

**CITY OF HARRISON  
HAMILTON COUNTY, OHIO**

SUPPLEMENTAL REPORT

DECEMBER 31, 2004

**MR. JAMES SATZGER, FINANCE DIRECTOR**





**Auditor of State  
Betty Montgomery**

Members of Council and Mayor  
City of Harrison  
112 N. Walnut Street  
Harrison, Ohio 45030

We have reviewed the *Independent Auditor's Report* of the City of Harrison, Hamilton County, prepared by Julian & Grube, Inc., for the audit period January 1, 2004 to December 31, 2004. 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 Harrison is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY  
Auditor of State

October 25, 2005

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**CITY OF HARRISON  
HAMILTON COUNTY, OHIO**

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# JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

333 County Line Road West  
Westerville Ohio 43082

Telephone 614.846.1899  
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## **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***

Members of Council and Mayor  
City of Harrison  
112 N. Walnut Street  
Harrison, Ohio 45030

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 Harrison, as of and for the year ended December 31, 2004, which collectively comprise the basic financial statements and have issued our report thereon dated September 21, 2005. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting, that do not require inclusion in this report that we have reported to the management of the City in a separate letter dated September 21, 2005.

Members of Council and Mayor  
City of Harrison

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general purpose 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 instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying Schedule of Findings as items 2004-COH-001 and 2004-COH-002. We also noted certain immaterial instances of noncompliance that we have reported to the management of the City in a separate letter dated September 21, 2005.

This report is intended solely for the information of the Council and management of the City of Harrison and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
September 21, 2005

**CITY OF HARRISON  
HAMILTON COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004**

<b>1. FINDINGS RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2004-COH-001

Ohio Revised Code Section 5705.39 in part requires that the appropriations from each fund should not exceed estimated resources.

It was noted during the audit that for the year ended December 31, 2004, that total appropriations exceeded estimated resources in the following funds:

Special Revenue Fund Types:

Community Center	\$ 14,145
Street Maintenance	82,985

Enterprise Fund Types:

Storm Water	26,942
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With appropriations exceeding estimated resources, the City is appropriating monies that are not in the City's depository or in the process of collection that were certified to the County Auditor. This may result in a fund deficit.

We recommend that the City comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by keeping more accurate appropriations versus estimated resources records and amending the budget prior to year end. If it is determined that estimated revenues will be greater than initially anticipated, the City should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources.

*Client response:* The Finance Director will monitor the budget on a regular basis and file amended certificates or revise the appropriations as necessary to be in compliance.



**CITY OF HARRISON  
HAMILTON COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004**

<b>1. FINDINGS RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2004-COH-002

Ohio Revised Code Section 5705.41(B) in part requires that expenditures shall not exceed appropriations.

It was noted during the audit that in the year ended December 31, 2004, the City had expenditures in excess of appropriations in the following line items:

<u>Fund Type/Fund</u>	<u>Excess</u>
General Fund	\$ 131,005
 <u>Special Revenue Fund Types:</u>	
Fire Memorial	11
Police Pension	6,908
Senior Center	48,636
Passport Account	2,400
 <u>Capital Projects Fund Types:</u>	
Capital Improvement	1,893,386
Home Depot TIF	14,963
 <u>Enterprise Fund Types:</u>	
Water	197,225

With expenditures exceeding appropriations, the City is expending monies that have not been appropriated and approved by Council. This may result in unnecessary purchases or overspending which may lead to a fund deficit.

We recommend that the City comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations and amending the budget prior to year end. This may be achieved by monitoring the budget more closely on a continual basis.

*Client response:* The Finance Director will modify its appropriations as needed to be in compliance and monitor the budget on a regular basis.

**CITY OF HARRISON  
HAMILTON COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2004**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i></b>
2003-COH-001	Ohio Revised Code Section 5705.39 in part requires that the appropriations from each fund should not exceed estimated resources.	No	The City is attempting to amend its resources with the County on a more frequent basis. Reported as Finding 2004-COH-001 in current year.
2003-COH-002	Ohio Revised Code Section 5705.41(B) in part requires that expenditures shall not exceed appropriations.	No	The City is attempting to modify is appropriations more timely. Reported as Finding 2004-COH-002 in current year.

**CITY OF HARRISON, OHIO**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2004

PREPARED BY:

JAMES W. SATZGER, FINANCE DIRECTOR

*112 N. WALNUT STREET  
HARRISON, OHIO 45030*



# **INTRODUCTORY SECTION**

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**CITY OF HARRISON, OHIO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

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# City of Harrison

112 N. Walnut Street • Harrison, Ohio 45030 • 513-367-3730

September 21, 2005

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

Ladies and Gentlemen:

The Comprehensive Annual Financial Report (CAFR) of the City of Harrison, Ohio (the City) is hereby presented. This CAFR represents the official report of the City of Harrison's operations and financial position for the year ended December 31, 2004, and has been developed to accurately detail the status of City finances to Harrison residents and elected officials, investment banks, underwriters and all other interested parties. This report is being presented in compliance with Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis-for State and Local Governments."

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge, the data contained in this report is accurate in all material respects, and is presented in a manner designed to set forth fairly the financial position and results of operations of the City. All disclosures necessary to provide the reader with a better understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report consists of three sections.

1. The Introductory Section contains the Table of Contents, Letter of Transmittal, list of elected and appointed City officials, the Organizational Chart, and the GFOA Certificate of Achievement for Excellence in Financial Reporting.
2. The Financial section contains the Independent Accountants' Report, and includes Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the City's financial position and operating results, the Combining Statements for Nonmajor Funds, and other schedules that provide detailed information relative to the Basic Financial Statements.
3. The Statistical Section presents financial, economic, social and demographic information about the City for the last ten years.

## THE REPORTING ENTITY

The City has reviewed its reporting entity definition in order to ensure compliance and conformance with the provisions of GASB Statement No. 14, "The Financial Reporting Entity." For financial reporting definition purposes, City management has considered all agencies, departments, and organizations comprising the City of Harrison, the primary government.

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

The City covers approximately four square miles and is located in southwest Ohio, approximately 20 miles northwest of Cincinnati along Interstate 74.

The City Finance Director serves as the chief fiscal officer for the City. As chief fiscal officer, the Finance Director ensures that funds are appropriated, are available for payment or in the process of collection. The Finance Director is also responsible for maintaining a permanent record of all financial matters, deposit and investing of City funds, establishing the City's accounting system, and conducting internal auditing.

## **ECONOMIC CONDITION AND OUTLOOK**

The City benefits from its location in southwestern Hamilton County. The community and its residents have easy access to and benefit from employment, educational, recreational, medical, and cultural facilities afforded by the Greater Cincinnati Metropolitan area.

In recent years, the City has gained new housing subdivisions with homes ranging in value from \$125,000 to \$300,000. The new subdivisions will provide approximately 900 new homes.

## **MAJOR INITIATIVES**

Planning is underway to widen the New Haven Road bridge over Interstate 74 to six lanes and to widen New Haven Road from Harrison Avenue to Caroline Trace Road, a project of approximately one mile. The project is in a rapidly growing business area of the City as well as the primary access to/from Interstate 74. The Interstate 74 Bridge project is estimated to cost approximately \$5.5 million. Grant money is in place and will be supplemented with local funds.

### ***Main Street Harrison, Inc.***

Main Street Harrison, Inc. is a non-profit organization that was first organized in 1991 to promote and revitalize downtown Harrison. Its mission statement is both optimistic and realistic in its content. It seeks to create an atmosphere in downtown Harrison that attracts and encourages new business development, promotes a renewed sense of community pride, and provides a healthy environment for people to live, work, shop, conduct business, invest, and recreate. The organization's activities are ongoing.

### ***Beautification***

The City continues a clean-up and beautification program, which includes motorized street sweeping, landscaping of public buildings, and the strategic placement of waste receptacles.

### ***Department Focus: Public Services - Wastewater***

In an effort to continue the City's commitment to providing quality public services, the City's Wastewater Treatment Plant (WWTP) has been updated and capacity has been expanded to . Construction, which began in April of 2002, is currently underway to expand the WWTP to treat an average flow of 2.75 million gallons of wastewater per day. This expansion will allow the City to handle the wastewater generated by the current residential, commercial and industrial wastewater customers, while also allowing for the future growth of the City. The WWTP has undergone several previous expansions, the latest of which was in 1990.

The City's wastewater collection system consists of approximately 30 miles of gravity sewer and 6,000 feet of force main. The collection system is designed to convey wastewater flows as much as possible by utilizing the natural contours of the ground. Where this is not possible due to hills and valleys, pump stations and force mains are utilized to transfer the wastewater to a point where gravity flow can again be utilized. The gravity sewers transfer the City's wastewater flows to the WWTP for treatment.

The current WWTP expansion includes a new influent pump station, screening and degritting facilities, a new oxidation ditch, a new final settling tank, an ultraviolet disinfection tank, rehabilitation of the Activated Sludge Control Building, construction of a new Digated Sludge Control Building and sludge digestion tanks, a new belt filter press building and a dried sludge storage pad.

The WWTP treats wastewater using an extended aeration process. After the expansion, the WWTP will use the same method. Upon reaching the WWTP, the wastewater is pumped to a higher elevation and then goes through screening and grit removal processes, which removes large and inorganic material from the wastewater. Next, the wastewater enters a grease removal tank, which removes grease and other floatable material from the wastewater. Following this, the wastewater enters three oxidation ditches, where the wastewater is aerated and mixed with recycled biological organisms to break down the organic material in the wastewater. After this step, the wastewater is sent to three final settling tanks. These tanks are very quiescent,

allowing the broken-down organic matter to clump together and settle to the bottom of the final settling tank. The settled solids are removed from the bottom of the tank as the clear effluent flows over weirs and on to the last step of treatment, ultraviolet disinfection. In the ultraviolet disinfection tank, the treated wastewater is exposed to intense ultraviolet light to inactivate any bacteria or viruses. This is done to reduce the impact of the wastewater on the receiving stream. After disinfection, the treated effluent flows through a pipe where it is discharged into the Whitewater River. The solids collected from the wastewater are stored and aerated in digesters, where they are broken down even further. After this treatment the solids are dried using a belt filter press, which squeezes the water out of the solids. After drying, the solids are placed on the sludge storage pad. Once a significant volume of dried solids has accumulated, the solids are loaded on trucks and taken away, typically for land application.

## **FINANCIAL INFORMATION**

### ***Basis of Accounting***

The City accounting system is organized on a fund basis. Each fund or account group is a distinct, self-balancing accounting entity. Although the City maintains its day-to-day accounting records on a basis other than GAAP, for the year ended December 31, 2004, the City prepared its CAFR on a modified accrual basis of accounting for the governmental and agency funds, and on an accrual basis of accounting for the proprietary funds in accordance with GAAP. The modified accrual basis of accounting recognizes revenue when measurable and available and expenditures when goods or services are received. The accrual basis of accounting recognizes revenue when measurable and available and expenditures when incurred. The basis of accounting for the various funds is fully described in Note 2 C of the BFS

### ***Internal Accounting Controls***

Management of the City is responsible for establishing and maintaining an internal control designed to ensure that the assets of the City are protected from loss, theft, or misuse to ensure that adequate accounting data is compiled to allow for the preparation of BFS in conformity with GAAP. Management believes that the City's internal control 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 internal control is the ongoing program to promote control consciousness throughout the City. Management's commitment to this program is emphasized through adherence to cash handling procedures prescribed by the Auditor of State and a well qualified financial staff.

### ***Budgetary Control***

An operating budget is adopted each fiscal year for the general fund, special revenue funds, debt service funds, capital projects funds and enterprise funds. For each budgeted expenditure classification, the level of budgetary control is at the fund level. All revisions made outside of the legal level of budgetary control may only be made by ordinance of City Council. Encumbrances do not lapse at year-end and are included as budgeted expenditures in the current year budget (Non-GAAP Budgetary Basis).

Virtually all of the general services of the City have been financed with resources from the general fund and special revenue funds. General fund revenues include property taxes, the City income tax, and other revenues provided by the citizens of this community. The special revenue funds used for general services include property taxes for fire services and intergovernmental revenues for street construction, maintenance and repair.

### ***Financial Reporting Model***

This is the first year the City has prepared financial statements following GASB Statement No. 34, "Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments." GASB Statement No. 34 creates financial statements for reporting on the City's financial activities as follows:

**Government-wide financial statements** - These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by business. The government-wide statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

**Fund financial statements** - These statements present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the governmental-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

**Statements of budgetary comparisons** - These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this reporting model, management is responsible for preparing a Management Discussion and Analysis of the City. This discussion follows the Independent Accountants' Report, providing an assessment of the City finances for 2004.

## **OTHER INFORMATION**

### *Independent Audit*

Ohio law requires independent audits to be performed on all financial operations of the City either by the Auditor of State or an independent public accounting firm, if permitted by the Auditor of State. Julian & Grube, Inc. performed the audit for the year ended December 31, 2004. The Independent Auditor' Report on the basic financial statements is included in the financial section of this report. The annual audit serves to maintain and strengthen the City's accounting and budgetary controls. The auditors' report related specifically to internal controls and compliance with applicable laws and regulations is presented in a separate report which may be obtained from the City's Finance Department.

### *Use of the Report*

The report is published to provide to the City Council, as well as to our citizens and other interested persons, detailed information concerning the financial condition of the City, with particular emphasis placed on the utilization of resources during the past fiscal year. It is also intended that this report serves as a guide in formulating policies and in conducting the City's future day-to-day activities. We believe the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Use of this report by the various departments of the City is encouraged when furnishing information. Copies of this report are being placed for public inspection at the City's Finance Office at 112 N. Walnut Street.

### *Submission to the Certificate of Achievement Program*

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 Harrison for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2004. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

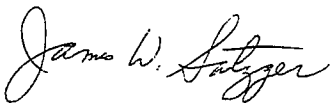
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Harrison has received a Certificate of Achievement for the last five consecutive years (1999 - 2003). We believe our current report continues to conform to the Certificate of Achievement program requirements and are submitting it to the GFOA.

### *Acknowledgements*

The preparation of the CAFR was accomplished by the efficient and dedicated services provided by the staff of the Finance Department. Each member of the Finance Department has our sincere appreciation for the assistance in the preparation of this report. We would also like to acknowledge Julian & Grube, Inc. for technical assistance in preparing this report. Appreciation is also expressed to those in other City departments for their cooperation and assistance in matters pertaining to the affairs of the City. We hereby acknowledge and thank all that contributed their time and effort.

Respectfully,



James W. Satzger  
Finance Director

**CITY OF HARRISON, OHIO**

**ELECTED AND APPOINTED CITY OFFICIALS**

***Elected Officials:***

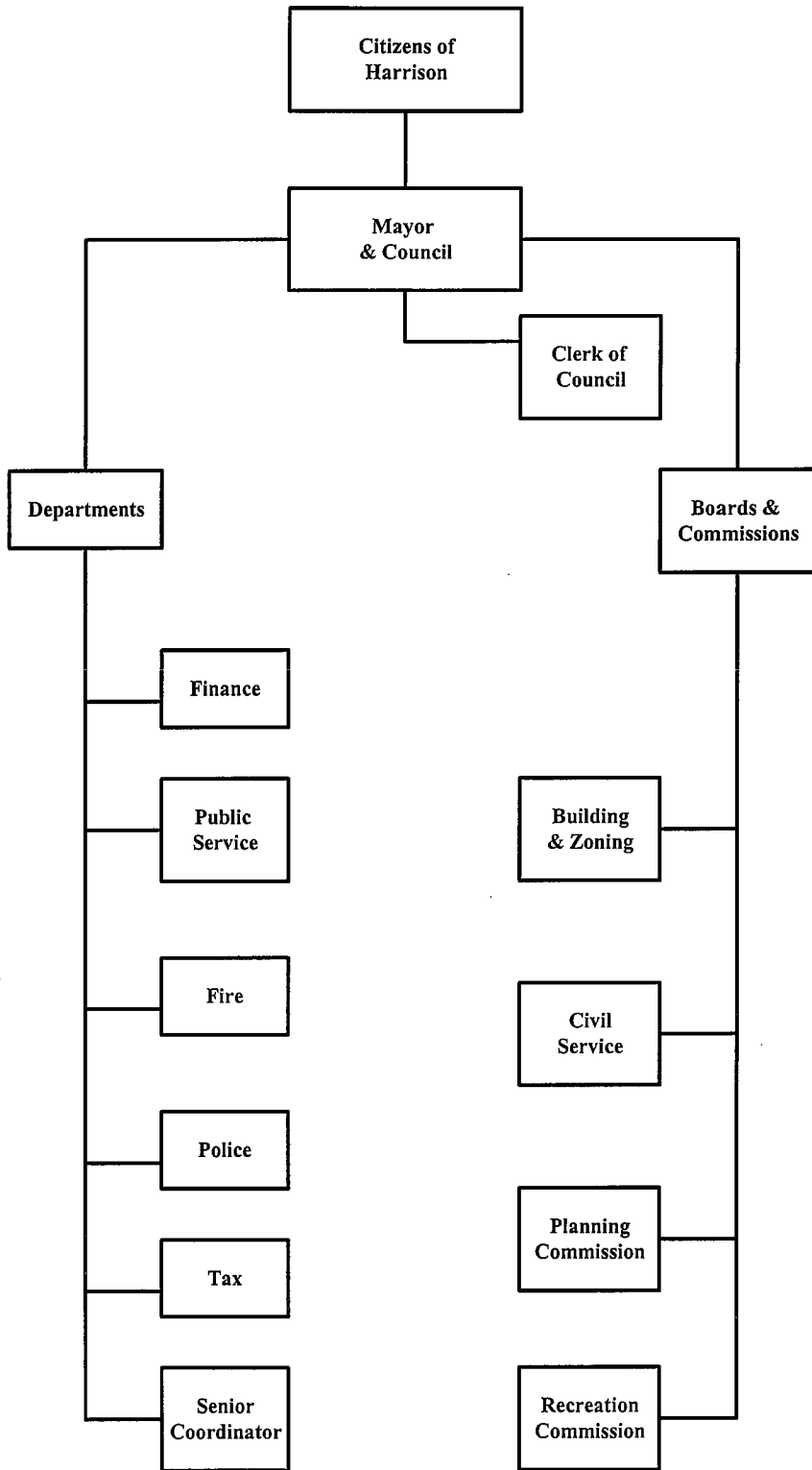
<u>Office</u>	<u>Incumbent</u>	<u>Term Expires</u>
Mayor	Daniel J. Gieringer	December 31, 2007
Vice Mayor/Member of Council	William Neyer	December 31, 2004
Members of Council	James Robertson	December 31, 2007
	Joel McGuire	December 31, 2007
	Tony Burkhard	December 31, 2005
	Randy Shank	December 31, 2005
	Judy Kercheval	December 31, 2007
	Deborah Acrad	December 31, 2005

***Appointed Officials:***

<u>Office</u>	<u>Incumbent</u>	<u>Term Expires</u>
Finance Director	James W. Satzger	Pleasure of Mayor/Council
Clerk of Council	Carol Wiwi	Pleasure of Mayor/Council
City Law Director	William M. Deters II	Pleasure of Mayor/Council
Director of Public Services	James Leslie	Pleasure of Mayor/Council

**CITY OF HARRISON, OHIO**

**ORGANIZATIONAL CHART**



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Harrison,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2003

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.



*Nancy L. Zjella*

President

*Jeffrey R. Emer*

Executive Director



# **FINANCIAL SECTION**

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# JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

333 County Line Road West  
Westerville Ohio 43082

Telephone 614.846.1899  
Facsimile 614.846.2799

## Independent Auditor’s Report

Members of Council and Mayor  
City of Harrison  
112 N. Walnut Street  
Harrison, Ohio 45030

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 Harrison, Hamilton County, Ohio, (the “City”), as of and for the year ended December 31, 2004, which collectively comprise the City’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Harrison’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 the 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 opinion.

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 Harrison, Ohio, as of December 31, 2004, 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 disclosed in Note 3 to the financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments, GASB Statement No. 37, Basic Financial Statements for State and Local Governments: Omnibus, GASB Statement No. 38, Certain Financial Statement Note Disclosures, GASB Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, and GASB Statement No. 41, Budgetary Comparison Schedule - Perspective Differences for the year ended December 31, 2004.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2005, on our consideration of the City’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 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 on pages 3 through 17 is 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.

Independent Auditor's Report  
City of Harrison  
Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Harrison's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The relevant supplementary information, such as the combining and individual nonmajor funds financial statements 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 relevant supplementary information, such as the introductory section and statistical tables 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.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
September 21, 2005

## CITY OF HARRISON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2004 UNAUDITED

The management's discussion and analysis of the City of Harrison's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2004. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

#### Financial Highlights

Key financial highlights for 2004 are as follows:

- The total net assets of the City increased \$2,035,473. Net assets of governmental activities increased \$3,583,539 or 45.55% over 2003 and net assets of business-type activities decreased \$1,548,066 or 11.48% over 2003.
- General revenues accounted for \$5,408,584 of total governmental activities revenue. Program specific revenues accounted for \$2,273,210 or 29.59% of total governmental activities revenue.
- The City had \$6,557,516 in expenses related to governmental activities; \$2,273,210 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$4,284,306 were offset by general revenues (primarily property taxes and unrestricted grants and entitlements) of \$5,408,584.
- The general fund had revenues and other financing sources of \$4,695,101 in 2004. This represents an increase from 2003 of \$293,758. The expenditures and other financing uses of the general fund, which totaled \$4,858,954 in 2004, increased \$38,724 from 2003. The net decrease in fund balance for the general fund was \$163,853 or 19.21%.
- The capital improvements fund had revenues and other financing sources of \$4,031,745 in 2004. The expenditures of the capital improvements fund, totaled \$1,828,320 in 2004. The net increase in fund balance for the capital improvements fund was \$2,203,425 or 707.28%.
- Net assets for the business-type activities, which are made up of the Sewer, Water, Storm Water, Sanitation and Water/Wastewater Deposit enterprise funds, decreased in 2004 by \$1,548,066. This decrease in net assets was due primarily to transfers out to governmental funds.
- In the general fund, the actual revenues and other financing sources came in \$189,253 lower than they were in the final budget and actual expenditures and other financing uses were \$22,306 higher than the amount in the final budget. Budgeted expenditures were increased \$48,000 from the original to the final budget. Budgeted revenues were increased \$192,950 from the original to the final budget.

#### Using this Annual Financial Report

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

The statement of net assets and statement of activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

**CITY OF HARRISON, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**  
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**Reporting the City as a Whole**

*Statement of Net Assets and the Statement of Activities*

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2004?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

In the statement of net assets and the statement of activities, the City is divided into two distinct kinds of activities:

Governmental activities - Most of the City's programs and services are reported here including police, fire, street maintenance, capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's sewer, water, storm water, sanitation and water/wastewater deposit operations are reported here.

The City's statement of net assets and statement of activities can be found on pages F18-F20 of this report.

**Reporting the City's Most Significant 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.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focuses on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page F10.

*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.

**CITY OF HARRISON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
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Because the focus of the 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, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund 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 a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund and capital improvements fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages F21-F25 of this report.

***Proprietary Funds***

The City maintains one type of proprietary funds. 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 sewer, water, storm water, sanitation and water/wastewater deposit management functions. The City's major enterprise funds are the sewer and water funds. The basic proprietary fund financial statements can be found on pages F26-F29 of this report.

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement 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. Agency funds are the City's fiduciary fund types. The basic fiduciary fund financial statement can be found on page F30 of this report.

***Notes to the Basic 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. These notes to the basic financial statements can be found on pages F31-F59 of this report.

**Government-Wide Financial Analysis**

This is the City's first year for government-wide financial statements using the full accrual basis of accounting, therefore, a comparison with prior year is not available. A comparative analysis will be presented in future years when prior year information is available.

**CITY OF HARRISON, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**  
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The table below provides a summary of the City's net assets for 2004:

	<b>Net Assets</b>		
	Governmental Activities <u>2004</u>	Business-type Activities <u>2004</u>	2004 <u>Total</u>
<u>Assets</u>			
Current and other assets	\$ 8,944,134	\$ 7,366,051	\$ 16,310,185
Capital assets	<u>8,279,557</u>	<u>25,861,816</u>	<u>34,141,373</u>
Total assets	<u>17,223,691</u>	<u>33,227,867</u>	<u>50,451,558</u>
<u>Liabilities</u>			
Long-term liabilities outstanding	3,509,987	20,730,753	24,240,740
Other liabilities	<u>2,263,467</u>	<u>563,213</u>	<u>2,826,680</u>
Total liabilities	<u>5,773,454</u>	<u>21,293,966</u>	<u>27,067,420</u>
<u>Net Assets</u>			
Invested in capital assets, net of related debt	4,996,494	5,162,716	10,159,210
Restricted	5,459,325	-	5,459,325
Unrestricted	<u>994,418</u>	<u>6,771,185</u>	<u>7,765,603</u>
Total net assets	<u>\$ 11,450,237</u>	<u>\$ 11,933,901</u>	<u>\$ 23,384,138</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2004, the City's assets exceeded liabilities by \$23,384,138. At year-end, net assets were \$11,450,237 and \$11,933,901 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 67.67% of total assets. Capital assets include land, land improvements, buildings and improvements, equipment, vehicles, infrastructure and construction in progress. Capital assets, net of related debt to acquire the assets at December 31, 2004, were \$4,996,494 and \$5,162,716 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net assets, \$5,459,325, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net assets of \$994,418 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net assets for fiscal year 2004. Since this is the first year the City has prepared financial statements following GASB Statement No. 34, revenue and expense comparisons to fiscal year 2003 are not available. A comparative analysis will be provided in future years when prior year information is available.



**CITY OF HARRISON, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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The table below shows the changes in net assets for fiscal year 2004.

	<b>Change in Net Assets</b>		
	Governmental Activities <u>2004</u>	Business-type Activities <u>2004</u>	2004 <u>Total</u>
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 819,915	\$ 3,399,823	\$ 4,219,738
Operating grants and contributions	611,410	-	611,410
Capital grants and contributions	<u>841,885</u>	<u>748,957</u>	<u>1,590,842</u>
Total program revenues	<u>2,273,210</u>	<u>4,148,780</u>	<u>6,421,990</u>
General revenues:			
Property taxes	2,103,297	-	2,103,297
Income taxes	2,635,151	-	2,635,151
Unrestricted grants and entitlements	518,308	-	518,308
Investment earnings	47,149	54,368	101,517
Miscellaneous	<u>104,679</u>	<u>28,717</u>	<u>133,396</u>
Total general revenues	<u>5,408,584</u>	<u>83,085</u>	<u>5,491,669</u>
Total revenues	<u>7,681,794</u>	<u>4,231,865</u>	<u>11,913,659</u>
<b>Expenses:</b>			
General government	1,030,510	-	1,030,510
Security of persons and property	4,128,525	-	4,128,525
Public health and welfare	242,285	-	242,285
Transportation	640,357	-	640,357
Community environment	95,444	-	95,444
Leisure time activity	244,658	-	244,658
Other	175,737	-	175,737
Sewer	-	2,077,687	2,077,687
Water	-	974,473	974,473
Storm Water	-	404	404
Sanitation	-	268,014	268,014
Water/Wastewater Deposit	<u>-</u>	<u>92</u>	<u>92</u>
Total expenses	<u>6,557,516</u>	<u>3,320,670</u>	<u>9,878,186</u>
Transfers	<u>2,459,261</u>	<u>(2,459,261)</u>	<u>-</u>
Change in net assets	3,583,539	(1,548,066)	2,035,473
Net assets at beginning of year (restated)	<u>7,866,698</u>	<u>13,481,967</u>	<u>21,348,665</u>
Net assets at end of year	<u>\$ 11,450,237</u>	<u>\$ 11,933,901</u>	<u>\$ 23,384,138</u>

**CITY OF HARRISON, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**Governmental Activities**

Governmental activities net assets increased \$3,583,539 in 2004. This increase is a result of decreasing expenses and increasing revenues versus amounts reported in the prior year, and from transfers in from the business-type activities.

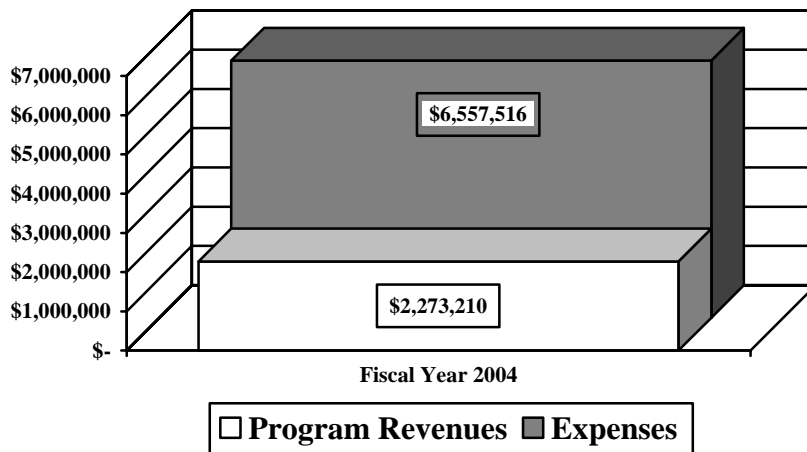
Security of persons and property which primarily supports the operations of the police and fire department accounted for \$4,128,525 or 62.96% of the total expenses of the City. Security of persons and property expenses were partially funded by \$594,816 in direct charges to users of the services. General government expenses totaled \$1,030,510. General government expenses were partially funded by \$71,765 in direct charges to users of the services.

The state and federal government contributed to the City a total of \$611,410 in operating grants and contributions and \$841,885 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total capital grants and contributions, \$841,885 subsidized transportation programs.

General revenues totaled \$5,408,584, and amounted to 70.41% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$4,738,448. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government and local government revenue assistance, making up \$518,308.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As can be seen in the graph below, the City is highly dependent upon general revenues (primarily property and income taxes as well as unrestricted grants and entitlements) to support its governmental activities. As program revenues are not sufficient to cover total governmental expenses for 2004. Comparisons to 2003 have not been presented since they are not available.

**Governmental Activities – Program Revenues vs. Total Expenses**



**CITY OF HARRISON, OHIO**

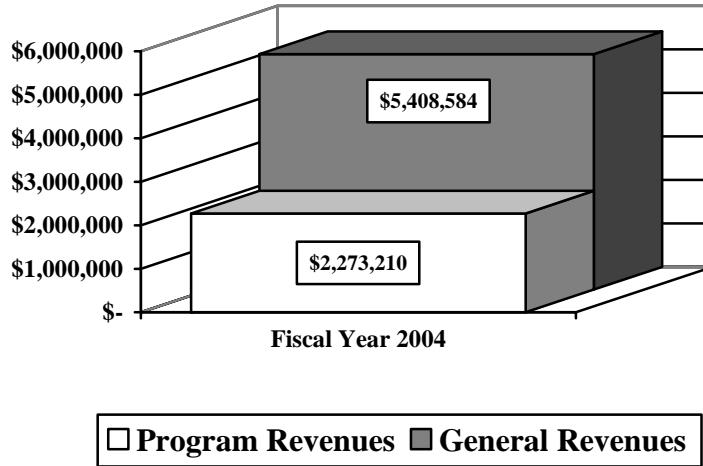
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
UNAUDITED**

**Governmental Activities**

	Total Cost of Services <u>2004</u>	Net Cost of Services <u>2004</u>
Program Expenses:		
General government	\$ 1,030,510	\$ 958,745
Security of persons and property	4,128,525	3,456,871
Public health and welfare	242,285	81,317
Transportation	640,357	(595,166)
Community environment	95,444	1,784
Leisure time activity	244,658	205,018
Other	<u>175,737</u>	<u>175,737</u>
 Total	 <u>\$ 6,557,516</u>	 <u>\$ 4,284,306</u>

The dependence upon general revenues for governmental activities is apparent, with 65.33% of expenses supported through taxes and other general revenues. The chart below illustrates the City's program revenues versus general revenues for 2004.

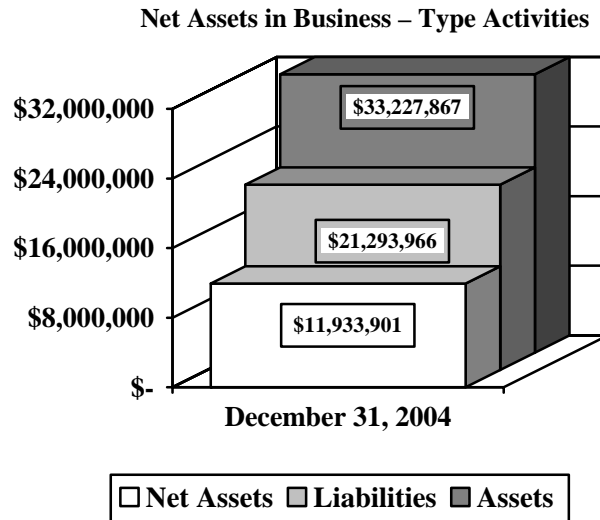
**Governmental Activities – General and Program Revenues**



**CITY OF HARRISON, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**Business-type Activities**

Business-type activities include the sewer, water, storm water, sanitation, and water/wastewater deposit enterprise funds. These programs had program revenues of \$4,148,780, general revenues of \$83,085, transfers out of \$2,459,261 and expenses of \$3,320,670 for 2004. The graph below shows the business-type activities assets, liabilities and net assets at year-end.



**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 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 the City's net resources available for spending at year-end.

The City's governmental funds (as presented on the balance sheet on page F21) reported a combined fund balance of \$6,054,439 which is \$2,435,449 above last year's total of \$3,618,990 (as restated). The December 31, 2003 fund balances have been restated as described in Note 3.A. to the basic financial statements. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2004 for all major and non-major governmental funds.

**CITY OF HARRISON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
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	<u>Fund Balances</u> <u>12/31/04</u>	<u>Fund Balances</u> <u>12/31/03</u>	<u>Increase</u> <u>(Decrease)</u>
Major funds:			
General	\$ 689,065	\$ 852,918	\$ (163,853)
Capital improvements	2,514,962	311,537	2,203,425
Other nonmajor governmental funds	<u>2,850,412</u>	<u>2,454,535</u>	<u>395,877</u>
Total	<u>\$ 6,054,439</u>	<u>\$ 3,618,990</u>	<u>\$2,435,449</u>

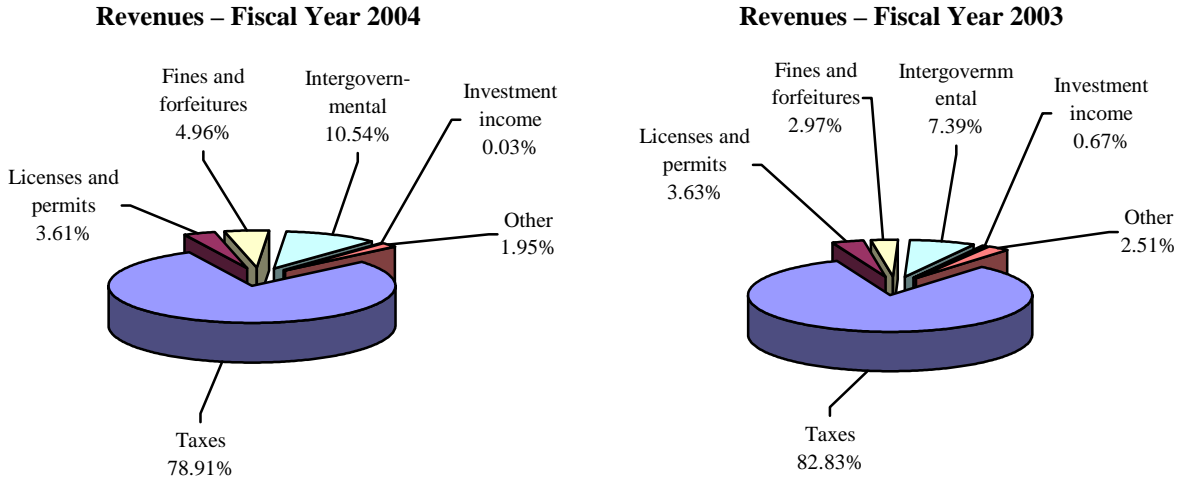
***General Fund***

The City's general fund balance decreased \$163,853. The table that follows assists in illustrating the revenues of the general fund.

	<u>2004</u> <u>Amount</u>	<u>2003</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 3,501,358	\$ 3,577,272	(2.12) %
Licenses and permits	160,105	156,847	2.08 %
Fines and forfeitures	219,915	128,262	71.46 %
Intergovernmental	467,471	319,236	46.43 %
Investment income	1,199	28,956	(95.86) %
Other	<u>86,722</u>	<u>108,386</u>	(19.99) %
Total	<u>\$ 4,436,770</u>	<u>\$ 4,318,959</u>	2.73 %

Tax revenue represents 78.91% of all general fund revenue. Tax revenue decreased 2.12% from the prior year. The increase in the amount of fines and forfeitures is due to the number of fines collected by the City throughout the year. The increase in intergovernmental revenue is due to an increase in the number of grants the City received. The decrease in investment income is due to the amount of funds in the City's investment portfolio throughout the year. The decrease in other income is a large percentage, but is immaterial compared to the total amount.

**CITY OF HARRISON, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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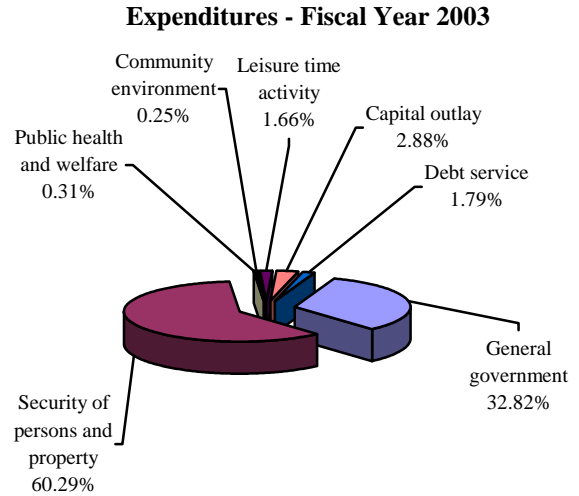
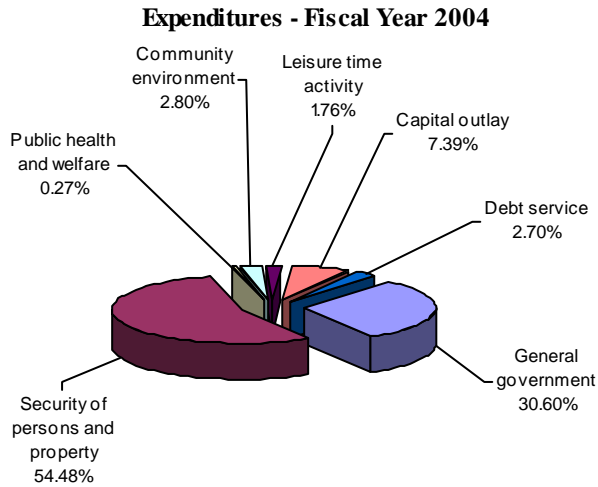
The table that follows assists in illustrating the expenditures of the general fund.

	<u>2004</u> <u>Amount</u>	<u>2003</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Expenditures</u></b>			
General government	\$ 1,028,792	\$ 938,940	9.57 %
Security of persons and property	1,832,236	1,724,857	6.23 %
Public health and welfare	9,174	8,806	4.18 %
Community environment	94,084	7,233	1,200.76 %
Leisure time activity	59,170	47,502	24.56 %
Capital outlay	248,331	82,384	201.43 %
Debt service	<u>90,754</u>	<u>51,191</u>	77.29 %
<b>Total</b>	<u>\$ 3,362,541</u>	<u>\$ 2,860,913</u>	17.53 %

The City increased total expenditures by 17.53%. The largest expenditure line item, security of persons and property, increased slightly, which is primarily attributed to wage and benefit increases. The increase in general government expenditures is due to the increase in fines and forfeitures revenue collections. The increase in community environment and leisure time activity is from the main street and beautification programs currently employed by the City. The increase in capital outlay is due to the City entering into capital leases during the year. The increase in debt service is also due to this increase in capital leases.

**CITY OF HARRISON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
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***Budgeting Highlights***

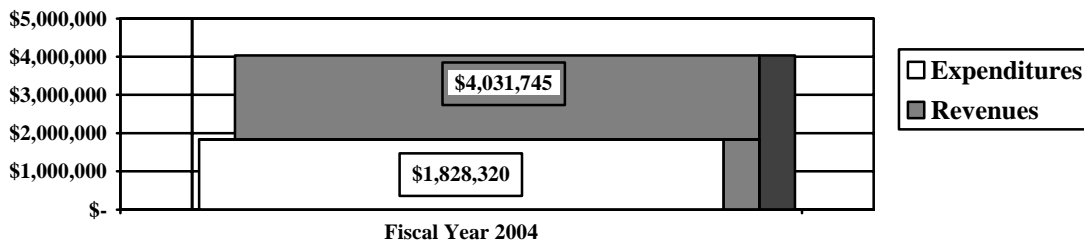
The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

In the general fund, the actual revenues and other financing sources came in \$189,253 lower than they were in the final budget and actual expenditures and other financing uses were \$22,306 lower than the amount in the final budget. Budgeted expenditures were increased \$48,000 from the original to the final budget. Budgeted revenues were increased \$192,950 from the original to the final budget.

***Capital Improvements Fund***

The capital improvements fund had revenues and other financing sources of \$4,031,745 in 2004. The expenditures of the capital improvements fund, totaled \$1,828,320 in 2004. The net increase in fund balance for the capital improvements fund was \$2,203,425 or 707.28%.

**Capital Improvements Fund**



**CITY OF HARRISON, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**  
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***Proprietary Funds***

The City's enterprise funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2004, the City had \$34,141,373 (net of accumulated depreciation) invested in land, land improvements, buildings and improvements, equipment, vehicles, infrastructure, and construction in progress (CIP). Of this total, \$8,279,557 was reported in governmental activities and \$25,861,816 was reported in business-type activities. The following table shows fiscal 2004 balances compared to 2003:

**Capital Assets at December 31**  
**(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Land	\$ 3,001,921	\$ 3,001,921	\$ 485,420	\$ 485,420	\$ 3,487,341	\$ 3,487,341
Construction in progress	1,123,828	-	2,109,720	10,431,415	3,233,548	10,431,415
Land improvements	316,194	353,663	862	1,018	317,056	354,681
Buildings and improvements	2,737,613	2,792,867	8,129,817	3,347,854	10,867,430	6,140,721
Equipment	581,764	532,394	5,997,558	626,067	6,579,322	1,158,461
Vehicles	518,237	445,562	47,163	76,371	565,400	521,933
Infrastructure	-	-	9,091,276	9,325,264	9,091,276	9,325,264
Totals	<u>\$ 8,279,557</u>	<u>\$ 7,126,407</u>	<u>\$ 25,861,816</u>	<u>\$ 24,293,409</u>	<u>\$ 34,141,373</u>	<u>\$ 31,419,816</u>

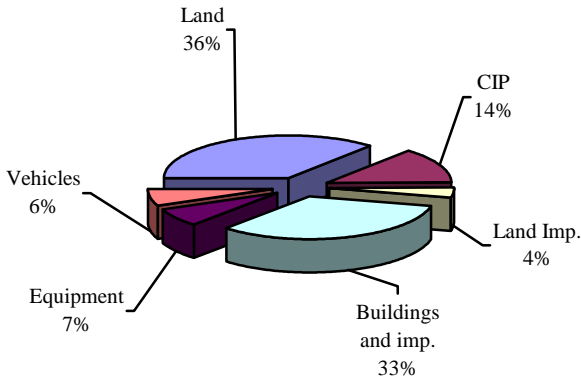
See Note 9 for further information on the City's capital assets.



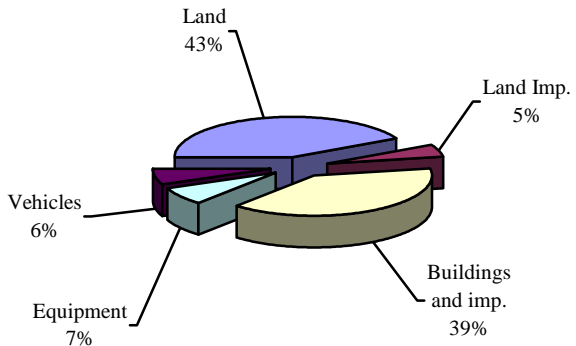
**CITY OF HARRISON, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**  
**UNAUDITED**

The following graphs show the breakdown of governmental capital assets by category for 2004 and 2003.

**Capital Assets - Governmental Activities 2004**



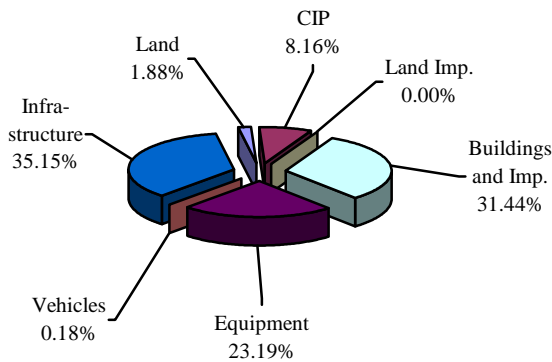
**Capital Assets - Governmental Activities 2003**



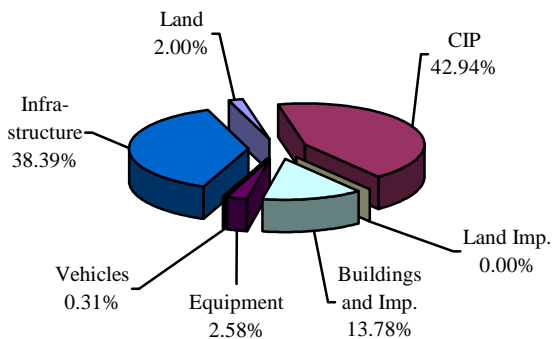
The City's buildings and improvements are the largest capital asset category. The net book value of the City's buildings and improvements (cost less accumulated depreciation) represents approximately 33% of the City's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2004 and 2003.

**Capital Assets - Business-Type Activities 2004**



**Capital Assets - Business-Type Activities 2003**



The City's largest business-type capital asset category is infrastructure, which include water and sewer lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 35.15% of the City's total business-type capital assets.

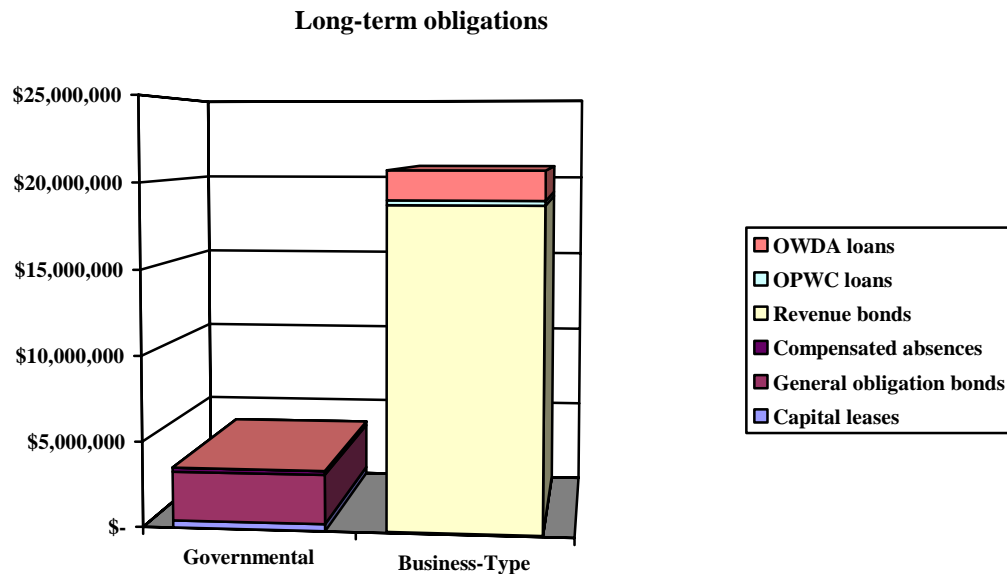
**CITY OF HARRISON, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**  
**UNAUDITED**

***Debt Administration***

The City had the following long-term obligations outstanding at December 31, 2004 and 2003:

Governmental Activities		
	2004	2003
Capital leases	\$ 423,063	\$ 244,180
General obligation bonds	2,860,000	2,980,000
Compensated absences	226,924	206,637
<b>Total long-term obligations</b>	<b>\$ 3,509,987</b>	<b>\$ 3,430,817</b>
Business-type Activities		
	2004	2003
Revenue bonds	\$ 18,695,000	\$ 18,950,000
OPWC loans	270,929	338,919
OWDA loans	1,698,171	1,790,545
General obligation bonds	35,000	75,000
Compensated absences	31,653	27,615
<b>Total long-term obligations</b>	<b>\$ 20,730,753</b>	<b>\$ 21,182,079</b>

A comparison of the long-term obligations by category is depicted in the chart below.



Further detail on the City's long-term obligations can be found in Note 11 to the financial statements.

**CITY OF HARRISON, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**  
**UNAUDITED**

**Economic Conditions and Outlook**

The City's current population is 9,885 as of the 2000 census.

The City's unemployment rate is currently 5.4%, compared to the 5.9% state average and the 4.9% national average.

These economic factors were considered in preparing the City's budget for fiscal year 2005. Budgeted revenues and other financing sources in the General Fund for fiscal year 2005 budget were \$4,801,949. With the continuation of conservative budgeting practices, the City's financial position should remain stable in future years.

**Contacting the City's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information please contact: James W. Satzger, Finance Director, 112 N. Walnut Street, Harrison, Ohio 45030.

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**CITY OF HARRISON, OHIO**

STATEMENT OF NET ASSETS  
DECEMBER 31, 2004

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 5,798,715	\$ 4,150,088	\$ 9,948,803
Receivables (net of allowances for uncollectibles):			
Income taxes . . . . .	593,964	-	593,964
Real and other taxes . . . . .	1,902,395	-	1,902,395
Accounts . . . . .	21,790	458,827	480,617
Accrued interest . . . . .	6,547	166	6,713
Internal balance. . . . .	21,936	(21,936)	-
Due from other governments . . . . .	525,465	-	525,465
Prepayments . . . . .	73,322	17,242	90,564
Bond issue cost and other deferred charges . . . . .	-	831,793	831,793
Restricted assets:			
Cash and cash equivalents with fiscal agents . . . . .	-	1,929,871	1,929,871
Capital assets:			
Land and construction in progress. . . . .	4,125,749	2,595,140	6,720,889
Depreciable capital assets, net . . . . .	4,153,808	23,266,676	27,420,484
Total capital assets. . . . .	<u>8,279,557</u>	<u>25,861,816</u>	<u>34,141,373</u>
Total assets. . . . .	<u>17,223,691</u>	<u>33,227,867</u>	<u>50,451,558</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	127,039	146,612	273,651
Accrued wages and benefits . . . . .	130,913	20,093	151,006
Due to other governments . . . . .	198,289	16,002	214,291
Deferred revenue. . . . .	1,795,238	-	1,795,238
Accrued interest payable. . . . .	11,988	147,193	159,181
Unamortized premium and other deferred charges. . . . .	-	233,313	233,313
Long-term liabilities:			
Due within one year. . . . .	339,875	387,432	727,307
Due in more than one year . . . . .	<u>3,170,112</u>	<u>20,343,321</u>	<u>23,513,433</u>
Total liabilities . . . . .	<u>5,773,454</u>	<u>21,293,966</u>	<u>27,067,420</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt . . . . .	4,996,494	5,162,716	10,159,210
Restricted for:			
Capital projects. . . . .	3,107,785	-	3,107,785
Debt service. . . . .	1,164,296	-	1,164,296
Street maintenance and repair. . . . .	160,263	-	160,263
State highway. . . . .	71,699	-	71,699
Law enforcement . . . . .	180,990	-	180,990
Fire . . . . .	490,834	-	490,834
Community center. . . . .	46,143	-	46,143
Senior center . . . . .	19,039	-	19,039
Other purposes . . . . .	218,276	-	218,276
Unrestricted . . . . .	<u>994,418</u>	<u>6,771,185</u>	<u>7,765,603</u>
Total net assets . . . . .	<u>\$ 11,450,237</u>	<u>\$ 11,933,901</u>	<u>\$ 23,384,138</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HARRISON, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental Activities:</b>				
General government . . . . .	\$ 1,030,510	\$ 71,765	\$ -	\$ -
Security of persons and property. . . . .	4,128,525	594,816	76,838	-
Public health and welfare . . . . .	242,285	19,644	141,324	-
Transportation . . . . .	640,357	390	393,248	841,885
Community environment. . . . .	95,444	93,660	-	-
Leisure time activity . . . . .	244,658	39,640	-	-
Other. . . . .	175,737	-	-	-
Total governmental activities . . . . .	<u>6,557,516</u>	<u>819,915</u>	<u>611,410</u>	<u>841,885</u>
<b>Business-type Activities:</b>				
Sewer . . . . .	2,077,687	1,787,499	-	602,799
Water . . . . .	974,473	1,314,098	-	139,165
Other enterprise funds:				
Storm Water. . . . .	404	-	-	-
Sanitation . . . . .	268,014	295,695	-	6,993
Water/Wastewater Deposit . . . . .	92	2,531	-	-
Total business-type activities . . . . .	<u>3,320,670</u>	<u>3,399,823</u>	<u>-</u>	<u>748,957</u>
Total primary government. . . . .	<u>\$ 9,878,186</u>	<u>\$ 4,219,738</u>	<u>\$ 611,410</u>	<u>\$ 1,590,842</u>

**General Revenues:**

Property taxes levied for:	
General purposes . . . . .	
Fire improvements . . . . .	
Police pension. . . . .	
Recreation. . . . .	
Capital projects . . . . .	
Income taxes levied for:	
General purposes . . . . .	
Grants and entitlements not restricted to specific programs . . . . .	
Investment earnings . . . . .	
Miscellaneous . . . . .	
Total general revenues. . . . .	
Transfers. . . . .	
Change in net assets . . . . .	
Net assets at beginning of year (restated) . . . . .	
Net assets at end of year. . . . .	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue and Changes in Net Assets**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (958,745)	\$ -	\$ (958,745)
(3,456,871)	-	(3,456,871)
(81,317)	-	(81,317)
595,166	-	595,166
(1,784)	-	(1,784)
(205,018)	-	(205,018)
(175,737)	-	(175,737)
<hr/>	<hr/>	<hr/>
(4,284,306)	-	(4,284,306)
-	312,611	312,611
-	478,790	478,790
-	(404)	(404)
-	34,674	34,674
-	2,439	2,439
<hr/>	<hr/>	<hr/>
-	828,110	828,110
<hr/>	<hr/>	<hr/>
(4,284,306)	828,110	(3,456,196)
966,908	-	966,908
844,740	-	844,740
51,934	-	51,934
44,900	-	44,900
194,815	-	194,815
2,635,151	-	2,635,151
518,308	-	518,308
47,149	54,368	101,517
104,679	28,717	133,396
<hr/>	<hr/>	<hr/>
5,408,584	83,085	5,491,669
2,459,261	(2,459,261)	-
3,583,539	(1,548,066)	2,035,473
7,866,698	13,481,967	21,348,665
<hr/>	<hr/>	<hr/>
\$ 11,450,237	\$ 11,933,901	\$ 23,384,138

**CITY OF HARRISON, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2004

	<u>General</u>	<u>Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 299,477	\$ 2,500,275	\$ 2,998,963	\$ 5,798,715
Receivables (net of allowance for uncollectibles):				
Income taxes . . . . .	593,964	-	-	593,964
Real and other taxes . . . . .	913,151	15,774	973,470	1,902,395
Accounts . . . . .	21,790	-	-	21,790
Accrued interest . . . . .	6,547	-	-	6,547
Due from other governments . . . . .	270,767	-	254,698	525,465
Advances to other funds . . . . .	57,347	-	-	57,347
Prepayments . . . . .	39,830	-	33,492	73,322
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets . . . . .	<u>\$ 2,202,873</u>	<u>\$ 2,516,049</u>	<u>\$ 4,260,623</u>	<u>\$ 8,979,545</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 86,012	\$ 1,087	\$ 39,940	\$ 127,039
Accrued wages and benefits . . . . .	68,004	-	62,909	130,913
Due to other governments . . . . .	52,818	-	145,471	198,289
Advances from other funds . . . . .	-	-	35,411	35,411
Deferred revenue . . . . .	1,306,974	-	1,126,480	2,433,454
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities. . . . .	<u>1,513,808</u>	<u>1,087</u>	<u>1,410,211</u>	<u>2,925,106</u>
<b>Fund Balances:</b>				
Reserved for encumbrances . . . . .	129,436	608,380	113,677	851,493
Reserved for prepaids . . . . .	39,830	-	33,492	73,322
Reserved for advances. . . . .	57,347	-	-	57,347
Unreserved, undesignated, reported in:				
General fund . . . . .	462,452	-	-	462,452
Special revenue funds. . . . .	-	-	934,137	934,137
Debt service funds. . . . .	-	-	1,176,283	1,176,283
Capital projects funds. . . . .	-	1,906,582	592,823	2,499,405
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances . . . . .	<u>689,065</u>	<u>2,514,962</u>	<u>2,850,412</u>	<u>6,054,439</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances . . . . .	<u>\$ 2,202,873</u>	<u>\$ 2,516,049</u>	<u>\$ 4,260,623</u>	<u>\$ 8,979,545</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**CITY OF HARRISON, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2004

<b>Total governmental fund balances</b>		\$ 6,054,439
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		8,279,557
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes	\$ 91,383	
Income taxes	268,475	
Intergovernmental revenues	272,821	
Accrued interest	5,537	
Total		638,216
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due.		(11,988)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The long-term liabilities are as follows:		
Compensated absences	(226,924)	
General obligation bonds payable	(2,860,000)	
Capital leases payable	(423,063)	
		(3,509,987)
<b>Net assets of governmental activities</b>		<b>\$ 11,450,237</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HARRISON, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>General</u>	<u>Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Income taxes . . . . .	\$ 2,534,476	\$ -	\$ -	\$ 2,534,476
Property and other taxes . . . . .	966,882	69,355	1,086,262	2,122,499
Charges for services . . . . .	-	-	439,505	439,505
Licenses and permits . . . . .	160,105	-	390	160,495
Fines and forfeitures . . . . .	219,915	-	-	219,915
Intergovernmental . . . . .	467,471	841,885	637,659	1,947,015
Investment income . . . . .	11,199	19,505	25,730	56,434
Other . . . . .	86,722	-	13,389	100,111
Total revenues . . . . .	<u>4,446,770</u>	<u>930,745</u>	<u>2,202,935</u>	<u>7,580,450</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	1,028,792	-	-	1,028,792
Security of persons and property . . . . .	1,832,236	-	2,105,782	3,938,018
Public health and welfare . . . . .	9,174	-	219,832	229,006
Transportation . . . . .	-	-	478,557	478,557
Community environment . . . . .	94,084	-	-	94,084
Leisure time activity . . . . .	59,170	-	133,083	192,253
Capital outlay . . . . .	248,331	1,828,320	209,890	2,286,541
Debt service:				
Principal retirement . . . . .	87,893	-	199,708	287,601
Interest and fiscal charges . . . . .	2,861	-	173,257	176,118
Total expenditures . . . . .	<u>3,362,541</u>	<u>1,828,320</u>	<u>3,520,109</u>	<u>8,710,970</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>1,084,229</u>	<u>(897,575)</u>	<u>(1,317,174)</u>	<u>(1,130,520)</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	-	3,101,000	1,735,898	4,836,898
Transfers out . . . . .	(1,496,413)	-	(121,000)	(1,617,413)
Capital lease transaction . . . . .	248,331	-	98,153	346,484
Total other financing sources (uses) . . . . .	<u>(1,248,082)</u>	<u>3,101,000</u>	<u>1,713,051</u>	<u>3,565,969</u>
Net change in fund balances . . . . .	(163,853)	2,203,425	395,877	2,435,449
<b>Fund balances at beginning of year (restated) .</b>	<u>852,918</u>	<u>311,537</u>	<u>2,454,535</u>	<u>3,618,990</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 689,065</u>	<u>\$ 2,514,962</u>	<u>\$ 2,850,412</u>	<u>\$ 6,054,439</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HARRISON, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004

<b>Net change in fund balances - total governmental funds</b>		\$ 2,435,449
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital asset additions	1,435,142	
Current year depreciation	<u>(281,992)</u>	
Total		1,153,150
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(33,142)	
Income taxes	100,675	
Intergovernmental revenues	38,528	
Accrued interest	<u>(4,717)</u>	
Total		101,344
 Capital lease transactions are recorded as revenue in the funds, however, on the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net assets.		
		(346,484)
 Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		287,601
 In the statement of activities, interest is accrued on outstanding loans, whereas in governmental funds, an interest expenditure is reported when due.		
		381
 Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>(47,902)</u>
<b>Change in net assets of governmental activities</b>		<u><u>\$ 3,583,539</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HARRISON, OHIO**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Income taxes . . . . .	\$ 2,526,324	\$ 2,638,550	\$ 2,528,474	\$ (110,076)
Property and other taxes . . . . .	973,024	1,016,248	973,852	(42,396)
Licenses and permits . . . . .	157,822	164,833	157,956	(6,877)
Fines and forfeitures . . . . .	182,153	190,245	182,308	(7,937)
Intergovernmental . . . . .	407,318	425,413	407,665	(17,748)
Investment income . . . . .	10,180	10,633	10,189	(444)
Other . . . . .	86,648	90,497	86,722	(3,775)
Total revenues . . . . .	4,343,469	4,536,419	4,347,166	(189,253)
<b>Expenditures:</b>				
Current:				
General government . . . . .	1,110,042	1,158,042	1,066,992	91,050
Security of persons and property . . . . .	1,971,406	1,971,406	2,013,375	(41,969)
Public health and welfare . . . . .	18,103	18,103	27,816	(9,713)
Community environment . . . . .	95,572	95,572	107,613	(12,041)
Leisure time activity . . . . .	56,431	56,431	59,699	(3,268)
Total expenditures . . . . .	3,251,554	3,299,554	3,275,495	24,059
Excess (deficiency) of revenues over (under) expenditures . . . . .	1,091,915	1,236,865	1,071,671	(165,194)
<b>Other financing uses:</b>				
Transfers out . . . . .	(1,494,660)	(1,494,660)	(1,496,413)	(1,753)
Total other financing uses . . . . .	(1,494,660)	(1,494,660)	(1,496,413)	(1,753)
Net change in fund balance . . . . .	(402,745)	(257,795)	(424,742)	(166,947)
<b>Fund balance at beginning of year (restated) . .</b>	433,886	433,886	433,886	-
<b>Prior year encumbrances appropriated. . . . .</b>	116,144	116,144	116,144	-
<b>Fund balance at end of year . . . . .</b>	\$ 147,285	\$ 292,235	\$ 125,288	\$ (166,947)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HARRISON, OHIO**

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2004

	<b>Business-type Activities -Enterprise Funds</b>			
	<b>Sewer</b>	<b>Water</b>	<b>Nonmajor</b>	<b>Total</b>
<b>Assets:</b>				
Current assets:				
Equity in pooled cash and cash equivalents. . . . .	\$ 2,820,046	\$ 1,123,200	\$ 206,842	\$ 4,150,088
Receivables (net of allowance for uncollectibles):				
Accounts . . . . .	247,649	160,824	50,354	458,827
Accrued interest . . . . .	166	-	-	166
Prepayments. . . . .	10,270	6,972	-	17,242
Bond issue cost and other deferred charges . . . . .	831,793	-	-	831,793
Total current assets . . . . .	<u>3,909,924</u>	<u>1,290,996</u>	<u>257,196</u>	<u>5,458,116</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents with fiscal agents . . . . .	1,597,833	332,038	-	1,929,871
Capital assets:				
Land and construction in progress . . . . .	1,750,982	824,407	19,751	2,595,140
Depreciable capital assets, net . . . . .	<u>14,840,535</u>	<u>8,426,141</u>	<u>-</u>	<u>23,266,676</u>
Total capital assets . . . . .	<u>16,591,517</u>	<u>9,250,548</u>	<u>19,751</u>	<u>25,861,816</u>
Total noncurrent assets . . . . .	<u>18,189,350</u>	<u>9,582,586</u>	<u>19,751</u>	<u>27,791,687</u>
Total assets . . . . .	<u>22,099,274</u>	<u>10,873,582</u>	<u>276,947</u>	<u>33,249,803</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable. . . . .	83,080	37,002	26,530	146,612
Accrued wages and benefits . . . . .	13,048	7,045	-	20,093
Compensated absences . . . . .	4,910	2,287	-	7,197
Due to other governments . . . . .	9,957	6,045	-	16,002
Advances from other funds. . . . .	8,976	12,960	-	21,936
Accrued interest payable . . . . .	145,155	2,038	-	147,193
Current portion of general obligation bonds . . . . .	-	35,000	-	35,000
Current portion of revenue bonds . . . . .	170,000	-	-	170,000
Current portion of mortgage revenue bonds . . . . .	-	105,000	-	105,000
Current portion of OPWC loans . . . . .	-	70,235	-	70,235
Unamortized premium and other deferred charges . . . . .	233,313	-	-	233,313
Total current liabilities . . . . .	<u>668,439</u>	<u>277,612</u>	<u>26,530</u>	<u>972,581</u>
Long-term liabilities:				
Revenue bonds . . . . .	18,420,000	-	-	18,420,000
OWDA loans . . . . .	968,551	729,620	-	1,698,171
OPWC loans. . . . .	-	200,694	-	200,694
Compensated absences . . . . .	7,887	16,569	-	24,456
Total long-term liabilities . . . . .	<u>19,396,438</u>	<u>946,883</u>	<u>-</u>	<u>20,343,321</u>
Total liabilities . . . . .	<u>20,064,877</u>	<u>1,224,495</u>	<u>26,530</u>	<u>21,315,902</u>
<b>Net assets:</b>				
Invested in capital assets, net of related debt . . . . .	(2,967,034)	8,109,999	19,751	5,162,716
Unrestricted . . . . .	<u>5,001,431</u>	<u>1,539,088</u>	<u>230,666</u>	<u>6,771,185</u>
Total net assets . . . . .	<u>\$ 2,034,397</u>	<u>\$ 9,649,087</u>	<u>\$ 250,417</u>	<u>\$ 11,933,901</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HARRISON, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer</b>	<b>Water</b>	<b>Nonmajor</b>	<b>Total</b>
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 1,787,499	\$ 1,314,098	\$ 298,226	\$ 3,399,823
Other . . . . .	1,545	27,172	-	28,717
Total operating revenues . . . . .	<u>1,789,044</u>	<u>1,341,270</u>	<u>298,226</u>	<u>3,428,540</u>
<b>Operating expenses:</b>				
Personal services . . . . .	447,084	263,565	-	710,649
Contract services . . . . .	668,502	263,122	268,418	1,200,042
Materials and supplies . . . . .	46,156	57,914	-	104,070
Depreciation . . . . .	438,762	228,804	-	667,566
Utilities . . . . .	168,335	102,667	-	271,002
Other . . . . .	2,426	2,378	92	4,896
Total operating expenses. . . . .	<u>1,771,265</u>	<u>918,450</u>	<u>268,510</u>	<u>2,958,225</u>
Operating income . . . . .	<u>17,779</u>	<u>422,820</u>	<u>29,716</u>	<u>470,315</u>
<b>Nonoperating revenues (expenses):</b>				
Interest revenue. . . . .	42,363	12,005	-	54,368
Intergovernmental . . . . .	602,799	139,165	6,993	748,957
Interest expense and fiscal charges . . . . .	(306,422)	(56,023)	-	(362,445)
Total nonoperating revenues (expenses) . . . . .	<u>338,740</u>	<u>95,147</u>	<u>6,993</u>	<u>440,880</u>
Income before capital contributions and transfers. . . . .	356,519	517,967	36,709	911,195
Capital contributions. . . . .	750,965	9,259	-	760,224
Transfers in . . . . .	-	-	1,533	1,533
Transfers out. . . . .	(3,117,085)	(103,933)	-	(3,221,018)
Changes in net assets . . . . .	(2,009,601)	423,293	38,242	(1,548,066)
<b>Net assets at beginning of year (restated) . . . . .</b>	<u>4,043,998</u>	<u>9,225,794</u>	<u>212,175</u>	<u>13,481,967</u>
<b>Net assets at end of year. . . . .</b>	<u>\$ 2,034,397</u>	<u>\$ 9,649,087</u>	<u>\$ 250,417</u>	<u>\$ 11,933,901</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HARRISON, OHIO**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2004

**Business-type Activities - Enterprise Funds**

	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>				
Cash received from customers . . . . .	\$ 1,744,092	\$ 1,292,958	\$ 291,473	\$ 3,328,523
Cash received from other operations. . . . .	1,545	27,172	-	28,717
Cash payments for personal services . . . . .	(438,365)	(256,472)	-	(694,837)
Cash payments for contract services . . . . .	(723,223)	(288,707)	(281,942)	(1,293,872)
Cash payments for materials and supplies . . . . .	(43,725)	(54,128)	-	(97,853)
Cash payments for utilities. . . . .	(126,283)	(85,177)	-	(211,460)
Cash payments for other expenses. . . . .	(2,426)	(2,378)	(92)	(4,896)
Net cash provided by operating activities. . . . .	<u>411,615</u>	<u>633,268</u>	<u>9,439</u>	<u>1,054,322</u>
<b>Cash flows from noncapital financing activities:</b>				
Cash received from grants. . . . .	602,799	139,165	6,993	748,957
Transfers in from other funds . . . . .	-	-	1,533	1,533
Transfers out to other funds . . . . .	<u>(3,117,085)</u>	<u>(103,933)</u>	<u>-</u>	<u>(3,221,018)</u>
Net cash provided by (used in) noncapital financing activities . . . . .	<u>(2,514,286)</u>	<u>35,232</u>	<u>8,526</u>	<u>(2,470,528)</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets . . . . .	(1,171,998)	(340,865)	(19,751)	(1,532,614)
Principal retirement . . . . .	(202,514)	(252,850)	-	(455,364)
Interest and fiscal charges. . . . .	<u>(282,762)</u>	<u>(58,482)</u>	<u>-</u>	<u>(341,244)</u>
Net cash used in capital and related financing activities . . . . .	<u>(1,657,274)</u>	<u>(652,197)</u>	<u>(19,751)</u>	<u>(2,329,222)</u>
<b>Cash flows from investing activities:</b>				
Interest received . . . . .	<u>42,386</u>	<u>12,005</u>	<u>-</u>	<u>54,391</u>
Net cash provided by investing activities . . . . .	<u>42,386</u>	<u>12,005</u>	<u>-</u>	<u>54,391</u>
Net increase (decrease) in cash and cash equivalents . . . . .	(3,717,559)	28,308	(1,786)	(3,691,037)
<b>Cash and cash equivalents at beginning of year (restated). . . . .</b>	8,135,438	1,426,930	208,628	9,770,996
<b>Cash and cash equivalents at end of year . . . . .</b>	<u>\$ 4,417,879</u>	<u>\$ 1,455,238</u>	<u>\$ 206,842</u>	<u>\$ 6,079,959</u>

Continued

**CITY OF HARRISON, OHIO**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<b>Business-type Activities - Enterprise Funds</b>			
	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor</u>	<u>Total</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income . . . . .	\$ 17,779	\$ 422,820	\$ 29,716	\$ 470,315
Adjustments:				
Depreciation. . . . .	438,762	228,804	-	667,566
Changes in assets and liabilities:				
Increase in accounts receivable . . . . .	(43,407)	(21,140)	(6,753)	(71,300)
Increase in prepayments . . . . .	(5,462)	(3,370)	-	(8,832)
Increase (decrease) in accounts payable . . . . .	44,483	1,418	(13,524)	32,377
Decrease in contracts payable . . . . .	(49,259)	(2,357)	-	(51,616)
Increase in accrued wages and benefits . . . . .	7,214	3,460	-	10,674
Increase in due to other governments . . . . .	876	224	-	1,100
Increase in compensated absences payable . . . . .	629	3,409	-	4,038
Net cash provided by operating activities . . . . .	<u>\$ 411,615</u>	<u>\$ 633,268</u>	<u>\$ 9,439</u>	<u>\$ 1,054,322</u>

At December 31, 2003, the Sewer fund purchased \$93,124 in capital assets on account.  
 At December 31, 2004, the Sewer fund purchased \$33,661 in capital assets on account.  
 At December 31, 2003, the Water fund purchased \$202 in capital assets on account.  
 At December 31, 2004, the Water fund purchased \$2,800 in capital assets on account.  
 The Sewer and Water funds received \$750,965 and \$9,259, respectively, in capital contributions from other funds.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**CITY OF HARRISON, OHIO**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUND**  
**DECEMBER 31, 2004**

		<b>Agency</b>
<b>Assets:</b>		
Cash with fiscal agent . . . . .	\$	109
Total assets. . . . .		109
 <b>Liabilities:</b>		
Due to other governments . . . . .		109
Total liabilities. . . . .	\$	109

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

## **CITY OF HARRISON, OHIO**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004**

#### **NOTE 1 - DESCRIPTION OF THE CITY**

The City of Harrison, Ohio (the "City") is a charter city and operates under the Mayor-Council form of government. The reporting entity is comprised of the primary government. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Harrison, this includes police and fire protection, emergency medical services, parks, recreations, planning, zoning, street maintenance, the Mayor's Court, the Harrison Community Center and other governmental services. In addition, the City owns and operates a water treatment and distribution system and a wastewater treatment and collection system which are reported as enterprise funds.

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The City has the option to also apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities and enterprise funds, subject to this same limitation. The City has elected not to apply these FASB Statements and Interpretations. The City's significant accounting policies are described below.

##### **A. Reporting Entity**

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Harrison this includes police, fire, municipal court, park and recreation department, water, sewage and sanitary services, street and sewer maintenance and any other departments or funds for which the nature and significance of their relationship with the City are such that exclusion would cause the financial statements to be misleading or incomplete.

Included as part of the City's primary government in the determination of the City's reporting entity is the Harrison Mayor's Court (the "Court"). Although the Court's territorial jurisdiction extends beyond the boundaries of the City and the Judges of the Court are separately elected, the Court's operations are not legally separate from the City. Monies held by the Court in a fiduciary capacity are included in an agency fund in the accompanying BFS.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes. The City has no component units.

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**B. Basis of Presentation - Fund Accounting**

The City's (BFS) consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

*Government-wide Financial Statements* - The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental functions are self-financing or draw from the general revenues of the City.

*Fund Financial Statements* - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary funds are charges for services. Operating expenses for the enterprise funds include personnel and other expenses related to sewer, water, storm water, and sanitation operations. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The agency funds do not report a measurement focus as they do not report operations.

**C. Fund Accounting**

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

## CITY OF HARRISON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

*General Fund* - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the charter of the City of Harrison and/or the general laws of Ohio.

*Capital Improvements Fund* - This fund accounts for the acquisition and construction of major capital facilities other than those financed by proprietary fund types.

Other governmental funds of the City are used to account for grants and other resources whose use is restricted to a particular purpose.

***Proprietary Funds*** - Proprietary fund reporting focuses on changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The City does not have any internal service funds.

*Enterprise Funds* - The enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

*Sewer Fund* - This fund accounts for the sanitary sewer services provided to the residents and commercial users of the City. The costs of providing these services are financed primarily through user charges.

*Water Fund* - This fund accounts for revenues generated from the charges for the treatment and provisions of water to the residents and commercial users of the City.

***Fiduciary Funds*** - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City does not have any trust funds. The City's agency fund is purely custodial (assets equal liabilities) and thus does not involve measurement of results of operations. The City's agency fund account for monies held by the Mayor's Court in a fiduciary capacity.

#### **D. Measurement Focus and Basis of Accounting**

***Government-wide Financial Statements*** - The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

**E. Basis of Accounting**

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

*Revenues - Exchange and Non-exchange Transactions* - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (see Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (see Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, interest, grants and rentals.

**CITY OF HARRISON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Deferred Revenue* - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2004, but which were levied to finance year 2005 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

*Expenses/Expenditures* - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**F. Budgetary Data**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the fund level. Budgetary modifications may only be made by ordinance of the City Council. The City legally adopted one supplemental appropriations during 2004.

Tax Budget

By July 15, the Mayor submits an annual tax budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20th of each year, for the period January 1 to December 31, of the following year.

**CITY OF HARRISON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Estimated Resources

The City Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources which states the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2004.

Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund level. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations within a fund may be modified during the year by an ordinance of City Council. Administrative control is maintained through the establishment of more detailed line-item budgets. The amounts on the budgetary statement reflect the final appropriation amounts, including all amendments and modifications legally enacted by Council.

Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

**G. Cash and Investments**

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During 2004, investments were limited to STAR Ohio, federal agency securities, U. S. Government money market mutual funds and certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as certificates of deposit, are reported at cost.

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 2004. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2004.

Following Ohio statutes, the Council has, by resolution, specified the funds to receive an allocation of interest earnings. During fiscal 2004, interest revenue credited to the general fund amounted to \$11,199 which includes \$6,786 assigned from other City funds.

The City has a segregated bank account for the Mayor's Court which is held separate from the City's central bank account. This depository account is presented on the combined balance sheet as "Cash with Fiscal Agent" since they are not required to be deposited into the City treasury.

Investments with an original maturity of three months or less and investments of the cash management pool are presented on the financial statements as cash equivalents.

An analysis of the Treasurer's investment account at year-end is provided in Note 4.

**H. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$300. The City's infrastructure consists of streets, storm sewers, water lines and sewer lines. The City began capitalizing governmental infrastructure assets during 2004, which is reflected in construction in progress at December 31, 2004. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized for business-type activities.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Life</u>
Infrastructure	50
Buildings	50
Furniture and equipment	5 - 20
Vehicles	8
Land improvements	20



**CITY OF HARRISON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**I. Compensated Absences**

Compensated absences of the City consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the City and the employee.

In conformity with GASB Statement No. 16, "Accounting for Compensated Absences", vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees with at least fifteen (15) years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments. City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

The entire compensated absence liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**J. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2004, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

**K. Accrued Liabilities and Long-Term Obligations**

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

**L. Restricted Assets**

Certain cash and cash equivalents are classified as restricted cash on the financial statements because these funds are being held by a trustee as designated by the bond indenture.

**CITY OF HARRISON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and leases are recognized as a liability on the governmental fund financial statements when due.

**M. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**N. Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the BFS.

**O. Fund Balance Reserves**

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditures. Fund balance reserves have been established for encumbrances, prepayments, advances to other funds and debt service.

**P. Estimates**

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

**Q. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**R. Contributions of Capital**

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. Capital contributions are reported as revenue in the proprietary fund financial statements.

**S. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are for sewer, water, storm water, waste water and sanitation. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the funds. All revenues and expenses not meeting these definitions are reported as non-operating.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Changes in Accounting Principles and Restatement of Fund Balance**

For fiscal year 2004, the City has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures", GASB Statement No. 41, "Budgetary Comparison Schedule - Perspective Differences", and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements". At December 31, 2003, there was no effect on fund balance as a result of implementing GASB Statement Nos. 37, 38 and 41.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the Management Discussion and Analysis, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38, modifies, establishes and rescinds certain financial statement note disclosures.

GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the fund, organization or program structure that the government uses for its legally adopted budget when significant budgetary perspective differences result in the school district not being able to present budgetary comparison for the general and each major special revenue fund.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

GASB 34 creates new basic financial statements for reporting on the City's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements split the City's programs between business-type and governmental activities. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at December 31, 2003 and the conversion to the accrual basis of accounting.

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**Governmental Activities - Fund Reclassification and Restatement of Fund Balance** - It was determined that GASB Interpretation No. 6 and a fund reclassification had an effect on fund balances as previously reported at December 31, 2003, therefore a restatement is necessary.

	<u>General</u>	Capital <u>Improvements</u>	<u>Nonmajor</u>	<u>Total</u>
Fund balance December 31, 2003	\$ 842,133	\$ 311,537	\$ 2,448,128	\$ 3,601,798
GASB Interpretation No. 6 adjustments	10,785	-	6,376	17,161
Fund reclassification	<u>-</u>	<u>-</u>	<u>31</u>	<u>31</u>
Restated fund balance January 1, 2004	<u>\$ 852,918</u>	<u>\$ 311,537</u>	<u>\$ 2,454,535</u>	<u>\$ 3,618,990</u>

The transition from governmental fund balance to net assets of the governmental activities is also presented.

Restated fund balance January 1, 2004	\$ 3,618,990
GASB Statement No. 34 adjustments:	
Capital assets	7,126,407
Long-term liabilities	(3,403,202)
Long-term (deferred assets)	536,872
Accrued interest payable	<u>(12,369)</u>
Governmental activities net assets, January 1, 2004	<u>\$ 7,866,698</u>

**Business-type Activities - Restatement of Fund Equity** - A prior period adjustment is required to correct errors and omissions in amounts previously reported in the enterprise fund capital assets and to properly report restricted cash and cash equivalents in the Sewer fund. These prior period adjustments had the following effect on fund equity as previously reported:

	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor</u>	<u>Total Enterprise Funds</u>
Fund equity at December 31, 2003	\$ 4,345,969	\$ 4,635,445	\$ 212,175	\$ 9,193,589
Adjustment for restricted cash	1,597,833	-	-	1,597,833
Adjustment for capital assets	<u>(1,899,804)</u>	<u>4,590,349</u>	<u>-</u>	<u>2,690,545</u>
Restated net assets at January 1, 2004	<u>\$ 4,043,998</u>	<u>\$ 9,225,794</u>	<u>\$ 212,175</u>	<u>\$ 13,481,967</u>

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

*Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non - GAAP Budgetary Basis) - General Fund* - The general fund unencumbered fund balance at the beginning of the year has been restated from \$433,917 to \$433,886 due to a fund reclassification to properly reflect its intended purpose in accordance with GASB Statement No. 34.

**B. Compliance**

The following funds had appropriations in excess of estimated resources contrary to Ohio Revised Code Section 5705.39:

<u>Fund Type/Fund</u>	<u>Excess</u>
<u>Special Revenue Fund Type:</u>	
Street Maintenance and Repair	\$ 82,985
Community Center	14,145
<u>Enterprise Fund Type:</u>	
Storm Water	26,942

The following funds had expenditures in excess of appropriations contrary to Ohio Revised Code Section 5705.41(B):

<u>Fund Type/Fund</u>	<u>Excess</u>
General Fund	\$ 131,005
<u>Special Revenue Fund Type:</u>	
Fire Memorial	11
Police Pension	6,908
Senior Center	48,636
Passport Account	2,400
<u>Capital Project Fund Type:</u>	
Capital Improvements	1,893,386
Home Depot TIF	14,963
<u>Enterprise Fund Type:</u>	
Water	197,225

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS**

State statutes classify monies held by the City into three categories:

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

Interim deposits are deposits in interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Interim monies to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio).
7. High grade commercial paper for a period not to exceed 180 days in an amount not to exceed twenty-five percent of the City's interim monies available for investment; and
8. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the City's interim monies available for investment.

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons;
3. Obligations of the City.

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

*Cash on Hand:* At year-end, the City had \$525 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents" on the BFS.

*Deposits:* At year-end, the carrying amount of the City's deposits, including cash in segregated accounts and certificates of deposit, was \$3,855,572 and the bank balance, including cash in segregated accounts and certificates of deposit, was \$3,929,593. Of the bank balance:

1. \$791,663 was covered by federal deposit insurance; and
2. \$3,137,930 was uninsured and uncollateralized as defined by GASB even though it was covered by collateral held by a third party trustee, pursuant to Ohio Revised Code Section 135.181, in collateralized pools securing all public funds on deposits with specific depository institutions. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

*Investments:* The City's investments are required to be categorized to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the City's name. The U.S. Government Money Market accounts and STAR Ohio are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Fair Value
Federal Agency Securities	\$ 5,428,310	\$ 5,428,310
U.S. Government money market mutual funds		1,935,716
Investment in STAR Ohio		658,660
Total investments		\$ 8,022,686

The classification of cash and cash equivalents on the financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

A reconciliation between the classifications of pooled cash and cash equivalents on the financial statements and the classifications of deposits and investments presented in this footnote is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 11,878,783	\$ -
Federal Agency Securities	(5,428,310)	5,428,310
U.S. Government money market mutual funds	(1,935,716)	1,935,716
Investment in STAR Ohio	(658,660)	658,660
Cash on hand	<u>(525)</u>	<u>-</u>
GASB Statement No. 3	<u>\$ 3,855,572</u>	<u>\$ 8,022,686</u>

**NOTE 5 - INTERNAL TRANSACTIONS**

A. Interfund transfers for the year ended December 31, 2004, consisted of the following, as reported in the fund financial statements:

Transfers to Nonmajor Governmental funds from:

General fund	\$ 1,394,880
Nonmajor Governmental funds	120,000
Water fund	103,933
Sewer fund	<u>117,085</u>
	<u>1,735,898</u>

Transfers to Capital Improvement fund from:

General fund	\$ 100,000
Sewer fund	3,000,000
Nonmajor governmental funds	<u>1,000</u>
	<u>3,101,000</u>

Transfers to Stormwater fund from:

General fund	<u>1,533</u>
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Total	<u>\$ 4,838,431</u>
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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) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with ORC sections 5705.14, 5705.15 and 5705.16



**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 5 - INTERNAL TRANSACTIONS - (Continued)**

**B.** Advances to/from other funds consisted of the following at December 31, 2004, as reported on the fund financial statements:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental funds	\$ 35,411
	Water	12,960
	Sewer	<u>8,976</u>
Total		<u>\$ 57,347</u>

**NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility, and tangible (used in business) personal property located in the City. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. The Hamilton County Auditor reappraises real property every six years with a triennial update. The last update was completed in the tax year 1996. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20.

The full tax rate applied to real property for the fiscal year ended December 31, 2004 was \$13.00 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$13.00 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$13.00 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback reductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the City by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the fiscal year ended December 31, 2004 was \$13.00 per \$1,000 of assessed valuation. The assessed valuation upon which 2004 taxes were collected is as follows:

Real property	\$160,124,090
Public utility real property	4,591,770
Tangible personal property	<u>20,541,290</u>
Total assessed value	<u>\$185,257,150</u>

The Hamilton County Treasurer collects property tax on behalf of all taxing districts within the County. The Hamilton County Auditor periodically remits to the taxing districts their share of the taxes collected.

Accrued taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable and unpaid as of December 31, 2004. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2005 operations. Accordingly, the receivable is offset by a credit to "Deferred Revenue".

**CITY OF HARRISON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**NOTE 7 - LOCAL INCOME TAX**

The City levies a tax of one percent on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality to a maximum of the total amount assessed. Employers within the City are required to withhold income tax on employees' compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Income tax revenue is reported to the extent that it was earned by year-end, measurable, and available at December 31.

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 2004, consisted of taxes, accounts (billings for user charged services), interest and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as "Due From Other Governments" on the BFS. Receivables have been recorded to the extent that they are measurable at December 31, 2004, as well as intended to finance fiscal 2004 operations.

A summary of the items of receivables follows:

	<u>Amount</u>
<u>Governmental Activities</u>	
Income taxes	\$ 593,964
Real and other taxes	1,902,395
Accounts	21,790
Accrued interest	6,547
Due from other governments	525,465
<u>Business-Type Activities</u>	
Accounts	458,827
Accrued interest	166

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 9 - CAPITAL ASSETS**

- A. The capital asset balances of the governmental activities and business-type activities have been restated due to errors and omissions reported in the prior year end the reporting of depreciation in governmental activities.

	Balance		Restated
	<u>12/31/03</u>	<u>Adjustments</u>	<u>Balance</u>
<b><u>Governmental Activities:</u></b>			<u>12/31/03</u>
Land	\$ 3,001,921	\$ -	\$ 3,001,921
Land improvements	800,713	13,766	814,479
Buildings and improvements	3,907,929	(16,584)	3,891,345
Furniture and equipment	1,071,230	(115,009)	956,221
Vehicles	1,356,461	(67,505)	1,288,956
Less: accumulated depreciation	<u>-</u>	<u>(2,826,515)</u>	<u>(2,826,515)</u>
Total	<u>\$ 10,138,254</u>	<u>\$ (3,011,847)</u>	<u>\$ 7,126,407</u>
<b><u>Business-type Activities:</u></b>			
Land	\$ 485,420	\$ -	\$ 485,420
Land improvements	32,386	-	32,386
Buildings and improvements	4,814,913	-	4,814,913
Machinery and equipment	1,499,195	(41,750)	1,457,445
Vehicles	-	262,722	262,722
Infrastructure	6,762,080	5,816,270	12,578,350
Construction in progress	12,193,736	(1,762,321)	10,431,415
Less: accumulated depreciation	<u>(4,184,866)</u>	<u>(1,584,376)</u>	<u>(5,769,242)</u>
Total	<u>\$ 21,602,864</u>	<u>\$ 2,690,545</u>	<u>\$ 24,293,409</u>

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 9 - CAPITAL ASSETS - (Continued)**

**B.** Capital asset activity for the year ended December 31, 2004, was as follows:

<b><u>Governmental Activities:</u></b>	Restated Balance 12/31/03	<u>Additions</u>	<u>Disposals</u>	Balance 12/31/04
<i>Capital assets, not being depreciated:</i>				
Land	\$ 3,001,921	\$ -	\$ -	\$ 3,001,921
Construction in progress	<u>-</u>	<u>1,123,828</u>	<u>-</u>	<u>1,123,828</u>
Total capital assets, not being depreciated	<u>3,001,921</u>	<u>1,123,828</u>	<u>-</u>	<u>4,125,749</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	814,479	-	-	814,479
Buildings and improvements	3,891,345	22,572	-	3,913,917
Furniture and equipment	956,221	121,755	-	1,077,976
Vehicles	<u>1,288,956</u>	<u>166,987</u>	<u>-</u>	<u>1,455,943</u>
Total capital assets, being depreciated	<u>6,951,001</u>	<u>311,314</u>	<u>-</u>	<u>7,262,315</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(460,816)	(37,469)	-	(498,285)
Buildings and improvements	(1,098,478)	(77,826)	-	(1,176,304)
Furniture and equipment	(423,827)	(72,385)	-	(496,212)
Vehicles	<u>(843,394)</u>	<u>(94,312)</u>	<u>-</u>	<u>(937,706)</u>
Total accumulated depreciation	<u>(2,826,515)</u>	<u>(281,992)</u>	<u>-</u>	<u>(3,108,507)</u>
Total capital assets, being depreciated, net	<u>4,124,486</u>	<u>29,322</u>	<u>-</u>	<u>4,153,808</u>
Governmental activities capital assets, net	<u>\$ 7,126,407</u>	<u>\$ 1,153,150</u>	<u>\$ -</u>	<u>\$ 8,279,557</u>

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 9 - CAPITAL ASSETS - (Continued)**

<b><u>Business-type Activities:</u></b>	Restated Balance 12/31/2003	<u>Additions</u>	<u>Disposals</u>	Balance 12/31/2004
<i>Capital assets, not being depreciated:</i>				
Land	\$ 485,420	\$ -	\$ -	\$ 485,420
Construction in progress	<u>10,431,415</u>	<u>2,109,720</u>	<u>(10,431,415)</u>	<u>2,109,720</u>
Total capital assets, not being depreciated	<u>10,916,835</u>	<u>2,109,720</u>	<u>(10,431,415)</u>	<u>2,595,140</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	32,386	-	-	32,386
Buildings and improvements	4,814,913	4,926,377	-	9,741,290
Machinery and equipment	1,457,445	5,626,599	-	7,084,044
Vehicles	262,722	-	-	262,722
Infrastructure	<u>12,578,350</u>	<u>4,692</u>	<u>-</u>	<u>12,583,042</u>
Total capital assets, being depreciated	<u>19,145,816</u>	<u>10,557,668</u>	<u>-</u>	<u>29,703,484</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(31,368)	(156)	-	(31,524)
Buildings and improvements	(1,467,059)	(144,414)	-	(1,611,473)
Machinery and equipment	(831,378)	(255,108)	-	(1,086,486)
Vehicles	(186,351)	(29,208)	-	(215,559)
Infrastructure	<u>(3,253,086)</u>	<u>(238,680)</u>	<u>-</u>	<u>(3,491,766)</u>
Total accumulated depreciation	<u>(5,769,242)</u>	<u>(667,566)</u>	<u>-</u>	<u>(6,436,808)</u>
Total capital assets, being depreciated, net	<u>13,376,574</u>	<u>9,890,102</u>	<u>-</u>	<u>23,266,676</u>
Business-type activities capital assets, net	<u>\$ 24,293,409</u>	<u>\$11,999,822</u>	<u>\$(10,431,415)</u>	<u>\$ 25,861,816</u>

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 9 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental activities as follows:

General government	\$ 2,277
Security of persons and property	156,051
Public health and welfare	4,288
Transportation	59,822
Community environment	1,360
Leisure time activity	<u>58,194</u>
Total depreciation expense	<u>\$ 281,992</u>

**NOTE 10 - CAPITAL LEASES**

In prior years, the City entered into capitalized leases for police vehicles and fire trucks. In the current year the City entered into capitalized leases for three police vehicles and an ambulance.

The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets consisting of vehicles and equipment have been capitalized in the statement of net assets in the amount of \$669,138. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the funds. Principal payments in fiscal year 2004 totaled \$167,601.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2004:

<u>Year Ending December 31,</u>	<u>Amount</u>
2005	\$ 176,795
2006	147,892
2007	91,925
2008	<u>40,226</u>
Total	456,838
Less: amount representing interest	<u>(33,775)</u>
Present value of net minimum lease payments	<u>\$ 423,063</u>

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 11 - LONG-TERM OBLIGATIONS**

**A. Governmental Activities**

The balance of the City's governmental activities long-term obligations at December 31, 2003 has been restated. The compensated absences liability increased from \$161,861 to \$206,637 due to the implementation of GASB Interpretation No. 6 described in Note 3. The effect on the total governmental activities long-term obligations at January 1, 2004 was an increase of \$44,776 from \$3,386,041 to \$3,430,817. During 2004, the following changes occurred in governmental activities long-term obligations:

	<u>Restated</u> <u>Balance at</u> <u>12/31/03</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>12/31/04</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
<u>General Long-Term Obligations</u>					
Compensated absences payable	\$ 206,637	\$ 228,192	\$ (207,905)	\$ 226,924	\$ 33,080
Capital leases	244,180	346,484	(167,601)	423,063	176,795
General obligation bonds	<u>2,980,000</u>	<u>-</u>	<u>(120,000)</u>	<u>2,860,000</u>	<u>130,000</u>
Total general long-term obligations	<u>\$ 3,430,817</u>	<u>\$ 574,676</u>	<u>\$ (495,506)</u>	<u>\$ 3,509,987</u>	<u>\$ 339,875</u>

Compensated Absences - Compensated absences will be paid from the fund which the employees' salaries are paid.

General Obligation Bonds: On June 1, 2000, the City issued \$3,360,000 in general obligation bonds. The proceeds of these bonds will be used to provide long term financing of various construction improvements related to roads and safety in the City. These bonds have annual interest rates ranging from 4.850% to 5.950% and mature in fiscal year 2020.

The following is a summary of the City's future annual debt service requirements to maturity for the general obligation bonds:

<u>Year</u> <u>Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 130,000	\$ 160,803	\$ 290,803
2006	135,000	154,108	289,108
2007	140,000	147,088	287,088
2008	150,000	139,738	289,738
2009	155,000	131,788	286,788
2010-2014	925,000	520,505	1,445,505
2015-2019	<u>1,225,000</u>	<u>225,213</u>	<u>1,450,213</u>
	<u>\$2,860,000</u>	<u>\$1,479,243</u>	<u>\$4,339,243</u>

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

**B. Business-Type Activities**

Long-term obligations in the business-type activities have been restated at December 31, 2003, from \$21,154,464 to \$21,182,079 to include compensated absences in the amount of \$27,615 as a component of long-term obligations. During the fiscal year 2004, the following changes occurred in the City's business-type long-term liabilities:

	Interest	Restated			Balance at	Amounts
	Rate	Balance at	Additions	Reductions	12/31/2004	Due in
		12/31/2003				One Year
<u>General Obligation Bonds</u>						
Water System Improvements - 1995	5.40%	\$ 75,000	\$ -	\$ (40,000)	\$ 35,000	\$ 35,000
<u>Mortgage Revenue Bonds</u>						
Revenue Improvement and Refundings - 2003	4.75%	\$18,750,000	\$ -	\$ (160,000)	\$18,590,000	\$ 170,000
Water System Improvements - 1992	3.5-6.0%	200,000	-	(95,000)	105,000	105,000
Total mortgage revenue bonds		<u>\$18,950,000</u>	<u>\$ -</u>	<u>\$ (255,000)</u>	<u>\$18,695,000</u>	<u>\$ 275,000</u>
<u>OPWC Loans</u>						
OPWC Loan - Transmission Lines	3.00%	\$ 108,397	\$ -	\$ (24,589)	\$ 83,808	\$ 25,524
OPWC Loan - Reservoir	3.00%	230,522	-	(43,401)	187,121	44,711
Total OPWC loans		<u>\$ 338,919</u>	<u>\$ -</u>	<u>\$ (67,990)</u>	<u>\$ 270,929</u>	<u>\$ 70,235</u>
<u>OWDA Loans</u>						
OWDA Loan - Water Treatment Plant	3.49%	\$ 1,011,065	\$ -	\$ (42,514)	\$ 968,551	\$ -
OWDA Loan - Wellfield and Transmission Mains	3.64%	779,480	-	(49,860)	729,620	-
Total OWDA loans		<u>\$ 1,790,545</u>	<u>\$ -</u>	<u>\$ (92,374)</u>	<u>\$ 1,698,171</u>	<u>\$ -</u>
Compensated absences		27,615	36,445	(32,407)	31,653	7,197
Total enterprise fund obligations		<u>\$21,182,079</u>	<u>\$36,445</u>	<u>\$ (487,771)</u>	<u>\$20,730,753</u>	<u>\$ 387,432</u>

The general obligation bonds, mortgage revenue bonds and real estate revenue bonds are expected to be retired with revenues of the enterprise funds. General obligation bonds are secured by the City's ability to levy a voted or unvoted property tax within limitations of Ohio law.

On September 15, 2003, the City issued \$18,750,000 in waste water system revenue improvements and refunding bonds. The bond issue consisted of \$16,445,000, \$10,000,000 of which was used to retire bond anticipation notes which matured on December 20, 2003, and refunding bonds of \$2,305,000 to currently refund the callable portion of the 1993 sewer system improvements mortgage revenue bonds (principal \$2,860,000; interest rate 4.6%). The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the balance sheet. The principal balance of the refunded wastewater system mortgage revenue bonds at December 31, 2004 was \$2,355,000.



**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

The 2003 sewer system improvements refunding issue is comprised of current interest bonds, par value \$2,305,000, with an annual interest rate ranging from 2.00% - 4.125%. The reacquisition price exceeded the net carrying amount of the old debt by \$101,736. This difference, reported in the BFS, is being charged to interest expense through the year 2015 using the straight-line method.

Improvements to the City's water treatment facilities were financed through expenditures by the Ohio Public Works Commission (OPWC). At December 31, 2004, the City has two loans outstanding through the OPWC. The loans are payable in semi-annual installments of principal and interest.

During 2001, the City entered into two debt financing arrangements through the Ohio Water Development Authority (OWDA) to fund Water Treatment Plant Improvements and the Wellfield and Transmission Mains project. The semi-annual payments due to the OWDA are payable from sewer and water revenues. The loan agreements function similar to a line-of credit agreement. At December 31, 2004, the City had outstanding borrowings of \$1,698,171. The total permissible borrowings under the financing agreements at December 31, 2004 for the Water Treatment Plan Improvements and the Wellfield and Transmission Mains were \$968,551 and \$729,620, respectively. As of December 31, 2004, the future annual debt service principal and interest payments for the loans were unavailable because monies related to the projects are still being disbursed and the loans are not finalized.

The City defeased Water Mortgage Revenue bonds dated May 16, 1963, May 15, 1970, and May 17, 1974, in the amounts of \$259,000, \$100,000, and \$125,000, respectively. At the time of the defeasance, funds were deposited with the City's trustee, JP Morgan (formally PNC Bank), for the Water issue. The principal and interest on the investments in the escrow funds are used solely to pay the principal and interest requirements on the mortgage revenue bonds as they come due. As of December 31, 2004, the outstanding principal balance on the defeased debt was \$115,000. As the money on deposit with the trustee is adequate to service the defeased debt, the City is not required to service any portion of this debt directly. Accordingly, the mortgage revenue debt is not included in the long-term obligations schedule or as a liability in the Water fund at December 31, 2004. Similarly, as no obligation is recorded, neither are the funds held on deposit with the trustee, which will be used to service the obligation.

The following is a summary of the City's future annual debt service principal and interest requirements for enterprise fund obligations:

Year Ended	General Obligation Bonds			Mortgage Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2005	\$ 35,000	\$ 1,890	\$ 36,890	\$ 105,000	\$ 6,300	\$ 111,300
Total	\$ 35,000	\$ 1,890	\$ 36,890	\$ 105,000	\$ 6,300	\$ 111,300

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

Year <u>Ended</u>	OPWC Loans		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 70,235	\$ 7,853	\$ 78,088
2006	71,971	5,738	77,709
2007	74,547	3,556	78,103
2008	<u>54,176</u>	<u>1,309</u>	<u>55,485</u>
Total	<u>\$ 270,929</u>	<u>\$ 18,456</u>	<u>\$ 289,385</u>

Year <u>Ended</u>	2003 Revenue Improvement Refunding Bond		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 170,000	\$ 831,598	\$ 1,001,598
2006	220,000	828,197	1,048,197
2007	220,000	823,798	1,043,798
2008	425,000	818,737	1,243,737
2009	485,000	807,475	1,292,475
2010-2014	2,960,000	3,757,565	6,865,121
2015-2019	3,980,000	3,098,266	7,078,266
2020-2024	5,155,000	1,979,500	7,134,500
2025-2028	<u>4,975,000</u>	<u>604,200</u>	<u>5,579,200</u>
Total	<u>\$ 18,590,000</u>	<u>\$ 13,549,336</u>	<u>\$ 32,286,892</u>

**NOTE 12 - RISK MANAGEMENT**

**A. Comprehensive**

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During 2004, the City was insured through Arthur J. Gallagher & Co. All coverage's were underwritten by Coregis Insurance Co. The City maintains a Management Committee of department directors and Loss Control Guidelines are followed.

**B. Employee Health Insurance**

During 2004, the City provided employees health insurance through United Health Care for medical insurance; Humana Insurance for dental insurance; and Fortis for accident and life insurance. The broker for the City of Harrison is Sherrill D. Morgan Agency. Since the City's group has less than 100 subscribers, no experience data is provided.

The premiums for health, dental and accident and life insurance are paid monthly with the City paying one hundred percent of the cost.

**CITY OF HARRISON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

**C. Workers' Compensation**

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City is a member of the Ohio Municipal Treasurers' Association Workers' Compensation Group. This group is composed of twenty cities and the City's rate is based on the entire group's accident history and administrative costs. The benefit of belonging to this group is a reduction in premiums paid to the Ohio Bureau of Workers' Compensation. The administrator of the "pool" is Acordia of Northeast Ohio.

There has been no significant reduction in insurance coverage's from coverage's in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

**A. Ohio Public Employees Retirement System**

The City participates in the Ohio Public Employees Retirement System (OPERS). OPER administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment 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 the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6705.

For the year ended December 31, 2004, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5% of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1% of their annual covered salary; members in public safety contributed 9%. The City's contribution rate for pension benefits for 2004 was 9.55%, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 13.31% of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2004, 2003, and 2002 were \$196,622, \$160,495, and \$174,763, respectively; 92.23% has been contributed for 2004 and 100% has been contributed for 2003 and 2002. The City and plan members did not make any contributions to the member-directed plan for 2004.

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**B. Ohio Police and Fire Pension Fund**

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability 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. OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10% of their annual covered salary to fund pension obligations while the City is required to contribute 11.75% for police officers and 16.25% for firefighters. Contributions are authorized by State statute. The City's contributions OP&F for the year ended December 31, 2004, 2003, and 2002, were \$408,556, \$380,952, and \$360,611, respectively. The full amount has been contributed for 2003 and 2002. 75.72% has been contributed for 2004 with the remainder being reported as a liability.

**NOTE 14 - POSTRETIREMENT BENEFIT PLANS**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55% of covered payroll (16.70% for public safety and law enforcement); 4.00% of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPER's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.3% based on additional annual pay increases. Health care premiums were assumed to increase 4.00% annually.

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

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$58,043. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003 (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

**CITY OF HARRISON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

**B. Ohio Police and Fire Pension Fund**

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll, of which 7.75% of covered payroll was applied to the postemployment health care program during 2004. 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 health care contributions.

The City's actual contributions for 2004 that were used to fund postemployment benefits was \$87,097 for police and \$61,101 for firefighters. The OP&F's total health care expense for the year ended December 31, 2003 (the latest information available) was \$150,853,148, which was net of member contributions of \$17,207,506. The number of OP&F participants eligible to receive health care benefits as of December 31, 2003 (the latest information available), was 13,662 for police and 10,474 for firefighters.

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund and major special revenue fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues and other financing sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

2. Expenditures/expenses and other financing uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for the general fund.

<b>Net Change in Fund Balance</b>	<u>General</u>
Budget basis	\$(424,742)
Net adjustment for revenue accruals	99,604
Net adjustment for expenditure accruals	(261,235)
Net adjustment for other financing sources/(uses)	248,331
Adjustment for encumbrances	<u>174,189</u>
GAAP basis	<u><u>\$(163,853)</u></u>

**NOTE 16 - CONTINGENCIES**

**B. Grants**

The City receives significant financial assistance from numerous Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2004.

**B. Litigation**

The City is not a party to any legal proceedings.

**COMBINING STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES**

**CITY OF HARRISON, OHIO**  
INDIVIDUAL FUND SCHEDULES  
FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

**GENERAL FUND**

The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the charter of the City and/or the general laws of Ohio.

**NONMAJOR SPECIAL REVENUE FUNDS**

The special revenue funds are used to account for all specific financial resources (other than major capital projects) that are legally restricted for specified expenditure purposes. The following are the special revenue funds which the City operates:

***Street Maintenance and Repair***

This fund accounts for the portion of state gasoline tax and motor vehicle registration fees designated for the maintenance of the streets within the City.

***State Highway Improvements***

This fund accounts for the portion of the state gasoline tax and motor vehicle registration fees designated for maintenance of state highways within the City.

***Fire Memorial***

This fund accounts for donations received by the local fire department. These monies may be used at the discretion of the Fire Chief.

***Fire Improvement***

This fund accounts for voted levies, property taxes, and contracts that relate to the operation of the fire department.

***Police Pension***

This fund accounts for property taxes levied for the payment of the current liability for police disability and pension benefits.

***Enforcement and Education***

This fund accounts for grant monies received from DUI arrests to be used for enforcement and education and for DUI housing reimbursements pursuant to Ohio Revised Code Section 4511.191.

***FEMA***

This fund accounts for grants received to make repairs at the wastewater treatment plant.

***Police Memorial***

This fund accounts for donations received by the police department. These monies may be used at the discretion of the Police Chief.

***Senior Fund***

This fund accounts for receipts from the Council on Aging of Southwestern Ohio. This fund also accounts for transfers in from the general fund, which finances meals and recreational programs to senior citizens of the Harrison community.

***Passport Account***

This fund accounts for the funds received from the Council on Aging of Southwestern Ohio.

***Community Center***

This fund accounts for transfers in from the general fund and funds received from Harrison Township to finance the maintenance and operation of the Community Center.



**CITY OF HARRISON, OHIO**

**INDIVIDUAL FUND SCHEDULES  
FUND DESCRIPTIONS - GOVERNMENTAL FUNDS**

**NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)**

***Fire Capital Reserve***

This fund accounts for transfers from the fire department to be used for capital improvement purchases.

***Drug Law Enforcement Trust***

This fund accounts for a percentage of receipts from court cases to be used for purchases of equipment, training, and travel in the fight against drugs.

***Law Enforcement Trust***

This fund accounts for monies received from the Federal Law Enforcement agencies designated for law enforcement purposes under Ohio Revised Code.

***Recreation Tax Receipts***

This fund accounts for tax revenues received from developers to be used for parks and recreation.

**NONMAJOR DEBT SERVICE FUNDS**

The debt service funds are used to account for the accumulation of resources and the payments of general obligation and special assessment principal, interest, and related costs.

***Debt Service***

This fund accounts for transfers in from the sewer and water enterprise funds for the retirement of principal and interest on general obligations bonds, real estate bonds, mortgage revenue bonds, and OWDA loans, as well as the principal and interest of general obligation debt.

***Special Assessment***

This fund accounts for special assessments for sidewalks, water and sewer.

The capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary fund types. Following is a description of the capital project funds:

**MAJOR CAPITAL PROJECTS FUND**

***Capital Improvements***

This fund accounts for property and other tax income and transfers from other funds for the various improvements within the City.

**NONMAJOR CAPITAL PROJECTS FUNDS**

***Street/Safety Construction***

This fund accounts for the construction of various street improvements.

***Home Depot/TIF***

This fund accounts for the Home Depot tax increment financing.

**CITY OF HARRISON, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2004

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . .	\$ 1,229,856	\$ 1,176,284	\$ 592,823	\$ 2,998,963
Receivables (net of allowances of uncollectibles):				
Real and other taxes. . . . .	832,983	-	140,487	973,470
Due from other governments. . . . .	254,698	-	-	254,698
Prepayments . . . . .	33,492	-	-	33,492
Total assets . . . . .	<u>\$ 2,351,029</u>	<u>\$ 1,176,284</u>	<u>\$ 733,310</u>	<u>\$ 4,260,623</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 39,940	\$ -	\$ -	\$ 39,940
Accrued wages and benefits . . . . .	62,909	-	-	62,909
Due to other governments . . . . .	145,471	-	-	145,471
Advances from other funds. . . . .	35,411	-	-	35,411
Deferred revenue . . . . .	985,993	-	140,487	1,126,480
Total liabilities . . . . .	<u>1,269,724</u>	<u>-</u>	<u>140,487</u>	<u>1,410,211</u>
<b>Fund Balances:</b>				
Reserved for encumbrances. . . . .	113,676	1	-	113,677
Reserved for prepayments . . . . .	33,492	-	-	33,492
Unreserved, undesignated, reported in:				
Special revenue funds . . . . .	934,137	-	-	934,137
Debt service funds . . . . .	-	1,176,283	-	1,176,283
Capital projects funds . . . . .	-	-	592,823	592,823
Total fund balances . . . . .	<u>1,081,305</u>	<u>1,176,284</u>	<u>592,823</u>	<u>2,850,412</u>
Total liabilities and fund equity . . . . .	<u>\$ 2,351,029</u>	<u>\$ 1,176,284</u>	<u>\$ 733,310</u>	<u>\$ 4,260,623</u>

**CITY OF HARRISON, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>				
Property and other taxes . . . . .	\$ 960,802	\$ -	\$ 125,460	\$ 1,086,262
Charges for services . . . . .	439,505	-	-	439,505
Licenses and permits . . . . .	390	-	-	390
Intergovernmental . . . . .	609,779	-	27,880	637,659
Investment income . . . . .	4,568	14,346	6,816	25,730
Other . . . . .	13,389	-	-	13,389
<b>Total revenues . . . . .</b>	<b>2,028,433</b>	<b>14,346</b>	<b>160,156</b>	<b>2,202,935</b>
<b>Expenditures:</b>				
Current:				
Security of persons and property . . . . .	2,105,782	-	-	2,105,782
Public health and welfare . . . . .	219,832	-	-	219,832
Transportation . . . . .	478,557	-	-	478,557
Leisure time activity . . . . .	133,083	-	-	133,083
Capital outlay . . . . .	150,808	-	59,082	209,890
Debt service:				
Principal retirement . . . . .	79,708	120,000	-	199,708
Interest and fiscal charges . . . . .	6,333	166,924	-	173,257
<b>Total expenditures . . . . .</b>	<b>3,174,103</b>	<b>286,924</b>	<b>59,082</b>	<b>3,520,109</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(1,145,670)	(272,578)	101,074	(1,317,174)
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	1,144,250	591,648	-	1,735,898
Transfers out . . . . .	(120,000)	-	(1,000)	(121,000)
Capital lease transaction . . . . .	98,153	-	-	98,153
<b>Total other financing sources (uses) . . . . .</b>	<b>1,122,403</b>	<b>591,648</b>	<b>(1,000)</b>	<b>1,713,051</b>
Net change in fund balances . . . . .	(23,267)	319,070	100,074	395,877
<b>Fund balances at beginning of year (restated) .</b>	<b>1,104,572</b>	<b>857,214</b>	<b>492,749</b>	<b>2,454,535</b>
<b>Fund balances at end of year . . . . .</b>	<b>\$ 1,081,305</b>	<b>\$ 1,176,284</b>	<b>\$ 592,823</b>	<b>\$ 2,850,412</b>

**CITY OF HARRISON, OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2004**

	<b>Street Maintenance and Repair</b>	<b>State Highway Improvements</b>	<b>Fire Memorial</b>	<b>Fire Improvement</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 36,182	\$ 85,138	\$ 16,809	\$ 242,496
Receivables (net of allowances for uncollectibles):				
Real and other taxes . . . . .	-	-	-	784,923
Due from other governments . . . . .	158,279	6,972	-	41,879
Prepayments . . . . .	7,578	-	-	19,619
Total assets . . . . .	<u>\$ 202,039</u>	<u>\$ 92,110</u>	<u>\$ 16,809</u>	<u>\$ 1,088,917</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 4,596	\$ -	\$ -	\$ 25,897
Accrued wages and benefits . . . . .	15,715	-	-	40,561
Due to other governments . . . . .	9,132	-	-	80,210
Advances from other funds . . . . .	-	20,411	15,000	-
Deferred revenue . . . . .	111,875	3,885	-	819,923
Total liabilities . . . . .	<u>141,318</u>	<u>24,296</u>	<u>15,000</u>	<u>966,591</u>
<b>Fund Balances:</b>				
Reserved for encumbrances . . . . .	19,842	-	-	51,150
Reserved for prepayments . . . . .	7,578	-	-	19,619
Unreserved, undesignated (deficit), reported in:				
Special revenue funds . . . . .	33,301	67,814	1,809	51,557
Total fund balances . . . . .	<u>60,721</u>	<u>67,814</u>	<u>1,809</u>	<u>122,326</u>
Total liabilities and fund equity. . . . .	<u>\$ 202,039</u>	<u>\$ 92,110</u>	<u>\$ 16,809</u>	<u>\$ 1,088,917</u>

<u>Police Pension</u>	<u>Enforcement and Education</u>	<u>FEMA</u>	<u>Police Memorial</u>	<u>Senior</u>	<u>Passport Account</u>
\$ 195,662	\$ 12,258	\$ 1,218	\$ 277	\$ 21,495	\$ 51,429
48,060	-	-	-	-	-
2,250	-	-	-	15,492	-
-	-	-	-	2,262	-
<u>\$ 245,972</u>	<u>\$ 12,258</u>	<u>\$ 1,218</u>	<u>\$ 277</u>	<u>\$ 39,249</u>	<u>\$ 51,429</u>
\$ -	\$ -	\$ -	\$ -	\$ 6,056	\$ -
-	-	-	-	1,540	-
51,207	-	-	-	2,467	-
-	-	-	-	-	-
50,310	-	-	-	-	-
<u>101,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,063</u>	<u>-</u>
-	3	-	-	29,136	4,905
-	-	-	-	2,262	-
144,455	12,255	1,218	277	(2,212)	46,524
<u>144,455</u>	<u>12,258</u>	<u>1,218</u>	<u>277</u>	<u>29,186</u>	<u>51,429</u>
<u>\$ 245,972</u>	<u>\$ 12,258</u>	<u>\$ 1,218</u>	<u>\$ 277</u>	<u>\$ 39,249</u>	<u>\$ 51,429</u>

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**CITY OF HARRISON, OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)**  
**DECEMBER 31, 2004**

	<b>Community Center</b>	<b>Fire Capital Reserve</b>	<b>Drug Law Enforcement Trust</b>	<b>Law Enforcement Trust</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 60,345	\$ 322,642	\$ 14,002	\$ 4,274
Receivables (net of allowances for uncollectibles):				
Real and other taxes . . . . .	-	-	-	-
Due from other governments . . . . .	-	29,826	-	-
Prepayments . . . . .	4,033	-	-	-
Total assets . . . . .	\$ 64,378	\$ 352,468	\$ 14,002	\$ 4,274
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 3,391	\$ -	\$ -	\$ -
Accrued wages and benefits . . . . .	5,093	-	-	-
Due to other governments . . . . .	2,455	-	-	-
Advances from other funds . . . . .	-	-	-	-
Deferred revenue . . . . .	-	-	-	-
Total liabilities . . . . .	10,939	-	-	-
<b>Fund Balances:</b>				
Reserved for encumbrances . . . . .	8,626	-	14	-
Reserved for prepayments . . . . .	4,033	-	-	-
Unreserved, undesignated (deficit), reported in:				
Special revenue funds . . . . .	40,780	352,468	13,988	4,274
Total fund balances . . . . .	53,439	352,468	14,002	4,274
Total liabilities and fund equity. . . . .	\$ 64,378	\$ 352,468	\$ 14,002	\$ 4,274

<u>Recreational Tax Receipts</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 165,629	\$ 1,229,856
-	832,983
-	254,698
-	33,492
\$ 165,629	\$ 2,351,029
\$ 165,629	\$ 2,351,029
\$ -	\$ 39,940
-	62,909
-	145,471
-	35,411
-	985,993
-	1,269,724
-	1,269,724
-	113,676
-	33,492
165,629	934,137
165,629	1,081,305
\$ 165,629	\$ 2,351,029

**CITY OF HARRISON, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<b>Street Maintenance and Repair</b>	<b>State Highway Improvements</b>	<b>Fire Memorial</b>	<b>Fire Improvement</b>
<b>Revenues:</b>				
Property and other taxes . . . . .	\$ -	\$ -	\$ -	\$ 863,235
Charges for services . . . . .	-	-	-	379,463
Licenses and permits . . . . .	390	-	-	-
Intergovernmental . . . . .	338,161	27,343	-	84,991
Investment income . . . . .	-	-	-	-
Other . . . . .	2,760	-	1,327	8,171
<b>Total revenues . . . . .</b>	<b>341,311</b>	<b>27,343</b>	<b>1,327</b>	<b>1,335,860</b>
<b>Expenditures:</b>				
Current:				
Security of persons and property. . . . .	-	-	2,773	1,868,618
Public health and welfare . . . . .	-	-	-	-
Transportation . . . . .	476,855	1,702	-	-
Leisure time activity . . . . .	-	-	-	-
Capital outlay . . . . .	-	-	-	53,927
Debt service:				
Principal retirement. . . . .	-	-	-	-
Interest and fiscal charges . . . . .	-	-	-	-
<b>Total expenditures . . . . .</b>	<b>476,855</b>	<b>1,702</b>	<b>2,773</b>	<b>1,922,545</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(135,544)	25,641	(1,446)	(586,685)
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	48,709	-	-	795,126
Transfers out . . . . .	-	-	-	(120,000)
Capital lease transaction . . . . .	-	-	-	-
<b>Total other financing sources (uses). . . . .</b>	<b>48,709</b>	<b>-</b>	<b>-</b>	<b>675,126</b>
Net change in fund balances. . . . .	(86,835)	25,641	(1,446)	88,441
<b>Fund balances at beginning of year (restated) .</b>	<b>147,556</b>	<b>42,173</b>	<b>3,255</b>	<b>33,885</b>
<b>Fund balances at end of year . . . . .</b>	<b>\$ 60,721</b>	<b>\$ 67,814</b>	<b>\$ 1,809</b>	<b>\$ 122,326</b>



<u>Police Pension</u>	<u>Enforcement and Education</u>	<u>FEMA</u>	<u>Police Memorial</u>	<u>Senior</u>	<u>Passport Account</u>
\$ 52,667	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	19,644	-
-	-	-	-	-	-
5,206	610	-	-	132,945	8,379
-	-	-	-	-	-
-	-	-	-	868	-
<u>57,873</u>	<u>610</u>	<u>-</u>	<u>-</u>	<u>153,457</u>	<u>8,379</u>
233,031	1,360	-	-	-	-
-	-	-	-	217,738	2,094
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>233,031</u>	<u>1,360</u>	<u>-</u>	<u>-</u>	<u>217,738</u>	<u>2,094</u>
<u>(175,158)</u>	<u>(750)</u>	<u>-</u>	<u>-</u>	<u>(64,281)</u>	<u>6,285</u>
171,122	-	-	-	12,173	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>171,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,173</u>	<u>-</u>
(4,036)	(750)	-	-	(52,108)	6,285
<u>148,491</u>	<u>13,008</u>	<u>1,218</u>	<u>277</u>	<u>81,294</u>	<u>45,144</u>
<u>\$ 144,455</u>	<u>\$ 12,258</u>	<u>\$ 1,218</u>	<u>\$ 277</u>	<u>\$ 29,186</u>	<u>\$ 51,429</u>

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**CITY OF HARRISON, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Community Center</u>	<u>Fire Capital Reserve</u>	<u>Drug Law Enforcement Trust</u>	<u>Law Enforcement Trust</u>
<b>Revenues:</b>				
Property and other taxes . . . . .	\$ -	\$ -	\$ -	\$ -
Charges for services . . . . .	39,640	758	-	-
Licenses and permits . . . . .	-	-	-	-
Intergovernmental . . . . .	-	-	12,144	-
Investment income . . . . .	-	4,568	-	-
Other . . . . .	263	-	-	-
<b>Total revenues . . . . .</b>	<u>39,903</u>	<u>5,326</u>	<u>12,144</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Security of persons and property. . . . .	-	-	-	-
Public health and welfare . . . . .	-	-	-	-
Transportation . . . . .	-	-	-	-
Leisure time activity . . . . .	133,083	-	-	-
Capital outlay . . . . .	-	89,903	6,978	-
Debt service:				
Principal retirement. . . . .	-	79,708	-	-
Interest and fiscal charges . . . . .	-	6,333	-	-
<b>Total expenditures . . . . .</b>	<u>133,083</u>	<u>175,944</u>	<u>6,978</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(93,180)</u>	<u>(170,618)</u>	<u>5,166</u>	<u>-</u>
<b>Other financing sources (uses):</b>				
Transfers in. . . . .	42,120	75,000	-	-
Transfers out . . . . .	-	-	-	-
Capital lease transaction . . . . .	-	98,153	-	-
<b>Total other financing sources (uses). . . . .</b>	<u>42,120</u>	<u>173,153</u>	<u>-</u>	<u>-</u>
Net change in fund balances. . . . .	(51,060)	2,535	5,166	-
<b>Fund balances at beginning of year (restated) .</b>	<u>104,499</u>	<u>349,933</u>	<u>8,836</u>	<u>4,274</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 53,439</u>	<u>\$ 352,468</u>	<u>\$ 14,002</u>	<u>\$ 4,274</u>

<u>Recreational Tax Receipts</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 44,900	\$ 960,802
-	439,505
-	390
-	609,779
-	4,568
-	13,389
<u>44,900</u>	<u>2,028,433</u>
-	2,105,782
-	219,832
-	478,557
-	133,083
-	150,808
-	79,708
-	6,333
<u>-</u>	<u>3,174,103</u>
<u>44,900</u>	<u>(1,145,670)</u>
-	1,144,250
-	(120,000)
-	98,153
<u>-</u>	<u>1,122,403</u>
44,900	(23,267)
<u>120,729</u>	<u>1,104,572</u>
<u>\$ 165,629</u>	<u>\$ 1,081,305</u>

**CITY OF HARRISON, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**NONMAJOR SPECIAL REVENUE FUNDS**  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Street Maintenance and Repair</b>				
Total revenues and other sources . . . . .	\$ 416,315	\$ 345,082	\$ 381,265	\$ 36,183
Total expenditures and other uses. . . . .	<u>547,625</u>	<u>560,950</u>	<u>488,809</u>	<u>72,141</u>
Net change in fund balances. . . . .	(131,310)	(215,868)	(107,544)	108,324
Fund balance at beginning of year. . . . .	105,694	105,694	105,694	-
Prior year encumbrances appropriated. . . . .	<u>13,594</u>	<u>13,594</u>	<u>13,594</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ (12,022)</u>	<u>\$ (96,580)</u>	<u>\$ 11,744</u>	<u>\$ 108,324</u>
<b>State Highway Improvements</b>				
Total revenues and other sources . . . . .	\$ 17,500	\$ 14,528	\$ 26,712	\$ 12,184
Total expenditures and other uses. . . . .	<u>3,500</u>	<u>3,500</u>	<u>1,702</u>	<u>1,798</u>
Net change in fund balances. . . . .	14,000	11,028	25,010	13,982
Fund balance at beginning of year. . . . .	<u>60,128</u>	<u>60,128</u>	<u>60,128</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 74,128</u>	<u>\$ 71,156</u>	<u>\$ 85,138</u>	<u>\$ 13,982</u>
<b>Fire Memorial</b>				
Total revenues and other sources . . . . .	\$ 3,000	\$ 1,482	\$ 1,327	\$ (155)
Total expenditures and other uses. . . . .	<u>1,262</u>	<u>2,762</u>	<u>2,773</u>	<u>(11)</u>
Net change in fund balances. . . . .	1,738	(1,280)	(1,446)	(166)
Fund balance at beginning of year. . . . .	17,992	17,992	17,992	-
Prior year encumbrances appropriated. . . . .	<u>263</u>	<u>263</u>	<u>263</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 19,993</u>	<u>\$ 16,975</u>	<u>\$ 16,809</u>	<u>\$ (166)</u>

**CITY OF HARRISON, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)**  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Fire Improvement</b>				
Total revenues and other sources . . . . .	\$ 1,967,641	\$ 2,085,251	\$ 2,124,107	\$ 38,856
Total expenditures and other uses. . . . .	<u>2,125,420</u>	<u>2,125,420</u>	<u>2,120,195</u>	<u>5,225</u>
Net change in fund balances. . . . .	(157,779)	(40,169)	3,912	44,081
Fund balance at beginning of year. . . . .	101,109	101,109	101,109	-
Prior year encumbrances appropriated. . . . .	<u>59,132</u>	<u>59,132</u>	<u>59,132</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 2,462</u>	<u>\$ 120,072</u>	<u>\$ 164,153</u>	<u>\$ 44,081</u>
<b>Police Pension</b>				
Total revenues and other sources . . . . .	\$ 225,022	\$ 223,789	\$ 228,995	\$ 5,206
Total expenditures and other uses. . . . .	<u>226,082</u>	<u>226,082</u>	<u>232,991</u>	<u>(6,909)</u>
Net change in fund balances. . . . .	(1,060)	(2,293)	(3,996)	(1,703)
Fund balance at beginning of year. . . . .	<u>199,658</u>	<u>199,658</u>	<u>199,658</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 198,598</u>	<u>\$ 197,365</u>	<u>\$ 195,662</u>	<u>\$ (1,703)</u>
<b>Enforcement and Education</b>				
Total revenues and other sources . . . . .	\$ 1,500	\$ 610	\$ 610	\$ -
Total expenditures and other uses. . . . .	<u>1,503</u>	<u>1,503</u>	<u>1,363</u>	<u>140</u>
Net change in fund balances. . . . .	(3)	(893)	(753)	140
Fund balance at beginning of year. . . . .	13,005	13,005	13,005	-
Prior year encumbrances appropriated. . . . .	<u>3</u>	<u>3</u>	<u>3</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 13,005</u>	<u>\$ 12,115</u>	<u>\$ 12,255</u>	<u>\$ 140</u>
<b>FEMA</b>				
Fund balance at beginning of year. . . . .	<u>\$ 1,218</u>	<u>\$ 1,218</u>	<u>\$ 1,218</u>	<u>\$ -</u>
Fund balance at end of year . . . . .	<u>\$ 1,218</u>	<u>\$ 1,218</u>	<u>\$ 1,218</u>	<u>\$ -</u>

**CITY OF HARRISON, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)**  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Police Memorial</b>				
Total revenues and other sources . . . . .	\$ 50	\$ -	\$ -	\$ -
Total expenditures and other uses. . . . .	<u>50</u>	<u>50</u>	<u></u>	<u>50</u>
Net change in fund balances. . . . .	-	(50)	-	50
Fund balance at beginning of year. . . . .	<u>277</u>	<u>277</u>	<u>277</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 277</u>	<u>\$ 227</u>	<u>\$ 277</u>	<u>\$ 50</u>
<b>Senior</b>				
Total revenues and other sources . . . . .	\$ 159,773	\$ 138,222	\$ 145,040	\$ 6,818
Total expenditures and other uses. . . . .	<u>208,672</u>	<u>208,672</u>	<u>257,308</u>	<u>(48,636)</u>
Net change in fund balances. . . . .	(48,899)	(70,450)	(112,268)	(41,818)
Fund balance at beginning of year. . . . .	87,672	87,672	87,672	-
Prior year encumbrances appropriated. . . . .	<u>5,801</u>	<u>5,801</u>	<u>5,801</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 44,574</u>	<u>\$ 23,023</u>	<u>\$ (18,795)</u>	<u>\$ (41,818)</u>
<b>Passport Account</b>				
Total revenues and other sources . . . . .	\$ 6,575	\$ 8,806	\$ 8,379	\$ (427)
Total expenditures and other uses. . . . .	<u>4,600</u>	<u>4,600</u>	<u>6,999</u>	<u>(2,399)</u>
Net change in fund balances. . . . .	1,975	4,206	1,380	(2,826)
Fund balance at beginning of year. . . . .	<u>45,144</u>	<u>45,144</u>	<u>45,144</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 47,119</u>	<u>\$ 49,350</u>	<u>\$ 46,524</u>	<u>\$ (2,826)</u>

**CITY OF HARRISON, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)**  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Community Center</b>				
Total revenues and other sources . . . . .	\$ 107,120	\$ 82,023	\$ 82,023	\$ -
Total expenditures and other uses. . . . .	<u>216,717</u>	<u>216,717</u>	<u>140,398</u>	<u>76,319</u>
Net change in fund balances. . . . .	(109,597)	(134,694)	(58,375)	76,319
Fund balance at beginning of year. . . . .	92,856	92,856	92,856	-
Prior year encumbrances appropriated. . . . .	<u>13,847</u>	<u>13,847</u>	<u>13,847</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ (2,894)</u>	<u>\$ (27,991)</u>	<u>\$ 48,328</u>	<u>\$ 76,319</u>
<b>Fire Capital Reserve</b>				
Total revenues and other sources . . . . .	\$ 78,000	\$ 77,788	\$ 79,568	\$ 1,780
Total expenditures and other uses. . . . .	<u>77,970</u>	<u>97,070</u>	<u>77,791</u>	<u>19,279</u>
Net change in fund balances. . . . .	30	(19,282)	1,777	21,059
Fund balance at beginning of year. . . . .	<u>320,865</u>	<u>320,865</u>	<u>320,865</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 320,895</u>	<u>\$ 301,583</u>	<u>\$ 322,642</u>	<u>\$ 21,059</u>
<b>Drug Law Enforcement</b>				
Total revenues and other sources . . . . .	\$ 6,000	\$ 12,444	\$ 12,144	\$ (300)
Total expenditures and other uses. . . . .	<u>2,514</u>	<u>7,514</u>	<u>7,492</u>	<u>22</u>
Net change in fund balances. . . . .	3,486	4,930	4,652	(278)
Fund balance at beginning of year. . . . .	8,822	8,822	8,822	-
Prior year encumbrances appropriated. . . . .	<u>514</u>	<u>514</u>	<u>514</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 12,822</u>	<u>\$ 14,266</u>	<u>\$ 13,988</u>	<u>\$ (278)</u>
<b>Law Enforcement Trust</b>				
Fund balance at beginning of year. . . . .	<u>\$ 4,274</u>	<u>\$ 4,274</u>	<u>\$ 4,274</u>	<u>\$ -</u>
Fund balance at end of year . . . . .	<u>\$ 4,274</u>	<u>\$ 4,274</u>	<u>\$ 4,274</u>	<u>\$ -</u>

**CITY OF HARRISON, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)**  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Recreational Tax Receipts</b>				
Total revenues and other sources . . . . .	\$ 50,000	\$ 45,645	\$ 44,900	\$ (745)
Total expenditures and other uses. . . . .	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Net change in fund balances. . . . .	45,000	40,645	44,900	4,255
Fund balance at beginning of year. . . . .	<u>120,729</u>	<u>120,729</u>	<u>120,729</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 165,729</u>	<u>\$ 161,374</u>	<u>\$ 165,629</u>	<u>\$ 4,255</u>



**CITY OF HARRISON, OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
**DECEMBER 31, 2004**

	<b>Debt Service</b>	<b>Special Assesment</b>	<b>Total Nonmajor Debt Service Funds</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 1,156,669	\$ 19,615	\$ 1,176,284
Total assets . . . . .	\$ 1,156,669	\$ 19,615	\$ 1,176,284
 <b>Fund Balances:</b>			
Reserved for encumbrances . . . . .	1	-	1
Unreserved, undesignated, reported in:			
Debt service funds . . . . .	1,156,668	19,615	1,176,283
Total fund balances . . . . .	1,156,669	19,615	1,176,284
Total liabilities and fund equity . . . . .	\$ 1,156,669	\$ 19,615	\$ 1,176,284

**CITY OF HARRISON, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR DEBT SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Debt Service</u>	<u>Special Assesment</u>	<u>Total Nonmajor Debt Service Funds</u>
<b>Revenues:</b>			
Investment income . . . . .	\$ 14,346	\$ -	\$ 14,346
Total revenues . . . . .	<u>14,346</u>	<u>-</u>	<u>14,346</u>
<b>Expenditures:</b>			
Debt service:			
Principal retirement. . . . .	120,000	-	120,000
Interest and fiscal charges . . . . .	<u>166,924</u>	<u>-</u>	<u>166,924</u>
Total expenditures . . . . .	<u>286,924</u>	<u>-</u>	<u>286,924</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(272,578)</u>	<u>-</u>	<u>(272,578)</u>
<b>Other financing sources:</b>			
Transfers in. . . . .	<u>591,648</u>	<u>-</u>	<u>591,648</u>
Total other financing sources . . . . .	<u>591,648</u>	<u>-</u>	<u>591,648</u>
Net change in fund balances. . . . .	319,070	-	319,070
<b>Fund balances at beginning of year . . . . .</b>	<u>837,599</u>	<u>19,615</u>	<u>857,214</u>
<b>Fund balances at end of year . . . . .</b>	<u><u>\$ 1,156,669</u></u>	<u><u>\$ 19,615</u></u>	<u><u>\$ 1,176,284</u></u>

**CITY OF HARRISON, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**NONMAJOR DEBT SERVICE FUNDS**  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Debt Service</b>				
Total revenues and other sources . . . . .	\$ 1,390,256	\$ 1,397,013	\$ 1,402,602	\$ 5,589
Total expenditures and other uses . . . . .	<u>1,390,256</u>	<u>1,390,256</u>	<u>1,083,532</u>	<u>306,724</u>
Net change in fund balances. . . . .	-	6,757	319,070	312,313
Fund balance at beginning of year. . . . .	<u>837,599</u>	<u>837,599</u>	<u>837,599</u>	-
Fund balance at end of year . . . . .	<u>\$ 837,599</u>	<u>\$ 844,356</u>	<u>\$ 1,156,669</u>	<u>\$ 312,313</u>
<b>Special Assessment</b>				
Fund balance at beginning of year. . . . .	<u>\$ 19,615</u>	<u>\$ 19,615</u>	<u>\$ 19,615</u>	<u>\$ -</u>
Fund balance at end of year . . . . .	<u>\$ 19,615</u>	<u>\$ 19,615</u>	<u>\$ 19,615</u>	<u>\$ -</u>

**CITY OF HARRISON, OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**DECEMBER 31, 2004**

	<b>Street/Safety Construction</b>	<b>Home Depot TIF</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 454,446	\$ 138,377	\$ 592,823
Receivables (net of allowances for uncollectibles):			
Real and other taxes. . . . .	-	140,487	140,487
Total assets . . . . .	<u>\$ 454,446</u>	<u>\$ 278,864</u>	<u>\$ 733,310</u>
 <b>Liabilities:</b>			
Deferred revenue. . . . .	-	140,487	140,487
Total liabilities . . . . .	-	140,487	140,487
 <b>Fund Balances:</b>			
Unreserved, undesignated, reported in:			
Capital projects funds. . . . .	454,446	138,377	592,823
Total fund balances. . . . .	<u>454,446</u>	<u>138,377</u>	<u>592,823</u>
Total liabilities and fund equity. . . . .	<u>\$ 454,446</u>	<u>\$ 278,864</u>	<u>\$ 733,310</u>

**CITY OF HARRISON, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Street/Safety Construction</u>	<u>Home Depot TIF</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Revenues:</b>			
Property and other taxes . . . . .	\$ -	\$ 125,460	\$ 125,460
Intergovernmental . . . . .		27,880	27,880
Investment income . . . . .	6,816	-	6,816
	<hr/>	<hr/>	<hr/>
Total revenues . . . . .	6,816	153,340	160,156
	<hr/>	<hr/>	<hr/>
<b>Expenditures:</b>			
Capital outlay . . . . .	44,119	14,963	59,082
	<hr/>	<hr/>	<hr/>
Total expenditures . . . . .	44,119	14,963	59,082
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(37,303)	138,377	101,074
	<hr/>	<hr/>	<hr/>
<b>Other financing uses:</b>			
Transfers out . . . . .	(1,000)	-	(1,000)
	<hr/>	<hr/>	<hr/>
Total other financing uses. . . . .	(1,000)	-	(1,000)
	<hr/>	<hr/>	<hr/>
Net change in fund balances . . . . .	(38,303)	138,377	100,074
	<hr/>	<hr/>	<hr/>
<b>Fund balances at beginning of year . . . . .</b>	492,749	-	492,749
	<hr/>	<hr/>	<hr/>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 454,446</u>	<u>\$ 138,377</u>	<u>\$ 592,823</u>

**CITY OF HARRISON, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Capital Improvements</b>				
Total revenues and other sources . . . . .	\$ 3,192,000	\$ 4,024,157	\$ 4,139,383	\$ 115,226
Total expenditures and other uses. . . . .	<u>555,887</u>	<u>738,337</u>	<u>2,631,723</u>	<u>(1,893,386)</u>
Net change in fund balances. . . . .	2,636,113	3,285,820	1,507,660	(1,778,160)
Fund balance at beginning of year. . . . .	(67,739)	(67,739)	(67,739)	-
Prior year encumbrances appropriated. . . . .	<u>450,887</u>	<u>450,887</u>	<u>450,887</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 3,019,261</u>	<u>\$ 3,668,968</u>	<u>\$ 1,890,808</u>	<u>\$ (1,778,160)</u>
<b>Street/Safety Construction</b>				
Total revenues and other sources . . . . .	\$ 1,000	\$ 4,159	\$ 6,816	\$ 2,657
Total expenditures and other uses. . . . .	<u>64,503</u>	<u>95,150</u>	<u>45,119</u>	<u>50,031</u>
Net change in fund balances. . . . .	(63,503)	(90,991)	(38,303)	52,688
Fund balance at beginning of year. . . . .	478,246	478,246	478,246	-
Prior year encumbrances appropriated. . . . .	<u>14,503</u>	<u>14,503</u>	<u>14,503</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 429,246</u>	<u>\$ 401,758</u>	<u>\$ 454,446</u>	<u>\$ 52,688</u>
<b>Home Depot TIF</b>				
Total revenues and other sources . . . . .	\$ -	\$ -	\$ 153,340	\$ 153,340
Total expenditures and other uses. . . . .	<u>-</u>	<u>-</u>	<u>14,963</u>	<u>(14,963)</u>
Net change in fund balances. . . . .	-	-	138,377	138,377
Fund balance at beginning of year. . . . .	-	-	-	-
Prior year encumbrances appropriated. . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138,377</u>	<u>\$ 138,377</u>

**CITY OF HARRISON, OHIO**

**INDIVIDUAL FUND SCHEDULES  
FUND DESCRIPTIONS - NONMAJOR PROPRIETARY FUNDS**

**NONMAJOR ENTERPRISE FUNDS**

To account for the financing of costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis that are financed or recovered primarily through user charges.

**Nonmajor Enterprise Funds**

***Storm Water***

This fund accounts for the storm water services provided to the residential and commercial user of the City.

***Sanitation***

This fund accounts for the sanitation services provided to the residential and commercial users of the City.

***Water/Sewer Deposits***

This fund accounts for deposits from utility services which the City applies and/or refunds upon termination of service.

**CITY OF HARRISON, OHIO**

COMBINING STATEMENT OF FUND NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
DECEMBER 31, 2004

	<u>Storm Water</u>	<u>Sanitation</u>	<u>Water/Sewer Deposits</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>Assets:</b>				
Current assets:				
Equity in pooled cash and cash equivalents. . .	\$ -	\$ 174,389	\$ 32,453	\$ 206,842
Receivables (net of allowance for uncollectibles):				
Accounts . . . . .	-	50,354	-	50,354
Total current assets . . . . .	<u>-</u>	<u>224,743</u>	<u>32,453</u>	<u>257,196</u>
Noncurrent assets:				
Capital assets:				
Construction in progress. . . . .	19,751	-	-	19,751
Total capital assets. . . . .	<u>19,751</u>	<u>-</u>	<u>-</u>	<u>19,751</u>
Total noncurrent assets . . . . .	<u>19,751</u>	<u>-</u>	<u>-</u>	<u>19,751</u>
Total assets . . . . .	<u>19,751</u>	<u>224,743</u>	<u>32,453</u>	<u>276,947</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable . . . . .	2,224	24,306	-	26,530
Total current liabilities . . . . .	<u>2,224</u>	<u>24,306</u>	<u>-</u>	<u>26,530</u>
Total liabilities . . . . .	<u>2,224</u>	<u>24,306</u>	<u>-</u>	<u>26,530</u>
<b>Net assets:</b>				
Invested in capital assets, net of related debt . .	19,751	-	-	19,751
Unrestricted (deficit). . . . .	(2,224)	200,437	32,453	230,666
Total net assets . . . . .	<u>\$ 17,527</u>	<u>\$ 200,437</u>	<u>\$ 32,453</u>	<u>\$ 250,417</u>



**CITY OF HARRISON, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Storm Water</u>	<u>Sanitation</u>	<u>Water/Sewer Deposits</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ -	\$ 295,695	\$ 2,531	\$ 298,226
Total operating revenues . . . . .	<u>-</u>	<u>295,695</u>	<u>2,531</u>	<u>298,226</u>
<b>Operating expenses:</b>				
Contract services . . . . .	404	268,014	-	268,418
Other . . . . .	<u>-</u>	<u>-</u>	<u>92</u>	<u>92</u>
Total operating expenses . . . . .	<u>404</u>	<u>268,014</u>	<u>92</u>	<u>268,510</u>
Operating income (loss) . . . . .	<u>(404)</u>	<u>27,681</u>	<u>2,439</u>	<u>29,716</u>
<b>Nonoperating revenues (expenses):</b>				
Intergovernmental . . . . .	<u>-</u>	<u>6,993</u>	<u>-</u>	<u>6,993</u>
Total nonoperating revenues (expenses) . . . . .	<u>-</u>	<u>6,993</u>	<u>-</u>	<u>6,993</u>
Income (loss) before transfers . . . . .	(404)	34,674	2,439	36,709
Transfers in . . . . .	<u>1,533</u>	<u>-</u>	<u>-</u>	<u>1,533</u>
Changes in net assets . . . . .	1,129	34,674	2,439	38,242
<b>Net assets at beginning of year . . . . .</b>	<u>16,398</u>	<u>165,763</u>	<u>30,014</u>	<u>212,175</u>
<b>Net assets at end of year . . . . .</b>	<u>\$ 17,527</u>	<u>\$ 200,437</u>	<u>\$ 32,453</u>	<u>\$ 250,417</u>

**CITY OF HARRISON, OHIO**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Storm Water</u>	<u>Sanitation</u>	<u>Water/Sewer Deposits</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>Cash flows from operating activities:</b>				
Cash received from customers . . . . .	\$ -	\$ 288,942	\$ 2,531	\$ 291,473
Cash payments for contract services . . . . .	(4,840)	(277,102)	-	(281,942)
Cash payments for other expenses . . . . .	-	-	(92)	(92)
Net cash provided by (used in) operating activities. . . . .	<u>(4,840)</u>	<u>11,840</u>	<u>2,439</u>	<u>9,439</u>
<b>Cash flows from noncapital financing activities:</b>				
Cash received from grants. . . . .	-	6,993	-	6,993
Transfers in from other funds . . . . .	<u>1,533</u>	<u>-</u>	<u>-</u>	<u>1,533</u>
Net cash provided by noncapital financing activities . . . . .	<u>1,533</u>	<u>6,993</u>	<u>-</u>	<u>8,526</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets. . . . .	<u>(19,751)</u>	<u>-</u>	<u>-</u>	<u>(19,751)</u>
Net cash used in capital and related financing activities . . . . .	<u>(19,751)</u>	<u>-</u>	<u>-</u>	<u>(19,751)</u>
Net increase (decrease) in cash and cash equivalents . . . . .	(23,058)	18,833	2,439	(1,786)
<b>Cash and cash equivalents at beginning of year</b>	<u>23,058</u>	<u>155,556</u>	<u>30,014</u>	<u>208,628</u>
<b>Cash and cash equivalents at end of year . . .</b>	<u>\$ -</u>	<u>\$ 174,389</u>	<u>\$ 32,453</u>	<u>\$ 206,842</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss) . . . . .	\$ (404)	\$ 27,681	\$ 2,439	\$ 29,716
Changes in assets and liabilities:				
Increase in accounts receivable . . . . .	-	(6,753)	-	(6,753)
Decrease in accounts payable . . . . .	<u>(4,436)</u>	<u>(9,088)</u>	<u>-</u>	<u>(13,524)</u>
Net cash provided by (used in) operating activities . . . . .	<u>\$ (4,840)</u>	<u>\$ 11,840</u>	<u>\$ 2,439</u>	<u>\$ 9,439</u>

**CITY OF HARRISON, OHIO**

**INDIVIDUAL FUND SCHEDULES  
FUND DESCRIPTION - AGENCY FUND**

**Agency Fund**

Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

***Mayor's Court***

This fund accounts for assets received and disbursed by the Mayor's Court as agent or custodian related to various court matters.

**CITY OF HARRISON, OHIO**

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUND  
 FOR THE YEAR ENDED DECEMBER 31 2004

<b>Mayor's Court</b>	<b>Beginning Balance 12/31/2003</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance 12/31/2004</b>
<b>Assets:</b>				
Cash with fiscal agent . . . . .	\$ 607	\$ 109	\$ 607	\$ 109
Total assets. . . . .	<u>\$ 607</u>	<u>\$ 109</u>	<u>\$ 607</u>	<u>\$ 109</u>
<b>Liabilities:</b>				
Due to other governments . . . . .	\$ 607	\$ 109	\$ 607	\$ 109
Total liabilities . . . . .	<u>\$ 607</u>	<u>\$ 109</u>	<u>\$ 607</u>	<u>\$ 109</u>

# **STATISTICAL SECTION**

**CITY OF HARRISON, OHIO**

**GENERAL FUND EXPENDITURES BY FUNCTION  
LAST TEN FISCAL YEARS**

<b>Year</b>	<b>General Government</b>	<b>Security of Persons and Property</b>	<b>Public Health and Welfare</b>	<b>Community Environment</b>
1995	\$ 367,063	\$ 1,123,092	\$ 6,849	\$ 24,305
1996	445,082	1,207,681	6,898	32,632
1997	445,336	1,297,914	6,921	28,939
1998	525,531	1,476,275	7,115	32,159
1999	729,475	1,416,129	13,367	39,146
2000	723,126	1,651,000	1,884	33,325
2001	692,000	1,625,515	8,238	38,205
2002	951,212	1,635,538	-	178,359
2003	938,940	1,724,857	8,806	7,233
2004	1,028,792	1,832,236	9,174	94,084

Source: City of Harrison, Finance Director's office.

<b>Leisure Time Activity</b>	<b>Capital Outlay</b>	<b>Debt Service:</b>		<b>Total Expenditures</b>
		<b>Principal Retirement</b>	<b>Interest and Fiscal Charges</b>	
\$ 23,495	\$ 69,948	\$ -	\$ -	\$ 1,614,752
31,488	51,350	172,367	-	1,947,498
30,911	125,347	-	-	1,935,368
16,649	69,197	-	-	2,126,926
36,940	41,340	14,768	-	2,291,165
49,894	59,721	514,272	1,954	3,035,176
54,516	62,750	54,440	4,073	2,539,737
67,394	-	39,444	4,300	2,876,247
47,502	82,384	49,792	1,399	2,860,913
59,170	248,331	87,893	2,861	3,362,541

**CITY OF HARRISON, OHIO**

GENERAL FUND REVENUES BY SOURCE  
LAST TEN FISCAL YEARS

<b>Year</b>	<b>Taxes</b>	<b>Charges for Services</b>	<b>Licenses, Permits and Fees</b>	<b>Fines and Forfeitures</b>
1995	\$ 2,178,809	\$ 25,774	\$ 34,232	\$ 254,499
1996	2,340,232	28,698	21,683	217,738
1997	2,230,575	3,458	62,754	252,347
1998	2,538,990	1,302	54,629	185,022
1999	3,238,722	870	108,160	255,767
2000	3,315,699	3,415	93,255	218,627
2001	2,989,745	2,225	87,843	170,242
2002	3,300,438	3,300	128,198	172,016
2003	3,577,272	5,440	151,407	128,262
2004	3,501,358	-	160,105	219,915

Source: City of Harrison, Finance Director's office.



<b>Intergovernmental</b>	<b>Investment Income</b>	<b>Other</b>	<b>Total Revenues</b>
\$ 270,283	\$ 116,229	\$ -	\$ 2,879,826
325,068	83,772	24,982	3,042,173
359,209	109,026	20,993	3,038,362
433,611	62,992	28,141	3,304,687
330,179	124,553	19,096	4,077,347
372,437	142,433	81,012	4,226,878
495,190	159,134	70,717	3,975,096
375,547	77,243	133,289	4,190,031
319,236	28,956	108,386	4,318,959
467,471	11,199	86,722	4,446,770

**CITY OF HARRISON, OHIO**

ASSESSSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS

Year	Real Property (a)		Personal Property		Public Utilities	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1995	\$ 79,290,640	\$ 226,544,686	\$ 16,025,720	\$ 64,102,880	\$ 5,545,160	\$ 5,545,160
1996	81,559,740	233,027,829	16,373,160	65,492,640	5,544,310	5,544,310
1997	89,700,940	256,288,400	19,386,320	77,545,280	5,691,670	5,691,670
1998	94,563,970	270,182,771	20,429,050	81,716,200	5,506,680	5,506,680
1999	96,460,940	275,602,686	21,931,100	87,724,400	7,652,880	7,652,880
2000	116,704,100	333,440,286	21,931,100	87,724,400	7,853,370	7,853,370
2001	122,626,630	350,361,800	19,360,790	77,443,160	4,872,000	4,872,000
2002	140,281,390	400,803,971	22,233,920	88,935,680	3,644,230	3,644,230
2003	147,707,370	422,021,057	20,489,080	81,956,320	3,712,380	3,712,380
2004	160,124,090	457,497,400	20,541,290	82,165,160	4,591,770	4,591,770

Source: Hamilton County Auditor's office.

(a) Includes non-operational railroad property, real property and mineral rights.

<b>Total</b>		<b>Ratio of</b>	
<b>Assessed</b>	<b>Estimated</b>	<b>Assessed to</b>	
<b>Value</b>	<b>Actual Value</b>	<b>Actual Value</b>	
\$ 100,861,520	\$ 296,192,726		34.05%
103,477,210	304,064,779		34.03%
114,778,930	339,525,350		33.81%
120,499,700	357,405,651		33.72%
126,044,920	370,979,966		33.98%
146,488,570	429,018,056		34.15%
146,859,420	432,676,960		33.94%
166,159,540	493,383,881		33.68%
171,908,830	507,689,757		33.86%
185,257,150	544,254,330		34.04%

**CITY OF HARRISON, OHIO**

PROPERTY TAX LEVIES AND COLLECTIONS - REAL AND PUBLIC UTILITY TAXES  
LAST TEN FISCAL YEARS

<b>Year</b>	<b>Current Taxes Levied</b>	<b>Current Taxes Collected</b>	<b>Percent of Current Taxes Collected</b>	<b>Prior Year Collections</b>	<b>Total Collections</b>	<b>Percent of Total Taxes Collected</b>
1995	\$ 1,274,389	\$ 1,221,475	95.85%	\$ 30,164	\$ 1,251,639	98.21%
1996	1,303,478	1,247,405	95.70%	39,301	1,286,706	98.71%
1997	1,416,615	1,348,295	95.18%	28,517	1,376,812	97.19%
1998	1,494,324	1,437,362	96.19%	51,036	1,488,398	99.60%
1999	1,626,587	1,588,290	97.65%	126,673	1,714,963	105.43%
2000	1,719,587	1,601,953	93.16%	55,894	1,657,847	96.41%
2001	1,735,336	1,575,090	90.77%	57,888	1,632,978	94.10%
2002	1,843,626	1,640,099	88.96%	98,331	1,738,430	94.29%
2003	1,968,254	1,765,554	89.70%	82,181	1,847,735	93.88%
2004	1,871,491	1,819,037	97.20%	87,009	1,906,046	101.85%

Source: Hamilton County Auditor's office.

**CITY OF HARRISON, OHIO**

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
(PER \$1,000 OF ASSESSED VALUATION)  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Township Levy</b>	<b>City of Harrison Levy</b>	<b>School Levy</b>	<b>County Levy</b>	<b>Joint Ambulatory Levy</b>	<b>Joint Vocational Levy</b>	<b>Hamilton County Park District Levy</b>	<b>Total</b>
1994 for 1995	0.06	13.00	45.13	18.30	N/A	2.70	-	79.19
1995 for 1996	0.06	13.00	45.13	18.30	1.25	2.70	-	80.44
1996 for 1997	0.06	13.00	44.77	19.44	1.25	2.70	-	81.22
1997 for 1998	0.06	13.00	44.74	19.01	1.25	2.70	-	80.76
1998 for 1999	0.06	13.00	48.22	19.54	1.25	2.70	-	84.77
1999 for 2000	0.06	13.00	48.22	20.83	1.25	2.70	-	86.06
2000 for 2001	0.06	13.00	47.88	19.92	1.25	2.70	-	84.81
2001 for 2002	0.06	13.00	47.75	21.47	1.25	2.70	-	86.23
2002 for 2003	0.06	13.00	47.25	20.48	1.25	2.70	1.03	85.77
2003 for 2004	0.06	13.00	47.25	20.48	1.25	2.70	1.03	85.77

Source: Hamilton County Auditor's office.

**CITY OF HARRISON, OHIO**

**RATIO OF NET BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS**

<b>Year</b>	<b>Estimated Population (a)</b>	<b>Assessed Valuation (b)</b>	<b>Gross Bonded Debt</b>	<b>Less: Debt Service Fund Equity</b>	<b>Less: Debt Payable from Enterprise Revenues (c)</b>
1995	8,974	\$ 100,861,520	\$ 5,080,000	\$ 50,000	\$ 5,030,000
1996	9,176	103,477,210	4,795,000	(d)	4,795,000
1997	9,393	114,778,930	4,560,000	(d)	4,560,000
1998	9,566	120,499,400	4,594,000	(d)	4,594,000
1999	9,750	126,044,920	4,273,000	(d)	4,273,000
2000	9,835	146,488,570	7,247,000	85,350	3,937,000
2001	9,865	146,859,420	6,811,000	45,551	3,606,000
2002	9,885	166,159,540	6,360,000	280,610	3,265,000
2003	9,885	171,909,830	22,005,000	857,214	19,025,000
2004	9,885	185,257,150	21,590,000	1,176,284	18,730,000

Sources:

- (a) United States Bureau of Census.
- (b) Hamilton County Auditor's office.
- (c) These amounts include general obligation bonds, mortgage revenue bonds and real estate revenue bonds that are being repaid through enterprise revenues.
- (d) In years 1996 - 1999 the City had no general obligation debt. All debt was repaid through enterprise operations.

<b>Net Bonded Debt</b>	<b>Ratio of Debt to Assessed Value</b>	<b>Net Bonded Debt Per Capita</b>
\$ -	0.00%	0.00
(d)	0.00%	0.00
(d)	0.00%	0.00
(d)	0.00%	0.00
(d)	0.00%	0.00
3,224,650	2.20%	327.87
3,159,449	2.15%	320.27
2,814,390	1.69%	284.71
2,122,786	1.23%	214.75
1,683,716	0.91%	170.33

**CITY OF HARRISON, OHIO**

COMPUTATION OF LEGAL DEBT MARGIN (a)  
DECEMBER 31, 2004

	<u>Total Debt Limit (b)</u>	<u>Total Unvoted Debt Limit (c)</u>
Assessed valuation of the City	\$ 185,257,150	\$ 185,257,150
Legal debt margin:		
Debt limitation	19,452,001	10,189,143
Debt applicable to limitation:		
Total bonded debt	21,590,000	21,590,000
Exemptions:		
Debt supported by enterprise fund operations	<u>(18,730,000)</u>	<u>(18,730,000)</u>
Total debt applicable to limitation	<u>2,860,000</u>	<u>2,860,000</u>
Total legal debt margin (debt limitation minus total debt applicable to limitation)	<u>\$ 16,592,001</u>	<u>\$ 7,329,143</u>

Source: City of Harrison, Finance Director's office.

(a) Computation of legal debt margin based on Section 133, the Uniform Bond Act of the Ohio Revised Code.

(b) The total debt limitation is 10.5% of the assessed valuation.

(c) The unvoted debt limitation is 5.5% of the assessed valuation.



**CITY OF HARRISON, OHIO**

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT  
GENERAL OBLIGATION BONDS  
DECEMBER 31, 2004

<u>Jurisdiction</u>	<u>Net General Obligation Debt Outstanding (a)</u>	<u>Percentage Applicable To the City (b)</u>	<u>Amount Applicable to the City</u>
<b>Direct:</b>			
City of Harrison	\$ 2,860,000	100.00%	\$ 2,860,000
Total Direct			<u>2,860,000</u>
<b>Overlapping:</b>			
Southwest Ohio School District	19,471,641	40.09%	7,806,181
Great Oaks Career Center	5,310,000	1.06%	56,286
Hamilton County	123,690,000	0.99%	1,224,531
Total Overlapping			<u>9,086,999</u>
<b>Grand Total Direct and Overlapping</b>			<u><u>\$ 11,946,999</u></u>

Source: Fiscal Officers of Various Subdivisions.

(a) Excludes general obligation bonds reported in the enterprise funds.

(b) Percentages determined by dividing the assessed valuation of the political subdivision located within the City by the total assessed value of the subdivision.

**CITY OF HARRISON, OHIO**

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES  
FOR GENERAL OBLIGATION BONDED DEBT  
TO TOTAL GENERAL FUND EXPENDITURES  
LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total General Fund Expenditures</b>	<b>Ratio of Debt Service to General Fund Expenditures</b>
1995	\$ 50,000	\$ 6,145	\$ 56,145	\$ 1,614,752	3.48%
1996	-	-	-	1,947,498	0.00%
1997	-	-	-	1,935,368	0.00%
1998	-	-	-	2,126,926	0.00%
1999	-	-	-	2,291,165	0.00%
2000	50,000	162,407	212,407	3,035,176	7.00%
2001	105,000	183,374	288,374	2,539,737	11.35%
2002	110,000	178,230	288,230	2,876,247	10.02%
2003	115,000	189,256	304,256	2,860,913	10.63%
2004	120,000	166,923	286,923	3,362,541	8.53%

Source: City of Harrison, Finance Director's office.

Note: In years 1996 - 1999 the City had no general obligation debt. All debt was repaid through enterprise operations.

**CITY OF HARRISON, OHIO**

REVENUE BOND COVERAGE  
LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenues (a)	Operating Expenses (b)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1995	\$ 1,900,449	\$ 1,033,441	\$ 867,008	\$ 150,000	\$ 229,633	\$ 379,633	2.28
1996	2,069,589	1,075,614	993,975	160,000	224,315	384,315	2.59
1997	2,160,504	1,016,104	1,144,400	165,000	218,253	383,253	2.99
1998	2,205,913	1,260,035	945,878	180,000	211,453	391,453	2.42
1999	2,349,550	1,100,051	1,249,499	261,000	203,584	464,584	2.69
2000	2,555,961	1,210,224	1,345,737	276,000	218,531	494,531	2.72
2001	2,596,128	1,323,535	1,272,593	286,000	191,893	477,893	2.66
2002	3,059,797	1,621,015	1,438,782	301,000	190,426	491,426	2.93
2003	3,210,404	1,692,567	1,517,837	405,157	263,112	668,269	2.27
2004	4,231,865	2,653,104	1,578,761	255,000	953,371	1,208,371	1.31

Source: City of Harrison, Finance Director's office.

(a) Includes both operating and nonoperating revenues (i.e. investment earnings, intergovernmental grants and other non-operating revenues) of the enterprise funds.

(b) Total operating expenses exclusive of depreciation.

**CITY OF HARRISON, OHIO**

**DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Estimated Population (a)</b>	<b>Per Capita Income (b)</b>	<b>School Enrollment (c)</b>	<b>Unemployment Rate (b)</b>
1995	8,974	\$26,849	4,106	4.00%
1996	9,176	28,221	4,109	4.10%
1997	9,393	29,640	4,176	3.60%
1998	9,566	32,084	4,059	3.40%
1999	9,750	32,962	4,086	3.00%
2000	9,835	34,497	4,082	2.90%
2001	9,865	34,900	4,037	3.20%
2002	9,885	35,416	4,000	5.00%
2003	9,885	N/A	3,965	4.70%
2004	9,885	N/A	3,965	6.20%

"N/A" indicates that the information was not available.

Sources:

(a) United States Bureau of Census.

(b) Ohio Department of Development, Office of Strategic Research 1993-1997. Bureau of Economic Analysis 1998-2002.

(c) Southwest Local School District.

**CITY OF HARRISON, OHIO**

PROPERTY VALUE AND CONSTRUCTION  
LAST TEN FISCAL YEARS

Year	Property Value (a)			Number of Permits (b)		
	Commercial	Residential	Total	Single Family	Total	Estimated Cost
1995	\$ 84,671,000	\$ 141,873,686	\$ 226,544,686	20	118	\$ 1,865,491
1996	89,274,600	143,753,229	233,027,829	11	106	1,546,167
1997	89,898,314	166,390,086	256,288,400	4	114	975,393
1998	102,966,110	167,216,661	270,182,771	8	101	1,285,207
1999	105,031,629	170,571,057	275,602,686	45	150	5,660,334
2000	127,037,600	206,402,686	333,440,286	28	141	5,289,474
2001	135,154,600	215,207,200	350,361,800	26	119	4,043,591
2002	145,899,514	254,904,457	400,803,971	NA	NA	NA
2003	149,010,714	273,010,343	422,021,057	NA	NA	NA
2004	155,819,486	301,677,914	457,497,400	NA	NA	NA

"NA" indicates that the information was not available.

Sources:

(a) Hamilton County Auditor's office. Represents estimated actual value of real property.

(b) City of Harrison Building Department.

**CITY OF HARRISON, OHIO**

PRINCIPAL TAXPAYERS  
 REAL ESTATE AND TANGIBLE PERSONAL PROPERTY TAX  
 DECEMBER 31, 2004

<u>Taxpayer</u>	<u>Tax Valuation Real &amp; Personal Property</u>	<u>Percent of Total Assessed Valuation</u>
Cincinnati Gas & Electric Company	\$ 2,557,810	1.38%
F & M MAFCO Inc.	2,291,750	1.24%
JTM Provisions Co. Inc.	1,605,900	0.88%
Campbell Hausfeld Scott	1,542,940	0.84%
Supervalu Holdings Inc.	1,201,580	0.65%
Home Depot USA, Inc.	1,134,470	0.61%
Cronin Ford Inc.	1,128,410	0.61%
Wayne Scott Fetzer Co.	1,063,140	0.57%
Harrison Division of MII	1,045,820	0.56%
Hubert Company LLC	989,620	0.53%
All others	<u>170,695,710</u>	<u>92.14%</u>
Total Taxable Valuation	<u>\$ 185,257,150</u>	<u>100.00%</u>

Source: Hamilton County Auditor's office.

# CITY OF HARRISON, OHIO

## MISCELLANEOUS STATISTICS DECEMBER 31, 2004

**Government and History:**

Harrison was first settled in 1804 and incorporated in 1850. The City operates as a Charter municipality subject to the general laws of the State, which are applicable to all municipalities in the State. In addition the City may exercise all powers of local self-government under the Ohio Constitution to the extent that it does not conflict with applicable general laws of the State.

The legislative authority of the City is vested in a seven member Council. The Mayor is the Chief executive and administrative

<b>Population:</b>	<b>Estimate 12/31/2004</b>	<b>Census 1990</b>	<b>Census 1980</b>	<b>Census 1970</b>	<b>Census 1960</b>
Harrison - City . . . . .		7,520	5,855	4,408	3,878
Hamilton - County . . . . .		866,228	876,224	925,944	864,151
Metropolitan Area . . . . .		1,452,645	1,401,491	1,387,207	1,268,479

**Area:**

Harrison . . . . .	4 sq. miles
Hamilton County. . . . .	413 sq. miles
Metropolitan Area . . . . .	3,343 sq. miles

Geographically, the City of Harrison is located in Southwestern Ohio near the junction of Ohio, Indiana and Kentucky along Interstate 74. Harrison is centrally located relative to the thirty-three major U.S. distribution centers. Within 600 miles of Harrison reside 54% 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.

**2004 City Data:**

Miles of Streets . . . . .	40
Miles of Sewer Mains. . . . .	25
Miles of Water Mains. . . . .	26
Number of Water Customer Accounts . . . . .	2,902
Number of Sewer Customer Accounts . . . . .	2,405
Acres of Parks and Recreation Land . . . . .	98
Number of Recreation Facilities . . . . .	4
Gross General Bonded Debt . . . . .	\$ 22,005,000
Gross Debt per Capita (9,885 est population 12-31-04)	2,226.10
 Number of Municipal Employees, including part-time.	 153

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**Auditor of State  
Betty Montgomery**

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**CITY OF HARRISON**

**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  
NOVEMBER 10, 2005**