

**CITY OF HARRISON, OHIO**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2007

PREPARED BY:

GAYLE GRUBBS, FINANCE DIRECTOR

*300 GEORGE STREET  
HARRISON, OHIO 45030*



**CITY OF HARRISON, OHIO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

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# **INTRODUCTORY SECTION**





# City of Harrison

Finance Office

300 George Street • Harrison, Ohio 45030-1515 • 513-367-3730 • Fax 513-367-3599

June 27, 2008

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, 2007, 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 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. Clark, Schaefer, Hackett & Co. performed the audit for the year ended December 31, 2007. 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, 2007 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 of Harrison is a historical mid-western city on the rise. The city is named after President William Henry Harrison incorporated in 1850 and currently has a population of 9,980. Harrison is located in southwestern Ohio along the Indiana and Ohio border and near the Kentucky border. The City covers approximately five square miles and is located in Southwest Ohio, approximately 20 miles Northwest of Cincinnati along Interstate 74. Harrison is Ohio's Gateway City, being the first city that eastbound I-74 travelers see when they cross the border into Ohio from Indiana.

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. The reputation for high safety standards our police department of 22 officers currently is in the process of the 6<sup>th</sup> re-accreditation and continues to be among the ranks of those police agencies throughout the country that have chosen to meet the highest standards of law enforcement excellence. "The mission of this Police Department is to work in Partnership with the members of the community, striving to develop the mutual respect, trust and pride necessary to achieve the goal of a safer community." The Fire department operates out of two fire stations with 18 full-time and 25 part-time firemen. The City operates its own water and wastewater treatment plants.

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 northwestern Hamilton County and borders the State of Indiana. Harrison is conveniently located in the geographical center of the tri-state area of Ohio, Kentucky and Indiana. 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. We offer the advantage of a small rural town with 9,980 residents with 20 minutes access to amenities of Cincinnati. State Route 52 and Interstate 74 serve the City. In recent years, the greater Harrison area has experienced significant growth due in large part to its strategic location relative to I-74 and I-275. These prime location enables residents to be in any part of the Tri-state area within minutes. The ability to be in downtown Cincinnati or the Northern Kentucky /Greater Cincinnati International Airport within 30 minutes makes the City an attractive site for both business and families.

In 2007 Harrison annexed in 398 acres of Crosby Township, where The Parks of Whitewater, a 483 resident housing subdivision is being developed in 2008. A Market Place Kroger (second in Cincinnati area) will start construction in the spring of 2008. Also, with this development includes four out-lots for retail or restaurants. In addition a Staples Store will begin construction in the spring of 2008. The Joint Economic Development District (City of Harrison and Harrison Township) has more than 167 acres still undeveloped for future business/ light industry. A new development in the JEDD is the Direct Buy store which is currently under construction.

Despite the uncertainty surrounding the economy, the City continues to carefully monitor two primary sources of revenue-local income taxes and share intergovernmental (state) revenue. In order to stabilize the impact of the fluctuations in these revenue sources, the City Council continues to pursue economic development and job creation. The council adopted a budget designed to promote long term fiscal stability. The local income tax collections were up 5% from 2006. The City finance department is diligent in keeping the expenses less than revenue received. One of the changes to the budget in 2007 was to improve our property and liability insurance to save the City over \$40,000 a year. The new insurance company had the city reviewed for Risk Management and made suggestions to prevent losses to Harrison in the future.

### **MAJOR INITIATIVES**

The construction to widen the New Haven road bridge over Interstate 74 to six lanes was finished in 2007. 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 cost approximately \$5.5 million. Grant money is in place and will be supplemented with TIF monies. The phase III to finish widening New Haven Road to Harrison Avenue was started in the fall of 2007. This project is supplemented with a grant and 10% of the city's matching monies. This project includes two extra lanes, a center turn lane, curbs, sidewalks and retaining walls. The New Haven Road widening will provide safer and more effective traffic flow into the City.

One of two major projects in 2007 was a 15,000 foot sewer line replacement of State Street and Campbell Road funded with a 0% interest loan from OPWC. Secondly, a three mile water line project on New Biddinger Road funded was with a revolving loan from Ohio Public Works. Both loan payments are funded with monies received from the water and sewer bills.

Several future initiatives are planned including a beautification project at the exit and entrance ramps of I-74 at the new bridge. Also, a committee consisting of City of Harrison, OKI, Hamilton Park Districts, and Harrison Township has been formed to design a bikeway called Greater Harrison Bikeway, which will loop from Harrison's State Street to the Whitewater Park of Hamilton County. The City will be constructing a new elevation tower 2008 to improve the Cities water pressure supply. The George Street project will start construction in 2008, which includes sidewalks and storm sewer upgrade and resurfacing. An additional water line on Carolina Trace south will also be installed which is funded by the OEPA revolving loan. In May of 2008, the construction will start on installing a sewer line to Dryfork Road, which will service the new annexed area.

### ***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 300 George 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, 2006. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

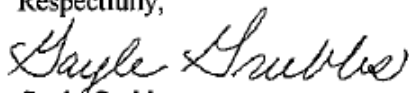
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable 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 seven consecutive years (1999-2006). 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,

  
Gayle Grubbs  
Finance Director

**CITY OF HARRISON, OHIO**

**ELECTED AND APPOINTED CITY OFFICIALS**

***Elected Officials:***

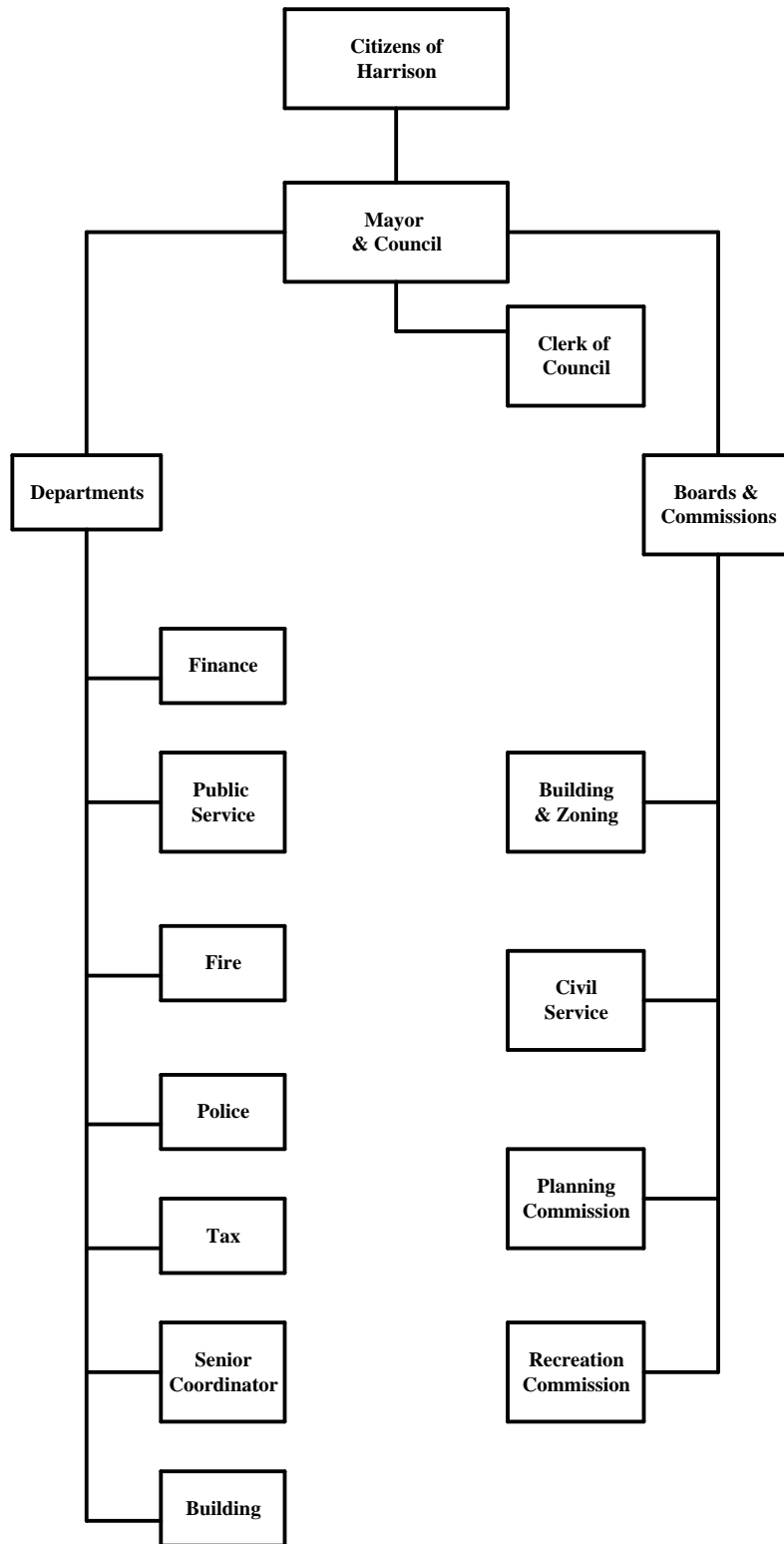
| <u>Office</u>                   | <u>Incumbent</u>    | <u>Term Expires</u> |
|---------------------------------|---------------------|---------------------|
| Mayor                           | Daniel J. Gieringer | December 31, 2007   |
| Vice Mayor/Member<br>of Council | William Neyer       | December 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            | Gayle Grubbs         | 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, 2006

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.



*Oliver S. Cox*

President

*Jeffrey R. Egan*

Executive Director

# **FINANCIAL SECTION**





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

## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Harrison, Ohio:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Harrison, Ohio (the City) as of and for the year ended December 31, 2007, 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's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Harrison, Ohio as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparisons for the General Fund and Fire Improvement Fund, thereof 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 23, 2008, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages F3-F16 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Harrison, Ohio's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory 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.

*Clark, Schaefer, Haskett & Co.*

Cincinnati, Ohio  
June 23, 2008

## CITY OF HARRISON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2007 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, 2007. 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 2007 are as follows:

- The total net assets of the City increased \$1,704,168. Net assets of governmental activities increased \$1,471,083 or 13.11% from 2006 and net assets of business-type activities increased \$233,085 or 1.67% over 2006.
- General revenues accounted for \$6,457,169 or 76.20% of total governmental activities revenue. Program specific revenues accounted for \$2,016,821 or 23.80% of total governmental activities revenue.
- The City had \$7,033,060 in expenses related to governmental activities; \$2,016,821 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$5,016,239 were offset by general revenues (primarily income and property taxes and unrestricted grants and entitlements) of \$6,457,169.
- The general fund had revenues and other financing sources of \$6,266,523 in 2007. This represents an increase from 2006 of \$1,117,739. The expenditures and other financing uses of the general fund, which totaled \$5,634,938 in 2007, increased \$744,332 from 2006. The net increase in fund balance for the general fund was \$631,585 or 50.69%.
- The fire improvement fund had revenues and other financing sources of \$2,757,231 in 2007. The expenditures and other financing uses of the fire improvement fund, totaled \$2,691,985 in 2007. The net increase in fund balance for the fire improvement fund was \$65,246 or 91.34%.
- 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 2007 by \$233,085.
- In the general fund, the actual revenues and other financing sources came in \$258,521 greater than they were in the final budget and actual expenditures and other financing uses were \$500,824 less than the amount in the final budget. Budgeted expenditures and other financing uses were increased \$60,803 from the original to the final budget. Budgeted revenues increased \$72,963 from the original to the final budget.

#### **Using this Annual Financial Report**

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

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

## CITY OF HARRISON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2007 UNAUDITED

#### **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 2007?" 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 focus on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page F10.

##### *Governmental Funds*

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

## CITY OF HARRISON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2007 UNAUDITED

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 the governmental activities.

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund and fire improvement 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 and water funds. The basic proprietary fund financial statements can be found on pages F26-F29 of this report.

#### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Agency funds are the 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-F62 of this report.

**CITY OF HARRISON, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**  
**UNAUDITED**

**Government-Wide Financial Analysis**

The table below provides a summary of the City's net assets for 2007 and 2006.

|   | <b>Net Assets</b>          |                      |                             |                      |                      |                      |
|---|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
|   | Governmental<br>Activities |                      | Business-type<br>Activities |                      | 2007<br>Total        | 2006<br>Total        |
|   | 2007                       | 2006                 | 2007                        | 2006                 |                      |                      |
| <u>Assets</u>                                   |                            |                      |                             |                      |                      |                      |
| Current and other assets                        | \$ 8,679,013               | \$ 7,806,710         | \$ 12,565,520               | \$ 6,847,980         | \$ 21,244,533        | \$ 14,654,690        |
| Capital assets, net                             | <u>11,974,117</u>          | <u>9,920,241</u>     | <u>31,260,567</u>           | <u>29,808,454</u>    | <u>43,234,684</u>    | <u>39,728,695</u>    |
| Total assets                                    | <u>20,653,130</u>          | <u>17,726,951</u>    | <u>43,826,087</u>           | <u>36,656,434</u>    | <u>64,479,217</u>    | <u>54,383,385</u>    |
| <u>Liabilities</u>                              |                            |                      |                             |                      |                      |                      |
| Long-term liabilities outstanding               | 5,118,103                  | 4,145,022            | 29,263,419                  | 22,517,868           | 34,381,522           | 26,662,890           |
| Other liabilities                               | <u>2,846,983</u>           | <u>2,364,968</u>     | <u>411,079</u>              | <u>220,062</u>       | <u>3,258,062</u>     | <u>2,585,030</u>     |
| Total liabilities                               | <u>7,965,086</u>           | <u>6,509,990</u>     | <u>29,674,498</u>           | <u>22,737,930</u>    | <u>37,639,584</u>    | <u>29,247,920</u>    |
| <u>Net Assets</u>                               |                            |                      |                             |                      |                      |                      |
| Invested in capital assets, net of related debt | 7,218,367                  | 6,208,120            | 8,203,170                   | 8,244,568            | 15,421,537           | 14,452,688           |
| Restricted                                      | 3,338,588                  | 3,609,990            | -                           | -                    | 3,338,588            | 3,609,990            |
| Unrestricted                                    | <u>2,131,089</u>           | <u>1,398,851</u>     | <u>5,948,419</u>            | <u>5,673,936</u>     | <u>8,079,508</u>     | <u>7,072,787</u>     |
| Total net assets                                | <u>\$ 12,688,044</u>       | <u>\$ 11,216,961</u> | <u>\$ 14,151,589</u>        | <u>\$ 13,918,504</u> | <u>\$ 26,839,633</u> | <u>\$ 25,135,465</u> |

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2007, the City's assets exceeded liabilities by \$26,839,633. At year-end, net assets were \$12,688,044 and \$14,151,589 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 67.05% 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, 2007, were \$7,218,367 and \$8,203,170 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, \$3,338,588, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$8,079,508 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, 2007  
UNAUDITED**

The table below shows the changes in net assets for fiscal year 2007 and 2006.

|   | <b>Change in Net Assets</b>    |                      |                                 |                      |                      |                      |
|---|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
|   | <u>Governmental Activities</u> |                      | <u>Business-type Activities</u> |                      | 2007                 | 2006                 |
|   | <u>2007</u>                    | <u>2006</u>          | <u>2007</u>                     | <u>2006</u>          | <u>Total</u>         | <u>Total</u>         |
| <b>Revenues</b>                                       |                                |                      |                                 |                      |                      |                      |
| Program revenues:                                     |                                |                      |                                 |                      |                      |                      |
| Charges for services                                  | \$ 1,117,871                   | \$ 916,384           | \$ 4,021,258                    | \$ 3,950,819         | \$ 5,139,129         | \$ 4,867,203         |
| Operating grants and contributions                    | 462,771                        | 483,100              | 8,377                           | 3,566                | 471,148              | 486,666              |
| Capital grants and contributions                      | <u>436,179</u>                 | <u>243,409</u>       | <u>-</u>                        | <u>-</u>             | <u>436,179</u>       | <u>243,409</u>       |
| Total program revenues                                | <u>2,016,821</u>               | <u>1,642,893</u>     | <u>4,029,635</u>                | <u>3,954,385</u>     | <u>6,046,456</u>     | <u>5,597,278</u>     |
| General revenues:                                     |                                |                      |                                 |                      |                      |                      |
| Property taxes  | 2,421,890                      | 2,368,220            | -                               | -                    | 2,421,890            | 2,368,220            |
| Income taxes  | 2,951,057                      | 2,794,284            | -                               | -                    | 2,951,057            | 2,794,284            |
| Unrestricted grants and entitlements                  | 655,461                        | 478,657              | -                               | -                    | 655,461              | 478,657              |
| Investment earnings                                   | 321,019                        | 217,467              | 140,535                         | 136,586              | 461,554              | 354,053              |
| Miscellaneous   | <u>107,742</u>                 | <u>100,066</u>       | <u>10,519</u>                   | <u>246,368</u>       | <u>118,261</u>       | <u>346,434</u>       |
| Total general revenues                                | <u>6,457,169</u>               | <u>5,958,694</u>     | <u>151,054</u>                  | <u>382,954</u>       | <u>6,608,223</u>     | <u>6,341,648</u>     |
| Total revenues  | <u>8,473,990</u>               | <u>7,601,587</u>     | <u>4,180,689</u>                | <u>4,337,339</u>     | <u>12,654,679</u>    | <u>11,938,926</u>    |
| <b>Expenses:</b>                                      |                                |                      |                                 |                      |                      |                      |
| General government                                    | 839,493                        | 1,138,392            | -                               | -                    | 839,493              | 1,138,392            |
| Security of persons and property                      | 4,683,372                      | 4,536,986            | -                               | -                    | 4,683,372            | 4,536,986            |
| Public health and welfare                             | 281,603                        | 264,800              | -                               | -                    | 281,603              | 264,800              |
| Transportation  | 685,405                        | 629,650              | -                               | -                    | 685,405              | 629,650              |
| Community environment                                 | 125,886                        | 108,382              | -                               | -                    | 125,886              | 108,382              |
| Leisure time activity                                 | 308,959                        | 304,242              | -                               | -                    | 308,959              | 304,242              |
| Interest and fiscal charges                           | 108,342                        | 195,440              | -                               | -                    | 108,342              | 195,440              |
| Sewer   | -                              | -                    | 2,551,359                       | 2,511,568            | 2,551,359            | 2,511,568            |
| Water   | -                              | -                    | 941,915                         | 1,069,343            | 941,915              | 1,069,343            |
| Storm Water   | -                              | -                    | 38,301                          | 39,663               | 38,301               | 39,663               |
| Sanitation  | -                              | -                    | 384,917                         | 376,338              | 384,917              | 376,338              |
| Water/Wastewater Deposit                              | <u>-</u>                       | <u>-</u>             | <u>959</u>                      | <u>774</u>           | <u>959</u>           | <u>774</u>           |
| Total expenses  | <u>7,033,060</u>               | <u>7,177,892</u>     | <u>3,917,451</u>                | <u>3,997,686</u>     | <u>10,950,511</u>    | <u>11,175,578</u>    |
| Increase (decrease) in net assets<br>before transfers | 1,440,930                      | 423,695              | 263,238                         | 339,653              | 1,704,168            | 763,348              |
| Transfers   | <u>30,153</u>                  | <u>9,589</u>         | <u>(30,153)</u>                 | <u>(9,589)</u>       | <u>-</u>             | <u>-</u>             |
| Change in net assets                                  | 1,471,083                      | 433,284              | 233,085                         | 330,064              | 1,704,168            | 763,348              |
| Net assets at beginning of year                       | <u>11,216,961</u>              | <u>10,783,677</u>    | <u>13,918,504</u>               | <u>13,588,440</u>    | <u>25,135,465</u>    | <u>24,372,117</u>    |
| Net assets at end of year                             | <u>\$ 12,688,044</u>           | <u>\$ 11,216,961</u> | <u>\$ 14,151,589</u>            | <u>\$ 13,918,504</u> | <u>\$ 26,839,633</u> | <u>\$ 25,135,465</u> |

**CITY OF HARRISON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED**

**Governmental Activities**

Governmental activities net assets increased \$1,471,083 in 2007. This increase was the result of increasing revenues, including grants, taxes, and investment income combined with expenses that remained relatively consistent with the prior year.

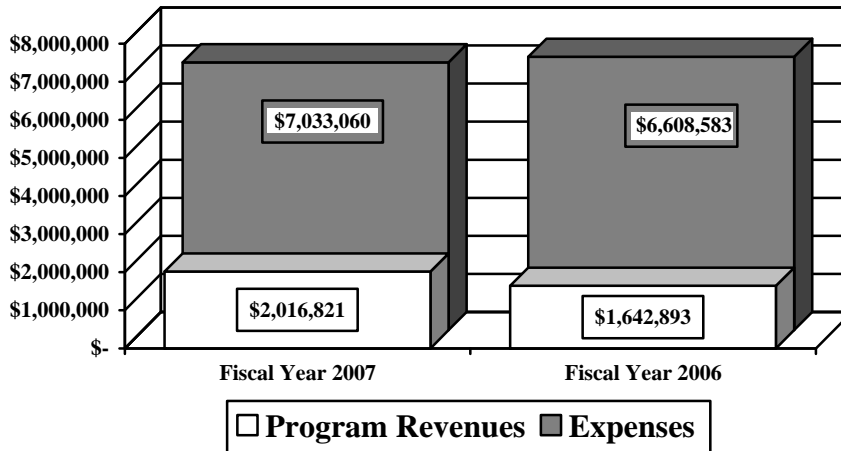
Security of persons and property which primarily supports the operations of the police and fire department accounted for \$4,683,372 or 66.59% of the total expenses of the City's governmental activities. Security of persons and property expenses were partially funded by \$594,535 in direct charges to users of the services. General government expenses totaled \$839,493. General government expenses were partially funded by \$88,502 in direct charges to users of the services.

The state and federal government contributed to the City a total of \$462,771 in operating grants and contributions. These revenues are restricted to a particular program or purpose.

General revenues totaled \$6,457,169, and amounted to 76.20% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$5,372,947. 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 \$655,461.

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**

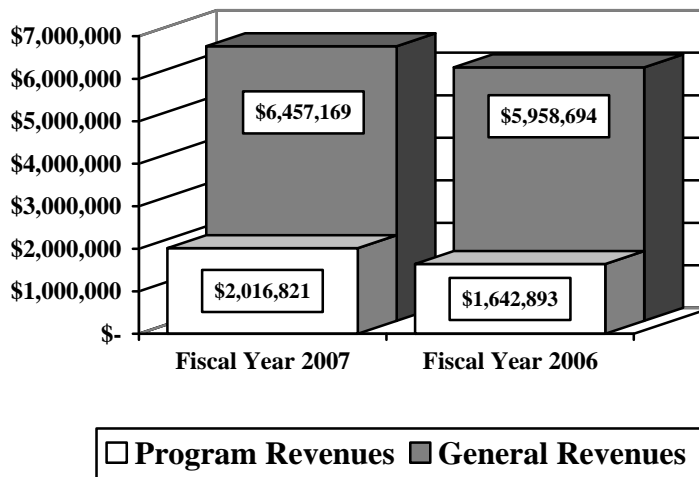
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED**

**Governmental Activities**

|                                  | Total Cost of<br>Services<br><u>2007</u> | Net Cost of<br>Services<br><u>2007</u> | Total Cost of<br>Services<br><u>2006</u> | Net Cost of<br>Services<br><u>2006</u> |
|----------------------------------|--|--|--|--|
| Program Expenses:                |  |  |  |  |
| General government               | \$ 839,493                               | \$ 750,991                             | \$ 1,138,392                             | \$ 1,055,198                           |
| Security of persons and property | 4,683,372                                | 4,066,173                              | 4,536,986                                | 3,963,707                              |
| Public health and welfare        | 281,603                                  | 85,910                                 | 264,800                                  | 101,935                                |
| Transportation                   | 685,405                                  | (156,850)                              | 629,650                                  | (15,386)                               |
| Community environment            | 125,886                                  | (35,217)                               | 108,382                                  | (70,137)                               |
| Leisure time activity            | 308,959                                  | 196,890                                | 304,242                                  | 304,242                                |
| Interest and fiscal charges      | <u>108,342</u>                           | <u>108,342</u>                         | <u>195,440</u>                           | <u>195,440</u>                         |
| <br>Total                        | <br><u>\$ 7,033,060</u>                  | <br><u>\$ 5,016,239</u>                | <br><u>\$ 7,177,892</u>                  | <br><u>\$ 5,534,999</u>                |

The dependence upon general revenues for governmental activities is apparent, with 71.32% of expenses supported through taxes and other general revenues. The chart below illustrates the City's program revenues versus general revenues for 2007 and 2006.

**Governmental Activities – General and Program Revenues**

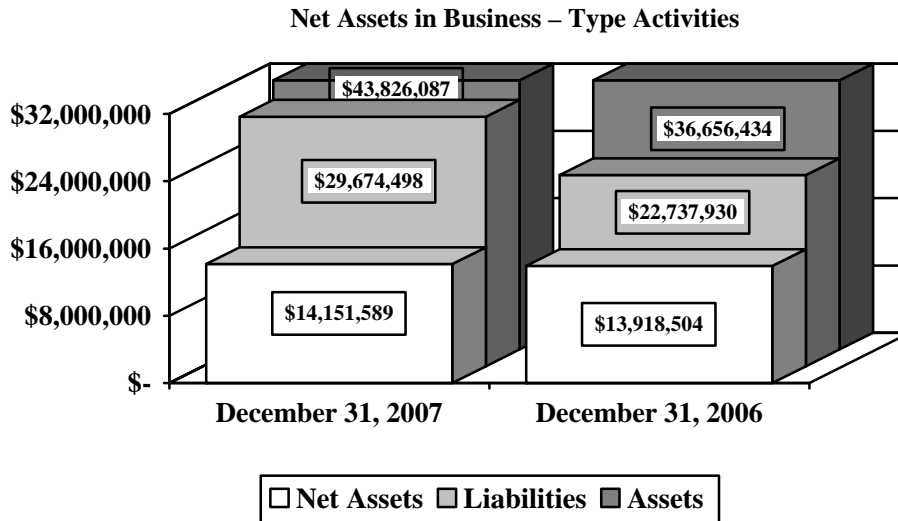


**CITY OF HARRISON, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
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 \$4,029,635, general revenues of \$151,054, transfers out of \$30,153 and expenses of \$3,917,451 for 2007. The graph below shows the business-type activities assets, liabilities and net assets for 2007 and 2006.



**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 \$5,088,717 which is \$282,773 higher than last year's total of \$4,805,944. The schedule below indicates the fund balances and the total change in fund balances for all major and non-major governmental funds.

|                                   | Fund<br>Balances<br>12/31/07 | Fund<br>Balances<br>12/31/06 | Increase<br>(Decrease) |
|-----------------------------------|------------------------------|------------------------------|------------------------|
| Major funds:                      |                              |                              |                        |
| General                           | \$ 1,877,478                 | \$ 1,245,893                 | \$ 631,585             |
| Fire improvement                  | 136,679                      | 71,433                       | 65,246                 |
| Other nonmajor governmental funds | <u>3,074,560</u>             | <u>3,488,618</u>             | <u>(414,058)</u>       |
| Total                             | <u>\$ 5,088,717</u>          | <u>\$ 4,805,944</u>          | <u>\$ 282,773</u>      |

**CITY OF HARRISON, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
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The fund balance increased in the general fund \$631,585 due to an increase in revenues received by the general fund, specifically tax revenues, intergovernmental revenues and interest income. The fund balance of the fire improvement fund increased \$65,246 due to an increase in charges for service, tax revenues and a \$944,330 transfer in from the general fund.

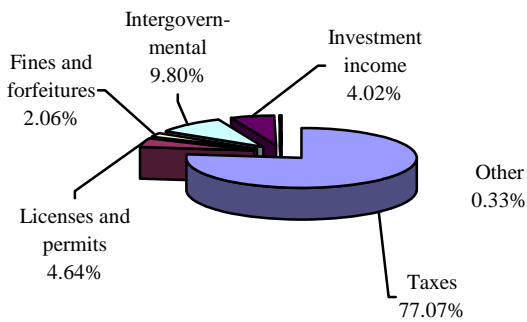
**General Fund**

The City's general fund balance increased \$631,585. The table below illustrating the revenues of the general fund.

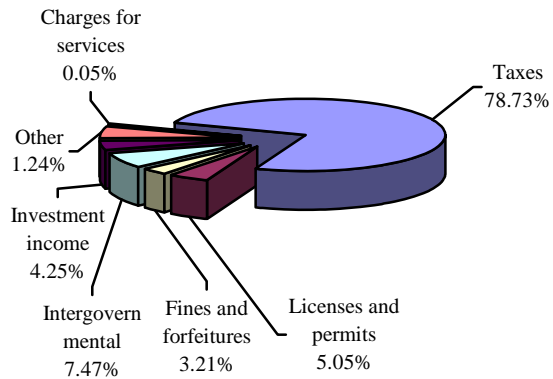
|                       | <u>2007</u><br><u>Amount</u> | <u>2006</u><br><u>Amount</u> | <u>Percentage</u><br><u>Change</u> |
|-----------------------|------------------------------|------------------------------|------------------------------------|
| <b>Revenues</b>       |                              |                              |                                    |
| Taxes                 | \$ 4,064,863                 | \$ 3,968,493                 | 2.43 %                             |
| Charges for services  | -                            | 2,271                        | (100.00) %                         |
| Licenses and permits  | 244,795                      | 254,726                      | (3.90) %                           |
| Fines and forfeitures | 108,891                      | 162,032                      | (32.80) %                          |
| Intergovernmental     | 517,119                      | 376,157                      | 37.47 %                            |
| Investment income     | 321,019                      | 214,208                      | 49.86 %                            |
| Other                 | <u>17,519</u>                | <u>62,452</u>                | (71.95) %                          |
| <b>Total</b>          | <u>\$ 5,274,206</u>          | <u>\$ 5,040,339</u>          | 4.64 %                             |

Tax revenue represents 77.07% of all general fund revenue. Tax revenue increased 2.43% from the prior year. The decrease in the amount of fines and forfeitures is due to a decreased number of fines assessed by the City throughout the year. The State of Ohio now patrols the scales on I-74, so the City no longer receives these fines. Also, the City raised the speed limit on several streets from 25 to 35 mph, so the speed limit fines reduced. 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 decrease in other income is a large percentage, but is immaterial compared to total revenues.

**Revenues – Fiscal Year 2007**



**Revenues – Fiscal Year 2006**



**CITY OF HARRISON, OHIO**

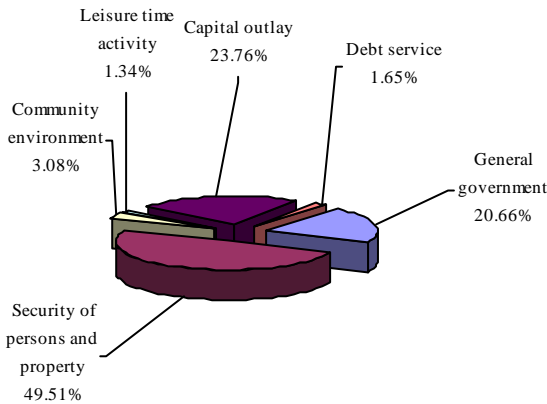
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
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The table that follows assists in illustrating the expenditures of the general fund.

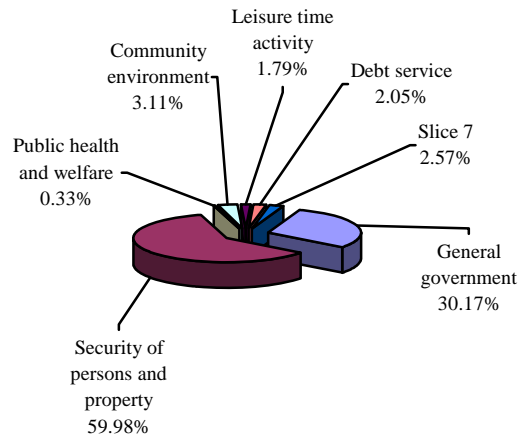
|                                  | <u>2007</u><br><u>Amount</u> | <u>2006</u><br><u>Amount</u> | <u>Percentage</u><br><u>Change</u> |
|----------------------------------|------------------------------|------------------------------|------------------------------------|
| <b><u>Expenditures</u></b>       |                              |                              |                                    |
| General government               | \$ 836,722                   | \$ 1,011,017                 | (17.24) %                          |
| Security of persons and property | 2,005,031                    | 2,009,818                    | (0.24) %                           |
| Public health and welfare        | -                            | 10,742                       | (100.00) %                         |
| Community environment            | 124,646                      | 104,374                      | 19.42 %                            |
| Leisure time activity            | 54,184                       | 60,033                       | (9.74) %                           |
| Capital outlay                   | 962,164                      | 68,856                       | 1,297.36 %                         |
| Debt service                     | 66,623                       | 86,262                       | (22.77) %                          |
| <b>Total</b>                     | <b><u>\$ 4,049,370</u></b>   | <b><u>\$ 3,351,102</u></b>   | <b>20.84 %</b>                     |

The City increased total expenditures by 20.84% or \$698,268. The largest increase was in capital outlay, which increased by \$893,308. During 2007, the City entered into new capital lease agreements for the acquisition of a new fire truck, two new emergency vehicles and two new staff vehicles, and as a result capital outlay expenditures increased.

**Expenditures - Fiscal Year 2007**



**Expenditures - Fiscal Year 2006**



***Budgeting Highlights – General Fund***

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

In the general fund, the actual revenues and other financing sources came in \$258,521 greater than they were in the final budget and actual expenditures and other financing uses were \$500,824 less than the amount in the final budget. Budgeted expenditures and other financing uses were increased \$60,803 from the original to the final budget. Budgeted revenues increased \$72,963 from the original to the final budget.

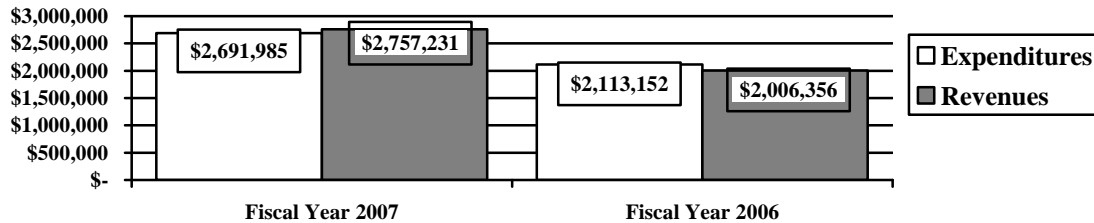
**CITY OF HARRISON, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
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***Fire Improvement Fund***

The fire improvement fund had revenues and other financing sources of \$2,757,231 in 2007. The expenditures of the fire improvement fund, totaled \$2,691,985 in 2007. The net increase in fund balance for the fire improvement fund was \$65,246 or 91.34%.

**Fire Improvement 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 \$308,222 during 2007. Net assets of the Water fund increased \$546,837 during 2007. Nonmajor proprietary funds net assets decreased \$5,530 during 2007.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2007, the City had \$43,234,684 (net of accumulated depreciation) invested in land, land improvements, buildings and improvements, equipment, vehicles, infrastructure, and construction in progress (CIP). Of this total, \$11,974,117 was reported in governmental activities and \$31,260,567 was reported in business-type activities. The following table shows fiscal 2007 balances compared to 2006:

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

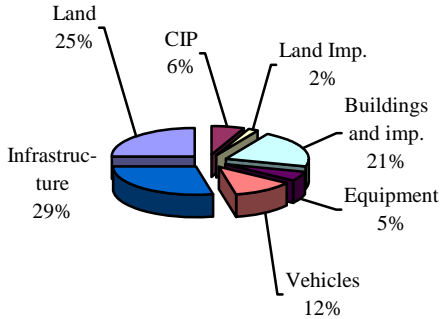
|                            | Governmental Activities |                     | Business-Type Activities |                      | Total                |                      |
|----------------------------|-------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
|                            | 2007                    | 2006                | 2007                     | 2006                 | 2007                 | 2006                 |
| Land                       | \$ 3,001,921            | \$ 3,001,921        | \$ 485,420               | \$ 485,420           | \$ 3,487,341         | \$ 3,487,341         |
| Construction in progress   | 743,037                 | 37,500              | 4,040,253                | 2,260,094            | 4,783,290            | 2,297,594            |
| Land improvements          | 250,585                 | 242,194             | 390                      | 548                  | 250,975              | 242,742              |
| Buildings and improvements | 2,521,080               | 2,580,153           | 7,815,716                | 8,014,848            | 10,336,796           | 10,595,001           |
| Equipment                  | 620,887                 | 578,087             | 5,109,866                | 5,309,139            | 5,730,753            | 5,887,226            |
| Vehicles                   | 1,446,936               | 359,341             | 83,112                   | 21,652               | 1,530,048            | 380,993              |
| Infrastructure             | 3,389,671               | 3,121,045           | 13,725,810               | 13,716,753           | 17,115,481           | 16,837,798           |
| <b>Totals</b>              | <b>\$ 11,974,117</b>    | <b>\$ 9,920,241</b> | <b>\$ 31,260,567</b>     | <b>\$ 29,808,454</b> | <b>\$ 43,234,684</b> | <b>\$ 39,728,695</b> |

**CITY OF HARRISON, OHIO**

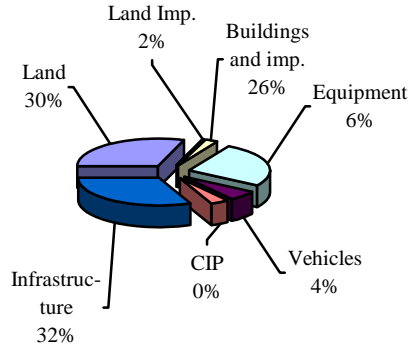
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED**

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 2007 and 2006.

**Capital Assets - Governmental Activities  
2007**



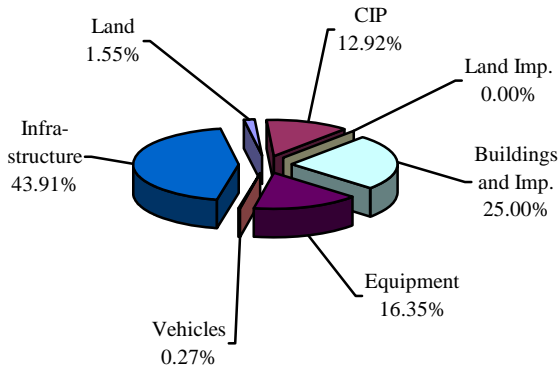
**Capital Assets - Governmental Activities 2006**



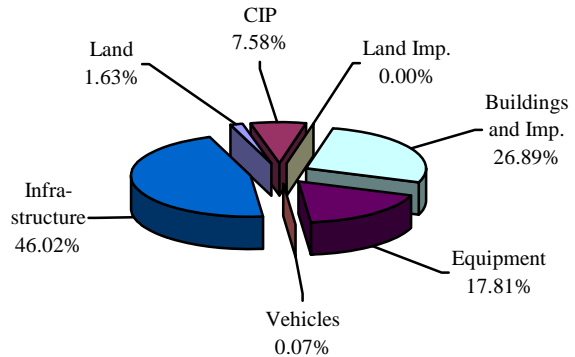
The City's infrastructure is the largest capital asset category. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 29% of the City's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2007 and 2006.

**Capital Assets - Business-Type Activities 2007**



**Capital Assets - Business-Type Activities 2006**



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 43.91% of the City's total business-type capital assets.

**CITY OF HARRISON, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED

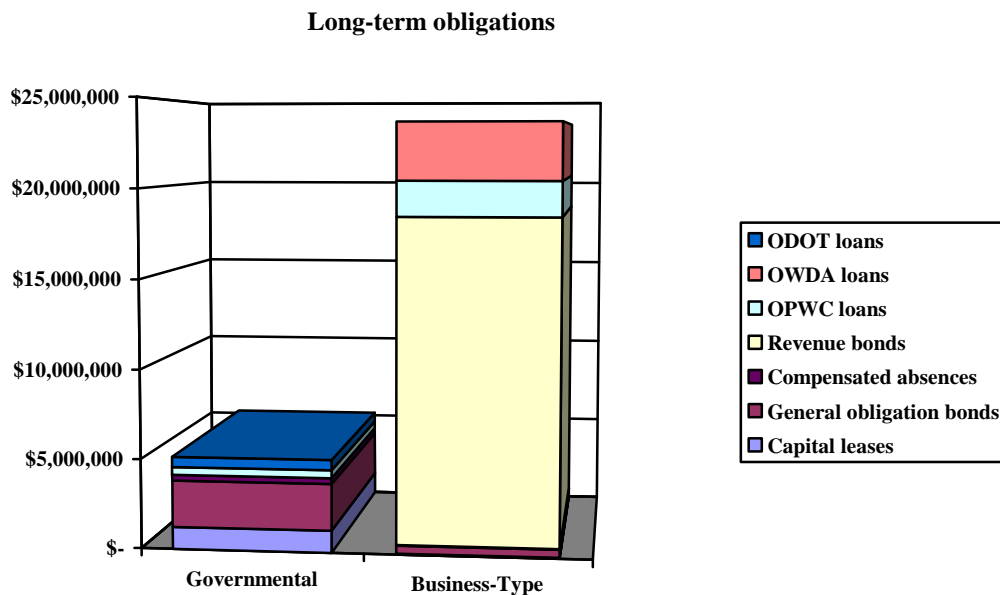
**Debt Administration**

The City had the following long-term obligations outstanding at December 31, 2007 and 2006:

|                             | Governmental Activities |                     |
|-----------------------------|-------------------------|---------------------|
|                             | <u>2007</u>             | <u>2006</u>         |
| Capital leases              | \$ 1,238,630            | \$ 170,264          |
| General obligation bonds    | 2,605,000               | 2,745,000           |
| OPWC loans                  | 436,999                 | 448,810             |
| ODOT loans                  | 564,170                 | 564,170             |
| Compensated absences        | 320,456                 | 280,096             |
| Total long-term obligations | <u>\$ 5,165,255</u>     | <u>\$ 4,208,340</u> |

|                             | Business-type Activities |                      |
|-----------------------------|--------------------------|----------------------|
|                             | <u>2007</u>              | <u>2006</u>          |
| Revenue bonds               | \$ 17,980,000            | \$ 18,200,000        |
| OPWC loans                  | 1,937,994                | 1,764,056            |
| OWDA loans                  | 3,181,172                | 1,919,103            |
| General obligation bonds    | 435,000                  | 460,000              |
| Capital lease obligation    | 55,782                   | -                    |
| Bond anticipation notes     | 5,500,000                | -                    |
| Compensated absences        | 47,394                   | 42,504               |
| Total long-term obligations | <u>\$ 29,137,342</u>     | <u>\$ 22,385,663</u> |

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



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

## **CITY OF HARRISON, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2007 UNAUDITED**

#### **Economic Conditions and Outlook**

The City's current population is 9,980. The City annexed 398 acres of Crosby Township where a 483 resident housing subdivision is being developed in 2008. The Joint Economic Development District (JEDD) has 167 acres to develop. A Market Place Kroger, Staples, and Direct Buy will start construction in the spring of 2008.

The City's unemployment rate is currently 5.0%, compared to the 5.6% state average and the 4.6% national average.

These economic factors were considered in preparing the City's budget for fiscal year 2008. 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 citizens, 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: Gayle Grubbs, Finance Director, 300 George Street, Harrison, Ohio 45030.

**BASIC  
FINANCIAL STATEMENTS**

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**CITY OF HARRISON, OHIO**

STATEMENT OF NET ASSETS  
DECEMBER 31, 2007

|   | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>         |
|---|------------------------------------|-------------------------------------|----------------------|
| <b>Assets:</b>  |                                    |                                     |                      |
| Equity in pooled cash and cash equivalents. . . . .       | \$ 4,956,525                       | \$ 9,194,936                        | \$ 14,151,461        |
| Cash in segregated accounts . . . . .                     | 45,681                             | -                                   | 45,681               |
| Receivables (net of allowances for uncollectibles):       |                                    |                                     |                      |
| Income taxes . . . . .                                    | 639,581                            | -                                   | 639,581              |
| Real and other taxes . . . . .                            | 2,119,611                          | -                                   | 2,119,611            |
| Accounts . . . . .  | 21,257                             | 577,095                             | 598,352              |
| Due from other governments . . . . .                      | 773,221                            | 4,190                               | 777,411              |
| Accrued interest . . . . .                                | 5,774                              | -                                   | 5,774                |
| Internal balance. . . . .                                 | 21,936                             | (21,936)                            | -                    |
| Prepayments . . . . .                                     | 28,312                             | 9,666                               | 37,978               |
| Materials and supplies inventory. . . . .                 | 25,218                             | 39,418                              | 64,636               |
| Unamortized bond issue costs . . . . .                    | 41,897                             | 658,628                             | 700,525              |
| Restricted assets:  |                                    |                                     |                      |
| Cash and cash equivalents with fiscal agent . . . . .     | -                                  | 2,103,523                           | 2,103,523            |
| Capital assets:   |                                    |                                     |                      |
| Land and construction in progress. . . . .                | 3,744,958                          | 4,525,673                           | 8,270,631            |
| Depreciable capital assets, net . . . . .                 | 8,229,159                          | 26,734,894                          | 34,964,053           |
| Total capital assets. . . . .                             | <u>11,974,117</u>                  | <u>31,260,567</u>                   | <u>43,234,684</u>    |
| Total assets. . . . .                                     | <u>20,653,130</u>                  | <u>43,826,087</u>                   | <u>64,479,217</u>    |
| <b>Liabilities:</b>                                       |                                    |                                     |                      |
| Accounts payable . . . . .                                | 103,353                            | 54,249                              | 157,602              |
| Contracts payable. . . . .                                | 239,194                            | 89,522                              | 328,716              |
| Retainage payable . . . . .                               | 35,241                             | -                                   | 35,241               |
| Accrued wages and benefits. . . . .                       | 155,070                            | 24,037                              | 179,107              |
| Due to other governments . . . . .                        | 289,177                            | 27,804                              | 316,981              |
| Unearned revenue. . . . .                                 | 1,967,220                          | -                                   | 1,967,220            |
| Accrued interest payable. . . . .                         | 56,552                             | 215,467                             | 272,019              |
| Claims payable. . . . .                                   | 1,176                              | -                                   | 1,176                |
| Long-term liabilities:                                    |                                    |                                     |                      |
| Due within one year. . . . .                              | 453,514                            | 6,330,788                           | 6,784,302            |
| Due in more than one year . . . . .                       | 4,664,589                          | 22,932,631                          | 27,597,220           |
| Total liabilities . . . . .                               | <u>7,965,086</u>                   | <u>29,674,498</u>                   | <u>37,639,584</u>    |
| <b>Net assets:</b>  |                                    |                                     |                      |
| Invested in capital assets, net of related debt . . . . . | 7,218,367                          | 8,203,170                           | 15,421,537           |
| Restricted for:   |                                    |                                     |                      |
| Capital projects. . . . .                                 | 833,089                            | -                                   | 833,089              |
| Debt service. . . . .                                     | 879,953                            | -                                   | 879,953              |
| Street maintenance and repair. . . . .                    | 418,197                            | -                                   | 418,197              |
| State highway. . . . .                                    | 129,535                            | -                                   | 129,535              |
| Law enforcement . . . . .                                 | 30,612                             | -                                   | 30,612               |
| Fire . . . . .  | 326,787                            | -                                   | 326,787              |
| Senior center . . . . .                                   | 104,032                            | -                                   | 104,032              |
| Other purposes . . . . .                                  | 616,383                            | -                                   | 616,383              |
| Unrestricted . . . . .                                    | <u>2,131,089</u>                   | <u>5,948,419</u>                    | <u>8,079,508</u>     |
| Total net assets . . . . .                                | <u>\$ 12,688,044</u>               | <u>\$ 14,151,589</u>                | <u>\$ 26,839,633</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HARRISON, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007

|   | <b>Program Revenues</b> |                             |   |   |
|---|-------------------------|-----------------------------|---|---|
|   | <b>Expenses</b>         | <b>Charges for Services</b> | <b>Operating Grants and Contributions</b> | <b>Capital Grants and Contributions</b> |
| <b>Governmental Activities:</b>                 |                         |                             |   |   |
| General government . . . . .                    | \$ 839,493              | \$ 88,502                   | \$ -                                      | \$ -                                    |
| Security of persons and property. . . . .       | 4,683,372               | 594,535                     | 22,664                                    | -                                       |
| Public health and welfare . . . . .             | 281,603                 | 161,182                     | 34,511                                    | -                                       |
| Transportation . . . . .                        | 685,405                 | 480                         | 405,596                                   | 436,179                                 |
| Community environment. . . . .                  | 125,886                 | 161,103                     | -   | -                                       |
| Leisure time activity . . . . .                 | 308,959                 | 112,069                     | -   | -                                       |
| Interest and fiscal charges . . . . .           | 108,342                 | -                           | -   | -                                       |
| <b>Total governmental activities . . . . .</b>  | <b>7,033,060</b>        | <b>1,117,871</b>            | <b>462,771</b>                            | <b>436,179</b>                          |
| <b>Business-type Activities:</b>                |                         |                             |   |   |
| Sewer . . . . .                                 | 2,551,359               | 2,179,071                   | -   | -                                       |
| Water . . . . .                                 | 941,915                 | 1,431,917                   | -   | -                                       |
| Other business-type activities:                 |                         |                             |   |   |
| Storm Water . . . . .                           | 38,301                  | 27,146                      | -   | -                                       |
| Sanitation . . . . .                            | 384,917                 | 375,069                     | 8,377                                     | -                                       |
| Water/Wastewater Deposit . . . . .              | 959                     | 8,055                       | -   | -                                       |
| <b>Total business-type activities . . . . .</b> | <b>3,917,451</b>        | <b>4,021,258</b>            | <b>8,377</b>                              | <b>-</b>                                |
| <b>Total primary government. . . . .</b>        | <b>\$ 10,950,511</b>    | <b>\$ 5,139,129</b>         | <b>\$ 471,148</b>                         | <b>\$ 436,179</b>                       |

**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 . . . . .   |  |
| <b>Total general revenues. . . . .</b>                                |  |
| Transfers. . . . .  |  |
| Change in net assets . . . . .  |  |
| <b>Net assets at beginning of year . . . . .</b>                      |  |
| <b>Net assets at end of year. . . . .</b>                             |  |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

| <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>         |
|------------------------------------|-------------------------------------|----------------------|
| \$ (750,991)                       | \$ -                                | \$ (750,991)         |
| (4,066,173)                        | -                                   | (4,066,173)          |
| (85,910)                           | -                                   | (85,910)             |
| 156,850                            | -                                   | 156,850              |
| 35,217                             | -                                   | 35,217               |
| (196,890)                          | -                                   | (196,890)            |
| (108,342)                          | -                                   | (108,342)            |
| <u>(5,016,239)</u>                 | <u>-</u>                            | <u>(5,016,239)</u>   |
| -                                  | (372,288)                           | (372,288)            |
| -                                  | 490,002                             | 490,002              |
| -                                  | (11,155)                            | (11,155)             |
| -                                  | (1,471)                             | (1,471)              |
| -                                  | 7,096                               | 7,096                |
| <u>-</u>                           | <u>112,184</u>                      | <u>112,184</u>       |
| <u>(5,016,239)</u>                 | <u>112,184</u>                      | <u>(4,904,055)</u>   |
| 1,182,350                          | -                                   | 1,182,350            |
| 915,426                            | -                                   | 915,426              |
| 58,283                             | -                                   | 58,283               |
| 32,400                             | -                                   | 32,400               |
| 233,431                            | -                                   | 233,431              |
| 2,951,057                          | -                                   | 2,951,057            |
| 655,461                            | -                                   | 655,461              |
| 321,019                            | 140,535                             | 461,554              |
| 107,742                            | 10,519                              | 118,261              |
| <u>6,457,169</u>                   | <u>151,054</u>                      | <u>6,608,223</u>     |
| <u>30,153</u>                      | <u>(30,153)</u>                     | <u>-</u>             |
| 1,471,083                          | 233,085                             | 1,704,168            |
| <u>11,216,961</u>                  | <u>13,918,504</u>                   | <u>25,135,465</u>    |
| <u>\$ 12,688,044</u>               | <u>\$ 14,151,589</u>                | <u>\$ 26,839,633</u> |

**CITY OF HARRISON, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2007

|   | <u>General</u>      | <u>Fire<br/>Improvement</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|---------------------|-----------------------------|---|---|
| <b>Assets:</b>  |                     |                             |   |   |
| Equity in pooled cash and cash equivalents. . . . .     | \$ 1,453,030        | \$ 318,291                  | \$ 3,185,204                            | \$ 4,956,525                            |
| Cash in segregated accounts. . . . .                    | -                   | -                           | 45,681                                  | 45,681                                  |
| Receivables (net of allowance for uncollectibles):      |                     |                             |   |   |
| Income taxes . . . . .                                  | 639,581             | -                           | -                                       | 639,581                                 |
| Real and other taxes . . . . .                          | 1,161,714           | 870,848                     | 87,049                                  | 2,119,611                               |
| Accounts . . . . .                                      | 20,925              | 250                         | 82                                      | 21,257                                  |
| Due from other governments . . . . .                    | 316,712             | 75,457                      | 381,052                                 | 773,221                                 |
| Accrued interest . . . . .                              | 5,774               | -                           | -                                       | 5,774                                   |
| Advances to other funds . . . . .                       | 57,347              | -                           | -                                       | 57,347                                  |
| Prepayments . . . . .                                   | 7,695               | 11,617                      | 9,000                                   | 28,312                                  |
| Materials and supplies inventory . . . . .              | 6,481               | 849                         | 17,888                                  | 25,218                                  |
|   | <u>        </u>     | <u>        </u>             | <u>        </u>                         | <u>        </u>                         |
| Total assets . . . . .                                  | <u>\$ 3,669,259</u> | <u>\$ 1,277,312</u>         | <u>\$ 3,725,956</u>                     | <u>\$ 8,672,527</u>                     |
| <b>Liabilities:</b>                                     |                     |                             |   |   |
| Accounts payable . . . . .                              | \$ 33,077           | \$ 57,106                   | \$ 13,170                               | \$ 103,353                              |
| Contracts payable . . . . .                             | 12,273              | -                           | 226,921                                 | 239,194                                 |
| Retainage payable. . . . .                              | -                   | -                           | 35,241                                  | 35,241                                  |
| Accrued wages and benefits. . . . .                     | 75,620              | 58,858                      | 20,592                                  | 155,070                                 |
| Due to other governments . . . . .                      | 30,951              | 120,214                     | 138,012                                 | 289,177                                 |
| Advances from other funds . . . . .                     | -                   | -                           | 35,411                                  | 35,411                                  |
| Unearned revenue. . . . .                               | 1,095,549           | 814,011                     | 57,660                                  | 1,967,220                               |
| Deferred revenue . . . . .                              | 543,723             | 89,856                      | 124,389                                 | 757,968                                 |
| Claims payable. . . . .                                 | 588                 | 588                         | -                                       | 1,176                                   |
|   | <u>        </u>     | <u>        </u>             | <u>        </u>                         | <u>        </u>                         |
| Total liabilities. . . . .                              | <u>1,791,781</u>    | <u>1,140,633</u>            | <u>651,396</u>                          | <u>3,583,810</u>                        |
| <b>Fund Balances:</b>                                   |                     |                             |   |   |
| Reserved for encumbrances . . . . .                     | 18,367              | -                           | 27,412                                  | 45,779                                  |
| Reserved for materials and supplies inventory . . . . . | 6,481               | 849                         | 17,888                                  | 25,218                                  |
| Reserved for prepaids . . . . .                         | 7,695               | 11,617                      | 9,000                                   | 28,312                                  |
| Reserved for advances. . . . .                          | 57,347              | -                           | -                                       | 57,347                                  |
| Unreserved, undesignated, reported in:                  |                     |                             |   |   |
| General fund . . . . .                                  | 1,787,588           | -                           | -                                       | 1,787,588                               |
| Special revenue funds. . . . .                          | -                   | 124,213                     | 1,277,930                               | 1,402,143                               |
| Debt service funds. . . . .                             | -                   | -                           | 923,848                                 | 923,848                                 |
| Capital projects funds. . . . .                         | -                   | -                           | 818,482                                 | 818,482                                 |
|   | <u>        </u>     | <u>        </u>             | <u>        </u>                         | <u>        </u>                         |
| Total fund balances . . . . .                           | <u>1,877,478</u>    | <u>136,679</u>              | <u>3,074,560</u>                        | <u>5,088,717</u>                        |
|   | <u>        </u>     | <u>        </u>             | <u>        </u>                         | <u>        </u>                         |
| Total liabilities and fund balances . . . . .           | <u>\$ 3,669,259</u> | <u>\$ 1,277,312</u>         | <u>\$ 3,725,956</u>                     | <u>\$ 8,672,527</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, 2007

|  |            |                      |
|--|------------|----------------------|
| <b>Total governmental fund balances</b>  |            | \$ 5,088,717         |
| <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.  |            | 11,974,117           |
| Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.                                       |            |                      |
| Property taxes   | \$ 126,514 |                      |
| Income taxes   | 282,968    |                      |
| Intergovernmental revenues   | 348,486    |                      |
| Total  |            | 757,968              |
| Unamortized bond issuance costs are not recognized in the funds.   |            | 41,897               |
| Deferred amounts on the refundings of bonds are not recognized in the funds.   |            | 119,046              |
| Unamortized bond premiums are not recognized in the funds.   |            | (71,894)             |
| In the statement of activities interest is accrued on outstanding bonds and loans, whereas in governmental funds, interest expenditures are reported when due. |            | (56,552)             |
| 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   | 320,456    |                      |
| Refunding bonds payable  | 2,135,000  |                      |
| ODOT loan payable  | 564,170    |                      |
| OPWC loan payable  | 436,999    |                      |
| General obligation bonds payable   | 470,000    |                      |
| Capital leases payable   | 1,238,630  |                      |
| Total  |            | (5,165,255)          |
| <b>Net assets of governmental activities</b>   |            | <b>\$ 12,688,044</b> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HARRISON, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

|   | <u>General</u>      | <u>Fire<br/>Improvement</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|---------------------|-----------------------------|---|---|
| <b>Revenues:</b>  |                     |                             |   |   |
| Income taxes. . . . .   | \$ 2,886,028        | \$ -                        | \$ -                                    | \$ 2,886,028                            |
| Real and other taxes . . . . .  | 1,178,835           | 910,497                     | 323,899                                 | 2,413,231                               |
| Charges for services . . . . .  | -                   | 490,454                     | 260,217                                 | 750,671                                 |
| Licenses and permits. . . . .   | 244,795             | -                           | 480                                     | 245,275                                 |
| Fines and forfeitures. . . . .  | 108,891             | -                           | -                                       | 108,891                                 |
| Intergovernmental . . . . .   | 517,119             | 71,557                      | 842,869                                 | 1,431,545                               |
| Investment income. . . . .  | 321,019             | -                           | -                                       | 321,019                                 |
| Other. . . . .  | 17,519              | 58,301                      | 75,865                                  | 151,685                                 |
| Total revenues . . . . .  | <u>5,274,206</u>    | <u>1,530,809</u>            | <u>1,503,330</u>                        | <u>8,308,345</u>                        |
| <b>Expenditures:</b>  |                     |                             |   |   |
| Current:  |                     |                             |   |   |
| General government. . . . .   | 836,722             | -                           | -                                       | 836,722                                 |
| Security of persons and property . . . . .                            | 2,005,031           | 2,194,557                   | 308,035                                 | 4,507,623                               |
| Public health and welfare . . . . .                                   | -                   | -                           | 279,541                                 | 279,541                                 |
| Transportation. . . . .   | -                   | -                           | 555,511                                 | 555,511                                 |
| Community environment . . . . .                                       | 124,646             | -                           | -                                       | 124,646                                 |
| Leisure time activity . . . . .                                       | 54,184              | -                           | 197,514                                 | 251,698                                 |
| Capital outlay . . . . .  | 962,164             | 383,407                     | 1,033,552                               | 2,379,123                               |
| Debt service:   |                     |                             |   |   |
| Principal retirement . . . . .  | 63,531              | 112,359                     | 151,811                                 | 327,701                                 |
| Interest and fiscal charges . . . . .                                 | 3,092               | 1,662                       | 32,662                                  | 37,416                                  |
| Total expenditures . . . . .  | <u>4,049,370</u>    | <u>2,691,985</u>            | <u>2,558,626</u>                        | <u>9,299,981</u>                        |
| Excess (deficiency) of revenues<br>over (under) expenditures. . . . . | <u>1,224,836</u>    | <u>(1,161,176)</u>          | <u>(1,055,296)</u>                      | <u>(991,636)</u>                        |
| <b>Other financing sources (uses):</b>                                |                     |                             |   |   |
| Transfers in. . . . .   | 30,153              | 944,330                     | 641,238                                 | 1,615,721                               |
| Transfers out . . . . .   | (1,585,568)         | -                           | -                                       | (1,585,568)                             |
| Capital lease transaction. . . . .                                    | 962,164             | 282,092                     | -                                       | 1,244,256                               |
| Total other financing sources (uses). . . . .                         | <u>(593,251)</u>    | <u>1,226,422</u>            | <u>641,238</u>                          | <u>1,274,409</u>                        |
| Net change in fund balances . . . . .                                 | 631,585             | 65,246                      | (414,058)                               | 282,773                                 |
| <b>Fund balances at beginning of year . . . . .</b>                   | <u>1,245,893</u>    | <u>71,433</u>               | <u>3,488,618</u>                        | <u>4,805,944</u>                        |
| <b>Fund balances at end of year . . . . .</b>                         | <u>\$ 1,877,478</u> | <u>\$ 136,679</u>           | <u>\$ 3,074,560</u>                     | <u>\$ 5,088,717</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, 2007

**Net change in fund balances - total governmental funds** \$ 282,773

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

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 outlays           | \$ 2,518,835     |           |
| Current year depreciation | <u>(452,580)</u> |           |
| Total                     |                  | 2,066,255 |

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               | (289,425)      |          |
| Accumulated depreciation on disposals | <u>277,046</u> |          |
| Total                                 |                | (12,379) |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

|                            |               |         |
|----------------------------|---------------|---------|
| Property taxes             | 8,659         |         |
| Income taxes               | 65,029        |         |
| Intergovernmental revenues | <u>91,957</u> |         |
| Total                      |               | 165,645 |

Capital lease transactions are recorded as revenue in the funds, however, on the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net assets.

(1,244,256)

Repayment of bond, loan and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

327,701

In the statement of activities, interest is accrued on outstanding bonds and loans, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported on the statement of activities:

|  |                 |          |
|--|-----------------|----------|
| Increase in accrued interest payable           | (40,395)        |          |
| Amortization of bond premiums                  | 24,649          |          |
| Amortization of bond issue costs               | (14,365)        |          |
| Amortization of deferred charges of refundings | <u>(40,815)</u> |          |
|  |                 | (70,926) |

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.

(43,730)

**Change in net assets of governmental activities** \$ 1,471,083

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, 2007

|  | <u>Budgeted Amounts</u> |                    |                     | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|--------------------|---------------------|---|
|  | <u>Original</u>         | <u>Final</u>       | <u>Actual</u>       |   |
| <b>Revenues:</b>                                     |                         |                    |                     |   |
| Income taxes . . . . .                               | \$ 2,781,200            | \$ 2,791,200       | \$ 2,865,809        | \$ 74,609   |
| Real and other taxes. . . . .                        | 1,148,792               | 1,154,755          | 1,178,835           | 24,080  |
| Licenses and permits . . . . .                       | 240,600                 | 251,600            | 245,334             | (6,266)   |
| Fines and forfeitures . . . . .                      | 118,000                 | 148,000            | 115,162             | (32,838)  |
| Intergovernmental. . . . .                           | 539,502                 | 542,502            | 465,124             | (77,378)  |
| Investment income . . . . .                          | 17,000                  | 30,000             | 304,555             | 274,555   |
| Other . . . . .                                      | 16,600                  | 16,600             | 18,359              | 1,759   |
| Total revenues. . . . .                              | <u>4,861,694</u>        | <u>4,934,657</u>   | <u>5,193,178</u>    | <u>258,521</u>  |
| <b>Expenditures:</b>                                 |                         |                    |                     |   |
| Current:   |                         |                    |                     |   |
| General government . . . . .                         | 1,104,097               | 937,713            | 839,428             | 98,285  |
| Security of persons and property. . . . .            | 2,261,889               | 2,221,149          | 2,076,664           | 144,485   |
| Public health and welfare . . . . .                  | 11,066                  | 12,070             | -                   | 12,070  |
| Community environment. . . . .                       | 129,409                 | 128,616            | 120,865             | 7,751   |
| Leisure time activity . . . . .                      | 52,924                  | 67,963             | 66,730              | 1,233   |
| Total expenditures . . . . .                         | <u>3,559,385</u>        | <u>3,367,511</u>   | <u>3,103,687</u>    | <u>263,824</u>  |
| Excess of revenues over expenditures . . . . .       | <u>1,302,309</u>        | <u>1,567,146</u>   | <u>2,089,491</u>    | <u>522,345</u>  |
| <b>Other financing uses:</b>                         |                         |                    |                     |   |
| Transfers out. . . . .                               | (1,569,891)             | (1,822,568)        | (1,585,568)         | 237,000   |
| Total other financing sources uses. . . . .          | <u>(1,569,891)</u>      | <u>(1,822,568)</u> | <u>(1,585,568)</u>  | <u>237,000</u>  |
| Net change in fund balance . . . . .                 | (267,582)               | (255,422)          | 503,923             | 759,345   |
| <b>Fund balance at beginning of year . . . . .</b>   | 859,429                 | 859,429            | 859,429             | -   |
| <b>Prior year encumbrances appropriated. . . . .</b> | <u>8,407</u>            | <u>8,407</u>       | <u>8,407</u>        | <u>-</u>  |
| <b>Fund balance at end of year. . . . .</b>          | <u>\$ 600,254</u>       | <u>\$ 612,414</u>  | <u>\$ 1,371,759</u> | <u>\$ 759,345</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, 2007

|  | <u>Budgeted Amounts</u> |                   | <u>Actual</u>     | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|-------------------|-------------------|---|
|  | <u>Original</u>         | <u>Final</u>      |                   |   |
| <b>Revenues:</b>   |                         |                   |                   |   |
| Real and other taxes . . . . .   | \$ 644,662              | \$ 932,617        | \$ 910,497        | \$ (22,120)   |
| Charges for services . . . . .   | 393,000                 | 400,000           | 467,608           | 67,608  |
| Intergovernmental . . . . .  | 66,038                  | 66,038            | 71,557            | 5,519   |
| Other . . . . .  | 5,000                   | 5,000             | 58,051            | 53,051  |
| Total revenues. . . . .  | <u>1,108,700</u>        | <u>1,403,655</u>  | <u>1,507,713</u>  | <u>104,058</u>  |
| <b>Expenditures:</b>   |                         |                   |                   |   |
| Current:   |                         |                   |                   |   |
| Security of persons and property. . . . .                              | 1,958,587               | 2,186,639         | 2,203,381         | (16,742)  |
| Capital outlay. . . . .  | -                       | 120,101           | 162,535           | (42,434)  |
| Total expenditures . . . . .   | <u>1,958,587</u>        | <u>2,306,740</u>  | <u>2,365,916</u>  | <u>(59,176)</u>   |
| Excess (deficiency) of revenues<br>over (under) expenditures . . . . . | <u>(849,887)</u>        | <u>(903,085)</u>  | <u>(858,203)</u>  | <u>44,882</u>   |
| <b>Other financing sources (uses):</b>                                 |                         |                   |                   |   |
| Transfers in . . . . .   | 906,132                 | 944,330           | 944,330           | -   |
| Transfers out . . . . .  | <u>(75,000)</u>         | <u>(60,000)</u>   | <u>-</u>          | <u>60,000</u>   |
| Total other financing sources (uses) . . . . .                         | <u>831,132</u>          | <u>884,330</u>    | <u>944,330</u>    | <u>60,000</u>   |
| Net change in fund balance . . . . .                                   | (18,755)                | (18,755)          | 86,127            | 104,882   |
| <b>Fund balance at beginning of year . . . . .</b>                     | 168,690                 | 168,690           | 168,690           | -   |
| <b>Prior year encumbrances appropriated . . . . .</b>                  | <u>18,755</u>           | <u>18,755</u>     | <u>18,755</u>     | <u>-</u>  |
| <b>Fund balance at end of year. . . . .</b>                            | <u>\$ 168,690</u>       | <u>\$ 168,690</u> | <u>\$ 273,572</u> | <u>\$ 104,882</u>   |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HARRISON, OHIO**

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2007

|   | <b>Business-type Activities -Enterprise Funds</b> |                      |                     |                      |
|---|---|----------------------|---------------------|----------------------|
|   | <b>Sewer</b>                                      | <b>Water</b>         | <b>Nonmajor</b>     | <b>Total</b>         |
| <b>Assets:</b>  |   |                      |                     |                      |
| Current assets:   |   |                      |                     |                      |
| Equity in pooled cash and cash equivalents. . . . .                 | \$ 6,784,166                                      | \$ 2,157,468         | \$ 253,302          | \$ 9,194,936         |
| Receivables (net of allowance for uncollectibles):                  |   |                      |                     |                      |
| Accounts . . . . .  | 308,992   | 173,252              | 94,851              | 577,095              |
| Due from other governments . . . . .                                | -   | -                    | 4,190               | 4,190                |
| Advances to other funds. . . . .                                    | 17,178  | -                    | -                   | 17,178               |
| Prepayments. . . . .  | 5,833   | 3,833                | -                   | 9,666                |
| Materials and supplies inventory . . . . .                          | 1,155   | 38,263               | -                   | 39,418               |
| Total current assets . . . . .                                      | <u>7,117,324</u>                                  | <u>2,372,816</u>     | <u>352,343</u>      | <u>9,842,483</u>     |
| Noncurrent assets:  |   |                      |                     |                      |
| Unamortized bond issuance costs. . . . .                            | 658,628   | -                    | -                   | 658,628              |
| Restricted assets:  |   |                      |                     |                      |
| Cash and cash equivalents with fiscal agent . . . . .               | 2,103,523   | -                    | -                   | 2,103,523            |
| Capital assets:   |   |                      |                     |                      |
| Land and construction in progress . . . . .                         | 2,059,701   | 2,465,972            | -                   | 4,525,673            |
| Depreciable capital assets, net . . . . .                           | 15,281,253  | 9,630,744            | 1,822,897           | 26,734,894           |
| Total capital assets . . . . .                                      | <u>17,340,954</u>                                 | <u>12,096,716</u>    | <u>1,822,897</u>    | <u>31,260,567</u>    |
| Total noncurrent assets . . . . .                                   | <u>20,103,105</u>                                 | <u>12,096,716</u>    | <u>1,822,897</u>    | <u>34,022,718</u>    |
| Total assets . . . . .  | <u>27,220,429</u>                                 | <u>14,469,532</u>    | <u>2,175,240</u>    | <u>43,865,201</u>    |
| <b>Liabilities:</b>   |   |                      |                     |                      |
| Current liabilities:  |   |                      |                     |                      |
| Accounts payable. . . . .   | 37,502  | 16,730               | 17                  | 54,249               |
| Contracts payable. . . . .  | 53,370  | 3,633                | 32,519              | 89,522               |
| Accrued wages. . . . .  | 14,864  | 9,173                | -                   | 24,037               |
| Compensated absences . . . . .                                      | 5,429   | 4,601                | -                   | 10,030               |
| Due to other governments . . . . .                                  | 16,442  | 11,262               | 100                 | 27,804               |
| Advances from other funds. . . . .                                  | 8,976   | 12,960               | 17,178              | 39,114               |
| Accrued interest payable . . . . .                                  | 153,642   | 61,825               | -                   | 215,467              |
| Current portion of general obligation bonds . . . . .               | 25,000  | -                    | -                   | 25,000               |
| Current portion of revenue bonds . . . . .                          | 425,000   | -                    | -                   | 425,000              |
| Current portion of bond anticipation notes . . . . .                | 5,500,000   | -                    | -                   | 5,500,000            |
| Current portion of OWDA loans . . . . .                             | -   | 173,867              | -                   | 173,867              |
| Current portion of OPWC loans . . . . .                             | 92,308  | 91,828               | -                   | 184,136              |
| Current portion of capital lease obligation. . . . .                | 6,377   | 6,378                | -                   | 12,755               |
| Total current liabilities . . . . .                                 | <u>6,338,910</u>                                  | <u>392,257</u>       | <u>49,814</u>       | <u>6,780,981</u>     |
| Long-term liabilities:  |   |                      |                     |                      |
| Revenue bonds . . . . .   | 17,681,077  | -                    | -                   | 17,681,077           |
| General obligation bonds. . . . .                                   | 410,000   | -                    | -                   | 410,000              |
| OWDA loans . . . . .  | -   | 3,007,305            | -                   | 3,007,305            |
| OPWC loans. . . . .   | 1,753,858   | -                    | -                   | 1,753,858            |
| Capital lease obligation. . . . .                                   | 21,514  | 21,513               | -                   | 43,027               |
| Compensated absences . . . . .                                      | 10,230  | 27,134               | -                   | 37,364               |
| Total long-term liabilities . . . . .                               | <u>19,876,679</u>                                 | <u>3,055,952</u>     | <u>-</u>            | <u>22,932,631</u>    |
| Total liabilities . . . . .   | <u>26,215,589</u>                                 | <u>3,448,209</u>     | <u>49,814</u>       | <u>29,713,612</u>    |
| <b>Net assets:</b>  |   |                      |                     |                      |
| Invested in capital assets, net of related debt (deficit) . . . . . | (2,415,552)                                       | 8,795,825            | 1,822,897           | 8,203,170            |
| Unrestricted . . . . .  | 3,420,392   | 2,225,498            | 302,529             | 5,948,419            |
| Total net assets . . . . .  | <u>\$ 1,004,840</u>                               | <u>\$ 11,021,323</u> | <u>\$ 2,125,426</u> | <u>\$ 14,151,589</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, 2007

|  | <u>Business-type Activities - Enterprise Funds</u> |                      |                     |                      |
|--|--|----------------------|---------------------|----------------------|
|  | <u>Sewer</u>                                       | <u>Water</u>         | <u>Nonmajor</u>     | <u>Total</u>         |
| <b>Operating revenues:</b>                       |  |                      |                     |                      |
| Charges for services . . . . .                   | \$ 2,179,071                                       | \$ 1,431,917         | \$ 410,270          | \$ 4,021,258         |
| Other . . . . .                                  | 1,476  | 9,043                | -                   | 10,519               |
| Total operating revenues . . . . .               | <u>2,180,547</u>                                   | <u>1,440,960</u>     | <u>410,270</u>      | <u>4,031,777</u>     |
| <b>Operating expenses:</b>                       |  |                      |                     |                      |
| Personal services . . . . .                      | 468,265  | 310,793              | -                   | 779,058              |
| Contract services . . . . .                      | 193,484  | 51,367               | 385,034             | 629,885              |
| Materials and supplies . . . . .                 | 45,012   | 36,047               | -                   | 81,059               |
| Depreciation . . . . .                           | 685,113  | 302,714              | 38,201              | 1,026,028            |
| Utilities . . . . .                              | 183,069  | 114,273              | -                   | 297,342              |
| Other . . . . .                                  | -  | -                    | 942                 | 942                  |
| Total operating expenses . . . . .               | <u>1,574,943</u>                                   | <u>815,194</u>       | <u>424,177</u>      | <u>2,814,314</u>     |
| Operating income (loss) . . . . .                | <u>605,604</u>                                     | <u>625,766</u>       | <u>(13,907)</u>     | <u>1,217,463</u>     |
| <b>Nonoperating revenues (expenses):</b>         |  |                      |                     |                      |
| Interest revenue . . . . .                       | 92,743   | 47,792               | -                   | 140,535              |
| Intergovernmental . . . . .                      | -  | -                    | 8,377               | 8,377                |
| Loss on disposal of capital assets . . . . .     | (474)  | (1,105)              | -                   | (1,579)              |
| Interest expense and fiscal charges . . . . .    | (975,942)  | (125,616)            | -                   | (1,101,558)          |
| Total nonoperating revenues (expenses) . . . . . | <u>(883,673)</u>                                   | <u>(78,929)</u>      | <u>8,377</u>        | <u>(954,225)</u>     |
| Income (loss) before transfers . . . . .         | (278,069)  | 546,837              | (5,530)             | 263,238              |
| Transfers out . . . . .                          | (30,153)   | -                    | -                   | (30,153)             |
| Changes in net assets . . . . .                  | (308,222)  | 546,837              | (5,530)             | 233,085              |
| <b>Net assets at beginning of year . . . . .</b> | <u>1,313,062</u>                                   | <u>10,474,486</u>    | <u>2,130,956</u>    | <u>13,918,504</u>    |
| <b>Net assets at end of year . . . . .</b>       | <u>\$ 1,004,840</u>                                | <u>\$ 11,021,323</u> | <u>\$ 2,125,426</u> | <u>\$ 14,151,589</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, 2007**

|   | <b>Business-type Activities - Enterprise Funds</b> |              |                 |               |
|---|--|--------------|-----------------|---------------|
|   | <b>Sewer</b>                                       | <b>Water</b> | <b>Nonmajor</b> | <b>Total</b>  |
| <b>Cash flows from operating activities:</b>                                      |  |              |                 |               |
| Cash received from customers . . . . .  | \$ 2,218,398                                       | \$ 1,461,691 | \$ 388,937      | \$ 4,069,026  |
| Cash received from other operations. . . . .                                      | 29,079   | 7,897        | -               | 36,976        |
| Cash payments for personal services . . . . .                                     | (450,681)  | (297,726)    | -               | (748,407)     |
| Cash payments for contract services . . . . .                                     | (138,977)  | (60,118)     | (352,398)       | (551,493)     |
| Cash payments for materials and supplies . . . . .                                | (46,692)   | (75,551)     | -               | (122,243)     |
| Cash payments for utilities. . . . .  | (174,165)  | (106,086)    | -               | (280,251)     |
| Cash payments for other expenses. . . . .   | -  | -            | (942)           | (942)         |
| Net cash provided by operating activities . . . . .                               | 1,436,962  | 930,107      | 35,597          | 2,402,666     |
| <b>Cash flows from noncapital financing activities:</b>                           |  |              |                 |               |
| Cash received from operating grants . . . . .                                     | -  | -            | 7,753           | 7,753         |
| Transfers out to other funds . . . . .  | (30,153)   | -            | -               | (30,153)      |
| Net cash used in noncapital financing activities . . . . .                        | (30,153)   | -            | 7,753           | (22,400)      |
| <b>Cash flows from capital and related financing activities:</b>                  |  |              |                 |               |
| Acquisition of capital assets . . . . .   | (537,630)  | (1,874,998)  | -               | (2,412,628)   |
| Principal retirement . . . . .  | (253,046)  | (131,370)    | -               | (384,416)     |
| Bond anticipation notes. . . . .  | 5,500,000  | -            | -               | 5,500,000     |
| OPWC loan. . . . .  | 210,833  | -            | -               | 210,833       |
| OWDA loan. . . . .  | -  | 1,348,499    | -               | 1,348,499     |
| Interest and fiscal charges. . . . .  | (935,499)  | (63,791)     | -               | (999,290)     |
| Net cash provided by (used in) capital and related financing activities . . . . . | 3,984,658  | (721,660)    | -               | 3,262,998     |
| <b>Cash flows from investing activities:</b>                                      |  |              |                 |               |
| Interest received . . . . .   | 92,743   | 47,792       | -               | 140,535       |
| Net cash provided by investing activities . . . . .                               | 92,743   | 47,792       | -               | 140,535       |
| Net increase in cash and cash equivalents. . . . .                                | 5,484,210  | 256,239      | 43,350          | 5,783,799     |
| <b>Cash and cash equivalents at beginning of year . . . . .</b>                   | 3,403,479  | 1,901,229    | 209,952         | 5,514,660     |
| <b>Cash and cash equivalents at end of year . . . . .</b>                         | \$ 8,887,689                                       | \$ 2,157,468 | \$ 253,302      | \$ 11,298,459 |

- - continued

**CITY OF HARRISON, OHIO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

|  | <b>Business-type Activities - Enterprise Funds</b> |              |                 |              |
|--|--|--------------|-----------------|--------------|
|  | <b>Sewer</b>                                       | <b>Water</b> | <b>Nonmajor</b> | <b>Total</b> |
| <b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b> |  |              |                 |              |
| Operating income (loss) . . . . .  | \$ 605,604   | \$ 625,766   | \$ (13,907)     | \$ 1,217,463 |
| Adjustments:   |  |              |                 |              |
| Depreciation. . . . .  | 685,113  | 302,714      | 38,201          | 1,026,028    |
| Changes in assets and liabilities:   |  |              |                 |              |
| (Increase) decrease in accounts receivable. . . . .  | 66,930   | 28,628       | (21,333)        | 74,225       |
| (Increase) in materials and supplies inventory. . . . .  | (1,155)  | (38,263)     | -               | (39,418)     |
| (Increase) decrease in prepayments. . . . .  | (117)  | 397          | -               | 280          |
| Increase (decrease) in accounts payable . . . . .  | 9,633  | (5,835)      | 17              | 3,815        |
| Increase in contracts payable . . . . .  | 53,370   | 3,633        | 32,519          | 89,522       |
| Increase in accrued wages and benefits. . . . .  | 1,292  | 1,320        | -               | 2,612        |
| Increase in due to other governments. . . . .  | 14,386   | 8,763        | 100             | 23,249       |
| Increase in compensated absences payable. . . . .  | 1,906  | 2,984        | -               | 4,890        |
| Net cash provided by operating activities . . . . .  | \$ 1,436,962                                       | \$ 930,107   | \$ 35,597       | \$ 2,402,666 |
| <b>Non-cash transactions:</b>  |  |              |                 |              |
| Borrowings from capital lease . . . . .  | \$ 35,937  | \$ 35,936    | \$ -            | \$ 71,873    |

At December 31, 2006, the Water fund purchased \$4,781 in capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HARRISON, OHIO**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUND**  
**DECEMBER 31, 2007**

|                                       |    | <u>Agency</u>     |
|---------------------------------------|----|-------------------|
| <b>Assets:</b>                        |    |                   |
| Cash in segregated accounts . . . . . | \$ | <u>605</u>        |
| Total assets. . . . .                 | \$ | <u><u>605</u></u> |
| <br><b>Liabilities:</b>               |    |                   |
| Due to other governments . . . . .    | \$ | <u>605</u>        |
| Total liabilities. . . . .            | \$ | <u><u>605</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, 2007**

#### **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, 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, 2007

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

*JOINTLY GOVERNED ORGANIZATIONS*

*Harrison Township-City of Harrison Joint Economic Development District* - In an effort to facilitate economic development and to create and preserve jobs, the City has entered into a contract with Harrison Township to create a Joint Economic Development District (JEDD). In accordance with state law, the District's Board of Trustees levied a 1% income tax. The proceeds of that tax are allocated, in accordance with the contract, to the City and the Township. The City and the Township will utilize these JEDD revenues, in part, to construct infrastructure and improvement in the District. The City received \$33,924 in revenues through the JEDD in 2007.

**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.

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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

The agency fund does not report a measurement focus as it does 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.

***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.

Other governmental funds of the City are used to account for (a) the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs; (b) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds; and (c) 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.

The other enterprise funds of the City are used to account for storm water, sanitation and water/wastewater deposits.

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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

***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 funds account for monies held by the Mayor's Court in a fiduciary capacity and to account for the administering and collection of income taxes related to the Joint Economic Development District.

**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 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, 2007

**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.

***Unearned Revenue and Deferred Revenue*** - Unearned revenue and deferred revenue arise 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, 2007, but which were levied to finance fiscal year 2008 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at December 31, 2007 are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have 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. 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 supplemental appropriations during 2007.

**CITY OF HARRISON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**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 original and final amended official certificates of estimated resources issued during 2007.

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 original and 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 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.

**CITY OF HARRISON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

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

During 2007, investments were limited to STAR Ohio, Federal agency securities, U. S. Government money market mutual funds and non-negotiable certificates of deposit.

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

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 2006. 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 shares price which is the price the investment could be sold for on December 31, 2007.

Following Ohio Statutes, the Council has, by resolution, specified the funds to receive an allocation of interest earnings. During fiscal 2007, interest revenue credited to the general fund amounted to \$321,019 which includes \$281,626 assigned from other City funds.

The City has segregated bank accounts for the Mayor's Court, senior center deposits and a construction escrow which are held separate from the City's central bank account. These depository accounts are presented on the financial statements as "Cash in Segregated Accounts" since they are not required to be deposited into the City treasury.

At year-end, the City had \$2,103,523 held by a trustee as designated by bond indenture. This amount is reported as "Restricted Cash and Cash Equivalents with Fiscal Agent" in the financial statements.

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 City'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. 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.

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement.

Depreciation is computed using the straight-line method over the following useful lives:

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

**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.

**CITY OF HARRISON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

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

**J. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2007, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

**K. Inventories of Materials and Supplies**

On government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On the fund financial statements, reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption.

**L. 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.

**M. 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.

**N. Interfund Balances**

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

**CITY OF HARRISON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

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

**O. 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 financial statements.

**P. 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, materials and supplies inventory, prepayments and advances to other funds.

**Q. Estimates**

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

**R. 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 or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Net assets restricted for other purposes consist primarily of recreations programs.

**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. Unamortized bond issuance costs are reported on the financial statements.

Bond premiums and discounts are amortized over the term of the bonds. Bond premiums are presented as an addition to the face amount of the bonds and bond discounts are presented as a reduction to the face amount of the bonds.

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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

For advance refundings resulting in the defeasance of debt, 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.

On the governmental fund financial statements, issuance costs and bond premiums and discounts are recognized in the current period. The reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 11.

**T. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2007.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For 2007, the City has implemented GASB Statement No. 48 "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues". GASB Statement No. 48 established criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the City; however, additional disclosure related to revenues pledged for the repayment of revenue bonds has been provided in Note 11.

**B. Compliance**

The following funds had disbursements in excess of appropriations for the year ended December 31, 2007 in noncompliance with Ohio Revised Code Section 5705.41(B):

|                                 | <u>Appropriations</u> | <u>Expenditures</u> | <u>Excess</u> |
|---------------------------------|-----------------------|---------------------|---------------|
| <u>Governmental Activities:</u> |                       |                     |               |
| Nonmajor governmental funds:    |                       |                     |               |
| Street maintenance and repair   | \$ 536,582            | \$ 554,303          | \$ 17,721     |
| Fire memorial                   | 1,180                 | 4,047               | 2,867         |
| Enforcement and education       | 500                   | 4,335               | 3,835         |
| Senior center                   | 257,131               | 262,931             | 5,800         |
| Passport account                | 12,200                | 20,156              | 7,956         |
| Drug law enforcement            | 1,000                 | 3,575               | 2,575         |
| Home depot TIF                  | 20,000                | 110,496             | 90,496        |
| Street / safety construction    | -                     | 513,507             | 513,507       |

**CITY OF HARRISON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**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 five 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.

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 items (1) or (2) above 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.

**CITY OF HARRISON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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.

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 financial statements.

**B. Cash in Segregated Accounts**

At year-end, the City had monies held outside of the City treasury. These depository accounts were established for senior center deposits (a nonmajor governmental fund), Mayor's Court operations (agency fund) and for a construction escrow (a nonmajor governmental fund). These depository accounts are included in "Deposits with Financial Institutions" below.

**C. Cash with Fiscal Agent**

At year-end, the City had \$2,103,523 held by a trustee as designated by bond indenture. This amount is included in the City's "Investments" below.

**D. Deposits with Financial Institutions**

At December 31, 2007, the carrying amount of all City deposits was \$5,003,196. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2007, \$4,335,212 of the City's bank balance of \$5,036,998 was exposed to custodial risk as discussed below, while \$701,786 was covered by Federal Deposit Insurance Corporation.

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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.

**E. Investments**

As of December 31, 2007, the City had the following investments and maturities:

| <u>Investment type</u>                       | <u>Fair Value</u>    | <u>Investment Maturities</u> |                           |
|--|----------------------|------------------------------|---------------------------|
|  |                      | <u>6 months or<br/>less</u>  | <u>7 to 12<br/>months</u> |
| STAR Ohio                                    | \$ 2,330,423         | \$ 2,330,423                 | \$ -                      |
| FHLB   | 2,201,963            | 2,201,963                    | -                         |
| FNMA   | 1,094,720            | 1,094,720                    | -                         |
| FHLM   | 2,197,575            | 1,084,490                    | 1,113,085                 |
| U.S. Government money<br>market mutual funds | <u>3,472,868</u>     | <u>3,472,868</u>             | <u>-</u>                  |
|  | <u>\$ 11,297,549</u> | <u>\$ 10,184,464</u>         | <u>\$ 1,113,085</u>       |

*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. The City limits its investments to those authorized by State statute.

*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 investments or collateral securities that are in the possession of an outside party. The City's investments in federal agency securities bills are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the City's name. The City has no investment policy dealing with investment custodial credit risk beyond the requirement in the State Statute that prohibits payments for investments prior to the delivery of the securities representing such investments to the finance director or qualified trustee.

*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, 2007:

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

| <u>Investment type</u>                       | <u>Fair Value</u>    | <u>% of Total</u> |
|--|----------------------|-------------------|
| STAR Ohio                                    | \$ 2,330,423         | 20.63             |
| FHLB   | 2,201,963            | 19.49             |
| FNMA   | 1,094,720            | 9.69              |
| FHLM   | 2,197,575            | 19.45             |
| U.S. Government money<br>market mutual funds | <u>3,472,868</u>     | <u>30.74</u>      |
|  | <u>\$ 11,297,549</u> | <u>100.00</u>     |

**F. Reconciliation of Cash and Investments 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, 2007:

|   |                      |
|---|----------------------|
| <u>Cash and Investments per footnote</u>                    |                      |
| Carrying amount of deposits                                 | \$ 5,003,196         |
| Investments   | 11,297,549           |
| Cash on hand  | <u>525</u>           |
| Total   | <u>\$ 16,301,270</u> |
| <br><u>Cash and investments per statement of net assets</u> |                      |
| Governmental activities                                     | \$ 5,002,206         |
| Business-type activities                                    | 11,298,459           |
| Agency fund   | <u>605</u>           |
| Total   | <u>\$ 16,301,270</u> |

**NOTE 5 - INTERNAL TRANSACTIONS**

- A.** Interfund transfers for the year ended December 31, 2007, consisted of the following, as reported in the fund financial statements:

|  |                     |
|--|---------------------|
| Transfers to nonmajor governmental funds from: |                     |
| General fund                                   | \$ 641,238          |
| Transfers to general fund from:                |                     |
| Sewer  | 30,153              |
| Transfers to fire improvement fund from:       |                     |
| General fund                                   | <u>944,330</u>      |
| Total  | <u>\$ 1,615,721</u> |

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to provide additional resources for current operations or debt service; to segregate money for anticipated capital projects; and to return money to the fund from which it was originally provided once a project is completed.

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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

The transfers reported above include the \$30,153 transfer from the Sewer fund to the general fund which represents the Sewer fund's portion of a capital lease payment which is recorded as a liability of the governmental activities.

Transfers between governmental funds are eliminated for reporting on the statement of activities.

- B.** Advances to/from other funds consisted of the following at December 31, 2007, as reported on the fund financial statements:

| <u>Receivable Funds</u> | <u>Payable Funds</u>        | <u>Amount</u>    |
|-------------------------|-----------------------------|------------------|
| General                 | Nonmajor Governmental funds | \$ 35,411        |
|                         | Water                       | 12,960           |
|                         | Sewer                       | <u>8,976</u>     |
|                         |                             | <u>57,347</u>    |
| Sewer                   | Storm Water                 | <u>17,178</u>    |
| Total                   |                             | <u>\$ 74,525</u> |

Advances to/from other funds are long-term interfund loans that are not expected to be repaid in the subsequent year. Advances to/from other funds between governmental funds are eliminated for reporting on the statement of net assets. Advances to/from other funds between governmental activities and business-type activities are reported as a component of the "internal balance" reported on the statement of net assets.

**NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value 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. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

**NOTE 6 - PROPERTY TAXES - (Continued)**

Tangible personal property tax revenues received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, is 12.5% for 2007. This percentage will be reduced to 6.25% for 2008 and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2007-2010, the City will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City. The County Auditor periodically remits to the City its portion of the taxes collected with final settlement in June and December for taxes payable in the first and second halves of the year, respectively. The full tax rate for all City operations for the year ended December 31, 2007 was \$13.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

|   |                       |
|---|-----------------------|
| Real property tax                         | \$ 211,870,220        |
| Public utility tangible personal property | 3,858,280             |
| Tangible personal property                | <u>11,914,930</u>     |
| Total assessed valuation                  | <u>\$ 227,643,430</u> |

Property taxes receivables represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2007. Although total property tax collections for the next year are measurable, they are generally not collected during the available period. The exception to this is any advances received by the City in the first sixty days of the year are credited as property tax revenues with the remainder being credited to unearned revenue.

**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.

**CITY OF HARRISON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 2007, 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 financial statements. Receivables have been recorded to the extent that they are measurable at December 31, 2007, as well as intended to finance fiscal 2007 operations.

A summary of the items of receivables reported on the statement of net assets follows:

|                                 | <u>Amount</u> |
|---------------------------------|---------------|
| <u>Governmental Activities</u>  |               |
| Income taxes                    | \$ 639,581    |
| Real and other taxes            | 2,119,611     |
| Accounts                        | 21,257        |
| Due from other governments      | 773,221       |
| Accrued interest                | 5,774         |
| <u>Business-Type Activities</u> |               |
| Accounts                        | 577,095       |
| Due from other governments      | 4,190         |

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

**NOTE 9 - CAPITAL ASSETS**

Governmental activities capital asset activity for fiscal year 2007 is as follows:

| <b><u>Governmental Activities:</u></b>        | <u>Balance</u><br><u>12/31/06</u> | <u>Additions</u>    | <u>Disposals</u>   | <u>Balance</u><br><u>12/31/07</u> |
|---|-----------------------------------|---------------------|--------------------|-----------------------------------|
| <i>Capital assets, not being depreciated:</i> |                                   |                     |                    |                                   |
| Land  | \$ 3,001,921                      | \$ -                | \$ -               | \$ 3,001,921                      |
| Construction in progress                      | <u>37,500</u>                     | <u>705,537</u>      | <u>-</u>           | <u>743,037</u>                    |
| Total capital assets, not being depreciated   | <u>3,039,421</u>                  | <u>705,537</u>      | <u>-</u>           | <u>3,744,958</u>                  |
| <i>Capital assets, being depreciated:</i>     |                                   |                     |                    |                                   |
| Land improvements                             | 812,104                           | 46,313              | -                  | 858,417                           |
| Buildings and improvements                    | 3,913,917                         | 18,339              | -                  | 3,932,256                         |
| Furniture and equipment                       | 1,220,501                         | 149,591             | (61,150)           | 1,308,942                         |
| Vehicles                                      | 1,390,504                         | 1,259,794           | (228,275)          | 2,422,023                         |
| Infrastructure                                | <u>3,189,999</u>                  | <u>339,261</u>      | <u>-</u>           | <u>3,529,260</u>                  |
| Total capital assets, being depreciated       | <u>10,527,025</u>                 | <u>1,813,298</u>    | <u>(289,425)</u>   | <u>12,050,898</u>                 |
| <i>Less: accumulated depreciation:</i>        |                                   |                     |                    |                                   |
| Land improvements                             | (569,910)                         | (37,922)            | -                  | (607,832)                         |
| Buildings                                     | (1,333,764)                       | (77,412)            | -                  | (1,411,176)                       |
| Furniture and equipment                       | (642,414)                         | (94,411)            | 48,770             | (688,055)                         |
| Vehicles                                      | (1,031,163)                       | (172,200)           | 228,276            | (975,087)                         |
| Infrastructure                                | <u>(68,954)</u>                   | <u>(70,635)</u>     | <u>-</u>           | <u>(139,589)</u>                  |
| Total accumulated depreciation                | <u>(3,646,205)</u>                | <u>(452,580)</u>    | <u>277,046</u>     | <u>(3,821,739)</u>                |
| Total capital assets, being depreciated, net  | <u>6,880,820</u>                  | <u>1,360,718</u>    | <u>(12,379)</u>    | <u>8,229,159</u>                  |
| Governmental activities capital assets, net   | <u>\$ 9,920,241</u>               | <u>\$ 2,066,255</u> | <u>\$ (12,379)</u> | <u>\$ 11,974,117</u>              |

Depreciation expense was charged to governmental activities as follows:

|                                  |                   |
|----------------------------------|-------------------|
| General government               | \$ 2,403          |
| Security of persons and property | 263,155           |
| Public health and welfare        | 1,184             |
| Transportation                   | 127,582           |
| Leisure time activity            | 57,016            |
| Community environment            | <u>1,240</u>      |
| Total depreciation expense       | <u>\$ 452,580</u> |

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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

Business-type activities capital asset activity for fiscal year 2007 is as follows:

| <b><u>Business-type Activities:</u></b>       | <u>Balance</u><br><u>12/31/06</u> | <u>Additions</u>    | <u>Disposals</u>  | <u>Balance</u><br><u>12/31/07</u> |
|---|-----------------------------------|---------------------|-------------------|-----------------------------------|
| <i>Capital assets, not being depreciated:</i> |                                   |                     |                   |                                   |
| Land  | \$ 485,420                        | \$ -                | \$ -              | \$ 485,420                        |
| Construction in progress                      | <u>2,260,094</u>                  | <u>1,780,159</u>    | <u>-</u>          | <u>4,040,253</u>                  |
| Total capital assets, not being depreciated   | <u>2,745,514</u>                  | <u>1,780,159</u>    | <u>-</u>          | <u>4,525,673</u>                  |
| <i>Capital assets, being depreciated:</i>     |                                   |                     |                   |                                   |
| Land improvements                             | 32,386                            | -                   | -                 | 32,386                            |
| Buildings                                     | 10,013,997                        | -                   | -                 | 10,013,997                        |
| Furniture and equipment                       | 7,314,903                         | 270,536             | (3,315)           | 7,582,124                         |
| Vehicles                                      | 262,722                           | 71,874              | (12,500)          | 322,096                           |
| Infrastructure                                | <u>17,803,124</u>                 | <u>357,151</u>      | <u>(2,063)</u>    | <u>18,158,212</u>                 |
| Total capital assets, being depreciated       | <u>35,427,132</u>                 | <u>699,561</u>      | <u>(17,878)</u>   | <u>36,108,815</u>                 |
| <i>Less: accumulated depreciation:</i>        |                                   |                     |                   |                                   |
| Land improvements                             | (31,838)                          | (158)               | -                 | (31,996)                          |
| Buildings                                     | (1,999,149)                       | (199,132)           | -                 | (2,198,281)                       |
| Furniture and equipment                       | (2,005,764)                       | (469,335)           | 2,841             | (2,472,258)                       |
| Vehicles                                      | (241,070)                         | (10,414)            | 12,500            | (238,984)                         |
| Infrastructure                                | <u>(4,086,371)</u>                | <u>(346,989)</u>    | <u>958</u>        | <u>(4,432,402)</u>                |
| Total accumulated depreciation                | <u>(8,364,192)</u>                | <u>(1,026,028)</u>  | <u>16,299</u>     | <u>(9,373,921)</u>                |
| Total capital assets, being depreciated, net  | <u>27,062,940</u>                 | <u>(326,467)</u>    | <u>(1,579)</u>    | <u>26,734,894</u>                 |
| Business-type activities capital assets, net  | <u>\$ 29,808,454</u>              | <u>\$ 1,453,692</u> | <u>\$ (1,579)</u> | <u>\$ 31,260,567</u>              |

Depreciation expense was charged to the enterprise funds as follows:

|                                 |                     |
|---------------------------------|---------------------|
| <u>Major Enterprise Funds</u>   |                     |
| Sewer                           | \$ 685,113          |
| Water                           | 302,714             |
| <u>Nonmajor Enterprise Fund</u> |                     |
| Storm water                     | <u>38,201</u>       |
| Total depreciation expense      | <u>\$ 1,026,028</u> |

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

**NOTE 10 - CAPITAL LEASES**

In 2007, the City entered into capitalized lease agreements for the acquisition of a new fire truck, two new emergency vehicles and two new staff vehicles.

In prior years, the City entered into capitalized leases for police vehicles, fire trucks, an ambulance, and various equipment. 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. Fund capital assets acquired by capital lease and the related liability and interest expense have been reported in the general fund, the fire improvement fund, the sewer fund and the water fund.

Capital assets consisting of vehicles and equipment have been capitalized in the statement of net assets in the amount of \$1,776,886 for the governmental funds and \$71,873 for the enterprise funds. Accumulated depreciation as of December 31, 2007 was \$280,160 for the governmental funds and \$4,492 for the enterprise funds, leaving a current book value of \$1,496,726 for the governmental funds and \$67,381 for the enterprise funds. 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 2007 totaled \$63,531 made from the general fund, \$112,359 made from the fire improvement fund, \$8,045 made from the water fund and \$8,046 made from the sewer fund.

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, 2007:

| <u>Year Ending December 31,</u>             | Governmental |              | Enterprise |           |
|---|--------------|--------------|------------|-----------|
|   | Activities   |              | Water      | Sewer     |
|   | General      | Fire         |            |           |
|   | Fund         | Improvement  | Fund       | Fund      |
| 2008  | \$ 69,510    | \$ 150,653   | \$ 8,045   | \$ 8,046  |
| 2009  | 4,872        | 150,652      | 8,046      | 8,045     |
| 2010  | 4,872        | 150,652      | 8,045      | 8,046     |
| 2011  | 4,872        | 150,652      | 8,046      | 8,045     |
| 2012  | -            | 88,327       | -          | -         |
| 2013-2017                                   | -            | 441,639      | -          | -         |
| 2018-2022                                   | -            | 441,636      | -          | -         |
| Total                                       | 84,126       | 1,574,211    | 32,182     | 32,182    |
| Less: amount representing interest          | (5,375)      | (414,332)    | (4,291)    | (4,291)   |
| Present value of net minimum lease payments | \$ 78,751    | \$ 1,159,879 | \$ 27,891  | \$ 27,891 |

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

**NOTE 11 - LONG-TERM OBLIGATIONS**

**A. Governmental Activities**

During 2007, the following changes occurred in governmental activities long-term obligations:

|  | <u>Balance</u><br><u>12/31/06</u> | <u>Additions</u>    | <u>Reductions</u>   | <u>Balance</u><br><u>12/31/07</u>               | <u>Amounts</u><br><u>Due in</u><br><u>One Year</u> |
|--|-----------------------------------|---------------------|---------------------|---|--|
| <b>Governmental Activities:</b>                        |                                   |                     |                     |   |  |
| <i>General Obligation Bonds</i>                        |                                   |                     |                     |   |  |
| Road and safety bonds                                  | \$ 610,000                        | \$ -                | \$ (140,000)        | \$ 470,000                                      | \$ 150,000   |
| Refunding bonds  | <u>2,135,000</u>                  | <u>-</u>            | <u>-</u>            | <u>2,135,000</u>                                | <u>10,000</u>                                      |
| Total general obligation bonds                         | <u>2,745,000</u>                  | <u>-</u>            | <u>(140,000)</u>    | <u>2,605,000</u>                                | <u>160,000</u>                                     |
| <i>OPWC Loan</i>                                       |                                   |                     |                     |   |  |
| Jefferson Ave. project                                 | <u>448,810</u>                    | <u>-</u>            | <u>(11,811)</u>     | <u>436,999</u>                                  | <u>23,621</u>                                      |
| Total OPWC loan  | <u>448,810</u>                    | <u>-</u>            | <u>(11,811)</u>     | <u>436,999</u>                                  | <u>23,621</u>                                      |
| <i>ODOT Loan</i>                                       |                                   |                     |                     |   |  |
| New Haven bridge                                       | <u>564,170</u>                    | <u>-</u>            | <u>-</u>            | <u>564,170</u>                                  | <u>63,394</u>                                      |
| Total ODOT loan  | <u>564,170</u>                    | <u>-</u>            | <u>-</u>            | <u>564,170</u>                                  | <u>63,394</u>                                      |
| <i>Other Long-Term Obligations</i>                     |                                   |                     |                     |   |  |
| Compensated absences                                   | 280,096                           | 363,384             | (323,024)           | 320,456   | 43,157   |
| Capital leases   | <u>170,264</u>                    | <u>1,244,256</u>    | <u>(175,890)</u>    | <u>1,238,630</u>                                | <u>163,342</u>                                     |
| Total other long-term obligations                      | <u>450,360</u>                    | <u>1,607,640</u>    | <u>(498,914)</u>    | <u>1,559,086</u>                                | <u>206,499</u>                                     |
| Total governmental activities<br>long-term obligations | <u>\$ 4,208,340</u>               | <u>\$ 1,607,640</u> | <u>\$ (650,725)</u> | 5,165,255                                       | <u>\$ 453,514</u>                                  |
|  |                                   |                     |                     | Add: Unamortized premium on bond issue          | 71,894   |
|  |                                   |                     |                     | Less: Unamortized deferred charges on refunding | <u>(119,046)</u>                                   |
|  |                                   |                     |                     | Total reported on statement of net assets       | <u>\$ 5,118,103</u>                                |

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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

General Obligation Road and Safety Bonds: On June 1, 2000, the City issued \$3,360,000 in Series 2000 various purpose general obligation bonds to provide long-term, financing of various construction improvements related to roads and safety in the City. The callable portion of these bonds were advance refunded on August 11, 2005 (see below). The remaining non-callable portion of the bonds have annual interest rates ranging from 5.15% to 5.45% and are scheduled to mature in 2010.

General Obligation Refunding Bonds: On August 11, 2005, the City issued \$2,135,000 in Series 2005 general obligation 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 the callable portion (\$1,985,000) of the Series 2000 various purpose 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. Principal payments on the refunding bonds are scheduled to begin in 2008. The principal balance of the refunded bonds at December 31, 2007 was \$1,985,000.

OPWC Loan: The City's Jefferson Avenue project was financed through expenditures by the Ohio Public Works Commission (OPWC). At December 31, 2007, the City has one loan outstanding through the OPWC payable from governmental activities. The loan is interest free and payable in semi-annual installments that began in 2006.

ODOT Loan: The City borrowed \$564,170 from the Ohio Department of Transportation (ODOT) to finance the City's portion of the ODOT project to widen New Haven Road over Interstate 74. The loan bears interest rates ranging from 0% to 5%. Payments are payable in semi-annual installments beginning with the first interest payment being due on February 1, 2008.

Capital Lease Obligations - The City's capital lease obligations are described in Note 10.

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

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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

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

| Year<br>Ended | General Obligation Bonds - 2000 Series |                  |                   | Refunding Bonds - 2005 Series |                   |                     |
|---------------|--|------------------|-------------------|-------------------------------|-------------------|---------------------|
|               | Principal                              | Interest         | Total             | Principal                     | Interest          | Total               |
| 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                                | 8,992            | 173,992           | 15,000                        | 94,792            | 109,792             |
| 2011          | -                                      | -                | -                 | 195,000                       | 94,313            | 289,313             |
| 2012          | -                                      | -                | -                 | 200,000                       | 85,050            | 285,050             |
| 2013 - 2017   | -                                      | -                | -                 | 1,160,000                     | 274,238           | 1,434,238           |
| 2018 - 2019   | -                                      | -                | -                 | 540,000                       | 34,638            | 574,638             |
| <b>Total</b>  | <b>\$ 470,000</b>                      | <b>\$ 51,666</b> | <b>\$ 521,666</b> | <b>\$ 2,135,000</b>           | <b>\$ 773,846</b> | <b>\$ 2,908,846</b> |

| Year<br>Ended | OPWC Loan         |             |                   | ODOT Loan         |                   |                   |
|---------------|-------------------|-------------|-------------------|-------------------|-------------------|-------------------|
|               | Principal         | Interest    | Total             | Principal         | Interest          | Total             |
| 2008          | \$ 23,621         | \$ -        | \$ 23,621         | \$ 63,394         | \$ 33,378         | \$ 96,772         |
| 2009          | 23,622            | -           | 23,622            | 65,310            | 14,537            | 79,847            |
| 2010          | 23,622            | -           | 23,622            | 65,600            | 16,584            | 82,184            |
| 2011          | 23,622            | -           | 23,622            | 66,853            | 17,668            | 84,521            |
| 2012          | 23,622            | -           | 23,622            | 70,237            | 14,284            | 84,521            |
| 2013 - 2017   | 118,108           | -           | 118,108           | 232,776           | 20,787            | 253,563           |
| 2018 - 2022   | 118,108           | -           | 118,108           | -                 | -                 | -                 |
| 2023 - 2027   | 82,674            | -           | 82,674            | -                 | -                 | -                 |
| <b>Total</b>  | <b>\$ 436,999</b> | <b>\$ -</b> | <b>\$ 436,999</b> | <b>\$ 564,170</b> | <b>\$ 117,238</b> | <b>\$ 681,408</b> |



## CITY OF HARRISON, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

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

General obligation bonds: 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.

Mortgage revenue bonds: 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 financial statements. The principal balance of the refunded wastewater system mortgage revenue bonds at December 31, 2007 was \$1,975,000.

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 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.

The City has pledged future waste water customer revenues, net of specified operating expenses, to repay \$18,750,000 in Series 2003 waste water system revenue improvement and refunding bonds. Proceeds of the waste water system revenue improvement and refunding bonds were used for waste water improvements and to refund the outstanding balance of previously issued Series 1993 waste water general obligation improvement notes. The Series 2003 waste water revenue improvement and refunding bonds are payable solely from waste water customer net revenues and are payable through 2028. Annual principal and interest payments on the bonds are expected to require less than 75.45 percent of net revenues. The total principal and interest remaining to be paid on the Series 2003 waste water system revenue improvement and refunding bonds is \$29,045,745. Principal and interest paid for the current year and total customer net revenues were \$1,043,798 and \$1,383,460, respectively.

OPWC loans: Improvements to the City's water treatment facilities and State Street/Campbell Road were financed through expenditures by the Ohio Public Works Commission (OPWC). At December 31, 2007, the City has three loans outstanding through the OPWC payable from business-type activities. The loans are payable in semi-annual installments of principal and interest. The amounts due to the OPWC are payable solely from water and sewer revenues.

OWDA loans: The City has entered into debt financing arrangements through the Ohio Water Development Authority (OWDA) to fund construction projects. The amounts due to the OWDA are payable solely from water revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2007, the City has outstanding borrowings of \$3,181,172. The loan agreements require semi-annual payments based on the permissible borrowings rather than the actual amount loaned. The projects financed through OWDA loans are not closed out as of December 31, 2007. Future annual debt service principal and interest requirements for these loans are not available.

Bond anticipation note: On December 12, 2007 the City issued \$5,550,000 bond anticipation note bearing a 3.76% interest rate. This note matures on December 11, 2008. The entire amount of the notes were unspent at December 31, 2008.

Capital lease obligation: The City's capital lease obligations are described in Note 10.

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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

Compensated absences: Compensated absences for business-type activities will be paid from the sewer and water enterprise funds.

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

| Year<br>Ended | General Obligation Bonds |                   |                   | Revenue Refunding Bonds |                      |                      |
|---------------|--------------------------|-------------------|-------------------|-------------------------|----------------------|----------------------|
|               | <u>Principal</u>         | <u>Interest</u>   | <u>Total</u>      | <u>Principal</u>        | <u>Interest</u>      | <u>Total</u>         |
| 2008          | \$ 25,000                | \$ 18,060         | \$ 43,060         | \$ 425,000              | \$ 818,738           | \$ 1,243,738         |
| 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          | 20,000                   | 16,050            | 36,050            | 570,000                 | 774,500              | 1,344,500            |
| 2012          | 20,000                   | 15,100            | 35,100            | 590,000                 | 753,980              | 1,343,980            |
| 2013 - 2017   | 115,000                  | 60,663            | 175,663           | 3,425,000               | 3,391,358            | 6,816,358            |
| 2018 - 2022   | 145,000                  | 32,900            | 177,900           | 4,805,000               | 2,489,844            | 7,294,844            |
| 2023 - 2027   | 70,000                   | 4,331             | 74,331            | 5,800,000               | 1,173,750            | 6,973,750            |
| 2028          | -                        | -                 | -                 | 1,330,000               | 63,175               | 1,393,175            |
| Total         | <u>\$ 435,000</u>        | <u>\$ 181,104</u> | <u>\$ 616,104</u> | <u>\$ 17,980,000</u>    | <u>\$ 11,065,745</u> | <u>\$ 29,045,745</u> |

| Year<br>Ended | OPWC Loans          |                 |                     |
|---------------|---------------------|-----------------|---------------------|
|               | <u>Principal</u>    | <u>Interest</u> | <u>Total</u>        |
| 2008          | \$ 184,136          | \$ 2,811        | \$ 186,947          |
| 2009          | 92,308              | -               | 92,308              |
| 2010          | 92,308              | -               | 92,308              |
| 2011          | 92,308              | -               | 92,308              |
| 2012          | 92,308              | -               | 92,308              |
| 2013-2017     | 461,542             | -               | 461,542             |
| 2018-2022     | 461,542             | -               | 461,542             |
| 2023-2027     | <u>461,542</u>      | <u>-</u>        | <u>461,542</u>      |
| Total         | <u>\$ 1,937,994</u> | <u>\$ 2,811</u> | <u>\$ 1,940,805</u> |

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

**NOTE 12 - RISK MANAGEMENT**

The City has the following insurance coverage's related to 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. From January 1, 2007 to May 31, 2007, the City was insured through Arthur J. Gallagher & Co. All insurance coverage was underwritten by Coregis Insurance Co. On June 1, 2007, the City joined The Ohio Government Risk Management Plan for comprehensive insurance.

**Risk Pool Membership**

The Government belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 510 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity.

The Plan provides property, liability, errors and omissions, law enforcement, automobile, excessive liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except for the 5% portion retained by the Plan. After September 1, 2003, the Plan pays the lesser of 5% or \$25,000 of casualty losses and the lesser of 5% or \$50,000 of property losses. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006, the latest information available:

|                 | <u>2007</u>         | <u>2006</u>         |
|-----------------|---------------------|---------------------|
| Assets          | \$ 10,734,173       | \$ 9,620,148        |
| Liabilities     | <u>(4,007,369)</u>  | <u>(3,329,620)</u>  |
| Members' Equity | <u>\$ 6,726,804</u> | <u>\$ 6,290,528</u> |

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**B. Employee Health Insurance**

During 2007, the City provided employees insurance through Humana Insurance for medical, dental, accident and life insurance. The premiums for health, dental and accident and life insurance are paid monthly with the City paying one hundred percent of the cost. The risk of loss transfers to the insurance carrier upon payment of the premium by the City.

**CITY OF HARRISON, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**NOTE 12 - RISK MANAGEMENT - (Continued)**

**C. Workers' Compensation**

Workers' Compensation claims are covered through the State of Ohio Workers Compensation Retrospective Plan. The City's MCO is Sheakley Unicomp.

There has been no significant reduction in insurance coverage from the prior year. Settled claims resulting from these risks above have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 13 - PENSION PLANS**

**A. Ohio Public Employees Retirement System**

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension 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 Pension 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 Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement under the Traditional Pension Plan, were required to contribute 9.5% of their annual covered salaries. Members participating in the Traditional Pension Plan that were in law enforcement contributed 10.1% of their annual covered salary. The City's contribution rate for pension benefits for 2007 was 8.85% for the period January 1, 2007 through June 30, 2007 and 7.85% for the period July 1, 2007 through December 31, 2007, except for those plan members in law enforcement and public safety. For those classifications, the City's pension contributions were 12.17% of covered payroll for the period January 1, 2007 through June 30, 2007 and 11.17% of covered payroll for the period July 1, 2007 through December 31, 2007. The Ohio Revised Code provides statutory authority for member and employer contributions. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2007, 2006, and 2005 were \$132,089, \$141,460, and \$150,274, respectively; 88.6% has been contributed for 2007 and 100% has been contributed for 2006 and 2005.

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

**PENSION PLANS - (Continued)**

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.5% and 24.0% for police officers and firefighters, respectively. The portion of the City's contributions to fund pension obligations was 12.75% for police officers and 17.25% for firefighters. The City's required contributions for pension obligations to OP&F for police officers and firefighters were \$168,648 and \$171,324 for the year ended December 31, 2007, \$164,570 and \$157,559 for the year ended December 31, 2006, and \$144,747 and \$138,060 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 81.93% for police officers and 79.01% for firefighters has been contributed for 2007 with the remainder being reported as a liability in the respective funds.

**NOTE 14 - POSTRETIREMENT BENEFIT PLANS**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides post-employment health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the Traditional Pension 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 post-employment health care coverage. The health care coverage provided by OPERS is considered an Other Post-employment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Post-employment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to the Traditional Pension or Combined Plans is set aside for the funding of post-employment health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85% of covered payroll (17.17% for public safety and law enforcement); 5.00% of covered payroll was the portion that was used to fund health care for the period January 1, 2007 through June 30, 2007 and 6.00% of covered payroll was the portion that was used to fund health care for the period July 1, 2007 through December 31, 2007.

Benefits are advance-funded using the entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50%, 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 6.30% based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate (4.00%) plus an additional factor ranging from .50% to 5.00% for the next eight years. In subsequent years, (nine and beyond) health care costs were assumed to increase at 4.00%.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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

The number of active contributing participants in the Traditional Pension and Combined Plans was 374,979 as of December 31, 2007. The City's actual employer contributions for 2007 which were used to fund post-employment benefits were \$87,068. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006 (the latest information available) were \$12.0 billion. At December 31, 2006 (the latest information available), the actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

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

The Ohio Police and Fire Pension Fund (OP&F) provides post-employment 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 OP&F is considered an Other Post-employment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Post-employment Benefits other than Pension Benefits by State and Local Government Employers". The Ohio Revised Code provides the authority allowing the OP&F'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 6.75% of covered payroll was applied to the post-employment health care program during 2007. 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 2007 that were used to fund post-employment benefits were \$89,224 for police officers and \$66,957 for firefighters. The OP&F's total health care expense for the year ended December 31, 2006 (the latest information available) was \$120.374 million, which was net of member contributions of \$58.533 million. The number of OP&F participants eligible to receive health care benefits as of December 31, 2006 (the latest information available), was 14,120 for police officers and 10,563 for firefighters.

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balances - budget and actual (Non-GAAP budgetary basis) presented for the general fund and 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:

**CITY OF HARRISON, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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

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).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

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<br/>Improvement</u> |
|---|-------------------|-----------------------------|
| Budget basis                                      | \$ 503,923        | \$ 86,127                   |
| Net adjustment for revenue accruals               | 81,028            | 23,096                      |
| Net adjustment for expenditure accruals           | (1,009,975)       | (370,788)                   |
| Net adjustment for other financing sources/(uses) | 992,317           | 282,092                     |
| Adjustment for encumbrances                       | <u>64,292</u>     | <u>44,719</u>               |
| GAAP basis  | <u>\$ 631,585</u> | <u>\$ 65,246</u>            |

**NOTE 16 - 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, 2007.

**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 financial statements.

**COMBINING STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES**

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**CITY OF HARRISON, OHIO**

**FUND DESCRIPTIONS - GOVERNMENTAL FUNDS**

**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 Center***

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**

**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***

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

***Law Enforcement Trust***

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

***Recreation Tax Receipts***

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

**NONMAJOR DEBT SERVICE FUNDS**

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

***Debt Service***

This fund accounts for transfers in from the general fund for the retirement of principal and interest on general obligation debt.

***Special Assessment***

This fund accounts for various special assessments received by the City.

**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:

***Capital Improvements***

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

***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.

**CITY OF HARRISON, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2007

|   | <b>Nonmajor<br/>Special Revenue<br/>Funds</b> | <b>Nonmajor<br/>Debt Service<br/>Funds</b> | <b>Nonmajor<br/>Capital Projects<br/>Funds</b> | <b>Total Nonmajor<br/>Governmental<br/>Funds</b> |
|---|---|--|--|--|
| <b>Assets:</b>  |   |  |  |  |
| Equity in pooled cash and cash equivalents . . . . .    | \$ 1,394,710                                  | \$ 923,848                                 | \$ 866,646                                     | \$ 3,185,204                                     |
| Cash in segregated accounts . . . . .                   | 10,440  | -  | 35,241   | 45,681   |
| Receivables (net of allowances of uncollectibles):      |   |  |  |  |
| Real and other taxes . . . . .                          | 61,172  | -  | 25,877   | 87,049   |
| Accounts. . . . .                                       | 82  | -  | -  | 82   |
| Due from other governments. . . . .                     | 223,742                                       | -  | 157,310  | 381,052  |
| Prepayments. . . . .                                    | 9,000   | -  | -  | 9,000  |
| Materials and supplies inventory . . . . .              | 17,888  | -  | -  | 17,888   |
| <b>Total assets . . . . .</b>                           | <b>\$ 1,717,034</b>                           | <b>\$ 923,848</b>                          | <b>\$ 1,085,074</b>                            | <b>\$ 3,725,956</b>                              |
| <b>Liabilities:</b>                                     |   |  |  |  |
| Accounts payable . . . . .                              | \$ 13,063                                     | \$ -                                       | \$ 107   | \$ 13,170  |
| Contracts payable . . . . .                             | 10,284  | -  | 216,637  | 226,921  |
| Retainage payable . . . . .                             | -   | -  | 35,241   | 35,241   |
| Accrued wages and benefits . . . . .                    | 20,592  | -  | -  | 20,592   |
| Due to other governments . . . . .                      | 138,012                                       | -  | -  | 138,012  |
| Advances from other funds. . . . .                      | 35,411  | -  | -  | 35,411   |
| Unearned revenue. . . . .                               | 57,660  | -  | -  | 57,660   |
| Deferred revenue . . . . .                              | 124,389                                       | -  | -  | 124,389  |
| <b>Total liabilities . . . . .</b>                      | <b>399,411</b>                                | <b>-</b>                                   | <b>251,985</b>                                 | <b>651,396</b>                                   |
| <b>Fund Balances:</b>                                   |   |  |  |  |
| Reserved for encumbrances. . . . .                      | 12,805  | -  | 14,607   | 27,412   |
| Reserved for materials and supplies inventory . . . . . | 17,888  | -  | -  | 17,888   |
| Reserved for prepaids . . . . .                         | 9,000   | -  | -  | 9,000  |
| Unreserved, undesignated, reported in:                  |   |  |  |  |
| Special revenue funds . . . . .                         | 1,277,930                                     | -  | -  | 1,277,930  |
| Debt service funds . . . . .                            | -   | 923,848                                    | -  | 923,848  |
| Capital projects funds . . . . .                        | -   | -  | 818,482  | 818,482  |
| <b>Total fund balances . . . . .</b>                    | <b>1,317,623</b>                              | <b>923,848</b>                             | <b>833,089</b>                                 | <b>3,074,560</b>                                 |
| <b>Total liabilities and fund equity . . . . .</b>      | <b>\$ 1,717,034</b>                           | <b>\$ 923,848</b>                          | <b>\$ 1,085,074</b>                            | <b>\$ 3,725,956</b>                              |

**CITY OF HARRISON, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

|   | <b>Nonmajor<br/>Special Revenue<br/>Funds</b> | <b>Nonmajor<br/>Debt Service<br/>Funds</b> | <b>Nonmajor<br/>Capital Projects<br/>Funds</b> | <b>Total Nonmajor<br/>Governmental<br/>Funds</b> |
|---|---|--|--|--|
| <b>Revenues:</b>  |   |  |  |  |
| Real and other taxes . . . . .  | \$ 90,468                                     | \$ -                                       | \$ 233,431                                     | \$ 323,899                                       |
| Charges for services . . . . .  | 260,217                                       | -  | -  | 260,217  |
| Licenses and permits . . . . .  | 480   | -  | -  | 480  |
| Intergovernmental . . . . .   | 440,190                                       | -  | 402,679  | 842,869  |
| Other . . . . .   | 42,365  | -  | 33,500   | 75,865   |
|   | <hr/>   | <hr/>                                      | <hr/>  | <hr/>  |
| Total revenues . . . . .  | 833,720                                       | -  | 669,610  | 1,503,330  |
| <b>Expenditures:</b>  |   |  |  |  |
| Current:  |   |  |  |  |
| Security of persons and property. . . . .                             | 308,035                                       | -  | -  | 308,035  |
| Public health and welfare . . . . .                                   | 279,541                                       | -  | -  | 279,541  |
| Transportation . . . . .  | 555,511                                       | -  | -  | 555,511  |
| Leisure time activity . . . . .                                       | 197,514                                       | -  | -  | 197,514  |
| Capital outlay. . . . .   | 49,881  | -  | 983,671  | 1,033,552  |
| Debt service:   |   |  |  |  |
| Principal retirement. . . . .   | -   | 151,811                                    | -  | 151,811  |
| Interest and fiscal charges . . . . .                                 | -   | 32,662                                     | -  | 32,662   |
|   | <hr/>   | <hr/>                                      | <hr/>  | <hr/>  |
| Total expenditures . . . . .  | 1,390,482                                     | 184,473                                    | 983,671  | 2,558,626  |
| Excess (deficiency) of revenues<br>over (under) expenditures. . . . . | <hr/> (556,762)                               | <hr/> (184,473)                            | <hr/> (314,061)                                | <hr/> (1,055,296)                                |
| <b>Other financing sources:</b>                                       |   |  |  |  |
| Transfers in. . . . .   | 641,238                                       | -  | -  | 641,238  |
|   | <hr/>   | <hr/>                                      | <hr/>  | <hr/>  |
| Total other financing sources . . . . .                               | 641,238                                       | -  | -  | 641,238  |
| Net change in fund balances . . . . .                                 | 84,476  | (184,473)                                  | (314,061)                                      | (414,058)  |
| <b>Fund balances at beginning of year . . . . .</b>                   | <hr/> 1,233,147                               | <hr/> 1,108,321                            | <hr/> 1,147,150                                | <hr/> 3,488,618                                  |
| <b>Fund balances at end of year . . . . .</b>                         | <hr/> <u>\$ 1,317,623</u>                     | <hr/> <u>\$ 923,848</u>                    | <hr/> <u>\$ 833,089</u>                        | <hr/> <u>\$ 3,074,560</u>                        |

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**CITY OF HARRISON, OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2007**

|   | <b>Street<br/>Maintenance<br/>and Repair</b> | <b>State<br/>Highway<br/>Improvements</b> | <b>Fire<br/>Memorial</b> |
|---|--|---|--------------------------|
| <b>Assets:</b>  |  |   |                          |
| Equity in pooled cash and cash equivalents . . . . .    | \$ 275,046                                   | \$ 136,239                                | \$ 11,967                |
| Cash in segregated accounts . . . . .                   | -  | -   | -                        |
| Receivables (net of allowances for uncollectibles):     |  |   |                          |
| Real and other taxes . . . . .                          | -  | -   | -                        |
| Accounts . . . . .                                      | 82   | -   | -                        |
| Due from other governments . . . . .                    | 169,065                                      | 13,707                                    | -                        |
| Prepayments . . . . .                                   | 3,750  | -   | -                        |
| Materials and supplies inventory . . . . .              | 16,051                                       |   |                          |
| Total assets . . . . .                                  | \$ 463,994                                   | \$ 149,946                                | \$ 11,967                |
| <br><b>Liabilities:</b>                                 |  |   |                          |
| Accounts payable . . . . .                              | \$ 3,814                                     | \$ -                                      | \$ 180                   |
| Contracts payable . . . . .                             | -  | -   | -                        |
| Accrued wages and benefits . . . . .                    | 11,835                                       | -   | -                        |
| Due to other governments . . . . .                      | 13,282                                       | -   | -                        |
| Advances from other funds . . . . .                     | -  | 20,411                                    | 15,000                   |
| Unearned revenue . . . . .                              | -  | -   | -                        |
| Deferred revenue . . . . .                              | 110,250                                      | 7,939                                     | -                        |
| Total liabilities . . . . .                             | 139,181                                      | 28,350                                    | 15,180                   |
| <br><b>Fund Balances:</b>                               |  |   |                          |
| Reserved for encumbrances . . . . .                     | 4,417  | -   | -                        |
| Reserved for materials and supplies inventory . . . . . | 16,051                                       | -   | -                        |
| Reserved for prepaids . . . . .                         | 3,750  | -   | -                        |
| Unreserved, undesignated (deficit), reported in:        |  |   |                          |
| Special revenue funds . . . . .                         | 300,595                                      | 121,596                                   | (3,213)                  |
| Total fund balances . . . . .                           | 324,813                                      | 121,596                                   | (3,213)                  |
| Total liabilities and fund equity . . . . .             | \$ 463,994                                   | \$ 149,946                                | \$ 11,967                |

| <u>Police Pension</u> | <u>Enforcement and Education</u> | <u>FEMA</u>     | <u>Police Memorial</u> | <u>Senior Center</u> | <u>Passport Account</u> |
|-----------------------|----------------------------------|-----------------|------------------------|----------------------|-------------------------|
| \$ 3,194              | \$ 1,589                         | \$ 3,766        | \$ 227                 | \$ 92,268            | \$ 110,272              |
| -                     | -                                | -               | -                      | 10,440               | -                       |
| 61,172                | -                                | -               | -                      | -                    | -                       |
| -                     | -                                | -               | -                      | -                    | -                       |
| 2,688                 | 149                              | -               | -                      | 27,695               | 883                     |
| -                     | -                                | -               | -                      | 250                  | -                       |
|                       |                                  |                 |                        | 511                  | -                       |
| <u>\$ 67,054</u>      | <u>\$ 1,738</u>                  | <u>\$ 3,766</u> | <u>\$ 227</u>          | <u>\$ 131,164</u>    | <u>\$ 111,155</u>       |
| \$ -                  | \$ -                             | \$ -            | \$ -                   | \$ 4,746             | \$ 5                    |
| -                     | -                                | -               | -                      | -                    | -                       |
| -                     | -                                | -               | -                      | 5,468                | -                       |
| 103,156               | -                                | -               | -                      | 6,446                | -                       |
| -                     | -                                | -               | -                      | -                    | -                       |
| 57,660                | -                                | -               | -                      | -                    | -                       |
| 6,200                 | -                                | -               | -                      | -                    | -                       |
| <u>167,016</u>        | <u>-</u>                         | <u>-</u>        | <u>-</u>               | <u>16,660</u>        | <u>5</u>                |
| -                     | -                                | -               | -                      | -                    | 8,388                   |
| -                     | -                                | -               | -                      | 511                  | -                       |
|                       |                                  |                 |                        | 250                  | -                       |
| (99,962)              | 1,738                            | 3,766           | 227                    | 113,743              | 102,762                 |
| (99,962)              | 1,738                            | 3,766           | 227                    | 114,504              | 111,150                 |
| <u>\$ 67,054</u>      | <u>\$ 1,738</u>                  | <u>\$ 3,766</u> | <u>\$ 227</u>          | <u>\$ 131,164</u>    | <u>\$ 111,155</u>       |

- - Continued

**CITY OF HARRISON, OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)**  
**DECEMBER 31, 2007**

|  | <b>Community<br/>Center</b> | <b>Fire Capital<br/>Reserve</b> | <b>Drug Law<br/>Enforcement</b> | <b>Law<br/>Enforcement<br/>Trust</b> |
|--|-----------------------------|---------------------------------|---------------------------------|--------------------------------------|
| <b>Assets:</b>                                       |                             |                                 |                                 |                                      |
| Equity in pooled cash and cash equivalents . . . . . | \$ 143,704                  | \$ 212,574                      | \$ 25,431                       | \$ 2,978                             |
| Cash in segregated accounts . . . . .                | -                           | -                               | -                               | -                                    |
| Receivables (net of allowances for uncollectibles):  |                             |                                 |                                 |                                      |
| Real and other taxes . . . . .                       | -                           | -                               | -                               | -                                    |
| Accounts . . . . .                                   | -                           | -                               | -                               | -                                    |
| Due from other governments . . . . .                 | 8,945                       | -                               | 610                             | -                                    |
| Prepayments . . . . .                                | 5,000                       | -                               | -                               | -                                    |
| Materials and supplies inventory . . . . .           | 1,326                       | -                               | -                               | -                                    |
|  |                             |                                 |                                 |                                      |
| Total assets . . . . .                               | \$ 158,975                  | \$ 212,574                      | \$ 26,041                       | \$ 2,978                             |
| <b>Liabilities:</b>                                  |                             |                                 |                                 |                                      |
| Accounts payable . . . . .                           | \$ 3,946                    | \$ -                            | \$ 372                          | \$ -                                 |
| Contracts payable . . . . .                          | 10,284                      | -                               | -                               | -                                    |
| Accrued wages and benefits . . . . .                 | 3,289                       | -                               | -                               | -                                    |
| Due to other governments . . . . .                   | 15,128                      | -                               | -                               | -                                    |
| Advances from other funds . . . . .                  | -                           | -                               | -                               | -                                    |
| Unearned revenue . . . . .                           | -                           | -                               | -                               | -                                    |
| Deferred revenue . . . . .                           | -                           | -                               | -                               | -                                    |
|  |                             |                                 |                                 |                                      |
| Total liabilities . . . . .                          | 32,647                      | -                               | 372                             | -                                    |
| <b>Fund Balances:</b>                                |                             |                                 |                                 |                                      |
| Reserved for encumbrances . . . . .                  | -                           | -                               | -                               | -                                    |
| Reserved for supplies inventory . . . . .            | 1,326                       | -                               | -                               | -                                    |
| Reserved for prepaids . . . . .                      | 5,000                       | -                               | -                               | -                                    |
| Unreserved, undesignated (deficit), reported in:     |                             |                                 |                                 |                                      |
| Special revenue funds . . . . .                      | 120,002                     | 212,574                         | 25,669                          | 2,978                                |
| Total fund balances . . . . .                        | 126,328                     | 212,574                         | 25,669                          | 2,978                                |
| Total liabilities and fund equity . . . . .          | \$ 158,975                  | \$ 212,574                      | \$ 26,041                       | \$ 2,978                             |

| <b>Recreation<br/>Tax Reciepts</b> | <b>Nonmajor<br/>Special Revenue<br/>Funds</b> |
|------------------------------------|---|
| \$ 375,455                         | \$ 1,394,710                                  |
| -                                  | 10,440  |
| -                                  | 61,172  |
| -                                  | 82  |
| -                                  | 223,742                                       |
| -                                  | 9,000   |
| -                                  | 17,888  |
| <u>\$ 375,455</u>                  | <u>\$ 1,717,034</u>                           |
| <br>                               |   |
| \$ -                               | \$ 13,063                                     |
| -                                  | 10,284  |
| -                                  | 20,592  |
| -                                  | 138,012                                       |
| -                                  | 35,411  |
| -                                  | 57,660  |
| -                                  | 124,389                                       |
| <u>-</u>                           | <u>399,411</u>                                |
| <br>                               |   |
| -                                  | 12,805  |
| -                                  | 17,888  |
| -                                  | 9,000   |
| <u>375,455</u>                     | <u>1,277,930</u>                              |
| <u>375,455</u>                     | <u>1,317,623</u>                              |
| <br>                               |   |
| <u>\$ 375,455</u>                  | <u>\$ 1,717,034</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, 2007

|  | <u>Street<br/>Maintenance<br/>and Repair</u> | <u>State<br/>Highway<br/>Improvements</u> | <u>Fire<br/>Memorial</u> |
|--|--|---|--------------------------|
| <b>Revenues:</b>   |  |   |                          |
| Real and other taxes . . . . .   | \$ -   | \$ -                                      | \$ -                     |
| Charges for services . . . . .   | -  | -   | -                        |
| Licenses and permits . . . . .   | 480  | -   | -                        |
| Intergovernmental . . . . .  | 342,943                                      | 32,105                                    | -                        |
| Other . . . . .  | <u>31,901</u>                                | <u>-</u>                                  | <u>7,237</u>             |
| Total revenues . . . . .   | <u>375,324</u>                               | <u>32,105</u>                             | <u>7,237</u>             |
| <br><b>Expenditures:</b>   |  |   |                          |
| Current:   |  |   |                          |
| Security of persons and property. . . . .                              | -  | -   | -                        |
| Public health and welfare . . . . .                                    | -  | -   | -                        |
| Transportation . . . . .   | 541,470                                      | 9,814                                     | 4,227                    |
| Leisure time activity . . . . .  | -  | -   | -                        |
| Capital outlay . . . . .   | <u>5,500</u>                                 | <u>-</u>                                  | <u>-</u>                 |
| Total expenditures . . . . .   | <u>546,970</u>                               | <u>9,814</u>                              | <u>4,227</u>             |
| Excess (deficiency) of revenues<br>over (under) expenditures . . . . . | <u>(171,646)</u>                             | <u>22,291</u>                             | <u>3,010</u>             |
| <br><b>Other financing sources:</b>                                    |  |   |                          |
| Transfers in. . . . .  | <u>230,482</u>                               | <u>-</u>                                  | <u>-</u>                 |
| Total other financing sources. . . . .                                 | <u>230,482</u>                               | <u>-</u>                                  | <u>-</u>                 |
| Net change in fund balances. . . . .                                   | 58,836                                       | 22,291                                    | 3,010                    |
| <b>Fund balances at beginning of year . . . . .</b>                    | <u>265,977</u>                               | <u>99,305</u>                             | <u>(6,223)</u>           |
| <b>Fund balances at end of year . . . . .</b>                          | <u>\$ 324,813</u>                            | <u>\$ 121,596</u>                         | <u>\$ (3,213)</u>        |

| <u>Police Pension</u> | <u>Enforcement and Education</u> | <u>FEMA</u>     | <u>Police Memorial</u> | <u>Senior Center</u> | <u>Passport Account</u> |
|-----------------------|----------------------------------|-----------------|------------------------|----------------------|-------------------------|
| \$ 58,068             | \$ -                             | \$ -            | \$ -                   | \$ -                 | \$ -                    |
| -                     | -                                | -               | -                      | 148,373              | 8,720                   |
| -                     | -                                | -               | -                      | -                    | -                       |
| 5,376                 | 6,073                            | -               | -                      | 34,511               | 883                     |
| -                     | -                                | -               | -                      | 102                  | 3,104                   |
| <u>63,444</u>         | <u>6,073</u>                     | <u>-</u>        | <u>-</u>               | <u>182,986</u>       | <u>12,707</u>           |
| 302,404               | 4,335                            | -               | -                      | -                    | -                       |
| -                     | -                                | -               | -                      | 267,773              | 11,768                  |
| -                     | -                                | -               | -                      | -                    | -                       |
| -                     | -                                | -               | -                      | -                    | -                       |
| <u>-</u>              | <u>-</u>                         | <u>-</u>        | <u>-</u>               | <u>-</u>             | <u>-</u>                |
| <u>302,404</u>        | <u>4,335</u>                     | <u>-</u>        | <u>-</u>               | <u>267,773</u>       | <u>11,768</u>           |
| <u>(238,960)</u>      | <u>1,738</u>                     | <u>-</u>        | <u>-</u>               | <u>(84,787)</u>      | <u>939</u>              |
| <u>-</u>              | <u>-</u>                         | <u>-</u>        | <u>-</u>               | <u>100,000</u>       | <u>-</u>                |
| <u>-</u>              | <u>-</u>                         | <u>-</u>        | <u>-</u>               | <u>100,000</u>       | <u>-</u>                |
| <u>(238,960)</u>      | <u>1,738</u>                     | <u>-</u>        | <u>-</u>               | <u>15,213</u>        | <u>939</u>              |
| <u>138,998</u>        | <u>-</u>                         | <u>3,766</u>    | <u>227</u>             | <u>99,291</u>        | <u>110,211</u>          |
| <u>\$ (99,962)</u>    | <u>\$ 1,738</u>                  | <u>\$ 3,766</u> | <u>\$ 227</u>          | <u>\$ 114,504</u>    | <u>\$ 111,150</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, 2007

|  | <u>Community<br/>Center</u> | <u>Fire Capital<br/>Reserve</u> | <u>Drug Law<br/>Enforcement</u> | <u>Law<br/>Enforcement<br/>Trust</u> |
|--|-----------------------------|---------------------------------|---------------------------------|--------------------------------------|
| <b>Revenues:</b>   |                             |                                 |                                 |                                      |
| Property and other taxes . . . . .                                     | \$ -                        | \$ -                            | \$ -                            | \$ -                                 |
| Charges for services . . . . .   | 103,124                     | -                               | -                               | -                                    |
| Licenses and permits . . . . .   | -                           | -                               | -                               | -                                    |
| Intergovernmental . . . . .  | 8,945                       | -                               | 9,354                           | -                                    |
| Other . . . . .  | 21                          | -                               | -                               | -                                    |
| <b>Total revenues . . . . .</b>  | <u>112,090</u>              | <u>-</u>                        | <u>9,354</u>                    | <u>-</u>                             |
| <b>Expenditures:</b>   |                             |                                 |                                 |                                      |
| Current:   |                             |                                 |                                 |                                      |
| Security of persons and property. . . . .                              | -                           | -                               | -                               | 1,296                                |
| Public health and welfare . . . . .                                    | -                           | -                               | -                               | -                                    |
| Transportation . . . . .   | -                           | -                               | -                               | -                                    |
| Leisure time activity . . . . .  | 197,514                     | -                               | -                               | -                                    |
| Capital outlay . . . . .   | 25,172                      | 16,000                          | 3,209                           | -                                    |
| <b>Total expenditures . . . . .</b>                                    | <u>222,686</u>              | <u>16,000</u>                   | <u>3,209</u>                    | <u>1,296</u>                         |
| Excess (deficiency) of revenues<br>over (under) expenditures . . . . . | <u>(110,596)</u>            | <u>(16,000)</u>                 | <u>6,145</u>                    | <u>(1,296)</u>                       |
| <b>Other financing sources:</b>  |                             |                                 |                                 |                                      |
| Transfers in. . . . .  | 278,356                     | -                               | -                               | -                                    |
| <b>Total other financing sources. . . . .</b>                          | <u>278,356</u>              | <u>-</u>                        | <u>-</u>                        | <u>-</u>                             |
| <b>Net change in fund balances. . . . .</b>                            | 167,760                     | (16,000)                        | 6,145                           | (1,296)                              |
| <b>Fund balances at beginning of year . . . . .</b>                    | <u>(41,432)</u>             | <u>228,574</u>                  | <u>19,524</u>                   | <u>4,274</u>                         |
| <b>Fund balances at end of year . . . . .</b>                          | <u>\$ 126,328</u>           | <u>\$ 212,574</u>               | <u>\$ 25,669</u>                | <u>\$ 2,978</u>                      |

| <u>Recreation<br/>Tax Receipts</u> | <u>Nonmajor<br/>Special Revenue<br/>Funds</u> |
|------------------------------------|---|
| \$ 32,400                          | \$ 90,468                                     |
| -                                  | 260,217                                       |
| -                                  | 480   |
| -                                  | 440,190                                       |
| -                                  | 42,365  |
| 32,400                             | 833,720                                       |
| -                                  | 308,035                                       |
| -                                  | 279,541                                       |
| -                                  | 555,511                                       |
| -                                  | 197,514                                       |
| -                                  | 49,881  |
| -                                  | 1,390,482                                     |
| 32,400                             | (556,762)                                     |
| 32,400                             | 641,238                                       |
| 32,400                             | 641,238                                       |
| 64,800                             | 84,476  |
| 310,655                            | 1,233,147                                     |
| \$ 375,455                         | \$ 1,317,623                                  |

**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, 2007

|   | <u>Budgeted Amounts</u> |                   |                   | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-------------------------|-------------------|-------------------|---|
|   | <u>Original</u>         | <u>Final</u>      | <u>Actual</u>     |   |
| <b>Street Maintenance and Repair</b>          |                         |                   |                   |   |
| Total revenues and other sources . . . . .    | \$ 522,392              | \$ 552,582        | \$ 648,507        | \$ 95,925   |
| Total expenditures and other uses. . . . .    | <u>522,392</u>          | <u>536,582</u>    | <u>554,303</u>    | <u>(17,721)</u>   |
| Net change in fund balances. . . . .          | -                       | 16,000            | 94,204            | 78,204  |
| Fund balance at beginning of year. . . . .    | <u>172,611</u>          | <u>172,611</u>    | <u>172,611</u>    | <u>-</u>  |
| Fund balance at end of year . . . . .         | <u>\$ 172,611</u>       | <u>\$ 188,611</u> | <u>\$ 266,815</u> | <u>\$ 78,204</u>  |
| <b>State Highway Improvements</b>             |                         |                   |                   |   |
| Total revenues and other sources . . . . .    | \$ 19,000               | \$ 19,000         | \$ 30,813         | \$ 11,813   |
| Total expenditures and other uses. . . . .    | <u>1,000</u>            | <u>19,000</u>     | <u>9,814</u>      | <u>9,186</u>  |
| Net change in fund balances. . . . .          | 18,000                  | -                 | 20,999            | 20,999  |
| Fund balance at beginning of year. . . . .    | <u>115,240</u>          | <u>115,240</u>    | <u>115,240</u>    | <u>-</u>  |
| Fund balance at end of year . . . . .         | <u>\$ 133,240</u>       | <u>\$ 115,240</u> | <u>\$ 136,239</u> | <u>\$ 20,999</u>  |
| <b>Fire Memorial</b>                          |                         |                   |                   |   |
| Total revenues and other sources . . . . .    | \$ 2,000                | \$ 2,000          | \$ 7,237          | \$ 5,237  |
| Total expenditures and other uses. . . . .    | <u>1,180</u>            | <u>1,180</u>      | <u>4,047</u>      | <u>(2,867)</u>  |
| Net change in fund balances. . . . .          | 820                     | 820               | 3,190             | 2,370   |
| Fund balance at beginning of year. . . . .    | 8,597                   | 8,597             | 8,597             | -   |
| Prior year encumbrances appropriated. . . . . | <u>180</u>              | <u>180</u>        | <u>180</u>        | <u>-</u>  |
| Fund balance at end of year . . . . .         | <u>\$ 9,597</u>         | <u>\$ 9,597</u>   | <u>\$ 11,967</u>  | <u>\$ 2,370</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, 2007

|  | <u>Budgeted Amounts</u> |                   |                 | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|-------------------|-----------------|---|
|  | <u>Original</u>         | <u>Final</u>      | <u>Actual</u>   |   |
| <b>Police Pension</b>                      |                         |                   |                 |   |
| Total revenues and other sources . . . . . | \$ 214,700              | \$ 320,000        | \$ 63,444       | \$ (256,556)  |
| Total expenditures and other uses. . . . . | <u>214,700</u>          | <u>320,000</u>    | <u>270,095</u>  | <u>49,905</u>   |
| Net change in fund balances. . . . .       | -                       | -                 | (206,651)       | (206,651)   |
| Fund balance at beginning of year. . . . . | <u>209,845</u>          | <u>209,845</u>    | <u>209,845</u>  | <u>-</u>  |
| Fund balance at end of year . . . . .      | <u>\$ 209,845</u>       | <u>\$ 209,845</u> | <u>\$ 3,194</u> | <u>\$ (206,651)</u>   |
| <b>Enforcement and Education</b>           |                         |                   |                 |   |
| Total revenues and other sources . . . . . | \$ 1,000                | \$ 1,000          | \$ 5,924        | \$ 4,924  |
| Total expenditures and other uses. . . . . | <u>500</u>              | <u>500</u>        | <u>4,335</u>    | <u>(3,835)</u>  |
| Net change in fund balances. . . . .       | 500                     | 500               | 1,589           | 1,089   |
| Fund balance at beginning of year. . . . . | <u>-</u>                | <u>-</u>          | <u>-</u>        | <u>-</u>  |
| Fund balance at end of year . . . . .      | <u>\$ 500</u>           | <u>\$ 500</u>     | <u>\$ 1,589</u> | <u>\$ 1,089</u>   |
| <b>FEMA</b>                                |                         |                   |                 |   |
| Fund balance at beginning of year. . . . . | <u>\$ 3,766</u>         | <u>\$ 3,766</u>   | <u>\$ 3,766</u> | <u>\$ -</u>   |
| Fund balance at end of year . . . . .      | <u>\$ 3,766</u>         | <u>\$ 3,766</u>   | <u>\$ 3,766</u> | <u>\$ -</u>   |

**CITY OF HARRISON, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2007

|   | <u>Budgeted Amounts</u> |                   |                   | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-------------------------|-------------------|-------------------|---|
|   | <u>Original</u>         | <u>Final</u>      | <u>Actual</u>     |   |
| <b>Police Memorial</b>                        |                         |                   |                   |   |
| Fund balance at beginning of year . . . . .   | \$ 227                  | \$ 227            | \$ 227            | \$ -  |
| Fund balance at end of year . . . . .         | <u>\$ 227</u>           | <u>\$ 227</u>     | <u>\$ 227</u>     | <u>\$ -</u>   |
| <b>Senior Center</b>                          |                         |                   |                   |   |
| Total revenues and other sources . . . . .    | \$ 237,033              | \$ 245,000        | \$ 321,714        | \$ 76,714   |
| Total expenditures and other uses. . . . .    | <u>257,131</u>          | <u>257,131</u>    | <u>262,931</u>    | <u>(5,800)</u>  |
| Net change in fund balances. . . . .          | (20,098)                | (12,131)          | 58,783            | 70,914  |
| Fund balance at beginning of year. . . . .    | 29,814                  | 29,814            | 29,814            | -   |
| Prior year encumbrances appropriated. . . . . | <u>400</u>              | <u>400</u>        | <u>400</u>        | <u>-</u>  |
| Fund balance at end of year . . . . .         | <u>\$ 10,116</u>        | <u>\$ 18,083</u>  | <u>\$ 88,997</u>  | <u>\$ 70,914</u>  |
| <b>Passport Account</b>                       |                         |                   |                   |   |
| Total revenues and other sources . . . . .    | \$ 1,300                | \$ 13,500         | \$ 12,961         | \$ (539)  |
| Total expenditures and other uses. . . . .    | <u>1,300</u>            | <u>12,200</u>     | <u>20,156</u>     | <u>(7,956)</u>  |
| Net change in fund balances. . . . .          | -                       | 1,300             | (7,195)           | (8,495)   |
| Fund balance at beginning of year. . . . .    | <u>109,074</u>          | <u>109,074</u>    | <u>109,074</u>    | <u>-</u>  |
| Fund balance at end of year . . . . .         | <u>\$ 109,074</u>       | <u>\$ 110,374</u> | <u>\$ 101,879</u> | <u>\$ (8,495)</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, 2007

|   | <u>Budgeted Amounts</u> |                   |                   | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-------------------------|-------------------|-------------------|---|
|   | <u>Original</u>         | <u>Final</u>      | <u>Actual</u>     |   |
| <b>Community Center</b>                             |                         |                   |                   |   |
| Total revenues and other sources . . . . .          | \$ 147,034              | \$ 278,060        | \$ 381,501        | \$ 103,441  |
| Total expenditures and other uses. . . . .          | <u>168,034</u>          | <u>249,560</u>    | <u>249,112</u>    | <u>448</u>  |
| Net change in fund balances. . . . .                | (21,000)                | 28,500            | 132,389           | 103,889   |
| Fund balance (deficit) at beginning of year . . . . | <u>(1,345)</u>          | <u>(1,345)</u>    | <u>(1,345)</u>    | <u>-</u>  |
| Fund balance (deficit) at end of year. . . . .      | <u>\$ (22,345)</u>      | <u>\$ 27,155</u>  | <u>\$ 131,044</u> | <u>\$ 103,889</u>   |
| <b>Fire Capital Reserve</b>                         |                         |                   |                   |   |
| Total revenues and other sources . . . . .          | \$ 78,000               | \$ 63,000         | \$ -              | \$ (63,000)   |
| Total expenditures and other uses. . . . .          | <u>86,032</u>           | <u>86,032</u>     | <u>16,000</u>     | <u>70,032</u>   |
| Net change in fund balances. . . . .                | (8,032)                 | (23,032)          | (16,000)          | 7,032   |
| Fund balance at beginning of year. . . . .          | <u>228,574</u>          | <u>228,574</u>    | <u>228,574</u>    | <u>-</u>  |
| Fund balance at end of year . . . . .               | <u>\$ 220,542</u>       | <u>\$ 205,542</u> | <u>\$ 212,574</u> | <u>\$ 7,032</u>   |
| <b>Drug Law Enforcement</b>                         |                         |                   |                   |   |
| Total revenues and other sources . . . . .          | \$ 1,000                | \$ 1,000          | \$ 17,386         | \$ 16,386   |
| Total expenditures and other uses. . . . .          | <u>-</u>                | <u>1,000</u>      | <u>3,575</u>      | <u>(2,575)</u>  |
| Net change in fund balances. . . . .                | 1,000                   | -                 | 13,811            | 13,811  |
| Fund balance at beginning of year. . . . .          | <u>11,248</u>           | <u>11,248</u>     | <u>11,248</u>     | <u>-</u>  |
| Fund balance at end of year . . . . .               | <u>\$ 12,248</u>        | <u>\$ 11,248</u>  | <u>\$ 25,059</u>  | <u>\$ 13,811</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, 2007

|  | Budgeted Amounts         |                          |                          | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------------|--------------------------|--------------------------|---|
|  | Original                 | Final                    | Actual                   |   |
| <b>Law Enforcement Trust</b>               |                          |                          |                          |   |
| Total revenues and other sources . . . . . | \$ 9,000                 | \$ 9,000                 | \$ -                     | \$ (9,000)  |
| Total expenditures and other uses. . . . . | <u>2,000</u>             | <u>2,000</u>             | <u>1,296</u>             | <u>704</u>  |
| Net change in fund balances. . . . .       | 7,000                    | 7,000                    | (1,296)                  | (8,296)   |
| Fund balance at beginning of year. . . . . | <u>4,274</u>             | <u>4,274</u>             | <u>4,274</u>             | <u>-</u>  |
| Fund balance at end of year . . . . .      | <u><u>\$ 11,274</u></u>  | <u><u>\$ 11,274</u></u>  | <u><u>\$ 2,978</u></u>   | <u><u>\$ (8,296)</u></u>                                |
| <b>Recreation Tax Receipts</b>             |                          |                          |                          |   |
| Total revenues and other sources . . . . . | \$ -                     | \$ 60,000                | \$ 64,800                | \$ 4,800  |
| Total expenditures and other uses. . . . . | <u>1,000</u>             | <u>1,000</u>             | <u>-</u>                 | <u>1,000</u>  |
| Net change in fund balances. . . . .       | (1,000)                  | 59,000                   | 64,800                   | 5,800   |
| Fund balance at beginning of year. . . . . | <u>310,655</u>           | <u>310,655</u>           | <u>310,655</u>           | <u>-</u>  |
| Fund balance at end of year . . . . .      | <u><u>\$ 309,655</u></u> | <u><u>\$ 369,655</u></u> | <u><u>\$ 375,455</u></u> | <u><u>\$ 5,800</u></u>                                  |

**CITY OF HARRISON, OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
**DECEMBER 31, 2007**

|   | <u>Debt<br/>Service</u> | <u>Special<br/>Assesment</u> | <u>Total<br/>Nonmajor<br/>Debt Service<br/>Funds</u> |
|---|-------------------------|------------------------------|--|
| <b>Assets:</b>                                      |                         |                              |  |
| Equity in pooled cash and cash equivalents. . . . . | \$ 904,233              | \$ 19,615                    | \$ 923,848   |
| Total assets . . . . .                              | <u>\$ 904,233</u>       | <u>\$ 19,615</u>             | <u>\$ 923,848</u>                                    |
| <br><b>Fund Balances:</b>                           |                         |                              |  |
| Unreserved, undesignated, reported in:              |                         |                              |  |
| Debt service funds . . . . .                        | \$ 904,233              | \$ 19,615                    | \$ 923,848   |
| Total fund balances . . . . .                       | <u>904,233</u>          | <u>19,615</u>                | <u>923,848</u>                                       |
| Total liabilities and fund equity . . . . .         | <u>\$ 904,233</u>       | <u>\$ 19,615</u>             | <u>\$ 923,848</u>                                    |

**CITY OF HARRISON, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR DEBT SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

|   | <u>Debt<br/>Service</u> | <u>Special<br/>Assesment</u> | <u>Total<br/>Nonmajor<br/>Debt Service<br/>Funds</u> |
|---|-------------------------|------------------------------|--|
| <b>Expenditures:</b>  |                         |                              |  |
| Debt service:   |                         |                              |  |
| Principal retirement. . . . .   | \$ 151,811              | \$ -                         | \$ 151,811   |
| Interest and fiscal charges . . . . .                                 | 32,662                  | -                            | 32,662   |
|   | <hr/>                   | <hr/>                        | <hr/>  |
| Total expenditures . . . . .  | 184,473                 | -                            | 184,473  |
|   | <hr/>                   | <hr/>                        | <hr/>  |
| Excess (deficiency) of revenues<br>over (under) expenditures. . . . . | (184,473)               | -                            | (184,473)  |
|   | <hr/>                   | <hr/>                        | <hr/>  |
| Net change in fund balances. . . . .                                  | (184,473)               | -                            | (184,473)  |
|   | <hr/>                   | <hr/>                        | <hr/>  |
| <b>Fund balances at beginning of year . . . . .</b>                   | 1,088,706               | 19,615                       | 1,108,321  |
|   | <hr/>                   | <hr/>                        | <hr/>  |
| <b>Fund balances at end of year . . . . .</b>                         | <u>\$ 904,233</u>       | <u>\$ 19,615</u>             | <u>\$ 923,848</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, 2007

|  | <u>Budgeted Amounts</u>  |                          |                          | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|--------------------------|--------------------------|--------------------------|---|
|  | <u>Original</u>          | <u>Final</u>             | <u>Actual</u>            |   |
| <b>Debt Service</b>                        |                          |                          |                          |   |
| Total revenues and other sources . . . . . | \$ 1,282,000             | \$ 1,285,000             | \$ 1,037,000             | \$ (248,000)  |
| Total expenditures and other uses. . . . . | <u>1,600,762</u>         | <u>1,603,762</u>         | <u>1,221,473</u>         | <u>382,289</u>  |
| Net change in fund balances. . . . .       | (318,762)                | (318,762)                | (184,473)                | 134,289   |
| Fund balance at beginning of year. . . . . | <u>1,088,706</u>         | <u>1,088,706</u>         | <u>1,088,706</u>         | <u>-</u>  |
| Fund balance at end of year . . . . .      | <u><u>\$ 769,944</u></u> | <u><u>\$ 769,944</u></u> | <u><u>\$ 904,233</u></u> | <u><u>\$ 134,289</u></u>  |
| <b>Special Assessment</b>                  |                          |                          |                          |   |
| Fund balance at beginning of year. . . . . | <u>\$ 19,615</u>         | <u>\$ 19,615</u>         | <u>\$ 19,615</u>         | <u>\$ -</u>   |
| Fund balance at end of year . . . . .      | <u><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, 2007

|   | <u>Capital<br/>Improvements</u> | <u>Home Depot<br/>TIF</u> | <u>Street/Safety<br/>Construction</u> | <b>Total<br/>Nonmajor<br/>Capital Projects<br/>Funds</b> |
|---|---------------------------------|---------------------------|---------------------------------------|--|
| <b>Assets:</b>                                      |                                 |                           |                                       |  |
| Equity in pooled cash and cash equivalents. . . . . | \$ 376,286                      | \$ 264,977                | \$ 225,383                            | \$ 866,646   |
| Cash in segregated accounts . . . . .               | -                               | -                         | 35,241                                | 35,241   |
| Receivables (net of allowances for uncollectibles): |                                 |                           |                                       |  |
| Real and other taxes. . . . .                       | 25,877                          | -                         | -                                     | 25,877   |
| Due from other governments . . . . .                | -                               | -                         | 157,310                               | 157,310  |
| Total assets . . . . .                              | <u>\$ 402,163</u>               | <u>\$ 264,977</u>         | <u>\$ 417,934</u>                     | <u>\$ 1,085,074</u>                                      |
| <b>Liabilities:</b>                                 |                                 |                           |                                       |  |
| Accounts payable . . . . .                          | \$ 107                          | \$ -                      | \$ -                                  | \$ 107   |
| Contracts payable . . . . .                         | -                               | -                         | 216,637                               | 216,637  |
| Retainage payable . . . . .                         | -                               | -                         | 35,241                                | 35,241   |
| Total liabilities . . . . .                         | <u>107</u>                      | <u>-</u>                  | <u>251,878</u>                        | <u>251,985</u>   |
| <b>Fund Balances:</b>                               |                                 |                           |                                       |  |
| Reserved for encumbrances. . . . .                  | -                               | -                         | 14,607                                | 14,607   |
| Unreserved, undesignated, reported in:              |                                 |                           |                                       |  |
| Capital projects funds. . . . .                     | 402,056                         | 264,977                   | 151,449                               | 818,482  |
| Total fund balances . . . . .                       | <u>402,056</u>                  | <u>264,977</u>            | <u>166,056</u>                        | <u>833,089</u>   |
| Total liabilities and fund equity. . . . .          | <u>\$ 402,163</u>               | <u>\$ 264,977</u>         | <u>\$ 417,934</u>                     | <u>\$ 1,085,074</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, 2007

|  | <u>Capital<br/>Improvements</u> | <u>Home Depot<br/>TIF</u> | <u>Street/Safety<br/>Construction</u> | <u>Total<br/>Nonmajor<br/>Capital Projects<br/>Funds</u> |
|--|---------------------------------|---------------------------|---------------------------------------|--|
| <b>Revenues:</b>   |                                 |                           |                                       |  |
| Real and other taxes . . . . .   | \$ 84,155                       | \$ 149,276                | \$ -                                  | \$ 233,431   |
| Intergovernmental . . . . .  | -                               | -                         | 402,679                               | 402,679  |
| Other . . . . .  | 33,500                          | -                         | -                                     | 33,500   |
|  | <hr/>                           | <hr/>                     | <hr/>                                 | <hr/>  |
| Total revenues . . . . .   | 117,655                         | 149,276                   | 402,679                               | 669,610  |
|  | <hr/>                           | <hr/>                     | <hr/>                                 | <hr/>  |
| <b>Expenditures:</b>   |                                 |                           |                                       |  |
| Capital outlay . . . . .   | 177,638                         | 110,496                   | 695,537                               | 983,671  |
|  | <hr/>                           | <hr/>                     | <hr/>                                 | <hr/>  |
| Total expenditures . . . . .   | 177,638                         | 110,496                   | 695,537                               | 983,671  |
|  | <hr/>                           | <hr/>                     | <hr/>                                 | <hr/>  |
| Excess (deficiency) of revenues<br>over (under) expenditures . . . . . | (59,983)                        | 38,780                    | (292,858)                             | (314,061)  |
|  | <hr/>                           | <hr/>                     | <hr/>                                 | <hr/>  |
| <b>Fund balances at beginning of year . . . . .</b>                    | 462,039                         | 226,197                   | 458,914                               | 1,147,150  |
|  | <hr/>                           | <hr/>                     | <hr/>                                 | <hr/>  |
| <b>Fund balances at end of year . . . . .</b>                          | <u>\$ 402,056</u>               | <u>\$ 264,977</u>         | <u>\$ 166,056</u>                     | <u>\$ 833,089</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, 2007

|  | Budgeted Amounts         |                          |                          | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------------|--------------------------|--------------------------|---|
|  | Original                 | Final                    | Actual                   |   |
| <b>Capital Improvements</b>                |                          |                          |                          |   |
| Total revenues and other sources . . . . . | \$ 169,000               | \$ 177,000               | \$ 109,235               | \$ (67,765)   |
| Total expenditures and other uses. . . . . | <u>177,000</u>           | <u>177,000</u>           | <u>110,184</u>           | <u>66,816</u>   |
| Net change in fund balances. . . . .       | (8,000)                  | -                        | (949)                    | (949)   |
| Fund balance at beginning of year. . . . . | <u>377,135</u>           | <u>377,135</u>           | <u>377,135</u>           | <u>-</u>  |
| Fund balance at end of year . . . . .      | <u><u>\$ 369,135</u></u> | <u><u>\$ 377,135</u></u> | <u><u>\$ 376,186</u></u> | <u><u>\$ (949)</u></u>                                  |
| <b>Home Depot TIF</b>                      |                          |                          |                          |   |
| Total revenues and other sources . . . . . | \$ -                     | \$ 139,000               | \$ 149,276               | \$ 10,276   |
| Total expenditures and other uses. . . . . | <u>15,000</u>            | <u>20,000</u>            | <u>110,496</u>           | <u>(90,496)</u>   |
| Net change in fund balances. . . . .       | (15,000)                 | 119,000                  | 38,780                   | (80,220)  |
| Fund balance at beginning of year. . . . . | <u>226,197</u>           | <u>226,197</u>           | <u>226,197</u>           | <u>-</u>  |
| Fund balance at end of year . . . . .      | <u><u>\$ 211,197</u></u> | <u><u>\$ 345,197</u></u> | <u><u>\$ 264,977</u></u> | <u><u>\$ (80,220)</u></u>                               |
| <b>Street/Safety Construction</b>          |                          |                          |                          |   |
| Total revenues and other sources . . . . . | \$ 1,000                 | \$ 1,000                 | \$ 245,369               | \$ 244,369  |
| Total expenditures and other uses. . . . . | <u>-</u>                 | <u>-</u>                 | <u>513,507</u>           | <u>(513,507)</u>  |
| Net change in fund balances. . . . .       | 1,000                    | 1,000                    | (268,138)                | (269,138)   |
| Fund balance at beginning of year. . . . . | <u>458,914</u>           | <u>458,914</u>           | <u>458,914</u>           | <u>-</u>  |
| Fund balance at end of year . . . . .      | <u><u>\$ 459,914</u></u> | <u><u>\$ 459,914</u></u> | <u><u>\$ 190,776</u></u> | <u><u>\$ (269,138)</u></u>                              |

**CITY OF HARRISON, OHIO**

**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.

***Storm Water***

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

***Sanitation***

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

***Water/Wastewater 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, 2007

|  | <u>Storm Water</u>  | <u>Sanitation</u> | <u>Water/Wastewater<br/>Deposits</u> | <u>Total<br/>Nonmajor<br/>Enterprise<br/>Funds</u> |
|--|---------------------|-------------------|--------------------------------------|--|
| <b>Assets:</b>                                     |                     |                   |                                      |  |
| Current assets:                                    |                     |                   |                                      |  |
| Equity in pooled cash and cash equivalents. . .    | \$ 8                | \$ 199,005        | \$ 54,289                            | \$ 253,302   |
| Receivables (net of allowance for uncollectibles): |                     |                   |                                      |  |
| Accounts . . . . .                                 | 27,138              | 67,713            | -                                    | 94,851   |
| Due from other governments . . . . .               | -                   | 4,190             | -                                    | 4,190  |
| Total current assets . . . . .                     | <u>27,146</u>       | <u>270,908</u>    | <u>54,289</u>                        | <u>352,343</u>                                     |
| Noncurrent assets:                                 |                     |                   |                                      |  |
| Capital assets:                                    |                     |                   |                                      |  |
| Depreciable capital assets, net. . . . .           | 1,822,897           | -                 | -                                    | 1,822,897  |
| Total capital assets. . . . .                      | <u>1,822,897</u>    | <u>-</u>          | <u>-</u>                             | <u>1,822,897</u>                                   |
| Total noncurrent assets . . . . .                  | <u>1,822,897</u>    | <u>-</u>          | <u>-</u>                             | <u>1,822,897</u>                                   |
| Total assets . . . . .                             | <u>1,850,043</u>    | <u>270,908</u>    | <u>54,289</u>                        | <u>2,175,240</u>                                   |
| <b>Liabilities:</b>                                |                     |                   |                                      |  |
| Current liabilities:                               |                     |                   |                                      |  |
| Accounts payable . . . . .                         | -                   | -                 | 17                                   | 17   |
| Contracts payable . . . . .                        | -                   | 32,519            | -                                    | 32,519   |
| Due to other governments . . . . .                 | 100                 | -                 | -                                    | 100  |
| Advances from other funds. . . . .                 | 17,178              | -                 | -                                    | 17,178   |
| Total current liabilities . . . . .                | <u>17,278</u>       | <u>32,519</u>     | <u>17</u>                            | <u>49,814</u>                                      |
| Total liabilities . . . . .                        | <u>17,278</u>       | <u>32,519</u>     | <u>17</u>                            | <u>49,814</u>                                      |
| <b>Net assets:</b>                                 |                     |                   |                                      |  |
| Invested in capital assets, net of related debt .  | 1,822,897           | -                 | -                                    | 1,822,897  |
| Unrestricted . . . . .                             | 9,868               | 238,389           | 54,272                               | 302,529  |
| Total net assets . . . . .                         | <u>\$ 1,832,765</u> | <u>\$ 238,389</u> | <u>\$ 54,272</u>                     | <u>\$ 2,125,426</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, 2007

|   | <u>Storm Water</u>  | <u>Sanitation</u> | <u>Water/Wastewater<br/>Deposits</u> | <b>Total<br/>Nonmajor<br/>Enterprise<br/>Funds</b> |
|---|---------------------|-------------------|--------------------------------------|--|
| <b>Operating revenues:</b>                      |                     |                   |                                      |  |
| Charges for services . . . . .                  | \$ 27,146           | \$ 375,069        | \$ 8,055                             | \$ 410,270   |
| Total operating revenues . . . . .              | <u>27,146</u>       | <u>375,069</u>    | <u>8,055</u>                         | <u>410,270</u>                                     |
| <b>Operating expenses:</b>                      |                     |                   |                                      |  |
| Contract services . . . . .                     | 100                 | 384,917           | 17                                   | 385,034  |
| Depreciation . . . . .                          | 38,201              | -                 | -                                    | 38,201   |
| Other . . . . .                                 | <u>-</u>            | <u>-</u>          | <u>942</u>                           | <u>942</u>   |
| Total operating expenses. . . . .               | <u>38,301</u>       | <u>384,917</u>    | <u>959</u>                           | <u>424,177</u>                                     |
| Operating income (loss) . . . . .               | <u>(11,155)</u>     | <u>(9,848)</u>    | <u>7,096</u>                         | <u>(13,907)</u>                                    |
| <b>Nonoperating revenues:</b>                   |                     |                   |                                      |  |
| Intergovernmental. . . . .                      | <u>-</u>            | <u>8,377</u>      | <u>-</u>                             | <u>8,377</u>                                       |
| Total nonoperating revenues . . . . .           | <u>-</u>            | <u>8,377</u>      | <u>-</u>                             | <u>8,377</u>                                       |
| Changes in net assets . . . . .                 | (11,155)            | (1,471)           | 7,096                                | (5,530)  |
| <b>Net assets at beginning of year. . . . .</b> | <u>1,843,920</u>    | <u>239,860</u>    | <u>47,176</u>                        | <u>2,130,956</u>                                   |
| <b>Net assets at end of year . . . . .</b>      | <u>\$ 1,832,765</u> | <u>\$ 238,389</u> | <u>\$ 54,272</u>                     | <u>\$ 2,125,426</u>                                |

**CITY OF HARRISON, OHIO**

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

|  | <u>Storm Water</u> | <u>Sanitation</u> | <u>Water/Wastewater<br/>Deposits</u> | <u>Total<br/>Nonmajor<br/>Enterprise<br/>Funds</u> |
|--|--------------------|-------------------|--------------------------------------|--|
| <b>Cash flows from operating activities:</b>   |                    |                   |                                      |  |
| Cash received from customers . . . . .   | \$ 8               | \$ 380,874        | \$ 8,055                             | \$ 388,937   |
| Cash payments for contract services . . . . .  | -                  | (352,398)         | -                                    | (352,398)  |
| Cash payments for other expenses . . . . .   | -                  | -                 | (942)                                | (942)  |
| Net cash provided by (used in)<br>operating activities. . . . .  | <u>8</u>           | <u>28,476</u>     | <u>7,113</u>                         | <u>35,597</u>                                      |
| <b>Cash flows from noncapital financing activities:</b>  |                    |                   |                                      |  |
| Cash received from operating grants . . . . .  | -                  | 7,753             | -                                    | 7,753  |
| Net cash provided by noncapital<br>financing activities . . . . .  | <u>-</u>           | <u>7,753</u>      | <u>-</u>                             | <u>7,753</u>                                       |
| Net increase in cash and cash equivalents. . . . .   | 8                  | 36,229            | 7,113                                | 43,350   |
| <b>Cash and cash equivalents at beginning of year</b>  | -                  | 162,776           | 47,176                               | 209,952  |
| <b>Cash and cash equivalents at end of year . . . . .</b>  | <u>\$ 8</u>        | <u>\$ 199,005</u> | <u>\$ 54,289</u>                     | <u>\$ 253,302</u>                                  |
| <b>Reconciliation of operating income (loss) to net<br/>cash provided by (used in) operating activities:</b> |                    |                   |                                      |  |
| Operating income (loss) . . . . .  | \$ (11,155)        | \$ (9,848)        | \$ 7,096                             | \$ (13,907)  |
| Adjustments:   |                    |                   |                                      |  |
| Depreciation . . . . .   | 38,201             | -                 | -                                    | 38,201   |
| Changes in assets and liabilities:   |                    |                   |                                      |  |
| (Increase) decrease in accounts receivable . . . . .   | (27,138)           | 5,805             | -                                    | (21,333)   |
| Increase in accounts payable . . . . .   | -                  | -                 | 17                                   | 17   |
| Increase in contracts payable. . . . .   | -                  | 32,519            | -                                    | 32,519   |
| Increase in due to other governments . . . . .   | <u>100</u>         | <u>-</u>          | <u>-</u>                             | <u>100</u>   |
| Net cash provided by<br>operating activities . . . . .   | <u>\$ 8</u>        | <u>\$ 28,476</u>  | <u>\$ 7,113</u>                      | <u>\$ 35,597</u>                                   |

**CITY OF HARRISON, OHIO**

**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.

***Joint Economic Development District***

To account for all tax monies and disbursements of funds held by the City on behalf of the City of Harrison - Harrison Township Joint Economic Development District.

**CITY OF HARRISON, OHIO**

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2007

|   | <b>Beginning<br/>Balance<br/>12/31/2006</b> | <b>Additions</b> | <b>Reductions</b> | <b>Ending<br/>Balance<br/>12/31/2007</b> |
|---|---|------------------|-------------------|--|
| <b>Mayor's Court</b>                                    |   |                  |                   |  |
| <b>Assets:</b>  |   |                  |                   |  |
| Cash in segregated accounts . . . . .                   | \$ 983                                      | \$ -             | \$ 378            | \$ 605                                   |
| Total assets . . . . .                                  | <u>\$ 983</u>                               | <u>\$ -</u>      | <u>\$ 378</u>     | <u>\$ 605</u>                            |
| <b>Liabilities:</b>                                     |   |                  |                   |  |
| Due to other governments . . . . .                      | \$ 983                                      | \$ -             | \$ 378            | \$ 605                                   |
| Total liabilities . . . . .                             | <u>\$ 983</u>                               | <u>\$ -</u>      | <u>\$ 378</u>     | <u>\$ 605</u>                            |
| <br>  |   |                  |                   |  |
| <b>Joint Economic Development District</b>              |   |                  |                   |  |
| <b>Assets:</b>  |   |                  |                   |  |
| Equity in pooled cash<br>and cash equivalents . . . . . | \$ -  | \$ 33,924        | \$ 33,924         | \$ -                                     |
| Total assets . . . . .                                  | <u>\$ -</u>                                 | <u>\$ 33,924</u> | <u>\$ 33,924</u>  | <u>\$ -</u>                              |
| <b>Liabilities:</b>                                     |   |                  |                   |  |
| Deposits held and due to others . . . . .               | \$ -  | \$ 33,924        | \$ 33,924         | \$ -                                     |
| Total liabilities . . . . .                             | <u>\$ -</u>                                 | <u>\$ 33,924</u> | <u>\$ 33,924</u>  | <u>\$ -</u>                              |
| <br>  |   |                  |                   |  |
| <b>Total Agency Funds</b>                               |   |                  |                   |  |
| <b>Assets:</b>  |   |                  |                   |  |
| Equity in pooled cash<br>and cash equivalents . . . . . | \$ 983                                      | \$ 33,924        | \$ 34,302         | \$ 605                                   |
| Total assets . . . . .                                  | <u>\$ 983</u>                               | <u>\$ 33,924</u> | <u>\$ 34,302</u>  | <u>\$ 605</u>                            |
| <b>Liabilities:</b>                                     |   |                  |                   |  |
| Deposits held and due to others . . . . .               | \$ 983                                      | \$ 33,924        | \$ 34,302         | \$ 605                                   |
| Total liabilities . . . . .                             | <u>\$ 983</u>                               | <u>\$ 33,924</u> | <u>\$ 34,302</u>  | <u>\$ 605</u>                            |

# **STATISTICAL SECTION**



**CITY OF HARRISON, OHIO**  
*STATISTICAL SECTION*

This part of the City of Harrison's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

| <u><b>Contents</b></u>   | <u><b>Page</b></u> |
|--|--------------------|
| <b>Financial Trends</b><br>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.   | <b>S 2 - 8</b>     |
| <b>Revenue Capacity</b><br>These schedules contain information to help the reader assess the City's most significant local revenue sources, income and property taxes.   | <b>S 9 - 15</b>    |
| <b>Debt Capacity</b><br>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.                            | <b>S 16 - 22</b>   |
| <b>Demographic and Economic Information</b><br>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.                                    | <b>S 23 - 24</b>   |
| <b>Operating Information</b><br>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. | <b>S 25 - 29</b>   |

**Sources:** Sources are noted on the individual schedules. The City implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.

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**CITY OF HARRISON, OHIO**

*NET ASSETS BY COMPONENT  
LAST FOUR YEARS  
(ACCRUAL BASIS OF ACCOUNTING)*

|   | <u>2007</u>          | <u>2006</u>          | <u>2005</u>          | <u>2004</u>          |
|---|----------------------|----------------------|----------------------|----------------------|
| <b>Governmental Activities</b>                  |                      |                      |                      |                      |
| Invested in capital assets, net of related debt | \$ 7,218,367         | \$ 6,208,120         | \$ 6,305,598         | \$ 4,996,494         |
| Restricted for:                                 |                      |                      |                      |                      |
| Capital projects                                | 833,089              | 1,147,150            | 430,814              | 3,107,785            |
| Debt service                                    | 879,953              | 1,097,636            | 1,087,694            | 1,164,296            |
| Street maintenance and repair                   | 418,197              | 333,956              | 254,097              | 160,263              |
| State highway                                   | 129,535              | 104,413              | 100,843              | 71,699               |
| Law enforcement                                 | 30,612               | 168,765              | 202,423              | 180,990              |
| Fire  | 326,787              | 285,244              | 466,433              | 490,834              |
| Community Center                                | -                    | -                    | 163,040              | 46,143               |
| Senior Center                                   | 104,032              | 89,697               | 73,544               | 19,039               |
| Other purposes                                  | 616,383              | 383,129              | 353,688              | 218,276              |
| Unrestricted                                    | <u>2,131,089</u>     | <u>1,398,851</u>     | <u>1,345,503</u>     | <u>994,418</u>       |
| Total governmental activities net assets        | <u>\$ 12,688,044</u> | <u>\$ 11,216,961</u> | <u>\$ 10,783,677</u> | <u>\$ 11,450,237</u> |
| <b>Business-type Activities</b>                 |                      |                      |                      |                      |
| Invested in capital assets, net of related debt | \$ 8,203,170         | \$ 8,244,568         | \$ 6,593,538         | \$ 5,162,716         |
| Unrestricted                                    | <u>5,948,419</u>     | <u>5,673,936</u>     | <u>6,994,902</u>     | <u>6,771,185</u>     |
| Total business-type activities net assets       | <u>\$ 14,151,589</u> | <u>\$ 13,918,504</u> | <u>\$ 13,588,440</u> | <u>\$ 11,933,901</u> |
| <b>Total Primary Government</b>                 |                      |                      |                      |                      |
| Invested in capital assets, net of related debt | \$ 15,421,537        | \$ 14,452,688        | \$ 12,899,136        | \$ 10,159,210        |
| Restricted for:                                 |                      |                      |                      |                      |
| Capital projects                                | 833,089              | 1,147,150            | 430,814              | 3,107,785            |
| Debt service                                    | 879,953              | 1,097,636            | 1,087,694            | 1,164,296            |
| Street maintenance and repair                   | 418,197              | 333,956              | 254,097              | 160,263              |
| State highway                                   | 129,535              | 104,413              | 100,843              | 71,699               |
| Law enforcement                                 | 30,612               | 168,765              | 202,423              | 180,990              |
| Fire  | 326,787              | 285,244              | 466,433              | 490,834              |
| Community Center                                | -                    | -                    | 163,040              | 46,143               |
| Senior Center                                   | 104,032              | 89,697               | 73,544               | 19,039               |
| Other purposes                                  | 616,383              | 383,129              | 353,688              | 218,276              |
| Unrestricted                                    | <u>8,079,508</u>     | <u>7,072,787</u>     | <u>8,340,405</u>     | <u>7,765,603</u>     |
| Total primary government net assets             | <u>\$ 26,839,633</u> | <u>\$ 25,135,465</u> | <u>\$ 24,372,117</u> | <u>\$ 23,384,138</u> |

Note: 2004 was the first year the City implemented GASB Statement No. 34, so comparative information before that date is not available.

**CITY OF HARRISON, OHIO**

*CHANGES IN NET ASSETS  
LAST FOUR YEARS  
(ACCRUAL BASIS OF ACCOUNTING)*

|   | <u>2007</u>           | <u>2006</u>           | <u>2005</u>           | <u>2004</u>           |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Program Revenues:</b>                        |                       |                       |                       |                       |
| Governmental activities:                        |                       |                       |                       |                       |
| Charges for services:                           |                       |                       |                       |                       |
| General government                              | \$ 88,502             | \$ 83,194             | \$ 84,939             | \$ 71,765             |
| Security of persons and property                | 594,535               | 554,805               | 563,405               | 594,816               |
| Public health and welfare                       | 161,182               | 99,866                | 129,583               | 19,644                |
| Transportation                                  | 480                   | -                     | 120                   | 390                   |
| Community environment                           | 161,103               | 178,519               | 192,412               | 93,660                |
| Leisure time activities                         | 112,069               | -                     | 63,520                | 39,640                |
| Operating grants and contributions              | 462,771               | 483,100               | 547,153               | 611,410               |
| Capital grants and contributions                | 436,179               | 243,409               | 273,327               | 841,885               |
| Total governmental activities program revenues  | <u>2,016,821</u>      | <u>1,642,893</u>      | <u>1,854,459</u>      | <u>2,273,210</u>      |
| Business-type activities:                       |                       |                       |                       |                       |
| Charges for services:                           |                       |                       |                       |                       |
| Water   | 1,431,917             | 1,406,498             | 1,431,799             | 1,314,098             |
| Sewer   | 2,179,071             | 2,146,156             | 2,103,560             | 1,787,499             |
| Storm Water                                     | 27,146                | -                     | -                     | -                     |
| Sanitation                                      | 375,069               | 387,944               | 334,833               | 295,695               |
| Water/Wastewater Deposit                        | 8,055                 | 10,221                | 5,805                 | 2,531                 |
| Operating grants & contributions                | 8,377                 | 3,566                 | -                     | -                     |
| Capital grants and contributions                | -                     | -                     | -                     | 748,957               |
| Total business-type activities program revenues | <u>4,029,635</u>      | <u>3,954,385</u>      | <u>3,875,997</u>      | <u>4,148,780</u>      |
| Total primary government                        | <u>\$ 6,046,456</u>   | <u>\$ 5,597,278</u>   | <u>\$ 5,730,456</u>   | <u>\$ 6,421,990</u>   |
| <b>Expenses:</b>                                |                       |                       |                       |                       |
| Governmental activities:                        |                       |                       |                       |                       |
| General government                              | \$ 839,493            | \$ 1,138,392          | \$ 884,336            | \$ 1,030,510          |
| Security of persons and property                | 4,683,372             | 4,536,986             | 4,572,970             | 4,128,525             |
| Public health and welfare                       | 281,603               | 264,800               | 302,458               | 242,285               |
| Transportation                                  | 685,405               | 629,650               | 564,912               | 640,357               |
| Community environment                           | 125,886               | 108,382               | 103,838               | 95,444                |
| Leisure time activities                         | 308,959               | 304,242               | 225,342               | 244,658               |
| Interest and fiscal charges                     | 108,342               | 195,440               | 187,483               | 175,737               |
| Total governmental activities expenses          | <u>7,033,060</u>      | <u>7,177,892</u>      | <u>6,841,339</u>      | <u>6,557,516</u>      |
| Business-type activities:                       |                       |                       |                       |                       |
| Water   | 941,915               | 1,069,343             | 1,124,409             | 974,473               |
| Sewer   | 2,551,359             | 2,511,568             | 2,561,278             | 2,077,687             |
| Storm Water                                     | 38,301                | 39,663                | 24,211                | 404                   |
| Sanitation                                      | 384,917               | 376,338               | 317,682               | 268,014               |
| Water/Wastewater Deposit                        | 959                   | 774                   | 529                   | 92                    |
| Total business-type activities expenses         | <u>3,917,451</u>      | <u>3,997,686</u>      | <u>4,028,109</u>      | <u>3,320,670</u>      |
| Total primary government                        | <u>\$ 10,950,511</u>  | <u>\$ 11,175,578</u>  | <u>\$ 10,869,448</u>  | <u>\$ 9,878,186</u>   |
| <b>Net (Expense) Revenue:</b>                   |                       |                       |                       |                       |
| Governmental activities                         | \$ (5,016,239)        | \$ (5,534,999)        | \$ (4,986,880)        | \$ (4,284,306)        |
| Business-type activities                        | 112,184               | (43,301)              | (152,112)             | 828,110               |
| Total primary government net expense            | <u>\$ (4,904,055)</u> | <u>\$ (5,578,300)</u> | <u>\$ (5,138,992)</u> | <u>\$ (3,456,196)</u> |

**CITY OF HARRISON, OHIO**

*CHANGES IN NET ASSETS  
LAST FOUR YEARS (CONTINUED)  
(ACCRUAL BASIS OF ACCOUNTING)*

|  | <u>2007</u>         | <u>2006</u>         | <u>2005</u>         | <u>2004</u>         |
|--|---------------------|---------------------|---------------------|---------------------|
| <b>General Revenues and Other Changes in Net Assets:</b> |                     |                     |                     |                     |
| Governmental activities                                  |                     |                     |                     |                     |
| Taxes:   |                     |                     |                     |                     |
| Property taxes levied for:                               |                     |                     |                     |                     |
| General purposes   | \$ 1,182,350        | \$ 1,154,940        | \$ 1,105,350        | \$ 966,908          |
| Fire Improvements  | 915,426             | 902,383             | 896,472             | 844,740             |
| Police pension   | 58,283              | 65,937              | 61,785              | 51,934              |
| Recreation   | 32,400              | 34,300              | 42,489              | 44,900              |
| Capital Projects   | 233,431             | 210,660             | 199,490             | 194,815             |
| Municipal income taxes levied for:                       |                     |                     |                     |                     |
| General Purposes   | 2,951,057           | 2,794,284           | 2,586,428           | 2,635,151           |
| Grants and entitlements                                  |                     |                     |                     |                     |
| not restricted to specific programs                      | 655,461             | 478,657             | 680,472             | 518,308             |
| Investment earnings                                      | 321,019             | 217,467             | 161,035             | 47,149              |
| Other  | 107,742             | 100,066             | 250,567             | 104,679             |
| Transfers  | 30,153              | 9,589               | (1,663,768)         | 2,459,261           |
| Total governmental activities                            | <u>6,487,322</u>    | <u>5,968,283</u>    | <u>4,320,320</u>    | <u>7,867,845</u>    |
| Business-type activities                                 |                     |                     |                     |                     |
| Investment earnings                                      | 140,535             | 136,586             | 90,501              | 54,368              |
| Other  | 10,519              | 246,368             | 52,382              | 28,717              |
| Transfers  | (30,153)            | (9,589)             | 1,663,768           | (2,459,261)         |
| Total business-type activities                           | <u>120,901</u>      | <u>373,365</u>      | <u>1,806,651</u>    | <u>(2,376,176)</u>  |
| Total primary government                                 | <u>\$ 6,608,223</u> | <u>\$ 6,341,648</u> | <u>\$ 6,126,971</u> | <u>\$ 5,491,669</u> |
| <b>Change in Net Assets:</b>                             |                     |                     |                     |                     |
| Governmental activities                                  | \$ 1,471,083        | \$ 433,284          | \$ (666,560)        | \$ 3,583,539        |
| Business-type activities                                 | 233,085             | 330,064             | 1,654,539           | (1,548,066)         |
| Total primary government                                 | <u>\$ 1,704,168</u> | <u>\$ 763,348</u>   | <u>\$ 987,979</u>   | <u>\$ 2,035,473</u> |

Note: 2004 was the first year the City implemented GASB Statement No. 34, so comparative information before that date is not available.

**CITY OF HARRISON, OHIO**

*FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)*

|                                      | <u>2007</u>               | <u>2006</u>                | <u>2005</u>                | <u>2004</u>                | <u>2003</u>                |
|--------------------------------------|---------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>General Fund:</b>                 |                           |                            |                            |                            |                            |
| Reserved                             | \$ 89,890                 | \$ 74,089                  | \$ 249,579                 | \$ 226,613                 | \$ 146,752                 |
| Unreserved                           | <u>1,787,588</u>          | <u>1,171,804</u>           | <u>738,136</u>             | <u>462,452</u>             | <u>695,381</u>             |
| Total general fund                   | <u><u>\$1,877,478</u></u> | <u><u>\$ 1,245,893</u></u> | <u><u>\$ 987,715</u></u>   | <u><u>\$ 689,065</u></u>   | <u><u>\$ 842,133</u></u>   |
| <b>All Other Governmental Funds:</b> |                           |                            |                            |                            |                            |
| Reserved                             | \$ 66,766                 | \$ 23,728                  | \$ 1,623,732               | \$ 755,549                 | \$ 1,300,573               |
| Unreserved, reported in:             |                           |                            |                            |                            |                            |
| Special revenue funds                | 1,402,143                 | 1,280,852                  | 1,337,329                  | 934,137                    | 1,033,084                  |
| Capital projects funds               | 818,482                   | 1,147,150                  | (1,020,609)                | 2,499,405                  | 426,008                    |
| Debt service funds                   | <u>923,848</u>            | <u>1,108,321</u>           | <u>1,098,117</u>           | <u>1,176,283</u>           | <u>-</u>                   |
| Total all other governmental funds   | <u><u>\$3,211,239</u></u> | <u><u>\$ 3,560,051</u></u> | <u><u>\$ 3,038,569</u></u> | <u><u>\$ 5,365,374</u></u> | <u><u>\$ 2,759,665</u></u> |

| <u>2002</u>         | <u>2001</u>         | <u>2000</u>         | <u>1999</u>         | <u>1998</u>       |
|---------------------|---------------------|---------------------|---------------------|-------------------|
| \$ 70,127           | \$ 140,341          | \$ 86,580           | \$ 88,857           | \$ 131,548        |
| <u>1,190,893</u>    | <u>1,320,777</u>    | <u>1,295,313</u>    | <u>1,083,264</u>    | <u>422,706</u>    |
| <u>\$ 1,261,020</u> | <u>\$ 1,461,118</u> | <u>\$ 1,381,893</u> | <u>\$ 1,172,121</u> | <u>\$ 554,254</u> |
| <br>                |                     |                     |                     |                   |
| \$ 1,298,780        | \$ 1,373,589        | \$ 2,258,186        | \$ 1,142,665        | \$ 496,331        |
| 823,849             | 616,100             | 553,479             | 698,098             | 243,827           |
| 3,899               | (163,598)           | 721,997             | 2,243,886           | (18,456)          |
| <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>          |
| <br>                |                     |                     |                     |                   |
| <u>\$ 2,126,528</u> | <u>\$ 1,826,091</u> | <u>\$ 3,533,662</u> | <u>\$ 4,084,649</u> | <u>\$ 721,702</u> |

**CITY OF HARRISON, OHIO**

*CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)*

|  | <u>2007</u>       | <u>2006</u>       | <u>2005</u>           | <u>2004</u>         | <u>2003</u>       |
|--|-------------------|-------------------|-----------------------|---------------------|-------------------|
| <b>Revenues</b>                              |                   |                   |                       |                     |                   |
| Taxes  | \$ 5,299,259      | \$ 5,194,401      | \$ 4,895,233          | \$ 4,656,975        | \$ 4,651,515      |
| Charges for services                         | 750,671           | 499,626           | 562,232               | 439,505             | 308,772           |
| Licenses and permits                         | 245,275           | 254,726           | 269,141               | 160,495             | 152,472           |
| Fines and forfeitures                        | 108,891           | 162,032           | 202,606               | 219,915             | 128,262           |
| Intergovernmental                            | 1,431,545         | 1,201,142         | 1,533,268             | 1,947,015           | 834,738           |
| Investment income                            | 321,019           | 217,467           | 166,572               | 56,434              | 63,175            |
| Other  | 151,685           | 77,014            | 250,567               | 100,111             | 132,037           |
| Total revenues                               | <u>8,308,345</u>  | <u>7,606,408</u>  | <u>7,879,619</u>      | <u>7,580,450</u>    | <u>6,270,971</u>  |
| <b>Expenditures</b>                          |                   |                   |                       |                     |                   |
| Current:                                     |                   |                   |                       |                     |                   |
| General government                           | 836,722           | 1,011,017         | 867,722               | 1,028,792           | 938,940           |
| Security of persons and property             | 4,507,623         | 4,271,258         | 4,203,191             | 3,938,018           | 3,607,850         |
| Public health and welfare                    | 279,541           | 258,999           | 288,470               | 229,006             | 188,036           |
| Transportation                               | 555,511           | 506,502           | 470,473               | 478,557             | 459,111           |
| Community environment                        | 124,646           | 104,374           | 100,599               | 94,084              | 7,233             |
| Leisure time activity                        | 251,698           | 238,886           | 170,999               | 192,253             | 155,207           |
| Capital outlay                               | 2,379,123         | 623,455           | 3,999,031             | 2,286,541           | 1,061,626         |
| Debt service:                                |                   |                   |                       |                     |                   |
| Principal retirement                         | 327,701           | 324,850           | 289,668               | 287,601             | 214,362           |
| Interest and fiscal charges                  | 37,416            | 160,022           | 188,312               | 176,118             | 192,783           |
| Bond issuance cost                           | -                 | -                 | 71,824                | -                   | -                 |
| Total expenditures                           | <u>9,299,981</u>  | <u>7,499,363</u>  | <u>10,650,289</u>     | <u>8,710,970</u>    | <u>6,825,148</u>  |
| Excess of revenues over (under) expenditures | <u>(991,636)</u>  | <u>107,045</u>    | <u>(2,770,670)</u>    | <u>(1,130,520)</u>  | <u>(554,177)</u>  |
| <b>Other Financing Sources (Uses)</b>        |                   |                   |                       |                     |                   |
| Sale of bonds                                | -                 | -                 | 2,135,000             | -                   | -                 |
| Premium on bond issue                        | -                 | -                 | 123,247               | -                   | -                 |
| Payment to refunding bond escrow agent       | -                 | -                 | (2,189,078)           | -                   | -                 |
| Accrued interest on bond issue               | -                 | -                 | 2,655                 | -                   | -                 |
| Capital lease transaction                    | 1,244,256         | 68,856            | -                     | 346,484             | 322,654           |
| Loan issuance                                | -                 | 564,170           | 476,673               | -                   | -                 |
| Proceeds from sale of notes                  | -                 | -                 | -                     | -                   | -                 |
| Transfers in                                 | 1,615,721         | 1,654,093         | 1,842,926             | 4,836,898           | 2,575,863         |
| Transfers (out)                              | (1,585,568)       | (1,614,504)       | (1,648,908)           | (1,617,413)         | (2,130,090)       |
| Other financing sources                      | -                 | -                 | -                     | -                   | -                 |
| Other financing uses                         | -                 | -                 | -                     | -                   | -                 |
| Total other financing sources (uses)         | <u>1,274,409</u>  | <u>672,615</u>    | <u>742,515</u>        | <u>3,565,969</u>    | <u>768,427</u>    |
| Net change in fund balances                  | <u>\$ 282,773</u> | <u>\$ 779,660</u> | <u>\$ (2,028,155)</u> | <u>\$ 2,435,449</u> | <u>\$ 214,250</u> |
| Debt service as a percentage of noncapital   | 3.93%             | 6.47%             | 5.16%                 | 5.32%               | 5.97%             |

Note: "N/A" indicates that information was not available.

| <u>2002</u>       | <u>2001</u>           | <u>2000</u>         | <u>1999</u>         | <u>1998</u>      |
|-------------------|-----------------------|---------------------|---------------------|------------------|
| \$ 4,286,217      | \$ 3,786,457          | \$ 4,171,037        | \$ 4,081,936        | \$ 3,326,396     |
| 227,028           | 169,161               | 196,402             | 87,839              | 246,732          |
| 128,783           | 88,038                | 93,690              | 108,421             | 54,629           |
| 172,016           | 170,242               | 218,627             | 255,767             | 185,022          |
| 1,021,366         | 1,740,709             | 869,624             | 807,184             | 871,469          |
| 114,398           | 244,910               | 340,055             | 172,114             | 99,920           |
| 148,796           | 76,883                | 115,194             | 59,918              | 63,295           |
| <u>6,098,604</u>  | <u>6,276,400</u>      | <u>6,004,629</u>    | <u>5,573,179</u>    | <u>4,847,463</u> |
| 951,212           | 692,000               | 723,126             | 729,475             | 538,325          |
| 3,377,001         | 3,286,121             | 3,267,263           | 2,940,116           | 2,887,516        |
| 193,196           | 218,624               | 226,023             | 210,613             | 97,494           |
| 336,382           | 335,088               | 327,574             | 314,400             | 284,857          |
| 178,359           | 38,205                | 33,325              | 39,146              | 32,159           |
| 189,981           | 177,542               | 170,031             | 131,863             | 195,160          |
| 552,805           | 2,866,042             | 611,190             | 1,194,846           | 718,940          |
| 162,797           | 172,089               | 4,133,543           | 79,112              | 53,792           |
| 183,082           | 188,704               | 194,842             | 32,949              | 87,935           |
| -                 | -                     | 80,000              | -                   | -                |
| <u>6,124,815</u>  | <u>7,974,415</u>      | <u>9,766,917</u>    | <u>5,676,959</u>    | <u>4,896,178</u> |
| <u>(26,211)</u>   | <u>(1,698,015)</u>    | <u>(3,762,288)</u>  | <u>(103,780)</u>    | <u>(48,715)</u>  |
| -                 | -                     | 3,360,000           | -                   | -                |
| -                 | -                     | -                   | -                   | -                |
| -                 | -                     | -                   | -                   | -                |
| -                 | -                     | 6,709               | -                   | -                |
| -                 | 62,750                | 59,721              | 92,030              | 160,045          |
| -                 | -                     | -                   | -                   | -                |
| -                 | -                     | -                   | 3,978,000           | -                |
| 1,897,272         | 1,575,057             | 2,609,836           | 2,779,240           | 1,239,344        |
| (1,753,759)       | (1,614,857)           | (2,609,836)         | (2,779,240)         | (1,239,344)      |
| -                 | -                     | -                   | -                   | 56,394           |
| -                 | -                     | -                   | -                   | (78,939)         |
| <u>143,513</u>    | <u>22,950</u>         | <u>3,426,430</u>    | <u>4,070,030</u>    | <u>137,500</u>   |
| <u>\$ 117,302</u> | <u>\$ (1,675,065)</u> | <u>\$ (335,858)</u> | <u>\$ 3,966,250</u> | <u>\$ 88,785</u> |
| 5.65%             | 4.52%                 | 45.14%              | 1.97%               | 2.89%            |

**CITY OF HARRISON, OHIO**

*ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS*

| <b>Year</b> | <b>Real Property</b>  |                                   | <b>Public Utility Property</b> |                                   | <b>Tangible Personal Property (a)</b> |                                   |
|-------------|-----------------------|-----------------------------------|--------------------------------|-----------------------------------|---------------------------------------|-----------------------------------|
|             | <b>Assessed Value</b> | <b>Estimated Actual Value (1)</b> | <b>Assessed Value</b>          | <b>Estimated Actual Value (1)</b> | <b>Assessed Value</b>                 | <b>Estimated Actual Value (1)</b> |
| 2007        | \$ 211,870,220        | \$ 605,343,486                    | \$ 3,858,280                   | \$ 15,433,120                     | \$ 11,914,930                         | \$ 63,546,293                     |
| 2006        | 202,509,130           | 578,597,514                       | 4,171,220                      | 16,684,880                        | 16,313,010                            | 87,002,720                        |
| 2005        | 191,361,800           | 546,748,000                       | 4,295,430                      | 4,295,430                         | 19,689,900                            | 78,759,600                        |
| 2004        | 160,124,090           | 457,497,400                       | 4,591,770                      | 4,591,770                         | 20,541,290                            | 82,165,160                        |
| 2003        | 147,707,370           | 422,021,057                       | 3,712,380                      | 3,712,380                         | 20,489,080                            | 81,956,320                        |
| 2002        | 140,281,390           | 400,803,971                       | 3,644,230                      | 3,644,230                         | 22,233,920                            | 88,935,680                        |
| 2001        | 122,626,630           | 350,361,800                       | 4,872,000                      | 4,872,000                         | 19,360,790                            | 77,443,160                        |
| 2000        | 116,704,100           | 333,440,286                       | 7,853,370                      | 7,853,370                         | 21,931,100                            | 87,724,400                        |
| 1999        | 96,460,940            | 275,602,686                       | 7,652,880                      | 7,652,880                         | 21,931,100                            | 87,724,400                        |
| 1998        | 94,563,970            | 270,182,771                       | 5,506,680                      | 5,506,680                         | 20,429,050                            | 81,716,200                        |

Source: Hamilton County Auditor's Office

(1) This amount is calculated based on the following percentages:

Real property is assessed at thirty-five percent of actual value.

Public utility is assessed at one hundred percent of actual value.

Tangible personal is assessed at 18.75 percent of true value for capital assets and inventory for 2006.

Prior to 2006, tangible personal property was assessed at twenty-five percent.

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

**Total**

| <b>Assessed<br/>Value</b> | <b>Estimated<br/>Actual<br/>Value</b> | <b>Ratio</b> |
|---------------------------|---------------------------------------|--------------|
| \$ 227,643,430            | \$ 684,322,899                        | 33.27%       |
| 222,993,360               | 682,285,114                           | 32.68%       |
| 215,347,130               | 629,803,030                           | 34.19%       |
| 185,257,150               | 544,254,330                           | 34.04%       |
| 171,908,830               | 507,689,757                           | 33.86%       |
| 166,159,540               | 493,383,881                           | 33.68%       |
| 146,859,420               | 432,676,960                           | 33.94%       |
| 146,488,570               | 429,018,056                           | 34.15%       |
| 126,044,920               | 370,979,966                           | 33.98%       |
| 120,499,700               | 357,405,651                           | 33.72%       |

**CITY OF HARRISON, OHIO**

*DIRECT AND OVERLAPPING PROPERTY TAX RATES  
(RATE PER \$1,000 OF ASSESSED VALUE)  
LAST TEN YEARS*

| <u>Collection Year</u> | <u>Township Levy</u> | <u>City of Harrison Levy</u> | <u>School Levy</u> | <u>County Levy</u> | <u>Joint Ambulatory Levy</u> | <u>Joint Vocational Levy</u> | <u>Hamilton County Park District Levy</u> | <u>Total Direct and Overlapping Rates</u> |
|------------------------|----------------------|------------------------------|--------------------|--------------------|------------------------------|------------------------------|---|---|
| 2007                   | 0.06                 | 13.00                        | 45.30              | 20.18              | 1.25                         | 2.70                         | 1.00                                      | 83.49                                     |
| 2006                   | 0.06                 | 13.00                        | 46.68              | 19.78              | 1.25                         | 2.70                         | 1.03                                      | 84.50                                     |
| 2005                   | 0.06                 | 13.00                        | 47.08              | 20.03              | 1.25                         | 2.70                         | 1.03                                      | 85.15                                     |
| 2004                   | 0.06                 | 13.00                        | 47.25              | 20.48              | 1.25                         | 2.70                         | 1.03                                      | 85.77                                     |
| 2003                   | 0.06                 | 13.00                        | 47.25              | 20.48              | 1.25                         | 2.70                         | 1.03                                      | 85.77                                     |
| 2002                   | 0.06                 | 13.00                        | 47.75              | 21.47              | 1.25                         | 2.70                         | -   | 86.23                                     |
| 2001                   | 0.06                 | 13.00                        | 47.88              | 19.92              | 1.25                         | 2.70                         | -   | 84.81                                     |
| 2000                   | 0.06                 | 13.00                        | 48.22              | 20.83              | 1.25                         | 2.70                         | -   | 86.06                                     |
| 1999                   | 0.06                 | 13.00                        | 48.22              | 19.54              | 1.25                         | 2.70                         | -   | 84.77                                     |
| 1998                   | 0.06                 | 13.00                        | 44.74              | 19.01              | 1.25                         | 2.70                         | -   | 80.76                                     |

Source: Hamilton County Auditor's Office

**CITY OF HARRISON, OHIO**

*PRINCIPAL TAXPAYERS  
REAL ESTATE AND TANGIBLE PERSONAL PROPERTY TAX  
DECEMBER 31, 2006 AND DECEMBER 31, 1999*

| <b>December 31, 2006 (A)</b>  |                               |             |                                     |
|---|-------------------------------|-------------|-------------------------------------|
| <b>Taxpayer</b>   | <b>Taxable Assessed Value</b> | <b>Rank</b> | <b>Percentage of Assessed Value</b> |
| F&M MAFCO Inc.  | \$ 2,054,970                  | 1           | 0.92%                               |
| Wayne Scott Fetzer Co.  | 1,431,040                     | 2           | 0.64%                               |
| JTM Provisions Co. Inc.   | 1,187,850                     | 3           | 0.53%                               |
| Campbell Hausfield Scott  | 1,041,480                     | 4           | 0.47%                               |
| Home Depot USA Inc.   | 969,970                       | 5           | 0.43%                               |
| Supervalu Holdings Inc.   | 891,170                       | 6           | 0.40%                               |
| Harrison Division of MII  | 817,910                       | 7           | 0.37%                               |
| Hubert Company LLC  | 817,640                       | 8           | 0.37%                               |
| Cronin Ford Inc   | 815,080                       | 9           | 0.36%                               |
| Ilsco Corporation   | 447,830                       | 10          | 0.20%                               |
| Total, Top Ten Principal Real Estate and Tangible Personal Property Taxpayers | <u>\$ 10,474,940</u>          |             | <u>4.69%</u>                        |
| Total City Real Estate and Tangible Personal Property Valuation               | <u>\$ 223,785,150</u>         |             |                                     |

| <b>December 31, 1999 (A)</b>  |                               |             |                                     |
|---|-------------------------------|-------------|-------------------------------------|
| <b>Taxpayer</b>   | <b>Taxable Assessed Value</b> | <b>Rank</b> | <b>Percentage of Assessed Value</b> |
| CINERGY   | \$ 3,869,040                  | 1           | 3.27%                               |
| Hyper Shoppes, Inc.   | 2,797,210                     | 2           | 2.36%                               |
| F&M MAFCO Inc.  | 2,686,920                     | 3           | 2.27%                               |
| Seasongood Folding Box  | 2,629,780                     | 4           | 2.22%                               |
| GTE Wireless  | 2,500,290                     | 5           | 2.11%                               |
| Wurster, Erlene   | 2,209,870                     | 6           | 1.87%                               |
| Campbell Hausfield Scott  | 2,071,550                     | 7           | 1.75%                               |
| Hubert Company LLC  | 1,992,330                     | 8           | 1.68%                               |
| JTM Provisions Co. Inc.   | 1,891,320                     | 9           | 1.60%                               |
| Hamilton Foundry & Machine Co.  | 1,515,680                     | 10          | 1.28%                               |
| Total, Top Ten Principal Real Estate and Tangible Personal Property Taxpayers | <u>\$ 24,163,990</u>          |             | <u>20.41%</u>                       |
| Total City Real Estate and Tangible Personal Property Valuation               | <u>\$ 118,392,040</u>         |             |                                     |

Source: Hamilton County Auditor's Office

(A) Information for the top ten taxpayers for December 31, 2007 and nine years prior is not available. The latest information available is presented above. The top ten taxpayers for the current year and nine years prior will be presented in future CAFR's as the information becomes available.

**CITY OF HARRISON, OHIO**

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

| <u>Year</u> | <u>Total Levy</u> | <u>Current Collection (1)</u> | <u>Percent of Current Collections to Tax Levy</u> | <u>Delinquent Collections (3)</u> | <u>Total Collections</u> | <u>Percent of Total Collections to Tax Levy</u> |
|-------------|-------------------|-------------------------------|---|-----------------------------------|--------------------------|---|
| 2007        | N/A               | N/A                           | N/A   | N/A                               | N/A                      | N/A   |
| 2006        | \$ 1,977,533      | \$ 1,904,381                  | 96.30%  | \$ 54,448                         | \$ 1,958,829             | 99.10%  |
| 2005        | 1,997,347         | 1,906,140                     | 95.43%  | 58,022                            | 1,964,162                | 98.34%  |
| 2004        | 1,871,491         | 1,819,037                     | 97.20%  | 87,009                            | 1,906,046                | 101.85%   |
| 2003        | 1,968,254         | 1,765,554                     | 89.70%  | 82,181                            | 1,847,735                | 93.88%  |
| 2002        | 1,843,626         | 1,640,099                     | 88.96%  | 98,331                            | 1,738,430                | 94.29%  |
| 2001        | 1,735,336         | 1,575,090                     | 90.77%  | 57,888                            | 1,632,978                | 94.10%  |
| 2000        | 1,719,587         | 1,601,953                     | 93.16%  | 55,894                            | 1,657,847                | 96.41%  |
| 1999        | 1,626,587         | 1,588,290                     | 97.65%  | 126,673                           | 1,714,963                | 105.43%   |
| 1998        | 1,494,324         | 1,437,362                     | 96.19%  | 51,036                            | 1,488,398                | 99.60%  |

Source: Hamilton County Auditor's Office

N/A = Information not available. Information will be presented in future CAFR's as it becomes available.

**CITY OF HARRISON, OHIO**

*INCOME TAX REVENUE BASE AND COLLECTIONS  
LAST TEN YEARS*

| <u>Year</u> | <u>Tax Rate</u> | <u>Total Tax Collected</u> | <u>Taxes from Withholding</u> | <u>Percentage of Taxes from Withholding</u> | <u>Taxes From Net Profits</u> | <u>Percentage of Taxes from Net Profits</u> | <u>Taxes from Individuals</u> | <u>Percentage of Taxes from Individuals</u> |
|-------------|-----------------|----------------------------|-------------------------------|---|-------------------------------|---|-------------------------------|---|
| 2007        | 1.00%           | \$ 2,899,734               | \$ 2,039,149                  | 70.32%                                      | \$ 386,780                    | 13.34%                                      | \$ 473,804                    | 16.34%                                      |
| 2006        | 1.00%           | 2,749,532                  | 1,903,448                     | 69.23%                                      | 330,223                       | 12.01%                                      | 515,892                       | 18.76%                                      |
| 2005        | 1.00%           | 2,629,445                  | 1,843,656                     | 70.12%                                      | 296,082                       | 11.26%                                      | 489,707                       | 18.62%                                      |
| 2004        | 1.00%           | 2,528,475                  | 1,795,862                     | 71.03%                                      | 299,820                       | 11.86%                                      | 432,793                       | 17.11%                                      |
| 2003        | 1.00%           | 2,452,028                  | 1,812,200                     | 73.91%                                      | 235,234                       | 9.59%                                       | 404,594                       | 16.50%                                      |
| 2002        | 1.00%           | 2,389,236                  | 1,750,447                     | 73.26%                                      | 252,783                       | 10.58%                                      | 386,007                       | 16.16%                                      |
| 2001        | 1.00%           | 2,459,847                  | 1,789,347                     | 72.74%                                      | 258,834                       | 10.52%                                      | 411,666                       | 16.74%                                      |
| 2000        | 1.00%           | 2,518,540                  | 1,708,537                     | 67.84%                                      | 422,860                       | 16.79%                                      | 387,143                       | 15.37%                                      |
| 1999        | 1.00%           | 2,453,402                  | 1,756,004                     | 71.57%                                      | 355,014                       | 14.47%                                      | 342,384                       | 13.96%                                      |
| 1998        | 1.00%           | 2,021,527                  | 1,486,538                     | 73.54%                                      | 253,876                       | 12.56%                                      | 281,113                       | 13.90%                                      |

Source: City of Harrison Income Tax Department

**CITY OF HARRISON, OHIO**

*RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN YEARS*

| <b>Year</b> | <b>Governmental Activities</b>          |                      |                      |  |                           | <b>Business-Type Activities</b>         |                          |
|-------------|---|----------------------|----------------------|--|---------------------------|---|--------------------------|
|             | <b>General<br/>Obligation<br/>Bonds</b> | <b>OPWC<br/>Loan</b> | <b>ODOT<br/>Loan</b> | <b>Bond<br/>Anticipation<br/>Notes</b> | <b>Capital<br/>Leases</b> | <b>General<br/>Obligation<br/>Bonds</b> | <b>Revenue<br/>Bonds</b> |
| 2007        | \$ 2,605,000                            | \$ 436,999           | \$ 564,170           | \$ -                                   | \$ 1,238,630              | \$ 435,000                              | \$ 17,980,000            |
| 2006        | 2,745,000                               | 448,810              | 564,170              | -                                      | 170,264                   | 460,000                                 | 18,200,000               |
| 2005        | 2,880,000                               | 476,673              | -                    | -                                      | 263,395                   | 510,000                                 | 18,420,000               |
| 2004        | 2,860,000                               | -                    | -                    | -                                      | 423,063                   | 35,000                                  | 18,590,000               |
| 2003        | 2,980,000                               | -                    | -                    | -                                      | 244,180                   | 75,000                                  | 18,750,000               |
| 2002        | 3,095,000                               | -                    | -                    | -                                      | 20,888                    | 115,000                                 | -                        |
| 2001        | 3,205,000                               | -                    | -                    | -                                      | 73,685                    | 155,000                                 | -                        |
| 2000        | 3,310,000                               | -                    | -                    | -                                      | 78,024                    | 200,000                                 | -                        |
| 1999        | -                                       | -                    | -                    | 3,978,000                              | 119,235                   | 260,000                                 | -                        |
| 1998        | -                                       | -                    | -                    | 978,000                                | 106,253                   | 320,000                                 | -                        |

Sources:

- (a) See notes to the financial statements regarding the City's outstanding debt information.
- (b) United States Bureau of Census

**Business-Type Activities**

| <b>Mortgage<br/>Revenue<br/>Bonds</b> | <b>Real Estate<br/>Revenue<br/>Bonds</b> | <b>Bond<br/>Anticipation<br/>Notes</b> | <b>Capital<br/>Leases</b> | <b>OPWC<br/>Loans</b> | <b>OWDA<br/>Loans</b> | <b>(a)<br/>Total<br/>Primary<br/>Government</b> | <b>(b)<br/>Population</b> | <b>Per<br/>Capita</b> |
|---------------------------------------|--|--|---------------------------|-----------------------|-----------------------|---|---------------------------|-----------------------|
| \$ -                                  | \$ -                                     | \$5,500,000                            | \$ 55,782                 | \$1,937,994           | \$ 3,181,172          | \$33,934,747                                    | 9,980                     | \$ 3,400              |
| -                                     | -  | -                                      | -                         | 1,764,056             | 1,919,103             | 26,271,403                                      | 9,950                     | 2,640                 |
| -                                     | -  | -                                      | -                         | 200,694               | 1,602,468             | 24,353,230                                      | 9,950                     | 2,448                 |
| 105,000                               | -  | -                                      | -                         | 270,929               | 1,698,171             | 23,982,163                                      | 9,885                     | 2,426                 |
| 200,000                               | -  | -                                      | -                         | 338,919               | 1,790,545             | 24,378,644                                      | 9,885                     | 2,466                 |
| 3,150,000                             | -  | 10,000,000                             | -                         | 413,170               | 1,791,033             | 18,585,091                                      | 9,885                     | 1,880                 |
| 3,380,000                             | 71,000                                   | 5,000,000                              | -                         | 477,230               | 666,585               | 13,028,500                                      | 9,865                     | 1,321                 |
| 3,595,000                             | 142,000                                  | -                                      | -                         | 569,812               | -                     | 7,894,836                                       | 9,835                     | 803                   |
| 3,800,000                             | 213,000                                  | -                                      | -                         | 629,276               | -                     | 8,999,511                                       | 9,750                     | 923                   |
| 3,990,000                             | 284,000                                  | -                                      | -                         | 686,995               | 12,385                | 6,377,633                                       | 9,566                     | 667                   |

**CITY OF HARRISON, OHIO**

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

| <u>Year</u> | <u>Population (1)</u> | <u>Estimated Actual<br/>Value of Taxable<br/>Property (2)</u> | <u>Gross<br/>Bonded<br/>Debt (3)</u> | <u>Ratio of Net<br/>Bonded Debt to<br/>Estimated Actual<br/>Value of Property</u> | <u>Net Bonded<br/>Debt Per<br/>Capita</u> |
|-------------|-----------------------|---|--------------------------------------|---|---|
| 2007        | 9,980                 | \$ 684,322,899  | \$ 21,020,000                        | 3.07%   | \$ 2,106                                  |
| 2006        | 9,950                 | 682,285,114   | 21,405,000                           | 3.14%   | 2,151                                     |
| 2005        | 9,950                 | 629,803,030   | 21,810,000                           | 3.46%   | 2,192                                     |
| 2004        | 9,885                 | 544,254,330   | 21,590,000                           | 3.97%   | 2,184                                     |
| 2003        | 9,885                 | 507,689,757   | 22,005,000                           | 4.33%   | 2,226                                     |
| 2002        | 9,885                 | 493,383,881   | 6,360,000                            | 1.29%   | 643                                       |
| 2001        | 9,865                 | 432,676,960   | 6,811,000                            | 1.57%   | 690                                       |
| 2000        | 9,835                 | 429,018,056   | 7,247,000                            | 1.69%   | 737                                       |
| 1999        | 9,750                 | 370,979,966   | 4,273,000                            | 1.15%   | 438                                       |
| 1998        | 9,566                 | 357,405,651   | 4,594,000                            | 1.29%   | 480                                       |

Sources:

(1) United States Bureau of Census

(2) Hamilton County Auditor's Office

(3) These amounts include general obligation bonds, mortgage revenue bonds and real estate revenue bonds that are being repaid through enterprise revenues

**CITY OF HARRISON, OHIO**

*DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2007*

| <u>Governmental Unit</u>          | <u>Debt<br/>Outstanding (a)</u> | <u>Estimated<br/>Percentage<br/>Applicable (b)</u> | <u>Estimated<br/>Share of<br/>Overlapping Debt</u> |
|-----------------------------------|---------------------------------|--|--|
| <b>Direct:</b>                    |                                 |  |  |
| City of Harrison                  | \$ 3,606,169                    | 100.00%  | \$ 3,606,169                                       |
| <b>Overlapping debt:</b>          |                                 |  |  |
| Southwest Local School District   | 17,855,000                      | 41.96%   | 7,491,958  |
| Great Oaks Career Center          | 9,070,000                       | 1.13%  | 102,491  |
| Hamilton County                   | <u>109,325,000</u>              | 1.06%  | <u>1,158,845</u>                                   |
| Total direct and overlapping debt | <u>\$ 139,856,169</u>           |  | <u>\$ 12,359,463</u>                               |

Source: Ohio Municipal Advisory Council

(a) Excludes loans, general obligation bonds and revenue 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**

*COMPUTATION OF LEGAL DEBT MARGIN  
LAST TEN YEARS*

|   | <u>2007</u>          | <u>2006</u>          | <u>2005</u>          | <u>2004</u>          |
|---|----------------------|----------------------|----------------------|----------------------|
| Assesed Value   | \$ 227,643,430       | \$ 222,993,360       | \$ 215,347,130       | \$ 185,257,150       |
| Legal debt margin:  |                      |                      |                      |                      |
| Debt limitation - 10.5% of Assesed Value                          | 23,902,560           | 23,414,303           | 22,611,449           | 19,452,001           |
| Debt Applicable to Limitation:                                    |                      |                      |                      |                      |
| Total bonded debt   | <u>21,020,000</u>    | <u>21,405,000</u>    | <u>21,810,000</u>    | <u>21,590,000</u>    |
| Special Assessment Bond   | -                    | -                    | -                    | -                    |
| Notes   | -                    | -                    | -                    | -                    |
| Revenue Bonds   | -                    | -                    | -                    | -                    |
| Gross Indebtedness<br>(Total Voted and Unvoted Debt)              | <u>21,020,000</u>    | <u>21,405,000</u>    | <u>21,810,000</u>    | <u>21,590,000</u>    |
| Less: Debt Outside Limitations                                    |                      |                      |                      |                      |
| Debt supported by enterprise fund operations                      | <u>(18,415,000)</u>  | <u>(18,660,000)</u>  | <u>(18,930,000)</u>  | <u>(18,730,000)</u>  |
| Total Debt Outside Limitations                                    | <u>(18,415,000)</u>  | <u>(18,660,000)</u>  | <u>(18,930,000)</u>  | <u>(18,730,000)</u>  |
| Total Debt Applicable to Limitation -<br>Within 10.5% Limitations | 2,605,000            | 2,745,000            | 2,880,000            | 2,860,000            |
| Net Debt Within 10.5% Limitation                                  | <u>2,605,000</u>     | <u>2,745,000</u>     | <u>2,880,000</u>     | <u>2,860,000</u>     |
| Overall Debt Margin Within 10.5% Limitation                       | <u>\$ 21,297,560</u> | <u>\$ 20,669,303</u> | <u>\$ 19,731,449</u> | <u>\$ 16,592,001</u> |
| Unvoted Debt Limitation - 5.5% of<br>Assesed Valuation            | \$ 12,520,389        | \$ 12,264,635        | \$ 11,844,092        | \$ 10,189,143        |
| Debt Applicable to Limitation:                                    |                      |                      |                      |                      |
| Total bonded debt   | <u>21,020,000</u>    | <u>21,405,000</u>    | <u>21,810,000</u>    | <u>21,590,000</u>    |
| Gross Indebtedness Authorized by Council                          | <u>21,020,000</u>    | <u>21,405,000</u>    | <u>21,810,000</u>    | <u>21,590,000</u>    |
| Less: Debt Outside Limitations:                                   |                      |                      |                      |                      |
| Total Debt Outside Limitations                                    | <u>(18,415,000)</u>  | <u>(18,660,000)</u>  | <u>(18,930,000)</u>  | <u>(18,730,000)</u>  |
| Debt Within 5.5% Limitations                                      | 2,605,000            | 2,745,000            | 2,880,000            | 2,860,000            |
| Net Debt Within 5.5% Limitation                                   | <u>2,605,000</u>     | <u>2,745,000</u>     | <u>2,880,000</u>     | <u>2,860,000</u>     |
| Unvoted Debt Margin Within 5.5% Limitation                        | <u>\$ 9,915,389</u>  | <u>\$ 9,519,635</u>  | <u>\$ 8,964,092</u>  | <u>\$ 7,329,143</u>  |

Source: City of Harrison, Finance Director's Office

| <b>2003</b>          | <b>2002</b>          | <b>2001</b>          | <b>2000</b>          | <b>1999</b>          | <b>1998</b>          |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 171,908,830       | \$ 166,159,540       | \$ 146,859,420       | \$ 146,488,570       | \$ 126,044,920       | \$ 120,499,700       |
| 18,050,427           | 17,446,752           | 15,420,239           | 15,381,300           | 13,234,717           | 12,652,469           |
| <u>22,005,000</u>    | <u>6,360,000</u>     | <u>6,811,000</u>     | <u>7,247,000</u>     | <u>4,273,000</u>     | <u>4,594,000</u>     |
| -                    | -                    | -                    | -                    | -                    | -                    |
| -                    | -                    | -                    | -                    | -                    | -                    |
| -                    | -                    | -                    | -                    | -                    | -                    |
| <u>22,005,000</u>    | <u>6,360,000</u>     | <u>6,811,000</u>     | <u>7,247,000</u>     | <u>4,273,000</u>     | <u>4,594,000</u>     |
| <u>(19,025,000)</u>  | <u>(3,265,000)</u>   | <u>(3,606,000)</u>   | <u>(3,937,000)</u>   | <u>(4,273,000)</u>   | <u>(4,594,000)</u>   |
| <u>(19,025,000)</u>  | <u>(3,265,000)</u>   | <u>(3,606,000)</u>   | <u>(3,937,000)</u>   | <u>(4,273,000)</u>   | <u>(4,594,000)</u>   |
| 2,980,000            | 3,095,000            | 3,205,000            | 3,310,000            | -                    | -                    |
| <u>2,980,000</u>     | <u>3,095,000</u>     | <u>3,205,000</u>     | <u>3,310,000</u>     | <u>-</u>             | <u>-</u>             |
| <u>\$ 15,070,427</u> | <u>\$ 14,351,752</u> | <u>\$ 12,215,239</u> | <u>\$ 12,071,300</u> | <u>\$ 13,234,717</u> | <u>\$ 12,652,469</u> |
| \$ 9,454,986         | \$ 9,138,775         | \$ 8,077,268         | \$ 8,056,871         | \$ 6,932,471         | \$ 6,627,484         |
| <u>22,005,000</u>    | <u>6,360,000</u>     | <u>6,811,000</u>     | <u>7,247,000</u>     | <u>4,273,000</u>     | <u>4,594,000</u>     |
| <u>22,005,000</u>    | <u>6,360,000</u>     | <u>6,811,000</u>     | <u>7,247,000</u>     | <u>4,273,000</u>     | <u>4,594,000</u>     |
| <u>(19,025,000)</u>  | <u>(3,265,000)</u>   | <u>(3,606,000)</u>   | <u>(3,937,000)</u>   | <u>(4,273,000)</u>   | <u>(4,594,000)</u>   |
| 2,980,000            | 3,095,000            | 3,205,000            | 3,310,000            | -                    | -                    |
| <u>2,980,000</u>     | <u>3,095,000</u>     | <u>3,205,000</u>     | <u>3,310,000</u>     | <u>-</u>             | <u>-</u>             |
| <u>\$ 6,474,986</u>  | <u>\$ 6,043,775</u>  | <u>\$ 4,872,268</u>  | <u>\$ 4,746,871</u>  | <u>\$ 6,932,471</u>  | <u>\$ 6,627,484</u>  |

**CITY OF HARRISON, OHIO**

*PLEDGED REVENUE BOND COVERAGE - ENTERPRISE  
LAST TEN YEARS*

| <u>Year</u> | <u>Operating Revenue (1)</u> | <u>Operating Expenses (2)</u> | <u>Net Revenue Available for Debt Service</u> | <u>Debt Service Requirements</u> |                 |              | <u>Coverage</u> |
|-------------|------------------------------|-------------------------------|---|----------------------------------|-----------------|--------------|-----------------|
|             |                              |                               |   | <u>Principal</u>                 | <u>Interest</u> | <u>Total</u> |                 |
| 2007        | \$ 4,180,689                 | \$ 2,891,423                  | \$ 1,289,266                                  | \$ 220,000                       | \$ 823,798      | \$ 1,043,798 | 1.24            |
| 2006        | 4,337,339                    | 3,002,462                     | 1,334,877                                     | 220,000                          | 828,197         | 1,048,197    | 1.27            |
| 2005        | 4,018,880                    | 3,085,424                     | 933,456                                       | 275,000                          | 837,898         | 1,112,898    | 0.84            |
| 2004        | 4,231,865                    | 2,653,104                     | 1,578,761                                     | 255,000                          | 953,371         | 1,208,371    | 1.31            |
| 2003        | 3,210,404                    | 1,692,567                     | 1,517,837                                     | 405,157                          | 263,112         | 668,269      | 2.27            |
| 2002        | 3,059,797                    | 1,621,015                     | 1,438,782                                     | 301,000                          | 190,426         | 491,426      | 2.93            |
| 2001        | 2,596,128                    | 1,323,535                     | 1,272,593                                     | 286,000                          | 191,893         | 477,893      | 2.66            |
| 2000        | 2,555,961                    | 1,210,224                     | 1,345,737                                     | 276,000                          | 218,531         | 494,531      | 2.72            |
| 1999        | 2,349,550                    | 1,100,051                     | 1,249,499                                     | 261,000                          | 203,584         | 464,584      | 2.69            |
| 1998        | 2,205,913                    | 1,260,035                     | 945,878                                       | 180,000                          | 211,453         | 391,453      | 2.42            |

Source: City of Harrison, Finance Director's Office

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

(2) Total operating expenses exclusive of depreciation.

**CITY OF HARRISON, OHIO**

*DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS*

| <b>Year</b> | <b>Population (1)</b> | <b>Per Capita<br/>Personal<br/>Income (2)</b> | <b>School<br/>Enrollment<br/>(3)</b> | <b>Unemployment Rates (2)</b> |             |                          |
|-------------|-----------------------|---|--------------------------------------|-------------------------------|-------------|--------------------------|
|             |                       |   |                                      | <b>City of<br/>Harrison</b>   | <b>Ohio</b> | <b>United<br/>States</b> |
| 2007        | 9,980                 | N/A   | 3,742                                | 5.0%                          | 5.6%        | 4.6%                     |
| 2006        | 9,950                 | N/A   | 3,705                                | 5.2%                          | 5.5%        | 4.6%                     |
| 2005        | 9,950                 | N/A   | 3,907                                | 5.4%                          | 5.9%        | 5.1%                     |
| 2004        | 9,885                 | N/A   | 3,965                                | 6.2%                          | 6.2%        | 5.5%                     |
| 2003        | 9,885                 | N/A   | 3,965                                | 4.7%                          | 6.2%        | 6.0%                     |
| 2002        | 9,885                 | 35,416  | 4,000                                | 5.0%                          | 5.7%        | 5.8%                     |
| 2001        | 9,865                 | 34,900  | 4,037                                | 3.2%                          | 4.4%        | 4.7%                     |
| 2000        | 9,835                 | 34,497  | 4,082                                | 2.9%                          | 4.0%        | 4.0%                     |
| 1999        | 9,750                 | 32,962  | 4,086                                | 3.0%                          | 4.3%        | 4.2%                     |
| 1998        | 9,566                 | 32,084  | 4,059                                | 3.4%                          | 4.3%        | 4.5%                     |

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

Sources:

(1) U.S. Census Bureau

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

(3) Southwest Local School District.

**CITY OF HARRISON, OHIO**  
*PRINCIPAL EMPLOYERS*  
*CURRENT YEAR AND NINE YEARS AGO*

| <b>Employer</b>                     | <b>2007</b>      |             |  | <b>1998</b>      |             |  |
|-------------------------------------|------------------|-------------|--|------------------|-------------|--|
|                                     | <b>Employees</b> | <b>Rank</b> | <b>Percentage of Total City Employment</b> | <b>Employees</b> | <b>Rank</b> | <b>Percentage of Total City Employment</b> |
| Campbell Hausfield/Scott Fetzer Co. | 567              | 1           | 4.41%                                      | 1,027            | 1           | 8.67%                                      |
| Southwest Local School District     | 464              | 2           | 3.61%                                      | 469              | 4           | 3.96%                                      |
| J.T.M. Provisions Company Inc.      | 436              | 3           | 3.39%                                      | 563              | 2           | 4.75%                                      |
| Hubert Company                      | 357              | 4           | 2.77%                                      | 412              | 5           | 3.48%                                      |
| Kroger Limited Partnership          | 296              | 5           | 2.30%                                      | 338              | 7           | 2.85%                                      |
| Shawneespring Heath Care Center     | 293              | 6           | 2.28%                                      | N/A              | N/A         | N/A  |
| Superval Holdings Inc.              | 252              | 7           | 1.96%                                      | 486              | 3           | 4.10%                                      |
| F & M Mafco Inc.                    | 208              | 8           | 1.62%                                      | 174              | 9           | 1.47%                                      |
| MII Inc.                            | 160              | 9           | 1.24%                                      | 356              | 6           | 3.00%                                      |
| City of Harrison                    | 139              | 10          | 1.08%                                      | N/A              | N/A         | N/A  |
| Harrison Ironworks LLC              | N/A              | N/A         | N/A  | 315              | 8           | 2.66%                                      |
| Seasongood Folding Box Co.          | N/A              | N/A         | N/A  | 147              | 10          | 1.24%                                      |
| <b>Total</b>                        | <b>3,172</b>     |             | <b>24.64%</b>                              | <b>4,287</b>     |             | <b>36.19%</b>                              |
| <b>Total City Employment</b>        | <b>12,871</b>    |             |  | <b>11,847</b>    |             |  |

Source: City of Harrison, Finance Director's Office

Note: Information on principal employers prior to 1998 was not available.

**CITY OF HARRISON, OHIO**

*FULL-TIME-EQUIVALENT CITY EMPLOYEES BY FUNCTION/PROGRAM  
LAST NINE YEARS*

| <b>Function/Program</b>          | <b>2007</b> | <b>2006</b> | <b>2005</b> | <b>2004</b> | <b>2003</b> | <b>2002</b> | <b>2001</b> | <b>2000</b> | <b>1999</b> |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government               |             |             |             |             |             |             |             |             |             |
| Clerk of Council                 | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Municipal Court - Magistrate     | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Municipal Clerk of Courts        | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Mayor                            | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Service Director                 | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Finance                          | 2           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Law                              | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Safety Director                  | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Income Tax                       | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Other                            | 11          | 9           | 9           | 9           | 9           | 9           | 9           | 9           | 9           |
| Security of Persons and Property |             |             |             |             |             |             |             |             |             |
| Police                           | 28          | 27          | 27          | 26          | 27          | 27          | 27          | 28          | 27          |
| Fire                             | 36          | 36          | 36          | 35          | 32          | 35          | 37          | 40          | 42          |
| Public Health and Welfare        |             |             |             |             |             |             |             |             |             |
| Senior Center                    | 4           | 4           | 4           | 4           | 4           | 4           | 4           | 4           | 4           |
| Transportation                   |             |             |             |             |             |             |             |             |             |
| Streets                          | 6           | 6           | 6           | 6           | 6           | 7           | 6           | 6           | 6           |
| Community Environment            |             |             |             |             |             |             |             |             |             |
| Planning                         | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Building/Zoning                  | 6           | 6           | 6           | 6           | 6           | 6           | 6           | 6           | 6           |
| Leisure Time Activity            |             |             |             |             |             |             |             |             |             |
| Parks Administration             | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Community Center                 | 3           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Utility Services                 |             |             |             |             |             |             |             |             |             |
| Water                            | 6           | 6           | 6           | 5           | 5           | 6           | 6           | 6           | 6           |
| Sewer                            | 7           | 8           | 8           | 9           | 7           | 7           | 6           | 7           | 7           |
| <b>Total</b>                     | <b>119</b>  | <b>114</b>  | <b>114</b>  | <b>112</b>  | <b>108</b>  | <b>113</b>  | <b>113</b>  | <b>118</b>  | <b>119</b>  |

Source: City of Harrison, Finance Director's Office

Note: Information prior to 1999 was not available.

**CITY OF HARRISON, OHIO**

*OPERATING INDICATORS BY FUNCTION  
LAST TEN YEARS*

| <b>Function</b>                         | <b>1998</b> | <b>1999</b> | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>General Government</b>               |             |             |             |             |             |             |
| Building Permits Issued                 | 93          | 105         | 141         | 119         | 173         | 233         |
| Building Inspections Performed          | 122         | 274         | 232         | 215         | 374         | 733         |
| Ordinances & Resolutions                | 66          | 76          | 61          | 70          | 50          | 79          |
| <b>Security of Persons and Property</b> |             |             |             |             |             |             |
| Police:                                 |             |             |             |             |             |             |
| Physical Arrests                        | 1,210       | 1,110       | 1,287       | 907         | 877         | 863         |
| Parking Violations                      | 2,010       | 1,495       | 1,685       | 1,560       | 1,423       | 1,384       |
| Traffic Violations                      | 457         | 432         | 427         | 477         | 458         | 436         |
| Fire:                                   |             |             |             |             |             |             |
| Emergency Responses                     | 1,346       | 1,421       | 1,418       | 1,249       | 1,351       | N/A         |
| Fire Responses                          | 468         | 339         | 278         | 304         | 382         | N/A         |
| Inspections conducted                   | 470         | 465         | 369         | 567         | 569         | N/A         |
| <b>Public Health and Welfare</b>        |             |             |             |             |             |             |
| Senior Center Attendance                | 8,588       | 8,156       | 8,542       | 8,059       | 8,347       | 8,377       |
| Senior Center Memberships               | N/A         | N/A         | N/A         | 148         | 148         | 129         |
| <b>Transportation</b>                   |             |             |             |             |             |             |
| Street Resurfacing (miles)              | N/A         | N/A         | 0.5         | 0.5         | 0           | 0           |
| Tons of salt used                       | N/A         | N/A         | N/A         | N/A         | 245         | 1,117       |
| <b>Water</b>                            |             |             |             |             |             |             |
| New Connections                         | 7           | 14          | 11          | 7           | 67          | 147         |
| Water Main Breaks                       | 6           | 5           | 7           | 9           | 8           | 9           |

Source: City of Harrison, Finance Director's Office

Note: Information for 10 years prior was not available for all functions.

| <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
|-------------|-------------|-------------|-------------|
| 186         | 161         | 115         | 187         |
| 607         | 800         | 849         | 654         |
| 82          | 70          | 68          | 64          |
| 882         | 892         | 930         | 1,400       |
| 1,365       | 1,381       | 1,381       | 1,420       |
| 414         | 402         | 410         | 1,732       |
| 1,271       | 1,453       | 1,522       | 1,628       |
| 399         | 566         | 619         | 401         |
| 397         | 633         | 823         | 931         |
| 8,162       | 9,045       | 8,950       | 8,200       |
| 167         | 190         | 201         | 223         |
| 2           | 0           | 1           | 2.57        |
| 824         | 805         | 386         | 990         |
| 124         | 124         | 87          | 94          |
| 7           | 8           | 10          | 12          |

**CITY OF HARRISON, OHIO**

*CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN YEARS*

| <b>Function</b>                         | <b>1998</b> | <b>1999</b> | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Security of Persons and Property</b> |             |             |             |             |             |             |             |
| Police:                                 |             |             |             |             |             |             |             |
| Stations                                | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Fire:                                   |             |             |             |             |             |             |             |
| Stations                                | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| <b>Leisure Time Activities</b>          |             |             |             |             |             |             |             |
| Parks                                   | 3           | 3           | 3           | 3           | 4           | 4           | 4           |
| Park Acreage                            | 58.50       | 58.50       | 58.50       | 58.50       | 63.50       | 63.50       | 63.50       |
| Tennis Courts                           | 2           | 2           | 2           | 2           | 2           | 2           | 2           |
| Baseball/Softball Fields                | 3           | 3           | 3           | 3           | 3           | 3           | 3           |
| <b>Transportation</b>                   |             |             |             |             |             |             |             |
| Streets (Paved Miles)                   | N/A         | N/A         | 40          | 40          | 40          | 40          | 40          |
| <b>Water</b>                            |             |             |             |             |             |             |             |
| Water Mains (miles)                     | N/A         | 26.00       | 26.00       | 27.50       | 27.80       | 31.10       | 31.10       |
| <b>Sewer</b>                            |             |             |             |             |             |             |             |
| Sanitary Sewers (miles)                 | N/A         | 25.00       | 25.00       | 25.00       | 25.00       | 25.00       | 25.00       |

Source: City of Harrison, Finance Director's Office

Note: Information for 10 years prior was not available for all functions.

| <u>2005</u> | <u>2006</u> | <u>2007</u> |
|-------------|-------------|-------------|
| 1           | 1           | 1           |
| 1           | 1           | 1           |
| 4           | 4           | 4           |
| 63.50       | 63.50       | 63.50       |
| 2           | 2           | 2           |
| 3           | 3           | 3           |
| 40          | 40          | 40          |
| 31.10       | 33.10       | 35.00       |
| 25.00       | 25.00       | 25.00       |

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