

# Cincinnati, OH

## Earned 'D' Grade for Fiscal Health

### The Truth

Money Needed to Pay Bills **\$1 billion**

Taxpayer Burden™ **\$9,500**

Financial Grade **D**

Ranking **61 out of 75**



## Financial State of Cincinnati

After the Covid-pandemic, in large part due to unrealized gains in stock market valuation of its pension investments and federal government stimulus money, Cincinnati's financial condition appeared to improve. Despite apparent improvements, Cincinnati had a Taxpayer Burden™ of \$9,500, earning it a "D" grade from Truth in Accounting.

The city's pension liability is calculated by subtracting earned and promised benefits from the market value of pension assets. Based on an exceptionally good year in the markets in 2021, the pension assets' values were high. The result was a dramatic decrease in Cincinnati's pension liability and a corresponding decrease in its money needed to pay bills. Even with inflated pension asset values, the city had set aside only 74 cents for every dollar of promised pension benefits.

Cincinnati's elected officials have repeatedly made financial decisions that left the city with a debt burden of \$1 billion. That burden came to \$9,500 for every city taxpayer. Cincinnati's financial problems stem mostly from unfunded retirement obligations that have accumulated over the years. In 2022, markets produced negative market returns and federal COVID relief waned. These conditions may increase the per taxpayer Tax Burden. Cincinnati could struggle to maintain current levels of government services and benefits without further negative impact on its financial health.

The data included in this report is derived from Cincinnati's 2021 audited Annual Comprehensive Financial Report and retirement plans' reports. To compare prior years and other cities' financial, demographic, and economic information, go to [Data-Z.org](http://Data-Z.org).

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# Cincinnati's Financial Breakdown

## Fast Facts

- Cincinnati needed \$1 billion to pay its bills, which was \$879.1 million less than in 2020.
- Mostly due to high, short-lived gains in the value of retirement plans' investments, pension and retiree health care debt decreased by \$697 million.
- These gains may be reversed in 2022 as investment markets experienced a downturn.

## The City's Bills Exceeded Its Assets

|                                      |                  |
|--------------------------------------|------------------|
| Total Assets                         | \$4,318,422,000  |
| Minus: Capital Assets                | -\$2,699,771,000 |
| Restricted Assets                    | -\$997,725,000   |
| Assets Available to Pay Bills        | \$620,926,000    |
| Minus: Total Bills*                  | -\$1,621,722,000 |
| Money Needed to Pay Bills            | \$1,000,796,000  |
| Each Taxpayer's Share of this Burden | \$9,500          |

## \*Breakdown of Total Bills

|   |                  |
|---|------------------|
| Bonds                                   | \$1,182,645,000  |
| Other Liabilities                       | \$575,787,000    |
| Minus: Debt Related to Capital Assets   | -\$1,150,452,000 |
| Unfunded Pension Benefits               | \$1,109,140,000  |
| Overfunded Retiree Health Care Benefits | -\$95,398,000    |
| Total Bills                             | \$1,621,722,000  |

### Grade:

# D

Bottom line: Cincinnati would need \$9,500 from each of its taxpayers to pay all of its bills, so it has received a "D" for its finances. According to Truth in Accounting's grading scale, any government with a Taxpayer Burden between \$5,000 and \$20,000 receives a "D" grade.