

**CITY OF HARRISON
HAMILTON COUNTY, OHIO**

SUPPLEMENTAL REPORT

DECEMBER 31, 2005

MR. JAMES SATZGER, FINANCE DIRECTOR



**Auditor of State
Betty Montgomery**

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

We have reviewed the *Independent Auditors' Report* of the City of Harrison, Hamilton County, prepared by Julian and Grube, Inc., for the audit period January 1, 2005 through December 31, 2005. 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, 2006

This Page is Intentionally Left Blank.

**CITY OF HARRISON
HAMILTON COUNTY, OHIO**

TABLE OF CONTENTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	1 - 2
Schedule of Findings.....	3 - 4
Status of Prior Audit Findings	5

This Page is Intentionally Left Blank.



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

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, Hamilton County, Ohio, (the "City"), as of and for the year ended December 31, 2005, which collectively comprise the basic financial statements and have issued our report thereon dated June 19, 2006. As disclosed in Note 3 to the financial statements, net assets has been restated in the sewer and storm water funds due to errors and omissions. 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 opinions on the financial statements and not to provide an opinion 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 reportable 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 caused by error or fraud in amounts that would be material in relation to the 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 June 19, 2006.

Members of Council and Mayor
City of Harrison

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of 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 item 2005-COH-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the City in a separate letter dated June 19, 2006.

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." with a stylized flourish at the end.

Julian & Grube, Inc.
June 19, 2006

**CITY OF HARRISON
HAMILTON COUNTY, OHIO**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005**

1. FINDINGS RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2005-COH-001

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, 2005, the City had expenditures in excess of appropriations in the following line items:

<u>Fund/Fund Type</u>	<u>Excess</u>
<u>Special Revenue Funds</u>	
Fire Memorial Fund	\$ 4,998
Community Center Fund	6,332
Senior Fund	28,325
Drug Law Enforcement Trust Fund	1,121
Enforcement and Education Fund	3,797
FEMA	15,898
 <u>Capital Projects Fund</u>	
Capital Improvement Fund	793,268
Home Depot TIF	16,287
Street/Safety Construction Fund	350
New Haven Bridge Escrow	542,245
 <u>Enterprise Funds</u>	
Storm Water Fund	1,361
Water Improvement Fund	506,031

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, 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2004-COH-001	Ohio Revised Code Section 5705.39 in part requires that the appropriations from each fund should not exceed estimated resources.	Yes	N/A
2004-COH-002	Ohio Revised Code Section 5705.41(B) in part requires that expenditures shall not exceed appropriations.	No	Reported as Finding 2005-COH-001 in current year.

CITY OF HARRISON, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2005

PREPARED BY:

JAMES W. SATZGER, FINANCE DIRECTOR

*112 N. WALNUT STREET
HARRISON, OHIO 45030*

INTRODUCTORY SECTION

THIS PAGE IS INTENTIONALLY LEFT BLANK

CITY OF HARRISON, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2005

TABLE OF CONTENTS

I. INTRODUCTORY SECTION

Title Page	
Table of Contents	i-iii
Letter of Transmittal	iv-vii
Elected and Appointed City Officials	viii
Organizational Chart	ix
Certificate of Achievement for Excellence in Financial Reporting.....	x

II. FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT	F 1-2
MANAGEMENT’S DISCUSSION AND ANALYSIS	F 3-16
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Assets	F 17
Statement of Activities	F 18-19
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	F 20
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	F 21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	F 22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	F 23
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
General Fund.....	F 24
Fire Improvement Fund.....	F 25
Statement of Fund Net Assets - Proprietary Funds.....	F 26
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	F 27
Statement of Cash Flows - Proprietary Funds	F 28-29
Statement of Fiduciary Net Assets - Fiduciary Fund.....	F 30

BASIC FINANCIAL STATEMENTS (CONTINUED):

Notes to the Basic Financial Statements.....	F 31-61
--	---------

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES:

Combining Statements and Individual Fund Schedules - Governmental Funds:

Fund Descriptions - Governmental Funds.....	F 62-63
---	---------

Schedules of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis):

Capital Improvements	F 64
----------------------------	------

Combining Balance Sheet - Nonmajor Governmental Funds.....	F 65
--	------

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	F 66
---	------

Combining Balance Sheet - Nonmajor Special Revenue Funds.....	F 67-70
---	---------

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	F 71-74
--	---------

Schedules of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis):

Street Maintenance and Repair	F 75
-------------------------------------	------

State Highway Improvements	F 75
----------------------------------	------

Fire Memorial.....	F 75
--------------------	------

Police Pension	F 76
----------------------	------

Enforcement and Education	F 76
---------------------------------	------

FEMA.....	F 76
-----------	------

Police Memorial	F 77
-----------------------	------

Senior	F 77
--------------	------

Passport Account.....	F 77
-----------------------	------

Community Center	F 78
------------------------	------

Fire Capital Reserve.....	F 78
---------------------------	------

Drug Law Enforcement	F 78
----------------------------	------

Law Enforcement Trust.....	F 79
----------------------------	------

Recreation Tax Receipts	F 79
-------------------------------	------

Combining Balance Sheet - Nonmajor Debt Service Funds.....	F 80
--	------

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Debt Service Funds	F 81
---	------

Schedules of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis):

Debt Service	F 82
--------------------	------

Special Assessment	F 82
--------------------------	------

Combining Balance Sheet - Nonmajor Capital Projects Funds	F 83
---	------

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds.....	F 84
--	------

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES (CONTINUED):

Schedules of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis):

Home Depot TIF	F 85
Street/Safety Construction.....	F 85
New Haven Bridge Escrow	F 85

Combining Statements and Individual Fund Schedules – Nonmajor Proprietary Funds:

Fund Descriptions – Nonmajor Proprietary Funds	F 86
Combining Statement of Fund Net Assets - Nonmajor Enterprise Funds	F 87
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Nonmajor Enterprise Funds.....	F 88
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	F 89
Fund Descriptions - Agency Fund.....	F 90
Statement of Changes in Assets and Liabilities - Agency Fund	F 91

III. STATISTICAL SECTION

General Fund Expenditures by Function - Last Ten Fiscal Years.....	S 1-2
General Fund Revenues by Source - Last Ten Fiscal Years	S 3-4
Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years.....	S 5-6
Property Tax Levies and Collections – Real and Public Utility Taxes - Last Ten Fiscal Years.....	S 7
Property Tax Rates - Direct and Overlapping Governments (per \$1,000 of Assessed Valuation) - Last Ten Fiscal Years	S 8
Ratio of Net Bonded Debt to Assessed Value and Net Bonded Debt Per Capita - Last Ten Fiscal Years	S 9-10
Computation of Legal Debt Margin	S 11
Computation of Direct and Overlapping Bonded Debt - General Obligation Bonds	S 12
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Fund Expenditures - Last Ten Fiscal Years	S 13
Revenue Bond Coverage - Last Ten Fiscal Years.....	S 14
Demographic Statistics - Last Ten Fiscal Years.....	S 15
Property Value Construction - Last Ten Fiscal Years.....	S 16
Principal Taxpayers - Real Estate and Tangible Personal Property Tax	S 17
Miscellaneous Statistics	S 18



City of Harrison

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

June 19, 2006

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, 2005, 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 providing 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 City is responsible for establishing and maintaining an internal control structure designed to protect its assets from loss, theft or misuse. Furthermore, the accounting system must be adequate to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

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, 2005. The Independent Auditor's Report on the basic financial statements is included in the financial section of this report.

As a part of the City's independent audit, tests are made to determine the adequacy of the internal control structure, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's independent audit for the year ended December 31, 2005 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

This transmittal letter is designed to provide historical information about the City, as well as compliment the required Management's Discussion and Analysis (MD&A). Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements. The City's MD&A, which focuses on the government-wide statements, can be found immediately following the Independent Auditor's Report.

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 have provided about 900 new homes. An additional 300 to 400 homes are planned.

MAJOR INITIATIVES

Construction 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. 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 Digested 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.

OTHER INFORMATION

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, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

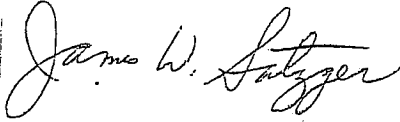
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable 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 six consecutive years (1999 - 2004). 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,

A handwritten signature in cursive script that reads "James W. Satzger".

James W. Satzger
Finance Director

CITY OF HARRISON, OHIO

ELECTED AND APPOINTED CITY OFFICIALS

Elected Officials:

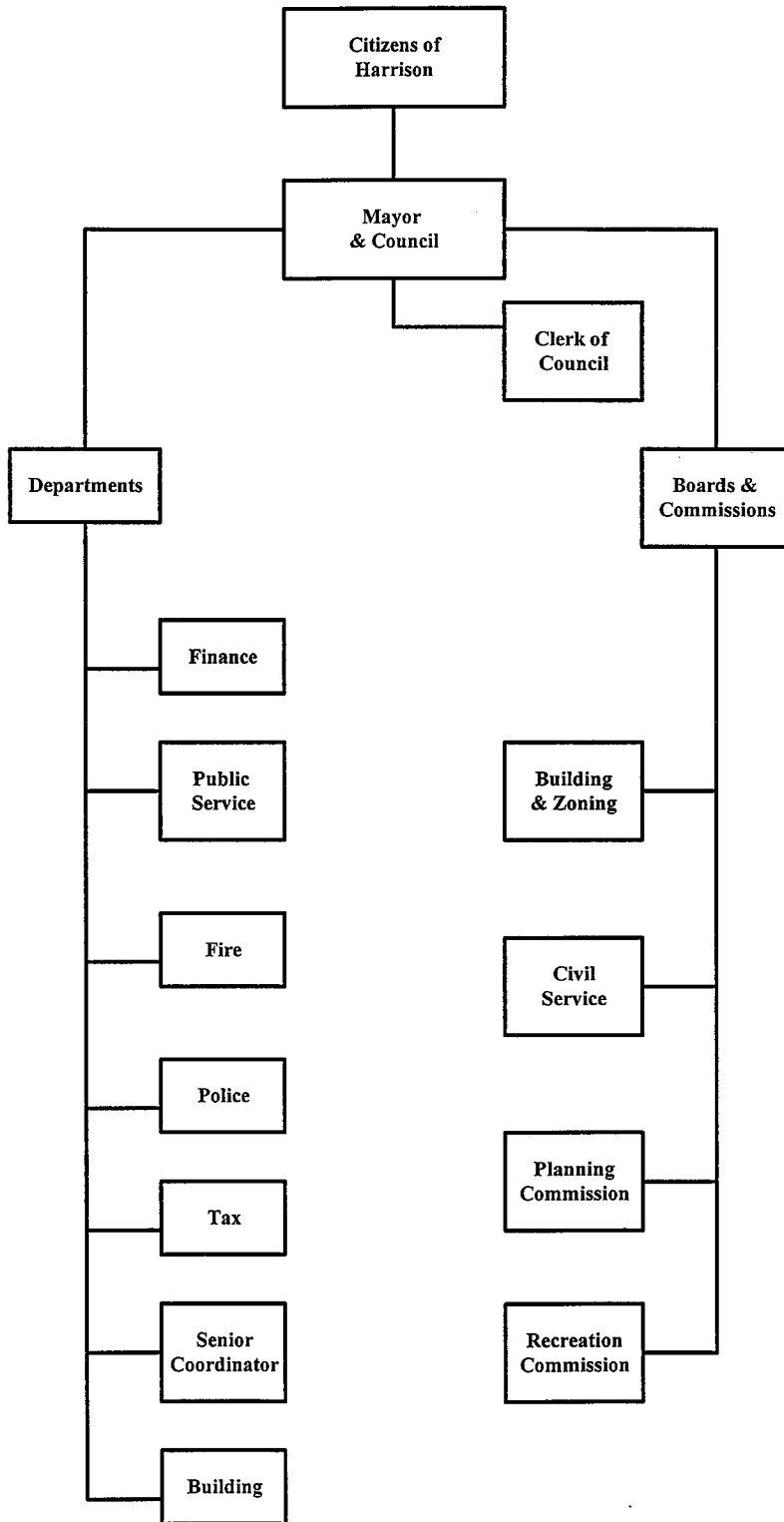
<u>Office</u>	<u>Incumbent</u>	<u>Term Expires</u>
Mayor	Daniel J. Gieringer	December 31, 2007
Vice Mayor/Member of Council	William Neyer	December 31, 2009
Members of Council	James Robertson	December 31, 2007
	Joel McGuire	December 31, 2007
	Tony Burkhard	December 31, 2009
	Randy Shank	December 31, 2009
	Judy Kercheval	December 31, 2007
	Deborah Acra	December 31, 2009

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, 2004

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.



Carla E. Fudge

President

Jeffrey R. Emmer

Executive Director

FINANCIAL SECTION

THIS PAGE IS INTENTIONALLY LEFT BLANK



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditors' 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, 2005, 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 the Comptroller General of the United States' *Government Auditing Standards*. 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and Fire Improvement special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2006 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.

As disclosed in Note 3 to the financial statements, net assets has been restated in the sewer and storm water funds due to errors and omissions.

The management's discussion and analysis is not a required part of the basic financial statements but is 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 Auditors' Report
City of Harrison

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City'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.
June 19, 2006

CITY OF HARRISON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005 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, 2005. 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 2005 are as follows:

- The total net assets of the City increased \$987,979. Net assets of governmental activities decreased \$666,560 or 5.83% from 2004 and net assets of business-type activities increased \$1,654,539 or 13.86% over 2004.
- General revenues accounted for \$5,984,088 of total governmental activities revenue. Program specific revenues accounted for \$1,854,459 or 23.66% of total governmental activities revenue.
- The City had \$6,841,339 in expenses related to governmental activities; \$1,854,459 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$4,986,880 were offset by general revenues (primarily property taxes and unrestricted grants and entitlements) of \$5,984,088.
- The general fund had revenues and other financing sources of \$5,064,678 in 2005. This represents an increase from 2004 of \$369,577. The expenditures and other financing uses of the general fund, which totaled \$4,766,028 in 2005, decreased \$92,926 from 2004. The net increase in fund balance for the general fund was \$298,650 or 43.35%.
- The capital improvements fund had revenues and other financing sources of \$3,347,251 in 2005. The expenditures and other financing uses of the capital improvements fund, totaled \$5,610,645 in 2005. The net decrease in fund balance for the capital improvements fund was \$2,263,394 or 90.00%.
- The fire improvement fund had revenues and other financing sources of \$2,042,002 in 2005. The expenditures of the fire improvement fund, totaled \$1,986,099 in 2005. The net increase in fund balance for the fire improvement fund was \$55,903 or 45.70%.
- Net assets for the business-type activities, which are made up of the Sewer, Water, Storm Water, Sanitation and Water/Wastewater Deposit enterprise funds, increased in 2005 by \$1,654,539. This increase in net assets was due primarily to capital contributions from governmental funds.
- In the general fund, the actual revenues and other financing sources came in \$292,378 greater than they were in the final budget and actual expenditures and other financing uses were \$12,834 less than the amount in the final budget. Budgeted expenditures were increased \$104,878 from the original to the final budget. Budgeted revenues were decreased \$251,560 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.

CITY OF HARRISON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED

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.

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 2005?" 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 F17-F19 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.

CITY OF HARRISON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED

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.

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, fire improvement 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 F20-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, water and storm 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 only fiduciary fund type used by the City. 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-F61 of this report.

Government-Wide Financial Analysis

The table below provides a summary of the City's net assets for 2005 and 2004:

CITY OF HARRISON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED

	Net Assets					
	Governmental Activities		Business-type Activities		2005	2004
	2005	2004	2005	2004	Total	Total
<u>Assets</u>						
Current and other assets	\$ 7,170,756	\$ 8,944,134	\$ 7,449,416	\$ 7,366,051	\$ 14,620,172	\$ 16,310,185
Capital assets	<u>9,925,666</u>	<u>8,279,557</u>	<u>27,326,700</u>	<u>25,861,816</u>	<u>37,252,366</u>	<u>34,141,373</u>
Total assets	<u>17,096,422</u>	<u>17,223,691</u>	<u>34,776,116</u>	<u>33,227,867</u>	<u>51,872,538</u>	<u>50,451,558</u>
<u>Liabilities</u>						
Long-term liabilities outstanding	3,834,634	3,509,987	20,914,632	20,730,753	24,749,266	24,240,740
Other liabilities	<u>2,478,111</u>	<u>2,263,467</u>	<u>273,044</u>	<u>563,213</u>	<u>2,751,155</u>	<u>2,826,680</u>
Total liabilities	<u>6,312,745</u>	<u>5,773,454</u>	<u>21,187,676</u>	<u>21,293,966</u>	<u>27,500,421</u>	<u>27,067,420</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	6,305,598	4,996,494	6,593,538	5,162,716	12,899,136	10,159,210
Restricted	3,132,576	5,459,325	-	-	3,132,576	5,459,325
Unrestricted	<u>1,345,503</u>	<u>994,418</u>	<u>6,994,902</u>	<u>6,771,185</u>	<u>8,340,405</u>	<u>7,765,603</u>
Total net assets	<u>\$ 10,783,677</u>	<u>\$ 11,450,237</u>	<u>\$ 13,588,440</u>	<u>\$ 11,933,901</u>	<u>\$ 24,372,117</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, 2005, the City's assets exceeded liabilities by \$24,372,117. At year-end, net assets were \$10,783,677 and \$13,588,440 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 71.82% 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, 2005, were \$6,305,598 and \$6,593,538 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, \$3,132,576, 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 \$1,345,503 may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF HARRISON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED

The table below shows the changes in net assets for fiscal year 2005 and 2004.

	Change in Net Assets					
	Governmental Activities		Business-type Activities		2005	2004
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>Total</u>	<u>Total</u>
Revenues						
Program revenues:						
Charges for services	\$ 1,033,979	\$ 819,915	\$ 3,875,997	\$ 3,399,823	\$ 4,909,976	\$ 4,219,738
Operating grants and contributions	547,153	611,410	-	-	547,153	611,410
Capital grants and contributions	<u>273,327</u>	<u>841,885</u>	<u>-</u>	<u>748,957</u>	<u>273,327</u>	<u>1,590,842</u>
Total program revenues	<u>1,854,459</u>	<u>2,273,210</u>	<u>3,875,997</u>	<u>4,148,780</u>	<u>5,730,456</u>	<u>6,421,990</u>
General revenues:						
Property taxes	2,305,586	2,103,297	-	-	2,305,586	2,103,297
Income taxes	2,586,428	2,635,151	-	-	2,586,428	2,635,151
Unrestricted grants and entitlements	680,472	518,308	-	-	680,472	518,308
Investment earnings	161,035	47,149	90,501	54,368	251,536	101,517
Miscellaneous	<u>250,567</u>	<u>104,679</u>	<u>52,382</u>	<u>28,717</u>	<u>302,949</u>	<u>133,396</u>
Total general revenues	<u>5,984,088</u>	<u>5,408,584</u>	<u>142,883</u>	<u>83,085</u>	<u>6,126,971</u>	<u>5,491,669</u>
Total revenues	<u>7,838,547</u>	<u>7,681,794</u>	<u>4,018,880</u>	<u>4,231,865</u>	<u>11,857,427</u>	<u>11,913,659</u>
Expenses:						
General government	884,336	1,030,510	-	-	884,336	1,030,510
Security of persons and property	4,572,970	4,128,525	-	-	4,572,970	4,128,525
Public health and welfare	302,458	242,285	-	-	302,458	242,285
Transportation	564,912	640,357	-	-	564,912	640,357
Community environment	103,838	95,444	-	-	103,838	95,444
Leisure time activity	225,342	244,658	-	-	225,342	244,658
Interest and fiscal charges	187,483	175,737	-	-	187,483	175,737
Sewer	-	-	2,561,278	2,077,687	2,561,278	2,077,687
Water	-	-	1,124,409	974,473	1,124,409	974,473
Storm Water	-	-	24,211	404	24,211	404
Sanitation	-	-	317,682	268,014	317,682	268,014
Water/Wastewater Deposit	<u>-</u>	<u>-</u>	<u>529</u>	<u>92</u>	<u>529</u>	<u>92</u>
Total expenses	<u>6,841,339</u>	<u>6,557,516</u>	<u>4,028,109</u>	<u>3,320,670</u>	<u>10,869,448</u>	<u>9,878,186</u>
Increase (decrease) in net assets before transfers	997,208	1,124,278	(9,229)	911,195	987,979	2,035,473
Transfers	<u>(1,663,768)</u>	<u>2,459,261</u>	<u>1,663,768</u>	<u>(2,459,261)</u>	<u>-</u>	<u>-</u>
Change in net assets	(666,560)	3,583,539	1,654,539	(1,548,066)	987,979	2,035,473
Net assets at beginning of year	<u>11,450,237</u>	<u>7,866,698</u>	<u>11,933,901</u>	<u>13,481,967</u>	<u>23,384,138</u>	<u>21,348,665</u>
Net assets at end of year	<u>\$ 10,783,677</u>	<u>\$ 11,450,237</u>	<u>\$ 13,588,440</u>	<u>\$ 11,933,901</u>	<u>\$ 24,372,117</u>	<u>\$ 23,384,138</u>

CITY OF HARRISON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED

Governmental Activities

Governmental activities net assets decreased \$666,560 in 2005. This decrease is a result of transfers to business-type activities.

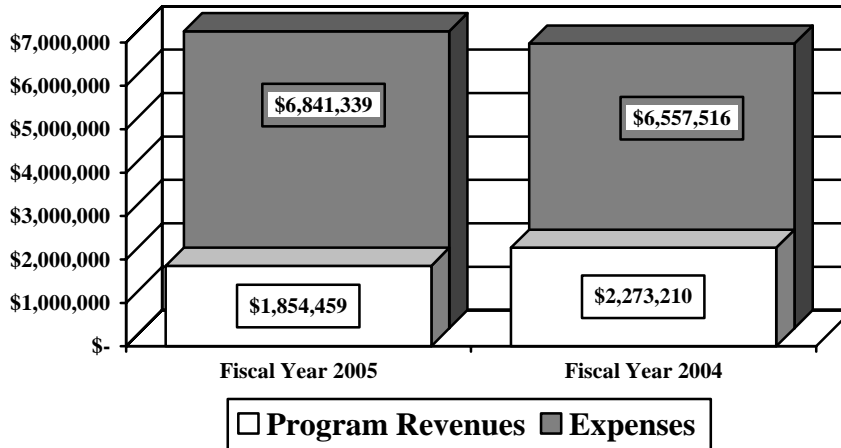
Security of persons and property which primarily supports the operations of the police and fire department accounted for \$4,572,970 or 66.84% of the total expenses of the City. Security of persons and property expenses were partially funded by \$563,405 in direct charges to users of the services. General government expenses totaled \$884,336. General government expenses were partially funded by \$84,939 in direct charges to users of the services.

The state and federal government contributed to the City a total of \$547,153 in operating grants and contributions and \$273,327 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total capital grants and contributions, \$273,327 subsidized transportation programs.

General revenues totaled \$5,984,088, and amounted to 76.34% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$4,892,014. 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 \$680,472.

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.

Governmental Activities – Program Revenues vs. Total Expenses



CITY OF HARRISON, OHIO

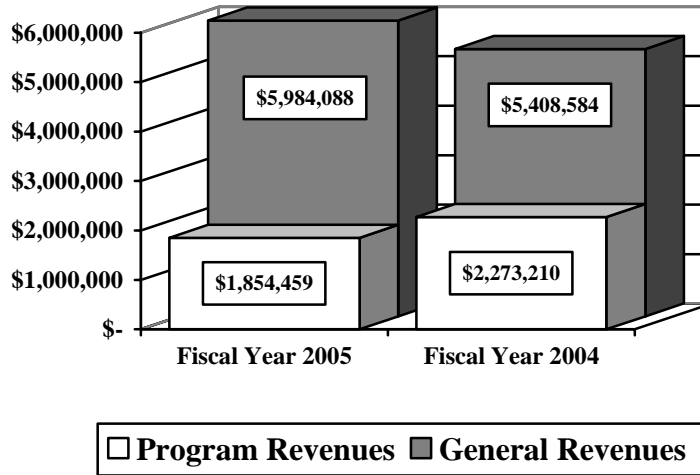
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

Governmental Activities

	Total Cost of Services <u>2005</u>	Net Cost of Services <u>2005</u>	Total Cost of Services <u>2004</u>	Net Cost of Services <u>2004</u>
Program Expenses:				
General government	\$ 884,336	\$ 799,397	\$ 1,030,510	\$ 958,745
Security of persons and property	4,572,970	3,929,282	4,128,525	3,456,871
Public health and welfare	302,458	84,450	242,285	81,317
Transportation	564,912	(86,980)	640,357	(595,166)
Community environment	103,838	(88,574)	95,444	1,784
Leisure time activity	225,342	161,822	244,658	205,018
Interest and fiscal charges	187,483	187,483	175,737	175,737
Total	<u>\$ 6,841,339</u>	<u>\$ 4,986,880</u>	<u>\$ 6,557,516</u>	<u>\$ 4,284,306</u>

The dependence upon general revenues for governmental activities is apparent, with 72.90% of expenses supported through taxes and other general revenues. The chart below illustrates the City's program revenues versus general revenues for 2005 and 2004.

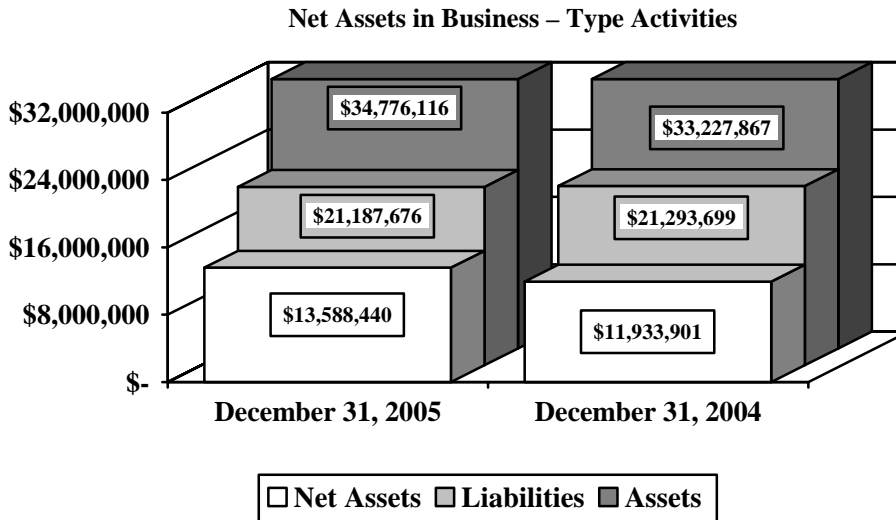
Governmental Activities – General and Program Revenues



CITY OF HARRISON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED

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 \$3,875,997, general revenues of \$142,883, transfers in of \$1,663,768 and expenses of \$4,028,109 for 2005. The graph below shows the business-type activities assets, liabilities and net assets for 2005 and 2004.



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 F20) reported a combined fund balance of \$4,026,284 which is \$2,028,155 less than last year's total of \$6,054,439. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2005 for all major and non-major governmental funds.

	Fund Balances 12/31/05	Fund Balances 12/31/04	Increase (Decrease)
Major funds:			
General	\$ 987,715	\$ 689,065	\$ 298,650
Fire improvement	178,229	122,326	55,903
Capital improvements	251,568	2,514,962	(2,263,394)
Other nonmajor governmental funds	2,608,772	2,728,086	(119,314)
Total	\$ 4,026,284	\$ 6,054,439	\$ (2,028,155)

CITY OF HARRISON, OHIO

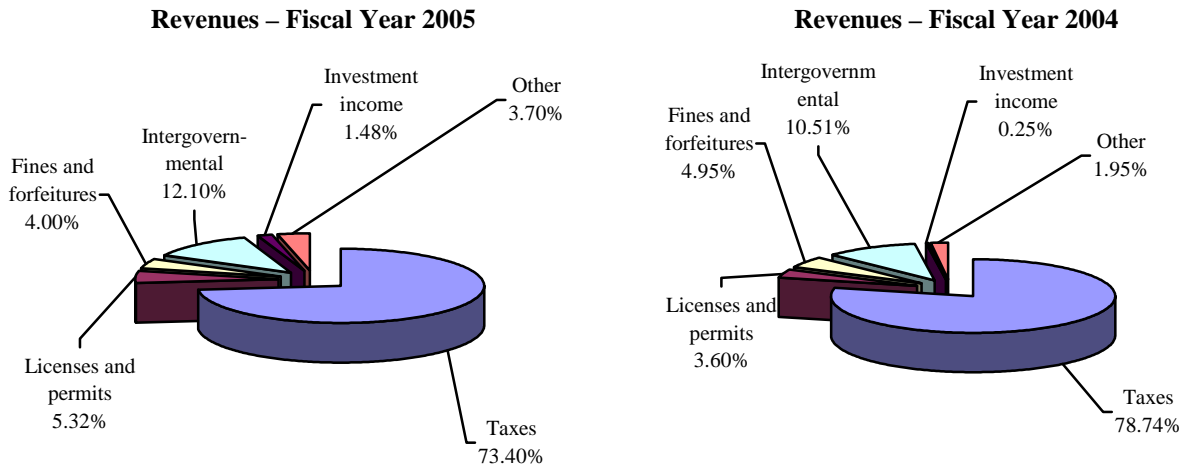
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

General Fund

The City's general fund balance increased \$298,650. The table that follows assists in illustrating the revenues of the general fund.

	<u>2005</u> <u>Amount</u>	<u>2004</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
Revenues			
Taxes	\$ 3,717,335	\$ 3,501,358	6.17 %
Licenses and permits	269,021	160,105	68.03 %
Fines and forfeitures	202,606	219,915	(7.87) %
Intergovernmental	613,038	467,471	31.14 %
Investment income	75,205	11,199	571.53 %
Other	<u>187,473</u>	<u>86,722</u>	116.18 %
Total	<u>\$ 5,064,678</u>	<u>\$ 4,446,770</u>	13.90 %

Tax revenue represents 73.40% of all general fund revenue. Tax revenue increased 6.17% from the prior year. The increase in the amount of licenses and permits is due to the number of permits sold 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 increase in investment income is due to the amount of funds in the City's investment portfolio throughout the year. The increase in other income is a large percentage, but is immaterial compared to total revenues.

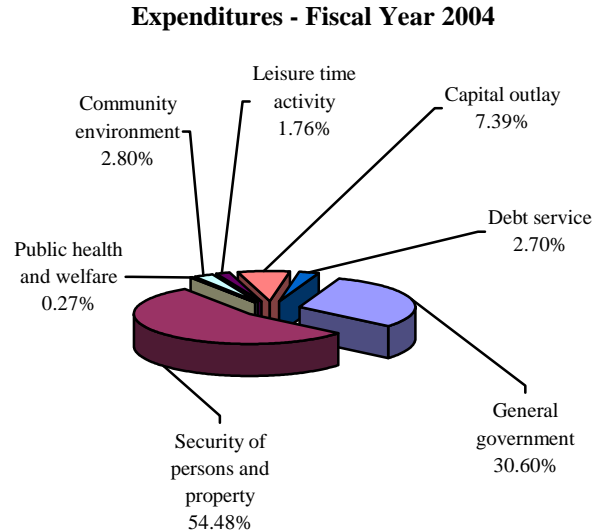
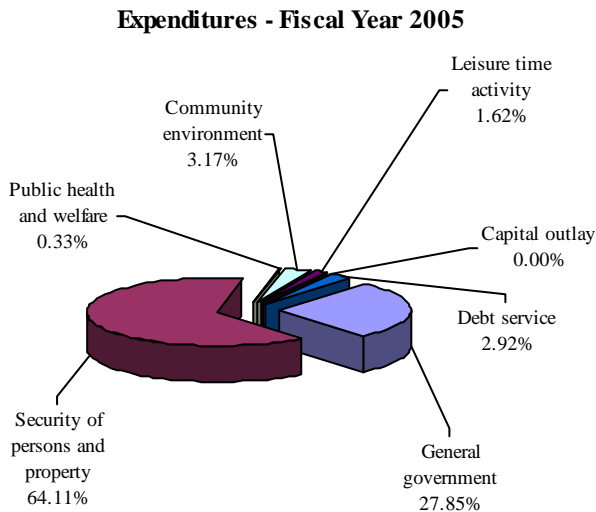


CITY OF HARRISON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED

The table that follows assists in illustrating the expenditures of the general fund.

	<u>2005</u> <u>Amount</u>	<u>2004</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
General government	\$ 867,722	\$ 1,028,792	(15.66) %
Security of persons and property	1,998,017	1,832,236	9.05 %
Public health and welfare	9,839	9,174	7.25 %
Community environment	100,599	94,084	6.92 %
Leisure time activity	50,189	59,170	(15.18) %
Capital outlay	-	248,331	(100.00) %
Debt service	<u>90,754</u>	<u>90,754</u>	- %
Total	<u>\$ 3,117,120</u>	<u>\$ 3,362,541</u>	(7.30) %

The City decreased total expenditures by 7.30%. The largest expenditure line item, security of persons and property, increased due to wage and benefit increases. The decrease in general government expenditures is due to the decrease in contractual services during 2005. The increase in community environment is from the main street and beautification programs currently employed by the City. Debt service remained the same as it relates to capital lease payments.



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.

CITY OF HARRISON, OHIO

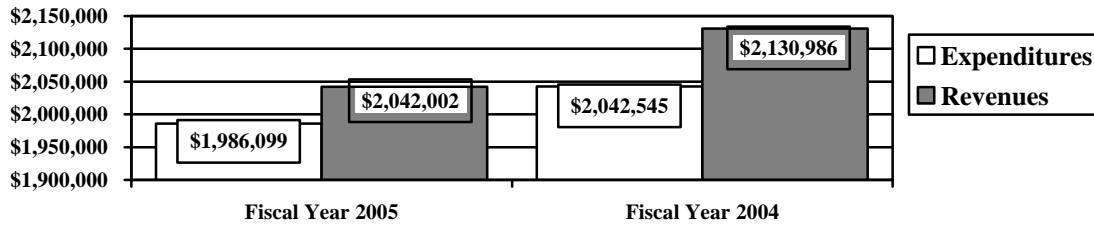
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

In the general fund, the actual revenues and other financing sources came in \$292,378 greater than they were in the final budget and actual expenditures and other financing uses were \$12,834 less than the amount in the final budget. Budgeted expenditures were increased \$104,878 from the original to the final budget. Budgeted revenues were decreased \$251,560 from the original to the final budget.

Fire Improvement Fund

The fire improvement fund had revenues and other financing sources of \$2,042,002 in 2005. The expenditures of the fire improvement fund, totaled \$1,986,099 in 2005. The net increase in fund balance for the fire improvement fund was \$55,903 or 45.70%. The fund balance increase is due to a higher amount of transfers in and no transfers out during 2005 compared to 2004.

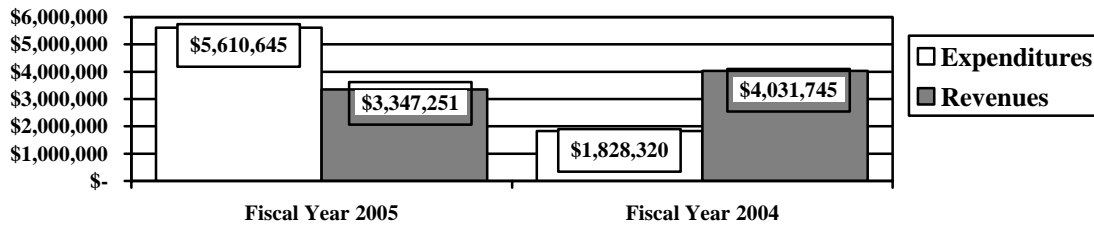
Fire Improvement Fund



Capital Improvements Fund

The capital improvements fund had revenues and other financing sources of \$3,347,251 in 2005. The expenditures and other financing uses of the capital improvements fund, totaled \$5,610,645 in 2005. The net decrease in fund balance for the capital improvements fund was \$2,263,394 or 90.00%. During 2005, the City refunded a portion of its general obligation bonds, which is accounted for in this fund. The fund balance decrease is due to a lower amount of transfers in and a greater amount of capital outlay during 2005 compared to 2004.

Capital Improvements Fund



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. Net assets of the Sewer fund decreased \$406,163 during 2005. This decrease is due to a decrease in intergovernmental revenues and an increase in depreciation expense related to assets previously classified as construction in progress, which were depreciated starting in 2005. Net assets of the Water fund increased \$395,610 during 2005. This is primarily due to an increase in operating revenues in 2005 compared to 2004. Net assets of the Storm Water fund increased \$1,635,565 during 2005. This increase is primarily due to \$1,659,776 of contributed capital from governmental funds during 2005. Nonmajor proprietary funds net assets increased \$29,527 during 2005. This increase is primarily due to charges for services revenues covering contract services during 2005.

CITY OF HARRISON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2005, the City had \$37,252,366 (net of accumulated depreciation) invested in land, land improvements, buildings and improvements, equipment, vehicles, infrastructure, and construction in progress (CIP). Of this total, \$9,925,666 was reported in governmental activities and \$27,326,700 was reported in business-type activities. The following table shows fiscal 2005 balances compared to 2004:

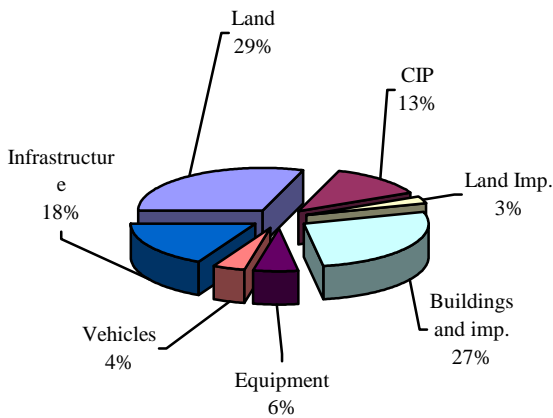
**Capital Assets at December 31
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land	\$ 3,001,921	\$ 3,001,921	\$ 485,420	\$ 485,420	\$ 3,487,341	\$ 3,487,341
Construction in progress	1,251,301	1,123,828	979,005	2,109,720	2,230,306	3,233,548
Land improvements	279,039	316,194	705	862	279,744	317,056
Buildings and improvements	2,658,883	2,737,613	8,225,804	8,129,817	10,884,687	10,867,430
Equipment	587,971	581,764	5,567,671	5,997,558	6,155,642	6,579,322
Vehicles	397,559	518,237	28,586	47,163	426,145	565,400
Infrastructure	<u>1,748,992</u>	<u>-</u>	<u>12,039,509</u>	<u>9,091,276</u>	<u>13,788,501</u>	<u>9,091,276</u>
Totals	<u>\$ 9,925,666</u>	<u>\$ 8,279,557</u>	<u>\$ 27,326,700</u>	<u>\$ 25,861,816</u>	<u>\$ 37,252,366</u>	<u>\$ 34,141,373</u>

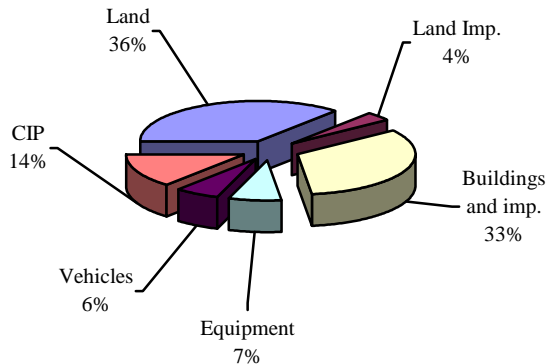
See Note 9 for further information on the City's capital assets.

The following graphs show the breakdown of governmental capital assets by category for 2005 and 2004.

Capital Assets - Governmental Activities 2005



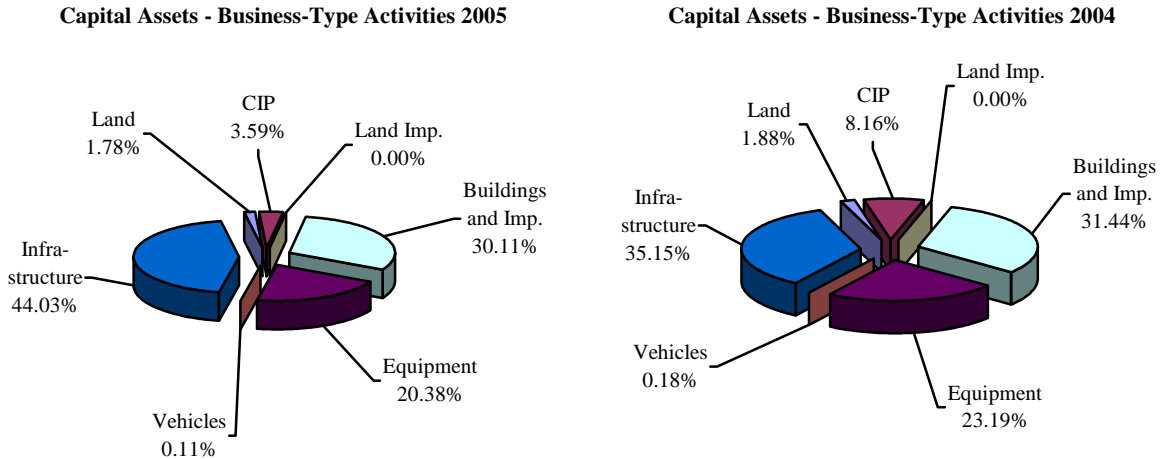
Capital Assets - Governmental Activities 2004



The City's buildings and improvements are the second largest capital asset category. The net book value of the City's buildings and improvements (cost less accumulated depreciation) represents approximately 27% of the City's total governmental capital assets.

CITY OF HARRISON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED

The following graphs show the breakdown of business-type capital assets by category for 2005 and 2004.



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 44.03% of the City's total business-type capital assets.

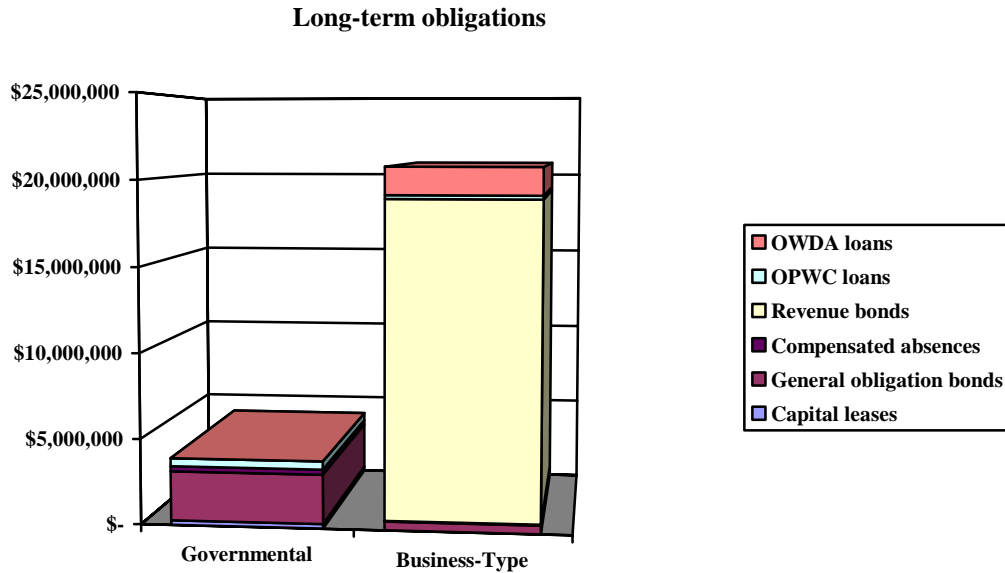
Debt Administration

The City had the following long-term obligations outstanding at December 31, 2005 and 2004:

	Governmental Activities	
	<u>2005</u>	<u>2004</u>
Capital leases	\$ 263,395	\$ 423,063
General obligation bonds	2,880,000	2,860,000
OPWC loans	476,673	-
Compensated absences	<u>294,050</u>	<u>226,924</u>
Total long-term obligations	<u>\$ 3,914,118</u>	<u>\$ 3,509,987</u>
	Business-type Activities	
	<u>2005</u>	<u>2004</u>
Revenue bonds	\$ 18,420,000	\$ 18,695,000
OPWC loans	200,694	270,929
OWDA loans	1,602,468	1,698,171
General obligation bonds	510,000	35,000
Compensated absences	<u>43,137</u>	<u>31,653</u>
Total long-term obligations	<u>\$ 20,776,299</u>	<u>\$ 20,730,753</u>

CITY OF HARRISON, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED

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.

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 5.1% national average.

These economic factors were considered in preparing the City's budget for fiscal year 2006. Budgeted revenues and other financing sources in the General Fund for fiscal year 2006 budget were \$4,699,946. 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.

**BASIC
FINANCIAL STATEMENTS**

THIS PAGE IS INTENTIONALLY LEFT BLANK

CITY OF HARRISON, OHIO

STATEMENT OF NET ASSETS
DECEMBER 31, 2005

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents.	\$ 4,512,309	\$ 4,064,230	\$ 8,576,539
Receivables (net of allowances for uncollectibles):			
Income taxes	530,295	-	530,295
Real and other taxes	2,098,394	-	2,098,394
Accounts	21,046	523,756	544,802
Accrued interest	8,432	2,344	10,776
Internal balance.	(523,664)	523,664	-
Due from other governments	422,039	-	422,039
Prepayments	31,278	8,814	40,092
Unamortized bond issue costs	70,627	722,220	792,847
Restricted assets:			
Cash and cash equivalents with fiscal agent	-	1,604,388	1,604,388
Capital assets:			
Land and construction in progress.	4,253,222	1,464,425	5,717,647
Depreciable capital assets, net	5,672,444	25,862,275	31,534,719
Total capital assets.	<u>9,925,666</u>	<u>27,326,700</u>	<u>37,252,366</u>
Total assets.	<u>17,096,422</u>	<u>34,776,116</u>	<u>51,872,538</u>
Liabilities:			
Accounts payable	85,925	94,769	180,694
Accrued wages and benefits	120,412	19,911	140,323
Due to other governments	314,815	12,907	327,722
Deferred revenue.	1,945,689	-	1,945,689
Accrued interest payable.	11,270	145,457	156,727
Long-term liabilities:			
Due within one year.	326,575	350,339	676,914
Due in more than one year	<u>3,508,059</u>	<u>20,564,293</u>	<u>24,072,352</u>
Total liabilities	<u>6,312,745</u>	<u>21,187,676</u>	<u>27,500,421</u>
Net assets:			
Invested in capital assets, net of related debt	6,305,598	6,593,538	12,899,136
Restricted for:			
Capital projects.	430,814	-	430,814
Debt service.	1,087,694	-	1,087,694
Street maintenance and repair.	254,097	-	254,097
State highway.	100,843	-	100,843
Law enforcement	202,423	-	202,423
Fire	466,433	-	466,433
Community center.	163,040	-	163,040
Senior center	73,544	-	73,544
Other purposes	353,688	-	353,688
Unrestricted	<u>1,345,503</u>	<u>6,994,902</u>	<u>8,340,405</u>
Total net assets	<u>\$ 10,783,677</u>	<u>\$ 13,588,440</u>	<u>\$ 24,372,117</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HARRISON, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General government	\$ 884,336	\$ 84,939	\$ -	\$ -
Security of persons and property.	4,572,970	563,405	80,283	-
Public health and welfare	302,458	129,583	88,425	-
Transportation	564,912	120	378,445	273,327
Community environment.	103,838	192,412	-	-
Leisure time activity	225,342	63,520	-	-
Interest and fiscal charges	187,483	-	-	-
Total governmental activities	<u>6,841,339</u>	<u>1,033,979</u>	<u>547,153</u>	<u>273,327</u>
Business-type Activities:				
Sewer	2,561,278	2,103,560	-	-
Water	1,124,409	1,431,799	-	-
Storm Water.	24,211	-	-	-
Other enterprise funds:				
Sanitation	317,682	334,833	-	-
Water/Wastewater Deposit	529	5,805	-	-
Total business-type activities	<u>4,028,109</u>	<u>3,875,997</u>	<u>-</u>	<u>-</u>
Total primary government.	<u>\$ 10,869,448</u>	<u>\$ 4,909,976</u>	<u>\$ 547,153</u>	<u>\$ 273,327</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	
Net assets at end of year.	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (799,397)	\$ -	\$ (799,397)
(3,929,282)	-	(3,929,282)
(84,450)	-	(84,450)
86,980	-	86,980
88,574	-	88,574
(161,822)	-	(161,822)
(187,483)	-	(187,483)
<hr/>	<hr/>	<hr/>
(4,986,880)	-	(4,986,880)
<hr/>	<hr/>	<hr/>
-	(457,718)	(457,718)
-	307,390	307,390
-	(24,211)	(24,211)
-	17,151	17,151
-	5,276	5,276
<hr/>	<hr/>	<hr/>
-	(152,112)	(152,112)
<hr/>	<hr/>	<hr/>
(4,986,880)	(152,112)	(5,138,992)
<hr/>	<hr/>	<hr/>
1,105,350	-	1,105,350
896,472	-	896,472
61,785	-	61,785
42,489	-	42,489
199,490	-	199,490
2,586,428	-	2,586,428
680,472	-	680,472
161,035	90,501	251,536
250,567	52,382	302,949
<hr/>	<hr/>	<hr/>
5,984,088	142,883	6,126,971
<hr/>	<hr/>	<hr/>
(1,663,768)	1,663,768	-
<hr/>	<hr/>	<hr/>
(666,560)	1,654,539	987,979
<hr/>	<hr/>	<hr/>
11,450,237	11,933,901	23,384,138
<hr/>	<hr/>	<hr/>
\$ 10,783,677	\$ 13,588,440	\$ 24,372,117

CITY OF HARRISON, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	<u>General</u>	<u>Fire Improvement</u>	<u>Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents	\$ 641,229	\$ 363,789	\$ 238,127	\$ 3,269,164	\$ 4,512,309
Receivables (net of allowance for uncollectibles):					
Income taxes	530,295	-	-	-	530,295
Real and other taxes	1,026,982	862,048	16,976	192,388	2,098,394
Accounts	21,046	-	-	-	21,046
Accrued interest	8,432	-	-	-	8,432
Due from other governments	194,752	37,000	-	190,287	422,039
Advances to other funds	57,347	-	-	-	57,347
Prepayments	15,044	7,977	-	8,257	31,278
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 2,495,127</u>	<u>\$ 1,270,814</u>	<u>\$ 255,103</u>	<u>\$ 3,660,096</u>	<u>\$ 7,681,140</u>
Liabilities:					
Accounts payable	\$ 62,367	\$ 8,730	\$ 3,535	\$ 11,293	\$ 85,925
Accrued wages and benefits	60,418	43,689	-	16,305	120,412
Compensated absences payable	9,860	-	-	-	9,860
Loan payable	-	-	-	545,600	545,600
Due to other governments	42,193	141,118	-	131,504	314,815
Advances from other funds	-	-	-	35,411	35,411
Deferred revenue	1,332,574	899,048	-	311,211	2,542,833
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,507,412</u>	<u>1,092,585</u>	<u>3,535</u>	<u>1,051,324</u>	<u>3,654,856</u>
Fund Balances:					
Reserved for encumbrances	177,188	74,166	1,451,423	81,909	1,784,686
Reserved for prepaids	15,044	7,977	-	8,257	31,278
Reserved for advances	57,347	-	-	-	57,347
Unreserved, undesignated, reported in:					
General fund	738,136	-	-	-	738,136
Special revenue funds	-	96,086	-	1,241,243	1,337,329
Debt service funds	-	-	-	1,098,117	1,098,117
Capital projects funds	-	-	(1,199,855)	179,246	(1,020,609)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>987,715</u>	<u>178,229</u>	<u>251,568</u>	<u>2,608,772</u>	<u>4,026,284</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 2,495,127</u>	<u>\$ 1,270,814</u>	<u>\$ 255,103</u>	<u>\$ 3,660,096</u>	<u>\$ 7,681,140</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, 2005

Total governmental fund balances		\$ 4,026,284
<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.		9,925,666
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes	\$ 135,729	
Income taxes	208,910	
Intergovernmental revenues	252,505	
Total		597,144
Unamortized bond issuance costs are not recognized in the funds.		70,627
Deferred amount on refunding of bonds is not recognized in the funds.		200,677
Unamortized premium on bond issue is not recognized in the funds.		(121,193)
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due.		(11,270)
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	284,190	
Refunding bonds payable	2,135,000	
OPWC loan payable	476,673	
General obligation bonds payable	745,000	
Capital leases payable	263,395	
		(3,904,258)
Net assets of governmental activities		\$ 10,783,677

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, 2005

	<u>General</u>	<u>Fire Improvement</u>	<u>Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Income taxes	\$ 2,645,993	\$ -	\$ -	\$ -	\$ 2,645,993
Property and other taxes	1,071,342	875,292	73,051	229,555	2,249,240
Charges for services	-	369,129	-	193,103	562,232
Licenses and permits	269,021	-	-	120	269,141
Fines and forfeitures	202,606	-	-	-	202,606
Intergovernmental	613,038	131,531	273,327	515,372	1,533,268
Investment income	75,205	-	63,298	28,069	166,572
Other	187,473	1,065	-	62,029	250,567
Total revenues	<u>5,064,678</u>	<u>1,377,017</u>	<u>409,676</u>	<u>1,028,248</u>	<u>7,879,619</u>
Expenditures:					
Current:					
General government	867,722	-	-	-	867,722
Security of persons and property	1,998,017	1,927,354	-	277,820	4,203,191
Public health and welfare	9,839	-	-	278,631	288,470
Transportation	-	-	-	470,473	470,473
Community environment	100,599	-	-	-	100,599
Leisure time activity	50,189	-	-	120,810	170,999
Capital outlay	-	58,745	3,349,743	590,543	3,999,031
Debt service:					
Principal retirement	81,678	-	-	207,990	289,668
Interest and fiscal charges	9,076	-	-	179,236	188,312
Bond issue costs	-	-	71,824	-	71,824
Total expenditures	<u>3,117,120</u>	<u>1,986,099</u>	<u>3,421,567</u>	<u>2,125,503</u>	<u>10,650,289</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,947,558</u>	<u>(609,082)</u>	<u>(3,011,891)</u>	<u>(1,097,255)</u>	<u>(2,770,670)</u>
Other financing sources (uses):					
Sale of refunding bonds	-	-	2,135,000	-	2,135,000
Premium on bond issue	-	-	123,247	-	123,247
Payment to refunding bond escrow agent	-	-	(2,189,078)	-	(2,189,078)
Accrued interest on bond issue	-	-	2,655	-	2,655
Loan issuance	-	-	476,673	-	476,673
Transfers in	-	664,985	200,000	977,941	1,842,926
Transfers out	(1,648,908)	-	-	-	(1,648,908)
Total other financing sources (uses)	<u>(1,648,908)</u>	<u>664,985</u>	<u>748,497</u>	<u>977,941</u>	<u>742,515</u>
Net change in fund balances	298,650	55,903	(2,263,394)	(119,314)	(2,028,155)
Fund balances at beginning of year	<u>689,065</u>	<u>122,326</u>	<u>2,514,962</u>	<u>2,728,086</u>	<u>6,054,439</u>
Fund balances at end of year	<u>\$ 987,715</u>	<u>\$ 178,229</u>	<u>\$ 251,568</u>	<u>\$ 2,608,772</u>	<u>\$ 4,026,284</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, 2005

Net change in fund balances - total governmental funds		\$ (2,028,155)
<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	\$ 2,027,276	
Current year depreciation	(324,175)	
Total		1,703,101
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
Capital asset disposals	(91,476)	
Accumulated depreciation on disposals	34,484	
Total		(56,992)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		(41,072)
Proceeds of bonds and loans are recognized as revenue in the governmental funds, however, on the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net assets.		
		(2,611,673)
Premiums on bonds issued are recognized as revenues in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.		
		(123,247)
Bond issuance costs are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.		
		71,824
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.		
		2,274,668
Resources were sent to the refunding bond escrow agent for the current refunding of outstanding bonds. The difference between the two amounts will be amortized as an adjustment of interest expense in the statement of activities over the remaining life of the refunded debt (5 years).		
		204,078
In the statement of activities, interest is accrued on outstanding loans, whereas in governmental funds, an interest expenditure is reported when due. In addition, the deferred charges arising from the current refunding is being amortized and added to interest expense on the statement of activities.		
		(1,826)
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.		
		(57,266)
Change in net assets of governmental activities		\$ (666,560)

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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Income taxes	\$ 2,608,377	\$ 2,478,534	\$ 2,629,445	\$ 150,911
Property and other taxes	1,055,844	1,003,285	1,064,372	61,087
Licenses and permits	268,466	255,102	270,634	15,532
Fines and forfeitures	230,351	218,884	232,211	13,327
Intergovernmental	653,089	620,579	658,364	37,785
Investment income	53,398	50,740	53,832	3,092
Other	183,984	174,825	185,469	10,644
Total revenues.	<u>5,053,509</u>	<u>4,801,949</u>	<u>5,094,327</u>	<u>292,378</u>
Expenditures:				
Current:				
General government	914,836	934,500	932,094	2,406
Security of persons and property	2,167,154	2,213,734	2,208,034	5,700
Public health and welfare	9,657	9,864	9,839	25
Community environment	118,343	120,887	120,575	312
Leisure time activity	51,109	52,207	52,073	134
Total expenditures	<u>3,261,099</u>	<u>3,331,192</u>	<u>3,322,615</u>	<u>8,577</u>
Excess of revenues over expenditures	<u>1,792,410</u>	<u>1,470,757</u>	<u>1,771,712</u>	<u>300,955</u>
Other financing uses:				
Transfers out	(1,618,380)	(1,653,165)	(1,648,908)	4,257
Total other financing uses.	<u>(1,618,380)</u>	<u>(1,653,165)</u>	<u>(1,648,908)</u>	<u>4,257</u>
Net change in fund balance	174,030	(182,408)	122,804	305,212
Fund balance at beginning of year.	125,288	125,288	125,288	-
Prior year encumbrances appropriated.	<u>174,189</u>	<u>174,189</u>	<u>174,189</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 473,507</u>	<u>\$ 117,069</u>	<u>\$ 422,281</u>	<u>\$ 305,212</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)
 FIRE IMPROVEMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other taxes	\$ 1,009,624	\$ 990,990	\$ 957,431	\$ (33,559)
Charges for services	389,251	382,067	369,129	(12,938)
Intergovernmental	59,339	58,243	56,271	(1,972)
Other	1,123	1,102	1,065	(37)
Total revenues.	<u>1,459,337</u>	<u>1,432,402</u>	<u>1,383,896</u>	<u>(48,506)</u>
Expenditures:				
Current:				
Security of persons and property.	2,134,784	2,134,784	1,951,739	183,045
Capital outlay.	64,254	64,254	58,745	5,509
Total expenditures	<u>2,199,038</u>	<u>2,199,038</u>	<u>2,010,484</u>	<u>188,554</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(739,701)</u>	<u>(766,636)</u>	<u>(626,588)</u>	<u>140,048</u>
Other financing sources:				
Transfers in	701,235	688,293	664,985	(23,308)
Total other financing sources	<u>701,235</u>	<u>688,293</u>	<u>664,985</u>	<u>(23,308)</u>
Net change in fund balance	(38,466)	(78,343)	38,397	116,740
Fund balance at beginning of year	164,153	164,153	164,153	-
Prior year encumbrances appropriated	<u>78,343</u>	<u>78,343</u>	<u>78,343</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 204,030</u>	<u>\$ 164,153</u>	<u>\$ 280,893</u>	<u>\$ 116,740</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HARRISON, OHIO

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2005

	Business-type Activities -Enterprise Funds				
	Sewer	Water	Storm Water	Nonmajor	Total
Assets:					
Current assets:					
Equity in pooled cash and cash equivalents.	\$ 2,187,408	\$ 1,642,581	\$ 48	\$ 234,193	\$ 4,064,230
Receivables (net of allowance for uncollectibles):					
Accounts	297,323	167,290	-	59,143	523,756
Accrued interest	-	2,344	-	-	2,344
Loan receivable	545,600	-	-	-	545,600
Due from other funds.	8,800	-	-	-	8,800
Prepayments.	5,065	3,749	-	-	8,814
Deferred charges.	722,220	-	-	-	722,220
Total current assets	<u>3,766,416</u>	<u>1,815,964</u>	<u>48</u>	<u>293,336</u>	<u>5,875,764</u>
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents with fiscal agent	1,604,388	-	-	-	1,604,388
Capital assets:					
Land and construction in progress	564,560	480,860	419,005	-	1,464,425
Depreciable capital assets, net	15,669,773	8,716,399	1,476,103	-	25,862,275
Total capital assets	<u>16,234,333</u>	<u>9,197,259</u>	<u>1,895,108</u>	<u>-</u>	<u>27,326,700</u>
Total noncurrent assets	<u>17,838,721</u>	<u>9,197,259</u>	<u>1,895,108</u>	<u>-</u>	<u>28,931,088</u>
Total assets	<u>21,605,137</u>	<u>11,013,223</u>	<u>1,895,156</u>	<u>293,336</u>	<u>34,806,852</u>
Liabilities:					
Current liabilities:					
Accounts payable.	33,919	27,158	2,773	30,919	94,769
Accrued wages and benefits	11,711	8,200	-	-	19,911
Compensated absences	4,872	3,496	-	-	8,368
Due to other governments	7,592	5,315	-	-	12,907
Advances from other funds.	8,976	12,960	-	-	21,936
Due to other funds.	-	-	8,800	-	8,800
Accrued interest payable	145,457	-	-	-	145,457
Current portion of general obligation bonds	50,000	-	-	-	50,000
Current portion of revenue bonds	220,000	-	-	-	220,000
Current portion of OPWC loans	-	71,971	-	-	71,971
Total current liabilities	<u>482,527</u>	<u>129,100</u>	<u>11,573</u>	<u>30,919</u>	<u>654,119</u>
Long-term liabilities:					
Revenue bonds	18,330,604	-	-	-	18,330,604
General obligation bonds.	467,729	-	-	-	467,729
OWDA loans	916,859	685,609	-	-	1,602,468
OPWC loans.	-	128,723	-	-	128,723
Compensated absences	9,675	25,094	-	-	34,769
Total long-term liabilities	<u>19,724,867</u>	<u>839,426</u>	<u>-</u>	<u>-</u>	<u>20,564,293</u>
Total liabilities	<u>20,207,394</u>	<u>968,526</u>	<u>11,573</u>	<u>30,919</u>	<u>21,218,412</u>
Net assets:					
Invested in capital assets, net of related debt	(3,612,526)	8,310,956	1,895,108	-	6,593,538
Unrestricted (deficit)	5,010,269	1,733,741	(11,525)	262,417	6,994,902
Total net assets	<u>\$ 1,397,743</u>	<u>\$ 10,044,697</u>	<u>\$ 1,883,583</u>	<u>\$ 262,417</u>	<u>\$ 13,588,440</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, 2005

	Business-type Activities - Enterprise Funds				
	Sewer	Water	Storm Water	Nonmajor	Total
Operating revenues:					
Charges for services	\$ 2,103,560	\$ 1,431,799	\$ -	\$ 340,638	\$ 3,875,997
Other	926	44,356	-	7,100	52,382
Total operating revenues	<u>2,104,486</u>	<u>1,476,155</u>	<u>-</u>	<u>347,738</u>	<u>3,928,379</u>
Operating expenses:					
Personal services	440,869	276,370	-	-	717,239
Contract services	329,407	425,181	9,301	317,682	1,081,571
Materials and supplies	50,514	52,618	-	-	103,132
Depreciation	692,987	234,788	14,910	-	942,685
Utilities	106,854	78,015	-	-	184,869
Other	80,418	10,012	-	529	90,959
Total operating expenses	<u>1,701,049</u>	<u>1,076,984</u>	<u>24,211</u>	<u>318,211</u>	<u>3,120,455</u>
Operating income (loss)	<u>403,437</u>	<u>399,171</u>	<u>(24,211)</u>	<u>29,527</u>	<u>807,924</u>
Nonoperating revenues (expenses):					
Interest revenue	64,333	26,168	-	-	90,501
Interest expense and fiscal charges	(860,229)	(47,425)	-	-	(907,654)
Total nonoperating revenues (expenses)	<u>(795,896)</u>	<u>(21,257)</u>	<u>-</u>	<u>-</u>	<u>(817,153)</u>
Income (loss) before capital contributions and Capital contributions	(392,459)	377,914	(24,211)	29,527	(9,229)
Transfers out	60,000	138,010	1,659,776	-	1,857,786
Changes in net assets	<u>(73,704)</u>	<u>(120,314)</u>	<u>-</u>	<u>-</u>	<u>(194,018)</u>
Net assets at beginning of year (restated)	(406,163)	395,610	1,635,565	29,527	1,654,539
Net assets at end of year	<u>1,803,906</u>	<u>9,649,087</u>	<u>248,018</u>	<u>232,890</u>	<u>11,933,901</u>
Net assets at end of year	<u>\$ 1,397,743</u>	<u>\$ 10,044,697</u>	<u>\$ 1,883,583</u>	<u>\$ 262,417</u>	<u>\$ 13,588,440</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, 2005

	Business-type Activities - Enterprise Funds				
	Sewer	Water	Storm Water	Nonmajor	Total
Cash flows from operating activities:					
Cash received from customers	\$ 2,053,886	\$ 1,425,333	\$ -	\$ 331,849	\$ 3,811,068
Cash received from other operations.	926	48,158	-	7,100	56,184
Cash payments for personal services	(442,821)	(266,211)	-	-	(709,032)
Cash payments for contract services	(303,930)	(422,689)	(8,752)	(311,069)	(1,046,440)
Cash payments for materials and supplies	(49,435)	(56,859)	-	-	(106,294)
Cash payments for utilities.	(143,705)	(87,510)	-	-	(231,215)
Cash payments for other expenses.	(80,418)	(10,012)	-	(529)	(90,959)
Net cash provided by (used in) operating activities	<u>1,034,503</u>	<u>630,210</u>	<u>(8,752)</u>	<u>27,351</u>	<u>1,683,312</u>
Cash flows from noncapital financing activities:					
Advances in from other funds.	-	-	8,800	-	8,800
Advances out to other funds.	(554,400)	-	-	-	(554,400)
Transfers out to other funds	(73,704)	(120,314)	-	-	(194,018)
Net cash provided by (used in) noncapital financing activities	<u>(628,104)</u>	<u>(120,314)</u>	<u>8,800</u>	<u>-</u>	<u>(739,618)</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(539,955)	(38,866)	-	-	(578,821)
Principal retirement	(221,692)	(254,246)	-	-	(475,938)
Sale of bonds.	510,000	-	-	-	510,000
Premium on bond issue	7,763	-	-	-	7,763
Bond issue costs.	(18,327)	-	-	-	(18,327)
Interest and fiscal charges.	(828,003)	(49,463)	-	-	(877,466)
Net cash used in capital and related financing activities	<u>(1,090,214)</u>	<u>(342,575)</u>	<u>-</u>	<u>-</u>	<u>(1,432,789)</u>
Cash flows from investing activities:					
Interest received	57,732	20,022	-	-	77,754
Net cash provided by investing activities	<u>57,732</u>	<u>20,022</u>	<u>-</u>	<u>-</u>	<u>77,754</u>
Net increase (decrease) in cash and cash equivalents	(626,083)	187,343	48	27,351	(411,341)
Cash and cash equivalents at beginning of year	<u>4,417,879</u>	<u>1,455,238</u>	<u>-</u>	<u>206,842</u>	<u>6,079,959</u>
Cash and cash equivalents at end of year	<u>\$ 3,791,796</u>	<u>\$ 1,642,581</u>	<u>\$ 48</u>	<u>\$ 234,193</u>	<u>\$ 5,668,618</u>

Continued

CITY OF HARRISON, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2005
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Business-type Activities - Enterprise Funds</u>				
	<u>Sewer</u>	<u>Water</u>	<u>Storm Water</u>	<u>Nonmajor</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 403,437	\$ 399,171	\$ (24,211)	\$ 29,527	\$ 807,924
Adjustments:					
Depreciation	692,987	234,788	14,910	-	942,685
Changes in assets and liabilities:					
Increase in accounts receivable	(49,674)	(6,466)	-	(8,789)	(64,929)
Decrease in prepayments	5,205	3,223	-	-	8,428
Increase (decrease) in accounts payable	(15,500)	(10,665)	549	6,613	(19,003)
Increase (decrease) in accrued wages and benefits	(1,337)	1,155	-	-	(182)
Decrease in due to other governments	(2,365)	(730)	-	-	(3,095)
Increase in compensated absences payable	1,750	9,734	-	-	11,484
Net cash provided by (used in) operating activities	<u>\$ 1,034,503</u>	<u>\$ 630,210</u>	<u>\$ (8,752)</u>	<u>\$ 27,351</u>	<u>\$ 1,683,312</u>

At December 31, 2004 the Sewer fund purchased \$33,661 in capital assets on account.

At December 31, 2004 the Water fund purchased \$2,800 in capital assets on account.

At December 31, 2005, the Water fund purchased \$7,423 in capital assets on account.

The Sewer, Water and Storm Water funds received \$60,000, \$138,010 and \$1,659,776, 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, 2005

		<u>Agency</u>
Assets:		
Cash with fiscal agent	\$	<u>23</u>
Total assets.		<u>23</u>
 Liabilities:		
Due to other governments		<u>23</u>
Total liabilities.	\$	<u><u>23</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HARRISON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

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, 2005

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, 2005

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.

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

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.

Storm Water Fund - This fund accounts for the storm water services provided to the residential and commercial user 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 accounts for monies held by the Mayor's Court in a fiduciary capacity.

CITY OF HARRISON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

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

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.

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.

CITY OF HARRISON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

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

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.

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, 2005, but which were levied to finance year 2006 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 legal level of budgetary control is at the fund level. Budgetary modifications may only be made by ordinance of the City Council. The City can make transfers within the funds without seeking the approval of City Council. The City legally adopted one supplemental appropriations during 2005.

CITY OF HARRISON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

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

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.

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 2005.

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 2005, investments were limited to STAR Ohio, federal agency securities, U. S. Government money market mutual funds and certificates of deposit.

CITY OF HARRISON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

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

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.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 2005. 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, 2005.

Following Ohio statutes, the Council has, by resolution, specified the funds to receive an allocation of interest earnings. During fiscal 2005, interest revenue credited to the general fund amounted to \$75,205 which includes \$61,920 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 during 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:

CITY OF HARRISON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

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

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

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, 2005, 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.

CITY OF HARRISON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

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

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.

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 and compensated absences 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, loans and leases are recognized as a liability on the governmental fund financial statements when due.

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.

M. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loan 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 and advances to other funds.

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.

CITY OF HARRISON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

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

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.

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. Unamortized Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss

On government-wide financial statements and proprietary fund statements, issuance costs are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Issuance costs are recorded as deferred charges.

Bond premiums are deferred and accreted over the term of the bonds. Bond premiums are presented as an addition to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt reported in the proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction from the face amount of the new debt.

T. 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. Change in Accounting Principles

For fiscal year 2005, the City has implemented GASB Statement No. 40 "Deposit and Investment Risk Disclosures", and GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries".

CITY OF HARRISON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 40 establishes and modifies disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modifies disclosure requirements for custodial credit risk on deposits.

GASB Statement No. 42 amends GASB Statement No. 34 and establishes accounting and financial reporting standards for impairment of capital assets and accounting requirements for insurance recoveries.

The implementation of GASB Statement No. 40 and GASB Statement No. 42 did not have an effect on the financial statements of the City, however additional note disclosure can be found in Note 4 for GASB Statement No. 40.

B. Deficit Fund Balance

Fund balances at December 31, 2005 included the following individual fund deficit:

	<u>Deficit</u>
<u>Nonmajor Governmental Fund</u>	
New Haven Bridge Escrow	\$542,245

This fund complied with Ohio state law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficits in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from adjustments for accrued liabilities.

C. Restatement of Net Assets

Net assets for the Sewer and Storm Water enterprise funds have been restated as of December 31, 2004. This restatement is required to report certain capital assets in the proper fund. The restatement did not affect the total net assets or total capital assets of business-type activities at December 31, 2004.

	<u>Sewer</u>	<u>Water</u>	<u>Storm Water</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
Net assets at					
December 31, 2004	\$ 2,034,397	\$ 9,649,087	\$ 17,527	\$ 232,890	\$ 11,933,901
Adjustment for					
capital assets	<u>(230,491)</u>	<u>-</u>	<u>230,491</u>	<u>-</u>	<u>-</u>
Restated net assets at					
December 31, 2004	<u>\$ 1,803,906</u>	<u>\$ 9,649,087</u>	<u>\$ 248,018</u>	<u>\$ 232,890</u>	<u>\$ 11,933,901</u>

CITY OF HARRISON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

D. Compliance

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

<u>Fund/Fund Type</u>	<u>Excess</u>
<u>Special Revenue Funds</u>	
Fire Memorial Fund	\$ 4,998
Community Center Fund	6,332
Senior Fund	28,325
Drug Law Enforcement Trust Fund	1,122
Enforcement and Education Fund	3,797
FEMA	15,898
<u>Capital Projects Fund</u>	
Capital Improvement Fund	793,268
Home Depot TIF	16,287
Street/Safety Construction Fund	350
New Haven Bridge Escrow	542,245
<u>Enterprise Funds</u>	
Storm Water Fund	1,361
Water Improvement Fund	506,031

NOTE 4 - DEPOSITS AND INVESTMENTS

Monies held by the City are classified by State statute 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 two year period of designation of depositories. Inactive deposits must 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.

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.

CITY OF HARRISON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interim monies may be deposited or invested in the following:

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); and
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.

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 treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

CITY OF HARRISON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 4 - DEPOSITS 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.

A. 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.

B. Cash with Fiscal Agent

At year-end, the City had \$1,604,388 held by a trustee as designated by bond indenture. This amount is included in the City's investments.

C. Deposits with Financial Institutions

At December 31, 2005, the carrying amount of all City deposits was \$4,613,791. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2005, \$3,949,099 of the City's bank balance of \$4,781,051 was exposed to custodial risk as discussed below, while \$831,952 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the City's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the City.

D. Investments

As of December 31, 2005, the City had the following investments and maturities:

<u>Investment type</u>	<u>Balance at Fair Value</u>	<u>Investment Maturities</u>	
		<u>6 months or less</u>	<u>7 to 12 months</u>
U.S. Government money			
market mutual funds	\$ 4,166,055	\$ 4,166,055	\$ -
FHLMC - Discount	482,091	-	482,091
FNMA - Discount	370,061	370,061	-
STAR Ohio	548,427	548,427	-
	<u>\$ 5,566,634</u>	<u>\$ 5,084,543</u>	<u>\$ 482,091</u>

The weighted average maturity of investments is 0.09 years.

CITY OF HARRISON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the City's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The City's investments, except for STAR Ohio, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAm money market rating.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the City's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the City.

Concentration of Credit Risk: The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2005:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
U.S. Government money market mutual funds	\$ 4,166,055	74.84%
FHLMC - Discount	482,091	8.66%
FNMA - Discount	370,061	6.65%
STAR Ohio	<u>548,427</u>	<u>9.85%</u>
	<u>\$ 5,566,634</u>	<u>100.00%</u>

E. Reconciliation of Cash and Investment to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of December 31, 2005:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 4,613,791
Investments	5,566,634
Cash on hand	<u>525</u>
Total	<u>\$ 10,180,950</u>
 <u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 4,512,309
Business-type activities	5,668,618
Agency fund	<u>23</u>
Total	<u>\$ 10,180,950</u>

CITY OF HARRISON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 5 - INTERNAL TRANSACTIONS

- A.** Interfund transfers for the year ended December 31, 2005, consisted of the following, as reported in the fund financial statements:

Transfers to Nonmajor Governmental funds from:	
General fund	\$ 1,448,908
Water fund	120,314
Sewer fund	73,704
Transfers to Capital Improvement fund from:	
General fund	<u>200,000</u>
Total	<u>\$ 1,842,926</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) 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

- B.** Advances to/from other funds consisted of the following at December 31, 2005, 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>

- C.** Due to/from other funds consisted of the following at December 31, 2005, as reported on the fund financial statements:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer	Storm Water	\$ 8,800

CITY OF HARRISON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

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, 2005 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, 2005 was \$13.00 per \$1,000 of assessed valuation. The assessed valuation upon which 2005 taxes were collected is as follows:

Real property	\$191,361,800
Public utility real property	4,295,430
Tangible personal property	<u>19,689,900</u>
Total assessed value	<u><u>\$215,347,130</u></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, 2005. 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 2006 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, 2005**

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, 2005, 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, 2005, as well as intended to finance fiscal 2005 operations.

A summary of the items of receivables follows:

	<u>Amount</u>
<u>Governmental Activities</u>	
Income taxes	\$ 530,295
Real and other taxes	2,098,394
Accounts	21,046
Accrued interest	8,432
Due from other governments	422,039
<u>Business-Type Activities</u>	
Accounts	523,756
Accrued interest	2,344

CITY OF HARRISON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 9 - CAPITAL ASSETS

Capital asset activity for fiscal year 2005 is as follows:

<u>Governmental Activities:</u>	<u>Balance</u> <u>12/31/2004</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/2005</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 3,001,921	\$ -	\$ -	\$ 3,001,921
Construction in progress	<u>1,123,828</u>	<u>1,251,301</u>	<u>(1,123,828)</u>	<u>1,251,301</u>
Total capital assets, not being depreciated	<u>4,125,749</u>	<u>1,251,301</u>	<u>(1,123,828)</u>	<u>4,253,222</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	814,479	-	-	814,479
Buildings and improvements	3,913,917	-	-	3,913,917
Furniture and equipment	1,077,976	95,507	(8,145)	1,165,338
Vehicles	1,455,943	37,637	(83,331)	1,410,249
Infrastructure	<u>-</u>	<u>1,766,659</u>	<u>-</u>	<u>1,766,659</u>
Total capital assets, being depreciated	<u>7,262,315</u>	<u>1,899,803</u>	<u>(91,476)</u>	<u>9,070,642</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(498,285)	(37,155)	-	(535,440)
Buildings	(1,176,304)	(78,730)	-	(1,255,034)
Furniture and equipment	(496,212)	(84,331)	3,176	(577,367)
Vehicles	(937,706)	(106,292)	31,308	(1,012,690)
Infrastructure	<u>-</u>	<u>(17,667)</u>	<u>-</u>	<u>(17,667)</u>
Total accumulated depreciation	<u>(3,108,507)</u>	<u>(324,175)</u>	<u>34,484</u>	<u>(3,398,198)</u>
Total capital assets, being depreciated, net	<u>4,153,808</u>	<u>1,575,628</u>	<u>(56,992)</u>	<u>5,672,444</u>
Governmental activities capital assets, net	<u>\$ 8,279,557</u>	<u>\$ 2,826,929</u>	<u>\$ (1,180,820)</u>	<u>\$ 9,925,666</u>

CITY OF HARRISON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 9 - CAPITAL ASSETS - (Continued)

<u>Business-type Activities:</u>	Balance <u>12/31/2004</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>12/31/2005</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 485,420	\$ -	\$ -	\$ 485,420
Construction in progress	<u>2,109,720</u>	<u>979,005</u>	<u>(2,109,720)</u>	<u>979,005</u>
Total capital assets, not being depreciated	<u>2,595,140</u>	<u>979,005</u>	<u>(2,109,720)</u>	<u>1,464,425</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	32,386	-	-	32,386
Buildings	9,741,290	292,747	-	10,034,037
Furniture and equipment	7,084,044	26,102	-	7,110,146
Vehicles	262,722	-	-	262,722
Infrastructure	<u>12,583,042</u>	<u>3,219,435</u>	<u>-</u>	<u>15,802,477</u>
Total capital assets, being depreciated	<u>29,703,484</u>	<u>3,538,284</u>	<u>-</u>	<u>33,241,768</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(31,524)	(157)	-	(31,681)
Buildings	(1,611,473)	(196,760)	-	(1,808,233)
Furniture and equipment	(1,086,486)	(455,989)	-	(1,542,475)
Vehicles	(215,559)	(18,577)	-	(234,136)
Infrastructure	<u>(3,491,766)</u>	<u>(271,202)</u>	<u>-</u>	<u>(3,762,968)</u>
Total accumulated depreciation	<u>(6,436,808)</u>	<u>(942,685)</u>	<u>-</u>	<u>(7,379,493)</u>
Total capital assets, being depreciated, net	<u>23,266,676</u>	<u>2,595,599</u>	<u>-</u>	<u>25,862,275</u>
Business-type activities capital assets, net	<u>\$ 25,861,816</u>	<u>\$ 3,574,604</u>	<u>\$ (2,109,720)</u>	<u>\$ 27,326,700</u>

CITY OF HARRISON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 2,226
Security of persons and property	176,052
Public health and welfare	4,264
Transportation	82,514
Community environment	1,360
Leisure time activity	<u>57,759</u>
Total depreciation expense	<u>\$ 324,175</u>

Depreciation expense was charged to business-type activities as follows:

<u>Major Proprietary Funds</u>	
Sewer	\$ 692,987
Water	234,788
Storm Water	<u>14,910</u>
Total depreciation expense	<u>\$ 942,685</u>

NOTE 10 - CAPITAL LEASES

In prior years, the City entered into capitalized leases for police vehicles, fire trucks 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 2005 totaled \$159,668.

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, 2005:

<u>Year Ending December 31,</u>	<u>Amount</u>
2006	\$ 147,892
2007	91,925
2008	<u>40,226</u>
Total	280,043
Less: amount representing interest	<u>(16,648)</u>
Present value of net minimum lease payments	<u>\$ 263,395</u>

CITY OF HARRISON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 11 - LONG-TERM OBLIGATIONS

A. Governmental Activities

During 2005, the following changes occurred in governmental activities long-term obligations:

	<u>Balance at</u> <u>12/31/04</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>12/31/05</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
Governmental Activities:					
<i><u>General Obligation Bonds</u></i>					
Road and safety bonds	\$ 2,860,000	\$ -	\$ (2,115,000)	\$ 745,000	\$ 135,000
Refunding bonds	-	2,135,000	-	2,135,000	-
Total general obligation bonds	<u>2,860,000</u>	<u>2,135,000</u>	<u>(2,115,000)</u>	<u>2,880,000</u>	<u>135,000</u>
<i><u>OPWC Loan</u></i>					
Jefferson Ave. Project	-	476,673	-	476,673	-
Total OPWC loan	-	<u>476,673</u>	-	<u>476,673</u>	-
<i><u>Other Long-Term Obligations</u></i>					
Compensated absences	226,924	299,270	(232,144)	294,050	54,000
Capital leases	<u>423,063</u>	-	<u>(159,668)</u>	<u>263,395</u>	<u>137,575</u>
Total other long-term obligations	<u>649,987</u>	<u>299,270</u>	<u>(391,812)</u>	<u>557,445</u>	<u>191,575</u>
Total governmental activities long-term obligations	<u>\$ 3,509,987</u>	<u>\$ 2,910,943</u>	<u>\$ (2,506,812)</u>	3,914,118	<u>\$ 326,575</u>
				Add: Unamortized premium on bond issue	121,193
				Less: Unamortized deferred charges on refunding	<u>(200,677)</u>
				Total reported on statement of net assets	<u>\$ 3,834,634</u>

Compensated Absences - Compensated absences for governmental activities will be paid from the following funds: general fund, street maintenance fund, fire improvement fund, community center fund and the senior center fund.

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. \$1,985,000 of these bonds were advance refunded during 2005 (see below). These bonds have annual interest rates ranging from 5.150% to 5.450% and mature in fiscal year 2010.

On August 11, 2005, the City issued \$2,135,000 in general obligation various refunding bonds. The bonds bear interest at rates ranging from 3.00% to 4.75% per annum and mature in various installments through December 1, 2019. The proceeds of the bonds were used to advance refund \$1,985,000 of the City's governmental-activities 2000 general obligation bonds by purchasing SLGS that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The refunded bonds were not included in the City's outstanding debt since the City has satisfied its obligations through the advance refunding.

CITY OF HARRISON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

The reacquisition price exceeded the net carrying amount of the old debt by \$204,078. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 14 years and resulted in an economic gain of \$107,479.

OPWC Loan: The City's Jefferson Avenue project was financed through expenditures by the Ohio Public Works Commission (OPWC). At December 31, 2005, the City has one loan outstanding through the OPWC payable from governmental activities. The loan is interest free and payable in semi-annual installments beginning January 1, 2007.

The following is a summary of the City's future annual debt service requirements to maturity for the governmental activities long-term obligations:

Year <u>Ended</u>	General Obligation Bonds - 2000 Series			Refunding Bonds - 2005 Series		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 135,000	\$ 39,683	\$ 174,683	\$ -	\$ 95,557	\$ 95,557
2007	140,000	32,663	172,663	-	95,558	95,558
2008	150,000	25,312	175,312	10,000	95,557	105,557
2009	155,000	17,362	172,362	15,000	95,258	110,258
2010	165,000	8,998	173,998	15,000	94,792	109,792
2011-2015	-	-	-	1,055,000	375,613	1,430,613
2016-2019	-	-	-	1,040,000	112,625	1,152,625
Total	<u>\$ 745,000</u>	<u>\$ 124,018</u>	<u>\$ 869,018</u>	<u>\$ 2,135,000</u>	<u>\$ 964,960</u>	<u>\$ 3,099,960</u>

Year <u>Ended</u>	OPWC Loan		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ -	\$ -	\$ -
2007	23,833	-	23,833
2008	23,833	-	23,833
2009	23,833	-	23,833
2010	23,833	-	23,833
2011-2015	119,169	-	119,169
2016-2020	119,169	-	119,169
2021-2025	119,170	-	119,170
2026	23,833	-	23,833
Total	<u>\$ 476,673</u>	<u>\$ -</u>	<u>\$ 476,673</u>

CITY OF HARRISON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

B. Business-Type Activities

During the fiscal year 2005, the following changes occurred in the City's business-type long-term liabilities:

	Interest	Balance at			Balance at	Amounts
	Rate	12/31/2004	Additions	Reductions	12/31/2005	Due in
						One Year
Business-Type Activities:						
<u>General Obligation Bonds</u>						
Water System Improvements - 1995	5.40%	\$ 35,000	\$ -	\$ (35,000)	\$ -	\$ -
Sanitary Sewer Improvements - 2005	3.00-4.75%	-	510,000	-	510,000	50,000
Total general obligation bonds		<u>35,000</u>	<u>510,000</u>	<u>(35,000)</u>	<u>510,000</u>	<u>50,000</u>
<u>Mortgage Revenue Bonds</u>						
Revenue Improvement and Refundings - 2003	4.75%	18,590,000	-	(170,000)	18,420,000	220,000
Water System Improvements - 1992	3.5-6.0%	105,000	-	(105,000)	-	-
Total mortgage revenue bonds		<u>18,695,000</u>	<u>-</u>	<u>(275,000)</u>	<u>18,420,000</u>	<u>220,000</u>
<u>OPWC Loans</u>						
OPWC Loan - Transmission Lines	3.00%	83,808	-	(25,524)	58,284	25,907
OPWC Loan - Reservoir	3.00%	187,121	-	(44,711)	142,410	46,064
Total OPWC loans		<u>270,929</u>	<u>-</u>	<u>(70,235)</u>	<u>200,694</u>	<u>71,971</u>
<u>OWDA Loans</u>						
OWDA Loan - Water Treatment Plant	3.49%	968,551	-	(51,692)	916,859	-
OWDA Loan - Wellfield and Transmission Mains	3.64%	729,620	-	(44,011)	685,609	-
Total OWDA loans		<u>1,698,171</u>	<u>-</u>	<u>(95,703)</u>	<u>1,602,468</u>	<u>-</u>
Compensated absences		31,653	52,939	(41,455)	43,137	8,368
Total business-type activities long-term obligations		<u>\$20,730,753</u>	<u>\$ 562,939</u>	<u>\$ (517,393)</u>	20,776,299	<u>\$ 350,339</u>
					Add: Unamortized premium on bond issue	231,253
					Less: Unamortized deferred charges on bond issue	<u>(92,920)</u>
					Total reported on statement of net assets	<u>\$20,914,632</u>

CITY OF HARRISON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Compensated absences for business-type activities will be paid from the Sewer and Water enterprise funds.

The general obligation bonds and mortgage 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, 2005 was \$2,355,000.

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.

On August 11, 2005, the City issued \$510,000 in general obligation bonds to finance sanitary sewer improvements. The bonds bear interest rates ranging from 3.000% to 4.125% per annum and mature in various installments through December 1, 2024.

Improvements to the City's water treatment facilities were financed through expenditures by the Ohio Public Works Commission (OPWC). At December 31, 2005, the City has two loans outstanding through the OPWC payable from business-type activities. 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, 2005, the City had outstanding borrowings of \$1,602,468. The total permissible borrowings under the financing agreements at December 31, 2005 for the Water Treatment Plan Improvements and the Wellfield and Transmission Mains were \$916,859 and \$685,609, respectively. As of December 31, 2005, 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.

CITY OF HARRISON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the City's future annual debt service principal and interest requirements for business-type activities long-term obligations:

<u>Year Ended</u>	General Obligation Bonds			Revenue Refunding Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 50,000	\$ 19,560	\$ 69,560	\$ 220,000	\$ 828,197	\$ 1,048,197
2007	25,000	18,810	43,810	220,000	823,798	1,043,798
2008	25,000	18,060	43,060	425,000	818,737	1,243,737
2009	20,000	17,310	37,310	485,000	807,475	1,292,475
2010	20,000	16,690	36,690	550,000	792,925	1,342,925
2011-2015	105,000	70,750	175,750	3,075,000	3,645,020	6,720,020
2016-2020	135,000	44,475	179,475	4,315,000	2,919,311	7,234,311
2021-2025	130,000	13,819	143,819	5,315,000	1,714,388	7,029,388
2026-2028	-	-	-	3,815,000	367,887	4,182,887
Total	<u>\$ 510,000</u>	<u>\$ 219,474</u>	<u>\$ 729,474</u>	<u>\$ 18,420,000</u>	<u>\$ 12,717,738</u>	<u>\$ 31,137,738</u>

<u>Year Ended</u>	OPWC Loans		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 200,694</u>	<u>\$ 10,603</u>	<u>\$ 211,297</u>

CITY OF HARRISON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE 12 - INTERNAL LOAN PAYABLE

During 2005, the City issued a loan from the Sewer enterprise fund to the New Haven Bridge Escrow capital projects fund. The loan was issued on September 20, 2005 and is due September 20, 2006. The loan payable at December 31, 2005 is an internal City of Harrison loan that represents amounts borrowed from other funds of the City. The fund which loaned the monies (Sewer enterprise fund) has reported "loan receivable" on the fund financial statements for the principal amount outstanding at December 31, 2005. On the statement of net assets, the "loan receivable" and "loan payable" has been presented as an internal balance.

NOTE 13 - 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 2005, 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 2005, 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.

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.

CITY OF HARRISON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE 14 - 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 established 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, 2005, 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 2005 was 9.55%, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 12.7% 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, 2005, 2004, and 2003 were \$213,216, \$196,622, and \$160,495, respectively; 89.01% has been contributed for 2005 and 100% has been contributed for 2004 and 2003. The City and plan members did not make any contributions to the member-directed plan for 2005.

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.

CITY OF HARRISON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 10% of their annual covered salary to fund pension obligations while the City is required to contribute 19.50% for police officers and 24.00% for firefighters. Contributions are authorized by State statute. The City's contributions OP&F for the year ended December 31, 2005, 2004, and 2003, were \$443,974, \$408,556, and \$380,952, respectively. The full amount has been contributed for 2004 and 2003. 48.39% has been contributed for 2005 with the remainder being reported as a liability.

NOTE 15 - 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, 2004, 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 376,109 as of December 31, 2005. The number of active participants for both plans used in the December 31, 2004 actuarial valuation was 355,287. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$62,942. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004 (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

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.

CITY OF HARRISON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 15 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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 2005. 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 2005 that were used to fund postemployment benefits was \$95,298 for police and \$65,869 for firefighters. The OP&F's total health care expense for the year ended December 31, 2004 (the latest information available) was \$102,173,796, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2004 (the latest information available), was 13,812 for police and 10,528 for firefighters.

NOTE 16 - 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 the fire improvement fund a 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).
2. Expenditures/expenses and other financing uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

CITY OF HARRISON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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 and fire improvement fund.

	Net Change in Fund Balance	
	<u>General</u>	<u>Fire Improvement</u>
Budget basis	\$ 122,804	\$ 38,397
Net adjustment for revenue accruals	(29,649)	(6,879)
Net adjustment for expenditure accruals	(13,453)	(58,511)
Adjustment for encumbrances	<u>218,948</u>	<u>82,896</u>
GAAP basis	<u>\$ 298,650</u>	<u>\$ 55,903</u>

NOTE 17 - CONTINGENCIES

A. 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, 2005.

B. Litigation

Several claims and lawsuits are pending against the City. In the opinion of the Director of Law, any potential liability would not have a material effect on the BFS.

THIS PAGE IS INTENTIONALLY LEFT BLANK

**COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES**

THIS PAGE IS INTENTIONALLY LEFT BLANK

CITY OF HARRISON, OHIO

**INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - GOVERNMENTAL 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 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.

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.

Recreational 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.

NONMAJOR CAPITAL PROJECTS FUNDS

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:

Home Depot/TIF

This fund accounts for the Home Depot tax increment financing.

Street/Safety Construction

This fund accounts for the construction of various street improvements.

New Haven Bridge Escrow

This fund accounts for New Haven Bridge construction.

CITY OF HARRISON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL IMPROVEMENTS FUND
 FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Total revenues and other sources	\$ 2,392,827	\$ 2,569,600	\$ 1,580,907	\$ (988,693)
Total expenditures and other uses.	<u>4,402,244</u>	<u>4,504,744</u>	<u>5,298,012</u>	<u>(793,268)</u>
Net change in fund balances.	(2,009,417)	(1,935,144)	(3,717,105)	(1,781,961)
Fund balance at beginning of year.	1,890,808	1,890,808	1,890,808	-
Prior year encumbrances appropriated.	<u>609,467</u>	<u>609,467</u>	<u>609,467</u>	<u>-</u>
Fund balance at end of year	<u>\$ 490,858</u>	<u>\$ 565,131</u>	<u>\$ (1,216,830)</u>	<u>\$ (1,781,961)</u>

CITY OF HARRISON, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,445,354	\$ 1,098,964	\$ 724,846	\$ 3,269,164
Receivables (net of allowances of uncollectibles):				
Real and other taxes.	55,332	-	137,056	192,388
Due from other governments.	190,287	-	-	190,287
Prepayments	8,257	-	-	8,257
Total assets	<u>\$ 1,699,230</u>	<u>\$ 1,098,964</u>	<u>\$ 861,902</u>	<u>\$ 3,660,096</u>
Liabilities:				
Accounts payable	\$ 11,293	\$ -	\$ -	\$ 11,293
Accrued wages and benefits	16,305	-	-	16,305
Due to other governments	131,504	-	-	131,504
Loan payable.	-	-	545,600	545,600
Advances from other funds.	35,411	-	-	35,411
Deferred revenue	174,155	-	137,056	311,211
Total liabilities	<u>368,668</u>	<u>-</u>	<u>682,656</u>	<u>1,051,324</u>
Fund Balances:				
Reserved for encumbrances.	81,062	847	-	81,909
Reserved for prepayments	8,257	-	-	8,257
Unreserved, undesignated, reported in:				
Special revenue funds	1,241,243	-	-	1,241,243
Debt service funds	-	1,098,117	-	1,098,117
Capital projects funds	-	-	179,246	179,246
Total fund balances	<u>1,330,562</u>	<u>1,098,964</u>	<u>179,246</u>	<u>2,608,772</u>
Total liabilities and fund equity	<u>\$ 1,699,230</u>	<u>\$ 1,098,964</u>	<u>\$ 861,902</u>	<u>\$ 3,660,096</u>

CITY OF HARRISON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Debt Service Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:				
Property and other taxes	\$ 103,116	\$ -	\$ 126,439	\$ 229,555
Charges for services	193,103	-	-	193,103
Licenses and permits	120	-	-	120
Intergovernmental	501,324	-	14,048	515,372
Investment income	3,786	19,465	4,818	28,069
Other	51,647	10,382	-	62,029
Total revenues	<u>853,096</u>	<u>29,847</u>	<u>145,305</u>	<u>1,028,248</u>
Expenditures:				
Current:				
Security of persons and property	277,820	-	-	277,820
Public health and welfare	278,631	-	-	278,631
Transportation	470,473	-	-	470,473
Leisure time activity	120,810	-	-	120,810
Capital outlay	31,661	-	558,882	590,543
Debt service:				
Principal retirement	77,990	130,000	-	207,990
Interest and fiscal charges	8,051	171,185	-	179,236
Total expenditures	<u>1,265,436</u>	<u>301,185</u>	<u>558,882</u>	<u>2,125,503</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(412,340)</u>	<u>(271,338)</u>	<u>(413,577)</u>	<u>(1,097,255)</u>
Other financing sources:				
Transfers in	783,923	194,018	-	977,941
Total other financing sources	<u>783,923</u>	<u>194,018</u>	<u>-</u>	<u>977,941</u>
Net change in fund balances	371,583	(77,320)	(413,577)	(119,314)
Fund balances at beginning of year	<u>958,979</u>	<u>1,176,284</u>	<u>592,823</u>	<u>2,728,086</u>
Fund balances at end of year	<u>\$ 1,330,562</u>	<u>\$ 1,098,964</u>	<u>\$ 179,246</u>	<u>\$ 2,608,772</u>

CITY OF HARRISON, OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2005

	<u>Street Maintenance and Repair</u>	<u>State Highway Improvements</u>	<u>Fire Memorial</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 144,412	\$ 109,887	\$ 18,881
Receivables (net of allowances for uncollectibles):			
Real and other taxes	-	-	-
Due from other governments	138,925	11,367	-
Prepayments	4,268	-	-
Total assets	<u>\$ 287,605</u>	<u>\$ 121,254</u>	<u>\$ 18,881</u>
Liabilities:			
Accounts payable	\$ 2,937	\$ -	\$ -
Accrued wages and benefits	9,162	-	-
Due to other governments	5,939	-	-
Advances from other funds	-	20,411	15,000
Deferred revenue	108,891	8,932	-
Total liabilities	<u>126,929</u>	<u>29,343</u>	<u>15,000</u>
Fund Balances:			
Reserved for encumbrances	26,176	-	4,800
Reserved for prepayments	4,268	-	-
Unreserved, undesignated (deficit), reported in:			
Special revenue funds	130,232	91,911	(919)
Total fund balances	<u>160,676</u>	<u>91,911</u>	<u>3,881</u>
Total liabilities and fund equity.	<u>\$ 287,605</u>	<u>\$ 121,254</u>	<u>\$ 18,881</u>

<u>Police Pension</u>	<u>Enforcement and Education</u>	<u>FEMA</u>	<u>Police Memorial</u>	<u>Senior</u>	<u>Passport Account</u>
\$ 285,690	\$ 8,206	\$ 3,766	\$ 227	\$ 92,173	\$ 107,967
55,332	-	-	-	-	-
1,000	-	-	-	7,479	-
-	-	-	-	200	-
<u>\$ 342,022</u>	<u>\$ 8,206</u>	<u>\$ 3,766</u>	<u>\$ 227</u>	<u>\$ 99,852</u>	<u>\$ 107,967</u>
\$ -	\$ -	\$ -	\$ -	\$ 5,157	\$ -
-	-	-	-	4,713	-
120,934	-	-	-	3,055	-
-	-	-	-	-	-
56,332	-	-	-	-	-
<u>177,266</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,925</u>	<u>-</u>
-	-	-	-	36,817	4,905
-	-	-	-	200	-
<u>164,756</u>	<u>8,206</u>	<u>3,766</u>	<u>227</u>	<u>49,910</u>	<u>103,062</u>
<u>164,756</u>	<u>8,206</u>	<u>3,766</u>	<u>227</u>	<u>86,927</u>	<u>107,967</u>
<u>\$ 342,022</u>	<u>\$ 8,206</u>	<u>\$ 3,766</u>	<u>\$ 227</u>	<u>\$ 99,852</u>	<u>\$ 107,967</u>

- - Continued

CITY OF HARRISON, OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
DECEMBER 31, 2005

	Community Center	Fire Capital Reserve	Drug Law Enforcement Trust	Law Enforcement Trust
Assets:				
Equity in pooled cash and cash equivalents	\$ 167,142	\$ 240,387	\$ 20,387	\$ 4,274
Receivables (net of allowances for uncollectibles):				
Real and other taxes	-	-	-	-
Due from other governments	-	31,516	-	-
Prepayments	3,789	-	-	-
Total assets	\$ 170,931	\$ 271,903	\$ 20,387	\$ 4,274
Liabilities:				
Accounts payable	\$ 3,199	\$ -	\$ -	\$ -
Accrued wages and benefits	2,430	-	-	-
Due to other governments	1,576	-	-	-
Advances from other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	7,205	-	-	-
Fund Balances:				
Reserved for encumbrances	8,350	-	14	-
Reserved for prepayments	3,789	-	-	-
Unreserved, undesignated (deficit), reported in:				
Special revenue funds	151,587	271,903	20,373	4,274
Total fund balances	163,726	271,903	20,387	4,274
Total liabilities and fund equity.	\$ 170,931	\$ 271,903	\$ 20,387	\$ 4,274

<u>Recreational Tax Receipts</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 241,955	\$ 1,445,354
-	55,332
-	190,287
-	8,257
<u>\$ 241,955</u>	<u>\$ 1,699,230</u>
\$ -	\$ 11,293
-	16,305
-	131,504
-	35,411
-	174,155
<u>-</u>	<u>368,668</u>
-	81,062
-	8,257
<u>241,955</u>	<u>1,241,243</u>
<u>241,955</u>	<u>1,330,562</u>
<u>\$ 241,955</u>	<u>\$ 1,699,230</u>

CITY OF HARRISON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Street Maintenance and Repair	State Highway Improvements	Fire Memorial
Revenues:			
Property and other taxes	\$ -	\$ -	\$ -
Charges for services	-	-	-
Licenses and permits	120	-	-
Intergovernmental	351,785	24,597	-
Investment income	-	-	-
Other	1,603	-	3,270
Total revenues	353,508	24,597	3,270
Expenditures:			
Current:			
Security of persons and property.	-	-	1,198
Public health and welfare	-	-	-
Transportation	469,973	500	-
Leisure time activity	-	-	-
Capital outlay	12,839	-	-
Debt service:			
Principal retirement.	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	482,812	500	1,198
Excess (deficiency) of revenues over (under) expenditures	(129,304)	24,097	2,072
Other financing sources:			
Transfers in.	229,259	-	-
Total other financing sources.	229,259	-	-
Net change in fund balances.	99,955	24,097	2,072
Fund balances at beginning of year	60,721	67,814	1,809
Fund balances at end of year	\$ 160,676	\$ 91,911	\$ 3,881

<u>Police Pension</u>	<u>Enforcement and Education</u>	<u>FEMA</u>	<u>Police Memorial</u>	<u>Senior</u>	<u>Passport Account</u>
\$ 60,627	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	128,624	959
-	-	-	-	-	-
5,626	1,248	18,446	-	79,346	9,079
-	-	-	-	-	-
-	-	-	-	274	46,500
<u>66,253</u>	<u>1,248</u>	<u>18,446</u>	<u>-</u>	<u>208,244</u>	<u>56,538</u>
255,374	5,300	15,898	50	-	-
-	-	-	-	278,631	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>255,374</u>	<u>5,300</u>	<u>15,898</u>	<u>50</u>	<u>278,631</u>	<u>-</u>
<u>(189,121)</u>	<u>(4,052)</u>	<u>2,548</u>	<u>(50)</u>	<u>(70,387)</u>	<u>56,538</u>
<u>209,422</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128,128</u>	<u>-</u>
<u>209,422</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128,128</u>	<u>-</u>
20,301	(4,052)	2,548	(50)	57,741	56,538
<u>144,455</u>	<u>12,258</u>	<u>1,218</u>	<u>277</u>	<u>29,186</u>	<u>51,429</u>
<u>\$ 164,756</u>	<u>\$ 8,206</u>	<u>\$ 3,766</u>	<u>\$ 227</u>	<u>\$ 86,927</u>	<u>\$ 107,967</u>

- - Continued

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, 2005

	<u>Community Center</u>	<u>Fire Capital Reserve</u>	<u>Drug Law Enforcement Trust</u>	<u>Law Enforcement Trust</u>
Revenues:				
Property and other taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	63,520	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	1,690	9,507	-
Investment income	-	3,786	-	-
Other	-	-	-	-
Total revenues	<u>63,520</u>	<u>5,476</u>	<u>9,507</u>	<u>-</u>
Expenditures:				
Current:				
Security of persons and property.	-	-	-	-
Public health and welfare	-	-	-	-
Transportation	-	-	-	-
Leisure time activity	120,810	-	-	-
Capital outlay	15,700	-	3,122	-
Debt service:				
Principal retirement.	-	77,990	-	-
Interest and fiscal charges	-	8,051	-	-
Total expenditures	<u>136,510</u>	<u>86,041</u>	<u>3,122</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(72,990)</u>	<u>(80,565)</u>	<u>6,385</u>	<u>-</u>
Other financing sources:				
Transfers in.	<u>183,277</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources.	<u>183,277</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances.	110,287	(80,565)	6,385	-
Fund balances at beginning of year	<u>53,439</u>	<u>352,468</u>	<u>14,002</u>	<u>4,274</u>
Fund balances at end of year	<u>\$ 163,726</u>	<u>\$ 271,903</u>	<u>\$ 20,387</u>	<u>\$ 4,274</u>

<u>Recreational Tax Receipts</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 42,489	\$ 103,116
-	193,103
-	120
-	501,324
-	3,786
-	51,647
42,489	853,096
-	277,820
-	278,631
-	470,473
-	120,810
-	31,661
-	77,990
-	8,051
-	1,265,436
42,489	(412,340)
33,837	783,923
33,837	783,923
76,326	371,583
165,629	958,979
\$ 241,955	\$ 1,330,562

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, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Street Maintenance and Repair				
Total revenues and other sources	\$ 545,859	\$ 546,929	\$ 599,137	\$ 52,208
Total expenditures and other uses.	<u>558,497</u>	<u>558,497</u>	<u>520,020</u>	<u>38,477</u>
Net change in fund balances.	(12,638)	(11,568)	79,117	90,685
Fund balance at beginning of year.	11,744	11,744	11,744	-
Prior year encumbrances appropriated.	<u>24,438</u>	<u>24,438</u>	<u>24,438</u>	<u>-</u>
Fund balance at end of year	<u>\$ 23,544</u>	<u>\$ 24,614</u>	<u>\$ 115,299</u>	<u>\$ 90,685</u>
State Highway Improvements				
Total revenues and other sources	\$ 4,849	\$ 17,000	\$ 25,249	\$ 8,249
Total expenditures and other uses.	<u>3,000</u>	<u>3,000</u>	<u>500</u>	<u>2,500</u>
Net change in fund balances.	1,849	14,000	24,749	10,749
Fund balance at beginning of year.	<u>85,138</u>	<u>85,138</u>	<u>85,138</u>	<u>-</u>
Fund balance at end of year	<u>\$ 86,987</u>	<u>\$ 99,138</u>	<u>\$ 109,887</u>	<u>\$ 10,749</u>
Fire Memorial				
Total revenues and other sources	\$ 1,254	\$ 2,835	\$ 3,270	\$ 435
Total expenditures and other uses.	<u>1,000</u>	<u>1,000</u>	<u>5,998</u>	<u>(4,998)</u>
Net change in fund balances.	254	1,835	(2,728)	(4,563)
Fund balance at beginning of year.	<u>16,809</u>	<u>16,809</u>	<u>16,809</u>	<u>-</u>
Fund balance at end of year	<u>\$ 17,063</u>	<u>\$ 18,644</u>	<u>\$ 14,081</u>	<u>\$ (4,563)</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, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Police Pension				
Total revenues and other sources	\$ 260,493	\$ 265,699	\$ 275,675	\$ 9,976
Total expenditures and other uses.	<u>255,458</u>	<u>255,458</u>	<u>185,647</u>	<u>69,811</u>
Net change in fund balances.	5,035	10,241	90,028	79,787
Fund balance at beginning of year.	<u>195,662</u>	<u>195,662</u>	<u>195,662</u>	<u>-</u>
Fund balance at end of year	<u>\$ 200,697</u>	<u>\$ 205,903</u>	<u>\$ 285,690</u>	<u>\$ 79,787</u>
Enforcement and Education				
Total revenues and other sources	\$ -	\$ -	\$ 1,248	\$ 1,248
Total expenditures and other uses.	<u>1,503</u>	<u>1,503</u>	<u>5,300</u>	<u>(3,797)</u>
Net change in fund balances.	(1,503)	(1,503)	(4,052)	(2,549)
Fund balance at beginning of year.	12,255	12,255	12,255	-
Prior year encumbrances appropriated.	<u>3</u>	<u>3</u>	<u>3</u>	<u>-</u>
Fund balance at end of year	<u>\$ 10,755</u>	<u>\$ 10,755</u>	<u>\$ 8,206</u>	<u>\$ (2,549)</u>
FEMA				
Total revenues and other sources	\$ -	\$ -	\$ 18,446	\$ 18,446
Total expenditures and other uses.	<u>-</u>	<u>-</u>	<u>15,898</u>	<u>(15,898)</u>
Net change in fund balances.	-	-	2,548	2,548
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>\$ 3,766</u>	<u>\$ 2,548</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, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Police Memorial				
Total revenues and other sources	\$ -	\$ -	\$ -	\$ -
Total expenditures and other uses.	<u>50</u>	<u>50</u>	<u>50</u>	<u>-</u>
Net change in fund balances.	(50)	(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>\$ 227</u>	<u>\$ 227</u>	<u>\$ 227</u>	<u>\$ -</u>
Senior				
Total revenues and other sources	\$ 305,991	\$ 289,593	\$ 341,467	\$ 51,874
Total expenditures and other uses.	<u>287,356</u>	<u>287,356</u>	<u>315,681</u>	<u>(28,325)</u>
Net change in fund balances.	18,635	2,237	25,786	23,549
Fund balance at beginning of year.	(18,795)	(18,795)	(18,795)	-
Prior year encumbrances appropriated.	<u>35,192</u>	<u>35,192</u>	<u>35,192</u>	<u>-</u>
Fund balance at end of year	<u>\$ 35,032</u>	<u>\$ 18,634</u>	<u>\$ 42,183</u>	<u>\$ 23,549</u>
Passport Account				
Total revenues and other sources	\$ 24,104	\$ 18,500	\$ 10,038	\$ (8,462)
Total expenditures and other uses.	<u>14,255</u>	<u>14,255</u>	<u>(41,595)</u>	<u>55,850</u>
Net change in fund balances.	9,849	4,245	51,633	47,388
Fund balance at beginning of year.	46,524	46,524	46,524	-
Prior year encumbrances appropriated.	<u>4,905</u>	<u>4,905</u>	<u>4,905</u>	<u>-</u>
Fund balance at end of year	<u>\$ 61,278</u>	<u>\$ 55,674</u>	<u>\$ 103,062</u>	<u>\$ 47,388</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, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Community Center				
Total revenues and other sources	\$ 240,294	\$ 210,297	\$ 246,797	\$ 36,500
Total expenditures and other uses.	<u>175,294</u>	<u>175,294</u>	<u>151,549</u>	<u>23,745</u>
Net change in fund balances.	65,000	35,003	95,248	60,245
Fund balance at beginning of year.	48,328	48,328	48,328	-
Prior year encumbrances appropriated.	<u>12,017</u>	<u>12,017</u>	<u>12,017</u>	<u>-</u>
Fund balance at end of year	<u>\$ 125,345</u>	<u>\$ 95,348</u>	<u>\$ 155,593</u>	<u>\$ 60,245</u>
Fire Capital Reserve				
Total revenues and other sources	\$ 2,999	\$ 3,000	\$ 3,786	\$ 786
Total expenditures and other uses.	<u>79,709</u>	<u>79,709</u>	<u>86,041</u>	<u>(6,332)</u>
Net change in fund balances.	(76,710)	(76,709)	(82,255)	(5,546)
Fund balance at beginning of year.	<u>322,642</u>	<u>322,642</u>	<u>322,642</u>	<u>-</u>
Fund balance at end of year	<u>\$ 245,932</u>	<u>\$ 245,933</u>	<u>\$ 240,387</u>	<u>\$ (5,546)</u>
Drug Law Enforcement				
Total revenues and other sources	\$ 5,014	\$ 5,000	\$ 9,507	\$ 4,507
Total expenditures and other uses.	<u>2,014</u>	<u>2,014</u>	<u>3,136</u>	<u>(1,122)</u>
Net change in fund balances.	3,000	2,986	6,371	3,385
Fund balance at beginning of year.	13,988	13,988	13,988	-
Prior year encumbrances appropriated.	<u>14</u>	<u>14</u>	<u>14</u>	<u>-</u>
Fund balance at end of year	<u>\$ 17,002</u>	<u>\$ 16,988</u>	<u>\$ 20,373</u>	<u>\$ 3,385</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, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Law Enforcement Trust				
Total revenues and other sources	\$ 3,500	\$ 3,500	\$ -	\$ (3,500)
Net change in fund balances.	3,500	3,500	-	(3,500)
Fund balance at beginning of year.	4,274	4,274	4,274	-
Fund balance at end of year	<u>\$ 7,774</u>	<u>\$ 7,774</u>	<u>\$ 4,274</u>	<u>\$ (3,500)</u>
Recreational Tax Receipts				
Total revenues and other sources	\$ 50,000	\$ 50,000	\$ 76,326	\$ 26,326
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	45,000	76,326	31,326
Fund balance at beginning of year.	<u>165,629</u>	<u>165,629</u>	<u>165,629</u>	<u>-</u>
Fund balance at end of year	<u>\$ 210,629</u>	<u>\$ 210,629</u>	<u>\$ 241,955</u>	<u>\$ 31,326</u>

CITY OF HARRISON, OHIO
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2005

	Debt Service	Special Assesment	Total Nonmajor Debt Service Funds
Assets:			
Equity in pooled cash and cash equivalents.	\$ 1,079,349	\$ 19,615	\$ 1,098,964
Total assets	\$ 1,079,349	\$ 19,615	\$ 1,098,964
 Fund Balances:			
Reserved for encumbrances	\$ 847	\$ -	\$ 847
Unreserved, undesignated, reported in:			
Debt service funds	1,078,502	19,615	1,098,117
Total fund balances	1,079,349	19,615	1,098,964
Total liabilities and fund equity	\$ 1,079,349	\$ 19,615	\$ 1,098,964

CITY OF HARRISION, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Debt Service</u>	<u>Special Assesment</u>	<u>Total Nonmajor Debt Service Funds</u>
Revenues:			
Investment income	\$ 19,465	\$ -	\$ 19,465
Other	10,382	-	10,382
	<hr/>	<hr/>	<hr/>
Total revenues	29,847	-	29,847
	<hr/>	<hr/>	<hr/>
Expenditures:			
Debt service:			
Principal retirement.	130,000	-	130,000
Interest and fiscal charges	171,185	-	171,185
	<hr/>	<hr/>	<hr/>
Total expenditures	301,185	-	301,185
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures.	(271,338)	-	(271,338)
	<hr/>	<hr/>	<hr/>
Other financing sources:			
Transfers in.	194,018	-	194,018
	<hr/>	<hr/>	<hr/>
Total other financing sources	194,018	-	194,018
	<hr/>	<hr/>	<hr/>
Net change in fund balances.	(77,320)	-	(77,320)
	<hr/>	<hr/>	<hr/>
Fund balances at beginning of year	1,156,669	19,615	1,176,284
	<hr/>	<hr/>	<hr/>
Fund balances at end of year	<u>\$ 1,079,349</u>	<u>\$ 19,615</u>	<u>\$ 1,098,964</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, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Debt Service				
Total revenues and other sources	\$ 1,442,314	\$ 1,442,314	\$ 1,553,729	\$ 111,415
Total expenditures and other uses	<u>1,776,714</u>	<u>1,840,337</u>	<u>1,631,896</u>	<u>208,441</u>
Net change in fund balances.	(334,400)	(398,023)	(78,167)	319,856
Fund balance at beginning of year.	<u>1,156,669</u>	<u>1,156,669</u>	<u>1,156,669</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 822,269</u></u>	<u><u>\$ 758,646</u></u>	<u><u>\$ 1,078,502</u></u>	<u><u>\$ 319,856</u></u>
Special Assessment				
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><u>\$ 19,615</u></u>	<u><u>\$ 19,615</u></u>	<u><u>\$ 19,615</u></u>	<u><u>\$ -</u></u>

CITY OF HARRISON, OHIO

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2005

	<u>Home Depot TIF</u>	<u>Street/Safety Construction</u>	<u>New Haven Bridge Escrow</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 262,577	\$ 458,914	\$ 3,355	\$ 724,846
Receivables (net of allowances for uncollectibles):				
Real and other taxes.	<u>137,056</u>	<u>-</u>	<u>-</u>	<u>137,056</u>
Total assets	<u><u>\$ 399,633</u></u>	<u><u>\$ 458,914</u></u>	<u><u>\$ 3,355</u></u>	<u><u>\$ 861,902</u></u>
 Liabilities:				
Loan payable	\$ -	\$ -	\$ 545,600	\$ 545,600
Deferred revenue.	<u>137,056</u>	<u>-</u>	<u>-</u>	<u>137,056</u>
Total liabilities	<u><u>137,056</u></u>	<u><u>-</u></u>	<u><u>545,600</u></u>	<u><u>682,656</u></u>
 Fund Balances:				
Unreserved, undesignated, reported in:				
Capital projects funds.	<u>262,577</u>	<u>458,914</u>	<u>(542,245)</u>	<u>179,246</u>
Total fund balances (deficit)	<u><u>262,577</u></u>	<u><u>458,914</u></u>	<u><u>(542,245)</u></u>	<u><u>179,246</u></u>
Total liabilities and fund equity.	<u><u>\$ 399,633</u></u>	<u><u>\$ 458,914</u></u>	<u><u>\$ 3,355</u></u>	<u><u>\$ 861,902</u></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, 2005

	<u>Home Depot TIF</u>	<u>Street/Safety Construction</u>	<u>New Haven Bridge Escrow</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:				
Property and other taxes	\$ 126,439	\$ -	\$ -	\$ 126,439
Intergovernmental	14,048	-	-	14,048
Investment income	-	4,818	-	4,818
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	140,487	4,818	-	145,305
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:				
Capital outlay	16,287	350	542,245	558,882
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	16,287	350	542,245	558,882
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	124,200	4,468	(542,245)	(413,577)
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	124,200	4,468	(542,245)	(413,577)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances at beginning of year	138,377	454,446	-	592,823
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficit) at end of year	<u>\$ 262,577</u>	<u>\$ 458,914</u>	<u>\$ (542,245)</u>	<u>\$ 179,246</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, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Home Depot TIF				
Total revenues and other sources	\$ -	\$ 140,487	\$ 140,487	\$ -
Total expenditures and other uses.	-	-	16,287	(16,287)
Net change in fund balances.	-	140,487	124,200	(16,287)
Fund balance at beginning of year.	138,377	138,377	138,377	-
Fund balance at end of year	<u>\$ 138,377</u>	<u>\$ 278,864</u>	<u>\$ 262,577</u>	<u>\$ (16,287)</u>
Street/Safety Construction				
Total revenues and other sources	\$ -	\$ -	\$ 4,818	\$ 4,818
Total expenditures and other uses.	-	-	350	(350)
Net change in fund balances.	-	-	4,468	4,468
Fund balance at beginning of year.	454,446	454,446	454,446	-
Fund balance at end of year	<u>\$ 454,446</u>	<u>\$ 454,446</u>	<u>\$ 458,914</u>	<u>\$ 4,468</u>
New Haven Bridge Escrow				
Total revenues and other sources	\$ -	\$ -	\$ 545,600	\$ 545,600
Total expenditures and other uses.	-	-	542,245	(542,245)
Net change in fund balances.	-	-	3,355	3,355
Fund balance at beginning of year.	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,355</u>	<u>\$ 3,355</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.

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, 2005

	<u>Sanitation</u>	<u>Water/Sewer Deposits</u>	<u>Total Nonmajor Enterprise Funds</u>
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents. . .	\$ 196,464	\$ 37,729	\$ 234,193
Receivables (net of allowance for uncollectibles):			
Accounts	59,143	-	59,143
Total current assets	<u>255,607</u>	<u>37,729</u>	<u>293,336</u>
 Total assets	 <u>255,607</u>	 <u>37,729</u>	 <u>293,336</u>
Liabilities:			
Current liabilities:			
Accounts payable	30,919	-	30,919
Total current liabilities	<u>30,919</u>	<u>-</u>	<u>30,919</u>
 Total liabilities	 <u>30,919</u>	 <u>-</u>	 <u>30,919</u>
Net assets:			
Unrestricted	224,688	37,729	262,417
Total net assets	<u>\$ 224,688</u>	<u>\$ 37,729</u>	<u>\$ 262,417</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, 2005

	<u>Sanitation</u>	<u>Water/Sewer Deposits</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating revenues:			
Charges for services	\$ 334,833	\$ 5,805	\$ 340,638
Other	7,100	-	7,100
Total operating revenues	<u>341,933</u>	<u>5,805</u>	<u>347,738</u>
Operating expenses:			
Contract services	317,682	-	317,682
Other	-	529	529
Total operating expenses	<u>317,682</u>	<u>529</u>	<u>318,211</u>
Operating income	24,251	5,276	29,527
Net assets at beginning of year (restated). . .	<u>200,437</u>	<u>32,453</u>	<u>232,890</u>
Net assets at end of year	<u><u>\$ 224,688</u></u>	<u><u>\$ 37,729</u></u>	<u><u>\$ 262,417</u></u>

CITY OF HARRISON, OHIO
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Sanitation	Water/Sewer Deposits	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Cash received from customers	\$ 326,044	\$ 5,805	\$ 331,849
Cash received from other operations	7,100	-	7,100
Cash payments for contract services	(311,069)	-	(311,069)
Cash payments for other expenses	-	(529)	(529)
 Net cash provided by operating activities.	 22,075	 5,276	 27,351
 Net increase in cash and cash equivalents	 22,075	 5,276	 27,351
Cash and cash equivalents at beginning of year	174,389	32,453	206,842
Cash and cash equivalents at end of year . . .	\$ 196,464	\$ 37,729	\$ 234,193
 Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 24,251	\$ 5,276	\$ 29,527
Adjustments:			
Changes in assets and liabilities:			
Increase in accounts receivable	(8,789)	-	(8,789)
Increase in accounts payable	6,613	-	6,613
 Net cash provided by operating activities	 \$ 22,075	 \$ 5,276	 \$ 27,351

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, 2005

Mayor's Court	Beginning Balance 12/31/2004	Additions	Reductions	Ending Balance 12/31/2005
Assets:				
Cash with fiscal agent	\$ 109	\$ -	\$ 86	\$ 23
Total assets.	<u>\$ 109</u>	<u>\$ -</u>	<u>\$ 86</u>	<u>\$ 23</u>
Liabilities:				
Due to other governments	\$ 109	\$ -	\$ 86	\$ 23
Total liabilities	<u>\$ 109</u>	<u>\$ -</u>	<u>\$ 86</u>	<u>\$ 23</u>

STATISTICAL SECTION

CITY OF HARRISON, OHIO

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

Year	General Government	Security of Persons and Property	Public Health and Welfare	Community Environment
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
2005	867,722	1,998,017	9,839	100,599

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

Leisure Time Activity	Capital Outlay	Debt Service:		Total Expenditures
		Principal Retirement	Interest and Fiscal Charges	
\$ 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
50,189	-	81,678	9,076	3,117,120

CITY OF HARRISON, OHIO

**GENERAL FUND REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

Year	Taxes	Charges for Services	Licenses, Permits and Fees	Fines and Forfeitures
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
2005	3,717,335	-	269,021	202,606

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

<u>Intergovernmental</u>	<u>Investment Income</u>	<u>Other</u>	<u>Total Revenues</u>
\$ 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
613,038	75,205	187,473	5,064,678

CITY OF HARRISON, OHIO

**ASSESSED 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
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
2005	191,361,800	546,748,000	19,689,900	78,759,600	4,295,430	4,295,430

Source: Hamilton County Auditor's office.

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

Total		Ratio of
Assessed	Estimated	Assessed to
Value	Actual Value	Actual Value
\$ 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%
215,347,130	629,803,030	34.19%

CITY OF HARRISON, OHIO

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

Year	Current Taxes Levied	Current Taxes Collected	Percent of Current Taxes Collected	Prior Year Collections	Total Collections	Percent of Total Taxes Collected
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%
2005	1,997,347	1,906,140	95.43%	58,022	1,964,162	98.34%

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**

Fiscal Year	Township Levy	City of Harrison Levy	School Levy	County Levy	Joint Ambulatory Levy	Joint Vocational Levy	Hamilton County Park District Levy	Total
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
2004 for 2005	0.06	13.00	47.08	20.03	1.25	2.70	1.03	85.15

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**

<u>Year</u>	<u>Estimated Population (a)</u>	<u>Assessed Valuation (b)</u>	<u>Gross Bonded Debt</u>	<u>Less: Debt Service Fund Equity</u>	<u>Less: Debt Payable from Enterprise Revenues (c)</u>
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
2005	9,950	215,347,130	21,785,000	1,098,964	18,905,000

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.

Net Bonded Debt	Ratio of Debt to Assessed Value	Net Bonded Debt Per Capita
(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
1,781,036	0.83%	179.00

CITY OF HARRISON, OHIO

COMPUTATION OF LEGAL DEBT MARGIN (a)
DECEMBER 31, 2005

	<u>Total Debt Limit (b)</u>	<u>Total Unvoted Debt Limit (c)</u>
Assessed valuation of the City	\$ 215,347,130	\$ 215,347,130
Legal debt margin:		
Debt limitation	22,611,449	11,844,092
Debt applicable to limitation:		
Total bonded debt	21,785,000	21,785,000
Exemptions:		
Debt supported by enterprise fund operations	<u>(18,905,000)</u>	<u>(18,905,000)</u>
Total debt applicable to limitation	<u>2,880,000</u>	<u>2,880,000</u>
Total legal debt margin (debt limitation minus total debt applicable to limitation)	<u>\$ 19,731,449</u>	<u>\$ 8,964,092</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, 2005

<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>
Direct:			
City of Harrison	\$ 2,880,000	100.00%	\$ 2,880,000
Total Direct			<u>2,880,000</u>
Overlapping:			
Southwest Ohio School District	18,995,516	40.09%	7,615,302
Great Oaks Career Center	4,340,000	1.06%	46,004
Hamilton County	111,605,000	0.99%	1,104,890
Total Overlapping			<u>8,766,196</u>
Grand Total Direct and Overlapping			<u><u>\$ 11,646,196</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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures
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%
2005	130,000	171,185	301,185	3,117,120	9.66%

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	
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
2005	3,988,573	3,034,249	954,324	275,000	837,898	1,112,898	0.86

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**

Fiscal Year	Estimated Population (a)	Per Capita Income (b)	School Enrollment (c)	Unemployment Rate (b)
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%
2005	9,950	N/A	3,907	5.40%

"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
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
2005	172,747,429	374,000,571	546,748,000	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, 2005

<u>Taxpayer</u>	<u>Tax Valuation Real & Personal Property</u>	<u>Percent of Total Assessed Valuation</u>
F & M MAFCO Inc.	\$ 2,616,170	1.21%
Wayne Scott Fetzer Co.	1,538,770	0.71%
JTM Provisions Co. Inc.	1,428,100	0.66%
Campbell Hausfeld Scott	1,330,250	0.62%
Cronin Ford Inc.	1,263,790	0.59%
Hubert Company LLC	1,175,090	0.55%
Supervalu Holdings Inc.	1,122,670	0.52%
Harrison Division of MII	1,060,320	0.49%
Ilsco Corporation	624,710	0.29%
Crown Plastics Co. Inc.	527,840	0.25%
All others	<u>202,659,420</u>	<u>94.11%</u>
Total Taxable Valuation	<u>\$ 215,347,130</u>	<u>100.00%</u>

Source: Hamilton County Auditor's office.

CITY OF HARRISON, OHIO

MISCELLANEOUS STATISTICS DECEMBER 31, 2005

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 officer.

Population:	Estimate 12/31/2005	Census 1990	Census 1980	Census 1970	Census 1960
Harrison - City	9,950	7,520	5,855	4,408	3,878
Hamilton - County	806,652	866,228	876,224	925,944	864,151
Metropolitan Area	N/A	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.

2005 City Data:

Miles of Streets	40
Miles of Sewer Mains.	25
Miles of Water Mains.	26
Number of Water Customer Accounts	3,151
Number of Sewer Customer Accounts	3,056
Acres of Parks and Recreation Land	98
Number of Recreation Facilities	4
Gross General Bonded Debt	\$ 21,785,000
Gross Debt per Capita (9,950 est population 12-31-05)	2,203.84
Number of Municipal Employees, including part-time.	134

THIS PAGE IS INTENTIONALLY LEFT BLANK



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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 9, 2006**