
CITY OF HARRISON, OHIO

Independent Auditors' Report on
Internal Controls and Compliance

Year ended December 31, 2011



Dave Yost • Auditor of State

Members of Council
City of Harrison
300 George Street
Harrison, Ohio 45030

We have reviewed the *Independent Auditors' Report* of the City of Harrison, Hamilton County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Harrison is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

November 7, 2012

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and City Council
City of Harrison, Ohio:

We have audited the financial statements of the governmental activities, 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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 31, 2012, wherein we noted the City adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting described in the accompanying schedule of findings and responses as item 2011-1 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Compliance And Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City in a separate letter dated July 31, 2012.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, the Ohio Auditor of State and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
July 31, 2012

**CITY OF HARRISON, OHIO
Schedule of Findings and Responses
Year Ended December 31, 2011**

Finding 2011-1 – Utilities Department

During the course of our audit, we identified several conditions within the City's Utilities Department that indicated a need for improved internal controls and management oversight over operations. Inadequate controls and monitoring could lead to errors in financial reporting or misappropriation of funds. To improve internal controls of the Utilities Department, we recommend the City address the following conditions:

- **Segregation of Duties** – During our review of accounting policies and procedures, we noted that the City receives cash payments for utilities, utility permits, and meters. For such sales, the Utility Billing Clerk performs all functions of delivering the meter or permit to the customer, recording the sale and payment, and collecting the payment. The Utility Billing clerk is also responsible for setting up new customers in the billing system. Ideally, these duties would be segregated. We recommend the City segregate these duties to enhance internal controls within the Utilities Department.
- **Contractor Deposits** – During our review of accounting policies and procedures, we noted that Contractor deposits are not being deposited into the bank. The contractor deposits are kept in a file drawer in the Utilities Department. This practice increases the risk of misappropriation of funds. The City should implement formal procedures related to the timely deposit of contractor deposits, tracking of those deposits and returns of deposits should be made through the City's cash disbursement procedures.
- **Management Oversight** – During our discussions with management, we noted that the department head does not currently review financial reports other than reviewing a monthly budgeted line item report. Due to limited staffing in the utility billing and collection process, we believe management should be more proactive in reviewing billing reports, collection reports, adjustment reports, deposit reports as well as permits and meter information. Thus, we would recommend the City adopt procedures to provide increased management monitoring of the utilities department.

Management response: *Management concurs with the finding*

**CITY OF HARRISON, OHIO
Schedule of Prior Audit Findings
Year Ended December 31, 2011**

Finding 2010-1 – Utilities Department

During the course of our audit, we identified several conditions within the City's Utilities Department that indicated a need for improved internal controls and management oversight over operations. Inadequate controls and monitoring could lead to errors in financial reporting or misappropriation of funds.

Status: Certain elements of the finding were addressed by the City in 2011 but others were not and those have been repeated as Finding 2011-1.

City of Harrison, Ohio



Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2011

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CITY OF HARRISON, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2011

Issued by:
Finance Department

Angelina Burton
Finance Director

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CITY OF HARRISON, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2011

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**INTRODUCTORY
SECTION**

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July 31, 2012

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

Ladies and Gentlemen:

Presented is the Comprehensive Annual Financial Report (CAFR) of the City of Harrison, Ohio (the City). This CAFR represents the official report of the City of Harrison's operations and financial position for the year ended December 31, 2011, developed to detail the status of the City finances to Harrison residents and elected officials, investment banks, underwriters and all other interested parties. This report is 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 the 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 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, if permitted by the Auditor of State, an independent public accounting firm. Clark, Schaefer Hackett performed the audit for the year ended December 31, 2011. The Independent Auditors' Report on the basic financial statements is included in the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This transmittal letter complements the MD&A, and should be read in conjunction with it. The City's MD&A immediately follows the Independent Auditors' 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

The City of Harrison, named after President William Henry Harrison, is located in Hamilton County in southwestern Ohio, on the I-74 corridor, approximately 20 miles northwest of the City of Cincinnati. Incorporated as a village in 1850, Harrison became a city in 1981. The City covers approximately 5 square miles along the border of Ohio and Indiana, with just fewer than 10,000 residents.

The City operates under its charter adopted in 2000, with a "Strong Mayor" form of government. The Mayor and seven Council members serve four year, staggered terms. The charter defines 14 departments, boards and/or commissions, though additional divisions and departments may be established by ordinance. The Mayor, with the consent of Council, appoints department directors, and may appoint one director to oversee multiple departments.

The City provides a full range of municipal services including: police and fire protection, parks and recreation, senior services, water and wastewater utilities, refuse collection, road maintenance, municipal court, economic development, planning, zoning, and general administrative offices. The City collects a 1% municipal income tax with a credit offered to residents for taxes paid to other municipalities.

The City employs 79 full-time employees and 31 part-time employees. The United Steelworkers (USW), the Fraternal Order of Police (FOP) and the Harrison Professional Firefighters IAFF represent non-exempt employees, depending on department. Each contract is for a period of 3 years, with staggered renewals, resulting in annual negotiations between the City and at least one union.

ECONOMIC CONDITION AND OUTLOOK

Concerning business recruitment and retention, 2011 welcomed Jack's Pets, Roses Department Store, a remodeled Remke Biggs, China Garden, Seedlings Child Learning Center, SPAWs Pet Grooming, Evolution Fitness and Nutrition, and The Works IT. The Coffee Peddler began its expansion project, and LifeSpring Church bought and renovated their new facility. Several of our local manufacturers, including JTM, are in the middle of expansion projects, investing both in buildings and equipment and also hiring new employees. This raises the total amount of business investment in Harrison over the last three years to \$50 million dollars with 450 jobs created.

The Historic Harrison Farmers Market enjoyed its second season in 2011. The market location moved just across the street to create a more "walkable" environment for both the vendors, patrons of the market and downtown business owners.

The results the City has achieved in spite of current economic conditions have attracted positive attention. The City won the 2011 Best Marketing Award from the Ohio Economic Development Agency. This is the second time in three years the City has won the state-level award. Harrison has been featured on the Greater Cincinnati television show "Community Report", and City officials have been asked to present to groups such as the Western Economic Council on the City's success.

MAJOR INITIATIVES

The City is committed to providing its residents and businesses with reliable infrastructure and dependable utility services. Infrastructure investments and improvements will continue into 2012.

Harrison Avenue improvements continue, and residential street improvements for 2012 includes the resurfacing of Whipporwill Drive. Both of these projects are financed through a combination of OPWC loans and grants.

Phase II of the Dry Fork Wastewater Expansion Project, completed in 2011, added 8100 linear feet of 24" trunk sewer lines to the City's system. Because the total project cost came in under budget, the City was able to make sanitary sewer improvements along Westbrook Drive, and commission a wastewater treatment plant oil and grease study, associated with the installation of an oxidant misting system.

The City entered into an interlocal agreement with the North Dearborn Sewer District (Indiana) to provide sewer service to residents and businesses in the Indiana TIF district along State Route 52 and State Street. The North Dearborn Sewer District paid for sewer lines along SR 52, as well as a new lift station, then turned the operations over to the City, with the City of Harrison upsizing the sanitary lines along State Street. NDSD's debt service will be paid by an \$18 monthly service fee charged to customers, and forwarded by the City of Harrison. The City may gain up to 30 new service connections as a part of the collaboration.

A water rate study will be completed in 2012, as the City prepares for the financial impact of various upgrades to the water system infrastructure, including the replacement of manifolds and media in the filtration system in 2013.

LONG-TERM FINANCIAL PLANNING

The City of Harrison has a responsibility to its citizens to properly account for public funds and to wisely manage finances, in order to ensure the continued delivery of City services. While the decreases in local government funding and municipal distributions from the State of Ohio have impacted the City's general fund revenues, proper financial management and proactive financial planning have allowed the City to continue day-to-day operations and capital improvements without eliminating and/or laying off any employees.

The City entered into an agreement with the Regional Income Tax Agency (RITA), effective November 2011, for administration of the City's municipal income tax. Harrison's membership with RITA is expected to directly benefit the general fund by reducing the City's tax administration costs by over 30%. The City also implemented a Cost Allocation Policy in 2011, as a means of distributing city-wide support service expenses across funds that resulted in a 10% reduction in general fund expenses.

The City incurred a significant increase in health insurance premiums at the 2012 renewal. Together with representatives from the three labor unions and exempt personnel, the City administration is working toward a more cost effective health care strategy that may include the implementation of a high-deductible health plan with a health savings account. The City's plan year was also changed from a mid-year renewal date to a fiscal year renewal date, to enable better budget planning.

The City continues to properly manage the water and wastewater utility operations. The City's wastewater system recently received an A1 credit rating from Moody's Investors Services, during the refunding of a \$15.9M wastewater revenue bond issue. The rating is typically reserved for systems larger than Harrison's; however, the City's past financial history, as well as the administration's commitment to a stricter trust indenture, resulted in a more favorable rating, allowing the City to save over \$1M in interest by refinancing the outstanding bonds. Following the completion of the previously mentioned water rate study in 2012, City Council will review the utility rates and act accordingly, with the trust indenture and the rate study recommendations in mind.

The City actively seeks grant funds for infrastructure and road improvements, with additional funding typically financed with low interest State loans, through the OPWC and the OWDA.

Equipment and vehicle replacements are financed through local institutions, for a maximum of 5 years depending on rotation schedule, and are included in a department's annual budget submission. In 2012, the City will finance the purchase of two new ambulances, payable over 5 years, and the purchase of a new water department dump truck, as well as the replacement of 2 fire department staff vehicles, 2 police cruisers and a police utility vehicle, all payable over 3 years.

USE OF THE REPORT

The report is published to provide City Council, as well as 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. This report should serve 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; it is presented in a manner designed to fairly set forth the financial activity of its various funds; and 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. This report is available for public inspection at the City of Harrison's Finance Office, located at 300 George Street, Harrison, Ohio.

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, 2010. This was the 12th consecutive year that the City of Harrison has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This 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. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

I would like to thank the knowledgeable staff in the Finance Department and the gracious staff in other City departments for helping me prepare this report. A special thanks to the Hamilton County Auditor's Office for quickly responding to my information requests.

I extend my sincere appreciation to Clark, Schaefer Hackett for their assistance with the preparation of this CAFR.

In closing, I would like to thank the Mayor and Members of Council for their continued commitment to this City's success.

Respectfully submitted,



Angelina Burton
Finance Director

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, 2010

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.



Linda C. Dandson

President

Jeffrey R. Emery

Executive Director

CITY OF HARRISON, OHIO

CITY OFFICIALS

ELECTED OFFICIALS

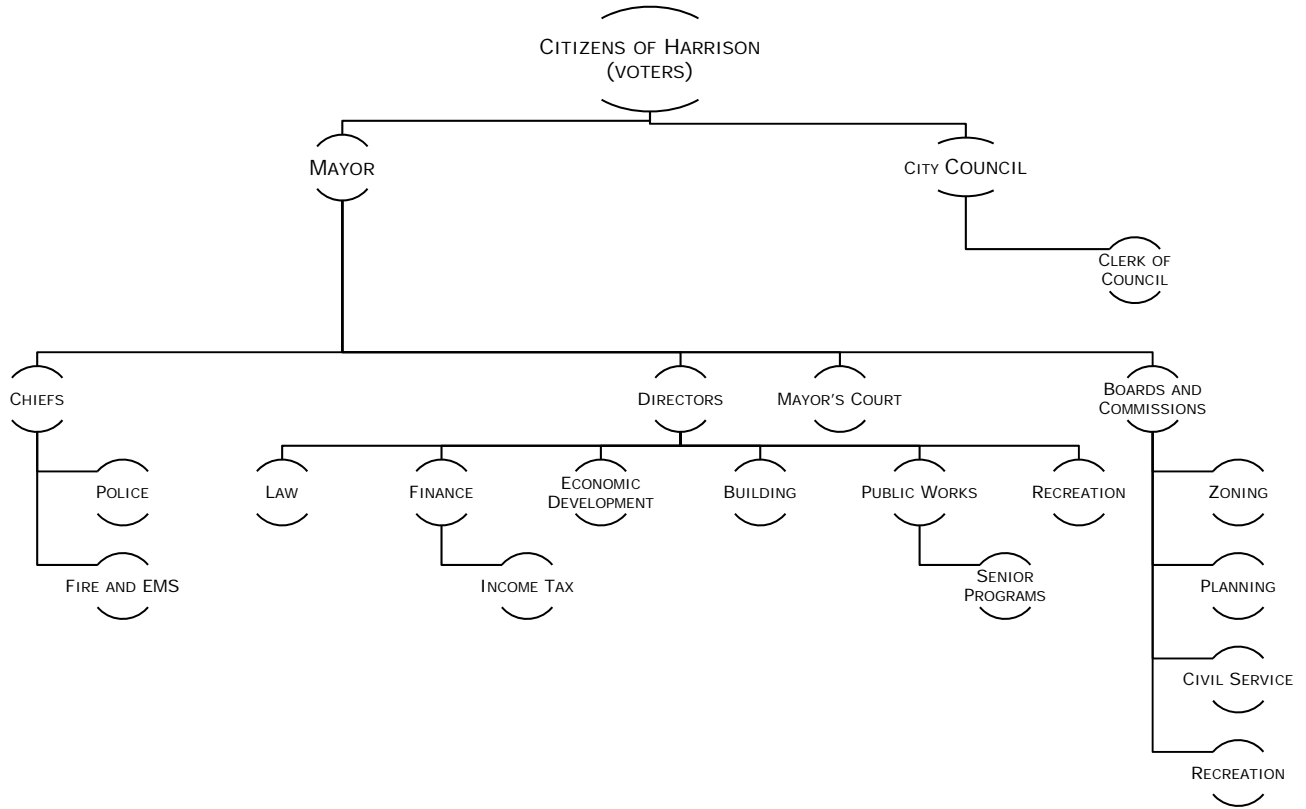
Mayor.....JOEL F. MCGUIRE
Council MemberDEBORAH ACRA
Council Member TONY BURKART
Council Member WILLIAM NEYER
Council Member JAMES ROBERTSON
Council Member RANDY SHANK
Council Member MARK LOUIS
Council MemberHANK MENNINGER

APPOINTED OFFICIALS

Clerk of Council CAROL WIWI
Chief of Police CHARLES LINDSEY
Chief of Fire..... WILLIAM R. HURSONG
Director of Finance ANGELINA BURTON
Director of Law..... WILLIAM DETERS
Director of Public Works..... JAMES LESLIE
Director of Economic Development JENNIFER EKEY
Director of Building DANIEL BROOKS
Income Tax Commissioner ANGELINA BURTON
Senior Program Coordinator JILL FRENCH
Recreation Coordinator..... JEAN WILSON
Magistrate ALEX TRIANTAFILOU
Magistrate's Court Clerk LISA PFAFFEL

CITY OF HARRISON, OHIO

ORGANIZATIONAL CHART



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**FINANCIAL
SECTION**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
City of Harrison, Ohio:

We have audited the accompanying financial statements of the governmental activities, 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, 2011, 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, and the 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.

As described in Note 2, during the year ended December 31, 2011, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2012, 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.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 16 through 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
July 31, 2012

CITY OF HARRISON, OHIO
Management's Discussion and Analysis
Year Ended December 31, 2011
Unaudited

The discussion and analysis of the City of Harrison, Ohio's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2011. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the 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 the year ended December 31, 2011 include:

- The assets of the City exceeded its liabilities at the close of the most recent year by \$24,019,363.
- The City's total net assets decreased during the year by \$505,675, or 2%.
- Unrestricted net assets were \$2,557,897.
- The City's total expenses were \$14,838,395, an increase of \$1,040,355.
- Program revenues of the \$7,489,738 reduced the net cost of the City's functions to be financed from the City's general revenues to \$7,348,657.
- The City's unassigned fund balance of the General Fund totaled \$560,025 at year end, or 15% of General Fund expenditures.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City as a financial whole. 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 whole City, presenting both an aggregated view of the City's finances and a longer-term view of those statements. Fund financial statements provide the next level of detail. For governmental funds, these financial statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the City as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in those assets. This change informs the reader whether the City's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements should take into account non-financial factors that also impact the City's financial well being. Some of these factors include the City's tax base and the condition of its capital assets. In the Statement of Net Assets and the Statement of Activities, the financial information of the City is divided into two kinds of activities:

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- Governmental Activities – Most of the City's services are reported here including police and fire protection, parks and recreation, street repair and maintenance, and general government.
- Business-Type Activities – These activities include the water, sewer, storm water, sanitation and water/wastewater deposits operations where the fees charged for these services are based upon the amount of usage and the intent is to recoup operational costs through the user fees.

Reporting the City's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about each major fund. The major funds of the City include the General, Fire Improvement, Water and Sewer funds. The City uses many funds to account for a multitude of financial transactions. However, the focus of the fund financial statements is on the City's most significant funds, and therefore only the major funds are presented in separate columns. All other funds are combined into one column for reporting purposes.

Governmental Funds

Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

The City maintains one type of proprietary funds; enterprise 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 water, sewer, storm water, sanitation and water/wastewater deposit management functions. The City charges citizens for the services it provides, with the intent of recouping operating costs.

Fiduciary Funds

The financial activity of custodial funds, for which the City acts as the fiscal agent, is reported separately in the Statement of Assets and Liabilities. This financial activity is excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring the assets reported in these funds are used for their intended purposes. Agency funds are the only fiduciary fund type used by the City.

The City as a Whole

Recall that the Statement of Net Assets provides the perspective of the City as a whole. In the case of the City of Harrison, Ohio, assets exceeded liabilities by a total of \$24.0 million at December 31, 2011.

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Table 1 provides a summary of the City's net assets for 2011 compared to 2010:

Table 1
Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 6,660,414	7,827,005	5,586,746	7,865,878	12,247,160	15,692,883
Capital assets	<u>15,933,485</u>	<u>14,696,794</u>	<u>37,247,888</u>	<u>36,114,301</u>	<u>53,181,373</u>	<u>50,811,095</u>
Total assets	<u>22,593,899</u>	<u>22,523,799</u>	<u>42,834,634</u>	<u>43,980,179</u>	<u>65,428,533</u>	<u>66,503,978</u>
Long-term liabilities	7,460,109	7,182,714	29,490,047	30,679,285	36,950,156	37,861,999
Other liabilities	<u>3,873,969</u>	<u>3,704,241</u>	<u>585,045</u>	<u>412,700</u>	<u>4,459,014</u>	<u>4,116,941</u>
	<u>11,334,078</u>	<u>10,886,955</u>	<u>30,075,092</u>	<u>31,091,985</u>	<u>41,409,170</u>	<u>41,978,940</u>
Net assets:						
Invested in capital assets, net of related debt	9,273,676	8,613,002	8,547,117	6,955,754	17,820,793	15,568,756
Restricted	1,457,239	2,125,501	2,183,434	2,183,465	3,640,673	4,308,966
Unrestricted	<u>528,906</u>	<u>898,341</u>	<u>2,028,991</u>	<u>3,748,975</u>	<u>2,557,897</u>	<u>4,647,316</u>
Total net assets	\$ <u>11,259,821</u>	<u>11,636,844</u>	<u>12,759,542</u>	<u>12,888,194</u>	<u>24,019,363</u>	<u>24,525,038</u>

As displayed in Table 1, total net assets of the City decreased by \$505,675 from 2010 to 2011. This was due primarily to the decrease in cash in both the governmental and business-type activities. Cash decreased due to capital spending, which led to the increase in capital assets, and a negative change in net assets, as total revenues increased by approximately 5%, while total expenses increased by 8%. The increase in revenues was the result of increased growth within the City which caused an increase in property taxes and slight increase in income tax collections. The City also received capital funds from Hamilton County for the West Road and Carolina Trace projects. There was also an increase in business type-activity charges for services due to a rate increase in sewer and sanitation services. Expenses increased due to salary and benefit increases in public safety and the allocation of administrative expenses to the water and sewer funds for the first time in 2011. The sewer fund also experienced an increase in interest expense as the City began making the debt service payments on the Series 2010 Sanitary Sewer Improvement bonds.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 81% of total assets. Capital assets include land, construction in progress, land improvements, building and improvements, equipment, vehicles and infrastructure. 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 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, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of may be used to meet the government's ongoing obligations to citizens and creditors.

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Table 2 shows the changes in the governmental and business-type net assets for the year ended December 31, 2011 compared with the prior year.

Table 2
Changes in Net Assets

	Governmental Activities		Business- Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Program revenues:						
Charges for services	\$ 1,354,889	1,399,559	4,965,396	4,657,694	6,320,285	6,057,253
Operating grants and contributions	680,347	877,907	-	-	680,347	877,907
Capital grants and contributions	489,106	-	-	-	489,106	-
Total program revenues	<u>2,524,342</u>	<u>2,277,466</u>	<u>4,965,396</u>	<u>4,657,694</u>	<u>7,489,738</u>	<u>6,935,160</u>
General revenues:						
Income taxes	2,956,342	2,927,295	-	-	2,956,342	2,927,295
Property and other taxes	2,918,543	2,665,927	-	-	2,918,543	2,665,927
Grants and contributions not restricted to specific programs	719,408	903,534	-	-	719,408	903,534
Investment earnings	34,474	56,698	1,882	2,233	36,356	58,931
Miscellaneous	74,513	99,419	137,820	19,172	212,333	118,591
Total general revenues	<u>6,703,280</u>	<u>6,652,873</u>	<u>139,702</u>	<u>21,405</u>	<u>6,842,982</u>	<u>6,674,278</u>
Total revenues	<u>9,227,622</u>	<u>8,930,339</u>	<u>5,105,098</u>	<u>4,679,099</u>	<u>14,332,720</u>	<u>13,609,438</u>
Expenses:						
Security of persons and property	6,436,476	5,841,459	-	-	6,436,476	5,841,459
Public health services	314,128	339,855	-	-	314,128	339,855
Leisure time activities	303,402	315,334	-	-	303,402	315,334
Community and economic development	127,997	138,115	-	-	127,997	138,115
Transportation	914,534	971,886	-	-	914,534	971,886
General government	1,291,876	1,299,480	-	-	1,291,876	1,299,480
Interest on long-term debt	244,701	295,479	-	-	244,701	295,479
Water	-	-	1,565,943	1,387,114	1,565,943	1,387,114
Sewer	-	-	3,075,709	2,653,586	3,075,709	2,653,586
Storm water	-	-	114,987	129,183	114,987	129,183
Water/wastewater deposit	-	-	2,240	3,098	2,240	3,098
Sanitation	-	-	446,402	423,451	446,402	423,451
Total expenses	<u>9,633,114</u>	<u>9,201,608</u>	<u>5,205,281</u>	<u>4,596,432</u>	<u>14,838,395</u>	<u>13,798,040</u>
Transfers	28,469	-	(28,469)	-	-	-
Change in net assets	\$ <u>(377,023)</u>	<u>(271,269)</u>	<u>(128,652)</u>	<u>82,667</u>	<u>(505,675)</u>	<u>(188,602)</u>

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Governmental Activities

Table 3, for governmental activities, indicates the total cost of services and the net cost of services. The statement of activities reflects the cost of program services and the charges for services and operating and capital grants offsetting those services. The net cost of services identifies the cost of those services supported by income and property taxes revenues and unrestricted intergovernmental revenue.

Table 3
Governmental Activities

	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
Security of persons and property	\$ 6,436,476	\$ 5,663,698	\$ 5,841,459	\$ 4,920,005
Public health services	314,128	109,889	339,855	186,588
Leisure time activities	303,402	224,730	315,334	139,864
Community and economic development	127,997	10,433	138,115	90,920
Transportation	914,534	(51,982)	971,886	379,742
General government	1,291,876	907,303	1,299,480	911,544
Interest on long-term debt	244,701	244,701	295,479	295,479
Total cost of services	\$ <u>9,633,114</u>	\$ <u>7,108,772</u>	\$ <u>9,201,608</u>	\$ <u>6,924,142</u>

It should be noted that 26% of the cost of services for governmental activities are derived from program revenues, including charges for services and operating and capital grants. As shown by the total net costs of \$7,108,772, the majority of the City's programs are funded by general revenues. A significant portion of the total general revenues consists of income and property taxes.

Business-Type Activities

The City's major business-type activities include water and sewer operations. The Water fund had charges for services in 2011 of \$1,350,769, which is an increase of \$62,155 from 2010. The increase was due to an increase in water tap fees stemming from residential development growth. The Sewer Fund had charges for services in 2011 of \$3,045,977, an increase of \$212,629 from 2010. The increase was due to a combination of rate increases and increase in wastewater tap fees associated with residential development growth.

The City's Funds

Information about the City's major governmental funds begins after the Statement of Activities. These funds are reported using the modified accrual basis of accounting. Governmental funds had total revenues of \$9.1 million, expenditures of \$11.3 million, and net other financing sources of approximately \$773,000. During 2011, total fund balance of the governmental funds decreased by \$1.5 million to a total fund balance at year-end of \$1.8 million. While capital assets are included in the statement of net assets, expenditures are recognized in the fund statements thereby reducing the amount of resources available for future spending. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

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The City's General Fund experienced a decrease in fund balance during 2011. The General Fund is the primary fund that finances government services to citizens. Expenditures increased over 2010 by \$180,715, or 4.9%, due to inflationary increases while revenues were insufficient to cover expenditures and operating transfers to other funds with lower income tax collections and intergovernmental revenues. At December 31, 2011 the ending unassigned fund balance of the General Fund was \$560,025 or 15% of the total General Fund expenditures reported for 2011.

The City's other major fund, the Fire Improvement Fund, also experienced a decrease in fund balance of \$280,150. The decrease in the Fire Improvement Fund was due to lower EMS fees and increases in salaries and benefits. The City rolled over its short-term renewal notes for operations, paying down the balance by \$80,000 during 2011. These factors created a fund balance deficit of \$431,850 at December 31, 2011. The General Fund provides transfers to cover fund deficit balances; however, this is done when cash is needed not when accruals occur.

Explanation of the changes in the major enterprise funds of the City follow the same explanations as those provided in the assessment of the business-type activities noted above since enterprise funds are accounted for using full accrual accounting, the same accounting basis used in the City-wide statements.

General Fund Budgeting Highlights

The City's budget is adopted on a fund basis. Before the budget is adopted, Council reviews the budgets of each department within the General Fund and other funds, and then adopts the budget. The legal level of budgetary control is at the object level. During 2011, the City amended its original budgetary amounts several times as certain information became known. Within each departmental budget, the Finance Director may make small line item adjustments within the budget, as long as the total operational and maintenance amount does not exceed their budgetary allotment.

Actual revenues came in approximately \$390,000 lower than budgeted due to lower than expected income tax collections and intergovernmental revenues as the local economy was slow to recover.

Due to the City's continuing efforts to control expenditures, actual budgetary expenditures came in approximately \$267,000 less than the \$4.0 million included in the final budget for 2011.

Budgetary fund balance at December 31, 2011 was \$400,601 compared to the \$115,250 anticipated in the final 2011 budget, as the City was able to manage its expenditures as revenues came in lower than expected.

Capital Assets

At the end of fiscal year 2011, the City had a total of \$71.9 million invested in capital assets less accumulated depreciation of \$18.7 million resulting in total capital assets, net of accumulated depreciation of \$53.2 million.

The City continued its efforts to upgrade its capital assets during 2011. The City acquired three vehicles through a lease-purchase, as well as increased construction in progress for several infrastructure projects. Projects completed during 2011 include the Harrison Avenue sidewalks, a bikeway path, Radcliffe water main, and the Dry Fork Run sewer project.

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Table 4 shows 2011 balances compared to those of 2010:

Table 4
Capital Assets at Year-End
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 3,015,891	3,015,891	485,420	485,420	3,501,311	3,501,311
Construction in progress	1,214,196	220,133	513,010	3,542,688	1,727,206	3,762,821
Land improvements	94,310	128,248	-	-	94,310	128,248
Buildings and improvements	2,230,016	2,306,776	7,039,621	7,239,092	9,269,637	9,545,868
Equipment	269,675	299,907	3,298,379	3,735,014	3,568,054	4,034,921
Vehicles	1,121,049	1,207,188	85,618	100,919	1,206,667	1,308,107
Infrastructure	<u>7,988,348</u>	<u>7,518,651</u>	<u>25,825,840</u>	<u>21,011,168</u>	<u>33,814,188</u>	<u>28,529,819</u>
Totals	\$ <u>15,933,485</u>	<u>14,696,794</u>	<u>37,247,888</u>	<u>36,114,301</u>	<u>53,181,373</u>	<u>50,811,095</u>

Accumulated depreciation of \$5.0 million and \$13.7 million is reported in the governmental activities and business-type activities respectively. Additional information on the City's capital assets can be found in Note 8 to the basic financial statements.

Debt Administration

At December 31, 2011, the City had a total of \$35.8 million of long-term debt obligations compared with \$36.8 million reported at December 31, 2010. Table 5 shows outstanding debt obligations of the City at December 31, 2011 compared with 2010:

Table 5
Outstanding Long-term Debt Obligations at Year end

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$ 3,700,000	3,905,000	5,695,000	5,860,000	9,395,000	9,765,000
Capital Leases	1,238,958	1,260,466	-	15,183	1,238,958	1,275,649
OPWC Loans	1,387,370	921,275	1,844,959	1,958,297	3,232,329	2,879,572
ODOT Loans	333,481	401,713	-	-	333,481	401,713
OWDA Loans	-	-	5,631,096	5,956,905	5,631,096	5,956,905
Revenue Bonds	<u>-</u>	<u>-</u>	<u>15,950,000</u>	<u>16,520,000</u>	<u>15,950,000</u>	<u>16,520,000</u>
Total	\$ <u>6,659,809</u>	<u>6,488,454</u>	<u>29,121,055</u>	<u>30,310,385</u>	<u>35,780,864</u>	<u>36,798,839</u>

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Of the City's general obligation bonds outstanding at December 31, 2011, \$3.7 million are accounted for within the governmental activities and the remaining \$5.7 million are reported in the Sewer Fund. Revenue bonds are recorded in the Sewer Fund and are paid with charges for services of that fund.

OPWC loans represent interest-free loans from the State of Ohio and are paid from general revenues of the General Fund and from charges for services in the Sewer and Storm Water Funds. The OWDA loans outstanding at year-end are associated with the City's Water enterprise fund and is paid with the revenue sources of that fund.

See Notes 13 and 14 of the notes to the basic financial statements for more detailed information on the debt obligations of the City.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, 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 contact the Finance Department at City of Harrison, Ohio, 300 George Street, Harrison, Ohio 45030.

Basic Financial Statements

CITY OF HARRISON, OHIO

Statement of Net Assets

December 31, 2011

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in pooled cash and investments	\$ 1,916,151	2,498,865	4,415,016
Cash in segregated accounts	13,440	-	13,440
Receivables:			
Property and other taxes	2,415,470	-	2,415,470
Payment in lieu of taxes	682,709	-	682,709
Income taxes	688,199		688,199
Accounts	38,522	386,684	425,206
Intergovernmental	519,904	-	519,904
Prepaid items	52,330	9,013	61,343
Materials and supplies inventory	12,413	76,384	88,797
Internal balances	240,000	(240,000)	-
Deferred charges	81,276	672,366	753,642
Restricted cash and investments with fiscal agent	-	2,183,434	2,183,434
Non-depreciable capital assets	4,230,087	998,430	5,228,517
Depreciable capital assets, net	<u>11,703,398</u>	<u>36,249,458</u>	<u>47,952,856</u>
Total assets	<u>22,593,899</u>	<u>42,834,634</u>	<u>65,428,533</u>
Liabilities			
Accounts payable	126,068	301,332	427,400
Accrued salaries	112,507	13,115	125,622
Intergovernmental payable	310,700	18,130	328,830
Unearned revenue	2,923,677	-	2,923,677
Accrued interest payable	53,758	252,468	306,226
Notes payable	320,000	-	320,000
Matured compensated absences	27,259	-	27,259
Long-term liabilities:			
Due within one year	620,816	1,236,218	1,857,034
Due in more than one year	<u>6,839,293</u>	<u>28,253,829</u>	<u>35,093,122</u>
Total liabilities	<u>11,334,078</u>	<u>30,075,092</u>	<u>41,409,170</u>
Net Assets			
Invested in capital assets, net of related debt	9,273,676	8,547,117	17,820,793
Restricted for:			
Capital projects	320,110	-	320,110
Debt service	-	2,183,434	2,183,434
Streets and Highways	434,498	-	434,498
Recreation	529,826	-	529,826
Other purposes	172,805	-	172,805
Unrestricted	<u>528,906</u>	<u>2,028,991</u>	<u>2,557,897</u>
Total net assets	<u>\$ 11,259,821</u>	<u>12,759,542</u>	<u>24,019,363</u>

See accompanying notes to the basic financial statements.

CITY OF HARRISON, OHIO

Statement of Activities
Year Ended December 31, 2011

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Governmental activities:							
Security of persons and property	\$ 6,436,476	745,046	27,732	-	(5,663,698)	-	(5,663,698)
Public health services	314,128	49,732	154,507	-	(109,889)	-	(109,889)
Leisure time activities	303,402	73,529	5,143	-	(224,730)	-	(224,730)
Community and economic development	127,997	117,564	-	-	(10,433)	-	(10,433)
Transportation	914,534	-	477,410	489,106	51,982	-	51,982
General government	1,291,876	369,018	15,555	-	(907,303)	-	(907,303)
Interest on long-term debt	244,701	-	-	-	(244,701)	-	(244,701)
Total governmental activities	<u>9,633,114</u>	<u>1,354,889</u>	<u>680,347</u>	<u>489,106</u>	<u>(7,108,772)</u>	<u>-</u>	<u>(7,108,772)</u>
Business-type activities:							
Water	1,565,943	1,350,769	-	-	-	(215,174)	(215,174)
Sewer	3,075,709	3,045,977	-	-	-	(29,732)	(29,732)
Other business-type activities:							
Storm Water	114,987	118,253	-	-	-	3,266	3,266
Water/Wastewater deposit	2,240	5,622	-	-	-	3,382	3,382
Sanitation	446,402	444,775	-	-	-	(1,627)	(1,627)
Total business-type activities	<u>5,205,281</u>	<u>4,965,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(239,885)</u>	<u>(239,885)</u>
Total	\$ <u>14,838,395</u>	<u>6,320,285</u>	<u>680,347</u>	<u>489,106</u>	<u>(7,108,772)</u>	<u>(239,885)</u>	<u>(7,348,657)</u>
General revenues and transfers:							
Income taxes levied for general purposes					\$ 2,956,342	-	2,956,342
Property taxes levied for:							
General purposes					1,177,650	-	1,177,650
Fire improvements					1,174,922	-	1,174,922
Police pension					62,067	-	62,067
Recreation					6,541	-	6,541
Capital projects					60,951	-	60,951
Payments in lieu of taxes					436,412	-	436,412
Grants and contributions not restricted to specific programs					719,408	-	719,408
Investment earnings					34,474	1,882	36,356
Miscellaneous					74,513	137,820	212,333
Transfers					28,469	(28,469)	-
Total general revenues and transfers					<u>6,731,749</u>	<u>111,233</u>	<u>6,842,982</u>
Change in net assets					(377,023)	(128,652)	(505,675)
Net assets beginning of year					11,636,844	12,888,194	24,525,038
Net assets end of year	\$				<u>11,259,821</u>	<u>12,759,542</u>	<u>24,019,363</u>

See accompanying notes to the basic financial statements.

CITY OF HARRISON, OHIO

Balance Sheet
 Governmental Funds
 December 31, 2011

	<u>General</u>	<u>Fire Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in pooled cash and investments	\$ 352,120	80,876	1,483,155	1,916,151
Cash in segregated accounts	-	-	13,440	13,440
Receivables:				
Property and other taxes	1,160,579	1,194,757	60,134	2,415,470
Payment in lieu of taxes	-	-	682,709	682,709
Income taxes	688,199	-	-	688,199
Accounts	36,714	908	900	38,522
Intergovernmental	139,556	60,135	320,213	519,904
Interfund receivable	240,000	-	-	240,000
Prepaid items	25,744	17,685	8,901	52,330
Materials and supplies inventory	-	-	12,413	12,413
Advances to other funds	35,411	-	-	35,411
Total assets	<u>2,678,323</u>	<u>1,354,361</u>	<u>2,581,865</u>	<u>6,614,549</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	20,184	14,055	91,829	126,068
Accrued salaries	59,789	42,592	10,126	112,507
Intergovernmental payable	53,041	154,672	102,987	310,700
Advances from other funds	-	-	35,411	35,411
Notes payable	-	320,000	-	320,000
Matured compensated absences	27,259	-	-	27,259
Deferred revenue	1,640,469	1,254,892	990,284	3,885,645
Total liabilities	<u>1,800,742</u>	<u>1,786,211</u>	<u>1,230,637</u>	<u>4,817,590</u>
Fund balances:				
Nonspendable	61,155	17,685	21,314	100,154
Restricted	-	-	1,039,070	1,039,070
Assigned	256,401	-	386,152	642,553
Unassigned	560,025	(449,535)	(95,308)	15,182
Total fund balances	<u>877,581</u>	<u>(431,850)</u>	<u>1,351,228</u>	<u>1,796,959</u>
Total liabilities and fund equity	<u>\$ 2,678,323</u>	<u>1,354,361</u>	<u>2,581,865</u>	<u>6,614,549</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, 2011

Total governmental fund balances \$ 1,796,959

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

Capital assets used in governmental activities are not financial
 resources and therefore are not reported in the funds. 15,933,485

Other long-term assets are not available to pay for current-period
 expenditures and therefore are deferred in the funds. 961,968

Unamortized bond issuance costs are not recognized in the funds. 81,276

In the statement of net assets, interest is accrued on outstanding bonds
 and loan, whereas in governmental funds, interest is accrued when due. (53,758)

Long-term liabilities, including bonds payable, are not due and payable in
 the current period and therefore are not reported in the funds:

Bonds payable	(3,781,276)	
ODOT loan payable	(333,481)	
OPWC loan payable	(1,387,370)	
Capital lease payable	(1,238,958)	
Compensated absences payable	(719,024)	(7,460,109)

Net assets of governmental activities \$ 11,259,821

See accompanying notes to the basic financial statements.

CITY OF HARRISON, OHIO

Statement of Revenues, Expenditures and Changes
in Fund Balances
Governmental Funds
Year Ended December 31, 2011

	General	Fire Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property and other taxes	\$ 1,171,336	1,169,789	129,237	2,470,362
Income taxes	2,878,774	-	-	2,878,774
Payment in lieu of taxes	-	-	441,506	441,506
Intergovernmental	600,865	188,375	1,102,605	1,891,845
Charges for services	-	736,992	10,086	747,078
Fines, costs and forfeitures	196,021	-	-	196,021
Licenses, permits and inspections	223,341	-	-	223,341
Special assessments	-	-	3,612	3,612
Interest	34,474	-	-	34,474
Contributions	5,851	10	44,888	50,749
Other	104,934	2,192	42,149	149,275
Total revenues	<u>5,215,596</u>	<u>2,097,358</u>	<u>1,774,083</u>	<u>9,087,037</u>
Expenditures:				
Current:				
Security of persons and property	2,387,172	3,157,773	372,188	5,917,133
Public health services	12,689	-	280,243	292,932
Leisure time activities	57,627	-	163,032	220,659
Community and economic development	124,383	-	-	124,383
Transportation	-	-	677,233	677,233
General government	1,107,923	-	203,802	1,311,725
Capital outlay	98,332	189,145	1,684,502	1,971,979
Debt Service:				
Principal retirement	46,532	182,501	344,595	573,628
Interest and fiscal charges	2,179	57,587	192,504	252,270
Total expenditures	<u>3,836,837</u>	<u>3,587,006</u>	<u>3,918,099</u>	<u>11,341,942</u>
Excess of revenues over (under) expenditures	<u>1,378,759</u>	<u>(1,489,648)</u>	<u>(2,144,016)</u>	<u>(2,254,905)</u>
Other financing sources (uses):				
Transfers in	-	1,065,000	654,732	1,719,732
Transfers out	(1,691,263)	-	-	(1,691,263)
Loan issuance	-	-	518,185	518,185
Inception of capital lease	82,300	144,498	-	226,798
Total other financing sources (uses)	<u>(1,608,963)</u>	<u>1,209,498</u>	<u>1,172,917</u>	<u>773,452</u>
Net change in fund balances	(230,204)	(280,150)	(971,099)	(1,481,453)
Fund balance, beginning of year, restated	<u>1,107,785</u>	<u>(151,700)</u>	<u>2,322,327</u>	<u>3,278,412</u>
Fund balance, end of year	\$ <u>877,581</u>	<u>(431,850)</u>	<u>1,351,228</u>	<u>1,796,959</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
 Year Ended December 31, 2011

Net change in fund balances - total governmental funds \$ (1,481,453)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities,
 the cost of those assets is allocated over their estimated useful lives as depreciation expense:

Capital outlay	1,703,907
Depreciation expense	(467,216)

Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, rather these revenues are deferred.	140,585
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Some expenses reported in the statement of activities do not require the use current financial
 resources and therefore are not reported as expenditures in governmental funds:

Compensated absences	(109,060)
Interest on long-term debt	7,569
Amortization of issuance costs	(3,020)
Amortization of bond premiums	3,020

Repayment of long-term obligations is reported as an expenditure in the governmental
 funds, but the repayment reduces the long-term liabilities in the statement of net assets.

In the current year, these amounts consisted of general obligation bonds, ODOT, OPWC loans and capital leases.	573,628
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The inception of a capital lease is recorded as an other financing source in the governmental funds, but as an asset and liability on the statement of net assets.	(226,798)
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The proceeds of an OPWC loan are recorded as an other financing source in the governmental funds, but is an increase of the liability on the statement of net assets.	<u>(518,185)</u>
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Change in net assets of governmental activities \$ (377,023)

See accompanying notes to the basic financial statements.

CITY OF HARRISON, OHIO

Statement of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
General Fund
Year Ended December 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget</u>
Revenues:				
Property and other taxes	\$ 1,156,857	1,189,857	1,227,819	37,962
Income taxes	3,329,900	3,329,900	3,049,508	(280,392)
Intergovernmental	368,831	519,745	379,827	(139,918)
Charges for services	95,000	95,000	98,704	3,704
Fines, costs and forfeitures	213,900	213,900	223,169	9,269
Licenses, permits and inspections	185,000	196,905	124,414	(72,491)
Interest	35,000	35,000	36,044	1,044
Other	65,747	58,492	109,434	50,942
Total revenues	<u>5,450,235</u>	<u>5,638,799</u>	<u>5,248,919</u>	<u>(389,880)</u>
Expenditures:				
Current:				
General government	1,239,760	1,188,131	1,066,661	121,470
Security of persons and property	2,545,179	2,543,823	2,429,808	114,015
Public health services	12,689	12,689	12,689	-
Community and economic development	148,047	148,047	123,031	25,016
Leisure time activity	59,578	59,578	53,260	6,318
Total expenditures	<u>4,005,253</u>	<u>3,952,268</u>	<u>3,685,449</u>	<u>266,819</u>
Excess of revenues over expenditures	<u>1,444,982</u>	<u>1,686,531</u>	<u>1,563,470</u>	<u>(123,061)</u>
Other financing sources (uses):				
Advances in	-	-	21,936	21,936
Transfers in	-	50,000	50,000	-
Transfers out	(2,112,739)	(2,077,739)	(1,691,263)	386,476
Total other financing sources (uses)	<u>(2,112,739)</u>	<u>(2,027,739)</u>	<u>(1,619,327)</u>	<u>408,412</u>
Net change in fund balance	(667,757)	(341,208)	(55,857)	285,351
Fund balance, beginning of year	434,816	434,816	434,816	
Prior year encumbrances appropriated	21,642	21,642	21,642	
Fund balance, end of year	\$ <u>(211,299)</u>	<u>115,250</u>	<u>400,601</u>	

See accompanying notes to the basic financial statements.

CITY OF HARRISON, OHIO

Statement of Revenues, Expenditures and Changes in Fund
 Balances - Budget and Actual - Budget (Non-GAAP) Basis
 Fire Improvement Fund
 Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 1,147,599	1,180,720	1,230,239	49,519
Intergovernmental	239,942	163,824	127,925	(35,899)
Charges for services	341,746	817,865	776,308	(41,557)
Other	-	333,200	322,202	(10,998)
Total revenues	<u>1,729,287</u>	<u>2,495,609</u>	<u>2,456,674</u>	<u>(38,935)</u>
Expenditures:				
Current:				
Security of persons and property				
Fire Department				
Personal services	2,958,315	2,935,260	2,823,227	112,033
Operations/maintenance	698,944	1,042,000	971,778	70,222
Total security of persons and property	<u>3,657,259</u>	<u>3,977,260</u>	<u>3,795,005</u>	<u>182,255</u>
Capital outlay				
Capital improvements	45,000	45,000	44,647	353
Total capital outlay	<u>45,000</u>	<u>45,000</u>	<u>44,647</u>	<u>353</u>
Total expenditures	<u>3,702,259</u>	<u>4,022,260</u>	<u>3,839,652</u>	<u>182,608</u>
Excess of revenues over (under) expenditures	<u>(1,972,972)</u>	<u>(1,526,651)</u>	<u>(1,382,978)</u>	<u>143,673</u>
Other financing source:				
Transfers in	1,399,739	1,399,739	1,065,000	(334,739)
Total other financing sources	<u>1,399,739</u>	<u>1,399,739</u>	<u>1,065,000</u>	<u>(334,739)</u>
Net change in fund balance	(573,233)	(126,912)	(317,978)	(191,066)
Fund balance, beginning of year	258,764	258,764	258,764	
Prior year encumbrances appropriated	<u>126,911</u>	<u>126,911</u>	<u>126,911</u>	
Fund balance, end of year	\$ <u>(187,558)</u>	<u>258,763</u>	<u>67,697</u>	

See accompanying notes to the basic financial statements.

CITY OF HARRISON, OHIO

Statement of Net Assets

Proprietary Funds

December 31, 2011

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Non-major	Total
Assets				
Current assets:				
Equity in pooled cash and investments	\$ 1,477,330	728,871	292,664	2,498,865
Receivables:				
Accounts	97,678	244,791	44,215	386,684
Prepaid items	3,414	5,599	-	9,013
Materials and supplies inventory	74,003	2,381	-	76,384
Total current assets	<u>1,652,425</u>	<u>981,642</u>	<u>336,879</u>	<u>2,970,946</u>
Noncurrent assets:				
Deferred charges	-	672,366	-	672,366
Restricted assets:				
Cash and investments with fiscal agent	-	2,183,434	-	2,183,434
Advances to other funds	-	17,178	-	17,178
Non-depreciable capital assets	725,803	272,627	-	998,430
Depreciable capital assets, net	14,062,976	20,125,231	2,061,251	36,249,458
Total non-current assets	<u>14,788,779</u>	<u>23,270,836</u>	<u>2,061,251</u>	<u>40,120,866</u>
Total assets	<u>16,441,204</u>	<u>24,252,478</u>	<u>2,398,130</u>	<u>43,091,812</u>
Liabilities				
Current liabilities:				
Accounts payable	81,337	182,483	37,512	301,332
Accrued salaries	5,688	7,427	-	13,115
Intergovernmental payable	6,491	11,639	-	18,130
Accrued interest payable	106,235	146,233	-	252,468
Compensated absences payable	3,727	5,746	-	9,473
Interfund payable	-	-	240,000	240,000
Advances from other funds	-	-	17,178	17,178
Revenue bonds payable, current portion of	-	590,000	-	590,000
General obligation bonds payable, current portion of	-	165,000	-	165,000
OPWC loans payable, current portion of	-	92,308	21,030	113,338
OWDA loans payable, current portion of	358,407	-	-	358,407
Total current liabilities	<u>561,885</u>	<u>1,200,836</u>	<u>315,720</u>	<u>2,078,441</u>
Long-term liabilities:				
Revenue bonds payable, net of current portion	-	15,461,562	-	15,461,562
General obligation bonds payable, net of current portion	-	5,680,520	-	5,680,520
OPWC loans payable, net of current portion	-	1,384,626	346,995	1,731,621
OWDA loans payable, net of current portion	5,272,689	-	-	5,272,689
Compensated absences payable, net of current portion	50,412	57,025	-	107,437
Total long-term liabilities	<u>5,323,101</u>	<u>22,583,733</u>	<u>346,995</u>	<u>28,253,829</u>
Total liabilities	<u>5,884,986</u>	<u>23,784,569</u>	<u>662,715</u>	<u>30,332,270</u>
Net Assets				
Invested in capital assets, net of related debt	9,157,683	(2,303,792)	1,693,226	8,547,117
Restricted for debt service	-	2,183,434	-	2,183,434
Unrestricted	1,398,535	588,267	42,189	2,028,991
Total net assets	<u>\$ 10,556,218</u>	<u>467,909</u>	<u>1,735,415</u>	<u>12,759,542</u>

See accompanying notes to the basic financial statements.

CITY OF HARRISON, OHIO
Statement of Revenues, Expenses
and Changes in Net Assets
Proprietary Funds
Year Ended December 31, 2011

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Non-major</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 1,350,769	3,045,977	568,650	4,965,396
Other	<u>2,787</u>	<u>135,029</u>	<u>4</u>	<u>137,820</u>
Total operating revenues	<u>1,353,556</u>	<u>3,181,006</u>	<u>568,654</u>	<u>5,103,216</u>
Operating expenses:				
Personnel services	405,776	498,955	-	904,731
Contractual services	248,705	468,999	514,776	1,232,480
Supplies and materials	180,821	130,705	-	311,526
Other	85,914	105,020	2,240	193,174
Depreciation	<u>428,837</u>	<u>703,205</u>	<u>46,613</u>	<u>1,178,655</u>
Total operating expenses	<u>1,350,053</u>	<u>1,906,884</u>	<u>563,629</u>	<u>3,820,566</u>
Operating income	3,503	1,274,122	5,025	1,282,650
Non-operating revenues (expenses):				
Interest revenue	12	1,870	-	1,882
Interest expense and fiscal charges	<u>(215,890)</u>	<u>(1,168,825)</u>	<u>-</u>	<u>(1,384,715)</u>
Total non-operating revenues (expenses)	<u>(215,878)</u>	<u>(1,166,955)</u>	<u>-</u>	<u>(1,382,833)</u>
Income (loss) before transfers	(212,375)	107,167	5,025	(100,183)
Transfers out	<u>-</u>	<u>-</u>	<u>(28,469)</u>	<u>(28,469)</u>
Change in net assets	(212,375)	107,167	(23,444)	(128,652)
Net assets, beginning of year	<u>10,768,593</u>	<u>360,742</u>	<u>1,758,859</u>	<u>12,888,194</u>
Net assets, end of year	\$ <u>10,556,218</u>	<u>467,909</u>	<u>1,735,415</u>	<u>12,759,542</u>

See accompanying notes to the basic financial statements.

CITY OF HARRISON, OHIO
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2011

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Non-major</u>	<u>Total</u>
Cash flows from operating activities:				
Cash received from customers	\$ 1,363,430	3,081,581	563,254	5,008,265
Cash payments for employee services and benefits	(410,324)	(481,556)	-	(891,880)
Cash payments to suppliers for goods and services	(348,054)	(487,114)	(514,506)	(1,349,674)
Cash payments for other operating expenses	(82,663)	(101,769)	(2,240)	(186,672)
Cash received from other operating revenue	<u>2,626</u>	<u>135,029</u>	<u>4</u>	<u>137,659</u>
Net cash provided by operating activities	<u>525,015</u>	<u>2,146,171</u>	<u>46,512</u>	<u>2,717,698</u>
Cash flows from noncapital financing activities:				
Transfers	-	-	(28,469)	(28,469)
Return advances to other funds	<u>(12,960)</u>	<u>(8,976)</u>	<u>(50,000)</u>	<u>(71,936)</u>
Net cash used by noncapital financing activities	<u>(12,960)</u>	<u>(8,976)</u>	<u>(78,469)</u>	<u>(100,405)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(281,282)	(2,030,960)	-	(2,312,242)
Principal retirement	(354,128)	(834,900)	(21,030)	(1,210,058)
Interest paid	(221,772)	(1,147,651)	-	(1,369,423)
OWDA loan	<u>20,728</u>	<u>-</u>	<u>-</u>	<u>20,728</u>
Net cash used by capital and related financing activities	<u>(836,454)</u>	<u>(4,013,511)</u>	<u>(21,030)</u>	<u>(4,870,995)</u>
Cash flows from investing activities:				
Interest	<u>12</u>	<u>1,870</u>	<u>-</u>	<u>1,882</u>
Net change	(324,387)	(1,874,446)	(52,987)	(2,251,820)
Cash and pooled investments beginning of year	<u>1,801,717</u>	<u>4,786,751</u>	<u>345,651</u>	<u>6,934,119</u>
Cash and pooled investments end of year	<u>1,477,330</u>	<u>2,912,305</u>	<u>292,664</u>	<u>4,682,299</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	3,503	1,274,122	5,025	1,282,650
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	428,837	703,205	46,613	1,178,655
Changes in assets and liabilities:				
Receivables	12,500	35,604	(5,396)	42,708
Prepaid items	2,659	6,104	-	8,763
Materials and supplies inventory	8,957	1,152	-	10,109
Accounts payable	69,693	102,986	270	172,949
Accrued salaries	749	2,132	-	2,881
Intergovernmental payable	1,981	4,509	-	6,490
Compensated absences payable	<u>(3,864)</u>	<u>16,357</u>	<u>-</u>	<u>12,493</u>
Net cash provided by operating activities	<u>\$ 525,015</u>	<u>2,146,171</u>	<u>46,512</u>	<u>2,717,698</u>

See accompanying notes to the basic financial statements.

CITY OF HARRISON, OHIO

Statement of Fiduciary Assets and Liabilities

Agency Funds

December 31, 2011

Assets

Cash in segregated accounts	\$	<u>15,398</u>
Total assets		<u><u>15,398</u></u>

Liabilities

Intergovernmental payable		<u>15,398</u>
Total liabilities	\$	<u><u>15,398</u></u>

See accompanying notes to the basic financial statements.

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the City of Harrison are prepared in conformity with generally accepted accounting principles (GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City follows Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989 in its government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict GASB guidance. Governments also have the option of following subsequent FASB guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent FASB guidance. The significant accounting policies used in the preparation of these financial statements are summarized below.

A. Reporting Entity

The City of Harrison, Ohio (the "City") is a charter city and operates under the Mayor-Council form of government. A seven-member council is elected and the council selects one of its members to serve as mayor.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are fairly presented. The primary government of the City consists of all funds and departments that comprise the legal entity of the City. They provide various services including police, fire, court, park and recreation, water sewage and sanitary services, street and sewer maintenance

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 basic financial statements.

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; or (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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.

Jointly Governed Organization

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 \$124,500 in revenues through the JEDD in 2011.

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

B. Basis of Presentation

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the City as a whole. The statements distinguish between those activities that are governmental in nature, which are normally supported by taxes and intergovernmental revenues; and business-type activities, which rely to a significant extent upon fees and charges for support. Interfund activities are generally eliminated to avoid the "doubling-up" effect on revenues and expenses.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of expenses with program revenues identifies the extent to which each governmental function or business-type segment is self-financing or relies upon general revenues of the City.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. All other funds are aggregated and reported as non-major governmental or non-major proprietary funds.

The City uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Governmental funds are those through which most governmental functions typically are financed. The following are the City's major governmental funds:

General Fund - The General Fund is used to account 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 general laws of Ohio and the Charter of the City.

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

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

B. Basis of Presentation - *continued*

Proprietary funds are used to account for the City's ongoing activities that are similar to those found in the private sector where the intent of the governing body is that the cost of providing goods and services to the general public be financed or recovered primarily through user charges. Proprietary funds are either classified as enterprise or internal service. The City does not have any internal service funds.

Water Fund - Accounts for the provision of water service to the City and surrounding areas.

Sewer Fund - Accounts for the provision of sanitary sewer service to the City and surrounding areas.

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

Fiduciary Funds. The City's only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do 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.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Fund Financial Statements

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in current financial resources. Since governmental funds financial statements use a different measurement focus and basis of accounting than the government-wide statements, governmental funds financial statements include reconciliations to the government-wide statements.

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

C. Measurement Focus - *continued*

All governmental fund types are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The available period for the City is sixty days after year-end. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet.

The accrual basis of accounting is utilized by the proprietary fund types. Under this method, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred.

Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total assets. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Revenues – Exchange and Non-Exchange Transactions

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include municipal income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from municipal income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal 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 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 non-exchange transactions must also be available before it can be recognized.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest earnings, state-levied locally shared taxes (including gasoline tax), fines and forfeitures, grants, and municipal income tax.

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

C. Measurement Focus - *continued*

Unearned Revenue/Deferred Revenue

Deferred revenues arise when potential revenue does not meet both the measurable and available criteria recognition in the current period. Deferred revenues also arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

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

D. 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 investments" on the financial statements. During 2011, investments were limited to STAR Ohio, federal agency securities, U.S. Government money market mutual funds, negotiable certificates of deposit 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 2011. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2011.

Following Ohio Statutes, the Council has, by resolution, specified the funds to receive an allocation of interest earnings. During 2011, interest revenue credited to the general fund amounted to \$34,474, which includes \$32,972 assigned from other funds.

The City has segregated bank accounts for the Mayor's court and senior center deposits which are held separate from the City's central bank account. The depository accounts are presented on the financial statements as "cash in segregated accounts" since they are not required to be deposited in the City treasury.

At year end, the City had \$2,183,434 held by a trustee as designated by bond indenture. This amount is reported as "restricted cash and investments with fiscal agent" in the financial statements.

An analysis of the City's deposits and investments at year end is provided in Note 4.

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2011 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

F. Supplies Inventory

Inventories are presented at cost on first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies.

G. Capital Assets

Capital assets, which include property, land improvements, infrastructure, plant and equipment and vehicles, are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets utilized by governmental activities 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.

The City defines capital assets as those with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. All capital assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair value on the date received. Infrastructure includes streets, storm sewers, water lines and sewer lines. Interest on constructed capital assets is capitalized for business-type activities. When capital assets are purchased, they are capitalized and depreciated in the government-wide statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

All capital assets except for land and construction in progress are depreciated. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Infrastructure	50 years
Buildings	50 years
Furniture and equipment	5-20 years
Vehicles	8 years
Land improvements	20 years

H. Restricted Assets

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

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

I. 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, 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, capital leases and long-term loans are recognized as a liability on the fund financial statements when due.

J. Interfund Balances

During the course of operations, transactions occur between individual funds for goods provided or services rendered. On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". Long-term interfund loans (advances) are classified as "advances to other funds" and "advances from other funds". These amounts are eliminated in the governmental 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.

K. Deferred Charges

Bond issuance costs are deferred and amortized over the terms of the bonds using the straight-line method.

L. Compensated Absences

The City follows the provisions of GASB Statement No. 16, "Accounting for Compensated Absences". Vacation and compensatory time 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 termination benefits are accrued using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those employees for whom it is probable that they will become eligible to receive payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end.

Vested vacation and sick leave is recorded as an expense in the government-wide statements for the period in which the leave was earned. For governmental funds, a liability is recorded for compensated absences only if they have matured, for example, as a result of employee resignations and retirements.

Payment of vacation and sick leave recorded in the government-wide financial statements is dependent upon many factors; therefore timing of future payments is not readily determinable. Management believes that sufficient resources will be available when payment is due.

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

M. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

N. Grants and Other Intergovernmental Revenues

Grants made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other reimbursement-type grants are recorded as receivables and revenues when the related expenditures are incurred.

O. Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in a spendable form, or legally or contractually required to be maintained intact. The “not in a spendable form” criterion includes items that are not expected to be converted into cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the City Council.

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

O. Fund Balances - *continued*

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, or unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

P. 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 borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when the limitations imposed on their use either through constitutional provisions, enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments. At December 31, 2011, none of the City's net assets were restricted by enabling legislation.

The net assets restricted for other purposes result from special revenue funds and the restriction on their net asset use. When both restricted and non-restricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources, as they are needed.

Q. Budgetary Process

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 appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than fiduciary funds, are legally required to be budgeted and appropriated.

The legal level of budgetary control (the level at which transfers of budget amounts cannot be made without legislative approval) is at the object level. Budgetary modifications may only be made by ordinance of the City Council. The City legally adopted supplemental appropriations during 2011.

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Q. Budgetary Process - *continued*

Tax Budget

By July 15, the Mayor submits an annual tax budget for the following 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 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all of the previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources that states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that total contemplated expenditures from any fund during the ensuing 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 appropriation ordinance. On or before January 31, the certificate of estimated resources is amended to include any unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the fiscal officer determines that the revenue collected is greater or less than the current estimates.

Appropriations

The annual appropriation ordinance must be passed no later than April 1 of each year for the period January 1 to December 31. A temporary appropriation measure to control expenditures may be passed on or about January 1 of each year for the period from January 1 to March 31. The appropriation ordinance fixes spending authority at the object level. The appropriation ordinance may be amended during the year, as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. Administrative control is maintained through the establishment of more detailed line-item budgets. The amounts on the budgetary schedules reflect the original and final appropriation amounts, including all amendments and modifications legally enacted by Council.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end are reported as restricted, committed, or assigned fund balance for governmental funds since they do not constitute expenditures or liabilities.

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Q. Budgetary Process - *continued*

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation lapses and is restored to the respective fund from which it was appropriated and becomes subject to future appropriation. The encumbered appropriation balance is carried forward to the succeeding year and is not reappropriated.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT

The City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 enhances the usefulness of fund balance information by providing clarified fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 resulted in the reclassification of a certain fund and restatement of the City’s beginning fund balance:

		<u>General</u>	<u>Nonmajor Governmental Funds</u>
Fund Balance at December 31, 2010	\$	1,080,628	2,349,484
Change in fund classification		<u>27,157</u>	<u>(27,157)</u>
Restated Fund Balance at December 31, 2010	\$	<u>1,107,785</u>	<u>2,322,327</u>

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

While the City reports 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, requires accounting for certain transactions according to cash receipts, disbursements, appropriations, and encumbrances. The Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis, are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING - continued

4. Advances in and advances out are operating transactions (budget basis) rather than as a interfund receivables/payables (GAAP basis).

The adjustments necessary to convert the results of operations for the year ended December 31, 2011, on the GAAP basis to the budget basis are as follows:

		<u>General Fund</u>	<u>Fire Improvement</u>
Net change in fund balance - <i>GAAP Basis</i>	\$	(230,204)	(280,150)
Net adjustment for revenue accruals		33,323	359,316
Net adjustment for expenditure accruals		177,140	(239,467)
Encumbrances		(25,752)	(13,179)
Other sources (uses)		<u>(10,364)</u>	<u>(144,498)</u>
Net change in fund balance - <i>Budget Basis</i>	\$	<u><u>(55,857)</u></u>	<u><u>(317,978)</u></u>

NOTE 4 - DEPOSITS AND INVESTMENTS

The City maintains a cash deposit and investment pool for all funds. Each fund's share of cash deposits and investments is shown separately on the statement of net assets and balance sheets as "Equity in Pooled Cash and Investments".

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

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

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must be either 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 of interim moneys. Interim moneys are those moneys 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 securities:

- (1) United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS – *continued*

- (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, and Government National Mortgage 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 fair 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 fair value 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 funds consisting exclusively of obligations described in division (1) or (2) of this section, and repurchase agreement secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- (6) The State Treasury Assets Reserve of Ohio (STAR Ohio); and
- (7) Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of interim monies available for investment at any time.
- (8) Under limited circumstance, corporate debt interests noted in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, 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.

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS – *continued*

Deposits: Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s custodial credit risk policy requires that deposits be collateralized as required by ORC Chapter 135. Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At December 31, 2011, the carrying amount of all City deposits was \$3,197,602. \$2,098,105 of the City’s bank balance of \$3,363,540 was exposed to custodial risk as discussed above, while \$1,265,435 was covered by FDIC.

Investments: The City’s investments at December 31, 2011 are summarized as follows:

Investment Type	Fair Value	Maturity	
		6 months or less	7 to 12 months
Federal Home Loan Bank Notes	\$ 174,922	174,922	-
Negotiable CD's	178,586	-	178,586
STAR Ohio	9,821	9,821	-
Money Market	3,066,357	3,066,357	-
	\$ 3,429,686	3,251,100	178,586

Credit Risk: The City’s investments in Federal Home Loan Bank Notes were rated AA+ by Standard & Poor’s and Aaa by Moody’s. The City’s investment in STAR Ohio and the money markets have an AAAM credit rating. The City’s investment policy limits its investments to those authorized by State statute.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a failure of a counter party, 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 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.

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS – *continued*

Concentration of Credit Risk: Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government’s investment in a single user. 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, 2011:

Investment Type	Fair Value	Percent of Total
Federal Home Loan Bank Notes	\$ 174,922	5.1%
Negotiable CD's	178,586	5.2%
STAR Ohio	9,821	0.3%
Money Market	3,066,357	89.4%
	\$ 3,429,686	100.0%

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the City manages its exposure to declines in fair value by limiting the maximum maturity of investments in its portfolio to five years.

NOTE 5 - PROPERTY TAXES

Property taxes include all amounts levied against all real and utility 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 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. 2011 public utility property taxes became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

House Bill No. 66 was signed into law on June 30, 2005 and phases out the tax on tangible personal property of general businesses, telephone and telecommunication companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2010, the City was fully reimbursed for the lost revenue. In 2011, this reimbursement was essentially eliminated as a result of the State of Ohio’s biennial budget effective July 1, 2011.

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 5 - PROPERTY TAXES – *continued*

The Hamilton County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Harrison. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2011 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by deferred revenue since the current taxes were not levied to finance 2011 operations and the collection of the delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

The full tax rate for all City operations for the year ended December 31, 2011, was \$14.50 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2011 property tax receipts were based are as follows (tax year 2010, collection year 2011):

Real Property Assessed Valuation	\$	228,938,580
Public Utility Real Property Assessed Valuation		4,854,870
Tangible Personal Property		<u>132,640</u>
Total Assessed Valuation	\$	<u>233,926,090</u>

NOTE 6 - INCOME TAX

The City levies a municipal income tax of one percent on substantially all income earned within the City. In addition, the residents of the City are required to pay income tax on income earned outside of the City; however, the City allows a credit for income taxes paid to another municipality up to 100% of the City's current tax rate. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

NOTE 7 – INTERFUND ACTIVITY

Interfund activity as reported in the fund financial statements includes transfers, advances to/from funds and interfund receivable/payable. The following represent the transfers during 2011:

		<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$	-	1,691,263
Fire Improvement		1,065,000	-
Nonmajor governmental funds		654,732	-
Nonmajor enterprise fund		<u>-</u>	<u>28,469</u>
	\$	<u>1,719,732</u>	<u>1,719,732</u>

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 7 – INTERFUND ACTIVITY – *continued*

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; and to return money to the fund from which it was originally provided once a project is completed and to segregate money for anticipated capital projects. Transfers between governmental funds are eliminated for reporting on the statement of activities.

The following represent the outstanding advances to/from other funds as of December 31, 2011:

		<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General Fund	\$	35,411	-
Nonmajor governmental funds		-	35,411
Sewer		17,178	-
Nonmajor enterprise funds		<u>-</u>	<u>17,178</u>
	\$	<u>52,589</u>	<u>52,589</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.

An interfund receivable/payable is reported in the General Fund and Storm Water Fund, respectively for \$240,000. This loan is expected to be repaid in the next year.

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
<i>Capital assets not being depreciated:</i>				
Land	\$ 3,015,891	-	-	3,015,891
Construction in progress	220,133	1,624,005	(629,942)	1,214,196
Total capital assets not being depreciated	3,236,024	1,624,005	(629,942)	4,230,087
<i>Capital assets being depreciated:</i>				
Land improvements	804,817	-	-	804,817
Buildings and improvements	3,946,240	-	-	3,946,240
Furniture and equipment	748,146	-	(5,000)	743,146
Vehicles	2,525,651	79,902	(48,640)	2,556,913
Infrastructure	8,017,862	629,942	-	8,647,804
Total capital assets being depreciated	16,042,716	709,844	(53,640)	16,698,920
Less accumulated depreciation:				
Land improvements	(676,569)	(33,938)	-	(710,507)
Buildings and improvements	(1,639,464)	(76,760)	-	(1,716,224)
Furniture and equipment	(448,239)	(30,232)	5,000	(473,471)
Vehicles	(1,318,463)	(166,041)	48,640	(1,435,864)
Infrastructure	(499,211)	(160,245)	-	(659,456)
Total accumulated depreciation	(4,581,946)	(467,216)	53,640	(4,995,522)
Total capital assets being depreciated, net	11,460,770	242,628	-	11,703,398
Capital assets, net	\$ 14,696,794	1,866,633	(629,942)	15,933,485

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 8 – CAPITAL ASSETS – *continued*

Depreciation expense was charged to governmental functions as follows:

General government	\$ 1,118
Security of persons and property	201,043
Public health services	3,975
Transportation	203,408
Leisure time activities	<u>57,672</u>
Total depreciation expense	<u>\$ 467,216</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities				
<i>Capital assets not being depreciated:</i>				
Land	\$ 485,420	-	-	485,420
Construction in progress	<u>3,542,688</u>	<u>2,304,500</u>	<u>(5,334,178)</u>	<u>513,010</u>
Total capital assets not being depreciated	<u>4,028,108</u>	<u>2,304,500</u>	<u>(5,334,178)</u>	<u>998,430</u>
<i>Capital assets being depreciated:</i>				
Land improvements	24,474	-	-	24,474
Buildings and improvements	10,030,905	-	-	10,030,905
Furniture and equipment	7,509,567	7,742	-	7,517,309
Vehicles	374,784	-	-	374,784
Infrastructure	<u>26,682,986</u>	<u>5,334,178</u>	-	<u>32,017,164</u>
Total capital assets being depreciated	<u>44,622,716</u>	<u>5,341,920</u>	-	<u>49,964,636</u>
Less accumulated depreciation:				
Land improvements	(24,474)	-	-	(24,474)
Buildings and improvements	(2,791,813)	(199,471)	-	(2,991,284)
Furniture and equipment	(3,774,553)	(444,377)	-	(4,218,930)
Vehicles	(273,865)	(15,301)	-	(289,166)
Infrastructure	<u>(5,671,818)</u>	<u>(519,506)</u>	-	<u>(6,191,324)</u>
Total accumulated depreciation	<u>(12,536,523)</u>	<u>(1,178,655)</u>	-	<u>(13,715,178)</u>
Total capital assets being depreciated, net	<u>32,086,193</u>	<u>4,163,265</u>	-	<u>36,249,458</u>
Capital assets, net	<u>\$ 36,114,301</u>	<u>6,467,765</u>	<u>(5,334,178)</u>	<u>37,247,888</u>

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 8 – CAPITAL ASSETS – *continued*

Depreciation expense was charged to segments as follows:

<u>Major enterprise funds</u>	
Water	\$ 428,837
Sewer	703,205
<u>Nonmajor enterprise fund</u>	
Storm water	<u>46,613</u>
Total depreciation expense	\$ <u>1,178,655</u>

NOTE 9 - DEFINED BENEFIT PENSION PLANS

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 percent 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 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 East Town Street, Columbus, OH 43215-4642, by visiting <https://www.opers.org/investments/cafr.shtml>, or by calling (614) 222-6705 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and employer contribution rates were consistent across all three plans. The 2011 member contribution rates were 10% of their annual salary for members in state and local classifications. The City was required to contribute 14% of covered payroll for employees. The City's required contributions to OPERS for the years ended December 31, 2011, 2010, and 2009 were \$213,000, \$164,000, and \$146,000 respectively; 78% has been contributed for 2011 and 100% for 2010 and 2009.

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 9 - DEFINED BENEFIT PENSION PLANS – *continued*

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 information and required supplementary information for the plan. That report may be obtained by writing to Ohio Police & Fire Pension Fund, 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 contribution 19.5% and 24.0%, respectively for police officers and firefighters. For 2011 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 the Fund for the years ended December 31, 2011, 2010, and 2009 were \$475,000, \$453,000 and \$465,000, respectively; 71% has been contributed for 2011 and 100% for 2010 and 2009.

NOTE 10 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

OPERS maintains a cost-sharing multiple employer defined benefit postemployment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage.

In order to qualify for postemployment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14% of covered payroll. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 10 - POSTEMPLOYMENT BENEFITS – *continued*

Ohio Public Employees Retirement System – *continued*

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan was 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The City's contributions for 2011, 2010 and 2009 which were used to fund postemployment benefits were \$85,000, \$93,000, and \$104,000, respectively; 78% has been contributed for 2011 and 100% for 2010 and 2009.

The Health Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006-2008. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

The City contributes to the OP&F sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependent.

OP&F provides access to post-retirement health care coverage for 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. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code.

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of payroll of active pension members, currently 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 10 - POSTEMPLOYMENT BENEFITS – *continued*

Ohio Police and Fire Pension Fund – *continued*

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Service Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The City's actual contributions for 2011, 2010 and 2009 that were used to fund post-employment benefits were \$214,000, \$207,000 and \$208,000, respectively; 71% has been contributed for 2011 and 100% for 2010 and 2009.

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

NOTE 11 – OTHER EMPLOYEE BENEFITS

Compensated Absences

Accumulated Unpaid Vacation and Compensatory Time

City employees earn vacation leave at varying rates based upon length of service. In the case of death or separation from employment, an employee (or their estate) is paid for any unused vacation or compensatory leave. The obligation for accrued unpaid vacation time for the City as a whole amounted to \$60,713 at December 31, 2011.

Accumulated Unpaid Sick Leave

City employees earn sick leave at the varying rates. Sick leave is cumulative without limit. In the event of death or separation, an employee is paid for a percentage of their accumulated sick leave up to a maximum. The obligation for accrued unpaid sick leave for the City as a whole amounted to \$775,221 at December 31, 2011.

NOTE 12 - RISK MANAGEMENT

Risk Pool Membership

The City belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated nonprofit 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.

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 12 - RISK MANAGEMENT – *continued*

The Plan provides property, liability, errors and omissions, law enforcement, automobile, excessive liability, crime, surety and bond, inland marine and other coverage, 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 to accounting principles generally accepted in the United States of America and reported the following assets, liabilities and retained earnings at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Assets	\$ 12,501,280	\$ 12,036,541
Liabilities	<u>(5,328,761)</u>	<u>(4,845,056)</u>
Members' Equity	<u>\$ 7,172,519</u>	<u>\$ 7,191,485</u>

You can read the complete audited financial statements for the Ohio Government Risk Management Plan at the Plan’s website, www.ohioplan.org.

Health Insurance

During 2011, the City provided employees insurance for medical through Humana Insurance, dental through Dental Care Plus Group and life through Minnesota Life. The premiums for health, dental and accident and life insurance are paid monthly with the City paying one-hundred percent of the cost up to \$797.00 per employee. Anything above this cap amount is split by the City and the employees per union contracts. The risk of loss transfers to the insurance carrier upon payment of the premium by the City.

Workers’ Compensation

Workers’ compensation claims are covered through the State of Ohio Workers Compensation Retrospective Plan. The City’s MCO is Sheakley Unicorp.

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

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 13 - LONG-TERM LIABILITIES

The following is a summary of changes during 2011 and balances for governmental activities' long-term liabilities of the City as of December 31, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
<i>General Obligation Bonds</i>					
2005 Road and safety refunding bonds	2,095,000	-	(195,000)	1,900,000	200,000
2009 Various purpose - Harrison Ave bike trail	1,150,000	-	(5,000)	1,145,000	20,000
2009 Various purpose - sidewalks	660,000	-	(5,000)	655,000	25,000
Add premium on issuance	84,296	-	(3,020)	81,276	-
<i>OPWC loans</i>					
2006 Jefferson Avenue project	366,134	-	(23,621)	342,513	23,622
2009 Kater Street improvements	555,141	-	(28,469)	526,672	28,469
2011 Carolina Trace improvements	-	518,185	-	518,185	17,148
<i>ODOT loan</i>					
2006 New Haven bridge	401,713	-	(68,232)	333,481	70,294
<i>Other long-term obligations</i>					
Capital leases	1,260,466	226,798	(248,306)	1,238,958	185,044
Compensated absences	609,964	156,346	(47,286)	719,024	51,239
Total governmental activities long-term obligations	<u>\$ 7,182,714</u>	<u>\$ 901,329</u>	<u>\$ (623,934)</u>	<u>\$ 7,460,109</u>	<u>\$ 620,816</u>

General Obligation Bonds

On August 11, 2005, the City issued \$2,135,000 in Series 2005 general obligation refunding bonds to finance road and safety improvements. The bonds bear interest rates ranging from 3.0% 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. The principal balance of the refunded bonds at December 31, 2011 was \$1,810,000.

General Obligation Various Purpose Improvement Bonds

On December 10, 2009, the City issued \$1,810,000 in Series 2009 various purpose general obligation bonds. The issue was split to provide financing for the construction of the Harrison Avenue bike trail and the construction of sidewalks. The bonds bear interest rates ranging from 2.0% to 5.25% and are scheduled to mature December 1, 2038.

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 13 - LONG-TERM LIABILITIES – *continued*

OPWC Loans

The City's Jefferson Avenue, Kater Street, and Carolina Trace improvement projects were financed through interest-free loans by the Ohio Public Works Commission (OPWC). The Jefferson Avenue project loan is payable in semi-annual installments that began in 2006 and will mature in 2026. The Kater Street improvements project was completed in 2010. The loan for this project is payable in semi-annual payments that began in 2010 and will mature in 2030. The Carolina Trace improvements project began in 2011 and is scheduled to be completed in 2012. The loan for this project will be payable in semi-annual payments with the first payment due in July 2012 and will mature in 2032.

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 with a maturity in 2016.

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).

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

Year Ending December 31,	Governmental Activities						
	Various Purpose Series - 2009		Refunding Series - 2005		ODOT Loan		OPWC
	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2012	\$ 45,000	\$ 82,513	\$ 200,000	\$ 85,050	\$ 70,294	\$ 9,481	\$ 69,239
2013	50,000	81,612	210,000	75,550	72,418	7,357	78,000
2014	50,000	80,612	220,000	65,575	74,608	5,168	78,000
2015	50,000	79,362	230,000	55,125	76,863	2,913	78,000
2016	50,000	77,863	245,000	44,200	39,298	598	78,000
2017-2021	290,000	361,987	795,000	68,425	-	-	389,998
2022-2026	355,000	296,076	-	-	-	-	378,186
2027-2031	455,000	193,200	-	-	-	-	220,800
2032-2036	310,000	88,726	-	-	-	-	17,147
2037-2038	145,000	11,550	-	-	-	-	-
Total	<u>\$ 1,800,000</u>	<u>\$ 1,353,501</u>	<u>\$ 1,900,000</u>	<u>\$ 393,925</u>	<u>\$ 333,481</u>	<u>\$ 25,517</u>	<u>\$ 1,387,370</u>

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 13 - LONG-TERM LIABILITIES – *continued*

The following is a summary of changes during 2011 and balances for business-type activities' long-term liabilities of the City as of December 31, 2011:

	Balance	Additions	Reductions	Balance	One Year
Business-type activities:					
<i>General Obligation Bonds</i>					
2005 Sanitary Sewer Improvements	\$ 370,000	\$ -	\$ (20,000)	\$ 350,000	\$ 20,000
2010 Sanitary Sewer Improvements	5,490,000	-	(145,000)	5,345,000	145,000
Add premium on issuance	156,792	-	(6,272)	150,520	-
<i>Revenue bond</i>					
2003 Revenue improvement and refundings	16,520,000	-	(570,000)	15,950,000	590,000
Add premium on issuance	180,263	-	(10,198)	170,065	-
Deferred amount on refunding	(72,572)	-	4,069	(68,503)	-
<i>QPWC loans</i>					
State Street/Campbell Road sewer	1,569,242	-	(92,308)	1,476,934	92,308
Etta, Lellan and Joyce Avenue improvement	389,055	-	(21,030)	368,025	21,030
<i>OWDA loans</i>					
Water treatment plant	706,514	-	(53,236)	653,278	55,112
New Biddinger Rd./Caroline Trace Rd. water mains	1,577,757	-	(78,971)	1,498,786	81,229
Wellfield/transmission water mains	420,784	-	(63,036)	357,748	65,352
Water main improvements	1,590,047	-	(60,914)	1,529,133	63,152
New Haven/Baughman Rd. water main improvement	93,595	20,728	(30,965)	83,358	31,964
Elevated water storage tank	1,568,208	-	(59,415)	1,508,793	61,598
<i>Other long-term obligations</i>					
Capital leases	15,183	-	(15,183)	-	-
Compensated absences	104,417	30,214	(17,721)	116,910	9,473
Total business-type activities long-term obligations	<u>\$ 30,679,285</u>	<u>\$ 50,942</u>	<u>\$ (1,240,180)</u>	<u>\$ 29,490,047</u>	<u>\$ 1,236,218</u>

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 3.0% to 4.125% per annum and mature in various installments through December 1, 2024.

On December 9, 2010, the City issued \$5,490,000 in general obligation sewer system improvement bonds for the purpose of retiring outstanding notes that were used to finance various improvements to the wastewater system. Serial bonds of \$1,600,000 range in interest rates of 1.0% to 2.25% and mature in 2020. Term bonds of \$3,890,000 range in interest rates of 3.75% to 5.25% and mature at varying times from 2022 to 2035.

Revenue bonds

On September 15, 2003, the City issued \$18,750,000 in wastewater 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 and \$2,305,000 to currently refund the callable portion of the 1993 sewer system improvements mortgage revenue bonds. 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, 2011 was \$870,000.

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 13 - LONG-TERM LIABILITIES – *continued*

The 2003 sewer system improvements refunding issue is comprised of current interest bonds, par value \$2,305,000, with an annual interest rate ranging from 2.0% to 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 the limitations of Ohio law.

The City has pledged future sewer customer revenues, net of specified operating expenses, to repay \$18,750,000 in Series 2003 sewer system revenue improvement and refunding bonds. Proceeds of the sewer system revenue improvement and refunding bonds were used for sewer improvements and to refund the outstanding balance of previously issued Series 1993 sewer general obligation improvement notes. The Series 2003 sewer revenue improvement and refunding bonds are payable solely from sewer customer net revenues and are payable through 2028. Annual principal and interest remaining to be paid on the bonds is \$23,822,106. Principal and interest paid for the current year and net revenue available for debt service were \$1,344,500 and \$1,978,147, respectively.

OPWC Loans

Improvements to the City's water treatment facilities and State Street/Campbell Road and Etta, Lellan and Joyce Ave. improvements were financed through expenditures by the Ohio Public Works Commission (OPWC). At December 31, 2011, the City has two interest-free loans outstanding through the OPWC payable from business-type activities. The loans are payable in semi-annual installments of principal. The amounts due to the OPWC are payable solely from sewer and storm water 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, 2011, the City has outstanding borrowings of \$5,631,096. The loans are payable in semi-annual payments with interest rates ranging from 2.84% to 3.64%. The City will continue to draw additional funds on the New Haven/Baughman Road water main project. The future annual debt service principal and interest requirements disclosed were based on the balances outstanding as of December 31, 2011.

Compensated Absences

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

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 13 - LONG-TERM LIABILITIES – *continued*

Principal and interest requirements to retire the City’s outstanding obligations at December 31, 2011 were:

Year Ending December 31,	Business-Type Activities							
	General Obligation Bonds		Revenue Refunding Bonds		OPWC	OWDA		
	Principal	Interest	Principal	Interest	Principal	Principal	Interest	
2012	\$ 165,000	\$ 246,832	\$ 590,000	\$ 753,980	\$ 113,338	\$ 358,407	\$ 209,450	
2013	170,000	242,983	615,000	730,380	113,338	370,688	197,167	
2014	175,000	239,033	635,000	705,780	113,339	367,735	200,121	
2015	180,000	234,982	665,000	680,380	113,339	361,385	171,592	
2016	185,000	230,308	740,000	652,949	113,339	373,853	159,122	
2017-2021	1,015,000	1,062,580	4,575,000	2,715,288	566,692	1,656,957	589,906	
2022-2026	1,140,000	860,556	5,530,000	1,446,674	566,691	1,538,862	308,827	
2027-2031	1,330,000	567,262	2,600,000	186,675	144,883	603,209	169,158	
2032-2035	<u>1,335,000</u>	<u>179,550</u>	-	-	-	-	-	-
Total	<u>\$ 5,695,000</u>	<u>\$ 3,864,086</u>	<u>\$ 15,950,000</u>	<u>\$ 7,872,106</u>	<u>\$ 1,844,959</u>	<u>\$ 5,631,096</u>	<u>\$ 2,005,343</u>	

NOTE 14 – SHORT-TERM OBLIGATIONS

	Issue Date	Maturity Date	Interest Rate	Balance 12/31/2010	Increase	Decrease	Balance 12/31/2011
Governmental Activities:							
Tax anticipation note	12/9/2010	12/8/2011	2.60%	\$ 400,000	\$ -	\$ (400,000)	\$ -
Tax anticipation note	12/8/2011	12/6/2012	2.95%	-	320,000	-	320,000
Total				<u>\$ 400,000</u>	<u>\$ 320,000</u>	<u>\$ (400,000)</u>	<u>\$ 320,000</u>

On December 8, 2011, the City retired \$400,000 in tax anticipation note and reissued a \$320,000 note in anticipation of taxes from the fire improvement levy for providing ambulance, paramedic and emergency medical services. The note bears an interest rate of 2.95% and will mature on December 6, 2012.

NOTE 15 – CAPITAL LEASES

In 2011, the City entered into capitalized lease agreements for the acquisition of three new vehicles and fire turnout gear. In prior years, the City has entered into several capitalized leases for assets including police vehicles, street sweeper, paramedic vehicles, fire trucks, staff vehicles and various equipment. The leases meet the criteria of a capital lease as defined by FASB guidance, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the governmental funds. These expenditures are reported as function expenditures on the budgetary statements. For enterprise funds, fund capital assets acquired by capital lease and the related liability and interest expense have been reported in 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 \$1,491,244 for the governmental funds.

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 15 – CAPITAL LEASES – *continued*

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, 2011.

Year Ending December 31,	Governmental Activities
2012	\$ 238,880
2013	238,878
2014	220,679
2015	182,066
2016	99,078
2017-2021	444,639
2022	88,328
Total	\$ 1,512,548
Less: amount representing interest	(273,590)
Present value of net minimum lease payments	\$ 1,238,958

NOTE 16 - CONTRACTUAL COMMITMENTS

The City has active projects as of December 31, 2011 for items such as improvements to sewer and water systems, street improvements, architectural and design contracts among others. The City has approximately \$1,236,000 remaining on these active projects.

NOTE 17 – CONTINGENT LIABILITIES

Litigation

The City is of the opinion that ultimate disposition of claims and legal proceedings will not have a material effect on the financial condition of the City.

Federal and State Grants

The City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The City believes all expenditures meet grant qualifications.

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 18 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, assigned and unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and nonmajor governmental funds are presented below:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Fire Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Nonspendable</i>				
Prepays	\$ 25,744	17,685	8,901	52,330
Inventory	-	-	12,413	12,413
Advances	35,411	-	-	35,411
<i>Total Nonspendable</i>	61,155	17,685	21,314	100,154
<i>Restricted for</i>				
Public safety	-	-	4,202	4,202
Senior Center	-	-	79,441	79,441
Recreation	-	-	447,319	447,319
Transportation	-	-	282,134	282,134
Municipal court	-	-	2,600	2,600
Special assessments	-	-	23,227	23,227
Capital projects	-	-	196,381	196,381
Other purposes	-	-	3,766	3,766
<i>Total Restricted</i>	-	-	1,039,070	1,039,070
<i>Assigned to</i>				
Public safety	-	-	913	913
Debt service	-	-	385,239	385,239
Recreational activities	35,698	-	-	35,698
Encumbrances	5,568	-	-	5,568
Subsequent appropriations	215,135	-	-	215,135
<i>Total Assigned</i>	256,401	-	386,152	642,553
<i>Unassigned (Deficit)</i>	560,025	(449,535)	(95,308)	15,182
<i>Total Fund Balance</i>	\$ 877,581	(431,850)	1,351,228	1,796,959

CITY OF HARRISON, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2011

NOTE 18 – FUND BALANCES – *continued*

At December 31, 2011, the following deficit fund balances were reported:

<u>Fund</u>	<u>Deficit</u>
Fire Improvement	\$ 431,850
Nonmajor Governmental Funds:	
Fire Memorial	6,058
Street/Safety Construction	3,076
Police Pension	86,174

These deficits resulted from the accrued but unpaid liabilities that are not payable from current period revenue and do not exist on a budget basis. The General Fund provides transfers to cover fund deficit balances; however, this is done when cash is needed.

NOTE 19 – SUBSEQUENT EVENT

In May 2012, the City issued \$16,550,000 in Series 2012 Wastewater System Revenue Refunding Bonds to advance refund the Series 2003 Wastewater System Revenue Improvement Bonds. Interest rate on the bonds is 2.0% - 4.0% and will mature November 1, 2028.

**Combining Financial Statements
And Individual Fund Schedules**

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CITY OF HARRISON, OHIO

Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
General Fund
Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		From Final Budget
Revenues:				
Property and other taxes	\$ 1,156,857	1,189,857	1,227,819	37,962
Income taxes	3,329,900	3,329,900	3,049,508	(280,392)
Intergovernmental	368,831	519,745	379,827	(139,918)
Charges for services	95,000	95,000	98,704	3,704
Fines, costs and forfeitures	213,900	213,900	223,169	9,269
Licenses, permits and inspections	185,000	196,905	124,414	(72,491)
Interest	35,000	35,000	36,044	1,044
Other	65,747	58,492	109,434	50,942
Total revenues	5,450,235	5,638,799	5,248,919	(389,880)
Expenditures:				
Current:				
General government				
Planning commission				
Personal Services	4,090	4,090	3,518	572
Operations/maintenance	800	800	97	703
Total planning commission	4,890	4,890	3,615	1,275
Income tax				
Personal services	139,545	139,545	132,087	7,458
Operations/maintenance	37,395	121,417	114,153	7,264
Refunds/reimbursements	119,000	66,978	62,952	4,026
Capital improvements	785	785	700	85
Total income tax	296,725	328,725	309,892	18,833
Mayor				
Personal services	35,225	35,225	33,940	1,285
Operations/maintenance	1,080	1,080	816	264
Total mayor	36,305	36,305	34,756	1,549
Council				
Personal services	69,928	69,928	67,678	2,250
Operations/maintenance	18,672	18,672	10,329	8,343
Total council	88,600	88,600	78,007	10,593
Economic development				
Personal services	114,997	114,997	115,386	(389)
Operations/maintenance	104,429	104,429	75,088	29,341
Capital improvements	1,000	1,000	1,000	-
Total economic development	220,426	220,426	191,474	28,952
Finance				
Personal services	174,739	87,869	62,176	25,693
Operations/maintenance	132,456	175,456	155,682	19,774
Capital improvements	750	750	470	280
Total finance	307,945	264,075	218,328	45,747
Custodian				
Personal services	53,275	53,273	51,308	1,965
Operations/maintenance	200	202	201	1
Total custodian	53,475	53,475	51,509	1,966

(Continued)

CITY OF HARRISON, OHIO

Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
General Fund
Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance From Final Budget
	Original Budget	Final Budget		
Civil service				
Personal services	\$ 4,352	2,417	1,914	503
Operations/maintenance	5,818	3,318	2,146	1,172
Total civil service	<u>10,170</u>	<u>5,735</u>	<u>4,060</u>	<u>1,675</u>
Law director				
Personal services	54,320	27,540	27,480	60
Operations/maintenance	60,150	35,150	32,824	2,326
Total law director	<u>114,470</u>	<u>62,690</u>	<u>60,304</u>	<u>2,386</u>
Magistrate				
Personal services	75,000	85,763	81,541	4,222
Operations/maintenance	9,585	8,822	7,346	1,476
Capital improvements	-	14,500	13,450	1,050
Total magistrate	<u>84,585</u>	<u>109,085</u>	<u>102,337</u>	<u>6,748</u>
Administration coordinator				
Personal services	<u>12,169</u>	<u>12,169</u>	<u>11,246</u>	<u>923</u>
Elections				
Operations/maintenance	<u>10,000</u>	<u>1,956</u>	<u>1,133</u>	<u>823</u>
Total general government	<u>1,239,760</u>	<u>1,188,131</u>	<u>1,066,661</u>	<u>121,470</u>
Security of persons and property				
Law enforcement				
Personal services	2,121,389	2,091,160	1,997,010	94,150
Operations/maintenance	331,090	351,919	336,018	15,901
Capital improvements	14,700	14,700	10,736	3,964
Total law enforcement	<u>2,467,179</u>	<u>2,457,779</u>	<u>2,343,764</u>	<u>114,015</u>
Street lighting				
Operations/maintenance	<u>78,000</u>	<u>86,044</u>	<u>86,044</u>	<u>-</u>
Total security of persons and property	<u>2,545,179</u>	<u>2,543,823</u>	<u>2,429,808</u>	<u>114,015</u>
Public health and welfare				
Board of health				
Operations/maintenance	<u>12,689</u>	<u>12,689</u>	<u>12,689</u>	<u>-</u>
Total public health services	<u>12,689</u>	<u>12,689</u>	<u>12,689</u>	<u>-</u>

(Continued)

CITY OF HARRISON, OHIO

Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
General Fund
Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance From Final Budget
	Original Budget	Final Budget		
Community and economic development				
Building department				
Personal services	\$ 46,021	61,021	47,417	13,604
Operations/maintenance	84,380	69,380	59,894	9,486
Capital improvements	11,500	11,500	11,500	-
Total building department	<u>141,901</u>	<u>141,901</u>	<u>118,811</u>	<u>23,090</u>
Zoning department				
Personal services	4,096	4,096	3,140	956
Operations/maintenance	2,050	2,050	1,080	970
Total zoning department	<u>6,146</u>	<u>6,146</u>	<u>4,220</u>	<u>1,926</u>
 Total community and economic development	 <u>148,047</u>	 <u>148,047</u>	 <u>123,031</u>	 <u>25,016</u>
Leisure time activity				
Parks and recreation				
Personal services	16,628	16,628	15,808	820
Operations/maintenance	40,450	40,450	36,190	4,260
Capital improvements	2,500	2,500	1,262	1,238
Total parks and recreation	<u>59,578</u>	<u>59,578</u>	<u>53,260</u>	<u>6,318</u>
 Total leisure time activity	 <u>59,578</u>	 <u>59,578</u>	 <u>53,260</u>	 <u>6,318</u>
 Total expenditures	 <u>4,005,253</u>	 <u>3,952,268</u>	 <u>3,685,449</u>	 <u>266,819</u>
 Excess of revenues over expenditures	 <u>1,444,982</u>	 <u>1,686,531</u>	 <u>1,563,470</u>	 <u>(123,061)</u>
Other financing sources (uses):				
Transfers in	-	50,000	50,000	-
Transfers out	(2,112,739)	(2,077,739)	(1,691,263)	386,476
Advances in	-	-	21,936	21,936
Total other financing sources (uses)	<u>(2,112,739)</u>	<u>(2,027,739)</u>	<u>(1,619,327)</u>	<u>408,412</u>
 Net change in fund balance	 (667,757)	 (341,208)	 (55,857)	 285,351
 Fund balance, beginning of year	 434,816	 434,816	 434,816	
Prior year encumbrances appropriated	21,642	21,642	21,642	
Fund balance, end of year	\$ <u>(211,299)</u>	<u>115,250</u>	<u>400,601</u>	

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

To account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditure for specific purposes.

Street Maintenance and Repair

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

State Highway Improvements

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

Fire Memorial

This fund accounts for donations received by the local fire department.

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.

Fire Capital Reserve

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

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.

Police Pension

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

Drug Law Enforcement

To fund accounts for a percentage of receipts from court cases to be used for purchase 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.

NONMAJOR GOVERNMENTAL FUNDS
(Continued)

SPECIAL REVENUE FUNDS (Continued)

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 the federal portion of grant monies received from the Federal Emergency Management Agency through the Ohio Emergency Management Agency.

Police Memorial

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

Recreation Tax Receipts

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

Recreation Activity Receipts

This fund accounts for the charges for services for recreational activities in the City. With the implementation of GASB Statement No. 54, this fund no longer met the definition to be reported as a Special Revenue Fund and has been included with the General Fund in the governmental fund financial statements. Therefore, the City has only presented the budgetary schedule for this fund based upon its legally-adopted budget.

DEBT SERVICE FUNDS

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

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 GOVERNMENTAL FUNDS
(Continued)

CAPITAL PROJECT FUNDS

To account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

Capital Improvement

To account for resources used to purchase equipment and construct capital assets.

Home Depot TIF

This fund accounts for the Home Depot tax increment financing.

Harrison Avenue TIF

To account for infrastructure improvements and development of the Harrison Avenue street complex.

Street and Safety Construction

This fund accounts for the construction of various street improvements.

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CITY OF HARRISON, OHIO
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets:				
Equity in pooled cash and investments	\$ 798,181	408,466	276,508	1,483,155
Cash in segregated accounts	13,440	-	-	13,440
Receivables:				
Property and other taxes	60,134	-	-	60,134
Payment in lieu of taxes	-	-	682,709	682,709
Accounts	900	-	-	900
Intergovernmental	210,213	-	110,000	320,213
Prepaid items	8,901	-	-	8,901
Materials and supplies inventory	<u>12,413</u>	<u>-</u>	<u>-</u>	<u>12,413</u>
Total assets	<u>1,104,182</u>	<u>408,466</u>	<u>1,069,217</u>	<u>2,581,865</u>
 Liabilities and Fund Balances				
Liabilities:				
Accounts payable	8,626	-	83,203	91,829
Accrued salaries	10,126	-	-	10,126
Intergovernmental payable	102,987	-	-	102,987
Advances from other funds	35,411	-	-	35,411
Deferred revenue	<u>197,575</u>	<u>-</u>	<u>792,709</u>	<u>990,284</u>
Total liabilities	<u>354,725</u>	<u>-</u>	<u>875,912</u>	<u>1,230,637</u>
 Fund balances:				
Nonspendable	21,314	-	-	21,314
Restricted	819,462	23,227	196,381	1,039,070
Assigned	913	385,239	-	386,152
Unassigned	<u>(92,232)</u>	<u>-</u>	<u>(3,076)</u>	<u>(95,308)</u>
Total fund balances	<u>749,457</u>	<u>408,466</u>	<u>193,305</u>	<u>1,351,228</u>
Total liabilities and fund balances	<u>\$ 1,104,182</u>	<u>408,466</u>	<u>1,069,217</u>	<u>2,581,865</u>

CITY OF HARRISON, OHIO
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011

	Street Maintenance and Repair	State Highway Improvements	Fire Memorial	Community Center	Fire Capital Reserve	Senior Center
Assets:						
Equity in pooled cash and investments	\$ 218,995	30,290	8,942	24,628	4,202	47,379
Cash in segregated accounts	-	-	-	-	-	13,440
Receivables:						
Property and other taxes	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Intergovernmental	191,789	15,099	-	-	-	-
Prepaid items	5,835	-	-	690	-	2,050
Materials and supplies inventory	12,413	-	-	-	-	-
Total assets	<u>429,032</u>	<u>45,389</u>	<u>8,942</u>	<u>25,318</u>	<u>4,202</u>	<u>62,869</u>
Liabilities and Fund Equity:						
Liabilities:						
Accounts payable	885	1,894	-	4,054	-	1,793
Accrued salaries	6,337	-	-	919	-	2,870
Intergovernmental payable	10,396	-	-	1,949	-	3,653
Advances from other funds	-	20,411	15,000	-	-	-
Deferred revenue	124,050	10,066	-	-	-	-
Total liabilities	<u>141,668</u>	<u>32,371</u>	<u>15,000</u>	<u>6,922</u>	<u>-</u>	<u>8,316</u>
Fund Balances:						
Nonspendable	18,248	-	-	690	-	2,050
Restricted	269,116	13,018	-	17,706	4,202	52,503
Assigned	-	-	-	-	-	-
Unassigned	-	-	(6,058)	-	-	-
Total fund balances	<u>287,364</u>	<u>13,018</u>	<u>(6,058)</u>	<u>18,396</u>	<u>4,202</u>	<u>54,553</u>
Total liabilities and fund equity	<u>\$ 429,032</u>	<u>45,389</u>	<u>8,942</u>	<u>25,318</u>	<u>4,202</u>	<u>62,869</u>

Passport Account	Police Pension	Drug Law Enforcement	Law Enforcement Trust	Enforcement and Education	FEMA	Police Memorial	Recreation Tax Receipts	TOTAL
27,518	235	110	954	636	3,766	913	429,613	\$ 798,181
-	-	-	-	-	-	-	-	13,440
-	60,134	-	-	-	-	-	-	60,134
-	-	850	50	-	-	-	-	900
-	3,325	-	-	-	-	-	-	210,213
326	-	-	-	-	-	-	-	8,901
-	-	-	-	-	-	-	-	12,413
<u>27,844</u>	<u>63,694</u>	<u>960</u>	<u>1,004</u>	<u>636</u>	<u>3,766</u>	<u>913</u>	<u>429,613</u>	<u>1,104,182</u>
-	-	-	-	-	-	-	-	8,626
-	-	-	-	-	-	-	-	10,126
580	86,409	-	-	-	-	-	-	102,987
-	-	-	-	-	-	-	-	35,411
-	63,459	-	-	-	-	-	-	197,575
<u>580</u>	<u>149,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>354,725</u>
326	-	-	-	-	-	-	-	21,314
26,938	-	960	1,004	636	3,766	-	429,613	819,462
-	-	-	-	-	-	913	-	913
-	(86,174)	-	-	-	-	-	-	(92,232)
<u>27,264</u>	<u>(86,174)</u>	<u>960</u>	<u>1,004</u>	<u>636</u>	<u>3,766</u>	<u>913</u>	<u>429,613</u>	<u>749,457</u>
<u>27,844</u>	<u>63,694</u>	<u>960</u>	<u>1,004</u>	<u>636</u>	<u>3,766</u>	<u>913</u>	<u>429,613</u>	<u>\$ 1,104,182</u>

CITY OF HARRISON, OHIO
 Combining Balance Sheet
 Nonmajor Debt Service Fund
 December 31, 2011

		<u>Debt Service</u>	<u>Special Assessment</u>	<u>TOTAL</u>
Assets:				
Equity in pooled cash and investments	\$	<u>385,239</u>	<u>23,227</u>	<u>408,466</u>
Total assets		<u><u>385,239</u></u>	<u><u>23,227</u></u>	<u><u>408,466</u></u>
Fund Balances:				
Restricted		-	23,227	23,227
Assigned		<u>385,239</u>	<u>-</u>	<u>385,239</u>
Total fund balances		<u>385,239</u>	<u>23,227</u>	<u>408,466</u>
Total liabilities and fund balances	\$	<u><u>385,239</u></u>	<u><u>23,227</u></u>	<u><u>408,466</u></u>

CITY OF HARRISON, OHIO
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2011

	Capital Improvements	Home Depot TIF	Harrison Avenue TIF	Street and Safety Construction	TOTAL
Assets:					
Equity in pooled cash and investments	\$ 81,507	160,434	22,643	11,924	276,508
Receivables:					
Payment in lieu of taxes	-	263,729	418,980	-	682,709
Intergovernmental	110,000	-	-	-	110,000
Total assets	<u>191,507</u>	<u>424,163</u>	<u>441,623</u>	<u>11,924</u>	<u>1,069,217</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	68,203	-	-	15,000	83,203
Deferred revenue	110,000	263,729	418,980	-	792,709
Total liabilities	<u>178,203</u>	<u>263,729</u>	<u>418,980</u>	<u>15,000</u>	<u>875,912</u>
Fund Balances:					
Restricted	13,304	160,434	22,643	-	196,381
Unassigned	-	-	-	(3,076)	(3,076)
Total fund equity	<u>13,304</u>	<u>160,434</u>	<u>22,643</u>	<u>(3,076)</u>	<u>193,305</u>
Total liabilities and fund equity	\$ <u>191,507</u>	<u>424,163</u>	<u>441,623</u>	<u>11,924</u>	<u>1,069,217</u>

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CITY OF HARRISON, OHIO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Property and other taxes	\$ 68,286	-	60,951	129,237
Payments in lieu of taxes	-	-	441,506	441,506
Intergovernmental	723,499	-	379,106	1,102,605
Charges for services	10,086	-	-	10,086
Special assessments	-	3,612	-	3,612
Contributions	44,888	-	-	44,888
Other	42,149	-	-	42,149
Total revenues	<u>888,908</u>	<u>3,612</u>	<u>881,563</u>	<u>1,774,083</u>
Expenditures:				
Current:				
Security of persons and property	372,188	-	-	372,188
Public health services	280,243	-	-	280,243
Leisure time activity	163,032	-	-	163,032
Transportation	677,233	-	-	677,233
General government	-	-	203,802	203,802
Capital outlay	49,304	-	1,635,198	1,684,502
Debt service:				
Principal retirement	19,273	247,090	78,232	344,595
Interest and fiscal charges	2,886	95,362	94,256	192,504
Total expenditures	<u>1,564,159</u>	<u>342,452</u>	<u>2,011,488</u>	<u>3,918,099</u>
Excess of revenues over (under) expenditures	<u>(675,251)</u>	<u>(338,840)</u>	<u>(1,129,925)</u>	<u>(2,144,016)</u>
Other financing sources (uses):				
Transfers in	318,159	336,573	-	654,732
Loan issuance	-	-	518,185	518,185
Total other financing sources (uses)	<u>318,159</u>	<u>336,573</u>	<u>518,185</u>	<u>1,172,917</u>
Net change in fund balance	(357,092)	(2,267)	(611,740)	(971,099)
Fund balance at beginning of year, restated	<u>1,106,549</u>	<u>410,733</u>	<u>805,045</u>	<u>2,322,327</u>
Fund balance at end of year	\$ <u>749,457</u>	<u>408,466</u>	<u>193,305</u>	<u>1,351,228</u>

CITY OF HARRISON, OHIO
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
Year Ended December 31, 2011

	Street Maintenance and Repair	State Highway Improvements	Fire Memorial	Community Center	Fire Capital Reserve	Senior Center
Revenues:						
Property and other taxes	\$ -	-	-	-	-	-
Intergovernmental	457,660	31,785	-	62,117	-	153,032
Charges for services	-	-	-	100	-	-
Contributions	-	-	4,456	2,138	-	37,608
Other	38,674	-	-	443	-	3,032
Total revenues	<u>496,334</u>	<u>31,785</u>	<u>4,456</u>	<u>64,798</u>	<u>-</u>	<u>193,672</u>
Expenditures:						
Current:						
Security of persons and property	-	-	7,101	-	-	-
Public health services	-	-	-	-	-	264,187
Leisure time activity	-	-	-	163,032	-	-
Transportation	642,551	34,682	-	-	-	-
Capital outlay	328	-	-	15,577	31,717	-
Debt service						
Principal retirement	19,273	-	-	-	-	-
Interest and fiscal charges	2,886	-	-	-	-	-
Total expenditures	<u>665,038</u>	<u>34,682</u>	<u>7,101</u>	<u>178,609</u>	<u>31,717</u>	<u>264,187</u>
Excess of revenues over (under) expenditures	<u>(168,704)</u>	<u>(2,897)</u>	<u>(2,645)</u>	<u>(113,811)</u>	<u>(31,717)</u>	<u>(70,515)</u>
Other financing sources						
Transfers in	-	-	-	112,000	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(168,704)	(2,897)	(2,645)	(1,811)	(31,717)	(70,515)
Fund balance at beginning of year, restated	456,068	15,915	(3,413)	20,207	35,919	125,068
Fund balance at end of year	<u>\$ 287,364</u>	<u>13,018</u>	<u>(6,058)</u>	<u>18,396</u>	<u>4,202</u>	<u>54,553</u>

Passport Account	Police Pension	Drug Law Enforcement	Law Enforcement Trust	Enforcement and Education	FEMA	Police Memorial	Recreation Tax Receipts	TOTAL
-	61,745	-	-	-	-	-	6,541	\$ 68,286
1,475	9,218	4,244	3,810	158	-	-	-	723,499
9,986	-	-	-	-	-	-	-	10,086
-	-	-	-	-	-	686	-	44,888
-	-	-	-	-	-	-	-	42,149
<u>11,461</u>	<u>70,963</u>	<u>4,244</u>	<u>3,810</u>	<u>158</u>	<u>-</u>	<u>686</u>	<u>6,541</u>	<u>888,908</u>
-	331,105	22,992	10,000	990	-	-	-	372,188
16,056	-	-	-	-	-	-	-	280,243
-	-	-	-	-	-	-	-	163,032
-	-	-	-	-	-	-	-	677,233
1,682	-	-	-	-	-	-	-	49,304
-	-	-	-	-	-	-	-	19,273
-	-	-	-	-	-	-	-	2,886
<u>17,738</u>	<u>331,105</u>	<u>22,992</u>	<u>10,000</u>	<u>990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,564,159</u>
<u>(6,277)</u>	<u>(260,142)</u>	<u>(18,748)</u>	<u>(6,190)</u>	<u>(832)</u>	<u>-</u>	<u>686</u>	<u>6,541</u>	<u>(675,251)</u>
-	197,000	-	-	-	-	-	9,159	318,159
-	197,000	-	-	-	-	-	9,159	318,159
(6,277)	(63,142)	(18,748)	(6,190)	(832)	-	686	15,700	(357,092)
<u>33,541</u>	<u>(23,032)</u>	<u>19,708</u>	<u>7,194</u>	<u>1,468</u>	<u>3,766</u>	<u>227</u>	<u>413,913</u>	<u>1,106,549</u>
<u>27,264</u>	<u>(86,174)</u>	<u>960</u>	<u>1,004</u>	<u>636</u>	<u>3,766</u>	<u>913</u>	<u>429,613</u>	<u>\$ 749,457</u>

CITY OF HARRISON, OHIO
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Debt Service Fund
Year Ended December 31, 2011

	<u>Debt Service</u>	<u>Special Assessment</u>	<u>TOTAL</u>
Revenues:			
Special assessments	\$ -	3,612	3,612
Total revenues	<u>-</u>	<u>3,612</u>	<u>3,612</u>
Expenditures:			
Debt Service:			
Principal retirement	\$ 247,090	-	247,090
Interest and fiscal charges	<u>95,362</u>	<u>-</u>	<u>95,362</u>
Total expenditures	<u>342,452</u>	<u>-</u>	<u>342,452</u>
Excess of revenues over (under) expenditures	<u>(342,452)</u>	<u>3,612</u>	<u>(338,840)</u>
Other financing sources			
Transfers in	<u>336,573</u>	<u>-</u>	<u>336,573</u>
Total other financing sources	<u>336,573</u>	<u>-</u>	<u>336,573</u>
Net change in fund balances	(5,879)	3,612	(2,267)
Fund balance at beginning of year	<u>391,118</u>	<u>19,615</u>	<u>410,733</u>
Fund balance at end of year	\$ <u>385,239</u>	<u>23,227</u>	<u>408,466</u>

CITY OF HARRISON, OHIO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Capital Projects Funds
Year Ended December 31, 2011

	Capital Improvements	Home Depot TIF	Harrison Avenue TIF	Street and Safety Construction	TOTAL
Revenues:					
Property and other taxes	\$ 60,951	-	-	-	60,951
Payment in lieu of taxes	-	251,026	190,480	-	441,506
Intergovernmental	299,606	-	-	79,500	379,106
Total revenues	<u>360,557</u>	<u>251,026</u>	<u>190,480</u>	<u>79,500</u>	<u>881,563</u>
Expenditures:					
Current:					
General government	-	115,909	87,893	-	203,802
Capital outlay	913,493	-	120,944	600,761	1,635,198
Debt service					
Principal retirement	-	68,232	10,000	-	78,232
Interest and fiscal charges	-	11,543	82,713	-	94,256
Total expenditures	<u>913,493</u>	<u>195,684</u>	<u>301,550</u>	<u>600,761</u>	<u>2,011,488</u>
Excess of revenues over (under) expenditures	<u>(552,936)</u>	<u>55,342</u>	<u>(111,070)</u>	<u>(521,261)</u>	<u>(1,129,925)</u>
Other financing sources					
Loan issuance	-	-	-	518,185	518,185
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>518,185</u>	<u>518,185</u>
Net change in fund balance	(552,936)	55,342	(111,070)	(3,076)	(611,740)
Fund balance at beginning of year	<u>566,240</u>	<u>105,092</u>	<u>133,713</u>	<u>-</u>	<u>805,045</u>
Fund balance at end of year	\$ <u>13,304</u>	<u>160,434</u>	<u>22,643</u>	<u>(3,076)</u>	<u>193,305</u>

CITY OF HARRISON, OHIO

Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
Street Maintenance and Repair
Year Ended December 31, 2011

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues:			
Intergovernmental	\$ 466,000	452,622	(13,378)
Other	<u>11,100</u>	<u>38,929</u>	<u>27,829</u>
Total revenues	<u>477,100</u>	<u>491,551</u>	<u>14,451</u>
Expenditures:			
Current:			
Transportation			
Personal services	521,891	501,150	20,741
Operations/maintenance	<u>170,676</u>	<u>158,767</u>	<u>11,909</u>
Total transportation	<u>692,567</u>	<u>659,917</u>	<u>32,650</u>
Capital outlay			
Capital improvements	<u>2,500</u>	<u>1,282</u>	<u>1,218</u>
Total capital outlay	<u>2,500</u>	<u>1,282</u>	<u>1,218</u>
Total expenditures	<u>695,067</u>	<u>661,199</u>	<u>33,868</u>
Net change in fund balance	(217,967)	(169,648)	48,319
Fund balance, beginning of year	383,617	383,617	
Prior year encumbrances appropriated	<u>236</u>	<u>236</u>	
Fund balance, end of year	\$ <u>165,886</u>	<u>214,205</u>	

CITY OF HARRISON, OHIO

Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
State Highway Improvements
Year Ended December 31, 2011

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues:			
Intergovernmental	\$ 30,100	31,429	1,329
Total revenues	<u>30,100</u>	<u>31,429</u>	<u>1,329</u>
Expenditures:			
Current:			
Transportation			
Operations/maintenance	67,800	66,976	824
Total expenditures	<u>67,800</u>	<u>66,976</u>	<u>824</u>
Net change in fund balance	(37,700)	(35,547)	2,153
Fund balance, beginning of year	63,937	63,937	
Fund balance, end of year	\$ <u>26,237</u>	<u>28,390</u>	

CITY OF HARRISON, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Fire Memorial

Year Ended December 31, 2011

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues:			
Contributions	\$ 5,000	4,456	(544)
Total revenues	<u>5,000</u>	<u>4,456</u>	<u>(544)</u>
Expenditures:			
Current:			
Security of persons and property			
Operations/maintenance	<u>15,000</u>	<u>7,101</u>	<u>7,899</u>
Total expenditures	<u>15,000</u>	<u>7,101</u>	<u>7,899</u>
Net change in fund balance	(10,000)	(2,645)	7,355
Fund balance, beginning of year	<u>11,587</u>	<u>11,587</u>	
Fund balance, end of year	\$ <u><u>1,587</u></u>	<u><u>8,942</u></u>	

CITY OF HARRISON, OHIO

Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
Community Center
Year Ended December 31, 2011

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues:			
Intergovernmental	\$ 71,500	62,118	(9,382)
Other	900	2,681	1,781
Total revenues	<u>72,400</u>	<u>64,799</u>	<u>(7,601)</u>
Expenditures:			
Current:			
Leisure time activity			
Personal services	87,806	77,268	10,538
Operations/maintenance	<u>87,850</u>	<u>81,656</u>	<u>6,194</u>
Total leisure time activity	<u>175,656</u>	<u>158,924</u>	<u>16,732</u>
Capital outlay			
Capital improvements	<u>17,000</u>	<u>15,577</u>	<u>1,423</u>
Total capital outlay	<u>17,000</u>	<u>15,577</u>	<u>1,423</u>
Total expenditures	<u>192,656</u>	<u>174,501</u>	<u>18,155</u>
Excess of revenues over (under) expenditures	<u>(120,256)</u>	<u>(109,702)</u>	<u>10,554</u>
Other financing sources:			
Transfers in	<u>120,000</u>	<u>112,000</u>	<u>(8,000)</u>
Net change in fund balance	(256)	2,298	2,554
Fund balance, beginning of year	<u>20,911</u>	<u>20,911</u>	
Fund balance, end of year	\$ <u><u>20,655</u></u>	<u><u>23,209</u></u>	

CITY OF HARRISON, OHIO

Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
Fire Capital Reserve
Year Ended December 31, 2011

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Expenditures:			
Capital outlay			
Capital improvements	35,919	31,717	4,202
Total expenditures	<u>35,919</u>	<u>31,717</u>	<u>4,202</u>
 Net change in fund balance	 <u>(35,919)</u>	 <u>(31,717)</u>	 <u>4,202</u>
 Fund balance, beginning of year	 <u>35,919</u>	 <u>35,919</u>	
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>4,202</u></u>	

CITY OF HARRISON, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Senior Center

Year Ended December 31, 2011

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues:			
Contributions	\$ 55,800	76,176	20,376
Intergovernmental	120,000	116,466	(3,534)
Other	1,000	-	(1,000)
Total revenues	<u>176,800</u>	<u>192,642</u>	<u>15,842</u>
Expenditures:			
Current:			
Public health services			
Personal services	196,145	191,537	4,608
Operations/maintenance	<u>82,230</u>	<u>70,192</u>	<u>12,038</u>
Total public health services	<u>278,375</u>	<u>261,729</u>	<u>16,646</u>
Total expenditures	<u>278,375</u>	<u>261,729</u>	<u>16,646</u>
Excess of revenues over (under) expenditures	<u>(101,575)</u>	<u>(69,087)</u>	<u>32,488</u>
Other financing sources:			
Transfers in	<u>25,000</u>	-	<u>(25,000)</u>
Net change in fund balance	(76,575)	(69,087)	7,488
Fund balance, beginning of year	<u>116,320</u>	<u>116,320</u>	
Fund balance, end of year	\$ <u><u>39,745</u></u>	<u><u>47,233</u></u>	

CITY OF HARRISON, OHIO

Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
Passport Account
Year Ended December 31, 2011

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues:			
Charges for services	\$ 7,500	9,987	2,487
Intergovernmental	<u>3,200</u>	<u>1,475</u>	<u>(1,725)</u>
Total revenues	<u>10,700</u>	<u>11,462</u>	<u>762</u>
Expenditures:			
Current:			
Public health services			
Personal services	8,500	4,527	3,973
Operations/maintenance	<u>21,750</u>	<u>12,238</u>	<u>9,512</u>
Total public health services	<u>30,250</u>	<u>16,765</u>	<u>13,485</u>
Capital outlay			
Capital improvements	<u>7,500</u>	<u>1,682</u>	<u>5,818</u>
Total capital outlay	<u>7,500</u>	<u>1,682</u>	<u>5,818</u>
Total expenditures	<u>37,750</u>	<u>18,447</u>	<u>19,303</u>
Net change in fund balance	(27,050)	(6,985)	20,065
Fund balance, beginning of year	<u>34,503</u>	<u>34,503</u>	
Fund balance, end of year	\$ <u>7,453</u>	<u>27,518</u>	

CITY OF HARRISON, OHIO

Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
Police Pension
Year Ended December 31, 2011

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues:			
Property and other taxes	\$ 61,642	63,708	2,066
Intergovernmental	<u>8,007</u>	<u>7,255</u>	<u>(752)</u>
Total revenues	<u>69,649</u>	<u>70,963</u>	<u>1,314</u>
Expenditures:			
Current:			
Security of persons and property			
Personal services	<u>337,155</u>	<u>329,234</u>	<u>7,921</u>
Total expenditures	<u>337,155</u>	<u>329,234</u>	<u>7,921</u>
Excess of revenues over (under) expenditures	<u>(267,506)</u>	<u>(258,271)</u>	<u>9,235</u>
Other financing sources:			
Transfers in	<u>210,000</u>	<u>197,000</u>	<u>(13,000)</u>
Net change in fund balance	(57,506)	(61,271)	(3,765)
Fund balance, beginning of year, restated	30,051	30,051	
Prior year encumbrances appropriated	<u>31,455</u>	<u>31,455</u>	
Fund balance, end of year	\$ <u><u>4,000</u></u>	<u><u>235</u></u>	

CITY OF HARRISON, OHIO

Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
Drug Law Enforcement
Year Ended December 31, 2011

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues:			
Intergovernmental	\$ 12,000	3,394	(8,606)
Total revenues	<u>12,000</u>	<u>3,394</u>	<u>(8,606)</u>
Expenditures:			
Current:			
Security of persons and property			
Operations/maintenance	<u>25,000</u>	<u>22,992</u>	<u>2,008</u>
Total expenditures	<u>25,000</u>	<u>22,992</u>	<u>2,008</u>
Net change in fund balance	(13,000)	(19,598)	(6,598)
Fund balance, beginning of year	<u>19,708</u>	<u>19,708</u>	
Fund balance, end of year	\$ <u><u>6,708</u></u>	<u><u>110</u></u>	

CITY OF HARRISON, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Law Enforcement Trust

Year Ended December 31, 2011

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues:			
Intergovernmental	\$ 5,000	3,760	(1,240)
Total revenues	<u>5,000</u>	<u>3,760</u>	<u>(1,240)</u>
Expenditures:			
Current:			
Security of persons and property			
Operations/maintenance	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>-</u>
 Net change in fund balance	 (5,000)	 (6,240)	 (1,240)
 Fund balance, beginning of year	 <u>7,194</u>	 <u>7,194</u>	
Fund balance, end of year	\$ <u><u>2,194</u></u>	<u><u>954</u></u>	

CITY OF HARRISON, OHIO

Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
Enforcement and Education
Year Ended December 31, 2011

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues:			
Intergovernmental	\$ 500	158	(342)
Total revenues	<u>500</u>	<u>158</u>	<u>(342)</u>
Expenditures:			
Current:			
Security of persons and property			
Operations/maintenance	<u>1,000</u>	<u>990</u>	<u>10</u>
Total expenditures	<u>1,000</u>	<u>990</u>	<u>10</u>
Net change in fund balance	(500)	(832)	(332)
Fund balance, beginning of year	<u>1,468</u>	<u>1,468</u>	
Fund balance, end of year	\$ <u><u>968</u></u>	<u><u>636</u></u>	

CITY OF HARRISON, OHIO

Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
FEMA

Year Ended December 31, 2011

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Fund balance, beginning of year	<u>3,766</u>	<u>3,766</u>	
Fund balance, end of year	\$ <u>3,766</u>	<u>3,766</u>	

CITY OF HARRISON, OHIO

Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
Police Memorial
Year Ended December 31, 2011

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues:			
Donations	\$ -	686	686
Net change in fund balance	-	686	686
Fund balance, beginning of year	<u>227</u>	<u>227</u>	
Fund balance, end of year	\$ <u><u>227</u></u>	<u><u>913</u></u>	

CITY OF HARRISON, OHIO

Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
Recreation Tax Receipts
Year Ended December 31, 2011

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues:			
Property and other taxes	\$ 13,000	15,700	2,700
Total revenues	<u>13,000</u>	<u>15,700</u>	<u>2,700</u>
Expenditures:			
Capital outlay			
Capital improvements	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>13,000</u>	<u>15,700</u>	<u>2,700</u>
Other financing sources:			
Transfers in	<u>13,000</u>	<u>9,159</u>	<u>(3,841)</u>
Net change in fund balance	26,000	24,859	(1,141)
Fund balance, beginning of year	<u>404,754</u>	<u>404,754</u>	
Fund balance, end of year	\$ <u><u>430,754</u></u>	<u><u>429,613</u></u>	

CITY OF HARRISON, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Recreation Activity Receipts (1)

Year Ended December 31, 2011

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues:			
Charges for services	\$ 12,000	9,796	(2,204)
Other	<u>-</u>	<u>5,659</u>	<u>5,659</u>
Total revenues	<u>12,000</u>	<u>15,455</u>	<u>3,455</u>
Expenditures:			
Current:			
Leisure time activities			
Operations/maintenance	5,450	4,079	1,371
Capital outlay			
Capital improvements	<u>4,550</u>	<u>2,952</u>	<u>1,598</u>
Total expenditures	<u>10,000</u>	<u>7,031</u>	<u>2,969</u>
Net change in fund balance	2,000	8,424	6,424
Fund balance, beginning of year	<u>27,157</u>	<u>27,157</u>	
Fund balance, end of year	\$ <u>29,157</u>	<u>35,581</u>	

(1) For GAAP reporting, this fund is combined with the General Fund.

CITY OF HARRISON, OHIO

Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
Debt Service Fund
Year Ended December 31, 2011

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Expenditures:			
Debt service:			
Principal	\$ 254,673	247,090	7,583
Interest and fiscal charges	<u>95,312</u>	<u>95,362</u>	<u>(50)</u>
Total expenditures	<u>349,985</u>	<u>342,452</u>	<u>7,533</u>
Other financing sources (uses):			
Transfers in	<u>345,000</u>	<u>336,573</u>	<u>(8,427)</u>
Total other financing sources	<u>345,000</u>	<u>336,573</u>	<u>(8,427)</u>
Net change in fund balance	(4,985)	(5,879)	(894)
Fund balance, beginning of year	<u>391,118</u>	<u>391,118</u>	
Fund balance, end of year	\$ <u>386,133</u>	<u>385,239</u>	

CITY OF HARRISON, OHIO

Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
Special Assessment
Year Ended December 31, 2011

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues:			
Special assessments	\$ -	3,612	3,612
Net change in fund balance	-	3,612	3,612
Fund balance, beginning of year	19,615	19,615	
Fund balance, end of year	\$ 19,615	23,227	

CITY OF HARRISON, OHIO

Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
Capital Improvement Fund
Year Ended December 31, 2011

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues:			
Property and other taxes	\$ 50,000	67,985	17,985
Intergovernmental	<u>627,320</u>	<u>299,606</u>	<u>(327,714)</u>
Total revenues	<u>677,320</u>	<u>367,591</u>	<u>(309,729)</u>
Expenditures:			
Capital outlay			
Capital improvements	<u>1,652,200</u>	<u>1,648,335</u>	<u>3,865</u>
Total capital outlay	<u>1,652,200</u>	<u>1,648,335</u>	<u>3,865</u>
Total expenditures	<u>1,652,200</u>	<u>1,648,335</u>	<u>3,865</u>
Excess of revenues over/(under) expenditures	<u>(974,880)</u>	<u>(1,280,744)</u>	<u>(305,864)</u>
Other financing sources:			
Proceeds from OPWC loan	<u>217,672</u>	<u>-</u>	<u>(217,672)</u>
Net change in fund balance	(757,208)	(1,280,744)	(523,536)
Fund balance, beginning of year	677,339	677,339	
Prior year encumbrances appropriated	<u>82,000</u>	<u>82,000</u>	
Fund balance, end of year	\$ <u>2,131</u>	<u>(521,405)</u>	

CITY OF HARRISON, OHIOSchedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis

Home Depot TIF

Year Ended December 31, 2011

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues:			
Payments in lieu of taxes	\$ 240,000	251,026	11,026
Total revenues	<u>240,000</u>	<u>251,026</u>	<u>11,026</u>
Expenditures:			
General government			
Operations/maintenance	131,000	115,909	15,091
Total general government	<u>131,000</u>	<u>115,909</u>	<u>15,091</u>
Debt Service			
Principal retirement	70,000	68,232	1,768
Interest and fiscal charges	12,000	11,543	457
Total debt service	<u>82,000</u>	<u>79,775</u>	<u>2,225</u>
Total expenditures	<u>213,000</u>	<u>195,684</u>	<u>17,316</u>
Net change in fund balance	27,000	55,342	28,342
Fund balance, beginning of year	<u>105,092</u>	<u>105,092</u>	
Fund balance, end of year	\$ <u><u>132,092</u></u>	<u><u>160,434</u></u>	

CITY OF HARRISON, OHIO

Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
Harrison Avenue TIF
Year Ended December 31, 2011

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues:			
Payments in lieu of taxes	\$ 190,480	190,480	-
Total revenues	<u>190,480</u>	<u>190,480</u>	<u>-</u>
Expenditures:			
General government			
Operations/maintenance	<u>90,000</u>	<u>87,893</u>	<u>2,107</u>
Total general government	<u>90,000</u>	<u>87,893</u>	<u>2,107</u>
Capital outlay			
Capital improvements	<u>125,000</u>	<u>120,944</u>	<u>4,056</u>
Total capital outlay	<u>125,000</u>	<u>120,944</u>	<u>4,056</u>
Debt Service			
Principal retirement	10,000	10,000	-
Interest and fiscal charges	<u>82,715</u>	<u>82,713</u>	<u>2</u>
Total debt service	<u>92,715</u>	<u>92,713</u>	<u>2</u>
Total expenditures	<u>307,715</u>	<u>301,550</u>	<u>6,165</u>
Net change in fund balance	(117,235)	(111,070)	6,165
Fund balance, beginning of year	<u>133,713</u>	<u>133,713</u>	
Fund balance, end of year	\$ <u><u>16,478</u></u>	<u><u>22,643</u></u>	

CITY OF HARRISON, OHIO

Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
Street and Safety Construction
Year Ended December 31, 2011

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues:			
Intergovernmental	\$ -	79,500	79,500
Total revenues	<u>-</u>	<u>79,500</u>	<u>79,500</u>
Expenditures:			
Capital outlay			
Capital improvements	705,984	705,984	-
Total expenditures	<u>705,984</u>	<u>705,984</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(705,984)</u>	<u>(626,484)</u>	<u>79,500</u>
Other financing sources:			
Proceeds from OPWC loan	<u>695,984</u>	<u>518,185</u>	<u>(177,799)</u>
Net change in fund balance	(10,000)	(108,299)	(98,299)
Fund balance, beginning of year	<u>-</u>	<u>-</u>	
Fund balance, end of year	<u><u>\$(10,000)</u></u>	<u><u>\$(108,299)</u></u>	

NONMAJOR PROPRIETARY FUNDS

ENTERPRISE FUNDS

To account for goods and services financed or recovered primarily through external user charges and fees.

Storm Water

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

Sanitation

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

CITY OF HARRISON, OHIO

Combining Statement of Fund Net Assets

Nonmajor Enterprise Funds

December 31, 2011

	Storm Water	Water/Wastewater Deposits	Sanitation	TOTAL
Assets:				
Current assets:				
Equity in pooled cash and investments	\$ 16,065	71,038	205,561	292,664
Receivables:				
Accounts	8,821	-	35,394	44,215
Total current assets	<u>24,886</u>	<u>71,038</u>	<u>240,955</u>	<u>336,879</u>
Noncurrent assets:				
Capital assets:				
Depreciable capital assets, net	2,061,251	-	-	2,061,251
Total assets	<u>2,086,137</u>	<u>71,038</u>	<u>240,955</u>	<u>2,398,130</u>
Liabilities and Fund Equity:				
Liabilities:				
Current liabilities:				
Accounts payable	-	-	37,512	37,512
Interfund payable	240,000	-	-	240,000
Advances from other funds	17,178	-	-	17,178
OPWC loan payable, current portion of	21,030	-	-	21,030
Total current liabilities	<u>278,208</u>	<u>-</u>	<u>37,512</u>	<u>315,720</u>
Long-term liabilities:				
OPWC loan payable, net of current portion	346,995	-	-	346,995
Total long-term liabilities	<u>346,995</u>	<u>-</u>	<u>-</u>	<u>346,995</u>
Total liabilities	<u>625,203</u>	<u>-</u>	<u>37,512</u>	<u>662,715</u>
Net assets:				
Invested in capital assets, net of related debt	1,693,226	-	-	1,693,226
Unrestricted (deficit)	(232,292)	71,038	203,443	42,189
Total net assets	<u>\$ 1,460,934</u>	<u>71,038</u>	<u>203,443</u>	<u>1,735,415</u>

CITY OF HARRISON, OHIO
Combining Statement of Revenues, Expenses
and Changes in Net Assets
Nonmajor Enterprise Funds
Year Ended December 31, 2011

	<u>Storm Water</u>	<u>Water/Wastewater Deposits</u>	<u>Sanitation</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 118,253	5,622	444,775	568,650
Other	-	-	4	4
Total operating revenues	<u>118,253</u>	<u>5,622</u>	<u>444,779</u>	<u>568,654</u>
Operating expenses:				
Contractual services	68,374	-	446,402	514,776
Other	-	2,240	-	2,240
Depreciation	<u>46,613</u>	-	-	46,613
Total operating expenses	<u>114,987</u>	<u>2,240</u>	<u>446,402</u>	<u>563,629</u>
Operating income (loss)	3,266	3,382	(1,623)	5,025
Transfers out	<u>(28,469)</u>	-	-	<u>(28,469)</u>
Change in net assets	(25,203)	3,382	(1,623)	(23,444)
Net assets, beginning of year	<u>1,486,137</u>	<u>67,656</u>	<u>205,066</u>	<u>1,758,859</u>
Net assets, end of year	<u>\$ 1,460,934</u>	<u>71,038</u>	<u>203,443</u>	<u>1,735,415</u>

CITY OF HARRISON, OHIO
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended December 31, 2011

	Storm Water	Water/Wastewater Deposits	Sanitation	Total
Cash flows from operating activities:				
Cash received from customers	\$ 109,432	5,622	448,200	563,254
Cash payments to suppliers for goods and services	(68,590)	-	(445,916)	(514,506)
Cash payments for other operating expenses	-	(2,240)	-	(2,240)
Cash received from other operating revenue	-	-	4	4
Net cash provided by operating activities	<u>40,842</u>	<u>3,382</u>	<u>2,288</u>	<u>46,512</u>
Cash flows from noncapital financing activities:				
Transfers	(28,469)	-	-	(28,469)
Return advances to other funds	(50,000)	-	-	(50,000)
Net cash used by noncapital financing activities	<u>(78,469)</u>	<u>-</u>	<u>-</u>	<u>(78,469)</u>
Cash flows from capital and related financing activities:				
Principal retirement	(21,030)	-	-	(21,030)
Net cash used by capital and related financing activities	<u>(21,030)</u>	<u>-</u>	<u>-</u>	<u>(21,030)</u>
Net change	(58,657)	3,382	2,288	(52,987)
Cash and pooled investments beginning of year	<u>74,722</u>	<u>67,656</u>	<u>203,273</u>	<u>345,651</u>
Cash and pooled investments end of year	<u>16,065</u>	<u>71,038</u>	<u>205,561</u>	<u>292,664</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	3,266	3,382	(1,623)	5,025
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	46,613	-	-	46,613
Changes in assets and liabilities:				
Receivables	(8,821)	-	3,425	(5,396)
Accounts payable	(216)	-	486	270
Net cash provided by operating activities	<u>\$ 40,842</u>	<u>3,382</u>	<u>2,288</u>	<u>46,512</u>

COMBINING STATEMENTS – FIDUCIARY FUNDS

AGENCY FUNDS

Agency funds are purely custodial (assets equals 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

Combining Statement of Assets and Liabilities

Agency Funds

Year Ended December 31, 2011

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Mayor's Court				
Assets:				
Cash in segregated accounts	\$ <u>45,227</u>	<u>275,689</u>	<u>305,518</u>	<u>15,398</u>
	<u>45,227</u>	<u>275,689</u>	<u>305,518</u>	<u>15,398</u>
Liabilities:				
Intergovernmental payable	<u>45,227</u>	<u>275,689</u>	<u>305,518</u>	<u>15,398</u>
<hr/>				
Joint Economic Development District				
Assets:				
Equity in pooled cash and investments	<u>-</u>	<u>84,022</u>	<u>84,022</u>	<u>-</u>
Liabilities:				
Due to others	<u>-</u>	<u>84,022</u>	<u>84,022</u>	<u>-</u>
<hr/>				
TOTAL				
Assets:				
Cash in segregated accounts	45,227	275,689	305,518	15,398
Equity in pooled cash and investments	<u>-</u>	<u>84,022</u>	<u>84,022</u>	<u>-</u>
	<u>45,227</u>	<u>359,711</u>	<u>389,540</u>	<u>15,398</u>
Liabilities:				
Intergovernmental payable	45,227	275,689	305,518	15,398
Due to others	<u>-</u>	<u>84,022</u>	<u>84,022</u>	<u>-</u>
	<u>\$ 45,227</u>	<u>359,711</u>	<u>389,540</u>	<u>15,398</u>

**STATISTICAL
SECTION**

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STATISTICAL SECTION

This part of the City'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.

Contents:

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. These schedules can be found on pages 120 to 124.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's most significant local revenue source, income and property taxes. These schedules can be found on pages 125 to 129.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt as well as the City's ability to issue additional debt in the future. These schedules can be found on pages 130 to 135.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. These schedules can be found on pages 136 and 137.

Operating Information

These schedules contain information about the City's operation and resources to help the reader understand how the City's financial information relates to the services proved and activities performed. These schedules can be found on pages 138 to 140.

Sources: Unless otherwise noted, the information in these schedules is derived from the City's annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in 2004; schedules presenting government-wide information begin with that fiscal year.

CITY OF HARRISON, OHIO

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

	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities								
Invested in Capital Assets, Net of Related Debt	\$ 9,273,676	\$ 8,613,002	\$ 8,700,582	\$ 8,188,666	\$ 7,218,367	\$ 6,208,120	\$ 6,305,598	\$ 4,996,494
Restricted:								
Capital Projects	320,110	463,089	246,153	802,220	833,089	1,147,150	430,814	3,107,785
Debt Service	-	349,409	381,877	607,608	879,953	1,097,636	1,087,694	1,164,296
Streets and Highways	434,498	618,134	807,072	779,370	547,732	438,369	354,940	231,962
Recreation	529,826	441,070	293,901	194,023	104,032	89,697	236,584	65,182
Other Purposes	172,805	253,799	579,115	769,187	973,782	837,138	1,022,544	890,100
Unrestricted	528,906	898,341	899,413	2,243,692	2,131,089	1,398,851	1,345,503	994,418
Total Governmental Activities Net Assets	<u>11,259,821</u>	<u>11,636,844</u>	<u>11,908,113</u>	<u>13,584,766</u>	<u>12,688,044</u>	<u>11,216,961</u>	<u>10,783,677</u>	<u>11,450,237</u>
Business Type - Activities								
Invested in Capital Assets, Net of Related Debt	8,547,117	6,955,754	8,017,742	8,208,988	8,203,170	8,244,568	6,593,538	5,162,716
Restricted	2,183,434	2,183,465	2,148,863	2,112,293	2,103,523	1,997,344	1,604,388	1,929,871
Unrestricted	2,028,991	3,748,975	2,638,922	3,358,016	3,844,896	3,676,592	5,390,514	4,841,314
Total Business-Type Activities Net Assets	<u>12,759,542</u>	<u>12,888,194</u>	<u>12,805,527</u>	<u>13,679,297</u>	<u>14,151,589</u>	<u>13,918,504</u>	<u>13,588,440</u>	<u>11,933,901</u>
Primary Government								
Invested in Capital Assets, Net of Related Debt	17,820,793	15,568,756	16,718,324	16,397,654	15,421,537	14,452,688	12,899,136	10,159,210
Restricted	3,640,673	4,308,966	4,456,981	5,264,701	5,442,111	5,607,334	4,736,964	7,389,196
Unrestricted	2,557,897	4,647,316	3,538,335	5,601,708	5,975,985	5,075,443	6,736,017	5,835,732
Total Primary Government Net Assets	<u>\$ 24,019,363</u>	<u>\$ 24,525,038</u>	<u>\$ 24,713,640</u>	<u>\$ 27,264,063</u>	<u>\$ 26,839,633</u>	<u>\$ 25,135,465</u>	<u>\$ 24,372,117</u>	<u>\$ 23,384,138</u>

Source: City financial records

Note: 2004 was the first year the City implemented GASB 34, so comparative information before that date is not available.

CITY OF HARRISON, OHIO

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

	2011	2010	2009	2008	2007	2006	2005	2004
Program Revenues								
Governmental Activities:								
Charges for Services:								
Security of Persons and Property:	\$ 745,046	\$ 893,571	\$ 698,301	\$ 595,500	\$ 594,535	\$ 554,805	\$ 563,405	\$ 594,816
Public Health Services	49,732	25,858	35,097	157,651	161,182	99,866	129,583	19,644
Leisure Time Activities	73,529	71,358	72,138	68,899	112,069	-	63,520	39,640
Community and Economic Development	117,564	47,195	152,332	86,114	161,103	178,519	192,412	93,660
Transportation	-	-	375	120	480	-	120	390
General Government	369,018	369,018	97,079	91,539	88,502	83,194	84,939	71,765
Operating Grants and Contributions	680,347	877,907	896,275	756,604	462,771	483,100	547,153	611,410
Capital Grants and Contributions	489,106	-	265,063	528,547	436,179	243,409	273,327	841,885
Total Governmental Activities Program Revenues	2,524,342	2,284,907	2,216,660	2,284,974	2,016,821	1,642,893	1,854,459	2,273,210
Business-Type Activities:								
Charges for Services:								
Water	1,350,769	1,288,614	1,224,384	1,317,775	1,431,917	1,406,498	1,431,799	1,314,098
Sewer	3,045,977	2,833,348	2,433,320	2,251,507	2,179,071	2,146,156	2,103,560	1,787,499
Storm Water	118,253	105,247	179,977	94,862	27,146	-	-	-
Water/Wastewater Deposits	5,622	5,578	8,916	4,660	8,055	10,221	5,805	2,531
Sanitation	444,775	424,907	377,239	365,055	375,069	387,944	334,833	295,695
Operating Grants and Contributions	-	-	8,047	58,837	8,377	3,566	-	-
Capital Grants and Contributions	-	-	-	185,022	-	-	-	748,957
Total Business-Type Activities Program Revenues	4,965,396	4,657,694	4,231,883	4,277,718	4,029,635	3,954,385	3,875,997	4,148,780
Total Primary Government	\$ 7,489,738	\$ 6,942,601	\$ 6,448,543	\$ 6,562,692	\$ 6,046,456	\$ 5,597,278	\$ 5,730,456	\$ 6,421,990
Expenses:								
Governmental Activities:								
Security of Persons and Property:	\$ 6,436,476	\$ 5,841,459	\$ 6,743,223	\$ 4,965,899	\$ 4,683,372	\$ 4,536,986	\$ 4,572,970	\$ 4,128,525
Public Health Services	314,128	339,855	400,154	313,537	281,603	264,800	302,458	242,285
Leisure Time Activities	303,402	315,334	369,208	332,381	308,959	304,242	225,342	244,658
Community and Economic Development	127,997	138,115	150,035	110,453	125,886	108,382	103,838	95,444
Transportation	914,534	971,886	889,189	738,160	685,405	629,650	564,912	640,357
General Government	1,291,876	1,299,480	1,526,678	1,011,755	839,493	1,138,392	884,336	1,030,510
Interest and Fiscal Charges	244,701	295,479	230,125	214,254	108,342	195,440	187,483	175,737
Total Governmental Activities Expenses	9,633,114	9,201,608	10,308,612	7,686,439	7,033,060	7,177,892	6,841,339	6,557,516
Business-Type Activities:								
Water	1,564,893	1,387,114	1,826,364	1,117,172	941,915	1,069,343	1,124,409	974,473
Sewer	3,076,759	2,653,586	2,931,737	2,776,374	2,551,359	2,511,568	2,561,278	2,077,687
Storm Water	114,987	129,183	50,123	617,408	38,301	39,663	24,211	404
Water/Wastewater Deposits	2,240	3,098	1,824	848	959	774	529	92
Sanitation	446,402	423,451	434,487	355,800	384,917	376,338	317,682	268,014
Total Business-Type Activities Expenses	5,205,281	4,596,432	5,244,535	4,867,602	3,917,451	3,997,686	4,028,109	3,320,670
Total Primary Government	\$ 14,838,395	\$ 13,798,040	\$ 15,553,147	\$ 12,554,041	\$ 10,950,511	\$ 11,175,578	\$ 10,869,448	\$ 9,878,186
Net (Expense) Revenue:								
Governmental Activities	\$ (7,108,772)	\$ (6,916,701)	\$ (8,091,952)	\$ (5,401,465)	\$ (5,016,239)	\$ (5,534,999)	\$ (4,986,880)	\$ (4,284,306)
Business-Type Activities	(239,885)	61,262	(1,012,652)	(589,884)	112,184	(43,301)	(152,112)	828,110
Total Primary Government Net Expense	\$ (7,348,657)	\$ (6,855,439)	\$ (9,104,604)	\$ (5,991,349)	\$ (4,904,055)	\$ (5,578,300)	\$ (5,138,992)	\$ (3,456,196)

continued

CITY OF HARRISON, OHIO

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

	2011	2010	2009	2008	2007	2006	2005	2004
General Revenues and Other Changes in Net Assets								
Governmental Activities								
Taxes:								
Property Taxes Levied For:								
General Purposes	\$ 1,177,650	\$ 1,114,994	\$ 1,257,994	\$ 1,175,925	\$ 1,182,350	\$ 1,154,940	\$ 1,105,350	\$ 966,908
Fire Improvements	1,174,922	1,151,918	739,772	857,520	915,426	902,383	896,472	844,740
Police Pension	62,067	58,466	54,489	60,085	58,283	65,937	61,785	51,934
Recreation	6,541	18,318	14,800	8,500	32,400	34,300	42,489	44,900
Capital Projects	60,951	62,672	255,008	244,635	233,431	210,660	199,490	194,815
Municipal Income Taxes levied for								
General Purposes	2,956,342	2,927,295	2,860,771	3,034,376	2,951,057	2,794,284	2,586,428	2,635,151
Payment in Lieu of Taxes	436,412	259,559	-	-	-	-	-	-
Grants and Entitlements not Restricted to								
Specific Programs	719,408	903,534	1,013,554	575,158	655,461	478,657	680,472	518,308
Investment Earnings	34,474	56,698	67,215	201,017	321,019	217,467	161,035	47,149
Miscellaneous	74,513	99,419	151,696	60,817	107,742	100,066	250,567	104,679
Transfers	28,469	-	-	80,154	30,153	9,589	(1,663,768)	2,459,261
Total Governmental Activities	6,731,749	6,652,873	6,415,299	6,298,187	6,487,322	5,968,283	4,320,320	7,867,845
Business-Type Activities:								
Investment Earnings	1,882	2,233	13,472	187,861	140,535	136,586	90,501	54,368
Miscellaneous	137,820	19,172	125,410	9,885	10,519	246,368	52,382	28,717
Transfers	(28,469)	-	-	(80,154)	(30,153)	(9,589)	1,663,768	(2,459,261)
Total Business-Type Activities	111,233	21,405	138,882	117,592	120,901	373,365	1,806,651	(2,376,176)
Total Primary Government	\$ 6,842,982	\$ 6,674,278	\$ 6,554,181	\$ 6,415,779	\$ 6,608,223	\$ 6,341,648	\$ 6,126,971	\$ 5,491,669
Changes in Net Assets:								
Governmental Activities	\$ (377,023)	\$ (263,828)	\$ (1,676,653)	\$ 896,722	\$ 1,471,083	\$ 433,284	\$ (666,560)	\$ 3,583,539
Business-Type Activities	(128,652)	82,667	(873,770)	(472,292)	233,085	330,064	1,654,539	(1,548,066)
Total Primary Government	\$ (505,675)	\$ (181,161)	\$ (2,550,423)	\$ 424,430	\$ 1,704,168	\$ 763,348	\$ 987,979	\$ 2,035,473

Source: City financial records

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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Fund:										
Reserved	\$ -	\$ 107,219	\$ 138,909	\$ 94,110	\$ 89,890	\$ 74,089	\$ 249,579	\$ 226,613	\$ 146,752	\$ 70,127
Unreserved	-	973,409	1,372,342	1,937,901	1,787,588	1,171,804	738,136	462,452	695,381	1,190,893
Nonspendable	61,155	-	-	-	-	-	-	-	-	-
Assigned	256,401	-	-	-	-	-	-	-	-	-
Unassigned	560,025	-	-	-	-	-	-	-	-	-
Total General Fund	<u>\$ 877,581</u>	<u>\$ 1,080,628</u>	<u>\$ 1,511,251</u>	<u>\$ 2,032,011</u>	<u>\$ 1,877,478</u>	<u>\$ 1,245,893</u>	<u>\$ 987,715</u>	<u>\$ 689,065</u>	<u>\$ 842,133</u>	<u>\$ 1,261,020</u>
All Other Governmental Funds:										
Reserved	\$ -	\$ 276,219	\$ 350,647	\$ 77,949	\$ 66,766	\$ 23,728	\$ 1,623,732	\$ 755,549	\$ 1,300,573	\$ 1,298,780
Unreserved (deficit), reported in:										
Special Revenue Funds	-	787,787	1,047,477	1,458,594	1,402,143	1,280,852	1,337,329	934,137	1,033,084	823,849
Debt Service Funds	-	410,733	394,074	620,316	923,848	1,108,321	1,098,117	1,176,283	-	-
Capital Projects Funds	-	723,045	666,249	787,220	818,482	1,147,150	(1,020,609)	2,499,405	426,008	3,899
Nonspendable	38,999	-	-	-	-	-	-	-	-	-
Restricted	1,039,070	-	-	-	-	-	-	-	-	-
Assigned	386,152	-	-	-	-	-	-	-	-	-
Unassigned	(544,843)	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 919,378</u>	<u>\$ 2,197,784</u>	<u>\$ 2,458,447</u>	<u>\$ 2,944,079</u>	<u>\$ 3,211,239</u>	<u>\$ 3,560,051</u>	<u>\$ 3,038,569</u>	<u>\$ 5,365,374</u>	<u>\$ 2,759,665</u>	<u>\$ 2,126,528</u>

Source: City financial records

Note: 2011 was the first year the City implemented GASB 54; the City elected to apply the standard prospectively.

CITY OF HARRISON, OHIO

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues										
Taxes	\$ 5,349,136	\$ 5,310,372	\$ 5,183,896	\$ 5,375,433	\$ 5,299,259	\$ 5,194,401	\$ 4,895,233	\$ 4,656,975	\$ 4,651,515	\$ 4,286,217
Payment in Lieu of Taxes	441,506	240,736	-	-	-	-	-	-	-	-
Intergovernmental	1,891,845	1,736,023	2,192,876	1,766,443	1,431,545	1,201,142	1,533,268	1,947,015	834,738	1,021,366
Charges for Services	747,078	968,302	692,342	697,907	750,671	499,626	562,232	439,505	308,772	227,028
Fines, Costs and Forfeitures	196,021	229,666	117,904	126,519	108,891	162,032	202,606	219,915	128,262	172,016
Licenses, Permits and Inspections	223,341	177,223	245,031	172,878	245,275	254,726	269,141	160,495	152,472	128,783
Interest	34,474	58,205	66,941	217,625	321,019	217,467	166,572	56,434	63,175	114,398
Contributions	50,749	6,783	17,680	40	-	-	-	-	-	-
Other	152,887	127,934	211,186	89,008	151,685	77,014	250,567	100,111	132,037	148,796
Total Revenues	9,087,037	8,855,244	8,727,856	8,445,853	8,308,345	7,606,408	7,879,619	7,580,450	6,270,971	6,098,604
Expenditures										
Current:										
Security of persons and property	5,917,133	5,652,619	5,601,881	4,725,957	4,507,623	4,271,258	4,203,191	3,938,018	3,607,850	3,377,001
Public health services	292,932	338,848	371,429	307,502	279,541	258,999	288,470	229,006	188,036	193,196
Leisure time activities	220,659	251,512	294,920	275,595	251,698	238,886	170,999	192,253	155,207	189,981
Community and economic development	124,383	134,578	143,679	109,590	124,646	104,374	100,599	94,084	7,233	178,359
Transportation	677,233	780,692	667,450	579,366	555,511	506,502	470,473	478,557	459,111	336,382
General government	1,311,725	1,209,228	1,435,916	1,002,167	836,722	1,011,017	867,722	1,028,792	938,940	951,212
Capital outlay	1,971,979	785,017	3,143,530	1,105,557	2,379,123	623,455	3,999,031	2,286,541	1,061,626	552,805
Debt Service:										
Principal Retirement	573,628	518,871	431,811	395,220	327,701	324,850	289,668	287,601	214,362	162,797
Interest and Fiscal Charges	252,270	265,646	195,695	185,481	37,416	160,022	188,312	176,118	192,783	183,082
Issuance Costs	-	-	87,316	2,493	-	-	71,824	-	-	-
Total Expenditures	11,341,942	9,937,011	12,373,627	8,688,928	9,299,981	7,499,363	10,650,289	8,710,970	6,825,148	6,124,815
Excess of Revenues Over (Under) Expenditures	(2,254,905)	(1,081,767)	(3,645,771)	(243,075)	(991,636)	107,045	(2,770,670)	(1,130,520)	(554,177)	(26,211)
Other Financing Sources (Uses)										
Bond Issuance	-	-	1,810,000	-	-	-	2,135,000	-	-	-
Premium on Bond Issue	-	-	87,316	-	-	-	123,247	-	-	-
Premium on Note Issue	-	-	-	3,281	-	-	-	-	-	-
Payment to Refunding Bond Escrow Agent	-	-	-	-	-	-	(2,189,078)	-	-	-
Accrued Interest on Bond Issue	-	-	-	-	-	-	2,655	-	-	-
Inception of Capital Lease	226,798	325,430	237,739	47,013	1,244,256	68,856	-	346,484	322,654	-
Loan Issuance	518,185	65,051	504,324	-	-	564,170	476,673	-	-	-
Transfers In	1,719,732	2,115,734	2,007,615	1,754,524	1,615,721	1,654,093	1,842,926	4,836,898	2,575,863	1,897,272
Transfers Out	(1,691,263)	(2,115,734)	(2,007,615)	(1,674,370)	(1,585,568)	(1,614,504)	(1,648,908)	(1,617,413)	(2,130,090)	(1,753,759)
Total Other Financing Sources (Uses)	773,452	390,481	2,639,379	130,448	1,274,409	672,615	742,515	3,565,969	768,427	143,513
Net Change in Fund Balances	\$ (1,481,453)	\$ (691,286)	\$ (1,006,392)	\$ (112,627)	\$ 282,773	\$ 779,660	\$ (2,028,155)	\$ 2,435,449	\$ 214,250	\$ 117,302
Debt Service as a Percentage of Noncapital Expenditures	8.57%	8.47%	7.51%	8.01%	5.38%	7.05%	8.27%	7.22%	7.06%	6.21%

Source: City financial records

CITY OF HARRISON, OHIO

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

Tax Year	Real Property		Public Utility Property		Tangible Personal Property (a)		Total		Ratio
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value	
2011	212,591,880	607,405,371	5,275,410	5,275,410	0	0	217,867,290	612,680,781	35.56%
2010	228,938,580	654,110,229	4,854,870	4,854,870	132,640	707,413	233,926,090	659,672,512	35.46%
2009	223,533,270	638,666,486	4,314,400	4,314,400	250,870	1,337,973	228,098,540	644,318,859	35.40%
2008	220,529,210	630,083,457	3,986,460	3,986,460	5,421,080	28,912,427	229,936,750	674,941,724	34.07%
2007	211,870,220	605,343,486	3,858,280	3,858,280	11,914,930	63,546,293	227,643,430	684,322,899	33.27%
2006	202,509,130	578,597,514	4,117,220	4,117,220	16,313,010	46,608,600	222,939,360	629,323,334	35.43%
2005	191,361,800	546,748,000	4,295,430	4,295,430	19,689,900	78,759,600	215,347,130	629,803,030	34.19%
2004	160,124,090	457,497,400	4,591,770	4,591,770	20,541,290	82,165,160	185,257,150	544,254,330	34.04%
2003	147,707,370	422,021,057	3,712,380	3,712,380	20,489,080	81,956,320	171,908,830	507,689,757	33.86%
2002	140,281,390	400,803,971	3,644,230	3,644,230	22,233,920	88,935,680	166,159,540	493,383,881	33.68%

Source: Hamilton County Auditor's Office

Note: Tax collections are one year in arrears (i.e. Tax Year 2011, Collection Year 2012)

(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 twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory included in tangible personal property.

(a) House Bill 66 eliminated all current Tangible Personal Property in 2009, except for telecommunication companies, whose last required filing was in 2010.

CITY OF HARRISON, OHIO

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

Collection Year	City Levy			Township Levy	School Levy	County Levy	Joint Levy	Joint Vocational Levy	Hamilton County Park District Levy	Library Levy	Total Direct and Overlapping Rates
	General	Police Pension	Fire								
2011	5.70	0.30	8.50	0.06	44.68	19.45	-	2.70	1.03	1.00	83.42
2010	5.70	0.30	8.50	0.06	44.98	20.48	-	2.70	1.03	1.00	84.75
2009	5.70	0.30	7.00	0.06	45.14	20.63	1.25	2.70	1.03	1.00	84.81
2008	5.70	0.30	7.00	0.06	45.30	20.56	1.25	2.70	1.03	1.00	84.90
2007	5.70	0.30	7.00	0.06	45.30	20.18	1.25	2.70	1.03	1.00	84.52
2006	5.70	0.30	7.00	0.06	46.68	19.78	1.25	2.70	1.03	1.03	85.53
2005	5.70	0.30	7.00	0.06	47.08	20.03	1.25	2.70	1.03	1.03	86.18
2004	5.70	0.30	7.00	0.06	47.25	20.48	1.25	2.70	1.03	1.03	86.80
2003	5.70	0.30	7.00	0.06	47.25	20.48	1.25	2.70	1.03	1.03	86.80
2002	5.70	0.30	7.00	0.06	47.75	21.47	1.25	2.70	-	-	86.23

Source: Hamilton County Auditor's Office

CITY OF HARRISON, OHIO

*PRINCIPAL TAXPAYERS
REAL ESTATE AND TANGIBLE PERSONAL PROPERTY TAX
DECEMBER 31, 2011 AND DECEMBER 31, 2002*

December 31, 2011			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Assessed Value
Duke Energy Ohio Inc	\$ 5,132,430	1	2.36%
Hurbert North American	4,949,740	2	2.27%
Indian Footprint	2,523,780	3	1.16%
Wurster Erlene Tr	1,950,170	4	0.90%
Maas Enterprises Ltd	1,901,930	5	0.87%
BRE/US Industrial	1,807,520	6	0.83%
Broad Properties LLC	1,681,420	7	0.77%
Mercy Health Partners Property Mgmt	1,608,140	8	0.74%
Toebben LTD	1,575,010	9	0.72%
10700 New Haven LLC	1,360,860	10	0.62%
Total, Top Ten Principal Real Estate and Tangible Personal Property Taxpayers	<u>\$ 24,491,000</u>		<u>11.24%</u>
Total City Real Estate and Tangible Personal Property Valuation	<u>\$ 217,867,290</u>		

December 31, 2002			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Assessed Value
F&M Mafco, Inc.	\$ 3,065,850	1	1.85%
Hyper Shoppes Inc	2,797,210	2	1.68%
CINERGY	2,553,720	3	1.54%
JTM Provisions Co. Inc.	2,220,010	4	1.34%
Wurster, Erlene	2,209,870	5	1.33%
MMII Inc.	2,104,440	6	1.27%
Scott Fezter Co. - Campbell Hausfeld	1,861,080	7	1.12%
SCI Ltd. Partnership IV	1,750,470	8	1.05%
Supervalu Holdings Inc.	1,508,110	9	0.91%
Indian Chestnut LLC	1,470,280	10	0.88%
Total, Top Ten Principal Real Estate and Tangible Personal Property Taxpayers	<u>\$ 21,541,040</u>		<u>12.97%</u>
Total City Real Estate and Tangible Personal Property Valuation	<u>\$ 166,159,540</u>		

Source: Hamilton County Auditor's Office

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 Collections</u>	<u>Percent of Current Collections to Tax Levy</u>	<u>Delinquent Collections</u>	<u>Total Collections</u>	<u>Percent of Total Collections to Tax Levy</u>
2011	2,826,368	2,614,364	92.50%	75,266	2,689,630	95.16%
2010	2,782,684	2,565,609	92.20%	92,270	2,657,879	95.51%
2009	2,390,528	2,283,163	95.51%	104,583	2,387,746	99.88%
2008	2,289,118	2,183,719	95.40%	95,053	2,278,772	99.55%
2007	2,158,045	1,689,521	78.29%	44,064	1,733,585	80.33%
2006	1,977,533	1,904,381	96.30%	54,448	1,958,829	99.05%
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%

Source: Hamilton County Auditor's Office

Note: County Auditor does not identify delinquent tax collections by levy year.

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>
2011	1.00%	3,074,017	2,187,382	71.16%	424,190	13.80%	462,446	15.04%
2010	1.00%	2,948,726	2,096,429	71.10%	391,585	13.28%	460,714	15.62%
2009	1.00%	2,918,825	2,065,074	70.75%	333,367	11.42%	520,382	17.83%
2008	1.00%	3,057,959	2,121,702	69.38%	444,277	14.53%	491,980	16.09%
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	17.12%
2003	1.00%	2,452,028	1,812,200	73.91%	235,234	9.59%	73,715	3.01%
2002	1.00%	2,389,236	1,750,447	73.26%	252,783	10.58%	386,007	16.16%

Source: City of Harrison Income Tax Department

CITY OF HARRISON, OHIO

*RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS*

Year	Governmental Activities					Business-Type Activities		
	General Obligation Bonds	OPWC Loans	ODOT Loan	Tax Anticipation Notes	Capital Leases	General Obligation Bonds	Revenue Bonds	Mortgage Revenue Bonds
2011	\$ 3,700,000	\$ 1,387,370	\$ 333,481	\$ 320,000	\$ 1,238,958	\$ 5,695,000	\$ 15,950,000	\$ -
2010	3,905,000	921,275	401,713	400,000	1,260,466	5,860,000	16,520,000	-
2009	4,085,000	894,080	467,943	445,000	1,169,821	390,000	17,070,000	-
2008	2,445,000	413,378	532,230	450,000	1,105,984	410,000	17,555,000	-
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	105,000
2003	2,980,000	-	-	-	244,180	75,000	18,750,000	200,000
2002	3,095,000	-	-	-	20,888	115,000	-	3,150,000

continued

CITY OF HARRISON, OHIO

*RATIOS OF OUTSTANDING DEBT BY TYPE (CONTINUED)
LAST TEN YEARS*

Business-Type Activities						(a)	(c)		(b)	
Year	Real Estate Revenue Bonds	Bond Anticipation Notes	Capital Leases	OPWC Loans	OWDA Loans	Total Primary Government	Per Capita Personal Income	Percentage of Personal Income	Population	Per Capita
2011	\$ -	\$ -	\$ -	\$ 1,844,959	\$ 5,631,096	\$ 36,100,864	N/A	N/A	9,897	\$ 3,648
2010	-	-	15,183	1,958,297	5,956,905	37,198,839	N/A	N/A	9,897	\$ 3,759
2009	-	5,000,000	29,509	2,071,635	5,996,693	37,619,681	N/A	N/A	9,980	3,770
2008	-	5,000,000	43,027	2,199,085	3,078,609	33,232,313	N/A	N/A	9,980	3,330
2007	-	5,000,000	55,782	1,937,994	3,181,172	33,434,747	N/A	N/A	9,980	3,400
2006	-	-	-	1,764,056	1,919,103	26,271,403	N/A	N/A	9,950	2,640
2005	-	-	-	200,694	1,602,468	24,353,230	N/A	N/A	9,950	2,448
2004	-	-	-	270,929	1,698,171	23,982,163	N/A	N/A	9,885	2,426
2003	-	-	-	338,919	1,790,545	24,378,644	N/A	N/A	9,885	2,466
2002	-	10,000,000	-	413,170	1,791,033	18,585,091	35,416	0.19%	9,865	1,880

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

Sources:

- (a) See notes to the financial statements regarding the City's outstanding debt information
- (b) United States Bureau of Census
- (c) See Schedule "Demographic and Economic Statistics - Last Ten Years" for personal income.

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 Value of Taxable Property (2)</u>	<u>General Bonded Debt (3)</u>	<u>Ratio of General Bonded Debt to Estimated Actual Value of Taxable Property</u>	<u>General Bonded Debt Per Capital</u>
2011	9,897	\$ 612,680,781	\$ 9,395,000	1.53%	\$ 949
2010	9,987	659,672,512	9,765,000	1.48%	978
2009	9,980	657,262,059	4,475,000	0.68%	448
2008	9,980	674,941,724	2,855,000	0.42%	286
2007	9,980	684,322,899	3,040,000	0.44%	305
2006	9,950	682,285,114	3,205,000	0.47%	322
2005	9,950	629,803,030	3,390,000	0.54%	341
2004	9,885	544,254,330	2,895,000	0.53%	293
2003	9,885	507,689,757	3,055,000	0.60%	309
2002	9,885	493,383,881	3,210,000	0.65%	325

Sources:

- (1) U. S. Bureau of Census, Census of Population.
- (2) Hamilton County Auditor
- (3) These amounts only include tax supported general obligation bonds.

CITY OF HARRISON, OHIO

*DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2011*

<u>Jurisdiction</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Amount Applicable to City</u>
Direct - City of Harrison			
General Obligation Bonds	\$ 3,700,000	100.00%	\$ 3,700,000
OPWC Loans	1,387,370	100.00%	1,387,370
ODOT Loan	333,481	100.00%	333,481
Tax Anticipation Notes	<u>320,000</u>	100.00%	<u>320,000</u>
Total Direct Debt	<u>5,740,851</u>		<u>5,740,851</u>
Overlapping			
Hamilton County	84,155,000	1.19%	1,001,445
Crosby Township	133,000	2.54%	3,378
Southwest Local School District	17,000,000	42.33%	7,196,100
Great Oaks Institute of Technology	<u>17,500,000</u>	1.21%	<u>211,750</u>
Total Overlapping Debt	<u>118,788,000</u>		<u>8,412,673</u>
Total Direct and Overlapping Debt	<u>\$ 124,528,851</u>		<u>\$ 14,153,524</u>

Source: Ohio Municipal Advisory Council

CITY OF HARRISON, OHIO

COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN YEARS

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Assessed Value	\$ 217,867,290	\$ 233,926,090	\$ 228,098,540	\$ 229,936,750	\$ 227,643,430	\$ 222,939,360	\$ 215,347,130	\$ 185,257,150	\$ 171,908,830	\$ 166,159,540
Legal Debt Margin Debt Limitation - 10.5% of Assessed Value	22,876,065	24,562,239	23,950,347	24,143,359	23,902,560	23,408,633	22,611,449	19,452,001	18,050,427	17,446,752
Total Indebtedness	9,395,000	9,765,000	4,475,000	2,855,000	3,040,000	3,205,000	3,390,000	2,895,000	3,055,000	3,210,000
Debt Within 10.5% Limitation	9,395,000	9,765,000	4,475,000	2,855,000	3,040,000	3,205,000	3,390,000	2,895,000	3,055,000	3,210,000
Overall Legal Debt Margin Within 10.5% Limitation	\$ 13,481,065	\$ 14,797,239	\$ 19,475,347	\$ 21,288,359	\$ 20,862,560	\$ 20,203,633	\$ 19,221,449	\$ 16,557,001	\$ 14,995,427	\$ 14,236,752
Unvoted Debt Limitation - 5.5% of Assessed Value	\$ 11,982,701	\$ 12,865,935	\$ 12,545,420	\$ 12,646,521	\$ 12,520,389	\$ 12,261,665	\$ 11,844,092	\$ 10,189,143	\$ 9,454,986	\$ 9,138,775
Indebtedness Authorized by Council	9,395,000	9,765,000	4,475,000	2,855,000	3,040,000	3,205,000	3,390,000	2,895,000	3,055,000	3,210,000
Debt Within 5.5% Limitation	9,395,000	9,765,000	4,475,000	2,855,000	3,040,000	3,205,000	3,390,000	2,895,000	3,055,000	3,210,000
Unvoted Legal Debt Margin Within 5.5% Limitation	\$ 2,587,701	\$ 3,100,935	\$ 8,070,420	\$ 9,791,521	\$ 9,480,389	\$ 9,056,665	\$ 8,454,092	\$ 7,294,143	\$ 6,399,986	\$ 5,928,775

Source: City of Harrison, Finance Director's Office

CITY OF HARRISON, OHIO

*PLEDGED REVENUE BOND COVERAGE - SEWER FUND
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 (3)</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2011	\$ 3,182,876	\$ 1,204,729	\$ 1,978,147	\$ 570,000	\$ 774,500	\$ 1,344,500	1.47
2010	2,835,441	1,096,588	1,738,853	550,000	792,925	1,342,925	1.29
2009	2,565,446	1,138,387	1,427,059	485,000	807,475	1,292,475	1.10
2008	2,466,866	981,777	1,485,089	425,000	818,738	1,243,738	1.19
2007	2,273,290	889,830	1,383,460	220,000	823,798	1,043,798	1.33
2006	2,436,476	842,703	1,593,773	220,000	828,197	1,048,197	1.52
2005	2,168,819	1,008,062	1,160,757	170,000	831,598	1,001,598	1.16
2004	2,434,206	1,332,503	1,101,703	160,000	941,466	1,101,466	1.00
2003	1,641,272	744,766	896,506	405,157	263,112	668,269	1.34
2002	1,649,610	840,584	809,026	301,000	190,426	491,426	1.65

Source: City of Harrison, Finance Director's Office

(1) Includes both operating and certain nonoperating revenues (i.e. investment earnings and intergovernmental grants) of the sewer fund.

(2) Total operating expenses exclusive of depreciation.

(3) The required coverage ratio is 1.10.

Note: This schedule was restated from prior years to only report net revenues of the sewer fund.

CITY OF HARRISON, OHIO

*DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS*

Year	Population (1)	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rates (2)		
				Hamilton County	Ohio	United States
2011	9,897	N/A	3,306	8.6%	8.6%	8.9%
2010	9,897	N/A	3,521	9.4%	10.1%	9.6%
2009	9,980	N/A	3,726	8.8%	10.1%	9.3%
2008	9,980	N/A	3,800	5.6%	6.6%	5.8%
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%

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

Sources:

- (1) U.S. Census Bureau
- (2) Ohio Department of Job and Family Services, Office of Workforce Development, Bureau of Labor Market Information
- (3) Southwest Local School District.

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

Employer	2011			2002		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Kroger Limited Partnership	450-500	1	4.22%	300-350	5	2.77%
Southwest Local School District	400-450	2	3.78%	450-500	2	4.04%
J.T.M. Provisions Company Inc.	400-450	3	3.78%	450-500	3	4.04%
Hubert North America	350-400	4	3.33%	300-350	6	4.04%
Wayne/Scott Fetzer Company	300-350	5	2.89%	0	n/a	0.00%
Shawnee Spring Health Care Center	250-300	6	2.44%	0	n/a	0.00%
F&M Mafco Inc	200-250	7	2.00%	200-250	8	1.91%
Campbell Hausfeld/Scott Fetzer	100-150	8	1.11%	800-850	1	7.02%
City of Harrison	100-150	9	1.11%	100-150	9	1.06%
Fresh Sausage Specialists	<u>50-100</u>	10	<u>0.67%</u>	<u>0</u>	n/a	<u>0.00%</u>
Total	<u><u>2,600-3,100</u></u>		<u><u>25.33%</u></u>	<u><u>2,600-2,950</u></u>		<u><u>23.62%</u></u>
Total City Employment	<u><u>11,000-11,500</u></u>			<u><u>11,500-12,000</u></u>		

Source: CCA Division of Taxation and Ohio Job and Family Services, Office of Workforce Development
Note: Percentages are calculated using the midpoints of the ranges

CITY OF HARRISON, OHIO

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

Function/Program	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Government										
Clerk of Council	1	1	1	1	1	1	1	1	1	1
Municipal Court Magistrate	1	1	1	1	1	1	1	1	1	1
Municipal Clerk of Courts	1	1	1	1	1	1	1	1	1	1
Mayor	1	1	1	1	1	1	1	1	1	1
Service Director	1	1	1	1	1	1	1	1	1	1
Finance	1	1	1	1	2	1	1	1	1	1
Law	1	1	1	1	1	1	1	1	1	1
Safety Director	1	1	1	1	1	1	1	1	1	1
Income Tax	1	1	1	1	1	1	1	1	1	1
Other	9	9	9	9	11	9	9	9	9	9
Public Safety										
Police	20	25	25	28	28	27	27	26	27	27
Fire	46	51	46	42	36	36	36	35	32	35
Health and Welfare										
Senior Center	4	4	4	4	4	4	4	4	4	4
Transportation										
Streets	8	8	8	6	6	6	6	6	6	7
Community Environment										
Planning	3	3	3	1	1	1	1	1	1	1
Building/Zoning	5	5	5	6	6	6	6	6	6	6
Leisure Time Activity										
Parks Administration	1	1	1	1	1	1	1	1	1	1
Community Center	2	2	2	-	3	1	1	1	1	1
Utility Services										
Water	6	6	6	6	6	6	6	5	5	6
Sewer	6	6	6	8	7	8	8	9	7	7
Total	119	129	124	120	119	114	114	112	108	113

Source: City of Harrison, Finance Director's Office

CITY OF HARRISON, OHIO

*OPERATING INDICATORS BY FUNCTION
LAST TEN YEARS*

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Positions Filled	-	-	-	-	-	7	10	4	3	10
Building Permits Issued	173	233	186	161	115	187	186	244	178	220
Building Inspections Performed	374	733	607	800	849	654	436	648	486	588
Ordinances & Resolutions	50	79	82	70	68	64	85	122	76	77
Public Safety										
Police:										
Physical Arrests	877	863	882	892	930	1,400	1,308	1,293	1,241	1,219
Offense Reports	1,423	1,384	1,365	1,381	1,381	1,420	1,267	1,196	1,255	1,242
Traffic Citations	458	436	414	402	410	1,732	1,762	1,711	3,544	2,792
Fire:										
Emergency Responses	1,351		1,271	1,453	1,522	1,628	1,641	1,663	1,755	1,846
Fire Responses	382		399	566	619	401	437	407	408	427
Inspections conducted	569		397	633	823	931	843	765	479	647
Leisure Time Activities										
Senior Center Attendance	8,347	8,377	8,162	9,045	8,950	8,200	7,997	8,873	7,659	7,172
Senior Center Membership	148	129	167	190	201	223	233	223	201	186
Transportation										
Street Resurfacing (miles)	-	-	2.0	-	1.0	2.6	1.1	1.1	1.1	4.0
Tons of salt used	N/A	1,117	824	805	386	990	936	690	813	362
Water										
New Connections	67	147	124	124	87	94	29	20	17	51
Water Main Breaks	8	9	7	8	10	12	15	8	15	9

Source: City of Harrison, Finance Director's Office

CITY OF HARRISON, OHIO

*CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN YEARS*

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Stations	2	2	2	2	2	2	2	2	2	2
Leisure Time Activities										
Parks	4	4	4	4	4	4	4	5	5	5
Park Acreage	63.5	63.5	63.5	63.5	63.5	63.5	63.5	69.5	69.5	69.5
Tennis Courts	2	2	2	2	2	2	2	2	2	2
Baseball /Softball fields	3	3	3	3	3	3	3	3	3	3
Transportation										
Streets (Paved Miles)	40	40	40	40	40	40	40	40	40	42
Water										
Water Mains (miles)	27.8	31.1	31.1	31.1	33.1	35	35	37	37	40
Sewer										
Sanitary Sewers (miles)	25	25	25	25	25	25	25	27	27	34

Source: City of Harrison Finance Director Office



Dave Yost • Auditor of State

CITY OF HARRISON

HAMILTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 20, 2012