

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

OF

CITY OF HARRISON, OHIO

FOR THE

YEAR ENDED DECEMBER 31, 2002

PREPARED BY
FINANCE DIRECTOR'S OFFICE
JAMES W. SATZGER, FINANCE DIRECTOR

112 N. WALNUT STREET

HARRISON, OHIO 45030



**Auditor of State
Betty Montgomery**

Members of Council and Mayor
City of Harrison
Harrison, Ohio

We have reviewed the Independent Auditor's Report of the City of Harrison, Hamilton County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 2002 through December 31, 2002. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

July 31, 2003

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INTRODUCTORY SECTION

CITY OF HARRISON, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2002

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City of Harrison

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

June 13, 2003

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

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Harrison, Ohio ("City") for the year ended December 31, 2002. This report is prepared in conformity with accounting principals generally accepted in the United States of America (GAAP) as set forth by the Government Accounting Standards Board (GASB). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Finance Director's office. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The CAFR is presented in three sections: Introductory, Financial, and Statistical. The Introductory section, contains a table of contents, this letter of transmittal, a list of elected and appointed City officials, an organizational chart of the City government, and the City's 2001 Certificate of Achievement for Excellence in Financial Reporting. The Financial section is comprised of the independent auditor's report, the general purpose financial statements (GPFS) and the combining and individual fund and account group financial statements and schedules. The Statistical section provides various financial, economic, and demographic data about the City, generally on a multi-year basis.

REPORTING ENTITY

The City is the only governmental unit in the reporting entity; it has no component units. In determining what constitutes the City's reporting entity, criteria established by GASB Statement No. 14, "The Financial Reporting Entity", were used. The City is not financially accountable for any potential component units. Hamilton County, Harrison Township and the Southwest Ohio School District are separate governmental jurisdictions that overlap the City's boundaries. These entities are not included in the City's financial reports. The City's reporting entity is further described in Note 2 A of the GPFS.

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

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

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

ECONOMIC CONDITIONS AND OUTLOOK

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

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

MAJOR INITIATIVES

During 2002, bids were awarded for construction of an upgrade to the existing Wastewater Treatment Plant. Construction of the Wastewater Treatment Plant began in April of 2002. Completion of the plant is anticipated in November of 2003.

Planning is underway to widen the New Haven Road bridge over Interstate 74 to six lanes and to widen New Haven Road from Harrison Avenue to Caroline Trace Road, a project of approximately one mile. The project is in a rapidly growing business area of the City as well as the primary access to/from Interstate 74. The project is estimated to cost over \$10,000,000. Grant money is in place and will be supplemented with local funds.

Main Street Harrison, Inc.

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

Beautification

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

Department Focus: Public Services - Wastewater

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

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

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

The WWTP treats wastewater using an extended aeration process. After the expansion, the WWTP will use the same method. Upon reaching the WWTP, the wastewater is pumped to a higher elevation and then goes through screening and grit removal processes, which removes large and inorganic material from the wastewater. Next, the wastewater enters a grease removal tank, which removes grease and other floatable material from the wastewater. Following this, the wastewater enters three oxidation ditches, where the wastewater is aerated and mixed with recycled biological organisms to break down the organic material in the wastewater. After this step, the wastewater is sent to three final settling tanks. These tanks are very quiescent, allowing the broken-down organic matter to clump together and settle to the bottom of the final settling tank. The settled solids are removed from the bottom of the tank as the clear effluent flows over weirs and on to the last step of treatment, ultraviolet disinfection. In the ultraviolet disinfection tank, the treated wastewater is exposed to intense ultraviolet light to inactivate any bacteria or viruses. This is done to reduce the impact of the wastewater on the receiving stream. After disinfection, the treated effluent flows through a pipe where it is discharged into the Whitewater River. The solids collected from the wastewater are stored and aerated in digesters, where they are broken down even further. After this treatment the solids are dried using a belt filter press, which squeezes the water out of the solids. After drying, the solids are placed on the sludge storage pad. Once a significant volume of dried solids has accumulated, the solids are loaded on trucks and taken away, typically for land application.

FINANCIAL INFORMATION

Basis of Accounting

The City accounting system is organized on a fund basis. Each fund or account group is a distinct, self-balancing accounting entity. Although the City maintains its day-to-day accounting records on a basis other than GAAP, for the year ended December 31, 2002, the City prepared its CAFR on a modified accrual basis of accounting for the governmental and agency funds, and on an accrual basis of accounting for the proprietary funds in accordance with GAAP. The modified accrual basis of accounting recognizes revenue when measurable and available and expenditures when goods or services are received. The accrual basis of accounting recognizes revenue when measurable and available and expenditures when incurred. The basis of accounting for the various funds and account groups is fully described in Note 2 C of the GPFS.

Internal Control

Management of the City is responsible for establishing and maintaining an internal control designed to ensure that the assets of the City are protected from loss, theft, or misuse to ensure that adequate accounting data is compiled to allow for the preparation of GPFS in conformity with GAAP. Management believes that the City's internal control provides reasonable assurance that assets are safeguarded, transactions are recorded and reported appropriately, and policies are followed. The concept of reasonable assurance recognizes that the cost of a control procedure should not exceed the expected benefit. An important element of the City's internal control is the ongoing program to promote control consciousness throughout the City. Management's commitment to this program is emphasized through adherence to cash handling procedures prescribed by the Auditor of State and a well qualified financial staff.

Budgetary Control

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

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

General Government Functions

The following schedule presents a summary of revenue by source for the year ended December 31, 2002, for the general fund. Also, presented are the amounts and percentages of revenue by source as well as the increases and decreases from December 31, 2001.

<u>Revenue by Source</u>	2002 <u>Amount</u>	Percent <u>of Total</u>	2001 <u>Amount</u>	Percent <u>of Total</u>	Increase <u>(Decrease)</u>
Taxes	\$ 3,300,438	78.77%	\$ 2,989,745	75.21%	\$ 310,693
Charges for services	3,300	0.08	2,225	0.06	1,075
Licenses, permits and fees	128,198	3.06	87,843	2.21	40,355
Fine and forfeitures	172,016	4.11	170,242	4.28	1,774
Intergovernmental	375,547	8.96	495,190	12.46	(119,643)
Investment income	77,243	1.84	159,134	4.00	(81,891)
Other	133,289	3.18	70,717	1.78	62,572
Total revenue	<u>\$ 4,190,031</u>	<u>100.00%</u>	<u>\$ 3,975,096</u>	<u>100.00%</u>	<u>\$ 214,935</u>

Taxes and intergovernmental revenues are the major components of the City's total revenue and represent \$3,675,985 or 87.73% and \$3,484,935 or 87.67% of fiscal 2002 and 2001 revenues, respectively. Taxes include real estate, personal property, hotel, and income tax. During 2002, income tax collections increased by \$224,329 or 9.9% and real estate and personal property taxes increased \$86,364 or 5.05% from 2001. The increase in income tax revenue was caused by a slight improvement in the economic downturns that faced the nation in 2001. Intergovernmental revenue consists primarily of State and Federal grants, motor vehicle license taxes, and other State shared revenues designed to assist the City with major undertakings for the benefit of the citizens of the City. Intergovernmental revenues decreased by \$119,643 or 24.16% from 2001 to 2002 due to a decrease in state and local government assistance funding. Licenses, permits and fees revenue increased primarily due to more building permits issued during 2002. The City is maintaining growth, more new building permits were issued in 2002 than in 2001. Fines and forfeitures revenue increased primarily due to a slight increase in Mayors Court fines. The decrease in investment income is attributable to rate cuts instituted by the Federal Reserve Bank. The City makes an effort to maximize earnings while maintaining safety in all investments. Other revenue increased \$62,572 or 88.48% from 2001 to 2002. This was primarily due to \$72,352 workers compensation rebate.

The following schedule presents a summary of expenditures by function for the year ended December 31, 2002, for the general fund. Also, presented are the amounts and percentages of expenditures by function as well as increases and decreases from December 31, 2001.

<u>Expenditures by Function</u>	2002 <u>Amount</u>	Percent <u>of Total</u>	2001 <u>Amount</u>	Percent <u>of Total</u>	Increase <u>(Decrease)</u>
General government	\$ 951,212	33.07%	\$ 692,000	27.25%	\$ 259,212
Security of persons and property	1,635,538	56.86	1,625,515	64.00	10,023
Public health and welfare	-	0.00	8,238	0.32	(8,238)
Community environment	178,359	6.20	38,205	1.50	140,154
Leisure time activity	67,394	2.34	54,516	2.15	12,878
Capital outlay	-	0.00	62,750	2.48	(62,750)
Debt service:					
Principal retirement	39,444	1.38	54,440	2.14	(14,996)
Interest and fiscal charges	4,300	0.15	4,073	0.16	227
Total expenditures	<u>\$ 2,876,247</u>	<u>100.00%</u>	<u>\$ 2,539,737</u>	<u>100.00%</u>	<u>\$ 336,510</u>

General government and security of persons and property expenditures are the major components of the City's expenditures representing \$2,586,750 or 89.93% and \$2,317,515 or 91.25% of fiscal 2002 and 2001 expenditures, respectively. During 2002, general government expenditures and security of persons and property increased by \$259,212 or 37.46% and \$10,023 or 0.62%, respectively. Public health and welfare decreased \$8,238 in 2002 over 2001, due to decreased costs associated with the Board of Health. Community environment expenditures increased \$140,154 or 366.85% due to an increased number of building and zoning inspections performed in 2002 compared to 2001. Leisure time activity expenditures increased by 23.62% in 2002 from 2001 primarily from costs related to the City's summer programs and teen programs. The decrease in capital outlay is attributable to the inception of a capital lease in 2001. Principal retirement decreased \$14,996 due to payments made by the general fund in 2002 related to the City's capital lease obligations.

General Fund

General fund revenues under the modified accrual basis of accounting totaled \$4,190,031 during 2002. The largest sources of revenue to the general fund were taxes (both income taxes and real/personal property taxes) which amounted to \$3,300,438 or 78.77% of total revenue.

General fund expenditures under the modified accrual basis of accounting totaled \$2,876,247 during 2002. General government and security of persons and property functions accounted for \$951,212 or 33.07% and \$1,635,538 or 56.86% of general fund expenditures, respectively.

General fund other financing uses includes operating transfers out of \$1,502,363 to various funds.

General fund balance decreased \$188,579 from \$1,449,599 at December 31, 2001 (restated) to \$1,261,020 at December 31, 2002.

Special Revenue Funds

Revenues under the modified accrual basis of accounting for the special revenue funds totaled \$1,608,687 for 2002. Of this total, taxes and intergovernmental revenues represent \$895,216 or 55.65% and \$460,226 or 28.61%, of fiscal 2002 revenues, respectively. Tax revenues consist of real estate and personal property taxes. A majority of the tax revenue is used to fund the City's fire operations. Intergovernmental revenue consisted primarily of \$272,260 in shared license and gas, public utility taxes from the State of Ohio to be used in the repair of local roads and state highways located within the City. The remaining intergovernmental revenues are predominantly State and Federal grants for the security of persons and property and for the senior center.

Expenditures under the modified accrual basis of accounting for the special revenue funds totaled \$2,549,633 during 2002. Support of security of persons and property and transportation accounted for \$1,741,463 or 68.30% and \$336,382 or 13.19%, respectively, of the special revenue funds expenditures.

The special revenue funds received operating transfers in of \$1,243,360 and made operating transfers out of \$120,773.

The special revenue fund balance increased \$181,641 from \$697,585 at December 31, 2001 (restated) to \$879,226 at December 31, 2002.

Debt Service Funds

The debt service funds are used to account for the accumulation of resources for, and payment of, interest and principal on long-term obligations. The major source of revenue and other financing sources of the debt service funds are operating transfers in from the general fund. The debt service funds received operating transfers in of \$653,912 and made operating transfers out of \$130,623 during 2002.

Capital Projects Funds

Revenues under the modified accrual basis of accounting for the capital projects funds totaled \$299,886 for 2002. The primary source of revenue for the capital projects funds is intergovernmental revenue, which represents \$185,593 or 61.89% of total capital projects revenue.

Expenditures under the modified accrual basis of accounting for the capital projects funds totaled \$410,705 for 2002. Capital outlay expenditures totaled \$396,800 or 96.61% of total capital projects expenditures. Principal retirement payments included \$13,353 paid out of the Capital Improvement Fund for vehicles under a capital lease obligation.

Enterprise Funds

The City operates and maintains a water supply and distribution system that serves approximately 3,500 customers in and around the City. The City's water supply is provided by wells and is treated at a plant that has a 2.3 million gallons per day (MGD) capacity. The distribution system is comprised of 40 miles of lines, ranging in size from ¾" to 14" in diameter. During 2002, the City continued major upgrades to the current system to increase the MGD capacity.

The City also operates and maintains a sanitary sewer collection and treatment system that serves approximately 3,500 customers in its service area. The collection system contains about 30 miles of lines, ranging in size from 4" to 24" in diameter. The current system was constructed in 1971 and received major upgrades in 1974 and 1990. The current system is considered to be in good condition.

The City's enterprise operations reported operating income and net income of \$827,035 and \$526,337, respectively, for the year ended December 31, 2002. Retained earnings for the enterprise funds increased from \$6,766,206 at December 31, 2001 (restated) to \$7,292,543 at December 31, 2002. Total fund equity for the enterprise funds at December 31, 2002 was \$8,540,210 which includes \$1,247,667 in contributed capital.

Fiduciary Fund

Fiduciary funds account for assets held by the City in a trustee capacity, or as an agent, for individuals, organizations or other funds. The City maintains one agency fund. At December 31, 2002, assets held in the agency fund totaled \$12,882.

General Fixed Assets

The general fixed assets of the City as of December 31, 2002 total \$5,609,517 and include all fixed assets of the City except those recorded in the proprietary funds. Such assets are accounted for at historical cost or estimated historical cost. Depreciation is not recognized on general fixed assets. Infrastructure is not reported in the general fixed asset account group.

Pension Plans

Full-time uniformed employees of the City participate in the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. The City's required contributions for pension obligations to the OP&F for the years ended December 31, 2002, 2001 and 2000 were \$360,611, \$351,477 and \$341,451, respectively.

All other full-time employees of the City participate in the Ohio Public Employees Retirement System of Ohio (OPERS), a cost sharing multiple-employer public employee retirement system created by the State of Ohio. The City's required contributions for pension obligations to PERS for the years ended December 31, 2002, 2001 and 2000 were \$174,763, \$170,329 and \$157,176, respectively.

These pension plans are further described in Note 16 and Note 17 of the GPFS.

Debt Administration

The City has general obligation bonds in the amount of \$3,095,000 outstanding at December 31, 2002 in the general long-term obligations account group. The proceeds of the bonds were used to provide long-term financing of various construction improvements related to roads and safety.

The City's other long-term debt obligations are reported in the enterprise funds. These include \$115,000 in general obligation bonds, \$3,150,000 in revenue bonds, \$413,170 in OPWC loans and \$1,791,033 in OWDA loans payable. These obligations are being repaid through enterprise operations and are intended to be self-supporting through those operations.

On February 28, 2002, the City issued \$5,000,000 in Sewer System Improvement bond anticipation notes. These bond anticipation notes matured on December 20, 2002, and were retired from the issuance of bond anticipation notes on December 19, 2002.

On December 19, 2002, the City issued \$10,000,000 in Sewer System Improvement bond anticipation notes. These bond anticipation notes mature on September 18, 2003, and will be retired from the Sewer enterprise fund.

The City's general obligation bonds are rated A2 by Moody's Investor Services.

Cash Management

The City Finance Director, as custodian of all City monies, is responsible for investing idle funds and directing the investment policies of the City. The City pools its cash for maximum investment efficiency and to simplify accountability.

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. During 2002, investments were limited to STAR Ohio (State Treasurer's Investment Pool), U.S. government money market mutual funds, certificates of deposit, and federal agency securities. Total investment income for 2002 was \$454,159 as compared to \$380,758 for 2001.

Risk Management

The City maintains comprehensive insurance coverage with private carriers for real property, building contents, general liability and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are insured by blanket coverage in the amount of \$17,000,000. General liability insurance provides for \$12,000,000 coverage per occurrence with \$12,000,000 aggregate coverage. The per occurrence deductible is \$1,000.

The City provides employees with medical insurance through United Health Care, dental insurance through Humana Insurance and accident and life insurance through Fortis. The City pays one hundred percent of the premiums. Worker's Compensation claims are covered through the City's participation in the State of Ohio's program. The City is a member of the Ohio Municipal Treasurer's Association Worker's Compensation Group. This group is composed of twenty cities and the City's rate is based on the entire group's accident history and administrative costs. The benefit of belonging to this group is a reduction in premiums paid to the Ohio Bureau of Worker's Compensation.

OTHER INFORMATION

Independent Audit

Included in this report is an unqualified audit opinion rendered on the City's GPFS as of and for the year ended December 31, 2002, by our independent auditor, Trimble, Julian & Grube, Inc. City management plans to continue to subject the GPFS to an annual independent audit as part of the preparation of a CAFR. The auditors' report on the GPFS and combining and individual fund statements and schedules are included in the financial section of this report. The annual audit serves to maintain and strengthen the City's accounting and budgetary controls. The auditors' report related specifically to internal controls and compliance with applicable laws and regulations is presented in a separate report which may be obtained from the City's Finance Department.

Use of the Report

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

Use of this report by the various departments of the City is encouraged when furnishing information. Copies of this report are being placed for public inspection at the City's offices.

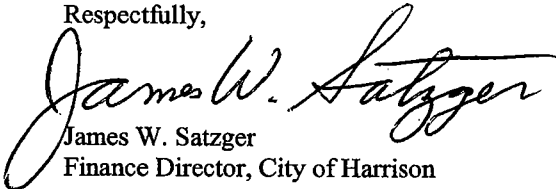
Submission to Certificate of Achievement Program

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 for its CAFR for the year ended December 31, 2001. This was the second year that the City has achieved this award. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgements

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

Respectfully,



James W. Satzger
Finance Director, City of Harrison

CITY OF HARRISON, OHIO
ELECTED AND APPOINTED OFFICIALS

Elected Officials:

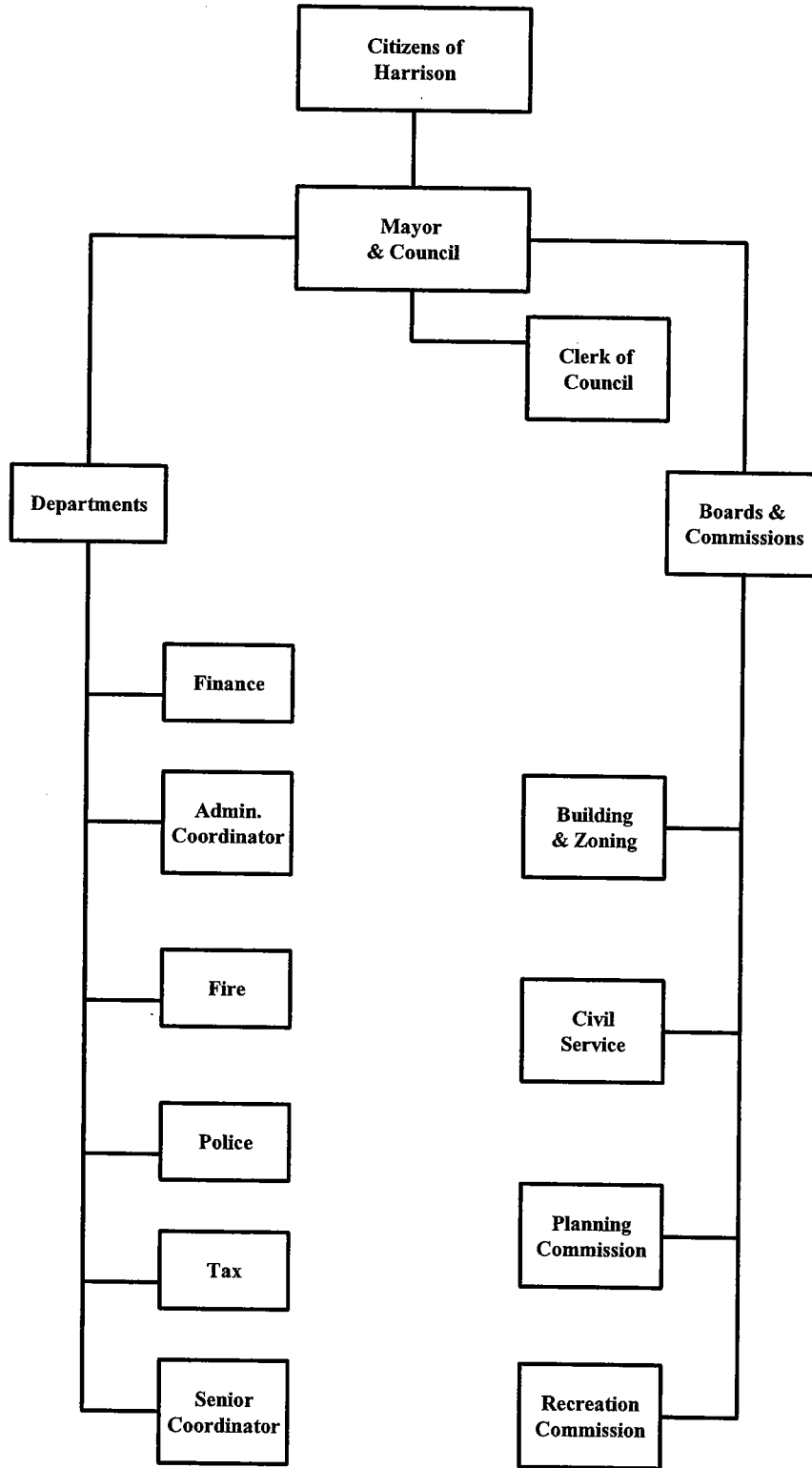
<u>Office</u>	<u>Incumbent</u>	<u>Term Expires</u>
Mayor	Daniel J. Gieringer	December 31, 2003
Vice Mayor/Member of Council	Deborah Acra	December 31, 2005
Members of Council	William Neyer	December 31, 2005
	Ruth Glasscock	December 31, 2003
	Judith A. Kercheval	December 31, 2005
	Randy Shank	December 31, 2005
	Walter Powers	December 31, 2003
	James E. Robertson	December 31, 2003

Appointed Officials:

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

CITY OF HARRISON, OHIO

ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Harrison,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2001

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.



William Patrick Bate

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

Independent Auditor's Report

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

We have audited the accompanying general purpose financial statements of the City of Harrison, Hamilton County, (the "City"), as of and for the year ended December 31, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Harrison, Hamilton County, as of December 31, 2002, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 3A to the financial statements, the District changed its policy and no longer accounts for materials and supplies inventories of its governmental and proprietary fund types.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2003, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the City, taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects in relation to the general purpose financial statements taken as a whole.

We did not audit the introductory and statistical information as listed in the table of contents and therefore express no opinion thereon.

Trimble, Julian & Grube, Inc.

Trimble, Julian & Grube, Inc.
June 13, 2003

**GENERAL PURPOSE
FINANCIAL STATEMENTS**

CITY OF HARRISON, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits</u>				
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,036,534	\$ 1,049,288	\$ 280,610	\$ 1,072,079
Cash with fiscal agent	-	-	-	-
Receivables (net of allowance for uncollectibles):				
Taxes	1,128,606	771,007	-	11,012
Accounts	14,579	3,074	-	-
Accrued interest	2,628	4,244	-	-
Advances to other funds.	57,347	-	-	-
Due from other governments	178,141	180,872	-	-
Due from other funds	12,132	-	-	-
Prepayments.	12,780	14,201	-	-
Deferred charges.	-	-	-	-
Restricted assets:				
Cash and cash equivalents	-	-	-	-
Property, plant and equipment (net of accumulated depreciation where applicable).	-	-	-	-
Other debits:				
Amount available in debt service fund	-	-	-	-
Amount to be provided for retirement of general long-term obligations	-	-	-	-
Total assets and other debits	<u>\$ 2,442,747</u>	<u>\$ 2,022,686</u>	<u>\$ 280,610</u>	<u>\$ 1,083,091</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$ 7,818,185	\$ -	\$ -	\$ -	\$ 11,256,696
-	750	-	-	750
-	-	-	-	1,910,625
366,372	12,132	-	-	396,157
19,600	-	-	-	26,472
-	-	-	-	57,347
-	-	-	-	359,013
-	-	-	-	12,132
7,656	-	-	-	34,637
28,294	-	-	-	28,294
1,135,534	-	-	-	1,135,534
15,264,701	-	5,609,517	-	20,874,218
-	-	-	280,610	280,610
-	-	-	2,972,720	2,972,720
<u>\$ 24,640,342</u>	<u>\$ 12,882</u>	<u>\$ 5,609,517</u>	<u>\$ 3,253,330</u>	<u>\$ 39,345,205</u>

-- Continued

CITY OF HARRISON, OHIO

COMBINED BALANCE SHEET (CONTINUED)
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2002

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Liabilities, Equity and Other Credits</u>				
Liabilities:				
Accounts payable	\$ 142,071	\$ 27,590	\$ -	\$ 42,453
Contracts payable	-	-	-	73,946
Accrued wages and benefits.	36,392	37,015	-	-
Compensated absences payable.	9,705	5,806	-	-
Advances from other funds	-	35,411	-	-
Deferred revenue	946,070	910,475	-	-
Due to other governments	47,489	127,163	-	-
Due to other funds	-	-	-	-
Accrued interest payable	-	-	-	-
OPWC loans payable	-	-	-	-
OWDA loans payable.	-	-	-	-
General obligation bonds payable	-	-	-	-
Mortgage revenue bonds payable.	-	-	-	-
Notes payable.	-	-	-	-
Unamortized premiums on notes	-	-	-	-
Capital lease obligations	-	-	-	-
Total liabilities	<u>1,181,727</u>	<u>1,143,460</u>	<u>-</u>	<u>116,399</u>
Equity and other credits:				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings:				
Reserved	-	-	-	-
Unreserved.	-	-	-	-
Fund balances:				
Reserved for encumbrances.	-	41,176	44,125	962,793
Reserved for prepayments	12,780	14,201	-	-
Reserved for advances	57,347	-	-	-
Reserved for debt service.	-	-	236,485	-
Unreserved - undesignated	1,190,893	823,849	-	3,899
Total equity and other credits	<u>1,261,020</u>	<u>879,226</u>	<u>280,610</u>	<u>966,692</u>
Total liabilities, equity and other credits	<u>\$ 2,442,747</u>	<u>\$ 2,022,686</u>	<u>\$ 280,610</u>	<u>\$ 1,083,091</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$ 91,904	\$ -	\$ -	\$ -	\$ 304,018
387,485	-	-	-	461,431
9,480	-	-	-	82,887
23,350	-	-	137,442	176,303
21,936	-	-	-	57,347
-	-	-	-	1,856,545
15,095	750	-	-	190,497
-	12,132	-	-	12,132
30,826	-	-	-	30,826
413,170	-	-	-	413,170
1,791,033	-	-	-	1,791,033
115,000	-	-	3,095,000	3,210,000
3,150,000	-	-	-	3,150,000
10,000,000	-	-	-	10,000,000
50,853	-	-	-	50,853
-	-	-	20,888	20,888
<u>16,100,132</u>	<u>12,882</u>	<u>-</u>	<u>3,253,330</u>	<u>21,807,930</u>
-	-	5,609,517	-	5,609,517
1,247,667	-	-	-	1,247,667
1,135,534	-	-	-	1,135,534
6,157,009	-	-	-	6,157,009
-	-	-	-	1,048,094
-	-	-	-	26,981
-	-	-	-	57,347
-	-	-	-	236,485
-	-	-	-	2,018,641
<u>8,540,210</u>	<u>-</u>	<u>5,609,517</u>	<u>-</u>	<u>17,537,275</u>
<u>\$ 24,640,342</u>	<u>\$ 12,882</u>	<u>\$ 5,609,517</u>	<u>\$ 3,253,330</u>	<u>\$ 39,345,205</u>

CITY OF HARRISON, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Income taxes	\$ 2,489,267	\$ -	\$ -	\$ -	\$ 2,489,267
Property and other taxes	811,171	895,216	-	90,563	1,796,950
Charges for services	3,300	223,728	-	-	227,028
Licenses, permits and fees	128,198	585	-	-	128,783
Fines and forfeitures	172,016	-	-	-	172,016
Intergovernmental	375,547	460,226	-	185,593	1,021,366
Investment income	77,243	19,425	-	17,730	114,398
Other	133,289	9,507	-	6,000	148,796
Total revenues	4,190,031	1,608,687	-	299,886	6,098,604
Expenditures:					
Current operations:					
General government	951,212	-	-	-	951,212
Security of persons and property	1,635,538	1,741,463	-	-	3,377,001
Public health and welfare	-	193,196	-	-	193,196
Transportation	-	336,382	-	-	336,382
Community environment	178,359	-	-	-	178,359
Leisure time activity	67,394	122,587	-	-	189,981
Capital outlay	-	156,005	-	396,800	552,805
Debt service:					
Principal retirement	39,444	-	110,000	13,353	162,797
Interest and fiscal charges	4,300	-	178,230	552	183,082
Total expenditures	2,876,247	2,549,633	288,230	410,705	6,124,815
Excess (deficiency) of revenues over (under) expenditures	1,313,784	(940,946)	(288,230)	(110,819)	(26,211)
Other financing sources (uses):					
Operating transfers in	-	1,243,360	653,912	-	1,897,272
Operating transfers out	(1,502,363)	(120,773)	(130,623)	-	(1,753,759)
Total other financing sources (uses)	(1,502,363)	1,122,587	523,289	-	143,513
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	(188,579)	181,641	235,059	(110,819)	117,302
Fund balances (restated), January 1	1,449,599	697,585	45,551	1,077,511	3,270,246
Fund balances, December 31.	\$ 1,261,020	\$ 879,226	\$ 280,610	\$ 966,692	\$ 3,387,548

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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CITY OF HARRISON, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2002

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Income taxes	\$ 2,426,500	\$ 2,389,235	\$ (37,265)	\$ -	\$ -	\$ -
Property and other taxes	820,364	811,171	(9,193)	891,344	893,516	2,172
Charges for services	2,100	3,300	1,200	255,158	251,583	(3,575)
Licenses, permits and fees	91,000	127,836	36,836	649	585	(64)
Fines and forfeitures	162,500	167,411	4,911	-	-	-
Intergovernmental	332,581	350,285	17,704	494,192	499,533	5,341
Investment income	60,000	75,476	15,476	17,496	17,174	(322)
Other	61,850	133,289	71,439	11,792	10,932	(860)
Total revenues	3,956,895	4,058,003	101,108	1,670,631	1,673,323	2,692
Expenditures:						
Current:						
General government	1,067,819	880,406	187,413	-	-	-
Security of persons and property	1,839,265	1,770,663	68,602	1,959,586	1,761,475	198,111
Public health and welfare	9,200	8,803	397	304,959	198,203	106,756
Transportation	-	-	-	388,144	356,699	31,445
Community environment	71,723	79,790	(8,067)	-	-	-
Leisure time activity	72,186	68,376	3,810	194,916	130,673	64,243
Capital outlay	-	-	-	202,289	152,003	50,286
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	3,060,193	2,808,038	252,155	3,049,894	2,599,053	450,841
Excess (deficiency) of revenues over (under) expenditures	896,702	1,249,965	353,263	(1,379,263)	(925,730)	453,533
Other financing sources (uses):						
Operating transfers in	-	-	-	1,274,666	1,243,360	(31,306)
Operating transfers out	(1,526,701)	(1,502,363)	24,338	(123,044)	(120,773)	2,271
Total other financing sources (uses)	(1,526,701)	(1,502,363)	24,338	1,151,622	1,122,587	(29,035)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing	(629,999)	(252,398)	377,601	(227,641)	196,857	424,498
Fund balance (deficit), January 1	1,056,859	1,056,859	-	694,108	694,108	-
Prior year encumbrances appropriated	100,936	100,936	-	89,557	89,557	-
Fund balance (deficit), December 31.	\$ 527,796	\$ 905,397	\$ 377,601	\$ 556,024	\$ 980,522	\$ 424,498

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Debt Service			Capital Projects			Total (Memorandum Only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,426,500	\$ 2,389,235	\$ (37,265)
-	-	-	473,825	89,564	(384,261)	2,185,533	1,794,251	(391,282)
-	-	-	-	-	-	257,258	254,883	(2,375)
-	-	-	-	-	-	91,649	128,421	36,772
-	-	-	-	-	-	162,500	167,411	4,911
-	-	-	981,853	185,593	(796,260)	1,808,626	1,035,411	(773,215)
-	-	-	1,000	17,730	16,730	78,496	110,380	31,884
-	-	-	31,742	6,000	(25,742)	105,384	150,221	44,837
-	-	-	1,488,420	298,887	(1,189,533)	7,115,946	6,030,213	(1,085,733)
-	-	-	-	-	-	1,067,819	880,406	187,413
-	-	-	-	-	-	3,798,851	3,532,138	266,713
-	-	-	-	-	-	314,159	207,006	107,153
-	-	-	-	-	-	388,144	356,699	31,445
-	-	-	-	-	-	71,723	79,790	(8,067)
-	-	-	-	-	-	267,102	199,049	68,053
-	-	-	1,584,856	1,499,245	85,611	1,787,145	1,651,248	135,897
703,566	662,830	40,736	-	-	-	703,566	662,830	40,736
509,478	482,280	27,198	-	-	-	509,478	482,280	27,198
1,213,044	1,145,110	67,934	1,584,856	1,499,245	85,611	8,907,987	8,051,446	856,541
(1,213,044)	(1,145,110)	67,934	(96,436)	(1,200,358)	(1,103,922)	(1,792,041)	(2,021,233)	(229,192)
1,310,108	1,336,044	25,936	-	-	-	2,584,774	2,579,404	(5,370)
-	-	-	-	-	-	(1,649,745)	(1,623,136)	26,609
1,310,108	1,336,044	25,936	-	-	-	935,029	956,268	21,239
97,064	190,934	93,870	(96,436)	(1,200,358)	(1,103,922)	(857,012)	(1,064,965)	(207,953)
45,551	45,551	-	(173,611)	(173,611)	-	1,622,907	1,622,907	-
-	-	-	1,366,856	1,366,856	-	1,557,349	1,557,349	-
\$ 142,615	\$ 236,485	\$ 93,870	\$ 1,096,809	\$ (7,113)	\$ (1,103,922)	\$ 2,323,244	\$ 2,115,291	\$ (207,953)

CITY OF HARRISON, OHIO

COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS/FUND EQUITY
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002

	Proprietary Fund Type
	<u>Enterprise</u>
Operating revenues:	
Charges for services	\$ 2,681,115
Other	28,612
	<hr/>
Total operating revenues	2,709,727
	<hr/>
Operating expenses:	
Personal services	513,655
Contract services	426,465
Materials and supplies	271,927
Depreciation	261,677
Utilities	402,545
Other	6,423
	<hr/>
Total operating expenses	1,882,692
	<hr/>
Operating income	827,035
	<hr/>
Nonoperating revenues (expenses):	
Interest expense and fiscal charges	(507,255)
Investment earnings	339,761
Intergovernmental revenues	10,309
	<hr/>
Total nonoperating revenues (expenses)	(157,185)
	<hr/>
Net income before operating transfers	669,850
Operating transfers in	130,623
Operating transfers out	(274,136)
	<hr/>
Net income	526,337
Retained earnings (restated),	
January 1	6,766,206
	<hr/>
Retained earnings,	
December 31	7,292,543
Contributed capital, December 31	1,247,667
	<hr/>
Total fund equity, December 31	\$ 8,540,210
	<hr/> <hr/>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CITY OF HARRISON, OHIO
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002

	Proprietary Fund Type
	Enterprise
Cash flows from operating activities:	
Cash received from customers	\$ 2,661,389
Cash received from other operations	28,612
Cash payments for personal services	(509,743)
Cash payments for contract services	(435,123)
Cash payments for materials and supplies	(226,738)
Cash payments for utilities	(416,045)
Cash payments for other expenses	(6,423)
Net cash provided by operating activities	1,095,929
Cash flows from noncapital financing activities:	
Cash received from grants	10,309
Transfers in from other funds	130,623
Transfers out to other funds	(274,136)
Net cash used in noncapital financing activities	(133,204)
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(5,551,170)
Proceeds of loans	1,232,218
Proceeds of notes	15,000,000
Premium on note issuance	53,200
Note issuance costs	(29,600)
Principal retirement	(10,512,830)
Interest and fiscal charges paid	(511,992)
Net cash used in capital and related financing activities	(320,174)
Cash flows from investing activities:	
Interest received	323,664
Net cash provided by investing activities	323,664
Net increase in cash and cash equivalents	966,215
Cash and cash equivalents at January 1	7,987,504
Cash and cash equivalents at December 31	\$ 8,953,719
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 827,035
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	261,677
Changes in assets and liabilities:	
Increase in accounts receivable	(19,726)
Increase in prepayments	(1,740)
Increase in accounts payable	17,547
Increase in contracts payable	7,224
Increase in accrued wages and benefits	1,720
Increase in compensated absences payable	1,930
Increase in due to other governments	262
Net cash provided by operating activities	\$ 1,095,929
Noncash investing, capital and financing activities:	

At December 31, 2001, the Water fund purchase \$20,666 in capital assets on account.
At December 31, 2002, the Water fund purchased \$660 in capital assets on account.

THE NOTES TO THE GENERAL PUPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CITY OF HARRISON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 1 - DESCRIPTION OF THE ENTITY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements (GPFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the City's accounting policies are described below.

A. Reporting Entity

The City's reporting entity has been defined according to GASB Statement No. 14, "The Financial Reporting Entity". For financial reporting purposes, the City's GPFS include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's GPFS to be misleading or incomplete. Based upon the foregoing criteria, the City has no component units. The City is a member of two insurance purchasing pools which are described in Note 15.

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"). 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 GPFS.

B. Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of fund or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses, as appropriate. The various funds are summarized by type in the GPFS.

CITY OF HARRISON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

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

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. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

GOVERNMENTAL FUNDS

The governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the City's governmental fund types.

General Fund - This fund accounts for the general operating revenues and expenditures of the City not recorded elsewhere.

Special Revenue Funds - These funds are used to account for specific governmental revenues (other than for major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Funds - These funds are used to account for revenues received and used to pay principal and interest on debt reported to the City's general long-term obligations account group.

Capital Projects Funds - These funds are used to account for the acquisition or construction of major capital assets other than those financed by proprietary funds.

PROPRIETARY FUNDS

The proprietary funds are used to account for the City's ongoing activities which are similar to those found in the private sector. The following is the City's proprietary fund type:

Enterprise Funds - These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

FIDUCIARY FUND TYPE

This fund type is used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following is the City's fiduciary fund type:

Agency Fund - These funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and other funds. The City maintains one agency fund which is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

CITY OF HARRISON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

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

ACCOUNT GROUPS

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is used to present the general fixed assets of the City utilized in its general operations, exclusive of those accounted for in the enterprise funds. General fixed assets include land, buildings, improvements other than buildings and machinery and equipment owned by the City.

General Long-Term Obligations Account Group - This account group is used to account for all long-term obligations of the City, except those accounted for in the proprietary funds.

C. Measurement Focus and Basis of Accounting

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally 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 net current assets.

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. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Governmental and agency funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting. Differences between the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the reporting of expenses and expenditures.

REVENUES - EXCHANGE AND NON-EXCHANGE TRANSACTIONS

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

CITY OF HARRISON, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002**

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: interest, federal and state grants and subsidies, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fines and forfeitures, licenses and permits, and fees for services.

DEFERRED REVENUE

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

Delinquent property taxes and property taxes for which there is an enforceable legal claim as of December 31, 2002, but which were levied to finance year 2003 operations, have been recorded as deferred revenues. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

EXPENSES/EXPENDITURES

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

D. Budgetary Data

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

CITY OF HARRISON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

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

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the combined object level within each department. Budgetary modifications may only be made by ordinance of the City Council. The City legally adopted several supplemental appropriations during 2002.

Tax Budget

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

Estimated Resources

The City Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources which states the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2002.

Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of City Council. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—All Governmental Fund Types are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Encumbrances outstanding at year-end are reported as expenditures in the budgetary basis statements included in the GPFS. Encumbered funds accrued at year-end are not reported as a reservation of fund balance.

CITY OF HARRISON, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002**

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

Lapsing of Appropriations

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

E. Cash and Investments

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

During 2002, investments were limited to STAR Ohio, federal agency securities, U. S. Government money market mutual funds and certificates of deposit.

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

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 2002. 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, 2002.

Following Ohio statutes, the Council has, by resolution, specified the funds to receive an allocation of interest earnings. During fiscal 2002, interest revenue credited to the general fund amounted to \$77,243 which includes \$30,402 assigned from other City funds.

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

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

CITY OF HARRISON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

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

F. Fixed Assets and Depreciation

1. *General Fixed Assets Account Group*

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and disposals during the year in the general fixed assets account group. The City follows a policy of not capitalizing infrastructure, which is defined as assets that are immovable and of value only to the City, (i.e., roads, bridges, etc.) No depreciation is recognized for assets in the account group. Interest on debt issued to construct general fixed assets is not capitalized. The City has established a capitalization criteria of \$300.

General fixed asset values were initially determined at December 31, 1990 by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

2. *Enterprise Funds*

Property, plant, and equipment reflected in the enterprise funds are stated at cost (or estimated historical cost) and updated for the cost of additions and disposals during the year. Contributed fixed assets are recorded at their fair market value as of the date donated. The City has established a capitalization criteria of \$300. Depreciation and amortization have been provided on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Estimated Life</u>
Machinery and equipment	5-20
Buildings	50
Improvements	50-65

The City also capitalizes the cost of major renovations which extend the useful life of an asset or which enable it to perform new or more valuable services. Interest on tax exempt debt issued to construct enterprise fund fixed assets is capitalized, net of interest earned, on the proceeds of such debt.

G. Compensated Absences

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

CITY OF HARRISON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave and compensatory time is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future in accordance with GASB Statement No. 16. Sick leave benefits were accrued using the "vesting" method.

The total liability for vacation leave, compensatory time and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments.

Accumulated vacation leave, compensatory time and sick leave of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave benefits for employees meeting the above requirements who are paid from proprietary funds are recorded as an expense when earned and the related liability is reported within the fund.

H. Long-Term Obligations

Long-term obligations for general obligation bonds, real estate revenue bonds, mortgage revenue bonds, Ohio Public Works Commission (OPWC) loans, Ohio Water Development Authority (OWDA) loans, bond anticipation notes, vested sick and vacation leave, capital leases and any other claims or judgments that are expected to be paid from the governmental funds are shown in the general long-term obligations account group, while those expected to be paid from proprietary funds are shown as a liability of those funds.

I. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds. The most significant may include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in or of expenditures/expenses in the reimbursed fund.
3. Short-term interfund balances, related to changes for goods and services rendered, are reflected as "due to/from other funds."
4. Short-term interfund loans and accrued operating transfers are reflected as "interfund loans receivable/payable".

CITY OF HARRISON, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002**

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

5. Long-term interfund loans that will not be repaid within the next year are termed "advances". They are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The City had long-term advances receivable and payable at December 31, 2002.

An analysis of interfund transactions is presented in Note 5.

J. Fund Balance Reserves

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or use. The unreserved portions of fund equity reflected in the governmental funds are available for use within the specific purposes of the funds.

The City reports amounts representing encumbrances outstanding, prepayments, advances made to other funds, and amount available for debt service as reservations of fund balance in the governmental funds.

K. Contributions of Capital

Contributed capital represents donations by developers and grants restricted for capital construction. These assets are recorded at their fair market value on the date contributed and are not subject to repayment. Depreciation on those proprietary fund type assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year-end. In accordance with GASB Statement No. 33, capital contributions are recorded as revenue and a component of retained earnings at year-end. There were no capital contributions received by the enterprise funds in 2002. Contributed capital in the enterprise funds at December 31, 2002 is \$1,247,667.

L. Prepayments

Prepayments for governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefiting from the advance payment. At period end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

M. Estimates

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

N. Restricted Assets

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

CITY OF HARRISON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

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

O. Total Columns on General Purpose Financial Statements

Total columns on the GPFS are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Policy

The City changed its policy to no longer account for inventories of materials and supplies. The effect of the change in accounting policy on fund balance/retained earnings as previously reported at January 1, 2002, is as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Funds</u>
Fund balance/retained earnings as previously reported	\$ 1,461,118	\$ 703,029	\$6,795,872
Change in accounting policy	<u>(11,519)</u>	<u>(5,444)</u>	<u>(29,666)</u>
Restated fund balance/retained earnings at January 1, 2002	<u>\$ 1,449,599</u>	<u>\$ 697,585</u>	<u>\$6,766,206</u>

B. Deficit Fund Balance

The following fund had a deficit fund balance as of December 31, 2002:

Fire Improvement	\$ 17,552
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The deficit fund balance in the Fire Improvement special revenue fund is the result of the reporting of accrued wages and benefits and amounts due to other governments as a fund liability in accordance with GAAP. This deficit balance will be eliminated through the collection of intergovernmental grants and subsidies not recognized at December 31.

CITY OF HARRISON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Compliance

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

<u>Fund Type/Fund/Department/Object</u>	<u>Excess</u>
<u>General Fund</u>	
Income Tax	
Other	\$ 1,380
Custodial	
Personal Services	6
Civil Service	
Operations/maintenance	620
Street lighting	
Other	403
Building	
Personal Services	6,655
Operations/maintenance	805
Zoning	
Personal Services	1,236
<u>Special Revenue Funds</u>	
Fire Memorial	
Security of persons and property	
Other	3,713
Police Pension	
Security of persons and property	
Personal services	10,091
Passport and Account	
Public health and welfare	
Capital improvements	1,427
Fire Capital Reserve	
Capital outlay	
Capital improvements	41
Drug Law Enforcement Trust	
Capital outlay	
Capital improvements	7,252

CITY OF HARRISON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

<u>Fund Type/Fund/Department/Object</u>	<u>Excess</u>
<u>Enterprise Funds</u>	
Sewer Fund	
Operating expenses	
Personal services	\$ 4,020
Operations/maintenance	54,917
Water Fund	
Operating expenses	
Operations/maintenance	71,379
Operating transfers out	300,000
Water/Sewer Deposits	
Operating expenses	
Other operating expenses	266
Sanitation	
Operating expenses	
Other operating expenses	3,331

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

<u>Fund Type/Fund</u>	<u>Excess</u>
<u>Special Revenue Funds</u>	
Fire Improvement	\$ 128,058
Senior Fund	9,990
Community Center	32,960
Federal Adoption Seizure	31
<u>Enterprise Funds</u>	
Water	342,953
Sewer	5,651,860

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

A. Primary Government

Monies held by the City are classified by State statute into three categories:

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

CITY OF HARRISON, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002**

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

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

Interim deposits are deposits in interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim monies may be deposited or invested in the following:

1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency, or the Export-Import Bank of Washington;
3. Repurchase agreements in the securities enumerated above;
4. Interim deposits in the eligible institutions applying for interim moneys;
5. Bonds and other obligations of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. High grade commercial paper for a period not to exceed 180 days in an amount not to exceed twenty-five percent of the City's interim monies available for investment; and
8. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the City's interim monies available for investment.

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

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

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 GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

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

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

Cash on Hand: At year-end, the City had \$425 in undeposited cash on hand which is included on the Balance Sheet of the City as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits: At December 31, 2002, the carrying amount of the City's deposits, which includes cash with fiscal agent and nonnegotiable certificates of deposit, was \$3,449,011 and the bank balance was \$3,618,115. Of the bank balance:

1. \$790,438 was covered by federal deposit insurance; and
2. \$2,827,677 was uninsured and uncollateralized as defined by GASB even though it was covered by collateral held by a third party trustee, pursuant to Ohio Revised Code Section 135.181, in collateralized pools securing all public funds on deposits with specific depository institutions. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments: The City's investments are required to be categorized to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the City's name. STAR Ohio (an investment pool operated by the Ohio State Treasurer) and U.S. government money market mutual funds are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

The following is a listing of investments, by category, as of December 31, 2002:

	Category 3	Fair Value
Federal agency securities	<u>\$6,547,322</u>	\$ 6,547,322
U. S. Government money market mutual funds		1,138,196
Investment in STAR Ohio		<u>1,258,026</u>
Total investments		<u>\$ 8,943,544</u>

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

CITY OF HARRISON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

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

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
Per GASB Statement No. 9	\$ 12,392,980	\$ -
Investments of the cash management pool:		
Investment in STAR Ohio	(1,258,026)	1,258,026
U.S. Government		
money market mutual funds	(1,138,196)	1,138,196
Federal agency securities	(6,547,322)	6,547,322
Cash on hand	(425)	-
Per GASB Statement No. 3	<u>\$ 3,449,011</u>	<u>\$ 8,943,544</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. The following is a summarized breakdown of the City's operating transfers for 2002:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 1,502,363
<u>Special Revenue Funds</u>		
Police Pension	217,000	-
Fire Improvement	712,395	120,773
Community Center	140,000	-
Senior Fund	91,465	-
Fire Capital Reserve	75,000	-
Recreational tax receipts	7,500	-
Total Special Revenue Funds	1,243,360	120,773
<u>Debt Service Fund</u>		
Debt Service	653,912	130,623
<u>Enterprise Fund</u>		
Water	130,623	274,136
Total	\$ 2,027,895	\$ 2,027,895

The City's transfers were in compliance with Ohio Revised Code 5705.14, 5705.15, and 5705.16.

CITY OF HARRISON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

B. Interfund balances at December 31, 2002, related to charges for goods and services rendered, consist of the following amounts due to and from other funds:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 12,132	\$ -
<u>Agency Fund</u>		
Mayor's Court	-	12,132
Total	<u>\$ 12,132</u>	<u>\$ 12,132</u>

C. The City had the following long-term advances outstanding at December 31, 2002:

	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
General Fund	<u>\$ 57,347</u>	<u>\$ -</u>
<u>Special Revenue Funds</u>		
Fire Memorial	-	15,000
State Highway Improvements	-	20,411
Total Special Revenue Funds	-	35,411
<u>Enterprise Funds</u>		
Water	-	12,960
Sewer	-	8,976
Total Enterprise Funds	-	21,936
Total	<u>\$ 57,347</u>	<u>\$ 57,347</u>

NOTE 6 - PROPERTY TAXES

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

CITY OF HARRISON, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002**

NOTE 6 - PROPERTY TAXES – (Continued)

The full tax rate applied to real property for the fiscal year ended December 31, 2002 was \$13.00 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$13.00 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$13.00 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback reductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the City by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the fiscal year ended December 31, 2002 was \$13.00 per \$1,000 of assessed valuation. The assessed valuation upon which 2001 taxes were collected is as follows:

Residential/agricultural real property	\$ 89,216,560
Commercial/industrial/public utility real property	51,064,830
Tangible/public utility personal property	<u>25,878,150</u>
Total assessed value	<u>\$ 166,159,540</u>

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

Accrued taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable and unpaid as of December 31, 2002. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2003 operations. Accordingly, the receivable is offset by a credit to "Deferred Revenue".

NOTE 7 - LOCAL INCOME TAX

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

CITY OF HARRISON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 8 - RECEIVABLES

Receivables at December 31, 2002, consisted of income taxes, real estate and other taxes, accounts (billings for user charged services), amounts due from other funds, accrued interest and intergovernmental receivables arising from grants, entitlements and shared revenue. All intergovernmental receivables have been classified as "Due From Other Governments" on the combined balance sheet. Receivables have been recorded to the extent eligibility requirements have been met by year-end and the amounts are measurable.

A summary of the items of receivables follows:

<u>Fund Type/Description</u>	<u>Amount</u>
<u>General Fund</u>	
Income taxes	\$ 306,824
Real and other taxes	821,782
Accounts	14,579
Accrued interest	2,628
Advances to other funds	57,347
Due from other governments	178,141
Due from other funds	12,132
<u>Special Revenue Funds</u>	
Real and other taxes	771,007
Accounts	3,074
Accrued interest	4,244
Due from other governments	180,872
<u>Capital Projects Funds</u>	
Real and other taxes	11,012
<u>Enterprise Funds</u>	
Accounts	366,372
Accrued interest	19,600

NOTE 9 - FIXED ASSETS

A. Enterprise Fixed Assets

A summary of the enterprise funds' fixed assets at December 31, 2002, follows:

Land	\$ 485,420
Buildings	4,391,626
Improvements	5,891,674
Machinery and equipment	793,773
Construction in progress	7,096,699
Accumulated depreciation	<u>(3,394,491)</u>
Total net fixed assets	<u>\$ 15,264,701</u>

CITY OF HARRISON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 9 - FIXED ASSETS - (Continued)

B. General Fixed Assets

A summary of the changes in general fixed assets during 2002 follows:

	Balance at 01/01/02	Additions	Deletions	Balance at 12/31/02
Land	\$ 849,190	\$ -	\$ -	\$ 849,190
Buildings	1,970,620	-	-	1,970,620
Improvements other than buildings	30,934	-	-	30,934
Machinery and equipment	2,715,465	86,149	(42,841)	2,758,773
Total fixed assets	\$ 5,566,209	\$ 86,149	\$ (42,841)	\$ 5,609,517

NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior years, the City entered into capitalized leases for the acquisition of police cruisers and a dump truck. These leases meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease 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 combined GPFS for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets consisting of equipment have been capitalized in the general fixed assets account group in the amount of \$214,501. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2002 totaled \$39,444 in the general fund and \$13,353 in the capital projects funds.

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, 2002:

Year Ending December 31,	Amount
2003	\$ 22,287
Total	22,287
Less: amount representing interest	(1,399)
Present value of net minimum lease payments	\$ 20,888

CITY OF HARRISON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 11 - VACATION AND SICK LEAVE LIABILITY

Vacation and sick leave accumulated by governmental fund type employees has been recorded in the general long-term obligations account group. Vacation and sick leave earned by proprietary fund type employees is expensed when earned.

Upon termination of City service, a fully vested employee is entitled to a percentage of their accumulated sick leave based on their years of service. At December 31, 2002, vested benefits for sick leave for governmental fund type employees totaled \$136,974, vested benefits for vacation leave totaled \$268 and vested benefits for comp time totaled \$200 (these amounts are reported net of payments made using current available resources which are presented as fund liabilities). For proprietary fund types, vested benefits for vacation totaled \$3,005 and sick leave totaled \$20,345. Included in the vested benefits for sick leave figures is an additional liability to accrue and record termination (severance) payments for employees expected to become eligible to retire in the future in accordance with GASB Statement No. 16.

NOTE 12 - LONG-TERM OBLIGATIONS

A. Defeased Debt

The City defeased Water Mortgage Revenue Bonds dated May 16, 1963, May 15, 1970, and May 17, 1974, in the amounts of \$259,000, \$100,000, and \$125,000, respectively.

At the time of the defeasance, funds were deposited with the City's trustee, JP Morgan (formally the PNC Bank), for the Water and Wastewater Issues. The principal and interest on the investments in these escrow funds are used solely to pay the principal and interest requirements on the mortgage revenue bonds as they come due. As of December 31, 2002, there was \$1,135,534 on deposit with JP Morgan to pay principal and interest requirements of the defeased debt.

As the money on deposit with the trustee is adequate to service the defeased debt, the City is not required to service any portion of this debt directly. Accordingly, the mortgage revenue debt is not included in the long-term obligations schedule or in the water or wastewater funds' balance sheet at December 31, 2001. Similarly, as no obligation is recorded, neither are the funds held on deposit with the trustee, which will be used to service that obligation.

B. General Long-Term Obligations

The City's general long-term obligations at year-end consist of the following:

	<u>Balance at</u> <u>01/01/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>12/31/02</u>
<u>General Long-Term Obligations</u>				
Compensated absences payable	\$ 113,807	\$ 23,635	\$ -	\$ 137,442
Capital leases	73,685	-	(52,797)	20,888
General obligation bonds	<u>3,205,000</u>	<u>-</u>	<u>(110,000)</u>	<u>3,095,000</u>
Total general long-term obligations	<u>\$ 3,392,492</u>	<u>\$ 23,635</u>	<u>\$ (162,797)</u>	<u>\$ 3,253,330</u>

CITY OF HARRISON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Compensated Absences: Sick leave and vacation benefits are presented net of actual increases and decreases because of the practicality of determining these values. Compensated absences reported in the “compensated absences payable” account will be paid from the fund from which the employee’s salaries are paid.

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

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

<u>Year</u> <u>Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 115,000	\$ 172,730	\$ 287,730
2004	120,000	166,923	286,923
2005	130,000	160,803	290,803
2006	135,000	154,108	289,108
2007	140,000	147,088	287,088
2008-2012	830,000	614,168	1,444,168
2013-2017	1,090,000	355,010	1,445,010
2018-2020	<u>535,000</u>	<u>48,065</u>	<u>583,065</u>
Total	<u>\$3,095,000</u>	<u>\$1,818,895</u>	<u>\$4,913,895</u>

CITY OF HARRISON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

C. Enterprise Fund Obligations

The City had the following general obligation bonds and long-term loans payable outstanding at year-end related to enterprise fund operations:

	<u>Interest Rate</u>	<u>Balance at 1/1/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 12/31/02</u>
<u>General Obligation Bonds</u>					
Water System Improvements - 1995	5.40%	\$ 155,000	\$ -	\$ (40,000)	\$ 115,000
<u>Mortgage Revenue Bonds</u>					
Water System Improvements - 1992	3.5-6.0%	\$ 365,000	\$ -	\$ (75,000)	\$ 290,000
Sewer System Improvements - 1993	2.85-5.4%	3,015,000	-	(155,000)	2,860,000
Total mortgage revenue bonds		\$ 3,380,000	\$ -	\$ (230,000)	\$ 3,150,000
<u>Real Estate Revenue Bonds</u>					
Water System Improvements - 1998	4.75%	\$ 71,000	\$ -	\$ (71,000)	\$ -
<u>OPWC Loans</u>					
OPWC Loan - Transmission Lines	3.00%	\$ 163,690	\$ -	\$ (23,168)	\$ 140,522
OPWC Loan - Reservoir	3.00%	313,540	-	(40,892)	272,648
Total OPWC loans		\$ 477,230	\$ -	\$ (64,060)	\$ 413,170
<u>OWDA Loans</u>					
OWDA Loan - Water Treatment Plant	3.49%	\$ 15,162	\$ 987,968	\$ (39,672)	\$ 963,458
OWDA Loan - Wellfield and Transmission Mains	3.64%	651,423	244,250	(68,098)	827,575
Total OWDA loans		\$ 666,585	\$ 1,232,218	\$ (107,770)	\$ 1,791,033
Total enterprise fund obligations		\$ 4,749,815	\$ 1,232,218	\$ (512,830)	\$ 5,469,203

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

Improvements to the City's water treatment facilities were financed through expenditures by the Ohio Public Works Commission (OPWC). At December 31, 2002, the City has two loans outstanding through the OPWC. The loans are payable in semi-annual installments of principal and interest.

CITY OF HARRISON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

During 2001, the City entered into two debt financing arrangements through the Ohio Water Development Authority (OWDA) to fund Water Treatment Plant Improvements and the Wellfield and Transmission Mains project. The semi-annual payments due to the OWDA are payable from sewer and water revenues. The loan agreements function similar to a line-of credit agreement. At December 31, 2002, the City had outstanding borrowings of \$1,791,033. The total permissible borrowings under the financing agreements at December 31, 2002 for the Water Treatment Plant Improvements and the Wellfield and Transmission Mains were \$1,124,260 and \$1,311,524, respectively. As of December 31, 2002, the future annual debt service principal and interest payments for the loans were unavailable because monies related to the projects are still being disbursed and the loans are not finalized.

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

Year <u>Ended</u>	General Obligation Bonds			Mortgage Revenue Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 40,000	\$ 6,130	\$ 46,130	\$ 250,000	\$ 162,963	\$ 412,963
2004	40,000	4,010	44,010	265,000	150,023	415,023
2005	35,000	1,890	36,890	280,000	136,179	416,179
2006	-	-	-	185,000	121,010	306,010
2007	-	-	-	195,000	111,364	306,364
Thereafter	-	-	-	1,975,000	503,530	2,478,530
Total	<u>\$ 115,000</u>	<u>\$ 12,030</u>	<u>\$127,030</u>	<u>\$3,150,000</u>	<u>\$1,185,069</u>	<u>\$ 4,335,069</u>

Year <u>Ended</u>	OPWC Loans		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 65,994	\$ 11,723	\$ 77,717
2004	67,990	10,090	78,080
2005	70,235	7,853	78,088
2006	71,971	5,738	77,709
2007	74,547	3,556	78,103
Thereafter	<u>62,433</u>	<u>1,309</u>	<u>63,742</u>
Total	<u>\$ 413,170</u>	<u>\$ 40,269</u>	<u>\$453,439</u>

CITY OF HARRISON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 13 - BOND ANTICIPATION NOTES

During 2001, the City issued \$5,000,000 in Sewer System Improvement bond anticipation notes and during 2002, the City issued \$15,000,000 in Sewer System Improvement bond anticipation notes and a total of \$10,000,000 was retired in 2002. Proceeds of the bond anticipation notes, which were received in the Sewer enterprise fund, will be used to finance sewer system improvements. The bond anticipation notes are reported as a liability of the Sewer enterprise fund. The following is a summary of the bond anticipation note activity during 2002:

	Interest	Issue	Maturity	Balance	2002	2002	Balance
	Rate	Date	Date	Outstanding	2002	Principal	Outstanding
	<u>Rate</u>	<u>Date</u>	<u>Date</u>	<u>01/01/02</u>	<u>Issues</u>	<u>Retirement</u>	<u>12/31/02</u>
<u>Sewer Fund</u>							
Sewer System							
Improvements	2.48%	12/20/01	12/20/02	\$5,000,000	\$ -	\$ (5,000,000)	\$ -
Sewer System							
Improvements	2.18%	02/28/02	12/20/02	-	5,000,000	(5,000,000)	-
Sewer System							
Improvements	2.00%	12/19/02	09/18/03	<u>-</u>	<u>10,000,000</u>	<u>-</u>	<u>10,000,000</u>
				<u>\$5,000,000</u>	<u>\$15,000,000</u>	<u>\$ (10,000,000)</u>	<u>\$ 10,000,000</u>

CITY OF HARRISON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 14 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains four enterprise funds which are intended to be self-supported through user fees charged for services provided to consumers for sewer operations, water operations, water/sewer deposits and sanitation services. Segment information for the year ended December 31, 2002, is as follows:

	<u>Sewer</u> <u>Fund</u>	<u>Water</u> <u>Fund</u>	<u>Deposit</u> <u>Fund</u>	<u>Sanitation</u>	<u>Total</u>
Operating revenues	\$ 1,315,536	\$ 1,132,309	\$ 1,918	\$ 259,964	\$ 2,709,727
Operating expenses					
before depreciation	840,584	523,846	1,266	255,319	1,621,015
Depreciation expense	141,116	120,561	-	-	261,677
Operating income	333,836	487,902	652	4,645	827,035
Net income/(loss)	(2,226)	512,957	652	14,954	526,337
Operating transfers in	-	130,623	-	-	130,623
Operating transfer out	274,136	-	-	-	274,136
Additions to property, plant and equipment	5,391,362	139,802	-	-	5,531,164
Net working capital	(2,767,858)	1,356,169	27,893	164,611	(1,219,185)
Total assets	18,785,811	5,662,027	27,893	164,611	24,640,342
Bonds and other long term liabilities payable					
from operating revenues	3,823,458	1,645,745	-	-	5,469,203
Total liabilities	14,397,542	1,702,590	-	-	16,100,132
Contributed capital	757,007	490,660	-	-	1,247,667
Total equity	4,388,269	3,959,437	27,893	164,611	8,540,210
Encumbrances outstanding					
December 31, 2002	4,804,007	981,539	-	2,889	5,788,435

NOTE 15 - RISK MANAGEMENT

A. Comprehensive

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During 2002, the City was insured through Arthur J. Gallagher & Co. All coverage's were underwritten by Coregis Insurance Co. The City maintains a Management Committee of department directors and Loss Control Guidelines are followed.

CITY OF HARRISON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 15 - RISK MANAGEMENT - (Continued)

B. Employee Health Insurance

During 2002, the City provided employees health insurance through United Health Care for medical insurance; Humana Insurance for dental insurance; and Fortis for accident and life insurance. The broker for the City of Harrison is Sherrill D. Morgan Agency. Since the City's group has less than 100 subscribers, no experience data is provided.

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

C. Workers' Compensation

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

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

All City full-time employees, other than uniformed employees, participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system created by the State of Ohio. OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 2002 was 8.5% for employees other than law enforcement and public safety. The law enforcement classification consisted of sheriffs, deputy sheriffs, and township police with an employee contribution rate of 10.1%. Public safety division members contribute at 9%. The employer contribution rate for employees other than law enforcement and public safety division was 13.55% of covered payroll and 8.55% was the portion used to fund pension obligations for 2002. The employer contribution rate for law enforcement and public safety divisions was 16.70% of covered payroll and 11.70% was the portion used to fund pension obligations for 2002. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records. The City's contributions to OPERS for the years ended December 31, 2002, 2001, and 2000 were \$174,763, \$170,329, and \$157,176, respectively; 92.02% has been contributed for 2002 and 100% for 2001 and 2000. \$13,949, representing the unpaid contribution for 2002, is recorded as a liability within the respective funds.

CITY OF HARRISON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

B. Ohio Police and Fire Pension Fund

Full-time uniformed employees of the City participate in the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. The 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 Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% and 24.0% for police officers and firefighters, respectively. The City's contributions to OP&F for the years ended December 31, 2002, 2001, and 2000 were \$360,611, \$351,477, and \$341,451, respectively; 76.68% has been contributed for 2002 and 100% for the years 2001 and 2000. \$84,086, representing the unpaid contributions for 2002, is recorded as a liability within the respective funds.

NOTE 17 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

OPERS provides postretirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The OPERS law enforcement program is separated into two divisions, law enforcement and public safety, with separate employee contribution rates and benefits. The 2002 employer contribution rate for local government employers was 13.55% of covered payroll and 5.00% was the portion that was used to fund health care. For both the public safety and law enforcement divisions the 2002 employer rate was 16.70% of covered payroll and 5.00% was the portion used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. The City's contribution actually made to fund postemployment benefits was \$64,488.

OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. OPEB's are advance funded on an actuarially determined basis.

As of December 31, 2001 (the latest information available), the actuarial value of the Retirement System's net assets available for future OPEB payments were \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively, at December 31, 2001 (the latest information available). The number of benefit recipients eligible for OPEB at December 31, 2001 (the latest information available) was 402,041.

CITY OF HARRISON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 17 - POSTRETIREMENT BENEFIT PLANS - (Continued)

In December 2001, the OPERS Board adopted the Health Care "Choices" Plan in its continuing effort to respond to the rise in the cost of health care. The Choices Plan will be offered to all persons newly hired under OPERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices, as the name suggests, will incorporate a cafeteria approach, offering a more broad range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

Additional information on the OPERS, including historical trend information showing the progress in accumulating sufficient assets to pay benefits when due is available in the OPERS December 31, 2002, Comprehensive Annual Financial Report.

B. Ohio Police and Fire Pension Fund

The OP&F provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other than Pension Benefits by State and Local Government Employers". The Ohio Revised Code provides that health care cost paid from the funds of the OP&F shall be included in the employer's contribution rate. The total police officer employer contribution rate is 19.5% of covered payroll and the total firefighter's employer contribution rate is 24.0% of covered payroll. The Ohio Revised Code provides the authority allowing OP&F's Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.50% and 7.75% of covered payroll in 2001 and 2002, respectively. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 2001 (the latest information available), is 13,174 for police officers and 10,239 for firefighters. The amount of employer contributions used to pay postemployment benefits for police officers and firefighters were \$82,634 and \$49,247, respectively. OP&F's total health care expense for the year ending December 31, 2001 (the latest information available), was \$122.299 million, which was net of member contributions of \$6.875 million.

CITY OF HARRISON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING

The City's budgetary process is based upon accounting for transactions on a cash basis. The differences between the cash basis (budget basis) and the modified accrual basis (GAAP basis) are that revenues are recorded when actually received (budget) as opposed to when susceptible to accrual (GAAP) and the expenditures are recorded when paid (budget) as opposed to when incurred (GAAP). Additionally, the City reflects outstanding encumbrances as expenditures on the budgetary basis of accounting. Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the GAAP basis is as follows:

	EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$(252,398)	\$196,857	\$ 190,934	\$(1,200,358)
Adjustments:				
Net adjustment for revenue accruals	132,028	(64,636)	-	999
Net adjustment for expenditure accruals	(189,903)	(19,346)	812,755	9,348
Net adjustment for other financing sources/ (uses) accruals	-	-	(812,755)	-
Encumbrances	<u>121,694</u>	<u>68,766</u>	<u>44,125</u>	<u>1,079,192</u>
GAAP basis	<u>\$(188,579)</u>	<u>\$181,641</u>	<u>\$ 235,059</u>	<u>\$ (110,819)</u>

NOTE 19 - CONTINGENCIES

A. Grants

The City receives significant financial assistance from numerous federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2002.

B. Litigation

There are lawsuits pending against the City. In the opinion of the City's management, any potential liability would not have a material effect on the financial statements.

COMBINING, INDIVIDUAL FUND AND
ACCOUNT GROUP FINANCIAL
STATEMENTS AND SCHEDULES

CITY OF HARRISON, OHIO

GENERAL FUND

The general fund is used to account for all financial resources of the City except as required to be accounted for in another fund. The major revenue sources are municipal income taxes, property taxes, investment earnings and state and local government receipts. It is the operating fund of the City.

CITY OF HARRISON, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Income taxes	\$ 2,426,500	\$ 2,389,235	\$ (37,265)
Property and other taxes	820,364	811,171	(9,193)
Charges for service	2,100	3,300	1,200
Licenses, permits and fees	91,000	127,836	36,836
Fines and forfeitures	162,500	167,411	4,911
Intergovernmental	332,581	350,285	17,704
Investment income	60,000	75,476	15,476
Other	61,850	133,289	71,439
Total revenues.	3,956,895	4,058,003	101,108
Expenditures:			
Current:			
General government:			
Planning commission			
Personal services	6,390	3,492	2,898
Operations/maintenance	1,550	773	777
Total planning commission.	7,940	4,265	3,675
Income tax			
Personal services	97,112	95,259	1,853
Operations/maintenance	39,346	33,913	5,433
Capital improvements.	11,950	11,939	11
Other	70,304	71,684	(1,380)
Total income tax	218,712	212,795	5,917
Mayor			
Personal services	31,172	29,315	1,857
Operations/maintenance	20,040	6,109	13,931
Capital improvements.	500	-	500
Total mayor.	51,712	35,424	16,288
Council			
Personal services	59,600	56,885	2,715
Operations/maintenance	50,551	39,586	10,965
Capital improvements.	10,351	1,350	9,001
Total council	120,502	97,821	22,681
Finance			
Personal services	118,166	115,164	3,002
Operations/maintenance	245,115	134,915	110,200
Capital improvements.	4,300	3,275	1,025
Total finance	367,581	253,354	114,227

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CITY OF HARRISON, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**

GENERAL FUND (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Custodian			
Personal services	\$ 40,732	\$ 40,738	\$ (6)
Operations/maintenance	50	35	15
Total custodian	<u>40,782</u>	<u>40,773</u>	<u>9</u>
Civil service			
Personal services	4,467	4,059	408
Operations/maintenance	4,244	4,864	(620)
Total civil service.	<u>8,711</u>	<u>8,923</u>	<u>(212)</u>
Law director			
Personal services	46,072	43,627	2,445
Operations / Maintenance	55,167	55,078	89
Total law director.	<u>101,239</u>	<u>98,705</u>	<u>2,534</u>
Magistrate			
Personal services	65,212	60,496	4,716
Operations/maintenance	4,285	3,692	593
Capital improvements.	1,000	-	1,000
Total magistrate.	<u>70,497</u>	<u>64,188</u>	<u>6,309</u>
Administration coordinator			
Personal services	61,701	60,709	992
Operations/maintenance	6,742	3,449	3,293
Other	8,200	-	8,200
Total administration coordinator	<u>76,643</u>	<u>64,158</u>	<u>12,485</u>
Elections			
Other	2,500	-	2,500
Total elections	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Storm sewers and drainage			
Other	1,000	-	1,000
Total storm sewers and drainage	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total general government.	<u>1,067,819</u>	<u>880,406</u>	<u>187,413</u>
Security of persons and property:			
Law enforcement			
Personal services	1,389,044	1,353,833	35,211
Operations/maintenance	319,478	313,541	5,937
Capital improvements.	75,743	47,886	27,857
Total law enforcement	<u>1,784,265</u>	<u>1,715,260</u>	<u>69,005</u>

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CITY OF HARRISON, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Street lighting			
Other	\$ 55,000	\$ 55,403	\$ (403)
Total street lighting	<u>55,000</u>	<u>55,403</u>	<u>(403)</u>
 Total security of persons and property .	 <u>1,839,265</u>	 <u>1,770,663</u>	 <u>68,602</u>
 Public health and welfare:			
Board of health			
Other	9,200	8,803	397
Total board of health	<u>9,200</u>	<u>8,803</u>	<u>397</u>
 Total public health and welfare	 <u>9,200</u>	 <u>8,803</u>	 <u>397</u>
 Community environment:			
Building department			
Personal services	52,695	59,350	(6,655)
Operations/maintenance	6,150	6,955	(805)
Total building department	<u>58,845</u>	<u>66,305</u>	<u>(7,460)</u>
 Zoning department			
Personal services	11,175	12,411	(1,236)
Operations/maintenance	1,703	1,074	629
Total zoning department	<u>12,878</u>	<u>13,485</u>	<u>(607)</u>
 Total community environment	 <u>71,723</u>	 <u>79,790</u>	 <u>(8,067)</u>
 Leisure time activity:			
Parks and recreation			
Personal services	16,948	15,029	1,919
Operations/maintenance	41,988	40,242	1,746
Capital improvements.	13,250	13,105	145
Total parks and recreation	<u>72,186</u>	<u>68,376</u>	<u>3,810</u>
 Total leisure time activity	 <u>72,186</u>	 <u>68,376</u>	 <u>3,810</u>
 Total expenditures	 <u>3,060,193</u>	 <u>2,808,038</u>	 <u>252,155</u>
 Excess (deficiency) of revenues over (under) expenditures.	 <u>896,702</u>	 <u>1,249,965</u>	 <u>353,263</u>

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CITY OF HARRISON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
Other financing uses:			
Operating transfers out	\$ (1,526,701)	\$ (1,502,363)	\$ 24,338
Total other financing uses	<u>(1,526,701)</u>	<u>(1,502,363)</u>	<u>24,338</u>
 Excess (deficiency) of revenues over (under) expenditures and other financing uses	 (629,999)	 (252,398)	 377,601
 Fund balance, January 1	 1,056,859	 1,056,859	 -
Prior year encumbrances appropriated .	<u>100,936</u>	<u>100,936</u>	<u>-</u>
Fund balance, December 31.	<u>\$ 527,796</u>	<u>\$ 905,397</u>	<u>\$ 377,601</u>

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CITY OF HARRISON, OHIO

SPECIAL REVENUE FUNDS

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

Street Maintenance and Repair

To account for revenues generated from license and gasoline taxes to be used on local roads within the City.

State Highway Improvements

To account for revenues generated from license and gasoline taxes to be used on State highways located within the City.

Fire Memorial

To account for donations received by the fire department. These monies may be used at the discretion of the fire chief.

Fire Improvement

To account for voted levies, property taxes, and contracts that relate to the operation of the fire department.

Police Pension

To account for property taxes levied for the payment of the current and accrued liability for police disability and pension benefits.

Enforcement and Education

To account 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 Fund

To account for a grant received to make repairs at the wastewater treatment plant.

Police Memorial

To account for donations received by the police department. These monies may be used at the discretion of the police chief.

Senior Fund

To account 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

To account for the funds received from the Council on Aging of Southwestern Ohio.

Community Center

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

CITY OF HARRISON, OHIO

SPECIAL REVENUE FUNDS (Continued)

Fire Capital Reserve

To account for transfers from the fire department fund to be used for capital improvement purchases.

Drug Law Enforcement Trust

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

Law Enforcement Trust

To account for monies received from the Federal Law Enforcement agencies designated for law enforcement purposes under Ohio Revised Code.

Federal Adoption Seizure

To account for revenues received from seizures of Federal drug cases. These funds may be used at the discretion of the police chief.

Recreation Tax Receipts

To account for tax revenues received from developers to be used for parks and recreations.

CITY OF HARRISON, OHIO

COMBINING BALANCE SHEET
 ALL SPECIAL REVENUE FUNDS
 DECEMBER 31, 2002

	<u>Street Maintenance and Repair</u>	<u>State Highway Improvements</u>	<u>Fire Memorial</u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 139,729	\$ 41,448	\$ 17,721
Receivables (net of allowances of uncollectibles):			
Taxes.	-	-	-
Accounts.	-	-	-
Accrued interest.	-	-	-
Due from other governments.	125,280	8,494	-
Prepayments.	3,914	-	-
Total assets.	<u>\$ 268,923</u>	<u>\$ 49,942</u>	<u>\$ 17,721</u>
Liabilities:			
Accounts payable.	\$ 1,422	\$ -	\$ 1,984
Accrued wages and benefits.	4,297	-	-
Compensated absences payable.	555	-	-
Advances from other funds.	-	20,411	15,000
Deferred revenue.	96,719	7,199	-
Due to other governments.	7,572	-	-
Total liabilities.	<u>110,565</u>	<u>27,610</u>	<u>16,984</u>
Fund equity:			
Reserved for encumbrances.	6,594	25	371
Reserved for prepayments.	3,914	-	-
Unreserved:			
Undesignated.	147,850	22,307	366
Total fund equity.	<u>158,358</u>	<u>22,332</u>	<u>737</u>
Total liabilities and fund equity.	<u>\$ 268,923</u>	<u>\$ 49,942</u>	<u>\$ 17,721</u>

<u>Fire Improvement</u>	<u>Police Pension</u>	<u>Enforcement and Education</u>	<u>FEMA Fund</u>	<u>Police Memorial</u>
\$ 79,770	\$ 164,266	\$ 12,145	\$ 1,218	\$ 277
726,056	43,251	-	-	-
-	-	-	-	-
4,244	-	-	-	-
40,301	2,250	-	-	-
6,823	-	-	-	-
<u>\$ 857,194</u>	<u>\$ 209,767</u>	<u>\$ 12,145</u>	<u>\$ 1,218</u>	<u>\$ 277</u>
\$ 14,142	\$ -	\$ -	\$ -	\$ -
29,097	-	-	-	-
4,828	-	-	-	-
-	-	-	-	-
761,056	45,501	-	-	-
65,623	48,533	-	-	-
<u>874,746</u>	<u>94,034</u>	<u>-</u>	<u>-</u>	<u>-</u>
28,249	-	3	-	-
6,823	-	-	-	-
(52,624)	115,733	12,142	1,218	277
(17,552)	115,733	12,145	1,218	277
<u>\$ 857,194</u>	<u>\$ 209,767</u>	<u>\$ 12,145</u>	<u>\$ 1,218</u>	<u>\$ 277</u>

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CITY OF HARRISON, OHIO

COMBINING BALANCE SHEET
 ALL SPECIAL REVENUE FUNDS (CONTINUED)
 DECEMBER 31, 2002

	Senior Fund	Passport Account	Community Center
Assets:			
Equity in pooled cash and cash equivalents.	\$ 113,465	\$ 33,167	\$ 93,415
Receivables (net of allowances of uncollectibles):			
Taxes.	-	-	-
Accounts.	-	3,074	-
Accrued interest	-	-	-
Due from other governments	4,547	-	-
Prepayments.	174	-	3,290
Total assets.	<u>\$ 118,186</u>	<u>\$ 36,241</u>	<u>\$ 96,705</u>
Liabilities:			
Accounts payable.	\$ 2,846	\$ -	\$ 6,298
Accrued wages and benefits	2,520	-	1,101
Compensated absences payable	106	-	317
Advances from other funds.	-	-	-
Deferred revenue.	-	-	-
Due to other governments	3,528	-	1,907
Total liabilities.	<u>9,000</u>	<u>-</u>	<u>9,623</u>
Fund equity:			
Reserved for encumbrances.	1,681	-	4,106
Reserved for prepayments	174	-	3,290
Unreserved:			
Undesignated.	107,331	36,241	79,686
Total fund equity.	<u>109,186</u>	<u>36,241</u>	<u>87,082</u>
Total liabilities and fund equity.	<u>\$ 118,186</u>	<u>\$ 36,241</u>	<u>\$ 96,705</u>

<u>Fire Capital Reserve</u>	<u>Drug Law Enforcement Trust</u>	<u>Law Enforcement Trust</u>	<u>Federal Adoption Seizure</u>	<u>Recreational Tax Receipts</u>
\$ 289,955	\$ 6,319	\$ 4,274	\$ 19	\$ 52,100
-	-	-	-	1,700
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 289,955</u>	<u>\$ 6,319</u>	<u>\$ 4,274</u>	<u>\$ 19</u>	<u>\$ 53,800</u>
\$ -	\$ 898	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	898	-	-	-
-	147	-	-	-
-	-	-	-	-
289,955	5,274	4,274	19	53,800
<u>289,955</u>	<u>5,421</u>	<u>4,274</u>	<u>19</u>	<u>53,800</u>
<u>\$ 289,955</u>	<u>\$ 6,319</u>	<u>\$ 4,274</u>	<u>\$ 19</u>	<u>\$ 53,800</u>

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CITY OF HARRISON, OHIO

**COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS (CONTINUED)
DECEMBER 31, 2002**

	<u>Total</u>
Assets:	
Equity in pooled cash and cash equivalents.	\$ 1,049,288
Receivables (net of allowances of uncollectibles):	
Taxes.	771,007
Accounts.	3,074
Accrued interest	4,244
Due from other governments	180,872
Prepayments.	<u>14,201</u>
Total assets.	<u>\$ 2,022,686</u>
Liabilities:	
Accounts payable.	\$ 27,590
Accrued wages and benefits	37,015
Compensated absences payable	5,806
Advances from other funds.	35,411
Deferred revenue.	910,475
Due to other governments	<u>127,163</u>
Total liabilities.	<u>1,143,460</u>
Fund equity:	
Reserved for encumbrances.	41,176
Reserved for prepayments	14,201
Unreserved:	
Undesignated.	<u>823,849</u>
Total fund equity	<u>879,226</u>
Total liabilities and fund equity.	<u>\$ 2,022,686</u>

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CITY OF HARRISON, OHIO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Street Maintenance and Repair	State Highway Improvements	Fire Memorial
Revenues:			
Property and other taxes	\$ 58,348	\$ -	\$ -
Charges for services	-	-	-
Licenses, permits and fees	585	-	-
Intergovernmental	228,697	17,456	-
Investment income	6,836	-	-
Other	2,365	-	4,155
Total revenues	296,831	17,456	4,155
Expenditures:			
Current:			
Security of persons and property	-	-	5,230
Public health and welfare	-	-	-
Transportation	335,016	1,366	-
Leisure time activity	-	-	-
Capital outlay	27,652	-	-
Total expenditures	362,668	1,366	5,230
Excess (deficiency) of revenues over (under) expenditures	(65,837)	16,090	(1,075)
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(65,837)	16,090	(1,075)
Fund balances (restated), January 1	224,195	6,242	1,812
Fund balances, December 31	\$ 158,358	\$ 22,332	\$ 737

Fire Improvement	Police Pension	Enforcement and Education	FEMA Fund	Police Memorial
\$ 748,027	\$ 42,541	\$ -	\$ -	\$ -
177,518	-	-	-	-
-	-	-	-	-
84,463	4,618	1,920	-	-
6,544	-	-	-	-
1,938	-	-	-	-
<u>1,018,490</u>	<u>47,159</u>	<u>1,920</u>	<u>-</u>	<u>-</u>
1,526,924	208,140	1,169	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
74,071	-	-	-	-
<u>1,600,995</u>	<u>208,140</u>	<u>1,169</u>	<u>-</u>	<u>-</u>
<u>(582,505)</u>	<u>(160,981)</u>	<u>751</u>	<u>-</u>	<u>-</u>
712,395	217,000	-	-	-
(120,773)	-	-	-	-
<u>591,622</u>	<u>217,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
9,117	56,019	751	-	-
(26,669)	59,714	11,394	1,218	277
<u>\$ (17,552)</u>	<u>\$ 115,733</u>	<u>\$ 12,145</u>	<u>\$ 1,218</u>	<u>\$ 277</u>

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CITY OF HARRISON, OHIO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Senior Fund</u>	<u>Passport Account</u>	<u>Community Center</u>
Revenues:			
Property and other taxes	\$ -	\$ -	\$ -
Charges for services	11,514	3,659	31,037
Licenses, permits and fees	-	-	-
Intergovernmental	108,604	5,026	-
Investment income	-	-	-
Other	760	-	289
Total revenues	<u>120,878</u>	<u>8,685</u>	<u>31,326</u>
Expenditures:			
Current:			
Security of persons and property	-	-	-
Public health and welfare	191,769	1,427	-
Transportation	-	-	-
Leisure time activity	-	-	122,587
Capital outlay	-	-	13,072
Total expenditures	<u>191,769</u>	<u>1,427</u>	<u>135,659</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(70,891)</u>	<u>7,258</u>	<u>(104,333)</u>
Other financing sources (uses):			
Operating transfers in	91,465	-	140,000
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>91,465</u>	<u>-</u>	<u>140,000</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses.	20,574	7,258	35,667
Fund balances (restated), January 1.	<u>88,612</u>	<u>28,983</u>	<u>51,415</u>
Fund balances, December 31.	<u>\$ 109,186</u>	<u>\$ 36,241</u>	<u>\$ 87,082</u>

<u>Fire Capital Reserve</u>	<u>Drug Law Enforcement Trust</u>	<u>Law Enforcement Trust</u>	<u>Federal Adoption Seizure</u>	<u>Recreational Tax Receipts</u>
\$ -	\$ -	\$ -	\$ -	\$ 46,300
-	-	-	-	-
-	-	-	-	-
6,045	5,817	3,625	-	-
-	-	-	-	-
<u>6,045</u>	<u>5,817</u>	<u>3,625</u>	<u>-</u>	<u>46,300</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
32,605	8,605	-	-	-
<u>32,605</u>	<u>8,605</u>	<u>-</u>	<u>-</u>	<u>-</u>
(26,560)	(2,788)	3,625	-	46,300
75,000	-	-	-	7,500
<u>75,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,500</u>
48,440	(2,788)	3,625	-	53,800
<u>241,515</u>	<u>8,209</u>	<u>649</u>	<u>19</u>	<u>-</u>
<u>\$ 289,955</u>	<u>\$ 5,421</u>	<u>\$ 4,274</u>	<u>\$ 19</u>	<u>\$ 53,800</u>

-- Continued

CITY OF HARRISON, OHIO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Total
Revenues:	
Property and other taxes	\$ 895,216
Charges for services	223,728
Licenses, permits and fees	585
Intergovernmental	460,226
Investment income	19,425
Other	9,507
Total revenues	1,608,687
Expenditures:	
Current:	
Security of persons and property	1,741,463
Public health and welfare	193,196
Transportation	336,382
Leisure time activity	122,587
Capital outlay	156,005
Total expenditures	2,549,633
Excess (deficiency) of revenues over (under) expenditures	(940,946)
Other financing sources (uses):	
Operating transfers in	1,243,360
Operating transfers out	(120,773)
Total other financing sources (uses)	1,122,587
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses.	181,641
Fund balances (restated), January 1.	697,585
Fund balances, December 31.	\$ 879,226

CITY OF HARRISON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET MAINTENANCE AND REPAIR
 FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Property and other taxes	\$ 64,752	\$ 58,348	\$ (6,404)
Licenses, permits and fees	649	585	(64)
Intergovernmental	254,094	228,962	(25,132)
Investment income	7,586	6,836	(750)
Other	<u>3,678</u>	<u>2,365</u>	<u>(1,313)</u>
Total revenues	<u>330,759</u>	<u>297,096</u>	<u>(33,663)</u>
Expenditures:			
Current:			
Transportation			
Personal services.	268,791	265,380	3,411
Operations/maintenance	104,353	89,928	14,425
Capital outlay			
Capital improvements	<u>15,954</u>	<u>13,792</u>	<u>2,162</u>
Total expenditures	<u>389,098</u>	<u>369,100</u>	<u>19,998</u>
Excess (deficiency) of revenues over (under) expenditures.	(58,339)	(72,004)	(13,665)
Fund balance, January 1	189,818	189,818	-
Prior year encumbrances appropriated .	<u>13,899</u>	<u>13,899</u>	<u>-</u>
Fund balance, December 31.	<u>\$ 145,378</u>	<u>\$ 131,713</u>	<u>\$ (13,665)</u>

CITY OF HARRISON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STATE HIGHWAY IMPROVEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ -	\$ 17,134	\$ 17,134
Total revenues	<u>-</u>	<u>17,134</u>	<u>17,134</u>
Expenditures:			
Current:			
Transportation			
Personal services	10,000	-	10,000
Operations/maintenance	5,000	1,391	3,609
Total expenditures	<u>15,000</u>	<u>1,391</u>	<u>13,609</u>
Excess (deficiency) of revenues over (under) expenditures.	(15,000)	15,743	30,743
Fund balance, January 1	25,680	25,680	-
Prior year encumbrances appropriated .	-	-	-
Fund balance, December 31.	<u>\$ 10,680</u>	<u>\$ 41,423</u>	<u>\$ 30,743</u>

CITY OF HARRISON, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**

FIRE MEMORIAL

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Other	\$ 5,140	\$ 5,580	440
Total revenues	<u>5,140</u>	<u>5,580</u>	<u>440</u>
Expenditures:			
Current:			
Security of persons and property			
Other	1,888	5,601	(3,713)
Total expenditures	<u>1,888</u>	<u>5,601</u>	<u>(3,713)</u>
Excess (deficiency) of revenues over (under) expenditures.	3,252	(21)	(3,273)
Fund balance, January 1	15,098	15,098	-
Prior year encumbrances appropriated .	289	289	-
Fund balance, December 31.	<u>\$ 18,639</u>	<u>\$ 15,366</u>	<u>\$ (3,273)</u>

CITY OF HARRISON, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**

FIRE IMPROVEMENT

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Property and other taxes	\$ 762,511	\$ 748,027	\$ (14,484)
Charges for service	183,586	177,518	(6,068)
Intergovernmental	80,775	79,162	(1,613)
Investment income	2,379	2,300	(79)
Other	<u>2,004</u>	<u>1,938</u>	<u>(66)</u>
Total revenues	<u>1,031,255</u>	<u>1,008,945</u>	<u>(22,310)</u>
Expenditures:			
Current:			
Security of persons and property			
Personal services	1,325,448	1,297,841	27,607
Operations/maintenance	429,394	250,164	179,230
Capital outlay			
Capital improvements	<u>86,715</u>	<u>83,725</u>	<u>2,990</u>
Total expenditures	<u>1,841,557</u>	<u>1,631,730</u>	<u>209,827</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(810,302)</u>	<u>(622,785)</u>	<u>187,517</u>
Other financing sources (uses):			
Operating transfers in	736,746	712,395	(24,351)
Operating transfers out	<u>(123,044)</u>	<u>(120,773)</u>	<u>2,271</u>
Total other financing sources (uses)	<u>613,702</u>	<u>591,622</u>	<u>(22,080)</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses	<u>(196,600)</u>	<u>(31,163)</u>	<u>165,437</u>
Fund balance, January 1	19,010	19,010	-
Prior year encumbrances appropriated	49,532	49,532	-
Fund balance, December 31.	<u>\$ (128,058)</u>	<u>\$ 37,379</u>	<u>\$ 165,437</u>

CITY OF HARRISON, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**

POLICE PENSION

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Property and other taxes	\$ 48,073	\$ 42,541	\$ (5,532)
Intergovernmental	5,219	4,618	(601)
Total revenues	<u>53,292</u>	<u>47,159</u>	<u>(6,133)</u>
Expenditures:			
Current:			
Security of persons and property			
Personal services	196,606	206,697	(10,091)
Other	4,550	-	4,550
Total expenditures	<u>201,156</u>	<u>206,697</u>	<u>(5,541)</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(147,864)</u>	<u>(159,538)</u>	<u>(11,674)</u>
Other financing sources:			
Operating transfers in	245,218	217,000	(28,218)
Total other financing sources (uses)	<u>245,218</u>	<u>217,000</u>	<u>(28,218)</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses.	97,354	57,462	(39,892)
Fund balance, January 1	106,804	106,804	-
Prior year encumbrances appropriated	-	-	-
Fund balance, December 31.	<u>\$ 204,158</u>	<u>\$ 164,266</u>	<u>\$ (39,892)</u>

CITY OF HARRISON, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENFORCEMENT AND EDUCATION
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 1,772	\$ 1,920	\$ 148
Total revenues	<u>1,772</u>	<u>1,920</u>	<u>148</u>
Expenditures:			
Current:			
Security of persons and property			
Other	1,700	1,172	528
Total expenditures	<u>1,700</u>	<u>1,172</u>	<u>528</u>
Excess (deficiency) of revenues over (under) expenditures.	72	748	676
Fund balance, January 1	11,394	11,394	-
Prior year encumbrances appropriated .	-	-	-
Fund balance, December 31.	<u>\$ 11,466</u>	<u>\$ 12,142</u>	<u>\$ 676</u>

CITY OF HARRISON, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**

FEMA FUND

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Fund balance, January 1	\$ 1,218	\$ 1,218	\$ -
Prior year encumbrances appropriated .	-	-	-
Fund balance, December 31.	<u>\$ 1,218</u>	<u>\$ 1,218</u>	<u>\$ -</u>

CITY OF HARRISON, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**

POLICE MEMORIAL

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Fund balance, January 1	\$ 277	\$ 277	\$ -
Prior year encumbrances appropriated .	-	-	-
Fund balance, December 31.	<u>\$ 277</u>	<u>\$ 277</u>	<u>\$ -</u>

CITY OF HARRISON, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**

SENIOR FUND

FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Charges for service	\$ 10,422	\$ 11,514	\$ 1,092
Intergovernmental	137,481	151,887	14,406
Other	688	760	72
Total revenues	148,591	164,161	15,570
Expenditures:			
Current:			
Public health and welfare			
Personal services	138,738	136,951	1,787
Operations/maintenance	150,061	58,744	91,317
Capital improvements	2,660	1,081	1,579
Total expenditures	291,459	196,776	94,683
Excess (deficiency) of revenues over (under) expenditures	(142,868)	(32,615)	110,253
Other financing sources:			
Operating transfers in	82,790	91,465	8,675
Total other financing sources (uses)	82,790	91,465	8,675
Excess (deficiency) of revenues over (under) expenditures and other financing uses	(60,078)	58,850	118,928
Fund balance, January 1	44,743	44,743	-
Prior year encumbrances appropriated	5,345	5,345	-
Fund balance, December 31	\$ (9,990)	\$ 108,938	\$ 118,928

CITY OF HARRISON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PASSPORT ACCOUNT
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Charges for service	\$ 532	\$ 585	\$ 53
Intergovernmental	5,468	6,008	540
Total revenues	6,000	6,593	593
Expenditures:			
Current:			
Public health and welfare			
Operations/maintenance	13,500	-	13,500
Capital improvements	-	1,427	(1,427)
Total expenditures	13,500	1,427	12,073
Excess (deficiency) of revenues over (under) expenditures.	(7,500)	5,166	12,666
Fund balance, January 1	28,001	28,001	-
Prior year encumbrances appropriated .	-	-	-
Fund balance, December 31.	\$ 20,501	\$ 33,167	\$ 12,666

CITY OF HARRISON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COMMUNITY CENTER
 FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Charges for service	\$ 60,618	\$ 61,966	\$ 1,348
Other	282	289	7
Total revenues	<u>60,900</u>	<u>62,255</u>	<u>1,355</u>
Expenditures:			
Current:			
Leisure time activity			
Personal services	94,610	69,499	25,111
Operations/maintenance.	100,306	61,174	39,132
Capital outlay			
Capital improvements	60,456	13,129	47,327
Total expenditures	<u>255,372</u>	<u>143,802</u>	<u>111,570</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(194,472)</u>	<u>(81,547)</u>	<u>112,925</u>
Other financing sources:			
Operating transfers in	136,954	140,000	3,046
Total other financing sources (uses)	<u>136,954</u>	<u>140,000</u>	<u>3,046</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses	<u>(57,518)</u>	<u>58,453</u>	<u>115,971</u>
Fund balance, January 1	4,066	4,066	-
Prior year encumbrances appropriated	20,492	20,492	-
Fund balance, December 31.	<u>\$ (32,960)</u>	<u>\$ 83,011</u>	<u>\$ 115,971</u>

CITY OF HARRISON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE CAPITAL RESERVE
 FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Investment income	\$ 7,531	\$ 8,038	\$ 507
Total revenues	<u>7,531</u>	<u>8,038</u>	<u>507</u>
Expenditures:			
Capital outlay			
Capital improvements	32,564	32,605	(41)
Total expenditures	<u>32,564</u>	<u>32,605</u>	<u>(41)</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(25,033)</u>	<u>(24,567)</u>	<u>466</u>
Other financing sources:			
Operating transfers in	70,266	75,000	4,734
Total other financing sources (uses)	<u>70,266</u>	<u>75,000</u>	<u>4,734</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses	45,233	50,433	5,200
Fund balance, January 1	239,522	239,522	-
Prior year encumbrances appropriated	-	-	-
Fund balance, December 31.	<u>\$ 284,755</u>	<u>\$ 289,955</u>	<u>\$ 5,200</u>

CITY OF HARRISON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DRUG LAW ENFORCEMENT TRUST
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 5,757	\$ 6,217	\$ 460
Total revenues	<u>5,757</u>	<u>6,217</u>	<u>460</u>
Expenditures:			
Capital outlay			
Capital improvements	1,500	8,752	(7,252)
Total expenditures	<u>1,500</u>	<u>8,752</u>	<u>(7,252)</u>
Excess (deficiency) of revenues over (under) expenditures.	4,257	(2,535)	(6,792)
Fund balance, January 1	7,809	7,809	-
Prior year encumbrances appropriated .	-	-	-
Fund balance, December 31.	<u>\$ 12,066</u>	<u>\$ 5,274</u>	<u>\$ (6,792)</u>

CITY OF HARRISON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LAW ENFORCEMENT TRUST
 FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$ 3,626	\$ 3,625	\$ (1)
Total revenues	<u>3,626</u>	<u>3,625</u>	<u>(1)</u>
Expenditures:			
Capital outlay			
Capital improvements	50	-	50
Total expenditures	<u>50</u>	<u>-</u>	<u>50</u>
Excess (deficiency) of revenues over (under) expenditures.	3,576	3,625	49
Fund balance, January 1	649	649	-
Prior year encumbrances appropriated .	-	-	-
Fund balance, December 31.	<u>\$ 4,225</u>	<u>\$ 4,274</u>	<u>\$ 49</u>

CITY OF HARRISON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FEDERAL ADOPTION SEIZURE
 FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Expenditures:			
Capital outlay			
Capital improvements	\$ 50	\$ -	\$ 50
Total expenditures	<u>50</u>	<u>-</u>	<u>50</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses	(50)	-	50
Fund balance, January 1	19	19	-
Prior year encumbrances appropriated .	-	-	-
Fund balance, December 31.	<u>\$ (31)</u>	<u>\$ 19</u>	<u>\$ 50</u>

CITY OF HARRISON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
RECREATIONAL TAX RECEIPTS
 FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Property and other taxes	\$ 16,008	\$ 44,600	\$ 28,592
Total revenues	<u>16,008</u>	<u>44,600</u>	<u>28,592</u>
Capital outlay			
Capital improvements	5,000	-	5,000
Total expenditures	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>11,008</u>	<u>44,600</u>	<u>33,592</u>
Other financing sources:			
Operating transfers in	2,692	7,500	4,808
Total other financing sources (uses)	<u>2,692</u>	<u>7,500</u>	<u>4,808</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses	13,700	52,100	38,400
Fund balance, January 1	-	-	-
Prior year encumbrances appropriated	-	-	-
Fund balance, December 31.	<u>\$ 13,700</u>	<u>\$ 52,100</u>	<u>\$ 38,400</u>

CITY OF HARRISON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 ALL SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Property and other taxes	\$ 891,344	\$ 893,516	\$ 2,172
Charges for service	255,158	251,583	(3,575)
Licenses, permits and fees	649	585	(64)
Intergovernmental	494,192	499,533	5,341
Investment income	17,496	17,174	(322)
Other	11,792	10,932	(860)
Total revenues	<u>1,670,631</u>	<u>1,673,323</u>	<u>2,692</u>
Expenditures:			
Current:			
Security of persons and property			
Personal services	1,522,054	1,504,538	17,516
Operations/maintenance	429,394	250,164	179,230
Other	8,138	6,773	1,365
Total security of persons and property	<u>1,959,586</u>	<u>1,761,475</u>	<u>198,111</u>
Public health and welfare			
Personal services	138,738	136,951	1,787
Operations/maintenance	163,561	58,744	104,817
Capital improvements	2,660	2,508	152
Total public health and welfare	<u>304,959</u>	<u>198,203</u>	<u>106,756</u>
Transportation			
Personal services	278,791	265,380	13,411
Operations/maintenance	109,353	91,319	18,034
Total transportation	<u>388,144</u>	<u>356,699</u>	<u>31,445</u>
Leisure time activity			
Personal services	94,610	69,499	25,111
Operations/maintenance	100,306	61,174	39,132
Total leisure time activity	<u>194,916</u>	<u>130,673</u>	<u>64,243</u>
Capital outlay			
Capital improvements	202,289	152,003	50,286
Total capital outlay	<u>202,289</u>	<u>152,003</u>	<u>50,286</u>
Total expenditures	<u>3,049,894</u>	<u>2,599,053</u>	<u>450,841</u>

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CITY OF HARRISON, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Excess (deficiency) of revenues over (under) expenditures.	\$ (1,379,263)	\$ (925,730)	\$ 453,533
Other financing sources (uses):			
Operating transfers in	1,274,666	1,243,360	(31,306)
Operating transfers out	<u>(123,044)</u>	<u>(120,773)</u>	<u>2,271</u>
Total other financing sources (uses)	<u>1,151,622</u>	<u>1,122,587</u>	<u>(29,035)</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses	(227,641)	196,857	424,498
Fund balances, January 1	694,108	694,108	-
Prior year encumbrances appropriated. .	89,557	89,557	-
Fund balances, December 31.	<u>\$ 556,024</u>	<u>\$ 980,522</u>	<u>\$ 424,498</u>

CITY OF HARRISON, OHIO

DEBT SERVICE FUNDS

The debt service funds are established to account for the accumulation of resources for the payment of debt.

Debt Service

To account for transfers in from the sewer, water and sanitation enterprise funds for the retirement of principal and interest on general obligation bonds, real estate bonds, mortgage revenue bonds, and OWDA loans.

Special Assessment

To account for special assessments for sidewalks, water and sewer.

CITY OF HARRISON, OHIO

**COMBINING BALANCE SHEET
ALL DEBT SERVICE FUNDS
DECEMBER 31, 2002**

	<u>Debt Service</u>	<u>Special Assessment</u>	<u>Total</u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 260,995	\$ 19,615	\$ 280,610
Total assets.	<u>\$ 260,995</u>	<u>\$ 19,615</u>	<u>\$ 280,610</u>
Fund equity:			
Reserved for encumbrances.	44,125	-	44,125
Reserved for debt service.	\$ 216,870	\$ 19,615	\$ 236,485
Total fund equity.	<u>260,995</u>	<u>19,615</u>	<u>280,610</u>
Total liabilities and fund equity.	<u>\$ 260,995</u>	<u>\$ 19,615</u>	<u>\$ 280,610</u>

CITY OF HARRISON, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**

DEBT SERVICE

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Expenditures:			
Debt service:			
Principal retirement	\$ 703,566	\$ 662,830	\$ 40,736
Interest and fiscal charges	509,478	482,280	27,198
Total expenditures	<u>1,213,044</u>	<u>1,145,110</u>	<u>67,934</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(1,213,044)</u>	 <u>(1,145,110)</u>	 <u>67,934</u>
 Other financing sources:			
Operating transfers in	1,310,108	1,336,044	25,936
Total other financing sources	<u>1,310,108</u>	<u>1,336,044</u>	<u>25,936</u>
 Excess (deficiency) of revenues over (under) expenditures and other financing uses	 97,064	 190,934	 93,870
 Fund balance, January 1	 25,936	 25,936	 -
Prior year encumbrances appropriated .	-	-	-
Fund balance, December 31.	<u><u>\$ 123,000</u></u>	<u><u>\$ 216,870</u></u>	<u><u>\$ 93,870</u></u>

CITY OF HARRISON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL DEBT SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Debt Service</u>	<u>Special Assessment</u>	<u>Total</u>
Expenditures:			
Debt service:			
Principal retirement	\$ 110,000	\$ -	\$ 110,000
Interest and fiscal charges	178,230	-	178,230
Total expenditures	<u>288,230</u>	<u>-</u>	<u>288,230</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(288,230)</u>	<u>-</u>	<u>(288,230)</u>
Other financing sources (uses):			
Operating transfers in	653,912	-	653,912
Operating transfers out	<u>(130,623)</u>	<u>-</u>	<u>(130,623)</u>
Total other financing sources (uses)	<u>523,289</u>	<u>-</u>	<u>523,289</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses.	235,059	-	235,059
Fund balances, January 1	<u>25,936</u>	<u>19,615</u>	<u>45,551</u>
Fund balances, December 31.	<u><u>\$ 260,995</u></u>	<u><u>\$ 19,615</u></u>	<u><u>\$ 280,610</u></u>

CITY OF HARRISON, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL ASSESSMENT
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Fund balance, January 1	\$ 19,615	\$ 19,615	\$ -
Prior year encumbrances appropriated .	-	-	-
Fund balance, December 31.	<u>\$ 19,615</u>	<u>\$ 19,615</u>	<u>\$ -</u>

CITY OF HARRISON, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Expenditures:			
Debt service:			
Principal retirement.	\$ 703,566	\$ 662,830	\$ 40,736
Interest and fiscal charges	509,478	482,280	27,198
Total expenditures	<u>1,213,044</u>	<u>1,145,110</u>	<u>67,934</u>
 Excess (deficiency) of revenues over (under) expenditures.	 <u>(1,213,044)</u>	 <u>(1,145,110)</u>	 <u>67,934</u>
 Other financing sources:			
Operating transfers in	1,310,108	1,336,044	25,936
Total other financing sources	<u>1,310,108</u>	<u>1,336,044</u>	<u>25,936</u>
 Excess (deficiency) of revenues over (under) expenditures and other financing uses	 97,064	 190,934	 93,870
 Fund balances, January 1	 45,551	 45,551	 -
Prior year encumbrances appropriated .	-	-	-
Fund balances, December 31.	<u>\$ 142,615</u>	<u>\$ 236,485</u>	<u>\$ 93,870</u>

CITY OF HARRISON, OHIO

CAPITAL PROJECTS FUNDS

The capital projects funds are used to account for the acquisition and construction of major capital facilities other than

Capital Improvements

To account for property and other tax income and transfers from other funds for the various improvements within the City.

Street/Safety Construction

To account for the proceeds from the sale of bonds to be used for various street improvements.

CITY OF HARRISON, OHIO

**COMBINING BALANCE SHEET
ALL CAPITAL PROJECTS FUNDS
DECEMBER 31, 2002**

	<u>Capital Improvement</u>	<u>Street/Safety Construction</u>	<u>Total</u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 527,005	\$ 545,074	\$ 1,072,079
Receivables (net of allowances of uncollectibles):			
Taxes.	11,012	-	11,012
Total assets.	<u>\$ 538,017</u>	<u>\$ 545,074</u>	<u>\$ 1,083,091</u>
Liabilities:			
Accounts payable.	\$ 42,453	\$ -	\$ 42,453
Contracts payable.	73,946	-	73,946
Total liabilities.	<u>116,399</u>	<u>-</u>	<u>116,399</u>
Fund equity:			
Reserved for encumbrances.	962,793	-	962,793
Unreserved:			
Undesignated.	(541,175)	545,074	3,899
Total fund equity.	<u>421,618</u>	<u>545,074</u>	<u>966,692</u>
Total liabilities and fund equity.	<u>\$ 538,017</u>	<u>\$ 545,074</u>	<u>\$ 1,083,091</u>

CITY OF HARRISON, OHIO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Capital Improvement</u>	<u>Street/Safety Construction</u>	<u>Total</u>
Revenues:			
Property and other taxes	\$ 90,563	\$ -	\$ 90,563
Intergovernmental	185,593	-	185,593
Investment income	-	17,730	17,730
Other	6,000	-	6,000
Total revenues	<u>282,156</u>	<u>17,730</u>	<u>299,886</u>
Expenditures:			
Capital outlay	395,800	1,000	396,800
Debt service:			
Principal retirement	13,353	-	13,353
Interest and fiscal charges	552	-	552
Total expenditures	<u>409,705</u>	<u>1,000</u>	<u>410,705</u>
Excess (deficiency) of revenues over (under) expenditures	(127,549)	16,730	(110,819)
Fund balances, January 1	<u>549,167</u>	<u>528,344</u>	<u>1,077,511</u>
Fund balances, December 31	<u>\$ 421,618</u>	<u>\$ 545,074</u>	<u>\$ 966,692</u>

CITY OF HARRISON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL IMPROVEMENT
 FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Property and other taxes	\$ 473,825	\$ 89,564	\$ (384,261)
Intergovernmental	981,853	185,593	(796,260)
Other	31,742	6,000	(25,742)
Total revenues	<u>1,487,420</u>	<u>281,157</u>	<u>(1,206,263)</u>
Expenditures:			
Capital outlay			
Capital improvements	1,583,856	1,498,245	85,611
Total expenditures	<u>1,583,856</u>	<u>1,498,245</u>	<u>85,611</u>
Excess (deficiency) of revenues over (under) expenditures.	(96,436)	(1,217,088)	(1,120,652)
Fund balance (deficit), January 1	(701,955)	(701,955)	-
Prior year encumbrances appropriated .	1,366,856	1,366,856	-
Fund balance (deficit), December 31 . . .	<u>\$ 568,465</u>	<u>\$ (552,187)</u>	<u>\$ (1,120,652)</u>

CITY OF HARRISON, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET/SAFETY CONSTRUCTION
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Investment income	\$ 1,000	\$ 17,730	\$ 16,730
Total revenues	<u>1,000</u>	<u>17,730</u>	<u>16,730</u>
Expenditures:			
Capital outlay			
Capital improvements	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures.	-	16,730	16,730
Fund balance, January 1	528,344	528,344	-
Prior year encumbrances appropriated .	-	-	-
Fund balance, December 31.	<u>\$ 528,344</u>	<u>\$ 545,074</u>	<u>\$ 16,730</u>

CITY OF HARRISON, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Property and other taxes	\$ 473,825	\$ 89,564	\$ (384,261)
Intergovernmental	981,853	185,593	(796,260)
Investment income	1,000	17,730	16,730
Other	31,742	6,000	(25,742)
Total revenues	<u>1,488,420</u>	<u>298,887</u>	<u>(1,189,533)</u>
Expenditures:			
Capital outlay			
Capital improvements	1,584,856	1,499,245	85,611
Total expenditures	<u>1,584,856</u>	<u>1,499,245</u>	<u>85,611</u>
 Excess (deficiency) of revenues over (under) expenditures.	 (96,436)	 (1,200,358)	 (1,103,922)
 Fund balances (deficit), January 1	 (173,611)	 (173,611)	 -
Prior year encumbrances appropriated	<u>1,366,856</u>	<u>1,366,856</u>	<u>-</u>
Fund balances, December 31.	<u>\$ 1,096,809</u>	<u>\$ (7,113)</u>	<u>\$ (1,103,922)</u>

CITY OF HARRISON, OHIO

ENTERPRISE FUNDS

The enterprise funds are used to account for the City's sewer, water and sanitation operations. These operations are financed and operated in a manner similar to that of a private business enterprise. The intent of the City is that the costs (expenses including depreciation) of providing goods and services on a continuing basis be recovered primarily through user charges. Following is a description of the City's enterprise funds:

Sewer Fund

To account for the operations of providing sewage services to customers and to maintain the local sewer system of the City.

Water Fund

To account for the operations of providing water services to customers and to maintain the local water system of the City.

Water/Sewer Deposits

To account for deposits from utility services which the City applies and/or refunds upon termination of service.

Sanitation Fund

To account for the sanitation services provided to the residential and commercial users of the City.

CITY OF HARRISON, OHIO

**COMBINING BALANCE SHEET
ALL ENTERPRISE FUNDS
DECEMBER 31, 2002**

	<u>Sewer</u>	<u>Water</u>	<u>Water/Sewer Deposits</u>	<u>Sanitation</u>	<u>Total</u>
Assets:					
Equity in pooled cash and cash equivalents.	\$ 6,755,624	\$ 913,395	\$ 27,893	\$ 121,273	\$ 7,818,185
Receivables (net of allowances of uncollectibles):					
Accounts.	180,514	142,520	-	43,338	366,372
Accrued interest	19,600	-	-	-	19,600
Prepayments.	4,400	3,256	-	-	7,656
Deferred charges.	28,294	-	-	-	28,294
Restricted assets:					
Equity in pooled cash and cash equivalents	794,651	340,883	-	-	1,135,534
Property, plant and equipment (net of accumulated depreciation where applicable)	11,002,728	4,261,973	-	-	15,264,701
Total assets.	\$ 18,785,811	\$ 5,662,027	\$ 27,893	\$ 164,611	\$ 24,640,342
Liabilities:					
Accounts payable.	\$ 83,034	\$ 8,870	\$ -	\$ -	\$ 91,904
Contracts payable.	378,583	8,902	-	-	387,485
Accrued wages and benefits	5,836	3,644	-	-	9,480
Compensated absences payable	14,167	9,183	-	-	23,350
Advances from other funds.	8,976	12,960	-	-	21,936
Due to other governments	9,163	5,932	-	-	15,095
Accrued interest payable	23,472	7,354	-	-	30,826
OPWC loans payable.	-	413,170	-	-	413,170
OWDA loans payable	963,458	827,575	-	-	1,791,033
General obligation bonds payable	-	115,000	-	-	115,000
Mortgage revenue bonds payable	2,860,000	290,000	-	-	3,150,000
Notes payable.	10,000,000	-	-	-	10,000,000
Unamortized premiums on notes	50,853	-	-	-	50,853
Total liabilities.	14,397,542	1,702,590	-	-	16,100,132
Fund equity:					
Contributed capital.	757,007	490,660	-	-	1,247,667
Retained earnings:					
Reserved	794,651	340,883	-	-	1,135,534
Unreserved	2,836,611	3,127,894	27,893	164,611	6,157,009
Total fund equity	4,388,269	3,959,437	27,893	164,611	8,540,210
Total liabilities and fund equity.	\$ 18,785,811	\$ 5,662,027	\$ 27,893	\$ 164,611	\$ 24,640,342

CITY OF HARRISON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND EQUITY
ALL ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Sewer</u>	<u>Water</u>	<u>Water/Sewer Deposits</u>	<u>Sanitation</u>	<u>Total</u>
Operating revenues:					
Charges for services	\$ 1,313,632	\$ 1,105,601	\$ 1,918	\$ 259,964	\$ 2,681,115
Other	1,904	26,708	-	-	28,612
Total operating revenues	1,315,536	1,132,309	1,918	259,964	2,709,727
Operating expenses:					
Personal services	311,338	202,317	-	-	513,655
Contract services	85,722	85,424	-	255,319	426,465
Materials and supplies.	142,868	128,793	266	-	271,927
Depreciation.	141,116	120,561	-	-	261,677
Utilities	298,354	104,191	-	-	402,545
Other.	2,302	3,121	1,000	-	6,423
Total operating expenses	981,700	644,407	1,266	255,319	1,882,692
Operating income (loss)	333,836	487,902	652	4,645	827,035
Nonoperating revenues (expenses):					
Interest and fiscal charges	(396,000)	(111,255)	-	-	(507,255)
Investment earnings	334,074	5,687	-	-	339,761
Intergovernmental	-	-	-	10,309	10,309
Total nonoperating revenues (expenses)	(61,926)	(105,568)	-	10,309	(157,185)
Net income before operating transfers	271,910	382,334	652	14,954	669,850
Operating transfers in	-	130,623	-	-	130,623
Operating transfers out.	(274,136)	-	-	-	(274,136)
Net income (loss).	(2,226)	512,957	652	14,954	526,337
Retained earnings (restated), January 1.	3,633,488	2,955,820	27,241	149,657	6,766,206
Retained earnings, December 31.	3,631,262	3,468,777	27,893	164,611	7,292,543
Contributed capital, December 31	757,007	490,660	-	-	1,247,667
Total fund equity, December 31	\$ 4,388,269	\$ 3,959,437	\$ 27,893	\$ 164,611	\$ 8,540,210

CITY OF HARRISON, OHIO

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

SEWER FUND

FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Charges for services	\$ 849,265	\$ 1,302,339	\$ 453,074
Other	916	1,904	988
Total operating revenues	850,181	1,304,243	454,062
Operating expenses:			
Personal services	325,083	329,103	(4,020)
Operations/maintenance	387,328	442,245	(54,917)
Capital improvements	11,506,988	10,484,661	1,022,327
Other operating expenses	5,000	-	5,000
Total operating expenses	12,224,399	11,256,009	968,390
Operating loss	(11,374,218)	(9,951,766)	1,422,452
Nonoperating revenues (expenses):			
Principal retirement	(10,000,000)	(10,000,000)	-
Interest and fiscal charges	(212,067)	(212,067)	-
Investment earnings	147,494	226,180	78,686
Proceeds of loans	644,261	987,968	343,707
Proceeds of notes	9,781,607	15,000,000	5,218,393
Premium on note issuance	55,892	74,400	18,508
Note issuance costs	(363,300)	(50,800)	312,500
Total nonoperating revenues (expenses)	53,887	6,025,681	5,971,794
Net loss before operating transfers	(11,320,331)	(3,926,085)	7,394,246
Operating transfers in	32,931	50,000	17,069
Operating transfers out	(555,854)	(450,854)	105,000
Net loss	(11,843,254)	(4,326,939)	7,516,315
Retained earnings, January 1	6,094,015	6,094,015	-
Prior year encumbrances appropriated	97,379	97,379	-
Retained earnings, December 31	\$ (5,651,860)	\$ 1,864,455	\$ 7,516,315

CITY OF HARRISON, OHIO

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
 RETAINED EARNINGS - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Charges for services	\$ 1,555,438	\$ 1,098,985	\$ (456,453)
Other	37,093	26,708	(10,385)
Total operating revenues.	<u>1,592,531</u>	<u>1,125,693</u>	<u>(466,838)</u>
Operating expenses:			
Personal services.	235,469	217,361	18,108
Operations/maintenance.	237,578	308,957	(71,379)
Capital improvements	3,007,821	1,127,692	1,880,129
Other operating expenses	5,000	-	5,000
Total operating expenses	<u>3,485,868</u>	<u>1,654,010</u>	<u>1,831,858</u>
Operating loss.	<u>(1,893,337)</u>	<u>(528,317)</u>	<u>1,365,020</u>
Nonoperating revenues:			
Intergovernmental.	555,683	-	(555,683)
Investment earnings.	26,480	18,709	(7,771)
Proceeds of loans	345,697	244,250	(101,447)
Total nonoperating revenues.	<u>927,860</u>	<u>262,959</u>	<u>(664,901)</u>
Net loss before operating transfers.	<u>(965,477)</u>	<u>(265,358)</u>	<u>700,119</u>
Operating transfers in	425,310	300,000	(125,310)
Operating transfers out.	<u>(300,414)</u>	<u>(600,414)</u>	<u>(300,000)</u>
Net loss	(840,581)	(565,772)	274,809
Retained earnings (accumulated deficit).			
January 1	(601,783)	(601,783)	-
Prior year encumbrances appropriated	1,099,411	1,099,411	-
Retained earnings (accumulated deficit), December 31.	<u>\$ (342,953)</u>	<u>\$ (68,144)</u>	<u>\$ 274,809</u>

CITY OF HARRISON, OHIO

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
 RETAINED EARNINGS - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER/SEWER DEPOSITS
 FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating revenues:			
Other	\$ 1,818	\$ 1,918	\$ 100
Total operating revenues.	<u>1,818</u>	<u>1,918</u>	<u>100</u>
Operating expenses:			
Other operating expenses	1,000	1,266	(266)
Total operating expenses	<u>1,000</u>	<u>1,266</u>	<u>(266)</u>
Net income.	818	652	(166)
Retained earnings, January 1.	27,241	27,241	-
Prior year encumbrances appropriated	-	-	-
Retained earnings, December 31.	<u>\$ 28,059</u>	<u>\$ 27,893</u>	<u>\$ (166)</u>

CITY OF HARRISON, OHIO

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
 RETAINED EARNINGS - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SANITATION FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Charges for services	\$ 284,258	\$ 258,147	\$ (26,111)
Total operating revenues	<u>284,258</u>	<u>258,147</u>	<u>(26,111)</u>
Operating expenses:			
Other operating expenses	<u>274,061</u>	<u>277,392</u>	<u>(3,331)</u>
Total operating expenses	<u>274,061</u>	<u>277,392</u>	<u>(3,331)</u>
Operating income (loss)	<u>10,197</u>	<u>(19,245)</u>	<u>(29,442)</u>
Nonoperating revenues:			
Intergovernmental	<u>15,482</u>	<u>10,309</u>	<u>(5,173)</u>
Total nonoperating revenues	<u>15,482</u>	<u>10,309</u>	<u>(5,173)</u>
Net income (loss)	25,679	(8,936)	(34,615)
Retained earnings, January 1	106,759	106,759	-
Prior year encumbrances appropriated	20,561	20,561	-
Retained earnings, December 31.	<u>\$ 152,999</u>	<u>\$ 118,384</u>	<u>\$ (34,615)</u>

CITY OF HARRISON, OHIO

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
 RETAINED EARNINGS - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating revenues:			
Charges for services	\$ 2,688,961	\$ 2,659,471	\$ (29,490)
Other	39,827	30,530	(9,297)
Total operating revenues	<u>2,728,788</u>	<u>2,690,001</u>	<u>(38,787)</u>
Operating expenses:			
Personal services.	560,552	546,464	14,088
Operations/maintenance	624,906	751,202	(126,296)
Capital improvements	14,514,809	11,612,353	2,902,456
Other operating expenses	285,061	278,658	6,403
Total operating expenses	<u>15,985,328</u>	<u>13,188,677</u>	<u>2,796,651</u>
Operating loss	<u>(13,256,540)</u>	<u>(10,498,676)</u>	<u>2,757,864</u>
Nonoperating revenues (expenses):			
Principal retirement.	(10,000,000)	(10,000,000)	-
Interest and fiscal charges.	(212,067)	(212,067)	-
Intergovernmental.	571,165	10,309	(560,856)
Investment earnings.	173,974	244,889	70,915
Proceeds of loans	989,958	1,232,218	242,260
Proceeds of notes	9,781,607	15,000,000	5,218,393
Premium on note issuance	55,892	74,400	18,508
Note issuance costs	(363,300)	(50,800)	312,500
Total nonoperating revenues (expenses)	<u>997,229</u>	<u>6,298,949</u>	<u>5,301,720</u>
Net loss before operating transfers.	<u>(12,259,311)</u>	<u>(4,199,727)</u>	<u>8,059,584</u>
Operating transfers in	458,241	350,000	(108,241)
Operating transfers out.	(856,268)	(1,051,268)	(195,000)
Net loss	<u>(12,657,338)</u>	<u>(4,900,995)</u>	<u>7,756,343</u>
Retained earnings, January 1.	5,626,232	5,626,232	-
Prior year encumbrances appropriated	1,217,351	1,217,351	-
Retained earnings, December 31	<u>\$ (5,813,755)</u>	<u>\$ 1,942,588</u>	<u>\$ 7,756,343</u>

CITY OF HARRISON, OHIO

**COMBINING STATEMENT OF CASH FLOWS
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Sewer</u>	<u>Water</u>	<u>Water/Sewer Deposits</u>	<u>Sanitation</u>	<u>Total</u>
Cash flows from operating activities:					
Cash received from customers	\$ 1,302,339	\$ 1,098,985	\$ 1,918	\$ 258,147	\$ 2,661,389
Cash received from other operations.	1,904	26,708	-	-	28,612
Cash payments for personal services	(309,305)	(200,438)	-	-	(509,743)
Cash payments for contract services.	(81,747)	(78,873)	-	(274,503)	(435,123)
Cash payments for materials and supplies.	(98,722)	(127,750)	(266)	-	(226,738)
Cash payments for utilities.	(313,564)	(102,481)	-	-	(416,045)
Cash payments for other operating expenses	(2,302)	(3,121)	(1,000)	-	(6,423)
Net cash provided by (used in) operating activities.	<u>498,603</u>	<u>613,030</u>	<u>652</u>	<u>(16,356)</u>	<u>1,095,929</u>
Cash flows from noncapital financing activities:					
Cash received from grants.	-	-	-	10,309	10,309
Transfers in from other funds.	-	130,623	-	-	130,623
Transfers out to other funds.	(274,136)	-	-	-	(274,136)
Net cash provided by (used in) noncapital financing activities	<u>(274,136)</u>	<u>130,623</u>	<u>-</u>	<u>10,309</u>	<u>(133,204)</u>
Cash flows from capital and related financing activities:					
Acquisition capital assets.	(5,391,362)	(159,808)	-	-	(5,551,170)
Proceeds of loans.	987,968	244,250	-	-	1,232,218
Proceeds of notes.	15,000,000	-	-	-	15,000,000
Premium on note issuance	53,200	-	-	-	53,200
Note issuance costs.	(29,600)	-	-	-	(29,600)
Principal retirement	(10,194,672)	(318,158)	-	-	(10,512,830)
Interest and fiscal charges	(399,113)	(112,879)	-	-	(511,992)
Net cash provided by (used in) capital and related financing activities	<u>26,421</u>	<u>(346,595)</u>	<u>-</u>	<u>-</u>	<u>(320,174)</u>
Cash flows from investing activities:					
Interest received	317,977	5,687	-	-	323,664
Net cash provided by investing activities	<u>317,977</u>	<u>5,687</u>	<u>-</u>	<u>-</u>	<u>323,664</u>
Net increase (decrease) in cash and cash equivalents .	568,865	402,745	652	(6,047)	966,215
Cash and cash equivalents, January 1	<u>6,981,410</u>	<u>851,533</u>	<u>27,241</u>	<u>127,320</u>	<u>7,987,504</u>
Cash and cash equivalents, December 31	<u>\$ 7,550,275</u>	<u>\$ 1,254,278</u>	<u>\$ 27,893</u>	<u>\$ 121,273</u>	<u>\$ 8,953,719</u>

Continued

CITY OF HARRISON, OHIO

**COMBINING STATEMENT OF CASH FLOWS
ALL ENTERPRISE FUNDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Sewer</u>	<u>Water</u>	<u>Water/Sewer Deposits</u>	<u>Sanitation</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income	\$ 333,836	\$ 487,902	\$ 652	\$ 4,645	\$ 827,035
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation	141,116	120,561	-	-	261,677
Changes in assets and liabilities:					
Increase in accounts receivable.	(11,293)	(6,616)	-	(1,817)	(19,726)
(Increase) decrease in prepayments.	(1,067)	(673)	-	-	(1,740)
Increase (decrease) in accounts payable	33,978	2,753	-	(19,184)	17,547
Increase (decrease) in contracts payable	-	7,224	-	-	7,224
Increase in accrued wages and benefits.	1,003	717	-	-	1,720
Increase in compensated absences payable	747	1,183	-	-	1,930
Increase (decrease) in due to other governments.	283	(21)	-	-	262
Net cash provided by (used in) operating activities	<u>\$ 498,603</u>	<u>\$ 613,030</u>	<u>\$ 652</u>	<u>\$ (16,356)</u>	<u>\$ 1,095,929</u>

Noncash investing, capital and financing activities:

At December 31, 2001, the Water fund purchased \$20,666 in capital assets on account. At December 31, 2002, the Water fund purchased \$660 in capital assets on account.

CITY OF HARRISON, OHIO

FIDUCIARY FUND

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following is the City's fiduciary fund type:

Agency Fund

Agency funds maintain assets held by the City as an agent for individuals, private organizations, other governmental units and/or funds. These funds are purely custodial (assets equal liabilities) and therefore do not involve the measurement of results of operation. The following is the City's agency fund:

Mayors Court

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

CITY OF HARRISON, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
 DECEMBER 31, 2002

	<u>Balance 12/31/01</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/02</u>
Mayors Court				
Assets:				
Cash with fiscal agent.	\$ 10,860	\$ 750	\$ 10,860	\$ 750
Receivables (net of allowances of uncollectibles):				
Accounts.	<u>-</u>	<u>12,132</u>	<u>-</u>	<u>12,132</u>
Total assets.	<u>\$ 10,860</u>	<u>\$ 12,882</u>	<u>\$ 10,860</u>	<u>\$ 12,882</u>
Liabilities:				
Due to other governments	\$ 2,933	\$ 750	\$ 2,933	\$ 750
Due to other funds	<u>7,927</u>	<u>12,132</u>	<u>7,927</u>	<u>12,132</u>
Total liabilities.	<u>\$ 10,860</u>	<u>\$ 12,882</u>	<u>\$ 10,860</u>	<u>\$ 12,882</u>

CITY OF HARRISON, OHIO

GENERAL FIXED ASSETS ACCOUNT GROUP

The general fixed assets account group is used to account for all general fixed assets of the City, other than those accounted for in the proprietary funds.

CITY OF HARRISON, OHIO

**SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION
DECEMBER 31, 2002**

Function	Land	Buildings	Improvements other than Buildings	Machinery and Equipment	Total
General government	\$ 109,569	\$ 10,447	\$ 3,295	\$ 62,535	\$ 185,846
Security of persons and property	266,891	1,460,691	-	2,204,101	3,931,683
Transportation.	1,795	74,455	-	314,860	391,110
Community environment	136,641	425,027	-	132,682	694,350
Leisure time activities.	334,294	-	27,639	44,595	406,528
Total General Fixed Assets	\$ 849,190	\$ 1,970,620	\$ 30,934	\$ 2,758,773	\$ 5,609,517

CITY OF HARRISON, OHIO

**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2002**

<u>Function</u>	<u>Balance 1/1/2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2002</u>
General government	\$ 203,371	\$ 11,690	\$ 29,215	\$ 185,846
Security of persons and property	3,870,850	74,459	13,626	3,931,683
Transportation.	391,110	-	-	391,110
Community environment	694,350	-	-	694,350
Leisure time activities.	406,528	-	-	406,528
Total General Fixed Assets	<u>\$ 5,566,209</u>	<u>\$ 86,149</u>	<u>\$ 42,841</u>	<u>\$ 5,609,517</u>

CITY OF HARRISON, OHIO

SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE
DECEMBER 31, 2002

General Fixed Assets

Land	\$	849,190
Buildings		1,970,620
Improvements other than Buildings		30,934
Machinery and Equipment		<u>2,758,773</u>
Total General Fixed Assets	\$	<u>5,609,517</u>

Investment in General Fixed Assets

General Fund Revenues	\$	1,587,946
Special Revenue Funds Revenues		1,275,819
Capital Projects Funds Revenues		<u>2,745,752</u>
Total Investment in General Fixed Assets	\$	<u>5,609,517</u>

STATISTICAL SECTION

CITY OF HARRISON, OHIO

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

Year	General Government	Security of Persons and Property	Public Health and Welfare	Community Environment
1993	\$ 260,437	\$ 1,055,499	\$ 2,262	\$ 21,145
1994	374,645	1,102,537	4,628	23,072
1995	367,063	1,123,092	6,849	24,305
1996	445,082	1,207,681	6,898	32,632
1997	445,336	1,297,914	6,921	28,939
1998	525,531	1,476,275	7,115	32,159
1999	729,475	1,416,129	13,367	39,146
2000	723,126	1,651,000	1,884	33,325
2001	692,000	1,625,515	8,238	38,205
2002	951,212	1,635,538	-	178,359

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

Leisure Time Activity	Capital Outlay	Debt Service:		Total Expenditures
		Principal Retirement	Interest and Fiscal Charges	
\$ 31,342	\$ -	\$ -	\$ -	\$ 1,370,685
26,821	30,848	-	-	1,562,551
23,495	69,948	-	-	1,614,752
31,488	51,350	172,367	-	1,947,498
30,911	125,347	-	-	1,935,368
16,649	69,197	-	-	2,126,926
36,940	41,340	14,768	-	2,291,165
49,894	59,721	514,272	1,954	3,035,176
54,516	62,750	54,440	4,073	2,539,737
67,394	-	39,444	4,300	2,876,247

CITY OF HARRISON, OHIO

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

Year	Taxes	Charges for Services	Licenses, Permits and Fees	Fines and Forfeitures
1993	\$ 360,579	\$ -	\$ 20,556	\$ 108,013
1994	1,999,631	4,325	54,756	166,746
1995	2,178,809	25,774	34,232	254,499
1996	2,340,232	28,698	21,683	217,738
1997	2,230,575	3,458	62,754	252,347
1998	2,538,990	1,302	54,629	185,022
1999	3,238,722	870	108,160	255,767
2000	3,315,699	3,415	93,255	218,627
2001	2,989,745	2,225	87,843	170,242
2002	3,300,438	3,300	128,198	172,016

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

<u>Intergovernmental</u>	<u>Investment Income</u>	<u>Other</u>	<u>Total Revenues</u>
\$ 297,338	\$ 63,582	\$ 7,118	\$ 857,186
263,025	24,360	21,056	2,533,899
270,283	116,229	-	2,879,826
325,068	83,772	24,982	3,042,173
359,209	109,026	20,993	3,038,362
433,611	62,992	28,141	3,304,687
330,179	124,553	19,096	4,077,347
372,437	142,433	81,012	4,226,878
495,190	159,134	70,717	3,975,096
375,547	77,243	133,289	4,190,031

CITY OF HARRISON, OHIO

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

Year	Real Property (a)		Personal Property		Public Utilities	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1993	\$ 66,297,960	\$ 189,422,743	\$ 13,809,350	\$ 55,237,400	\$ 5,439,750	\$ 5,439,750
1994	78,586,090	224,531,686	15,306,560	61,226,240	5,590,920	5,590,920
1995	79,290,640	226,544,686	16,025,720	64,102,880	5,545,160	5,545,160
1996	81,559,740	233,027,829	16,373,160	65,492,640	5,544,310	5,544,310
1997	89,700,940	256,288,400	19,386,320	77,545,280	5,691,670	5,691,670
1998	94,563,970	270,182,771	20,429,050	81,716,200	5,506,680	5,506,680
1999	96,460,940	275,602,686	21,931,100	87,724,400	7,652,880	7,652,880
2000	116,704,100	333,440,286	21,931,100	87,724,400	7,853,370	7,853,370
2001	122,626,630	350,361,800	19,360,790	77,443,160	4,872,000	4,872,000
2002	140,281,390	400,803,971	22,233,920	88,935,680	3,644,230	3,644,230

Source: Hamilton County Auditor's office.

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

Total				Ratio of
Assessed	Estimated			Assessed to
Value	Actual Value			Actual Value
\$ 85,547,060	\$ 250,099,893			34.21%
99,483,570	291,348,846			34.15%
100,861,520	296,192,726			34.05%
103,477,210	304,064,779			34.03%
114,778,930	339,525,350			33.81%
120,499,700	357,405,651			33.72%
126,044,920	370,979,966			33.98%
146,488,570	429,018,056			34.15%
146,859,420	432,676,960			33.94%
166,159,540	493,383,881			33.68%

CITY OF HARRISON, OHIO

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

Year	Current Taxes Levied	Current Taxes Collected	Percent of Current Taxes Collected	Prior Year Collections	Total Collections	Percent of Total Taxes Collected
1993	N/A	N/A	N/A	N/A	N/A	N/A
1994	N/A	N/A	N/A	N/A	N/A	N/A
1995	\$ 1,274,389	\$ 1,221,475	95.85%	\$ 30,164	\$ 1,251,639	98.21%
1996	1,303,478	1,247,405	95.70%	39,301	1,286,706	98.71%
1997	1,416,615	1,348,295	95.18%	28,517	1,376,812	97.19%
1998	1,494,324	1,437,362	96.19%	51,036	1,488,398	99.60%
1999	1,626,587	1,588,290	97.65%	126,673	1,714,963	105.43%
2000	1,719,587	1,601,953	93.16%	55,894	1,657,847	96.41%
2001	1,735,336	1,575,090	90.77%	57,888	1,632,978	94.10%
2002	1,843,626	1,640,099	88.96%	98,331	1,738,430	94.29%

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

Source: Hamilton County Auditor's office.

CITY OF HARRISON, OHIO

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

Fiscal Year	Township Levy	City of Harrison Levy	School Levy	County Levy	Joint Ambulatory Levy	Joint Vocational Levy	Total
1992 for 1993	0.06	13.00	39.04	18.56	N/A	2.70	73.36
1993 for 1994	0.06	13.00	45.13	18.33	N/A	2.70	79.22
1994 for 1995	0.06	13.00	45.13	18.30	N/A	2.70	79.19
1995 for 1996	0.06	13.00	45.13	18.30	1.25	2.70	80.44
1996 for 1997	0.06	13.00	44.77	19.44	1.25	2.70	81.22
1997 for 1998	0.06	13.00	44.74	19.01	1.25	2.70	80.76
1998 for 1999	0.06	13.00	48.22	19.54	1.25	2.70	84.77
1999 for 2000	0.06	13.00	48.22	20.83	1.25	2.70	86.06
2000 for 2001	0.06	13.00	47.88	19.92	1.25	2.70	84.81
2001 for 2002	0.06	13.00	47.75	21.47	1.25	2.70	86.23

Source: Hamilton County Auditor's office.

CITY OF HARRISON, OHIO

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

<u>Year</u>	<u>Estimated Population (a)</u>	<u>Assessed Valuation (b)</u>	<u>Gross Bonded Debt</u>	<u>Less: Debt Service Fund Equity</u>	<u>Less: Debt Payable from Enterprise Revenues (c)</u>
1993	8,509	\$ 85,547,060	\$ 5,020,000	\$ 71,880	\$ 4,870,000
1994	8,749	99,483,570	4,815,000	71,200	4,715,000
1995	8,974	100,861,520	5,080,000	50,000	5,030,000
1996	9,176	103,477,210	4,795,000	(d)	4,795,000
1997	9,393	114,778,930	4,560,000	(d)	4,560,000
1998	9,566	120,499,400	4,594,000	(d)	4,594,000
1999	9,750	126,044,920	4,273,000	(d)	4,273,000
2000	9,835	146,488,570	7,247,000	85,350	3,937,000
2001	9,865	146,859,420	6,811,000	45,551	3,606,000
2002	9,885	166,159,540	6,360,000	280,610	3,265,000

Sources:

(a) United States Bureau of Census.

(b) Hamilton County Auditor's office.

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

(d) In years 1996 - 1999 the City had no general obligation debt. All debt was repaid through enterprise operations.

	Net Bonded Debt	Ratio of Debt to Assessed Value	Net Bonded Debt Per Capita
\$	78,120	0.09%	9.18
	28,800	0.03%	3.29
	-	0.00%	0.00
	(d)	0.00%	0.00
	(d)	0.00%	0.00
	(d)	0.00%	0.00
	(d)	0.00%	0.00
	3,224,650	2.20%	327.87
	3,159,449	2.15%	320.27
	2,814,390	1.69%	284.71

CITY OF HARRISON, OHIO

COMPUTATION OF LEGAL DEBT MARGIN (a)
DECEMBER 31, 2002

	<u>Total Debt Limit (b)</u>	<u>Total Unvoted Debt Limit (c)</u>
Assessed valuation of the City	\$ 166,159,540	\$ 166,159,540
Legal debt margin:		
Debt limitation	17,446,752	9,138,775
Debt applicable to limitation:		
Total bonded debt	6,360,000	6,360,000
Exemptions:		
Debt supported by enterprise fund operations	<u>(3,265,000)</u>	<u>(3,265,000)</u>
Total debt applicable to limitation	<u>3,095,000</u>	<u>3,095,000</u>
Total legal debt margin (debt limitation minus total debt applicable to limitation)	<u>\$ 14,351,752</u>	<u>\$ 6,043,775</u>

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

- (a) Computation of legal debt margin based on Section 133, the Uniform Bond Act of the Ohio Revised Code.
- (b) The total debt limitation is 10.5% of the assessed valuation.
- (c) The unvoted debt limitation is 5.5% of the assessed valuation.

CITY OF HARRISON, OHIO

**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS
DECEMBER 31, 2002**

<u>Jurisdiction</u>	<u>Net General Obligation Debt Outstanding (a)</u>	<u>Percentage Applicable To the City (b)</u>	<u>Amount Applicable to the City</u>
Direct:			
City of Harrison	\$ 3,095,000	100.00%	\$ 3,095,000
Total Direct			<u>3,095,000</u>
Overlapping:			
Southwest Ohio School District	21,724,992	37.66%	8,181,632
Harrison Township	-	62.54%	-
Hamilton County	155,430,000	0.81%	1,258,983
Total Overlapping			<u>9,440,615</u>
Grand Total Direct and Overlapping			<u>\$ 12,535,615</u>

Source: Fiscal Officers of Various Subdivisions.

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

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

CITY OF HARRISON, OHIO

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures
1993	\$ 50,000	\$ 10,541	\$ 60,541	\$ 1,370,685	4.42%
1994	50,000	7,875	57,875	1,562,551	3.70%
1995	50,000	6,145	56,145	1,614,752	3.48%
1996	-	-	-	1,947,498	0.00%
1997	-	-	-	1,935,368	0.00%
1998	-	-	-	2,126,926	0.00%
1999	-	-	-	2,291,165	0.00%
2000	50,000	162,407	212,407	3,035,176	7.00%
2001	105,000	183,374	288,374	2,539,737	11.35%
2002	110,000	178,230	288,230	2,876,247	10.02%

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

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

CITY OF HARRISON, OHIO

**REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenues (a)	Operating Expenses (b)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1993	\$ 1,436,128	\$ 778,423	\$ 657,705	\$ 100,000	\$ 198,025	\$ 298,025	2.21
1994	1,938,251	1,081,384	856,867	140,000	234,176	374,176	2.29
1995	1,900,449	1,033,441	867,008	150,000	229,633	379,633	2.28
1996	2,069,589	1,075,614	993,975	160,000	224,315	384,315	2.59
1997	2,160,504	1,016,104	1,144,400	165,000	218,253	383,253	2.99
1998	2,205,913	1,260,035	945,878	180,000	211,453	391,453	2.42
1999	2,349,550	1,100,051	1,249,499	261,000	203,584	464,584	2.69
2000	2,555,961	1,210,224	1,345,737	276,000	218,531	494,531	2.72
2001	2,596,128	1,323,535	1,272,593	286,000	191,893	477,893	2.66
2002	3,059,797	1,621,015	1,438,782	301,000	190,426	491,426	2.93

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

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

CITY OF HARRISON, OHIO

**DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Estimated Population (a)	Per Capita Income (b)	School Enrollment (c)	Unemployment Rate (b)
1993	8,509	\$24,473	3,992	5.50%
1994	8,749	25,459	4,026	4.80%
1995	8,974	26,849	4,106	4.00%
1996	9,176	28,221	4,109	4.10%
1997	9,393	29,640	4,176	3.60%
1998	9,566	32,084	4,059	3.40%
1999	9,750	32,962	4,086	3.00%
2000	9,835	34,359	4,082	2.90%
2001	9,865	35,453	4,037	3.20%
2002	9,885	N/A	4,000	5.00%

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

Sources:

(a) United States Bureau of Census.

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

(c) Southwest Local School District.

CITY OF HARRISON, OHIO

**PROPERTY VALUE, AND CONSTRUCTION
LAST TEN FISCAL YEARS**

Year	Property Value (a)			Number of Permits (b)		
	Commercial	Residential	Total	Single Family	Total	Estimated Cost
1993	\$ 69,360,857	\$ 120,061,886	\$ 189,422,743	16	134	\$ 887,000
1994	83,683,800	140,847,886	224,531,686	11	105	1,557,534
1995	84,671,000	141,873,686	226,544,686	20	118	1,865,491
1996	89,274,600	143,753,229	233,027,829	11	106	1,546,167
1997	89,898,314	166,390,086	256,288,400	4	114	975,393
1998	102,966,110	167,216,661	270,182,771	8	101	1,285,207
1999	105,031,629	170,571,057	275,602,686	45	150	5,660,334
2000	127,037,600	206,402,686	333,440,286	28	141	5,289,474
2001	135,154,600	215,207,200	350,361,800	26	119	4,043,591
2002	145,899,514	254,904,457	400,803,971	NA	NA	NA

"NA" indicates that the information was not available.

Sources:

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

(b) City of Harrison Building Department.

CITY OF HARRISON, OHIO

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

<u>Taxpayer</u>	<u>Tax Valuation Real & Personal Property</u>	<u>Percent of Total Assessed Valuation</u>
F&M Mafco, Inc.	\$ 3,065,850	1.85%
Hyper Shoppes, Inc.	2,797,210	1.68%
CINERGY	2,553,720	1.55%
JTM Provisions Co. Inc.	2,220,010	1.35%
Wurster, Erlene	2,209,870	1.33%
MMII Inc.	2,104,440	1.27%
Scott Fetzer Co. - Campbell Hausfeld	1,861,080	1.12%
SCI Ltd. Partnership IV	1,750,470	1.05%
Supervalu Holdings Inc.	1,508,110	0.91%
Indian Chestnut LLC	1,470,280	0.88%
All others	<u>144,618,500</u>	<u>87.04%</u>
Total Taxable Valuation	<u>\$ 166,159,540</u>	<u>100.00%</u>

Source: Hamilton County Auditor's office.

CITY OF HARRISON, OHIO

MISCELLANEOUS STATISTICS
DECEMBER 31, 2002

Government and History:

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

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

Population:	Estimate 12/31/02	Census 1990	Census 1980	Census 1970	Census 1960
Harrison - City	7,487	7,520	5,855	4,408	3,878
Hamilton - County	833,721	866,228	876,224	925,944	864,151
Metropolitan Area	1,979,202	1,452,645	1,401,491	1,387,207	1,268,479

Area:

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

Geographically, the City of Harrison is located in Southwestern Ohio near the junction of Ohio, Indiana and Kentucky along Interstate 74. Harrison is centrally located relative to the thirty-three major U.S. distribution centers. Within 600 miles of Harrison reside 54% of the nation's population, 53% of the nation's purchasing power, 54% of the nation's manufacturing establishments and 57% of the nation's value added by manufacturing.

2002 City Data:

Miles of Streets	40
Miles of Sewer Mains.	25
Miles of Water Mains.	26
Number of Water Customer Accounts	2,690
Number of Sewer Customer Accounts	2,540
Acres of Parks and Recreation Land	98
Number of Recreation Facilities	4
Gross General Bonded Debt	\$ 6,360,000
Gross Debt per Capita (9,885 est population 12-31-02)	643.40
Number of Municipal Employees, including part-time.	153

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**CITY OF HARRISON
HAMILTON COUNTY, OHIO**

SUPPLEMENTAL REPORT

DECEMBER 31, 2002

**CITY OF HARRISON
HAMILTON COUNTY, OHIO**

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TRIMBLE, JULIAN & GRUBE, INC.

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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited the general purpose financial statements of the City of Harrison, Hamilton County, as of and for the year ended December 31, 2002, and have issued our report thereon dated June 13, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Harrison’s general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2002-COH-001 and 2002-COH-002. We also noted other certain immaterial instances of noncompliance that we have reported to the management of the City of Harrison in a separate letter dated June 13, 2003.

Members of Council and Mayor
City of Harrison

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Harrison's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting, that do not require inclusion in this report, that we have reported to the management of the City of Harrison in a separate letter dated June 13, 2003.

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

Trimble, Julian & Grube, Inc.
June 13, 2003

**CITY OF HARRISON
HAMILTON COUNTY, OHIO**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002**

1. FINDINGS RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2002-COH-001

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

It was noted during the audit that for the year ended December 31, 2002, that total appropriations exceeded the estimated resources in the following funds:

<u>Fund Type/Fund</u>	<u>Excess</u>
<u>Special Revenue Funds</u>	
Fire Improvement	\$ 128,058
Senior Fund	9,990
Community Center	32,960
Federal Adoption Seizure	31
 <u>Enterprise Funds</u>	
Water	342,953
Sewer	5,651,860

With appropriations exceeding estimated resources, the City is spending monies not appropriated for those purposes and this could cause a fund deficit.

We recommend that the City comply with the Ohio Revised Code by keeping more accurate appropriations versus estimated resources records. If it is determined that estimated resources will be greater than initially anticipated, the City should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources. We recommend the City utilize its accounting software or a spreadsheet to help monitor the budget.

**CITY OF HARRISON
HAMILTON COUNTY, OHIO**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002**

2. FINDINGS RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2002-COH-002

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

It was noted during the audit that in the year ended December 31, 2002, the City had expenditures in excess of appropriations in the following line items:

<u>Fund Type/Fund/Department/Object</u>	<u>Excess</u>
<u>General Fund</u>	
Income Tax/Other	\$ 1,380
Custodial/Personal Services	6
Civil Service/Operations/maintenance	620
Street lighting/Other	403
Building/Personal Services	6,655
Building/Operations/maintenance	805
Zoning/Personal Services	1,236
 <u>Special Revenue Funds</u>	
Fire Memorial	
Security of persons and property/Other	3,731
Police Pension	
Security of persons and property/Personal ser	10,091
Passport and Account	
Public health and welfare/Capital improveme	1,427
Fire Capital Improvement	
Capital outlay/Capital improvements	41
Drug Law Enforcement	
Capital outlay/Capital improvements	7,252
 <u>Enterprise Funds</u>	
Sewer Fund	
Operating expenses/Personal services	4,020
Operating expenses/Operations/maintenance	54,917
Water Fund	
Operating expenses/Operations/maintenance	71,379
Operating transfers out	300,000
Water/Sewer Deposits	
Operating expenses/Other operating expense:	266
Sanitation	
Operating expenses/Other operating expense:	3,331

**CITY OF HARRISON
HAMILTON COUNTY, OHIO**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002**

2. FINDINGS RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2002-COH-002 – (Continued)

With expenditures exceeding appropriations, the City is spending monies not appropriated for and certified.

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

**CITY OF HARRISON
HAMILTON COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2001-COH-001	Ohio Revised Code Section 5705.39 in part requires that the appropriations from each fund should not exceed estimated resources.	No	The City is attempting to review and obtain amended certificates as required.
2001-COH-002	Ohio Revised Code Section 5705.41(B) in part requires that expenditures shall not exceed appropriations.	No	The City is attempting to monitor the appropriations and expenditures on a more timely basis and obtain approval from Council for modifications.



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CITY OF HARRISON

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 21, 2003**