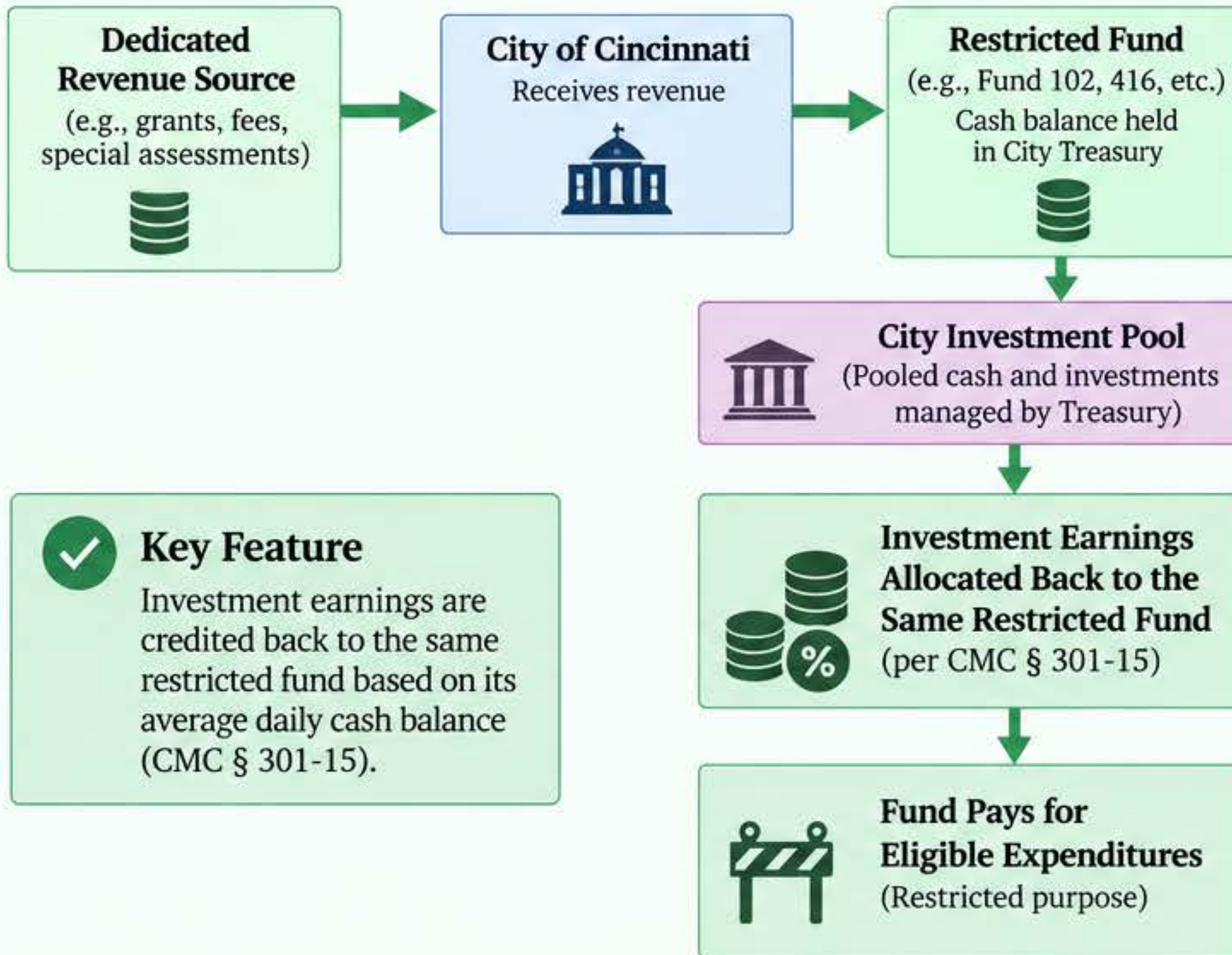


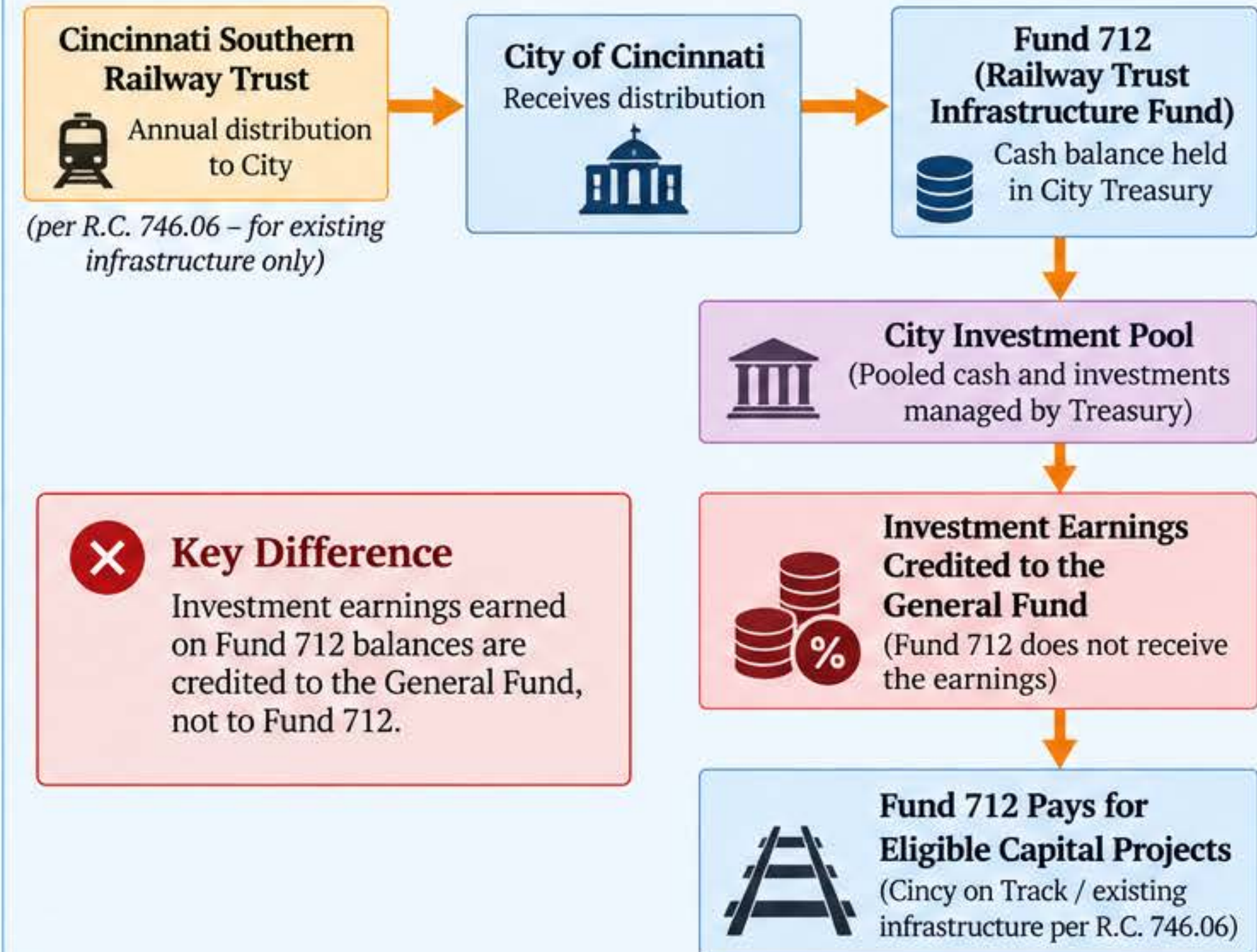
City of Cincinnati – Flow of Funds and Investment Earnings

How a Typical Restricted Fund Keeps Its Earnings vs. How Fund 712 (Railway Trust Infrastructure Fund) Is Treated

Typical Restricted Fund Investment earnings stay with the fund



Fund 712 – Railway Trust Infrastructure Fund Investment earnings go to the General Fund



Additional Points

- The City uses a pooled cash and investment system. Unspent fund balances, including restricted funds and Fund 712, are included in the City's overall investment portfolio.
- CMC § 301-15 requires that investment earnings be allocated back to most restricted funds based on their average daily cash balance.
- Fund 712 is treated differently: its investment earnings are credited to the General Fund.
- Fund 712 then uses only the principal (the Trust distributions) for eligible capital projects.

Legend

- Flow for typical restricted funds
- Flow for Fund 712
- City investment pool (pooled cash and investments)
- Investment earnings (interest)

Bottom Line

- Both restricted funds and Fund 712 follow the same basic path into the City's pooled investment system.
- Most restricted funds keep their investment earnings.
- Fund 712's earnings are credited to the General Fund.

This raises the policy question: if the City can allocate earnings to other restricted funds, why are Fund 712 earnings not allocated back to Fund 712?