	55,695	44,431	61,190
Refunding Bonds Issued								2,130	40,470	6,087
Payment to Refunded Bonds Escrow Agent								(2,130)	(40,292)	
Capital Lease Agreements	22		116	9			77			
Revenue Bonds Issued						7,270	20,505			
Premium on Bonds Issued						413	821	3,213	1,021	720
Discount on Revenue Bonds							(70)			
State Loan					363	5,608				
Other Transfers					14,069					
Net Operating Interest Income			(344)							
Operating Transfers In	74,782	110,072	102,635	247,061	161,267	76,886	92,337	117,408	39,280	48,532
Operating Transfers (Out)	(73,015)	(108,258)	(101,063)	(242,831)	(169,601)	(97,581)	(100,582)	(130,097)	(43,293)	(50,664)
Total Other Financing Sources/(Uses)	47,604	60,075	49,363	146,626	79,721	46,976	71,928	46,219	41,617	65,865
Net change in fund balances	\$ 47,848	\$ 43,396	\$ (180)	\$ 26,597	\$ 67,801	\$ 21,185	\$ (8,200)	\$ (24,750)	\$ 30,763	\$ 4,358
Debt services as a Percentage of Noncapital Expenditures	15.13%	14.46%	13.01%	20.80%	17.22%	13.68%	14.29%	13.34%	11.32%	13.33%

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

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

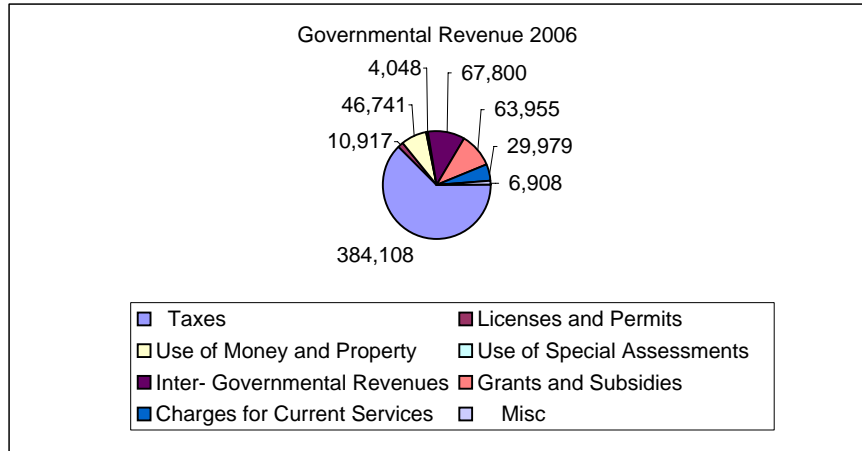


**City of Cincinnati
Financial Trends Information
Schedule 6
Total Revenue by Source, Governmental Funds
Last Ten Fiscal Years
(Amounts in Thousands)**

Fiscal Year	Taxes	Licenses and Permits	Use of Money and Property	Special Assessments	Inter-Governmental Revenues	Grants and Subsidies	Charges for Current Services	Misc	Total
1997	\$ 284,524	\$ 7,352	\$ 36,273	\$ 2,003	\$ 63,857	\$ 47,264	\$ 26,131	\$ 8,197	\$ 475,601
1998	299,851	7,439	38,140	3,447	67,271	47,271	24,215	10,376	498,010
1999	308,885	8,017	37,402	3,661	67,973	122,248	25,452	7,398	581,036
2000	314,404	8,975	43,468	3,425	65,333	125,964	25,039	10,552	597,160
2001	317,263	9,647	90,005	3,300	70,092	98,358	25,357	7,282	621,304
2002	317,356	9,483	69,724	3,987	73,332	65,408	36,674	5,718	581,682
2003	331,539	9,331	37,509	3,762	75,209	63,202	24,006	11,478	556,036
2004	339,750	9,844	49,532	3,918	72,095	49,276	26,483	14,662	565,560
2005	357,636	10,449	37,413	4,183	75,976	37,006	27,441	14,460	564,564
2006	384,108	10,917	46,741	4,048	67,800	63,955	29,979	6,908	614,456
Change 1997-2006	35.0%	48.5%	28.9%	102.1%	6.2%	35.3%	14.7%	-15.7%	29.2%

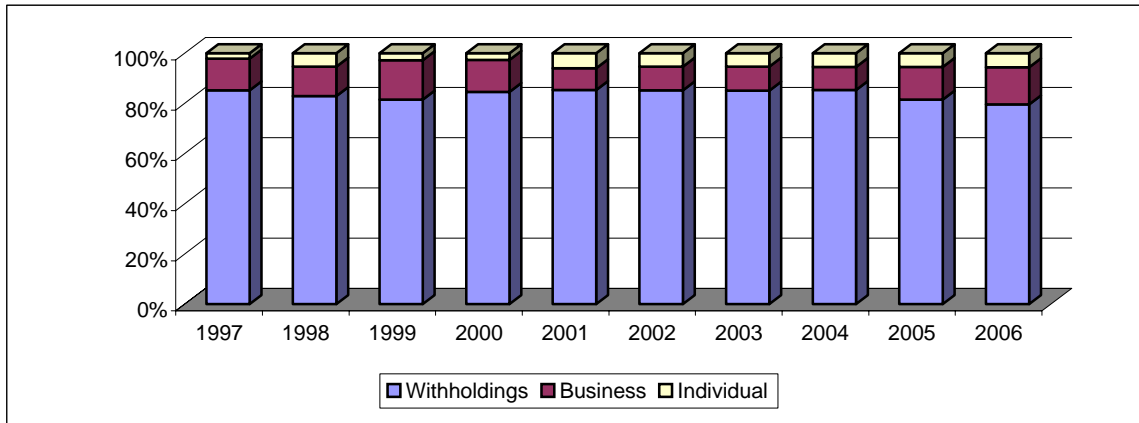
**City of Cincinnati
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(Amounts in Thousands)**

Fiscal Year	Income Tax	Property Tax	Admissions Tax	Tax Revenue
1997	\$ 225,520	\$ 56,430	\$ 2,574	\$ 284,524
1998	241,468	55,766	2,617	299,851
1999	250,714	55,537	2,634	308,885
2000	252,078	58,991	3,335	314,404
2001	254,771	59,243	3,249	317,263
2002	254,687	59,223	3,446	317,356
2003	261,271	64,744	5,524	331,539
2004	272,681	63,154	3,915	339,750
2005	291,047	62,916	3,673	357,636
2006	309,249	70,366	4,493	384,108
Change 1997-2006	37.1%	24.7%	74.6%	35.0%



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

Tax Year	Individual	% Total	Business	% Total	Withholding	% Total
1997	\$ 5,035	2.3%	\$ 27,655	12.6%	\$ 187,422	85.1%
1998	13,229	5.4%	28,968	11.8%	203,563	82.8%
1999	7,009	2.8%	39,020	15.7%	202,503	81.5%
2000	7,125	2.8%	32,606	12.7%	217,183	84.5%
2001	16,195	6.1%	22,939	8.6%	226,358	85.3%
2002	14,295	5.4%	24,517	9.4%	223,295	85.2%
2003	14,654	5.5%	25,676	9.5%	228,875	85.0%
2004	15,046	5.5%	25,080	9.2%	233,142	85.3%
2005	16,226	5.5%	38,407	13.0%	240,200	81.5%
2006	17,984	5.7%	46,714	14.8%	251,446	79.5%



Note: 1. In years 1995 through 1997 and 1999 and 2000, sole proprietor income is included in business income.

2. The income tax rate is 2.1%.

Source: Cincinnati Income Tax Division

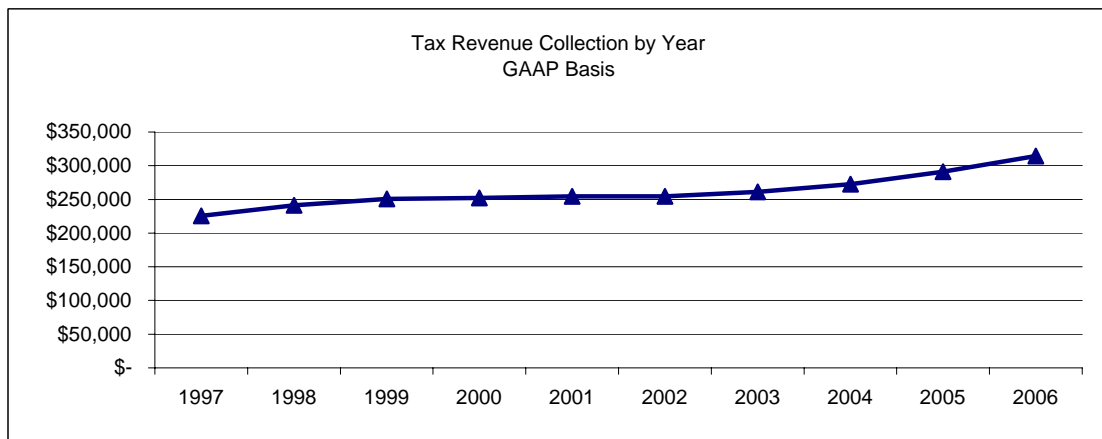
**City of Cincinnati
Revenue Capacity
Schedule 2
Income Tax Revenues
Last Ten Fiscal Years
(in thousands)**

Non GAAP Budgetary Basis

Year	General Fund	Transit Fund	Infrastructure Fund	Permanent Improvement Fund	Total	% Inc(Dec) PriorYr
1997	\$ 160,270	\$ 31,381	\$ 10,461	\$ 17,561	\$ 219,673	3.57%
1998	164,300	33,742	11,247	26,907	236,196	7.52%
1999	180,500	35,360	11,787	19,875	247,522	4.80%
2000	183,035	35,426	11,809	17,713	247,983	0.19%
2001	188,598	36,503	12,168	18,251	255,520	3.04%
2002	185,259	35,856	11,952	17,928	250,995	-1.77%
2003	187,993	36,802	12,267	20,550	257,612	2.64%
2004	193,411	37,434	12,478	18,717	262,040	1.72%
2005	210,536	40,749	13,583	20,375	285,243	8.85%
2006	219,000	43,149	14,383	25,512	302,044	5.89%

GAAP Basis

Year	General Fund	Transit Fund	Infrastructure Fund	Permanent Improvement Fund	Total	% Inc(Dec) PriorYr
1997	\$ 162,309	\$ 31,819	\$ 10,606	\$ 20,786	\$ 225,520	5.64%
1998	165,750	33,980	11,327	30,411	241,468	7.07%
1999	180,741	35,407	11,802	22,764	250,714	3.83%
2000	183,905	35,594	11,865	20,714	252,078	0.54%
2001	185,508	35,904	11,968	21,391	254,771	1.07%
2002	186,137	36,026	12,009	20,515	254,687	-0.03%
2003	188,971	36,991	12,330	22,979	261,271	2.59%
2004	197,616	38,248	12,750	24,067	272,681	4.37%
2005	210,415	40,726	13,575	26,331	291,047	6.74%
2006	216,323	42,631	14,210	40,993	314,157	7.94%



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

Assessed Valuations

Year	Real Property	Public Utility Property	Tangible Personal Property	Total	Direct Tax Rate
1997	\$ 3,732,312,910	\$ 419,703,440	\$ 689,982,870	\$ 4,841,999,220	11.46
1998	3,734,237,420	395,256,670	672,898,830	4,802,392,920	11.46
1999	3,749,677,500	398,949,700	664,939,340	4,813,566,540	11.46
2000	4,363,343,290	400,519,090	674,101,770	5,437,964,150	10.90
2001	4,363,447,780	377,645,690	687,613,910	5,428,707,380	10.76
2002	4,379,262,050	304,549,100	644,918,170	5,328,729,320	10.76
2003	4,871,308,460	319,863,560	535,538,450	5,726,710,470	10.63
2004	4,930,272,530	323,749,180	536,114,777	5,790,136,487	10.36
2005	4,836,981,760	319,434,990	542,827,280	5,699,244,030	10.34
2006	5,507,516,440	324,806,710	412,447,200	6,244,770,350	10.19

The current assessed valuation for 2005 is computed at approximately the following percentages of estimated true value:

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

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

Year	Estimated True Values	Year	Estimated True Values
1997	\$ 10,663,751,117	2002	\$ 12,512,177,286
1998	10,669,249,771	2003	13,918,024,171
1999	10,713,364,285	2004	14,086,492,943
2000	12,466,695,114	2005	13,819,947,886
2001	12,466,993,657	2006	15,735,761,257

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

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

Year	Year	City Levy	School Levy	County Levy	Total Levy	Residential Effective Millage	Commercial Effective Millage	Debt Service Included in City and Total Levy
1996 for	1997	11.46	53.19	19.44	84.09	61.47	66.56	5.36 5.81
1997 for	1998	11.46	53.13	19.01	83.60	61.40	66.38	5.36 5.71
1998 for	1999	11.46	53.13	19.54	84.13	62.02	67.08	5.36 5.71
1999 for	2000	10.90	51.94	20.83	83.67	56.98	63.10	5.36 5.71
2000 for	2001	10.76	56.93	19.92	87.61	61.15	67.53	5.36 5.67
2001 for	2002	10.76	57.15	21.47	89.38	62.83	69.32	5.36 5.66
2002 for	2003	10.63	56.25	21.87	88.75	58.94	66.70	5.36 5.65
2003 for	2004	10.36	60.75	21.51	92.62	62.90	70.98	5.36 10.17
2004 for	2005	10.34	60.83	21.06	92.23	64.21	71.87	5.36 10.15
2005 for	2006	10.19	59.77	20.81	90.77	57.61	68.60	5.36 10.14

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

Source: Hamilton County Auditor's Office

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

Taxpayer	2006			1997		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Duke Energy (aka Cinergy)	\$ 249,852,760	1	4.09%	\$ 301,851,690	1	6.23%
The Procter and Gamble Co	75,988,560	2	1.24%	113,137,340	3	2.34%
Cincinnati Bell Telephone, Inc	59,190,080	3	0.97%	117,118,400	2	2.42%
Carew Realty, Inc	29,053,860	4	0.48%			
Ohio Teachers Retirement System	26,250,000	5	0.43%	27,300,010	6	0.56%
Fifth Third Bank	23,330,230	6	0.38%			
Columbia Development	22,802,920	7	0.37%	26,950,020	7	0.56%
Kroger Company	22,089,820	8	0.36%			
HK New Plan Exchange Property	21,570,150	9	0.35%			
Fifth Third Center	20,723,260	10	0.34%	20,195,010	10	0.42%
Emery Realty				24,500,010	8	0.51%
Prudential Insurance				29,255,010	5	0.60%
580 Walnut Street				21,192,500	9	0.44%
Cincinnati Milacron, Inc				37,620,570	4	0.78%
Total	\$ 550,851,640		9.01%	\$ 719,120,560		14.86%
Total Assessed Value	\$ 6,111,923,314			\$ 4,841,999,220		

Source: Hamilton County Auditors' Office

Note:

1. Assessed Valuation is based on both the personal and real property valuation of the largest property holder in the city.
2. The total assessed valuation figure is the 2005 valuation for 2006 real property tax collections.

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

Year	Net Tax Levy	Current Collections	Percentage of Current Collections to Net Levy	Prior Year Collections	Total Collections	Percentage of Total Collections to Net Levy
1997	\$ 56,129	\$ 53,275	94.92%	\$ 2,080	\$ 55,355	98.62%
1998	56,435	53,643	95.05%	1,893	55,536	98.41%
1999	56,218	52,974	94.23%	1,987	54,961	97.76%
2000	59,878	56,588	94.51%	2,282	58,870	98.32%
2001	59,536	56,064	94.17%	2,230	58,294	97.91%
2002	58,201	54,858	94.26%	2,271	57,129	98.16%
2003	62,769	58,366	92.99%	2,580	60,946	97.10%
2004	61,664	56,720	91.98%	2,740	59,460	96.43%
2005	60,536	56,162	92.77%	2,696	58,858	97.23%
2006	65,893	61,046	92.64%	3,279	64,325	97.62%

City of Cincinnati
Revenue Capacity
Schedule 7
Water Works
Top Ten Retail Customers
For The Year Ended December 31, 2006

<i>RANK</i>	<i>NAME OF CUSTOMER</i>	<i>TOTAL CONSUMPTION, HUNDREDS OF CUBIC FEET</i>	<i>TOTAL CONSUMPTION, THOUSANDS OF GALLONS</i>	<i>PERCENT OF TOTAL CONSUMPTION</i>	<i>TOTAL CHARGES</i>	<i>PERCENT OF TOTAL CHARGES</i>
1	University of Cincinnati	787,122	588,767	1.48%	\$ 765,671	0.80%
2	Procter & Gamble	540,697	404,441	1.02%	671,891	0.70%
3	Cognis	450,903	337,275	0.85%	526,325	0.55%
4	Wornick Co	388,276	290,430	0.73%	561,029	0.58%
5	Metro Sewer District	376,691	281,765	0.71%	417,676	0.43%
6	Flint Ink	339,577	254,003	0.64%	491,064	0.51%
7	John Morrell Co	301,110	225,230	0.57%	437,099	0.45%
8	Children's Hospital	280,054	209,481	0.53%	320,886	0.33%
9	Davidson Chemical Co	275,495	206,070	0.52%	217,453	0.23%
10	Cinti Metropolitan Housing	269,119	201,301	0.51%	333,338	0.35%
	Total - Top Ten Retail Customers:	4,009,044	2,998,763	7.55%	\$ 4,742,432	4.94%
	Total - Top 75 Users	16,690,414	12,484,430	31.42%	\$ 21,331,837	22.21%
	Total - System	53,122,231	39,735,429	100.00%	\$ 96,065,911	100.00%

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

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

MG - Million Gallons

MGD - Million Gallons per Day

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

Year	Net Water Sales	Cash Collected During Year for Current & Prior Year's Sales	Percentage of Sales Collected
2006	\$ 93,746,893	\$ 92,171,945	98.32%
2005	93,542,902	92,994,903	99.41%
2004	86,574,584	84,906,679	98.07%
2003	83,270,619	82,523,831	99.10%
2002	82,815,023	82,260,162	99.33%
2001	77,001,567	78,200,650	101.56%
2000	80,820,774	79,806,757	98.75%
1999	82,617,834	82,311,461	99.63%
1998	78,871,208	77,882,447	98.75%
1997	72,792,310	73,344,910	100.76%
	\$ 832,053,714	\$ 826,403,745	99.32%

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

Fiscal Year	General Obligation Bonds	General Obligation Notes	Revenue Bonds	Revenue Notes	Total Outstanding Debt	Outstanding Debt per Capita (Actual)	% of Personal Income	Debt to Net Asset Ratio
Governmental Activities								
1997	\$ 159,065		\$ 11,368		\$ 170,433	\$ 492.84	1.8%	N/A
1998	165,097	6,403	13,123		184,623	533.87	1.9%	N/A
1999	162,720	11,303	12,779		186,802	555.30	2.0%	N/A
2000	249,716	11,303	12,346		273,365	852.32	2.8%	N/A
2001	265,628	21,300	11,819		298,747	901.77	2.9%	2.39
2002	273,473	21,497	18,522		313,492	946.28	3.1%	2.44
2003	296,530	12,532	38,140		347,202	1,048.03	3.2%	2.29
2004	312,447	5,697	35,852		353,996	1,068.54	3.1%	2.26
2005	320,278	9,930	33,449	3,000	366,657	1,155.33	3.4%	2.24
2006	340,640	6,050	30,595	6,087	383,372	1,157.14	N/A	2.20
Business-Type Activities								
1997	\$ 93,750				\$ 93,750	\$ 271.09	1.0%	N/A
1998	106,518				106,518	308.02	1.1%	N/A
1999	123,770				123,770	367.93	1.3%	N/A
2000	107,289	9,000			116,289	351.02	1.2%	N/A
2001	91,157		92,685		183,842	554.93	1.8%	3.21
2002	74,967	9,100	89,885		173,952	525.07	1.6%	3.65
2003	58,745	24,510	199,310		282,565	852.92	2.6%	3.46
2004	45,158	12,000	192,300		249,458	752.99	2.2%	2.88
2005	33,567	7,747	295,645		336,959	1,061.75	3.1%	2.34
2006	25,170	7,874	284,600		317,644	958.75	N/A	2.60
Total Primary Governmental Activities								
1997	\$ 252,815	\$ -	\$ 11,368		\$ 264,183	\$ 1,074.70	2.8%	N/A
1998	271,615	6,403	13,123		291,141	1,184.37	3.0%	N/A
1999	286,490	11,303	12,779		310,572	923.22	3.2%	N/A
2000	357,005	20,303	12,346		389,654	1,176.18	3.9%	N/A
2001	356,785	21,300	104,504		482,589	1,456.70	4.7%	2.70
2002	348,440	30,597	108,407		487,444	1,471.35	4.6%	2.87
2003	355,275	37,042	237,450		629,767	1,900.95	5.8%	2.32
2004	357,605	17,697	228,152		603,454	1,821.53	5.3%	2.51
2005	353,845	17,677	329,094	3,000	703,616	2,217.08	6.5%	2.29
2006	365,810	13,924	315,195	6,087	701,016	2,115.89	N/A	2.39

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

Year	Net Bonded Debt (Note 1)	Assessed Value	Population (Note 2)	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt per Capita
1997	\$ 113,189,887	\$ 4,841,999,220	345,820	2.34%	\$ 327
1998	112,490,050	4,802,392,920	345,820	2.34%	325
1999	112,420,155	4,813,566,540	336,400	2.34%	334
2000	152,076,405	5,437,964,150	331,290	2.80%	459
2001	160,794,777	5,428,707,380	331,290	2.96%	485
2002	181,745,936	5,328,729,320	331,290	3.41%	549
2003	204,360,090	5,726,710,470	331,290	3.57%	617
2004	199,851,276	5,790,136,487	331,290	3.45%	603
2005	195,355,794	5,699,244,030	317,361	3.43%	616
2006	196,217,743	6,244,770,350	331,310	3.14%	592

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

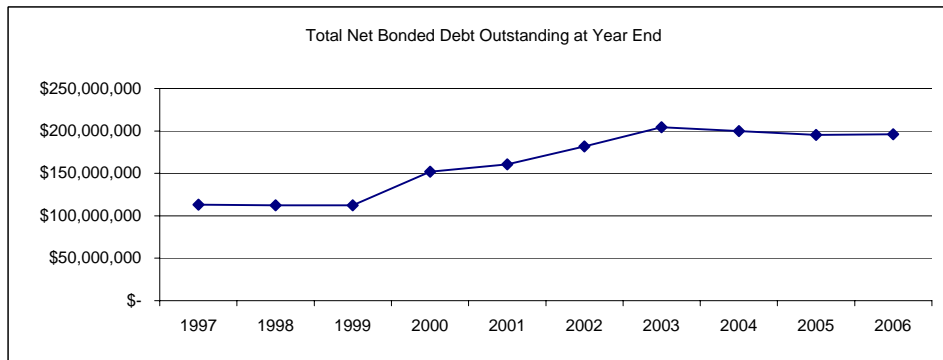
Note 2 - The 1996 - 2006 figures are based on Bureau of the Census data.

City of Cincinnati
Debt Capacity Information
Schedule 3
Computation of Direct and Overlapping Debt
December 31, 2006

	Assessed Valuation (a)	Net General Tax Supported Debt	Percent Overlapping	Net Tax Supported Overall Debt
<u>Direct:</u>				
City of Cincinnati	\$ 6,244,770,350	\$ 196,217,743	100 %	\$ 196,217,743
<u>Overlapping:</u>				
Board of Education -				
Cincinnati City School District	7,049,518,360	674,725,000 (b)	89 %	600,505,250
Hamilton County	20,891,479,220	123,338,600 (a)	31 %	37,001,580
Subtotal		<u>798,063,600</u>		<u>637,506,830</u>
Total		<u>\$ 994,281,343</u>		<u>\$ 833,724,573</u>

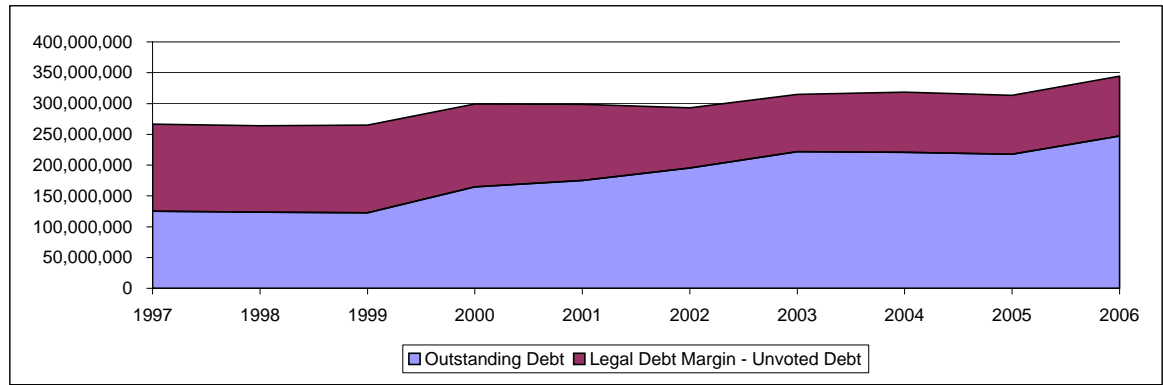
(a) Source: Hamilton County Auditor's Office

(b) Source: Cincinnati City School District



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

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Overall Debt Limitation - 10-1/2 % of Assessed Valuation	\$ 508,409,918	\$ 504,251,257	\$ 505,424,487	\$ 570,986,236	\$ 570,014,275	\$ 559,516,579	\$ 601,304,599	\$ 607,964,331	\$ 598,420,623	\$ 657,615,564
Net Debt Within 10-1/2% Limitation	125,070,000	123,630,000	122,640,000	164,535,000	175,220,000	195,400,000	221,670,000	220,560,000	217,670,000	247,190,000
Legal Debt Margin Within 10-1/2% Limitation	\$ 383,339,918	\$ 380,621,257	\$ 382,784,487	\$ 406,451,236	\$ 394,794,275	\$ 364,116,579	\$ 379,634,599	\$ 387,404,331	\$ 380,750,623	\$ 410,425,564
Net Debt Percentage of 10 1/2 % Limitation	24.60%	24.52%	24.26%	28.82%	30.74%	34.92%	36.86%	36.28%	36.37%	37.59%
Unvoted Debt Limitation - 5-1/2% of Assessed Valuation	\$ 266,309,957	\$ 264,131,611	\$ 264,746,160	\$ 299,088,028	\$ 298,578,906	\$ 293,080,113	\$ 314,969,076	\$ 318,457,507	\$ 313,458,422	\$ 344,465,295
Net Debt Within 5-1/2% Limitation	125,070,000	123,630,000	122,640,000	164,535,000	175,220,000	195,400,000	221,670,000	220,560,000	217,670,000	247,190,000
Legal Debt Margin Within 5-1/2% Limitation	\$ 141,239,957	\$ 140,501,611	\$ 142,106,160	\$ 134,553,028	\$ 123,358,906	\$ 97,680,113	\$ 93,299,076	\$ 97,897,507	\$ 95,788,422	\$ 97,275,295
Net Debt Percentage of 5 1/2 % Limitation	46.96%	46.81%	46.32%	55.01%	58.68%	66.67%	70.38%	69.26%	69.44%	71.76%



**City of Cincinnati
Debt Service Capacity
Schedule 5
Revenue Bonds Debt Service Coverage
Last Ten Fiscal Years**

Fiscal Year	Property Tax Increment Financing Bonds					Water Works Bonds					
	Debt Service					Water Works Revenue	Debt Service			Total	Coverage
	TIF Revenue	Principal	Interest	Total	Coverage		Principal	Interest			
1997	\$ 1,020,079	\$ 42,000	\$ 908,830	\$ 950,830	1.07						
1998	1,241,461	45,000	955,407	1,000,407	1.24						
1999	1,650,296	344,000	1,016,895	1,360,895	1.21						
2000	1,423,318	368,000	992,001	1,360,001	1.05						
2001	1,884,766	592,000	959,174	1,551,174	1.22	\$ 90,063,000					
2002	1,967,377	567,000	967,075	1,534,075	1.28	93,034,000	\$ 2,800,000	\$ 4,758,913	\$ 7,558,913	4.77	
2003	2,651,448	887,000	1,160,626	2,047,626	1.29	93,597,000	2,935,000	4,620,513	7,555,513	4.57	
2004	2,651,448	887,000	1,160,626	2,047,626	1.29	96,651,000	7,010,000	9,367,246	16,377,246	2.15	
2005	4,848,086	2,288,000	1,995,000	4,283,000	1.13	105,797,000	7,240,000	11,694,497	18,934,497	2.12	
2006	4,840,444	2,854,000	1,915,905	4,769,905	1.01	110,858,000	11,045,000	13,595,642	24,640,642	1.84	

Includes:

- Urban Renewal Revenue Bonds, Series 1990A - One Gateway Project (165)
- Economic Development Revenue Bonds, Series 1996 - Cincinnati Development Group LLC - Fountain Square West Project (156)
- Economic Development Revenue Bonds, Series 1998 - Convention Place Mall Project - RSJJ Investments Limited (157)
- Economic Development Revenue Bonds, Series 2002 - Saks Fifth Avenue, Inc. & Race Street Development LTD (158)
- Economic Development Revenue Bonds, Series 2003 - Convergys Corporation Project (159)

**City of Cincinnati
Debt Capacity
Schedule 6
Water Works
Historical Financial Operations
(Dollars in Thousands)**

	2001	2002	2003	2004	2005	2006
<u>Operating Revenue</u>						
Total Operating Revenue	\$81,542	\$90,124	\$91,556	\$94,706	\$102,272	\$105,059
<u>Operating Expense:</u>						
Personal Services	29,237	31,292	31,741	34,703	36,805	37,600
Contractual Services	7,491	8,082	8,692	8,555	8,963	7,328
Maintenance and Repair	2,836	2,575	3,006	3,170	3,223	3,135
Materials and Supplies	5,917	5,992	6,256	5,389	5,651	6,105
Utilities	6,802	7,918	8,007	7,911	9,270	9,752
Insurance	181	230	264	205	234	201
Taxes	16	0	1	1	46	48
Rent	306	394	656	989	931	1,037
Other	190	470	482	507	470	412
Depreciation and Amortization Expense	12,152	15,630	15,597	16,950	19,516	21,471
Amortization Mason Agreement	0	48	60	63	66	0
Bad Debt Expense	175	0	0	0	0	0
Total Operating Expense	65,303	72,631	74,762	78,443	85,175	87,089
Operating Income	\$16,239	\$17,493	\$16,794	\$ 16,263	\$ 17,097	\$ 17,970
<u>Non-Operating Revenue (Expenses):</u>						
Capital Contribution	\$8,475	\$10,537	\$8,661	\$5,063	\$14,464	\$5,646
Gain (Loss) on Disposal of Fixed Assets	(516)	(24)	(323)	(828)	(351)	(628)
Transfers In	236	0	0	0	0	0
Interest Revenue	8,521	2,910	2,041	1,945	3,525	5,799
Interest Expense	(7,416)	(4,749)	(8,234)	(7,164)	(12,155)	(11,113)
Total Non-Operating Revenue (Expense):	9,300	8,674	2,145	(984)	5,483	(296)
Net Income	\$25,539	\$26,167	\$18,939	\$15,279	\$22,580	\$17,674

City of Cincinnati
Debt Capacity
Schedule 7
Water Works
Projected Operating Results

Description	2007	2008	2009	2010	2011
	\$	\$	\$	\$	\$
Metered Water Sales					
Revenue Under Existing Rates	96,220,500	96,570,300	96,331,300	96,685,100	96,532,400
Indicated Revenue Increases (a)					
	Month - Year	Revenue Increase			
	January 2007	7.00%	5,980,000	6,809,000	6,800,000
	January 2008	6.00%		5,464,000	6,237,000
	January 2009	5.50%			5,303,000
	January 2010	6.00%			6,057,000
	January 2011	6.00%			6,099,000
					6,970,000
					6,465,000
Total Increased Revenue	5,980,000	12,273,000	18,340,000	25,185,000	32,520,000
Total Metered Water Sales Revenue	102,200,500	108,843,300	114,671,300	121,870,100	129,052,400
Other Revenue	2,511,100	2,511,100	2,586,500	2,586,500	2,664,100
Billing Services	7,510,500	7,629,800	7,750,000	7,870,100	7,991,900
Construction Reimbursement Charges	1,099,000	534,900	343,000	343,000	343,000
Interest Income (b)	2,009,200	2,203,000	2,359,800	2,660,500	2,900,700
Total Revenue	115,330,300	121,722,100	127,710,600	135,330,200	142,952,100
Operating & Maintenance Expense (c)	71,909,400	74,256,400	76,719,200	79,587,700	82,801,400
Net Revenue Available for Debt Service	43,420,900	47,465,700	50,991,400	55,742,500	60,150,700
Series 2001 Revenue Bond Debt Service	4,541,660	4,544,860	4,541,345	4,545,920	4,544,975
Series 2003 Revenue Bond Debt Service	5,270,233	5,272,558	5,273,800	5,274,125	5,272,500
Series 2005A Revenue Bond Debt Service	7,290,631	7,382,581	7,291,781	7,384,906	7,288,656
Series 2007A Revenue Bond Debt Service	5,589,955	6,094,350	6,095,350	6,096,150	6,096,750
Future Senior Lien Revenue Bond Debt Service (d)	1,975,162	5,201,000	8,708,000	11,173,000	15,723,000
Total Senior Lien Revenue Bond Debt Service	24,667,641	28,495,349	31,910,276	34,474,101	38,925,881
Series 2005B Revenue Bond Debt Service	444,792	0	0	0	0
Series 2005B Revenue Bond Conversion Debt Service	808,334	1,500,000	1,500,000	1,500,000	1,500,000
Total Junior Lien Revenue Bond Debt Service	1,253,126	1,500,000	1,500,000	1,500,000	1,500,000
Subordinate General Obligation Bond Debt Service (e)	7,534,600	5,293,350	2,495,600	2,411,600	2,327,600
Total Junior Lien Revenue Bond Debt Service	7,534,600	5,293,350	2,495,600	2,411,600	2,327,600
State of Ohio Issue 2 Money (\$1M/20Yrs/0%)-2003	50,000	50,000	50,000	50,000	50,000
State of Ohio Issue 2 Money (\$980K/20Yrs/0%)-2004	49,000	49,000	49,000	49,000	49,000
State of Ohio Issue 2 Money (\$1.15M/20Yrs/0%)-2005	57,500	57,500	57,500	57,500	57,500
Ohio EPA Water Supply Revolving Loan (\$1.7M/20Yrs/3.25%)-2006	116,100	116,100	116,100	116,100	116,100
Ohio EPA Water Supply Revolving Loan (\$4M/20Yrs/3.25%)-2006	136,800	273,600	273,600	273,600	273,600
Other Financing Requirements	409,400	546,200	546,200	546,200	546,200
Revenues Available for Transfer to Water System Reserve Fund	9,556,133	11,630,801	14,539,324	16,810,599	16,851,019
Working Capital Balance					
Prior Year Revenue Fund Working Capital Balance	18,390,978	19,399,133	22,416,801	25,677,324	28,318,599
Revenue Transfer To Water System Reserve Fund	8,547,978	8,613,133	11,278,801	14,169,324	16,380,599
Revenues Available for Transfer	9,556,133	11,630,801	14,539,324	16,810,599	16,851,019
End of Year Working Capital Balance	19,399,133	22,416,801	25,677,324	28,318,599	28,789,019
Working Capital Balance Requirement (f)	10,786,000	11,138,000	11,508,000	11,938,000	12,420,000
Revenues Transferred to the Next Fiscal Year	8,613,133	11,278,801	14,169,324	16,380,599	16,369,019
Water System Reserve Fund					
Beginning of Year Balance	10,172,133	14,572,511	13,732,044	13,941,645	17,329,369
Deposits	8,547,978	8,613,133	11,278,801	14,169,324	16,380,599
Transfer to Water Works Capital Improvement Fund	4,147,600	9,453,600	11,069,200	10,781,600	10,390,460
End of Year Balance	14,572,511	13,732,044	13,941,645	17,329,369	23,319,508
Senior Lien Revenue Bond Debt Service Coverage	176%	167%	160%	162%	155%
Total Bond Debt Service Coverage	130%	135%	142%	145%	141%

(a) Reflects the effect of a 12.5% bill proration and billing lag on the level of revenues to be received in the first year of each revenue adjustment.

(b) Does not include interest earnings from construction fund which will be used to fund future projects and reduce additional borrowing.

(c) Inflation factors used in calculations are 2.6-6.0% increases for Non-Personnel Costs and 3% increases in Personnel Costs

(d) Estimated Future Issues assuming revenue bonds (25 years bonds) as follows:

Year	Proceeds Required	Debt Service Reserve/ Bond Issuance Costs	Total Issue	Interest Rate
2009	\$77.356MM	\$6.814MM	\$84.170MM	5.00%
2011	\$95.395MM	\$8.605MM	\$104.000MM	5.25%
2013	\$90.080MM	\$8.320MM	\$98.400MM	5.50%

(e) General Obligation Bond debt issued for Water System Improvements.

(f) It has been the policy of the Utility to maintain a working capital reserve equal to 15% of the prior fiscal year's O&M Expenses.

City of Cincinnati
Debt Capacity
Schedule 8
Water Works
Senior Bonds and Senior Subordinated Debt Service Requirements

Year	2005 A Bonds			Debt Service Series 2003 Bonds	Debt Service Series 2001 Bonds	Total Senior Bonds Debt Service	2005 B Subordinated Variable Rate Bonds			Total Senior Bonds Debt Service and Estimated Subordinated Bonds Debt Service
	Principal	Interest	Debt Service				Principal	Estimated Interest	Estimated Debt Service	
2006	3,575,000.00	3,812,131.00	7,387,131.00	8,823,882.50	7,554,627.50	23,765,641.00		875,000.00	875,000.00	24,640,641.00
2007	3,615,000.00	3,675,631.00	7,290,631.00	8,821,982.50	7,554,522.50	23,667,136.00		962,500.00	962,500.00	24,629,636.00
2008	3,860,000.00	3,522,581.00	7,382,581.00	8,824,307.50	7,557,722.50	23,764,611.00		875,000.00	875,000.00	24,639,611.00
2009	3,885,000.00	3,406,781.00	7,291,781.00	8,825,550.00	7,554,207.50	23,671,538.50		962,500.00	962,500.00	24,634,038.50
2010	4,160,000.00	3,224,906.00	7,384,906.00	8,825,875.00	7,558,782.50	23,769,563.50		875,000.00	875,000.00	24,644,563.50
2011	4,235,000.00	3,053,656.00	7,288,656.00	8,824,250.00	7,557,837.50	23,670,743.50		962,500.00	962,500.00	24,633,243.50
2012	4,530,000.00	2,856,938.00	7,386,938.00	8,825,600.00	7,558,112.50	23,770,650.50		875,000.00	875,000.00	24,645,650.50
2013	4,660,000.00	2,630,438.00	7,290,438.00	8,824,100.00	7,554,487.50	23,669,025.50		962,500.00	962,500.00	24,631,525.50
2014	4,985,000.00	2,397,438.00	7,382,438.00	8,825,210.00	7,554,862.50	23,762,510.50		875,000.00	875,000.00	24,637,510.50
2015	5,235,000.00	2,148,188.00	7,383,188.00	8,821,597.50	7,554,037.50	23,758,823.00		875,000.00	875,000.00	24,633,823.00
2016	5,405,000.00	1,886,438.00	7,291,438.00	8,823,747.50	7,557,212.50	23,672,398.00		962,500.00	962,500.00	24,634,898.00
2017	5,770,000.00	1,616,188.00	7,386,188.00	8,825,697.50	7,555,312.50	23,767,198.00		875,000.00	875,000.00	24,642,198.00
2018	5,960,000.00	1,327,688.00	7,287,688.00	8,821,947.50	7,557,237.50	23,666,873.00		962,500.00	962,500.00	24,629,373.00
2019	6,355,000.00	1,029,688.00	7,384,688.00	8,822,697.50	7,556,737.50	23,764,123.00		875,000.00	875,000.00	24,639,123.00
2020	6,580,000.00	711,938.00	7,291,938.00	8,821,947.50	7,555,737.50	23,669,623.00		962,500.00	962,500.00	24,632,123.00
2021	7,000,000.00	382,938.00	7,382,938.00	8,823,947.50	7,558,487.50	23,765,373.00		875,000.00	875,000.00	24,640,373.00
2022	775,000.00	32,938.00	807,938.00	8,822,697.50	-	9,630,635.50	6,575,000.00	876,096.00	7,451,096.00	17,081,731.50
2023	-	-	-	8,824,287.50	-	8,824,287.50	7,525,000.00	740,265.00	8,265,265.00	17,089,552.50
2024	-	-	-	-	-	-	7,825,000.00	462,446.00	8,287,446.00	8,287,446.00
2025	-	-	-	-	-	-	8,075,000.00	244,269.00	8,319,269.00	8,319,269.00
	<u>\$ 80,585,000.00</u>	<u>\$ 37,716,504.00</u>	<u>\$ 118,301,504.00</u>	<u>\$ 158,829,325.00</u>	<u>\$ 120,899,925.00</u>	<u>\$ 398,030,754.00</u>	<u>\$ 30,000,000.00</u>	<u>\$ 16,935,576.00</u>	<u>\$ 46,935,576.00</u>	<u>\$ 444,966,330.00</u>

City of Cincinnati, Ohio
Demographic and Economic Information
Schedule 1
Population Statistics
Last Ten Calendar Years

Year	Population			Per Capita Personal Income			Civilian Labor Force Estimates			
	Ohio	Cincinnati MSA	Hamilton County	Ohio	Cincinnati MSA	Hamilton County	Ohio	Cincinnati MSA	Hamilton County	Cincinnati
1997	11,277,357	1,970,246	859,490	\$ 24,656	\$ 26,299	\$ 29,395	5,712,600	1,023,200	436,500	173,300
1998	11,311,536	1,985,506	855,976	26,017	28,058	31,712	5,736,700	1,033,800	434,400	172,400
1999	11,335,454	1,999,126	849,917	26,859	29,057	32,262	5,780,700	1,045,700	432,000	171,500
2000	11,364,401	2,014,625	843,993	28,205	30,474	33,566	5,807,000	1,045,900	428,900	160,500
2001	11,392,043	2,032,249	844,569	28,583	31,056	34,499	5,825,600	1,049,400	425,700	159,500
2002	11,414,537	2,044,916	840,362	29,187	31,839	35,712	5,838,100	1,057,800	424,400	160,100
2003	11,437,908	2,059,319	836,547	29,826	32,401	36,526	5,864,000	1,072,300	423,300	156,400
2004	11,461,347	2,074,789	832,250	30,763	33,758	38,417	5,869,100	1,084,900	422,200	155,600
2005	11,470,685	2,090,968	828,487	31,860	34,961	39,937	5,891,600	1,095,000	418,800	153,000
2006	N/A	N/A	N/A	N/A	N/A	N/A	5,934,000	1,109,700	423,500	154,600

Source: Unemployment rate from Ohio Bureau of Employment Services
Other Information from www.ohioworkforceinformer.org
US Dept of Commerce, Bureau of Economic Commerce (www.bea.gov)

City of Cincinnati
Demographic and Economic Information
Schedule 2
Ten Largest Employees
In Cincinnati Primary Metropolitan Statistical Area
Current Year and Nine Years Ago

Employer	2006			1997		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
University of Cincinnati	15,400	1	1.74%	11,700	3	1.39%
The Kroger Co	15,093	2	1.71%	10,000	4	1.19%
Health Alliance	13,745	3	1.56%			
The Procter and Gamble Co	12,256	4	1.39%	14,700	1	1.74%
Tri-Health, Inc	8,912	5	1.01%			
Children's Hospital Medical Center	8,874	6	1.00%			
Fifth Third Bank	8,834	7	1.00%			
ABX Air, Inc.	8,500	8	0.96%			
Wal-mart Stores	7,122	9	0.81%			
General Electric	7,100	10	0.80%	8,000	5	0.95%
Cincinnati Public Schools				5,400	8	0.64%
City of Cincinnati				5,964	6	0.71%
U S Government				13,600	2	1.61%
Hamilton County				5,900	7	0.70%
Cinergy				5,000	9	0.59%
Cincinnati Bell Telephone				4,500	10	0.53%
Total	105,836		11.99%	84,764		10.05%
Total Metropolitan Statistical Area	883,200			843,800		

Source: Business Courier 2007 Winter Book of Business Lists

City of Cincinnati, Ohio
Demographic and Economic Information
Schedule 3
Construction and Property Values

Year	New Residential Construction (1)		New Non-Residential Construction (1)		Total Construction (1)	
	Number of Permits	Estimated Cost (in thousands)	Number of Permits	Estimated Cost (in thousands)	Number of Permits	Estimated Cost (in thousands)
1997	127	\$ 13,332	735	\$ 32,095	11,911	\$ 231,917
1998	142	12,973	533	36,588	11,433	266,664
1999	129	12,008	497	196,139	9,471	448,484
2000	169	30,170	567	250,681	10,483	540,208
2001	120	24,712	70	136,958	9,206	570,930
2002	198	44,323	65	52,432	8,726	559,529
2003	154	36,200	78	67,496	8,146	333,396
2004	187	26,488	55	97,719	7,950	486,905
2005	240	48,343	52	119,455	8,336	509,344
2006	231	75,678	53	93,812	8,498	543,753

Year	Property Value (2)	
	Residential (in thousands)	Non-Residential (in thousands)
1997	\$ 5,954,496	\$ 4,709,255
1998	5,961,433	4,707,816
1999	5,979,174	4,734,190
2000	7,165,094	5,301,602
2001	7,191,011	5,275,983
2002	7,190,165	5,322,012
2003	8,135,933	6,695,987
2004	8,154,379	6,857,111
2005	8,191,224	6,541,396
2006	9,890,166	6,773,615

Source: (1) The City's Department of Buildings and Inspections' records
(2) Values obtained from the Hamilton County Auditor's Office

**City of Cincinnati, Ohio
Demographic and Economic Information
Schedule 4
Salaries of Principal Officials**

<u>Position</u>	<u>Salary</u>
Mayor	\$121,291
Councilmember	\$60,646
City Manager	\$185,000
Commissioner of Health	\$112,256 - \$151,545
Deputy City Manager	\$112,256 - \$151,545
City Solicitor	\$112,256 - \$151,545
Various Department Directors	\$ 96,075 - \$129,701

MAYOR and CITY COUNCIL

The mayor is elected for a four-year term by the voters of Cincinnati. The legislature of the City is a nine-member council elected at large on a partisan basis for two-year terms. The vice-mayor is chosen by the mayor from the councilmembers. A list of the council incumbents and the term each is presently serving appears on page (xiii). The mayor selects the city manager, but the mayor's nominee must be approved by a majority of the council. The city manager appoints the deputy city manager and the department directors.

**City of Cincinnati, Ohio
Demographic and Economic Information
Schedule 5
Surety Bond Coverage**

A faithful performance blanket bond coverage of \$5,000,000 is maintained for all City employees.

Cincinnati-Middletown MSA
Demographic and Economic Information
Schedule 6
Annual Employment Average by Industry
(in thousands)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Goods-Producing Industries	195.0	196.5	199.2	198.3	190.5	179.2	176.6	176.5	175.7	174.2
Natural Resources, Mining and Construction	46.4	47.2	50.2	50.6	51.1	49.2	49.6	52.4	52.4	52.6
Construction of Buildings	11.6	11.2	11.3	11.5	11.0	11.3	12.3	12.7	12.8	12.6
Specialty Trade Contractors	29.5	30.3	32.4	33.1	32.6	31.5	31.5	34.0	33.7	34.2
Manufacturing	148.6	149.3	149.1	147.7	139.4	130.0	127.0	124.2	123.3	121.7
Durable Goods	87.6	88.1	88.6	87.7	82.2	75.4	72.7	71.9	71.9	71.8
Primary Metals	8.3	8.5	8.6	9.0	8.6	7.9	8.0	8.0	7.5	6.5
Transportation Equipment	17.9	18.5	19.3	19.9	20.1	18.2	17.1	17.1	18.2	19.5
Motor Vehicle Parts	6.1	6.4	6.9	7.8	8.4	8.6	8.0	7.8	8.4	8.8
Aerospace Products and Parts	9.8	10.2	10.2	9.8	9.9	8.9	8.3	8.3	8.7	9.4
Nondurable Goods	61.0	61.2	60.4	60.0	57.2	54.7	54.4	52.3	51.4	49.9
Chemical Manufacturing	12.6	13.3	13.6	13.4	13.0	12.4	12.4	11.0	11.1	11.2
Service-Providing Industries	770.8	790.8	806.4	819.1	821.0	829.5	839.5	848.8	859.6	864.2
Trade, Transportation, and Utilities	209.6	215.1	216.4	218.1	216.1	213.7	210.9	210.3	211.0	209.6
Wholesale Trade	56.2	57.1	58.9	59.3	58.8	58.3	57.2	56.7	58.0	59.2
Merchant Wholesalers, Durable Goods	25.5	26.1	27.7	28.1	27.5	26.8	26.8	26.9	27.8	28.7
Merchant Wholesalers, Non-Durable Goods	19.7	20.1	20.9	21.6	21.8	22.1	22.3	22.3	22.5	23.2
Retail Trade	114.7	117.3	115.0	115.6	115.0	112.6	110.6	110.8	109.4	109.2
Food and Beverage Stores	19.7	20.0	19.6	19.8	20.3	19.8	20.8	20.3	20.3	20.8
Grocery Stores	17.2	17.2	16.9	17.1	17.6	17.2	17.5	17.2	17.4	17.9
Health and Personal Care Stores	7.6	7.7	8.0	7.6	7.4	7.4	7.8	7.6	7.4	7.3
Clothing and Clothing Accessories Stores	7.7	7.7	7.3	7.6	7.4	7.8	8.4	9.3	9.3	9.4
General Merchandise Stores	27.4	27.8	27.4	25.5	23.8	22.1	22.4	22.1	21.6	22.0
Transportation, Warehousing and Utilities	38.7	40.7	42.4	43.1	42.3	42.8	43.1	42.8	43.6	41.1
Transportation and Warehousing	33.5	37.2	39.5	38.5	37.1	37.6	39.0	39.6	40.4	38.0
Air Transportation	8.0	8.8	9.2	9.5	8.9	9.8	10.3	10.4	10.0	8.6
Information	18.7	20.2	20.6	20.3	19.4	17.8	16.2	16.0	15.8	15.7
Telecommunications	6.6	6.9	6.9	7.2	6.9	6.1	5.6	5.7	5.4	N/A
Financial Activities	52.4	55.1	57.5	59.1	60.9	64.1	66.0	65.0	65.6	65.3
Finance and Insurance	39.1	41.0	42.9	44.2	46.1	48.9	51.5	50.8	51.5	51.6
Credit Intermediation and Related Activities	14.8	15.8	17.0	17.8	18.5	20.1	21.3	21.1	21.5	20.8
Insurance Carriers and Related Activities	18.1	19.0	20.1	20.2	20.4	21.8	23.5	22.9	22.9	23.2
Professional and Business Services	124.7	130.5	134.9	139.1	138.9	139.6	144.1	147.0	152.3	156.0
Professional and Technical Services	44.3	46.5	48.4	50.8	50.5	49.7	50.9	50.7	52.2	53.6
Management of Companies and Enterprises	25.8	27.1	28.8	29.8	29.6	29.9	30.8	30.7	31.6	32.7
Administrative, Support, and Waste Services	54.7	56.9	57.7	58.6	58.8	60.0	62.4	65.6	68.5	69.7
Employment Services	24.1	25.8	27.6	28.5	27.6	26.9	29.8	33.3	35.4	36.4
Services to Buildings and Dwellings	13.6	13.3	13.1	13.2	13.0	12.8	13.1	12.8	13.4	13.4
Educational and Health Services	114.2	115.4	118.6	119.6	121.0	124.7	127.2	131.1	134.6	137.4
Educational Services	12.1	12.0	12.0	11.9	11.6	11.9	12.8	13.7	14.2	14.4
Health Care and Social Assistance	102.1	103.4	106.6	107.7	109.5	112.7	114.4	117.4	120.4	123.1
Hospitals	35.0	34.9	35.1	35.0	35.4	35.9	37.2	38.3	39.4	40.7
Leisure and Hospitality	89.1	90.6	93.2	96.0	96.1	98.2	99.9	103.2	105.4	105.2
Arts, Entertainment and Recreation	16.8	17.5	17.8	18.7	17.7	17.9	18.3	18.9	18.9	18.3
Accommodation and Food Services	72.3	73.1	75.4	77.3	78.5	80.3	81.6	84.3	86.6	86.9
Other Services	41.5	41.6	41.9	41.2	40.5	40.9	42.1	42.9	42.8	42.5
Government	120.5	122.2	123.3	125.9	128.1	130.6	133.1	133.2	132.2	132.5
Federal Government	16.5	16.6	16.8	18.0	17.9	18.4	17.8	17.6	17.6	17.7
State Government	25.5	25.5	25.3	25.5	25.8	26.0	26.7	27.1	27.4	27.1
State Government Education	20.3	20.3	20.1	20.3	20.5	21.0	21.5	21.9	22.2	21.9
Local Government	78.5	80.2	81.3	82.4	84.4	86.2	88.6	88.4	87.1	87.7
Local Government Education	44.8	46.0	46.7	47.5	48.3	48.4	49.8	49.9	49.0	49.4
Total	965.8	987.3	1005.6	1017.4	1011.5	1008.6	1016.1	1025.3	1035.3	1038.4
Unemployment Rate	3.8	3.4	3.3	3.4	4.0	4.9	5.1	5.1	5.4	5.2

Note: The Cincinnati-Middletown area includes Brown, Butler, Clermont, Hamilton and Warren Counties in Ohio; Dearborn, Franklin and Ohio Counties in Indiana; Boone, Bracken, Campbell, Gallatin, Grant, Kenton, and Pendleton Counties in Kentucky.

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

City of Cincinnati
 Operating Information
 Schedule 1
 Full Time Equivalent Positions by Function/Program
 Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government	520	518	494	483	478	444	451	582	542	547
Community Development	68	69	93	84	83	77	76	60	56	52
Enterprise Services	299	309	310	310	317	296	228	75	72	73
Parks and Recreation	332	344	357	351	343	335	333	310	314	311
Public Safety										
Police	1,326	1,312	1,342	1,319	1,304	1,312	1,326	1,365	1,322	1,333
Fire	824	844	839	865	855	860	847	860	855	870
Transportation and Engineering	139	139	141	148	148	148	171	168	159	163
Public Services	527	515	501	473	459	456	464	438	437	464
Public Health	487	490	467	496	500	485	492	470	452	451
MSD	687	649	644	632	650	624	595	571	563	559
Enterprise										
Water Works	588	588	580	578	594	573	592	589	570	569
Parking Facility	68	64	65	64	54	64	58	56	55	51
Convention Center	48	44	45	42	37	39	32	31	29	1
General Aviation	9	12	10	12	12	12	13	11	13	13
Municipal Golf	24	3	2	2	2	2	2	2	2	2
Stormwater Management	24	24	15	13	9	15	21	15	16	11
	5,970	5,924	5,905	5,872	5,845	5,742	5,701	5,603	5,457	5,470

Source: Cincinnati Human Resource Information System

City of Cincinnati
Operating Information
Schedule 2
Operating Indicators by Function/Program
Last Ten Fiscal Years

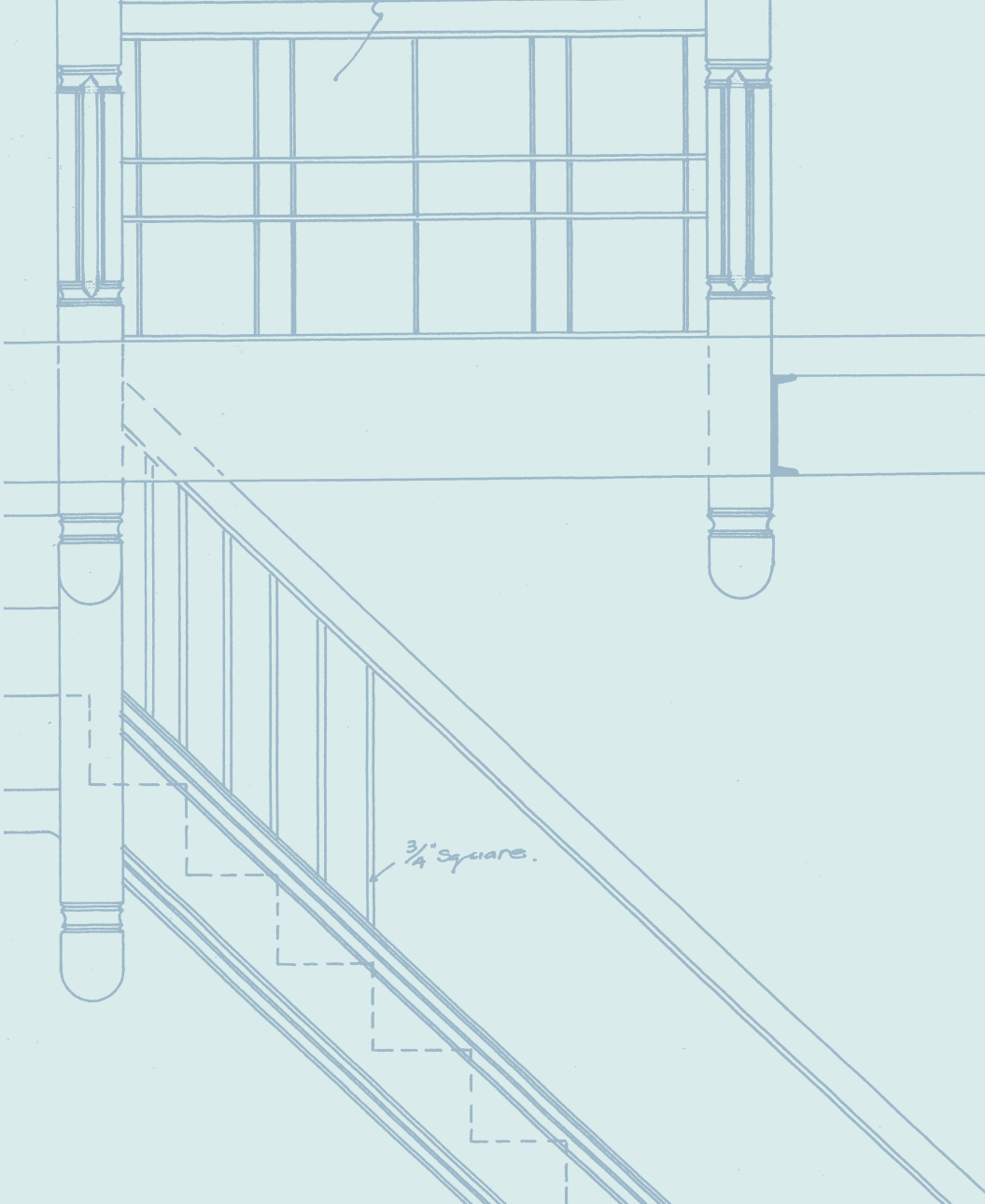
Function/Program	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
Litigations										
Total Cases	140	142	150	149	170	195	207	152	121	342
Open Cases	14	22	28	64	69	43	38	65	83	223
Community Development										
Housing Units	N/A	3,002	2,318	2,801	3,134	2,098	1,630	2,465	2,110	N/A
Job Created/Retained through Income Tax Credits	N/A	N/A	7,708	2,715	2,200	1,994	1,531	575	570	273
Enterprise Zone Agreement	N/A	N/A	26	15	9	5	10	5	1	N/A
Police										
Service Calls	294,109	298,425	298,910	300,713	288,283	288,242	295,387	292,826	291,468	303,670
Arrests	36,329	47,404	60,852	60,146	41,829	42,497	47,007	47,830	48,757	47,474
Reports Filed	43,971	44,007	40,209	39,863	45,635	47,639	46,923	44,798	43,427	26,850
Fire										
Incidents (Fires, EMS)	73,435	67,129	63,267	63,618	64,453	65,428	65,451	65,423	65,206	65,866
Parks										
Annual Visitors	N/A	N/A	N/A	N/A	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Nature Education Programs	N/A	N/A	N/A	N/A	1,500	1,500	1,300	1,300	1,300	1,000
Volunteer Hours	N/A	N/A	N/A	N/A	30,000	30,000	32,800	33,700	33,700	62,500
Park Reservations	N/A	N/A	N/A	N/A	645	660	675	690	690	1,300
Visitor Center Phone Calls	N/A	N/A	N/A	N/A	16,200	17,900	18,000	21,000	21,000	24,600
Health										
Patients	44,757	45,221	48,787	44,181	43,234	47,712	48,787	46,237	48,961	37,077
Visits	132,137	136,388	144,267	140,935	139,040	135,296	138,833	134,637	137,105	125,971
Inspections	37,496	38,946	24,627	28,077	28,935	29,337	35,098	29,203	26,317	24,312
Birth and Death Certificates	99,553	97,636	101,707	98,618	97,034	94,033	86,938	83,213	84,314	82,876
Sanitation										
Total solid waste collected and disposed	113,113	112,327	111,889	113,700	117,800	111,500	116,500	114,377	115,000	N/A
Water Works										
Water Delivered to Water Mains (Gallons)	46,712,161,000	46,900,170,000	49,697,876,000	48,747,763,000	47,047,006,000	49,679,150,000	48,574,063,000	49,005,613,000	50,246,239,000	47,990,075,000
Total Water Consumption (Gallons)	40,943,869,000	39,314,841,000	41,049,853,000	40,630,682,000	39,083,763,000	41,198,056,000	39,700,260,000	41,206,219,000	42,128,497,000	40,061,250,000
Percent of Unmetered Water	12%	16%	17%	17%	17%	17%	18%	16%	16%	17%
Average Daily Delivery (Gallons)	127,979,000	128,494,000	136,159,000	133,191,000	128,896,000	136,107,000	133,080,000	134,038,000	137,661,000	131,480,000
Maximum Daily Pumpage (Gallons)	198,313,000	188,460,000	234,267,000	196,730,000	169,636,000	217,882,000	207,864,000	176,763,000	213,827,000	211,468,000
Minimum Daily Pumpage (Gallons)	100,432,000	95,700,000	104,747,000	105,760,000	105,529,000	101,296,000	98,580,000	106,310,000	108,872,000	102,592,000

N/A = Not Available

City of Cincinnati
Operating Information
Schedule 3
Capital Asset and Infrastructure Statistics by Function/Program
Last Six Fiscal Years

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Public Safety						
Police						
Stations	5	5	5	5	5	5
Fire						
Fire Stations	26	26	26	26	26	26
Paramedic Units	4	4	4	4	4	4
Life Support Ambulances	6	6	6	6	17	6
Aircraft Rescue	1	1	1	1	1	1
Transportation and Engineering						
Streets (lane miles)	2,820	2,820	2,840	2,840	2,840	2,840
Sidewalks (miles)	1,700	1,700	1,700	1,700	1,700	1,700
Street Signs		150,000	300,000	300,000	300,000	300,000
Bridges	71	71	71	66	68	68
Retaining Walls (miles)	48	48	49	49	51	51
Traffic Engineering						
Traffic Signs	705	705	725	725	739	745
Street Lights	31,500	31,500	31,500	31,500	32,000	32,000
Public Recreation						
Parks						
Acreage	5,000	5,000	5,000	5,000	5,000	5,000
Regional Parks	5	5	5	5	5	5
Neighborhood Parks	70	70	70	70	70	70
Preserves and Nature areas	34	34	34	34	34	34
Nature Education Centers	5	5	5	5	5	5
Playgrounds	52	52	52	52	52	52
Hiking Trails (miles)	50	50	50	50	65	65
Plant Species - Krohn Conservatory	1,000	1,000	1,000	1,000	N/A	N/A
Park Facilities & Structures	121	121	121	121	N/A	N/A
Street Trees	80,000	80,000	80,000	80,000	80,000	80,000
Recreation						
Acreage	2,300	2,300	2,300	2,300	2,600	2,600
Recreation and Senior Centers	45	45	40	40	40	40
Play Areas	105	108	108	108	108	108
Swimming Pools	42	41	40	40	40	40
Tennis Courts	125	122	122	122	122	122
Public Health						
Health Centers	6	6	6	6	6	6
Water Works						
Total Assets (in thousands)	\$628,124	\$642,501	\$759,982	\$751,109	\$877,497	\$877,914
Water Customer Accounts	225,520	235,556	236,945	238,460	239,630	240,472
Miles of Water Main in the System	2,832	2,992	3,012	3,058	3,079	3,102
Municipal Golf						
Golf Courses	7	7	7	7	7	7
General Aviation						
Acreage	1,000	1,000	1,000	1,000	1,000	1,000
Convention Center						
Meeting Rooms			41	41	N/A	37
Exhibit Space (Square Feet)	162,000	162,000	162,000	162,000	162,000	200,000
Meeting/Ballroom Space (Square Feet)	88,000	82,000	82,000	82,000	82,000	102,000
Parking Facilities						
Parking Lots/Garages	9	9	10	10	15	14
Parking Meters	6,200	6,200	6,400	6,400	5,700	5,700
Stormwater Management						
Miles of Storm Sewers	315	315	315	315	315	315

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**Comprehensive Annual
Financial Report**

Prepared By:

Accounts and Audits

Carolyn Fehr, Bryan Schmitt,
Saundra Bailey, Carla Bradshaw,
Doug Cannon, Bea Ebner,
Sandy Martell, Monica Morton,
Bev Nussman, Shamara Reed
Pam Sacherman, Kim Stewart,
Linda Weigand, Ron Wilson

With Special Acknowledgement

For Contributions From:

Water Works

David McKenrick, Janet Klenk,
Andy Remlinger

Fleet Services

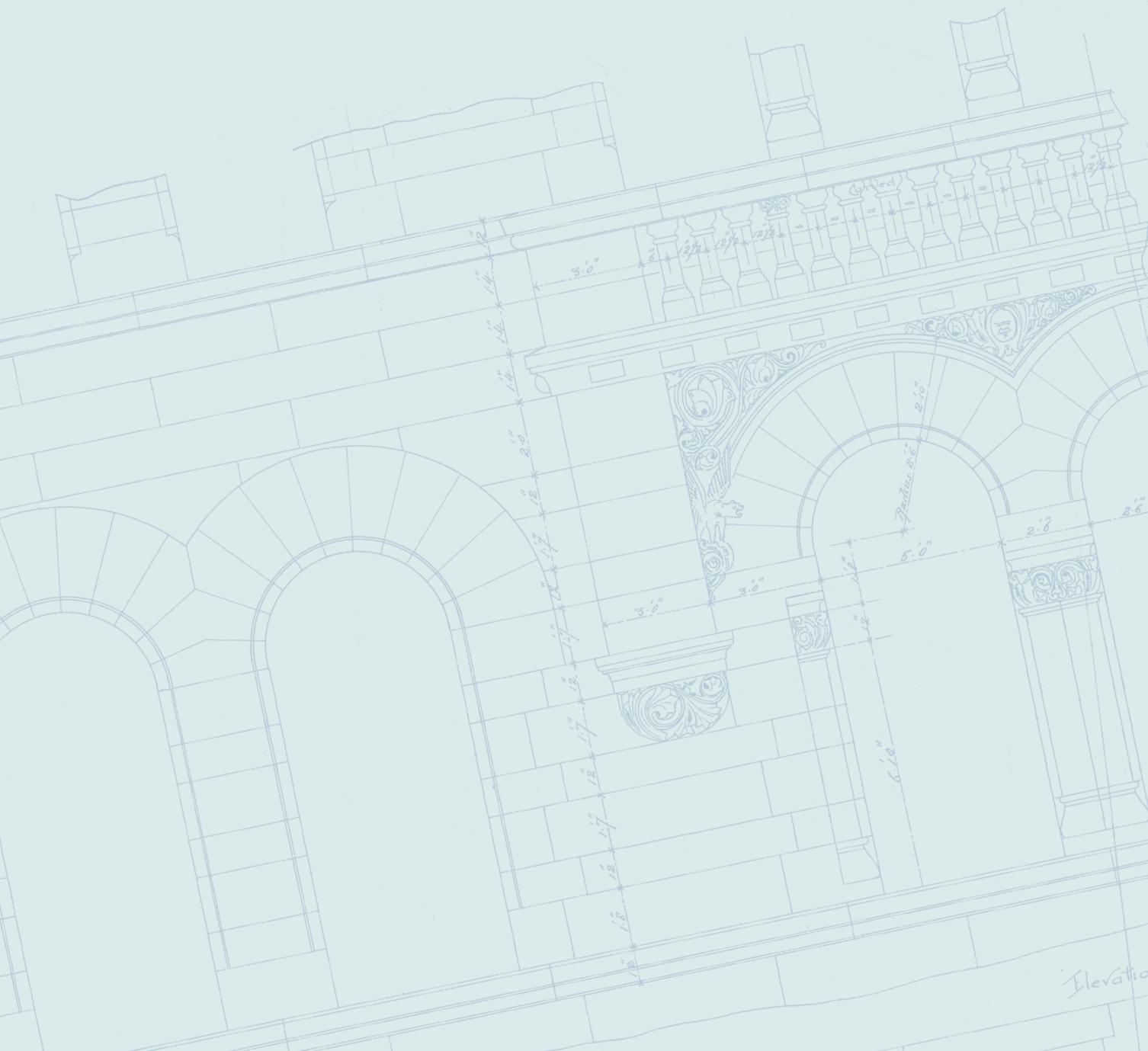
John Ridder

Designed By:

Transportation and Engineering
Laura Martin



According to Detail
of Police Court Stair



Elevation



10'-0 1/2

5'-0"



Mary Taylor, CPA
Auditor of State

CITY OF CINCINNATI

HAMILTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 31, 2007**