



**Auditor of State
Betty Montgomery**

CITY OF SHARONVILLE
HAMILTON COUNTY

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

City of Sharonville
Hamilton County
10900 Reading Road
Sharonville, Ohio 45241

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sharonville, Hamilton County, Ohio (the City), as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 7, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

In a separate letter to the City's management dated September 7, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

City of Sharonville
Hamilton County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

In a separate letter to the City's management dated September 7, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, and the City Council. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 7, 2005

**CITY OF SHARONVILLE
HAMILTON COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2003-001	City is not reconciling cash.	Yes	
2003-002	ORC section 5705.39 Appropriations in excess of Estimated Resources.	Yes	
2003 – 003	ORC 5705.09(F) failure to establish an OPWC fund.	Yes	

Hamilton County, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2004



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2004

Prepared by the Auditor's Office

Janet North
City Auditor



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HAMILTON COUNTY, OHIO

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INTRODUCTORY SECTION





CITY OF SHARONVILLE

10900 Reading Road • Sharonville, Ohio 45241

phone (513) 563-1144

fax (513)-563-0617

September 7, 2005

Honorable Mayor, Members of City Council
and Citizens of Sharonville, Ohio:

We are pleased to submit the fourth Comprehensive Annual Financial Report for the City of Sharonville for the fiscal year ended December 31, 2004. This report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

Introduction

While there is no legal requirement for the preparation of this report, it represents a commitment by the City of Sharonville (the "City") to conform to nationally recognized standards of excellence in financial reporting and to provide significantly enhanced financial information and accountability to its citizens. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This letter should be read in conjunction with the Management Discussion and Analysis (MD&A) that can be found immediately following the Independent Accountant's Report.

The Report

This Comprehensive Annual Financial Report (CAFR) is designed to assist and guide the reader in understanding its contents. The report is comprised of the following three major sections:

1. *The Introductory Section* includes this letter of transmittal, which presents the City's organization, operational structure and accomplishments; an organizational chart; a list of principal elected officials; and a list of principal administrative personnel.
2. *The Financial Section* contains the Independent Accountants' Report, Management's Discussion and Analysis, Basic Financial Statements, which include explanatory notes and provide an overview of the City's financial position and operating results, and the Combining Financial Statements of the individual funds that provide detailed information to the Basic Financial Statements;
3. *The Statistical Section* presents social, economic and historical data in a multi-year format which can be used to identify financial trends and data relative to the fiscal capacity of the City.

***Letter of Transmittal
For the Year Ended December 31, 2004***

The Reporting Entity

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (the "GASB") Statement No. 14, "The Financial Reporting Entity," in that the financial statements include all organizations, activities, functions and component units for which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide financial benefit to or impose a financial burden on the City.

The City provides the following services to its residents and businesses: police and fire protection, emergency medical response, parks and recreational activities, planning, zoning, street maintenance, solid waste collection, income tax collection and other governmental services. In addition, the City owns and operates a convention center and a senior apartment complex, which are reported as enterprise funds.

The Community Improvement Corporation of Sharonville is reported as a discretely presented component unit in a separate column in the combined financial statements.

The City of Sharonville

The City of Sharonville is located in Hamilton County in southwestern Ohio. The City is situated east of Interstate 75 and south of Interstate 275, approximately 15 miles north of downtown Cincinnati. Sharonville was originally settled in 1788 and was incorporated as a City in 1962. It is a Statutory City with a Mayor-Council form of government.

The legislative body of Sharonville consists of a seven-member Council whose members are elected to serve two-year terms. The chief executive and administrative officer of the City is the Mayor who is elected to a four-year term. The Law Director is elected to a four-year term and heads the Department of Law. The City Auditor, who is elected to a four-year term, supervises the Department of Finance and performs the powers, duties and functions of the fiscal officer of the City pursuant to the general laws of Ohio. In addition, the City Auditor is responsible for the administration, control, funding and payment of the City's debt. As the City's chief fiscal officer, the City Auditor maintains the City's accounting records. The City Treasurer is responsible for receiving and investing all funds of the City and is elected to a four-year term.

The Police Department consists of 47 full-time officers and non-sworn administrative personnel. It responds to approximately 2,000 service calls per month. It is committed to offering a wide variety of crime prevention services while providing a community orientation program for all area businesses and residents. Other programs of the Department include D.A.R.E., Anti-Drug Prevention, Neighborhood Watch, Crime Prevention, and Operation Identification. The Department also teaches safety programs in the City's schools.

CITY OF SHARONVILLE, OHIO

Letter of Transmittal

For the Year Ended December 31, 2004

The Fire Department is staffed 24 hours a day by 42 full-time and 28 part-time fire personnel and officers. Services offered by the Department include fire suppression, paramedic level emergency medical services, fire prevention and public education for children in kindergarten through eighth grade. The Department operates from three stations, which are located in the City.

The Health Department provides environmental health and public nursing services to the community. The environmental division performs food service and vending location licensing inspections, manufactured home park licensing, retail food establishment inspections, household sewage system monitoring and community education services. In addition, the division issues swimming pool and retail food establishment permits. The nursing division provides continuity of care following hospital discharge, teaches home caregivers, educates the community on immunizations and communicable diseases, conducts health screenings, offers dietary counseling and provides school health services. The nursing division gave approximately 500 flu shots in 2004.

The Parks and Recreation Department offers a variety of facilities and a broad range of activities for all groups. The main community center is a 51,000 square foot facility that houses a fitness center, indoor running/walking track, a double gymnasium, a single gymnasium/multipurpose rental facility, locker rooms, pre-school nursery, aerobics and dance room, craft room, lounge and game area, and a family game area. Additionally, the Crescentville Recreation Center is a satellite center that provides quality programs, as well as leadership and community service opportunities for pre-teens and teens. The Parks Division maintains three active parks and one undeveloped park, which the City plans to develop as a green belt. These parks contain 35 acres of green space and provide facilities for hiking, biking and picnicking as well as athletic facilities for baseball, football, soccer, tennis, basketball, horseshoes and volleyball. The City also maintains two public swimming pools.

Some of the street services provided by the Public Works Department include brush pick-up, landscaping, parking lot maintenance, pot hole repair, roadside and facility mowing, snow removal, street name and directional signage, street painting, street sweeping and tree trimming. The Department also oversees the operation of Golden View Acres, a City-owned and operated 52-unit apartment complex for senior citizens.

The Sharonville Convention Center is a 28,000 square foot multi-level facility. The meeting room level has an 8,245 square foot ballroom that can accommodate groups of up to 1,000 people for meetings or 550 people for banquets. There are three additional meeting rooms that give this level a combined 10,729 square feet of meeting space. The exhibition hall level has 16,554 square feet of column free space. This room can accommodate over 100 exhibit booths, 2,000 people for meetings or 1,100 people for banquets. The exhibition hall is equipped with electrical power, compressed air, water, drainage and 100 telephone lines.

*Letter of Transmittal
For the Year Ended December 31, 2004*

Economic Conditions and Outlook

The City has a significant number of motel rooms and reflective of the tourism and convention center drop off, the City's revenues have declined. On the positive side, the Northern Cincinnati Convention and Visitor's Bureau located an office in Sharonville during 2003. The Bureau will continue to promote tourism in the City of Sharonville as well as the other Northern Cincinnati suburbs. Additionally, the City's earnings tax revenues continue to grow.

Major Initiatives

In past years, the rate of return on City investments exceeded the interest rates that the City paid for borrowing funds. Although cash was available to finance construction projects, the City often issued notes at the lower interest rates while keeping City funds invested. When a note matured, the City would pay the interest charge and a portion of the principal or the entire principal amount. Given the current low levels of return on investments, the City may now elect to make required debt payments from existing funds instead of borrowing money through the issuance of debt.

There are several street and drainage improvement projects are underway in the City.

Financial Information

Internal Control, Budgetary Control and the Accounting System

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within this framework. It is the belief of the City's administrative and financial management that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

The City utilizes a fully-automated accounting system as well as automated systems of control for fixed assets and payroll. These systems, coupled with the manual auditing of each voucher prior to payment by the Auditor's Office, ensure that the financial information generated is both accurate and reliable.

In addition, the City maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council.

CITY OF SHARONVILLE, OHIO

Letter of Transmittal

For the Year Ended December 31, 2004

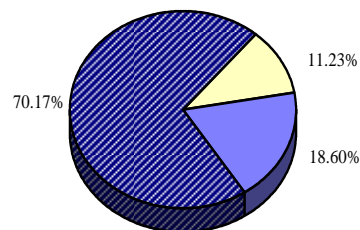
All funds other than the Community Improvement Corporation of Sharonville (CIC) and agency funds are included in the annual appropriated budget. The level of budgetary control (*i.e.*, the level at which expenditures can not legally exceed the appropriated amount) is at the fund level. Budgetary control is maintained by encumbering the estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders that result in overruns of budgeted balances are not released until additional appropriations are made available. Unencumbered amounts lapse at year-end. Appropriations, initial and supplemental, must be authorized by City Council.

As demonstrated by the statements and schedules included in the financial section of this Comprehensive Annual Financial Report, the City continues to meet its responsibility for sound fiscal management.

Cash Management

Cash that was temporarily idle during the year was invested in interest-bearing demand deposit accounts or in the State Treasurer's investment pool, STAR Ohio. The City's investment policy is to minimize credit and market risks, while obtaining the highest yield possible on its investments. Accordingly, the City purchases investments only through member banks of the Federal Reserve System or broker-dealers registered with the Securities and Exchange Commission. Investments are diversified to avoid incurring unreasonable risks relating to a specific type of security or to a particular individual financial institution. Portfolio investments remain sufficiently liquid to ensure that all operating requirements are satisfied in a timely manner. All investments meet the State of Ohio's requirements on allowable investments and the City's official investment policy. The City earned \$334,527 of investment income during 2004. As of December 31, 2004, the City's cash resources were divided between cash and investments as follows:

Cash Resources	2004	%
Cash	\$2,958,345	18.60
Federal Government Securities	11,161,967	70.17
STAR Ohio	1,786,606	11.23
Total Resources	<u>\$15,906,918</u>	<u>100.00</u>



At December 31, 2004, the City had deposits of \$2,958,345 collateralized by pooled collateral. The Ohio Revised Code provides for the establishment of collateral pools by local financial institutions designed to safeguard public deposits. The face value of the pooled collateral must equal at least 105 percent of the public funds on deposit. Since the collateral is held as a pool in the financial institution's name, deposits protected by the pool are classified as uninsured and uncollateralized. (See Note 4 of the Basic Financial Statements.)

***Letter of Transmittal
For the Year Ended December 31, 2004***

Risk Management

The proactive approach that the administration employs in addressing its ongoing operations is reflected in the composition of the City's insurance protection package and its very favorable loss experience.

The City reduces exposure to risk through several initiatives. Arch Insurance Company provides the following coverages: General Liability, Public Officials Liability, Law Enforcement Liability, Governmental Medical Liability, Employee Benefits Liability, Fleet Liability, Property, Earthquake, Flood, Electronic Data Processing, Crime Coverage and Equipment Breakdown Coverage.

Other Information

Independent Audit

State statutes require an annual audit by independent certified public accountants. The basic financial statements of the City of Sharonville were audited by the Auditor of the State of Ohio. Generally accepted auditing standards and the standards set forth in the General Accounting Office's Government Auditing Standards were used by the auditors in conducting the audit. The independent accountants' unqualified opinion has been included in the financial section of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sharonville for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2003. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards in state and local government financial reporting. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements respective to the reporting entity.

A Certificate of Achievement is valid for a period of one year only. We believe this current report continues to conform to the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting and we are submitting it to GFOA.

***Letter of Transmittal
For the Year Ended December 31, 2004***

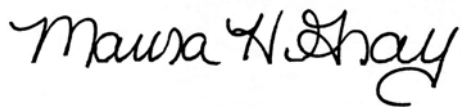
Acknowledgments

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the finance and administration department. Sincere appreciation is extended to all members of the department who assisted and contributed to the preparation of this report.

Special acknowledgment is extended to the staff of Donald J. Schonhardt and Associates, Inc. for their guidance in the preparation of this report.

Finally, a special thanks to the Mayor and City Council for their interest and support in planning and conducting the government in a responsible and progressive manner.

Respectfully submitted,



Maura Hoffman Gray
Deputy Auditor and Finance Director



Janet North
City Auditor

CITY OF SHARONVILLE, OHIO

***Elected Officials
For the Year Ended December 31, 2004***

ELECTED OFFICIALS

<u><i>ELECTED OFFICIAL</i></u>	<u><i>TITLE</i></u>	<u><i>SALARY</i></u>	<u><i>TERM OF OFFICE</i></u>	<u><i>SURETY</i></u>
Virgil Lovitt II	Mayor	\$32,376	01/01/04 - 12/31/07	(A)
Kevin Hardman	President of Council	12,634	01/01/04 - 12/31/05	(A)
William Breyer	Council Member	10,265	01/01/04 - 12/31/05	(A)
Jim Dygert	Council Member	10,265	01/01/04 - 12/31/05	(A)
Janey Kattelman	Council Member	10,265	01/01/04 - 12/31/05	(A)
Bill Lewis	Council Member	10,265	01/01/04 - 12/31/05	(A)
Kerry Rabe	Council Member	10,265	01/01/04 - 12/31/05	(A)
Robert Taylor	Council Member	10,265	01/01/04 - 12/31/05	(A)
Steven Tolbert	Council Member	10,265	01/01/04 - 12/31/05	(A)
Mark Piepmeier	Treasurer	10,265	01/01/02 - 12/31/05	(A)
Janet L. North	Auditor	18,162	01/01/04 - 12/31/07	(A)
Thomas Keating	Law Director	49,748	01/01/04 - 12/31/07	(A)

City Address:

Sharonville City Hall
10900 Reading Road
Sharonville, Ohio 45241

(A) Covered under Ohio Government Risk Management Plan in the amount of \$100,000 from 04/26/04 to 04/26/05.

***Elected Officials
For the Year Ended December 31, 2004***

ELECTED OFFICIALS



Virgil Lovitt II
Mayor



Kevin Hardman
President of Council



William Breyer
Council Member



Jim Dygert
Council Member



Janey Kattleman
Council Member



Bill Lewis
Council Member



Kerry Rabe
Council Member



Robert Taylor
Council Member



Steven Tolbert
Council Member



Mark Piepmeier
Treasurer



Janet L. North
Auditor



Thomas Keating
Law Director

CITY OF SHARONVILLE, OHIO

***Administrative Personnel
For the Year Ended December 31, 2004***

ADMINISTRATIVE PERSONNEL

<i>ADMINISTRATIVE PERSONNEL</i>	<i>TITLE</i>	<i>SALARY</i>	<i>TERM OF OFFICE OR CONTRACT</i>	<i>SURETY</i>
Al Ledbetter	Safety/Service Director	\$81,078 – 124,571	Indefinite	(A)
Maura Hoffman Gray	Finance Director / Deputy Auditor	40,121 – 72,800	Indefinite	(A)
Martha Cross Funk	Tax Commissioner	50,814 – 72,800	Indefinite	(A)

(A) Covered under Ohio Government Risk Management Plan in the amount of \$100,000 from 04/26/04 to 04/26/05.

***Administrative Personnel
For the Year Ended December 31, 2004***

ADMINISTRATIVE PERSONNEL



Al Ledbetter
Safety/Service Director



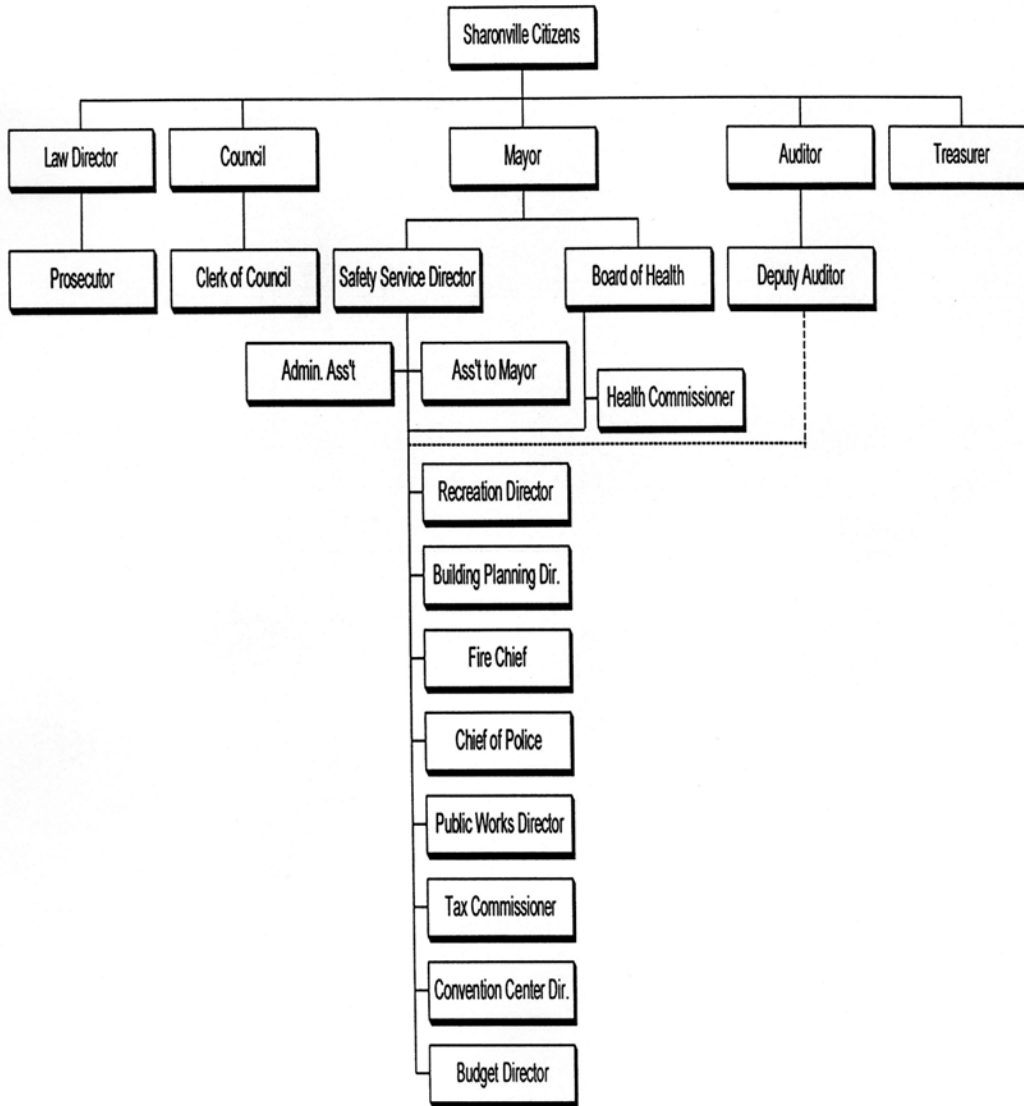
Martha Cross Funk
Tax Commissioner



Maura Gray
Finance Director /
Deputy Auditor

CITY OF SHARONVILLE, OHIO

**City Organizational Chart
For the Year Ended December 31, 2004**



Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Sharonville,
Ohio

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

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zjelle

President

Jeffrey R. Egan

Executive Director



FINANCIAL SECTION





Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

City of Sharonville
Hamilton County
10900 Reading Road
Sharonville, Ohio 45241

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sharonville, Hamilton County, Ohio (the City), as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sharonville, Hamilton County, Ohio, as of December 31, 2004 and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General and Fire Department Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2005 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory and statistical sections, combining non-major fund statements and schedules provide additional information and are not a required part of the basic financial statements. We subjected the combining non-major fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical sections to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 7, 2005

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

FINANCIAL HIGHLIGHTS

Key financial highlights for 2004 are as follows:

- ❑ In total, net assets increased by \$1,604,946. Net assets of governmental activities increased by \$1,974,915, which represents a 9.7% increase from 2003. Net assets of business-type activities decreased by \$369,969, or 13.8% from 2003.
- ❑ General revenues accounted for \$21,731,260 in revenue, or 78.9% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,815,253, or 21.1% of total revenues of \$27,546,515. Fund balances decreased in both the Fire Department and the Capital Improvement Funds. The Fire Department fund decreased as a result of payments made on long-term debt. The Capital Improvement Fund incurred large expenditures for the acquisition of new capital assets.
- ❑ The City had \$23,973,659 in expenses related to governmental activities; only \$4,217,314 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$21,731,260 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$16,468,849 in revenues and \$12,552,779 in expenditures. The general fund's fund balance increased \$1,167,755.
- ❑ Net assets for enterprise funds decreased \$369,969 from 2003 to 2004. The decrease in net assets was due to expenditures exceeding revenues in the Convention Center fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis*, the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining statements* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-Wide Financial Statements

The government-wide statements report information about the City as a whole using accepting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net-assets (the difference between the City's assets and liabilities) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as the City's tax base and the condition of the City's capital assets

The government-wide financial statements of the City are divided into two categories:

- ***Governmental Activities*** – Most of the City's programs and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, transportation and general government.
- ***Business-Type Activities*** – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's convention center and senior citizen housing complex are reported as business activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

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

CITY OF SHARONVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table is a comparison of the City's Net Assets for the years ended December 31, 2003 and 2004:

	Governmental Activities		Business-type Activities		Total	
	2004	Restated 2003	2004	2003	2004	2003
Current and other assets	\$21,182,020	\$23,768,945	\$843,036	\$1,534,155	\$22,025,056	\$25,303,100
Capital assets, Net	25,251,004	20,686,051	9,057,551	9,241,440	34,308,555	29,927,491
Total assets	46,433,024	44,454,996	9,900,587	10,775,595	56,333,611	55,230,591
Long-term debt outstanding	20,101,832	21,292,995	7,366,324	7,879,271	27,468,156	29,172,266
Other liabilities	4,077,390	2,883,114	233,046	225,138	4,310,436	3,108,252
Total liabilities	24,179,222	24,176,109	7,599,370	8,104,409	31,778,592	32,280,518
Net assets						
Invested in capital assets, net of related debt	6,034,135	7,503,481	1,840,939	1,890,127	7,875,074	9,393,608
Restricted	9,779,977	9,810,613	0	0	9,779,977	9,810,613
Unrestricted	6,439,690	2,964,793	460,278	781,059	6,899,968	3,745,852
Total net assets	\$22,253,802	\$20,278,887	\$2,301,217	\$2,671,186	\$24,555,019	\$22,950,073

CITY OF SHARONVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for the fiscal years 2003 and 2004:

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues						
Program revenues:						
Charges for Services and Sales	\$1,740,318	\$1,330,485	\$1,199,295	\$1,055,955	\$2,939,613	\$2,386,440
Operating Grants and Contributions	2,474,915	1,768,366	398,644	390,384	2,873,559	2,158,750
Capital Grants and Contributions	2,081	1,058,392	0	0	2,081	1,058,392
General revenues:						
Taxes	20,601,078	18,573,923	0	0	20,601,078	18,573,923
Grants and Entitlements not Restricted to Specific Programs	471,168	362,702	0	0	471,168	362,702
Investment Earnings	330,352	220,211	0	0	330,352	220,211
Miscellaneous	328,662	393,863	0	0	328,662	393,863
Total revenues	25,948,574	23,707,942	1,597,939	1,446,339	27,546,513	25,154,281
Program Expenses						
Security of Persons and Property	11,398,938	10,269,289	0	0	11,398,938	10,269,289
Public Health and Welfare Services	350,553	382,116	0	0	350,553	382,116
Leisure Time Activities	2,962,009	2,807,430	0	0	2,962,009	2,807,430
Community Environment	585,562	533,193	0	0	585,562	533,193
Basic Utility Services	431,204	468,046	0	0	431,204	468,046
Transportation	1,824,387	2,947,446	0	0	1,824,387	2,947,446
General Government	5,661,511	7,420,342	0	0	5,661,511	7,420,342
Interest and Fiscal Charges	759,495	746,869	0	0	759,495	746,869
Convention Center	0	0	1,782,608	1,846,690	1,782,608	1,846,690
Senior Citizen Housing	0	0	185,300	167,776	185,300	167,776
Total expenses	23,973,659	25,574,731	1,967,908	2,014,466	25,941,567	27,589,197
Change in Net Assets before Transfers	1,974,915	(1,866,789)	(369,969)	(568,127)	1,604,946	(2,434,916)
Transfers	0	(210,000)	0	210,000	0	0
Total Change in Net Assets	1,974,915	(2,076,789)	(369,969)	(358,127)	1,604,946	(2,434,916)
Beginning Net Assets, Restated	20,278,887	22,355,676	2,671,186	3,029,313	22,950,073	25,384,989
Ending Net Assets	\$22,253,802	\$20,278,887	\$2,301,217	\$2,671,186	\$24,555,019	\$22,950,073

Governmental Activities

Net assets of the City's governmental activities increased by \$1,974,915. This was due to increases in municipal income tax collections, operating and general grants, and investment income. The increase is also attributable to the purchase of various new capital assets.

CITY OF SHARONVILLE, OHIO

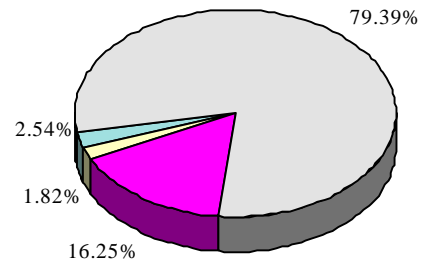
**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

The City receives an income tax based on 1.5% of all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on income of residents earned outside the City.

Taxes made up 79.39% of revenues for governmental activities for the City in fiscal year 2004. The City's reliance upon tax revenues is demonstrated by the following graph:

<u>Revenue Sources</u>	<u>2004</u>	<u>Percent of Total</u>
Taxes	\$20,601,078	79.39%
Program Revenues	4,217,314	16.25%
Shared Revenues	471,168	1.82%
General Other	659,014	2.54%
Total Revenue	\$25,948,574	100.00%



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$14,146,985, which is a decrease from last year's balance of \$18,369,143. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2004 and 2003:

	<u>Fund Balance</u>	<u>Restated Fund Balance</u>	<u>Increase</u>
	<u>December 31, 2004</u>	<u>December 31, 2003</u>	<u>(Decrease)</u>
General	\$4,652,344	\$3,484,589	\$1,167,755
Fire Department	1,070,262	1,228,933	(158,671)
Capital Improvement	(866,472)	4,200,703	(5,067,175)
Fire Capital Improvement	6,041,556	6,114,056	(72,500)
Other Governmental	3,249,295	3,340,862	(91,567)
Total	\$14,146,985	\$18,369,143	(\$4,222,158)

CITY OF SHARONVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

General Fund – The City's General Fund balance increase is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2004	2003	Increase
	<u>Revenues</u>	<u>Revenues</u>	<u>(Decrease)</u>
Taxes	\$14,363,887	\$13,060,714	\$1,303,173
Intergovernmental Revenues	569,426	582,442	(13,016)
Charges for Services	433,186	369,679	63,507
Licenses and Permits	334,397	301,042	33,355
Investment Earnings	307,479	141,401	166,078
Fines and Forfeitures	333,319	306,357	26,962
All Other Revenue	<u>127,155</u>	<u>113,166</u>	<u>13,989</u>
Total	<u>\$16,468,849</u>	<u>\$14,874,801</u>	<u>\$1,594,048</u>

General Fund revenues in 2004 increased by 10.7% compared to revenues in fiscal year 2003. The most significant factor contributing to this increase was the increase in income tax collections from 2003 to 2004.

	2004	2003	Increase
	<u>Expenditures</u>	<u>Expenditures</u>	<u>(Decrease)</u>
Security of Persons and Property	\$4,952,858	\$4,932,547	\$20,311
Public Health and Welfare Services	331,976	319,203	12,773
Leisure Time Activities	2,854,058	2,566,192	287,866
Community Environment	560,735	477,303	83,432
Basic Utility Services	431,204	468,046	(36,842)
General Government	3,421,751	3,000,553	421,198
Debt Service:			
Interest and Fiscal Charges	<u>197</u>	<u>0</u>	<u>197</u>
Total	<u>\$12,552,779</u>	<u>\$11,763,844</u>	<u>\$788,935</u>

General Fund expenditures increased by \$788,935, or 6.7% over the prior year due to increases in salaries, pension plan payments, and legal fees and other contractual services.

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2004 the City amended its General Fund budget several times, none were significant.

For the General Fund, final budget basis revenue of \$15.6 million changed less than 2.2% when compared to the original budget estimates of \$15.9 million. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2004 the City had \$34,308,555 net of accumulated depreciation invested in land, land improvements, buildings, machinery and equipment and vehicles. Of this total, \$25,251,004 was related to governmental activities and \$9,057,551 to the business-type activities. The following table shows fiscal year 2004 and 2003 balances:

	Governmental Activities		Increase (Decrease)
	2004	2003	
Land	\$5,871,002	\$4,060,211	\$1,810,791
Construction in Progress	4,093,753	797,017	3,296,736
Land Improvements	3,444,723	3,370,973	73,750
Buildings and Improvements	11,409,484	11,384,534	24,950
Infrastructure	13,177,672	13,158,593	19,079
Machinery and Equipment	1,635,032	1,322,637	312,395
Vehicles	2,953,963	3,081,022	(127,059)
Less: Accumulated Depreciation	(17,334,625)	(16,488,936)	(845,689)
Totals	\$25,251,004	\$20,686,051	\$4,564,953

CITY OF SHARONVILLE, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

	Business-Type Activities		Increase (Decrease)
	2004	2003	
Land	\$3,350,000	\$3,350,000	\$0
Land Improvements	125,892	125,892	0
Buildings and Improvements	7,919,793	7,919,793	0
Infrastructure	41,680	41,680	0
Machinery and Equipment	259,775	266,870	(7,095)
Vehicles	25,000	25,000	0
Less: Accumulated Depreciation	(2,664,589)	(2,487,795)	(176,794)
Totals	<u>\$9,057,551</u>	<u>\$9,241,440</u>	<u>(\$183,889)</u>

The primary increases in governmental activities' capital assets occurred in land and construction in progress. During 2004 the City acquired land for infrastructure purposes. The increase in construction in progress is related to the construction of the new municipal pool. Additional information on the City's capital assets can be found in Note 8.

As of December 31, 2004, the City had contractual commitments of \$1,053,023 related to street repairs, drainage improvements and the construction of a municipal swimming pool. Additional information on the City's contractual commitments can be found in Note 17.

Debt

At December 31, 2004, the City had \$24,750,843 in general obligation bonds outstanding, \$1,622,064 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2004 and 2003:

	2004	2003
Governmental Activities:		
General Obligation Bonds	\$17,534,231	\$18,602,570
Special Assessment Bonds	360,000	425,000
Compensated Absences	2,113,371	2,111,822
Capital Leases	61,869	120,730
Police and Firemen's Accrued Pension	32,361	32,873
Total Governmental Activities	<u>20,101,832</u>	<u>21,292,995</u>
Business-Type Activities:		
General Obligation Bonds	7,216,612	7,740,337
Compensated Absences	149,712	138,934
Total Business-Type Activities	<u>7,366,324</u>	<u>7,879,271</u>
Totals	<u>\$27,468,156</u>	<u>\$29,172,266</u>

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.50% of the total assessed value of real and personal property. At December 31, 2004, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 12.

ECONOMIC FACTORS

The City's financial position will be significantly affected by the redevelopment of businesses throughout the City during 2004 and 2005. A new hotel along with two national restaurants will be constructed and then opened at the corner of Sharon Road and Crowne Point Drive on the site of a former Holiday Inn. Also being opened are a new clothing store, a new business class hotel and a new restaurant. Additionally, the City is constructing a new firehouse and a municipal swimming pool.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact Maura Hoffman Gray, Deputy Auditor and Finance Director of the City of Sharonville.



CITY OF SHARONVILLE, OHIO

**Statement of Net Assets
December 31, 2004**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Community Improvement Corporation of Sharonville
Assets:				
Cash and Cash Equivalents	\$ 3,695,790	\$ 6,469	\$ 3,702,259	\$ 39,361
Investments	10,840,904	321,063	11,161,967	0
Receivables:				
Taxes	4,094,987	0	4,094,987	0
Accounts	499,118	37,570	536,688	0
Intergovernmental	1,294,723	0	1,294,723	0
Interest	69,318	0	69,318	0
Special Assessments	322,476	0	322,476	0
Inventory of Supplies at Cost	54,946	0	54,946	0
Prepaid Items	71,228	5,398	76,626	0
Unamortized Bond Issuance Costs	238,530	103,113	341,643	0
Deferred Loss on Early Retirement of Debt	0	356,605	356,605	0
Restricted Assets:				
Cash and Cash Equivalents	0	12,818	12,818	0
Capital Assets:				
Capital Assets Not Being Depreciated	9,964,755	3,350,000	13,314,755	260,919
Capital Assets Being Depreciated, Net	15,286,249	5,707,551	20,993,800	59,637
Total Assets	46,433,024	9,900,587	56,333,611	359,917
Liabilities:				
Accounts Payable	986,017	12,187	998,204	0
Accrued Wages and Benefits	290,942	12,434	303,376	0
Intergovernmental Payable	768,619	17,837	786,456	0
Customer Deposits	0	15,188	15,188	950
Unearned Revenue	0	166,625	166,625	2,445
Accrued Interest Payable	56,812	8,775	65,587	0
General Obligation Notes Payable	1,975,000	0	1,975,000	0
Noncurrent liabilities:				
Due within one year	1,265,244	539,296	1,804,540	0
Due in more than one year	18,836,588	6,827,028	25,663,616	0
Total Liabilities	24,179,222	7,599,370	31,778,592	3,395
Net Assets:				
Invested in Capital Assets, Net of Related Debt	6,034,135	1,840,939	7,875,074	320,556
Restricted For:				
Capital Projects	6,101,841	0	6,101,841	0
Debt Service	730,033	0	730,033	0
Streets and Highways	1,704,996	0	1,704,996	0
Security of Persons and Property	1,048,071	0	1,048,071	0
Other Purposes	195,036	0	195,036	0
Unrestricted	6,439,690	460,278	6,899,968	35,966
Total Net Assets	\$ 22,253,802	\$ 2,301,217	\$ 24,555,019	\$ 356,522

See accompanying notes to the basic financial statements

CITY OF SHARONVILLE, OHIO

**Statement of Activities
For the Year Ended December 31, 2004**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 11,398,938	\$ 1,127,288	\$ 401,801	\$ 0
Public Health and Welfare Services	350,553	73,124	9,009	0
Leisure Time Activities	2,962,009	375,287	0	0
Community Environment	585,562	155,626	0	0
Basic Utility Services	431,204	0	0	0
Transportation	1,826,457	3,545	2,021,021	2,081
General Government	5,659,441	5,448	43,084	0
Interest and Fiscal Charges	759,495	0	0	0
Total Governmental Activities	23,973,659	1,740,318	2,474,915	2,081
Business-Type Activities:				
Convention Center	1,782,608	1,004,123	398,644	0
Senior Citizen Housing	185,300	195,172	0	0
Total Business-Type Activities	1,967,908	1,199,295	398,644	0
Total Primary Government	\$ 25,941,567	\$ 2,939,613	\$ 2,873,559	\$ 2,081
Component Unit:				
Community Improvement Corporation of Sharonville	\$ 37,183	\$ 25,368	\$ 0	\$ 0

General Revenues

Taxes
Grants and Entitlements not Restricted to Specific Programs
Investment Earnings
Miscellaneous
Total General Revenues and Transfers
Change in Net Assets
Net Assets Beginning of Year
Net Assets End of Year

See accompanying notes to the basic financial statements

CITY OF SHARONVILLE, OHIO

Net (Expense) Revenue and Changes in Net Assets			Component Unit
Governmental Activities	Business-Type Activities	Total	Community Improvement Corporation of Sharonville
\$ (9,869,849)	\$ 0	\$ (9,869,849)	
(268,420)	0	(268,420)	
(2,586,722)	0	(2,586,722)	
(429,936)	0	(429,936)	
(431,204)	0	(431,204)	
200,190	0	200,190	
(5,610,909)	0	(5,610,909)	
<u>(759,495)</u>	<u>0</u>	<u>(759,495)</u>	
<u>(19,756,345)</u>	<u>0</u>	<u>(19,756,345)</u>	
0	(379,841)	(379,841)	
<u>0</u>	<u>9,872</u>	<u>9,872</u>	
<u>0</u>	<u>(369,969)</u>	<u>(369,969)</u>	
<u>(19,756,345)</u>	<u>(369,969)</u>	<u>(20,126,314)</u>	
			\$ (11,815)
20,601,078	0	20,601,078	0
471,168	0	471,168	0
330,352	0	330,352	0
328,662	0	328,662	0
<u>21,731,260</u>	<u>0</u>	<u>21,731,260</u>	<u>0</u>
1,974,915	(369,969)	1,604,946	(11,815)
<u>20,278,887</u>	<u>2,671,186</u>	<u>22,950,073</u>	<u>368,337</u>
<u>\$ 22,253,802</u>	<u>\$ 2,301,217</u>	<u>\$ 24,555,019</u>	<u>\$ 356,522</u>

CITY OF SHARONVILLE, OHIO

**Balance Sheet
Governmental Funds
December 31, 2004**

	General	Fire Department	Capital Improvement
Assets:			
Cash and Cash Equivalents	\$ 43,316	\$ 38,060	\$ 1,763,019
Investments	2,125,493	1,414,273	0
Receivables:			
Taxes	4,094,987	0	0
Accounts	424,693	36,339	34,431
Intergovernmental	420,777	15,579	0
Interest	69,318	0	0
Special Assessments	0	0	0
Inventory of Supplies, at Cost	0	0	0
Prepaid Items	43,461	27,267	0
Total Assets	\$ 7,222,045	\$ 1,531,518	\$ 1,797,450
Liabilities:			
Accounts Payable	\$ 192,142	\$ 60,427	\$ 581,631
Accrued Wages and Benefits Payable	157,445	102,420	0
Intergovernmental Payable	351,405	298,409	87,619
Deferred Revenue	1,868,709	0	0
Accrued Interest Payable	0	0	19,672
General Obligation Notes Payable	0	0	1,975,000
Total Liabilities	2,569,701	461,256	2,663,922
Fund Balances:			
Reserved for Encumbrances	101,138	9,275	949,777
Reserved for Prepaid Items	43,461	27,267	0
Reserved for Supplies Inventory	0	0	0
Reserved for Debt Service	0	0	0
Undesignated and Unreserved in:			
General Fund	4,507,745	0	0
Special Revenue Funds	0	1,033,720	0
Capital Projects Funds	0	0	(1,816,249)
Total Fund Balances	4,652,344	1,070,262	(866,472)
Total Liabilities and Fund Balances	\$ 7,222,045	\$ 1,531,518	\$ 1,797,450

See accompanying notes to the basic financial statements

CITY OF SHARONVILLE, OHIO

Fire Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 113,791	\$ 1,737,604	\$ 3,695,790
5,927,765	1,373,373	10,840,904
0	0	4,094,987
0	3,655	499,118
0	858,367	1,294,723
0	0	69,318
0	322,476	322,476
0	54,946	54,946
0	500	71,228
<u>\$ 6,041,556</u>	<u>\$ 4,350,921</u>	<u>\$ 20,943,490</u>
\$ 0	\$ 151,817	\$ 986,017
0	31,077	290,942
0	31,186	768,619
0	887,546	2,756,255
0	0	19,672
0	0	1,975,000
<u>0</u>	<u>1,101,626</u>	<u>6,796,505</u>
0	787,973	1,848,163
0	500	71,228
0	54,946	54,946
0	444,697	444,697
0	0	4,507,745
0	1,764,418	2,798,138
6,041,556	196,761	4,422,068
<u>6,041,556</u>	<u>3,249,295</u>	<u>14,146,985</u>
<u>\$ 6,041,556</u>	<u>\$ 4,350,921</u>	<u>\$ 20,943,490</u>

CITY OF SHARONVILLE, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2004***

Total Governmental Fund Balances \$ 14,146,985

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

Capital Assets used in governmental activities are not
resources and therefore are not reported in the funds. 25,251,004

Other long-term assets are not available to pay for current-
period expenditures and therefore are deferred in the funds. 2,756,255

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

General Obligation Bonds Payable	(17,295,701)	
Special Assessment Bonds Payable	(360,000)	
Police/Fire Accrued Pension Liability	(32,361)	
Compensated Absences Payable	(2,113,371)	
Accrued Interest Payable	(37,140)	
Capital Leases Payable	(61,869)	
	<hr/>	(19,900,442)

Net Assets of Governmental Activities \$ 22,253,802

See accompanying notes to the basic financial statements



CITY OF SHARONVILLE, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2004**

	General	Fire Department	Capital Improvement
Revenues:			
Taxes	\$ 14,363,887	\$ 5,985,615	\$ 0
Intergovernmental Revenues	569,426	238,518	0
Charges for Services	433,186	413,531	0
Licenses and Permits	334,397	0	0
Investment Earnings	307,479	36,064	0
Special Assessments	0	0	0
Fines and Forfeitures	333,319	0	0
All Other Revenue	127,155	619	156,051
Total Revenue	16,468,849	6,674,347	156,051
Expenditures:			
Current:			
Security of Persons and Property	4,952,858	5,921,038	0
Public Health and Welfare Services	331,976	0	0
Leisure Time Activities	2,854,058	0	0
Community Environment	560,735	0	0
Basic Utility Services	431,204	0	0
Transportation	0	0	0
General Government	3,421,751	0	0
Capital Outlay	0	146,342	6,962,361
Debt Service:			
Principal Retirement	0	58,861	0
Interest & Fiscal Charges	197	6,169	19,672
Total Expenditures	12,552,779	6,132,410	6,982,033
Excess (Deficiency) of Revenues Over Expenditures	3,916,070	541,937	(6,825,982)
Other Financing Sources (Uses):			
Sale of Capital Assets	0	0	5,807
Transfers In	0	2,000	1,753,000
Transfers Out	(2,748,315)	(702,608)	0
Total Other Financing Sources (Uses)	(2,748,315)	(700,608)	1,758,807
Net Change in Fund Balances	1,167,755	(158,671)	(5,067,175)
Fund Balances at Beginning of Year	3,484,589	1,228,933	4,200,703
Decrease in Inventory Reserve	0	0	0
Fund Balances End of Year	\$ 4,652,344	\$ 1,070,262	\$ (866,472)

See accompanying notes to the basic financial statements

CITY OF SHARONVILLE, OHIO

Fire Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 0	\$ 20,349,502
0	1,940,164	2,748,108
0	3,379	850,096
0	64,498	398,895
0	4,932	348,475
0	100,772	100,772
0	80,430	413,749
0	149	283,974
<u>0</u>	<u>2,194,324</u>	<u>25,493,571</u>
0	196,285	11,070,181
0	13,334	345,310
0	0	2,854,058
0	0	560,735
0	0	431,204
0	1,314,293	1,314,293
0	133,895	3,555,646
72,500	442,255	7,623,458
0	1,105,000	1,163,861
0	747,750	773,788
<u>72,500</u>	<u>3,952,812</u>	<u>29,692,534</u>
(72,500)	(1,758,488)	(4,198,963)
0	0	5,807
0	2,204,350	3,959,350
0	(508,427)	(3,959,350)
<u>0</u>	<u>1,695,923</u>	<u>5,807</u>
(72,500)	(62,565)	(4,193,156)
6,114,056	3,340,862	18,369,143
0	(29,002)	(29,002)
<u>\$ 6,041,556</u>	<u>\$ 3,249,295</u>	<u>\$ 14,146,985</u>

CITY OF SHARONVILLE, OHIO

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For the Year Ended December 31, 2004***

Net Change in Fund Balances - Total Governmental Funds \$ (4,193,156)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital Outlay	5,790,711	
Depreciation Expense	<u>(1,209,462)</u>	
		4,581,249

The net effect of various miscellaneous transactions involving capital assets (i.e. disposals and donations) is to increase net assets.

The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets.	<u>(16,296)</u>	(16,296)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 455,003

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

General Obligation Bond Principal Payment	1,040,000	
Amortization of General Obligation Bond Premium	28,339	
Special Assessment Bond Principal Payment	65,000	
Police/Fire Accrued Pension Payment	512	
Capital Leases Principal Payment	<u>58,861</u>	
		1,192,712

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 5,036

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated Absences	(1,549)	
Change in Inventory	(29,002)	
Amortization of Bond Issuance Costs	<u>(19,082)</u>	
		<u>(49,633)</u>

Change in Net Assets of Governmental Activities \$ 1,974,915

See accompanying notes to the basic financial statements

CITY OF SHARONVILLE, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 14,000,600	\$ 13,643,069	\$ 13,965,465	\$ 322,396
Intergovernmental Revenue	608,010	556,966	570,127	13,161
Charges for Services	379,170	418,485	428,374	9,889
Licenses and Permits	308,570	317,760	325,269	7,509
Investment Earnings	206,000	276,930	283,474	6,544
Fines and Forfeitures	300,400	299,928	307,016	7,088
All Other Revenues	191,250	124,220	127,155	2,935
Total Revenues	<u>15,994,000</u>	<u>15,637,358</u>	<u>16,006,880</u>	<u>369,522</u>
Expenditures:				
Current:				
Security of Persons and Property	5,828,766	5,206,189	5,079,893	126,296
Public Health and Welfare Services	387,101	371,786	337,367	34,419
Leisure Time Activities	3,278,018	3,097,503	2,856,862	240,641
Community Environment	669,514	661,221	583,496	77,725
Basic Utility Services	629,717	548,812	548,812	0
General Government	4,048,852	3,810,524	3,528,660	281,864
Debt Service:				
Interest and Fiscal Charges	227	200	197	3
Total Expenditures	<u>14,842,195</u>	<u>13,696,235</u>	<u>12,935,287</u>	<u>760,948</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,151,805	1,941,123	3,071,593	1,130,470
Other Financing Sources (Uses):				
Transfers Out	<u>(2,755,750)</u>	<u>(2,755,750)</u>	<u>(2,748,315)</u>	<u>7,435</u>
Total Other Financing Sources (Uses):	<u>(2,755,750)</u>	<u>(2,755,750)</u>	<u>(2,748,315)</u>	<u>7,435</u>
Net Change in Fund Balance	(1,603,945)	(814,627)	323,278	1,137,905
Fund Balance at Beginning of Year	1,268,347	1,268,347	1,268,347	0
Prior Year Encumbrances	351,985	351,985	351,985	0
Fund Balance at End of Year	<u>\$ 16,387</u>	<u>\$ 805,705</u>	<u>\$ 1,943,610</u>	<u>\$ 1,137,905</u>

See accompanying notes to the basic financial statements

CITY OF SHARONVILLE, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Fire Department Fund
For the Year Ended December 31, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 5,600,000	\$ 5,835,502	\$ 5,985,615	\$ 150,113
Intergovernmental Revenue	0	222,939	222,939	0
Charges for Services	265,000	406,916	406,916	0
Investment Earnings	27,000	26,527	26,527	0
All Other Revenues	55,000	619	619	0
Total Revenues	<u>5,947,000</u>	<u>6,492,503</u>	<u>6,642,616</u>	<u>150,113</u>
Expenditures:				
Current:				
Security of Persons and Property	5,442,990	5,572,800	5,426,679	146,121
Capital Outlay	471,710	504,732	315,834	188,898
Debt Service:				
Interest and Fiscal Charges	736,392	403,392	400,422	2,970
Total Expenditures	<u>6,651,092</u>	<u>6,480,924</u>	<u>6,142,935</u>	<u>337,989</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(704,092)	11,579	499,681	488,102
Other Financing Sources (Uses):				
Transfers In	0	2,000	2,000	0
Transfers Out	(702,608)	(702,608)	(702,608)	0
Total Other Financing Sources (Uses):	<u>(702,608)</u>	<u>(700,608)</u>	<u>(700,608)</u>	<u>0</u>
Net Change in Fund Balance	(1,406,700)	(689,029)	(200,927)	488,102
Fund Balance at Beginning of Year	1,325,474	1,325,474	1,325,474	0
Prior Year Encumbrances	249,033	249,033	249,033	0
Fund Balance at End of Year	<u>\$ 167,807</u>	<u>\$ 885,478</u>	<u>\$ 1,373,580</u>	<u>\$ 488,102</u>

See accompanying notes to the basic financial statements

CITY OF SHARONVILLE, OHIO

**Statement of Net Assets
Proprietary Fund
December 31, 2004**

	Business-Type Activities		
	Enterprise Funds		
	Convention Center	Other Enterprise Fund	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 3,789	\$ 2,680	\$ 6,469
Investments	181,473	139,590	321,063
Accounts Receivable	37,570	0	37,570
Prepaid Items	3,731	1,667	5,398
Total Current Assets	<u>226,563</u>	<u>143,937</u>	<u>370,500</u>
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents	0	12,818	12,818
Total Restricted Assets	<u>0</u>	<u>12,818</u>	<u>12,818</u>
Unamortized Bond Issuance Cost	103,113	0	103,113
Deferred Loss on Early Retirement of Debt	356,605	0	356,605
Capital Assets:			
Property, Plant and Equipment	10,336,454	1,385,686	11,722,140
Less: Accumulated Depreciation	<u>(1,965,263)</u>	<u>(699,326)</u>	<u>(2,664,589)</u>
Net Capital Assets	<u>8,371,191</u>	<u>686,360</u>	<u>9,057,551</u>
Total Noncurrent Assets	<u>8,830,909</u>	<u>699,178</u>	<u>9,530,087</u>
Total Assets	<u>9,057,472</u>	<u>843,115</u>	<u>9,900,587</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	7,595	4,592	12,187
Accrued Wages and Benefits	9,912	2,522	12,434
Intergovernmental Payable	15,912	1,925	17,837
Customer Deposits	0	15,188	15,188
Deferred Revenue	166,625	0	166,625
Accrued Interest Payable	8,775	0	8,775
General Obligation Bonds Payable - Current	533,725	0	533,725
Compensated Absences - Current	5,205	366	5,571
Total Current Liabilities	<u>747,749</u>	<u>24,593</u>	<u>772,342</u>
Noncurrent Liabilities:			
General Obligation Bonds Payable	6,682,887	0	6,682,887
Compensated Absences Payable	<u>111,223</u>	<u>32,918</u>	<u>144,141</u>
Total Noncurrent Liabilities	<u>6,794,110</u>	<u>32,918</u>	<u>6,827,028</u>
Total Liabilities	<u>7,541,859</u>	<u>57,511</u>	<u>7,599,370</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,154,579	686,360	1,840,939
Unrestricted	<u>361,034</u>	<u>99,244</u>	<u>460,278</u>
Total Net Assets	<u>\$ 1,515,613</u>	<u>\$ 785,604</u>	<u>\$ 2,301,217</u>

See accompanying notes to the basic financial statements

CITY OF SHARONVILLE, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended December 31, 2004**

	Business-Type Activities		
	Enterprise Funds		
	Convention Center	Other Enterprise Fund	Total
Operating Revenues:			
Charges for Services	\$ 878,811	\$ 194,455	\$ 1,073,266
Other Operating Revenues	121,591	263	121,854
Total Operating Revenues	1,000,402	194,718	1,195,120
Operating Expenses:			
Personal Services	710,469	73,005	783,474
Materials and Supplies	131,346	26,848	158,194
Contractual Services	358,113	33,440	391,553
Utilities	153,425	19,047	172,472
Depreciation	150,934	30,590	181,524
Other Operating Expense	0	2,370	2,370
Total Operating Expenses	1,504,287	185,300	1,689,587
Operating Income (Loss)	(503,885)	9,418	(494,467)
Non-Operating Revenue (Expenses):			
Interest Income	3,721	454	4,175
Interest and Fiscal Charges	(278,321)	0	(278,321)
Intergovernmental Revenues	398,644	0	398,644
Total Non-Operating Revenues (Expenses)	124,044	454	124,498
Change in Net Assets	(379,841)	9,872	(369,969)
Net Assets Beginning of Year	1,895,454	775,732	2,671,186
Net Assets End of Year	\$ 1,515,613	\$ 785,604	\$ 2,301,217

See accompanying notes to the basic financial statements

CITY OF SHARONVILLE, OHIO

**Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2004**

	Business-Type Activities		
	Enterprise Funds		
	Convention Center	Other Enterprise Fund	Total
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$892,990	\$199,773	\$1,092,763
Cash Payments for Goods and Services	(651,356)	(91,553)	(742,909)
Cash Payments to Employees	(701,334)	(70,307)	(771,641)
Other Operating Revenues	133,131	263	133,394
Net Cash Provided (Used) by Operating Activities	(326,569)	38,176	(288,393)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Sale of Capital Assets	2,365	0	2,365
Intergovernmental Revenue Received	398,644	0	398,644
Payment on General Obligation Bonds	(505,000)	0	(505,000)
Interest Paid on All Debt	(255,438)	0	(255,438)
Net Cash Used for Capital and Related Financing Activities	(359,429)	0	(359,429)
<u>Cash Flows from Investing Activities:</u>			
Sale (Purchase) of Investments	638,540	(35,456)	603,084
Receipts of Interest	979	302	1,281
Net Cash Provided (Used) by Investing Activities	639,519	(35,154)	604,365
Net Increase (Decrease) in Cash and Cash Equivalents	(46,479)	3,022	(43,457)
Cash and Cash Equivalents at Beginning of Year	50,268	12,476	62,744
Cash and Cash Equivalents at End of Year	\$3,789	\$15,498	\$19,287
<u>Reconciliation of Cash and</u>			
<u>Cash Equivalents per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$3,789	\$2,680	\$6,469
Restricted Cash and Cash Equivalents	0	12,818	12,818
Cash and Cash Equivalents at End of Year	\$3,789	\$15,498	\$19,287
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	(\$503,885)	\$9,418	(\$494,467)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	150,934	30,590	181,524
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	335	0	335
Decrease in Prepaid Items	4,829	69	4,898
Decrease in Accounts Payable	(13,301)	(8,753)	(22,054)
Increase in Accrued Wages and Benefits	1,699	1,721	3,420
Decrease in Intergovernmental Payable	(2,338)	(5)	(2,343)
Increase in Customer Deposits Payable	0	4,132	4,132
Increase in Deferred Revenue	25,384	0	25,384
Increase in Compensated Absences	9,774	1,004	10,778
Total Adjustments	177,316	28,758	206,074
Net Cash Provided (Used) by Operating Activities	(\$326,569)	\$38,176	(\$288,393)

See accompanying notes to the basic financial statements

CITY OF SHARONVILLE, OHIO

**Statement of Net Assets
Fiduciary Funds
December 31, 2004**

	Private Purpose Trust	
	Unclaimed Monies Fund	Agency Funds
Assets:		
Cash and Cash Equivalents	\$ 19,902	\$ 0
Receivables:		
Restricted Assets:		
Cash and Cash Equivalents	0	1,009,972
Total Assets	<u>19,902</u>	<u>1,009,972</u>
Liabilities:		
Intergovernmental Payable	0	295
Due to Others	0	1,009,677
Compensated Absences Payable	0	0
Total Liabilities	<u>0</u>	<u>1,009,972</u>
Other Purposes	0	0
Unrestricted	19,902	0
Total Net Assets	<u>\$ 19,902</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

CITY OF SHARONVILLE, OHIO

**Statement of Changes in Net Assets
Fiduciary Funds
For the Year Ended December 31, 2004**

	<u>Private Purpose Trust</u>
	<u>Unclaimed Monies Fund</u>
Additions:	
Contributions:	
Miscellaneous	\$ 12,074
Total Additions	<u>12,074</u>
Deductions:	
Administrative Expenses	<u>364</u>
Total Deductions	<u>364</u>
Change in Net Assets	11,710
Net Assets at Beginning of Year	<u>8,192</u>
Net Assets End of Year	<u><u>\$ 19,902</u></u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Sharonville, Ohio (the "City") was incorporated in 1962 under the laws of the State of Ohio and operates under a Mayor-Council form of government.

The accompanying basic financial statements comply with the provisions of the Governmental Accounting Standards Board (the "GASB") Statement No. 14, *"The Financial Reporting Entity,"* in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity includes all funds, agencies, boards and commissions that are part of the primary government, which include the following services: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning and general administrative services. The City also owns and operates senior citizen housing and a convention center which are reported as enterprise funds. In addition, the City has included the Community Improvement Corporation of Sharonville (CIC) as a discretely presented component unit.

Discretely Presented Component Unit – The component unit column in the combined financial statements includes the financial data of the City's component unit. It is reported in a separate column to emphasize that it is legally separate from the City. The component unit is being presented as a part of the City's reporting entity because the City appoints the voting majority of the component unit's board and the City can impose its' will on the component unit.

Community Improvement Corporation of Sharonville – The Community Improvement Corporation of Sharonville (CIC), a non-profit organization, is a six member board comprised of four City officials and two council members. The primary purpose of the CIC is the planning of the industrial, commercial, distribution and research development of the City, including the assurance that mortgage payments will be made to foster such development, the acquisition, construction, equipment and improvement of buildings, structures and other properties, the acquisition of sites for such development, the lease, sale and subdivision of such sites and incurring of debt in order to carry out such development, and to make loans to any individual or business entity in order to carry out such development purpose for the City. The City provides all subsidies to the CIC to finance its operations and activities. Financial statements related to the CIC can be obtained from the City Auditor.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

The City uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The following fund types are used by the City:

Governmental Funds - are those funds 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 liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's major governmental funds:

General Fund - This fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. Principal sources of revenue are municipal income taxes and shared tax revenues. Primary expenditures are for police protection, community environment and general government.

Fire Department Fund - This fund is used to account for income tax revenues collected to fund Fire Department operations.

Capital Improvement Fund - This fund is used to account for the accumulation of funds for the acquisition of capital assets and/or the construction of major capital facilities.

Fire Capital Improvement Fund - This fund is used to account for the construction of the new Fire Department facilities.

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

Proprietary Funds - The proprietary funds are accounted for on an "economic resource" measurement focus. This measurement focus provides that all assets and liabilities associated with the operation of the proprietary funds are included on the balance sheet. The proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the governing body 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. The following is the City's major enterprise fund:

Convention Center Fund - This fund is used to account for revenues and expenses associated with the operation of the city-owned convention center.

The other enterprise fund of the City, the Senior Citizen Housing Fund, is used to account for revenues and expenses associated with the operation of the city-owned Senior Housing Apartment Complex, as well as revenues from lease deposits and waiting list deposits.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Fiduciary funds are used to account for assets the City holds in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. The City's fiduciary funds are a private-purpose trust fund and agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

C. Basis of Presentation – Financial Statements

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

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types 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 statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. 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 specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Revenue considered susceptible to accrual at year-end includes income taxes withheld by employers, interest on investments, and state levied locally shared taxes (including motor vehicle license fees, gasoline tax, and local government assistance). Other revenue, including licenses, permits; certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues are recorded as revenue when received in cash because generally these revenues are not measurable until received.

Special assessments receivable, which are measurable, but not available at December 31, are recorded as deferred revenue.

For governmental activities and proprietary funds, the City applies Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989 to its business-type activities and enterprise funds.

The accrual basis of accounting is utilized for reporting purposes by the governmental activities, proprietary funds, and the fiduciary funds. Revenues are recognized when they are earned and expenses recognized when incurred.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the fund level. Administrative control is maintained through the establishment of more detailed line-item budgets. Budgetary modifications may only be made by ordinance of the City Council.

1. 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 20 of each year for the period January 1 to December 31 of the following year.

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. 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 stating 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 do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2004.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. 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 for the General Fund, Street Construction, Maintenance, and Repair Fund, State Highway Fund, Federal Emergency Management Agency Fund, Community Oriented Policing Services (COPS) Grant Fund, Fire Department Fund, Senior Citizen Housing Fund, and the Convention Center Fund, with all other funds appropriated at the fund level. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of City Council. During 2004, supplemental appropriations were necessary to budget for projects that were not originally appropriated. The budgetary figures, which appear on the budgetary statements, are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

4. 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, however, are reported as reservations of fund balances for subsequent year expenditures in the accompanying basic purpose financial statements.

5. 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

6. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the "Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual" for the General Fund and Fire Department Fund:

	Net Change in Fund Balance	
	General Fund	Fire Department Fund
GAAP Basis (as reported)	\$1,167,755	(\$158,671)
Increase (Decrease):		
Accrued Revenues at December 31, 2004 received during 2005	(3,067,107)	(44,997)
Accrued Revenues at December 31, 2003 received during 2004	2,781,160	13,266
Accrued Expenditures at December 31, 2004 paid during 2005	700,992	461,256
Accrued Expenditures at December 31, 2003 paid during 2004	(786,407)	(377,262)
2004 Prepays for 2005	(43,461)	(27,267)
2003 Prepays for 2004	44,201	18,422
Change in Petty Cash Balance	(1,095)	0
2003 Interfund Loan Balance	(176,022)	0
Outstanding Encumbrances	(296,738)	(85,674)
Budget Basis	<u>\$323,278</u>	<u>(\$200,927)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and the State Treasurer's Asset Reserve (STAR Ohio). STAR Ohio is considered a cash equivalent because it is a highly liquid investment with an original maturity date of three months or less.

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintains its own cash and investment account. For purposes of the statement of cash flows, the proprietary funds' share of equity in pooled cash and cash equivalents (both unrestricted and restricted) are considered to be cash equivalents. See Note 4 "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. The City allocates interest among certain funds based upon the fund's cash balance at the date of investment. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City reports its investments at fair value, except for nonparticipating investment contracts which are reported at cost, which approximates fair value. Fair value is determined by quoted market prices. See Note 4, "Cash, Cash Equivalents and Investments."

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

H. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used.

I. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life threshold of three or more years.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation (Continued)

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements.

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, improvements to land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Estimated historical costs for governmental activities capital asset values were initially determined at December 31, 1987 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 capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

2. Property, Plant and Equipment – Business Type Activities

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Assets and in the respective funds.

3. Depreciation

All capital assets are depreciated, excluding land. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Governmental and Business-Type Activities Estimated Lives (Years)</u>
Land Improvements	20
Buildings	25 – 50
Building Improvements	20 – 30
Infrastructure	10 – 20
Machinery, Equipment, Furniture, Fixtures and Vehicles	3 – 30

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
Notes Payable	Note Debt Retirement Fund
Special Assessment Bonds	Special Assessment Retirement Fund Crystalview Widening Fund Zind Lane Sewer Fund Crowne Point Drive Fund
General Obligation Bonds	Convention Center Fund Note Debt Retirement Fund Debt Retirement Fund
Capital Leases	Capital Improvement Fund
Police/Fire Pension Accrued Liability	General Fund
Compensated Absences	General Fund Street Construction, Maintenance and Repair Fund Senior Citizen Housing Fund Convention Center Fund

K. Compensated Absences

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

For governmental funds, that portion of unpaid compensated absences that is due and payable is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government wide statement of net assets, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences (Continued)

Compensated absences are expensed in the Senior Citizens Housing and Convention Center enterprise funds when earned. The related liability is reported within the fund.

L. Prepaid Items

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

M. Restricted Assets

Certain cash and cash equivalents are classified as restricted on the balance sheet because these funds are being held by a trustee, an agent or by the City for specified purposes.

N. Intergovernmental Revenues

In governmental funds, grants awarded on a non-reimbursement basis, entitlements and shared revenues are recorded as intergovernmental receivables and revenues when measurable and available. Reimbursable grants are recorded as intergovernmental receivables and revenues when the related expenditures are made.

Grants received for proprietary fund operations are recognized as revenues when measurable and earned. Such resources restricted for the construction of capital assets are recorded as contributed capital.

O. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

P. Interfund Activity

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for supplies inventory, prepaid items, debt service and encumbered amounts that are not accrued at year end.

R. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction of improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net Assets restricted for Other Purposes include programs for street and highway improvements, federal grants for security of persons and property and mandatory fines for various court programs.

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

S. Estimates

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

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City and that are either unusual in nature or infrequent in occurrence. Neither transaction occurred within the City during fiscal year 2004.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 2 - RESTATEMENT OF BALANCES PREVIOUSLY REPORTED

A. Net Asset Restatement

The net assets of the Governmental Activities were restated from the amounts previously reported to correct errors in the recognition of capital assets. The corrections resulted in changes to balances reported at December 31, 2003 as follows:

	<u>Governmental Activities</u>
Net Assets at December 31, 2003 (Reported)	\$20,355,280
Restate Capital Assets	(76,393)
Net Assets at December 31, 2003 (Restated)	<u>\$20,278,887</u>

B. Fund Balance Restatement

The fund balance of the Fire Department Fund was restated in order to properly account for the construction activity associated with new Fire Department Facilities. The Fire Capital Improvement Fund was created to account for this activity. The restatement resulted in a reduction of the fund balance reported at December 31, 2003 in the Fire Department Fund from \$7,342,989 to \$1,228,933 and correspondingly provided for a fund balance of \$6,114,056 at December 31, 2003 in the Fire Capital Improvement Fund.

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficits

The fund deficit at December 31, 2004 of \$866,472 in the Capital Improvement Fund (major governmental fund) arose from the recognition of notes payable under the modified accrual basis of accounting. Under the budgetary basis of accounting, proceeds from the sale of notes are recognized as revenue and expenditures are recognized when paid, therefore, deficits do not exist. The General Fund provides transfers when cash is required, not when accruals occur.

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of a majority of individual funds are combined to form a pool of cash and investments. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents." Ohio law requires the classification of funds held by the City into three categories:

Category 1 consists of "active" funds - those funds required to be kept in a "cash" or "cash equivalent" status for immediate use by the City. Such funds must be maintained either as cash in the City treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3 "*Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements,*" collateral held in single financial collateral pools with securities being held by the pledging financial institutions' agent in the pool's name are classified as Category 3.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

The Governmental Accounting Standards Board has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 Uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investments:

- Category 1 Insured or registered, or securities held by the City or its agent in the City's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

A. Deposits

At year end the carrying amount of the City's deposits was \$2,908,167 and the bank balance was \$3,174,591. The City's deposits include respective amounts of \$47,458 and \$2,720 in the mayor's court and in petty cash. Federal depository insurance covered \$100,000 of the bank balance. All remaining deposits were classified as Category 3.

At year end the carrying amount of the Community Improvement Corporation of Sharonville's (component unit) deposits was \$39,361 and the bank balance was \$43,001. Federal depository insurance covered all of the bank balance.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The City's investments at December 31, 2004 are:

<u>Categorized Investments</u>	<u>Category 2</u>	<u>Fair Value</u>
Federal Home Loan Mortgage Notes	\$3,480,585	\$3,480,585
Federal Home Loan Bank Notes	4,705,432	4,705,432
Federal National Mortgage Association Notes	2,975,950	2,975,950
Total Categorized Investments	<u>11,161,967</u>	<u>11,161,967</u>
 <u>Noncategorized Investments</u>		
STAR Ohio	N/A	1,786,606
Total Investments	<u>\$11,161,967</u>	<u>\$12,948,573</u>

The City's investment in STAR Ohio is not categorized because it is not evidenced by securities that exist in physical or in book entry form.

C. Reconciliation of Cash, Cash Equivalents and Investments

A reconciliation between classifications of cash and investments on the financial statements and the classifications per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per Financial Statements	\$4,744,951	\$11,161,967
Investments:		
STAR Ohio	<u>(1,786,606)</u>	<u>1,786,606</u>
Per GASB Statement No. 3	<u>\$2,958,345</u>	<u>\$12,948,573</u>

* Includes Restricted Cash and Cash Equivalents.

NOTE 5 - INCOME TAXES

The City levies a tax of 1.5% 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% 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 employee 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.

CITY OF SHARONVILLE, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 6 - RECEIVABLES

Receivables at December 31, 2004 consisted of income taxes, accounts receivable, interest, special assessments, and intergovernmental receivables arising from shared revenues.

NOTE 7 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2004:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$0	\$2,748,315
Fire Department Fund	2,000	702,608
Capital Improvement Fund	1,753,000	0
Nonmajor Governmental Funds:		
DUI Education and Enforcement Fund	50,000	0
COPS Grant Fund	15,000	0
Note Debt Retirement Fund	878,315	396,685
Debt Retirement Fund	1,261,035	0
Capital Improvement Issue II Fund	<u>0</u>	<u>111,742</u>
Total Nonmajor Governmental Funds	<u>2,204,350</u>	<u>508,427</u>
Totals	<u><u>\$3,959,350</u></u>	<u><u>\$3,959,350</u></u>

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 8 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2004:

<i>Historical Cost:</i>	Restated			December 31,
Class	December 31, 2003	Additions	Deletions	2004
<i>Capital assets not being depreciated:</i>				
Land	\$4,060,211	\$1,810,791	\$0	\$5,871,002
Construction in Progress	797,017	3,296,736	0	4,093,753
<i>Capital assets being depreciated:</i>				
Land Improvements	3,370,973	260,730	(186,980)	3,444,723
Buildings and Improvements	11,384,534	24,950	0	11,409,484
Infrastructure	13,158,593	19,079	0	13,177,672
Machinery and Equipment	1,322,637	334,149	(21,754)	1,635,032
Vehicles	3,081,022	44,276	(171,335)	2,953,963
Total Cost	<u>\$37,174,987</u>	<u>\$5,790,711</u>	<u>(\$380,069)</u>	<u>\$42,585,629</u>
 <i>Accumulated Depreciation:</i>				
Class	Restated			December 31,
Class	December 31, 2003	Additions	Deletions	2004
Land Improvements	(\$1,236,189)	(\$151,728)	\$176,155	(\$1,211,762)
Buildings and Improvements	(3,047,554)	(230,532)	0	(3,278,086)
Infrastructure	(9,392,179)	(426,561)	0	(9,818,740)
Machinery and Equipment	(634,131)	(175,123)	21,754	(787,500)
Vehicles	(2,178,883)	(225,518)	165,864	(2,238,537)
Total Depreciation	<u>(\$16,488,936)</u>	<u>(\$1,209,462) *</u>	<u>\$363,773</u>	<u>(\$17,334,625)</u>
 <i>Net Value:</i>	<u>\$20,686,051</u>			<u>\$25,251,004</u>

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$298,106
Public Health and Welfare Services	2,581
Leisure Time Activities	120,241
Community Environment	16,777
Transportation	486,547
General Government	285,210
Total Depreciation Expense	<u>\$1,209,462</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 8 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by category of changes in business-type activities capital assets at December 31, 2004:

Historical Cost:

Class	December 31, 2003	Additions	Deletions	December 31, 2004
Capital assets not being depreciated:				
Land	\$3,350,000	\$0	\$0	\$3,350,000
Capital assets being depreciated:				
Land Improvements	125,892	0	0	125,892
Buildings and Improvements	7,919,793	0	0	7,919,793
Infrastructure	41,680	0	0	41,680
Machinery and Equipment	266,870	0	(7,095)	259,775
Vehicles	25,000	0	0	25,000
Total Cost	\$11,729,235	\$0	(\$7,095)	\$11,722,140

Accumulated Depreciation:

Class	December 31, 2003	Additions	Deletions	December 31, 2004
Land Improvements	(\$65,271)	(\$6,295)	\$0	(\$71,566)
Buildings and Improvements	(2,193,139)	(161,095)	0	(2,354,234)
Infrastructure	(41,680)	0	0	(41,680)
Machinery and Equipment	(162,705)	(14,134)	4,730	(172,109)
Vehicles	(25,000)	0	0	(25,000)
Total Depreciation	(\$2,487,795)	(\$181,524)	\$4,730	(\$2,664,589)

Net Value:

	\$9,241,440		\$9,057,551
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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 8 - CAPITAL ASSETS (Continued)

C. Component Unit Capital Assets

Summary by category of changes in component unit capital assets at December 31, 2004:

Historical Cost:

Class	December 31, 2003	Additions	Deletions	December 31, 2004
<i>Capital assets not being depreciated:</i>				
Land	\$260,919	\$0	\$0	\$260,919
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	66,260	0	0	66,260
Total Cost	\$327,179	\$0	\$0	\$327,179

Accumulated Depreciation:

Class	December 31, 2003	Additions	Deletions	December 31, 2004
Buildings and Improvements	(\$4,924)	(\$1,699)	\$0	(\$6,623)
Total Depreciation	(\$4,924)	(\$1,699)	\$0	(\$6,623)
<i>Net Value:</i>	\$322,255			\$320,556

NOTE 9 - DEFINED BENEFIT PENSION PLANS

All of the City's full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

A. Ohio Public Employees Retirement System (the "Ohio PERS")

The following information was provided by the Ohio PERS to assist the City in complying with GASB Statement No. 27, "Accounting for Pensions by State and Local Government Employers."

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in one of the three pension plans administered by the Ohio PERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

A. Ohio Public Employees Retirement System (the "Ohio PERS") (Continued)

Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

The Ohio PERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2004, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 8.5%. The 2004 employer contribution rate for local government employer units was 13.55%, of covered payroll, 9.55% to fund the pension and 4.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the Ohio PERS for the years ending December 31, 2004, 2003 and 2002 were \$725,143, \$689,193 and \$651,012, respectively, which were equal to the required contributions for each year.

The Ohio PERS provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2004 employer contribution rate (identified above) that was used to fund health care for the year 2004 was 4.0% of covered payroll which amounted to \$214,064.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System's latest actuarial review performed as of December 31, 2003. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Ohio Public Employees Retirement System (the “Ohio PERS”) (Continued)

market appreciation or depreciation on investment assets. The investment assumption rate for 2003 was 8.0%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 369,885. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2003 is \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$26.9 billion and \$16.4 billion, respectively.

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

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

B. Ohio Police and Fire Pension Fund (the “OP&F Fund”)

All City full-time police officers and full-time firefighters participate in the OP&F Fund, a cost-sharing multiple-employer defined benefit pension plan. The OP&F Fund provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the OP&F Fund. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 2004, 2003 and 2002 were \$565,670, \$537,649 and \$488,486 for police and \$718,093, \$562,340 and \$344,255 for firefighters, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

B. Ohio Police and Fire Pension Fund (the “OP&F Fund”) (Continued)

The OP&F Fund provides postemployment health care coverage to any person who received 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 on a full-time or two-thirds basis. The health care coverage provided by the OP&F Fund is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 2004 covered payroll that was used to fund postemployment health care benefits was \$224,818 representing 7.75% of covered payroll for police and \$231,884 representing 7.75% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. As of December 31, 2003, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,662 for police and 10,474 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2003 were \$150,853,148, which was net of member contributions of \$17,207,506.

NOTE 10 - OTHER EMPLOYEE BENEFITS

A. Dental Optical Plan

The City sponsors a Dental/Optical Plan for full-time employees of the City. Amounts not paid as dental or optical claims are remitted to employees upon termination or retirement. At December 31, 2004 the City had \$244,099 payable to employees for the Dental/Optical Plan.

B. Compensated Absences

At December 31, 2004, the City's accumulated, unpaid compensated absences amounted to \$2,250,756. Of this amount, \$2,113,371 is recorded as Governmental Activities on the Entity Wide Statement of Net Assets (\$54,502 is reported as due within one year), \$149,712 is recorded as Business-type activities (\$5,571 is reported as due within one year).

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 11 - NOTES PAYABLE

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to, and payable no later than, those principal maturities that would have been required if the bonds had been issued at the expiration of the initial five year period.

Notes payable at December 31, 2004 were as follows:

	Balance December 31, 2003	Issued	(Retired)	Balance December 31, 2004
Capital Projects Fund:				
Capital Improvement Fund:				
1.65% Real Estate Acquisition	\$0	\$1,100,000	\$0	\$1,100,000
2.25% Real Estate Acquisition	0	875,000	0	875,000
Total Notes Payable	<u>\$0</u>	<u>\$1,975,000</u>	<u>\$0</u>	<u>\$1,975,000</u>

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CITY OF SHARONVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 12 - LONG-TERM OBLIGATIONS

Long-term obligations of the City at December 31, 2004 were as follows:

	Balance December 31, 2003	Issued	(Retired)	Balance December 31, 2004	Amount Due Within One Year
Business-Type Activities:					
General Obligation Bonds:					
1.50% - 5.25% Convention Center - Issue I	\$4,985,000	\$0	(\$355,000)	\$4,630,000	\$365,000
Unamortized Premium	215,337	0	(18,725)	196,612	18,725
1.50% - 5.25% Convention Center - Issue II	2,540,000	0	(150,000)	2,390,000	150,000
Total General Obligation Bonds	7,740,337	0	(523,725)	7,216,612	533,725
Other Long-Term Obligations:					
Compensated Absences	138,934	12,537	(1,759)	149,712	5,571
Total Business-Type Activities	\$7,879,271	\$12,537	(\$525,484)	\$7,366,324	\$539,296
Governmental Activities:					
General Obligation Bonds:					
4.60% - 4.80% Recreation Center	4,715,000	0	(245,000)	4,470,000	255,000
1.50% - 5.25% Fire House Construction	7,375,000	0	(435,000)	6,940,000	440,000
1.50% - 5.25% Pool Construction	4,180,000	0	(245,000)	3,935,000	250,000
1.50% - 5.25% Kemper Road Improvement	1,455,000	0	(85,000)	1,370,000	85,000
1.50% - 5.25% Crescentville Road	495,000	0	(30,000)	465,000	30,000
Unamortized Premium	382,570	0	(28,339)	354,231	28,339
Total General Obligation Bonds	18,602,570	0	(1,068,339)	17,534,231	1,088,339
Special Assessment Bonds:					
8.00% Zind Lane Sewer	15,000	0	(5,000)	10,000	5,000
7.00% Crowne Point Drive/ Miller Valentine Phase I	315,000	0	(45,000)	270,000	45,000
7.10% Crowne Point Drive/ Miller Valentine Phase II	95,000	0	(15,000)	80,000	10,000
Total Special Assessment Bonds (with Government Commitment)	425,000	0	(65,000)	360,000	60,000
Other Long-Term Obligations:					
Compensated Absences	2,111,822	50,121	(48,572)	2,113,371	54,502
Capital Leases	120,730	0	(58,861)	61,869	61,869
Police and Firemen's Pension Accrued Liability	32,873	0	(512)	32,361	534
Total Other Long-Term Obligations	2,265,425	50,121	(107,945)	2,207,601	116,905
Total Governmental Activities	\$21,292,995	\$50,121	(\$1,241,284)	\$20,101,832	\$1,265,244

The principal amount of the City's special assessment debt outstanding at December 31, 2004, \$360,000, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners. The fund balance of \$444,697 in the debt service funds at December 31, 2004 is reserved for the retirement of outstanding special assessment bonds. Delinquent special assessments at year end were \$0.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 12 - LONG-TERM OBLIGATIONS (Continued)

A. Defeasance of General Obligation Debt

In January of 2003, the City defeased \$5,015,000 of General Obligation Bonds dated January 1, 1996 (the "Convention Center" bonds) through the issuance of \$5,355,000 of General Obligation Bonds (the "Convention Center – Issue I" bonds). The net proceeds of the 2003 General Obligation Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts, which including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded General Obligation Bonds, which have an outstanding balance of \$4,430,000 at December 31, 2004 are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

B. Police and Firemen's Pension Fund

The City's liability for past service costs related to the Police and Firemen's Pension Fund at December 31, 2004 is \$32,361 in principal payments through the year 2035. Only the principal amount is included in the government wide statement of net assets.

C. Principal and Interest Requirements

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2004 follows:

Years	Business-Type Activities General Obligation Bonds		Governmental Activities General Obligation Bonds	
	Principal	Interest	Principal	Interest
2005	\$533,725	\$246,500	\$1,088,338	\$689,880
2006	543,725	236,100	1,123,339	661,468
2007	558,725	224,775	1,148,338	630,943
2008	568,725	211,138	1,178,339	596,368
2009	583,275	195,100	1,228,339	557,417
2010-2014	3,243,625	651,094	6,846,692	2,042,505
2014-2018	1,184,362	67,331	4,920,846	412,736
Totals	<u>\$7,216,162</u>	<u>\$1,832,038</u>	<u>\$17,534,231</u>	<u>\$5,591,317</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 12 - LONG-TERM OBLIGATIONS (Continued)

C. Principal and Interest Requirements (Continued)

Years	Special Assessment Bonds		Police/Fire Pension Accrued Liability	
	Principal	Interest	Principal	Interest
2005	\$60,000	\$25,380	\$535	\$1,369
2006	65,000	21,120	558	1,346
2007	55,000	16,505	582	1,322
2008	60,000	12,645	607	1,298
2009	60,000	8,430	633	1,272
2010-2014	60,000	4,215	3,595	5,926
2015-2019	0	0	4,437	5,085
2020-2024	0	0	5,475	4,047
2025-2029	0	0	6,756	2,766
2030-2034	0	0	8,337	1,185
2035	0	0	845	18
Totals	<u>\$360,000</u>	<u>\$88,295</u>	<u>\$32,360</u>	<u>\$25,634</u>

NOTE 13 - CONDUIT DEBT OBLIGATIONS

From 1977 through 1995, the City issued \$65,295,000 in Industrial Revenue Bonds and Economic Development Revenue Bonds to provide financial assistance to private and public sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private or public sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2004, the outstanding principal amount payable on all of the outstanding bonds was \$13,720,000.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 14 - CAPITAL LEASE COMMITMENTS

Under a capital lease the City leases a ladder truck for the fire department. The cost of the leased asset and the related liability is accounted for in the government wide statement of net assets. The original cost of the asset under capital lease was \$525,000.

The following is a schedule of the future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of December 31, 2004:

<u>Year Ending December 31,</u> 2005	<u>Capital Leases</u>
Minimum Lease Payments	\$65,032
Less: Amount representing interest at the City's incremental borrowing rate of interest	65,032 (3,163)
Present value of minimum lease payments	<u>\$61,869</u>

NOTE 15- RISK MANAGEMENT

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. In 2003, the City joined the Arch Insurance Company, a public entity risk plan formed under Section 2744.081 of the Ohio Revised Code that operates as a common risk management and insurance program for its member political subdivisions. The City pays an annual premium to Arch for its general insurance coverage. The agreement for formation of Arch provides that the organization will be self-sustaining through member premiums and will reinsure through commercial insurance and reinsurance companies.

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

The City also pays unemployment claims to the State of Ohio as incurred.

The City continues to carry commercial insurance for other risks of loss, including employee health and life insurance. There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 16 - CONTINGENCIES

The City is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

NOTE 17 – CONSTRUCTION COMMITMENTS

As of December 31, 2004, the City had the following commitments with respect to capital projects:

<u>Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Western Town Demolition and Paving	\$27,053	August-05
Creek Rd Pedestrian Bridge Replacement	44,870	June-05
Kemper Rd Channel Improvement	246,743	August-05
Family Acquatic Center	734,357	August-05
Total	<u>\$1,053,023</u>	

NOTE 18 - RELATED PARTY TRANSACTIONS

The Community Improvement Corporation of Sharonville (CIC), a discretely presented component unit of the City, received transfers from the City for operations. In 2004, these transfers totaled \$25,000. Property located in the City and owned by the City at 11083 Reading Road and 3327 Creek Road is being managed by the CIC. In exchange for its services, the CIC has been assigned any rent to be earned from tenant use of the property. The City is paying maintenance, insurance and taxes on the property. The tenant at 11083 Reading Road is paying \$500 per month through September 30, 2005, while the tenant at 3327 Creek Road is paying \$500 per month through August 31, 2005.

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE
THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS, AND
FIDUCIARY FUNDS.*

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Street Construction, Maintenance and Repair Fund

To account for state-levied and controlled gasoline tax and motor vehicle registration fees designated for street maintenance and repair.

State Highway Fund

To account for the portion of the state gasoline tax and motor vehicle registration fees designated for street maintenance and repair of state highways within the City.

Federal Emergency Management Agency (FEMA) Fund

To account for grant monies received from the Federal Emergency Management Agency for assistance with public or individual restoration of disaster-damaged projects.

State Health Licenses Fund

To account for the revenues and expenditures of the State-mandated Health Licensing programs such as Food Service, Temporary Food Service, Swimming Pools and Mobile Home Parks.

Law Enforcement Trust Fund

To account for revenues received from local law enforcement grants from the US Department of Justice for Law Enforcement. Expenditures are restricted to law enforcement including restricted personnel costs and equipment as defined in the grants.

Drug Law Enforcement Fund

To account for mandatory fines collected for drug offenses.

DUI Education and Enforcement Fund

To account for financial resources used to educate and treat persons with alcohol related problems and to enhance law enforcement activities as a deterrent to the operation of motor vehicles while under the influence of alcohol.

Mayor's Court Computer Fund

To account for revenues from fines to be used for computers and updating Mayor's Court computer functions.

(Continued)

Special Revenue Funds

Clerk of Courts Computer Fund

To account for revenues from fines to be used for computers and updating Clerk of Courts computer functions.

Law Enforcement Block Grant Fund

To account for grant monies for special overtime for the Police Department.

Confinement Reimbursement Fund

To account for revenues from fines imposed on individuals who are incarcerated in the Hamilton County Jail.

Community Oriented Policing Services (COPS) Grant Fund

To account for proceeds from federal and state grant monies. The grant funds must be used toward the salary and benefits of police officers.

Drug Enforcement Agency (DEA) Federal Sharing Fund

To account for funds received from the federal Drug Enforcement Agency.

Termination Benefits Fund

To account for the large sum payout of retirees for sick, vacation and compensatory time accrued through their employment with the City.

(Continued)

Debt Service Fund

Debt Service Funds are used to account for retirement of the City's general obligation and special assessment bonds.

Note Debt Retirement Fund

To account for the accumulation of resources for the payments of general obligation note debt of the City including self-supporting obligations not otherwise paid from proprietary funds.

Debt Retirement Fund

To account for the accumulation of resources for the payments of general obligation debt of the City including self-supporting obligations not otherwise paid from proprietary funds.

Special Assessment Retirement Fund

To accumulate special assessment revenues collected by the County Treasurer and remitted to the City by the County Auditor for payment of special assessment bonds.

Crystalview Widening Fund

To account for payments of principal and interest on the City's Crystalview Widening special assessment bond. Revenues for this purpose include special assessment collections.

Zind Lane Sewer Fund

To account for payments of principal and interest on the City's Zind Lane Sewer special assessment bond. Revenues for this purpose include special assessment collections.

Crowne Point Drive Fund

To account for payments of principal and interest on the City's Miller Valentine special assessment bonds. Revenues for this purpose include special assessment collections and investment income.

Capital Projects Funds

The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

Capital Improvement Issue II Fund

To account for government and local portions of Issue II funds that will be expended as they are approved

CITY OF SHARONVILLE, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 661,190	\$ 83,529	\$ 992,885	\$ 1,737,604
Investments	1,012,205	361,168	0	1,373,373
Receivables:				
Taxes	0	0	0	0
Accounts	3,655	0	0	3,655
Intergovernmental	858,367	0	0	858,367
Special Assessments	0	322,476	0	322,476
Inventory of Supplies, at Cost	54,946	0	0	54,946
Prepaid Items	500	0	0	500
Total Assets	\$ 2,590,863	\$ 767,173	\$ 992,885	\$ 4,350,921
Liabilities:				
Accounts Payable	\$ 85,689	\$ 0	\$ 66,128	\$ 151,817
Accrued Wages and Benefits Payable	31,077	0	0	31,077
Intergovernmental Payable	31,186	0	0	31,186
Deferred Revenue	565,070	322,476	0	887,546
Total Liabilities	713,022	322,476	66,128	1,101,626
Fund Balances:				
Reserved for Encumbrances	57,977	0	729,996	787,973
Reserved for Prepaid Items	500	0	0	500
Reserved for Supplies Inventory	54,946	0	0	54,946
Reserved for Debt Service	0	444,697	0	444,697
Undesignated/Unreserved	1,764,418	0	196,761	1,961,179
Total Fund Balances	1,877,841	444,697	926,757	3,249,295
Total Liabilities and Fund Balances	\$ 2,590,863	\$ 767,173	\$ 992,885	\$ 4,350,921

CITY OF SHARONVILLE, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2004**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:				
Intergovernmental Revenues	\$ 1,742,617	\$ 197,547	\$ 0	\$ 1,940,164
Charges for Services	3,379	0	0	3,379
Licenses and Permits	64,498	0	0	64,498
Investment Earnings	3,191	1,741	0	4,932
Special Assessments	0	100,772	0	100,772
Fines and Forfeitures	80,430	0	0	80,430
All Other Revenue	149	0	0	149
Total Revenue	1,894,264	300,060	0	2,194,324
Expenditures:				
Current:				
Security of Persons and Property	196,285	0	0	196,285
Public Health and Welfare Services	13,334	0	0	13,334
Transportation	1,314,293	0	0	1,314,293
General Government	129,375	4,520	0	133,895
Capital Outlay	0	0	442,255	442,255
Debt Service:				
Principal Retirement	0	1,105,000	0	1,105,000
Interest & Fiscal Charges	0	747,750	0	747,750
Total Expenditures	1,653,287	1,857,270	442,255	3,952,812
Excess (Deficiency) of Revenues Over Expenditures	240,977	(1,557,210)	(442,255)	(1,758,488)
Other Financing Sources (Uses):				
Transfers In	65,000	2,139,350	0	2,204,350
Transfers Out	0	(396,685)	(111,742)	(508,427)
Total Other Financing Sources (Uses)	65,000	1,742,665	(111,742)	1,695,923
Net Change in Fund Balance	305,977	185,455	(553,997)	(62,565)
Fund Balances at Beginning of Year	1,600,866	259,242	1,480,754	3,340,862
Decrease in Inventory Reserve	(29,002)	0	0	(29,002)
Fund Balances End of Year	\$ 1,877,841	\$ 444,697	\$ 926,757	\$ 3,249,295

CITY OF SHARONVILLE, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2004**

	Street Construction, Maintenance & Repair Fund	State Highway Fund	FEMA Fund	State Health Licenses Fund
Assets:				
Cash and Cash Equivalents	\$ 11,971	\$ 7,471	\$ 4,542	\$ 179,573
Investments	623,290	388,915	0	0
Receivables:				
Accounts	0	0	0	0
Intergovernmental	700,548	58,449	42,968	0
Inventory of Supplies, at Cost	36,814	18,132	0	0
Prepaid Items	500	0	0	0
Total Assets	\$ 1,373,123	\$ 472,967	\$ 47,510	\$ 179,573
Liabilities:				
Accounts Payable	\$ 60,962	\$ 24,727	\$ 0	\$ 0
Accrued Wages and Benefits Payable	31,077	0	0	0
Intergovernmental Payable	24,328	0	0	6,858
Deferred Revenue	468,611	39,643	42,968	0
Total Liabilities	584,978	64,370	42,968	6,858
Fund Balances:				
Reserved for Encumbrances	32,816	14,668	0	0
Reserved for Prepaid Items	500	0	0	0
Reserved for Supplies Inventory	36,814	18,132	0	0
Undesignated/Unreserved	718,015	375,797	4,542	172,715
Total Fund Balances	788,145	408,597	4,542	172,715
Total Liabilities and Fund Balances	\$ 1,373,123	\$ 472,967	\$ 47,510	\$ 179,573

CITY OF SHARONVILLE, OHIO

Law Enforcement Trust Fund	Drug Law Enforcement Fund	DUI Education and Enforcement Fund	Mayor's Court Computer Fund	Clerk of Courts Computer Fund	Law Enforcement Block Grant Fund	Confinement Reimbursement Fund
\$ 14,759	\$ 33,427	\$ 40,114	\$ 16,465	\$ 28,462	\$ 2,383	\$ 788
0	0	0	0	0	0	0
0	505	150	900	2,100	0	0
0	0	34,454	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$ 14,759</u>	<u>\$ 33,932</u>	<u>\$ 74,718</u>	<u>\$ 17,365</u>	<u>\$ 30,562</u>	<u>\$ 2,383</u>	<u>\$ 788</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	8,680	0	0	0	0
0	0	8,680	0	0	0	0
0	0	9,568	0	925	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
14,759	33,932	56,470	17,365	29,637	2,383	788
<u>14,759</u>	<u>33,932</u>	<u>66,038</u>	<u>17,365</u>	<u>30,562</u>	<u>2,383</u>	<u>788</u>
<u>\$ 14,759</u>	<u>\$ 33,932</u>	<u>\$ 74,718</u>	<u>\$ 17,365</u>	<u>\$ 30,562</u>	<u>\$ 2,383</u>	<u>\$ 788</u>

(Continued)

CITY OF SHARONVILLE, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2004**

	<u>COPS Grant Fund</u>	<u>DEA Federal Sharing Fund</u>	<u>Termination Benefits Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets:				
Cash and Cash Equivalents	\$ 5,752	\$ 57,615	\$ 257,868	\$ 661,190
Investments	0	0	0	1,012,205
Receivables:				
Accounts	0	0	0	3,655
Intergovernmental	6,833	15,115	0	858,367
Inventory of Supplies, at Cost	0	0	0	54,946
Prepaid Items	0	0	0	500
Total Assets	<u>\$ 12,585</u>	<u>\$ 72,730</u>	<u>\$ 257,868</u>	<u>\$ 2,590,863</u>
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 85,689
Accrued Wages and Benefits Payable	0	0	0	31,077
Intergovernmental Payable	0	0	0	31,186
Deferred Revenue	5,168	0	0	565,070
Total Liabilities	<u>5,168</u>	<u>0</u>	<u>0</u>	<u>713,022</u>
Fund Balances:				
Reserved for Encumbrances	0	0	0	57,977
Reserved for Prepaid Items	0	0	0	500
Reserved for Supplies Inventory	0	0	0	54,946
Undesignated/Unreserved	7,417	72,730	257,868	1,764,418
Total Fund Balances	<u>7,417</u>	<u>72,730</u>	<u>257,868</u>	<u>1,877,841</u>
Total Liabilities and Fund Balances	<u>\$ 12,585</u>	<u>\$ 72,730</u>	<u>\$ 257,868</u>	<u>\$ 2,590,863</u>

CITY OF SHARONVILLE, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004**

	Street Construction, Maintenance & Repair Fund	State Highway Fund	FEMA Fund	State Health Licenses Fund
Revenues:				
Intergovernmental Revenues	\$ 1,472,708	\$ 119,107	\$ 0	\$ 0
Charges for Services	3,379	0	0	0
Licenses and Permits	0	0	0	64,498
Investment Earnings	1,737	1,451	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	91	0	0	0
Total Revenue	1,477,915	120,558	0	64,498
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare Services	0	0	0	13,334
Transportation	1,232,925	81,368	0	0
General Government	0	0	0	0
Total Expenditures	1,232,925	81,368	0	13,334
Excess (Deficiency) of Revenues Over Expenditures	244,990	39,190	0	51,164
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	244,990	39,190	0	51,164
Fund Balances at Beginning of Year	562,586	378,978	4,542	121,551
Decrease in Inventory Reserve	(19,431)	(9,571)	0	0
Fund Balances End of Year	\$ 788,145	\$ 408,597	\$ 4,542	\$ 172,715

(Continued)

CITY OF SHARONVILLE, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004**

	Law Enforcement Trust Fund	Drug Law Enforcement Fund	DUI Education and Enforcement Fund	Mayor's Court Computer Fund
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 62,514	\$ 0
Charges for Services	0	0	0	0
Licenses and Permits	0	0	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	4,081	6,416	686	13,382
All Other Revenue	0	0	58	0
Total Revenue	4,081	6,416	63,258	13,382
Expenditures:				
Current:				
Security of Persons and Property	1,355	15,713	64,083	11,374
Public Health and Welfare Services	0	0	0	0
Transportation	0	0	0	0
General Government	0	0	0	0
Total Expenditures	1,355	15,713	64,083	11,374
Excess (Deficiency) of Revenues Over Expenditures	2,726	(9,297)	(825)	2,008
Other Financing Sources (Uses):				
Transfers In	0	0	50,000	0
Total Other Financing Sources (Uses)	0	0	50,000	0
Net Change in Fund Balance	2,726	(9,297)	49,175	2,008
Fund Balances at Beginning of Year	12,033	43,229	16,863	15,357
Decrease in Inventory Reserve	0	0	0	0
Fund Balances End of Year	\$ 14,759	\$ 33,932	\$ 66,038	\$ 17,365

CITY OF SHARONVILLE, OHIO

Clerk of Courts Computer Fund	Law Enforcement Block Grant Fund	Confinement Reimbursement Fund	COPS Grant Fund	DEA Federal Sharing Fund	Termination Benefits Fund	Total Nonmajor Special Revenue Funds
\$ 0	\$ 1,367	\$ 0	\$ 38,439	\$ 48,482	\$ 0	\$ 1,742,617
0	0	0	0	0	0	3,379
0	0	0	0	0	0	64,498
0	3	0	0	0	0	3,191
31,227	0	390	0	24,248	0	80,430
0	0	0	0	0	0	149
<u>31,227</u>	<u>1,370</u>	<u>390</u>	<u>38,439</u>	<u>72,730</u>	<u>0</u>	<u>1,894,264</u>
38,714	0	0	65,046	0	0	196,285
0	0	0	0	0	0	13,334
0	0	0	0	0	0	1,314,293
0	0	0	0	0	129,375	129,375
<u>38,714</u>	<u>0</u>	<u>0</u>	<u>65,046</u>	<u>0</u>	<u>129,375</u>	<u>1,653,287</u>
(7,487)	1,370	390	(26,607)	72,730	(129,375)	240,977
<u>0</u>	<u>0</u>	<u>0</u>	<u>15,000</u>	<u>0</u>	<u>0</u>	<u>65,000</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>15,000</u>	<u>0</u>	<u>0</u>	<u>65,000</u>
(7,487)	1,370	390	(11,607)	72,730	(129,375)	305,977
38,049	1,013	398	19,024	0	387,243	1,600,866
0	0	0	0	0	0	(29,002)
<u>\$ 30,562</u>	<u>\$ 2,383</u>	<u>\$ 788</u>	<u>\$ 7,417</u>	<u>\$ 72,730</u>	<u>\$ 257,868</u>	<u>\$ 1,877,841</u>

CITY OF SHARONVILLE, OHIO

**Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2004**

	Note Debt Retirement Fund	Debt Retirement Fund	Special Assessment Retirement Fund
Assets:			
Cash and Cash Equivalents	\$ 676	\$ 4,214	\$ 31,706
Investments	0	0	0
Receivables:			
Special Assessments	0	0	8,189
Total Assets	<u>\$ 676</u>	<u>\$ 4,214</u>	<u>\$ 39,895</u>
Liabilities:			
Deferred Revenue	\$ 0	0	\$ 8,189
Total Liabilities	<u>0</u>	<u>0</u>	<u>8,189</u>
Fund Balances:			
Reserved for Debt Service	676	4,214	31,706
Total Fund Balances	<u>676</u>	<u>\$ 4,214</u>	<u>31,706</u>
Total Liabilities and Fund Balances	<u>\$ 676</u>	<u>\$ 4,214</u>	<u>\$ 39,895</u>

CITY OF SHARONVILLE, OHIO

<u>Crystalview Widening Fund</u>	<u>Zind Lane Sewer Fund</u>	<u>Crowne Point Drive Fund</u>	<u>Total Nonmajor Debt Service Funds</u>
\$ 33,530	\$ 6,464	\$ 6,939	\$ 83,529
0	0	361,168	361,168
0	12,165	302,122	322,476
<u>\$ 33,530</u>	<u>\$ 18,629</u>	<u>\$ 670,229</u>	<u>\$ 767,173</u>
<u>\$ 0</u>	<u>\$ 12,165</u>	<u>302,122</u>	<u>322,476</u>
<u>0</u>	<u>12,165</u>	<u>302,122</u>	<u>322,476</u>
<u>33,530</u>	<u>6,464</u>	<u>368,107</u>	<u>444,697</u>
<u>33,530</u>	<u>6,464</u>	<u>\$ 368,107</u>	<u>\$ 444,697</u>
<u>\$ 33,530</u>	<u>\$ 18,629</u>	<u>\$ 670,229</u>	<u>\$ 767,173</u>

CITY OF SHARONVILLE, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended December 31, 2004**

	Note Debt Retirement Fund	Debt Retirement Fund	Special Assessment Retirement Fund
Revenues:			
Intergovernmental Revenues	\$ 197,547	\$ 0	\$ 0
Investment Earnings	0	0	0
Special Assessments	0	0	0
Total Revenue	<u>197,547</u>	<u>0</u>	<u>0</u>
Expenditures:			
General Government	1,483	0	0
Debt Service:			
Principal Retirement	245,000	795,000	0
Interest & Fiscal Charges	262,722	455,095	0
Total Expenditures	<u>509,205</u>	<u>1,250,095</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(311,658)	(1,250,095)	0
Other Financing Sources (Uses):			
Transfers In	878,315	1,261,035	0
Transfers Out	(396,685)	0	0
Total Other Financing Sources (Uses)	<u>481,630</u>	<u>1,261,035</u>	<u>0</u>
Net Change in Fund Balance	169,972	10,940	0
Fund Balances at Beginning of Year	<u>(169,296)</u>	<u>(6,726)</u>	<u>31,706</u>
Fund Balances End of Year	<u>\$ 676</u>	<u>\$ 4,214</u>	<u>\$ 31,706</u>

CITY OF SHARONVILLE, OHIO

<u>Crystalview Widening Fund</u>	<u>Zind Lane Sewer Fund</u>	<u>Crowne Point Drive Fund</u>	<u>Total Nonmajor Debt Service Funds</u>
\$ 0	\$ 0	\$ 0	\$ 197,547
0	0	1,741	1,741
<u>2,081</u>	<u>7,232</u>	<u>91,459</u>	<u>100,772</u>
<u>2,081</u>	<u>7,232</u>	<u>93,200</u>	<u>300,060</u>
163	210	2,664	4,520
0	5,000	60,000	1,105,000
<u>0</u>	<u>1,200</u>	<u>28,733</u>	<u>747,750</u>
<u>163</u>	<u>6,410</u>	<u>91,397</u>	<u>1,857,270</u>
1,918	822	1,803	(1,557,210)
0	0	0	2,139,350
<u>0</u>	<u>0</u>	<u>0</u>	<u>(396,685)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>1,742,665</u>
1,918	822	1,803	185,455
<u>31,612</u>	<u>5,642</u>	<u>366,304</u>	<u>259,242</u>
<u>\$ 33,530</u>	<u>\$ 6,464</u>	<u>\$ 368,107</u>	<u>\$ 444,697</u>

CITY OF SHARONVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 14,000,600	\$ 13,643,069	\$ 13,965,465	\$ 322,396
Intergovernmental Revenues	608,010	556,966	570,127	13,161
Charges for Services	379,170	418,485	428,374	9,889
Licenses and Permits	308,570	317,760	325,269	7,509
Investment Earnings	206,000	276,930	283,474	6,544
Fines and Forfeitures	300,400	299,928	307,016	7,088
All Other Revenues	191,250	124,220	127,155	2,935
Total Revenues	15,994,000	15,637,358	16,006,880	369,522
Expenditures:				
Security of Persons and Property:				
Police Department:				
Personal Services	5,057,949	4,463,934	4,408,110	55,824
Materials and Supplies	290,202	269,137	252,917	16,220
Contractual Services	480,615	473,118	418,866	54,252
Total Security of Persons and Property	5,828,766	5,206,189	5,079,893	126,296
Public Health and Welfare Services:				
Health Department:				
Personal Services	342,555	321,475	298,544	22,931
Materials and Supplies	9,355	14,621	8,153	6,468
Contractual Services	35,191	35,690	30,670	5,020
Total Public Health and Welfare Services	387,101	371,786	337,367	34,419
Leisure Time Activities:				
Recreation Centers:				
Personal Services	730,990	672,160	637,073	35,087
Materials and Supplies	74,577	91,184	64,996	26,188
Contractual Services	73,830	81,183	64,344	16,839
Total Recreation Centers	879,397	844,527	766,413	78,114
Recreation Parks and Programs:				
Personal Services	1,475,425	1,354,797	1,285,864	68,933
Materials and Supplies	101,450	115,045	88,416	26,629
Contractual Services	528,805	522,649	460,865	61,784
Total Recreation Parks and Programs	2,105,680	1,992,491	1,835,145	157,346

(Continued)

CITY OF SHARONVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Recreation Pools:				
Personal Services	227,138	200,050	197,956	2,094
Materials and Supplies	38,392	35,430	33,459	1,971
Contractual Services	27,411	25,005	23,889	1,116
Total Recreation Pools	<u>292,941</u>	<u>260,485</u>	<u>255,304</u>	<u>5,181</u>
Total Leisure Time Activities	<u>3,278,018</u>	<u>3,097,503</u>	<u>2,856,862</u>	<u>240,641</u>
Community Environment:				
Building and Planning:				
Personal Services	499,896	468,855	435,670	33,185
Materials and Supplies	12,735	17,169	11,099	6,070
Contractual Services	156,883	175,197	136,727	38,470
Total Community Environment	<u>669,514</u>	<u>661,221</u>	<u>583,496</u>	<u>77,725</u>
Basic Utility Services:				
Waste Collection:				
Contractual Services	629,717	548,812	548,812	0
Total Basic Utility Services	<u>629,717</u>	<u>548,812</u>	<u>548,812</u>	<u>0</u>
General Government:				
Mayor:				
Personal Services	27,046	37,560	37,484	76
Materials and Supplies	108	1,200	150	1,050
Contractual Services	13,546	22,662	18,774	3,888
Total Mayor	<u>40,700</u>	<u>61,422</u>	<u>56,408</u>	<u>5,014</u>
Council:				
Personal Services	102,911	108,320	108,142	178
Materials and Supplies	604	5,570	635	4,935
Contractual Services	3,805	18,219	3,998	14,221
Total Council	<u>107,320</u>	<u>132,109</u>	<u>112,775</u>	<u>19,334</u>
Auditor and Treasurer:				
Personal Services	75,555	109,945	108,519	1,426
Materials and Supplies	1,238	3,505	1,779	1,726
Contractual Services	50,877	76,156	73,074	3,082
Total Auditor and Treasurer	<u>127,670</u>	<u>189,606</u>	<u>183,372</u>	<u>6,234</u>

(Continued)

CITY OF SHARONVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2004***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Law Director:				
Personal Services	66,827	76,400	75,246	1,154
Materials and Supplies	168	210	189	21
Contractual Services	403,305	468,889	454,117	14,772
Total Law Director	<u>470,300</u>	<u>545,499</u>	<u>529,552</u>	<u>15,947</u>
Civil Service:				
Personal Services	8,195	20,550	13,740	6,810
Materials and Supplies	281	1,300	472	828
Contractual Services	14,524	32,997	24,351	8,646
Total Civil Service	<u>23,000</u>	<u>54,847</u>	<u>38,563</u>	<u>16,284</u>
Safety/Service Director:				
Personal Services	601,893	732,600	701,174	31,426
Materials and Supplies	3,586	6,936	4,177	2,759
Contractual Services	177,071	260,500	206,279	54,221
Total Safety/Service Director	<u>782,550</u>	<u>1,000,036</u>	<u>911,630</u>	<u>88,406</u>
Tax Department:				
Personal Services	356,605	360,734	347,715	13,019
Materials and Supplies	14,810	20,626	14,441	6,185
Contractual Services	55,995	68,646	54,599	14,047
Total Tax Department	<u>427,410</u>	<u>450,006</u>	<u>416,755</u>	<u>33,251</u>
Building and Lands:				
Personal Services	298,845	297,922	282,796	15,126
Materials and Supplies	61,185	73,273	57,899	15,374
Contractual Services	267,140	275,313	252,793	22,520
Total Buildings and Lands	<u>627,170</u>	<u>646,508</u>	<u>593,488</u>	<u>53,020</u>
Miscellaneous Government:				
Materials and Supplies	6,821	23,946	20,465	3,481
Contractual Services	221,879	706,545	665,652	40,893
Total Miscellaneous Government	<u>228,700</u>	<u>730,491</u>	<u>686,117</u>	<u>44,374</u>
Total General Government	<u>4,048,852</u>	<u>3,810,524</u>	<u>3,528,660</u>	<u>281,864</u>

(Continued)

CITY OF SHARONVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Debt Service:				
Interest and Fiscal Charges	<u>227</u>	<u>200</u>	<u>197</u>	<u>3</u>
Total Debt Service	<u>227</u>	<u>200</u>	<u>197</u>	<u>3</u>
Total Expenditures	<u>14,842,195</u>	<u>13,696,235</u>	<u>12,935,287</u>	<u>760,948</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,151,805	1,941,123	3,071,593	1,130,470
Other Financing Sources (Uses):				
Transfers Out	<u>(2,755,750)</u>	<u>(2,755,750)</u>	<u>(2,748,315)</u>	<u>7,435</u>
Total Other Financing Sources (Uses)	<u>(2,755,750)</u>	<u>(2,755,750)</u>	<u>(2,748,315)</u>	<u>7,435</u>
Net Change in Fund Balance	(1,603,945)	(814,627)	323,278	1,137,905
Fund Balance at Beginning of Year	1,268,347	1,268,347	1,268,347	0
Prior Year Encumbrances	351,985	351,985	351,985	0
Fund Balance at End of Year	<u>\$ 16,387</u>	<u>\$ 805,705</u>	<u>\$ 1,943,610</u>	<u>\$ 1,137,905</u>

CITY OF SHARONVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Special Revenue Fund
For the Year Ended December 31, 2004**

	FIRE DEPARTMENT FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 5,600,000	\$ 5,835,502	\$ 5,985,615	\$ 150,113
Intergovernmental Revenues	0	222,939	222,939	0
Charges for Services	265,000	406,916	406,916	0
Investment Earnings	27,000	26,527	26,527	0
All Other Revenues	55,000	619	619	0
Total Revenues	<u>5,947,000</u>	<u>6,492,503</u>	<u>6,642,616</u>	<u>150,113</u>
Expenditures:				
Security of Persons and Property:				
Fire Department:				
Personal Services	4,858,700	4,794,723	4,719,044	75,679
Materials and Supplies	195,140	245,081	215,808	29,273
Contractual Services	389,150	532,996	491,827	41,169
Total Security of Persons and Property	<u>5,442,990</u>	<u>5,572,800</u>	<u>5,426,679</u>	<u>146,121</u>
Capital Outlay	471,710	504,732	315,834	188,898
Debt Service:				
Interest Charges	736,392	403,392	400,422	2,970
Total Debt Service	<u>736,392</u>	<u>403,392</u>	<u>400,422</u>	<u>2,970</u>
Total Expenditures	<u>6,651,092</u>	<u>6,480,924</u>	<u>6,142,935</u>	<u>337,989</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(704,092)	11,579	499,681	488,102
Other Financing Sources (Uses):				
Transfers In	0	2,000	2,000	0
Transfers Out	(702,608)	(702,608)	(702,608)	0
Total Other Financing Sources (Uses)	<u>(702,608)</u>	<u>(700,608)</u>	<u>(700,608)</u>	<u>0</u>
Net Change in Fund Balance	(1,406,700)	(689,029)	(200,927)	488,102
Fund Balance at Beginning of Year	1,325,474	1,325,474	1,325,474	0
Prior Year Encumbrances	249,033	249,033	249,033	0
Fund Balance at End of Year	<u>\$ 167,807</u>	<u>\$ 885,478</u>	<u>\$ 1,373,580</u>	<u>\$ 488,102</u>

CITY OF SHARONVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Project Fund
For the Year Ended December 31, 2004**

	CAPITAL IMPROVEMENT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
All Other Revenues	\$ 0	\$ 455,434	\$ 121,620	\$ (333,814)
Total Revenues	<u>0</u>	<u>455,434</u>	<u>121,620</u>	<u>(333,814)</u>
Expenditures:				
Capital Outlay	8,517,222	14,275,232	9,485,608	1,319,395
Total Expenditures	<u>8,517,222</u>	<u>14,275,232</u>	<u>9,485,608</u>	<u>1,319,395</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,517,222)	(13,819,798)	(9,363,988)	985,581
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	5,807	5,807
General Obligation Notes Issued	0	0	1,975,000	1,975,000
Transfers In	3,400,000	3,400,000	1,753,000	(1,647,000)
Total Other Financing Sources (Uses)	<u>3,400,000</u>	<u>3,400,000</u>	<u>3,733,807</u>	<u>333,807</u>
Net Change in Fund Balance	(5,117,222)	(10,419,798)	(5,630,181)	1,319,388
Fund Balance at Beginning of Year	1,098,941	1,098,941	1,098,941	0
Prior Year Encumbrances	4,675,232	4,675,232	4,675,232	0
Fund Balance at End of Year	<u>\$ 656,951</u>	<u>\$ (4,645,625)</u>	<u>\$ 143,992</u>	<u>\$ 1,319,388</u>

CITY OF SHARONVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Project Fund
For the Year Ended December 31, 2004**

FIRE CAPITAL IMPROVEMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u></u>
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Capital Outlay	72,500	72,500	72,500	0
Total Expenditures	<u>72,500</u>	<u>72,500</u>	<u>72,500</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(72,500)	(72,500)	(72,500)	0
Fund Balance at Beginning of Year	6,114,056	6,114,056	6,114,056	0
Fund Balance at End of Year	<u>\$ 6,041,556</u>	<u>\$ 6,041,556</u>	<u>\$ 6,041,556</u>	<u>\$ 0</u>

CITY OF SHARONVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND			
Revenues:			
Intergovernmental Revenues	\$ 1,361,668	\$ 1,399,589	\$ 37,921
Charges for Services	3,379	3,379	0
Investment Earnings	1,309	1,309	0
All Other Revenues	91	91	0
Total Revenues	<u>1,366,447</u>	<u>1,404,368</u>	<u>37,921</u>
Expenditures:			
Transportation:			
Street Maintenance and Repair Department:			
Personal Services	1,017,194	955,662	61,532
Materials and Supplies	124,965	86,021	38,944
Contractual Services	122,774	87,251	35,523
Snow and Ice Removal Department:			
Personal Services	60,000	17,419	42,581
Materials and Supplies	154,386	111,852	42,534
Contractual Services	6,860	1,000	5,860
Traffic Signs and Signals Department:			
Materials and Supplies	2,411	1,911	500
Contractual Services	28,674	24,670	4,004
Total Expenditures	<u>1,517,264</u>	<u>1,285,786</u>	<u>231,478</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(150,817)	118,582	269,399
Fund Balance at Beginning of Year	305,980	305,980	0
Prior Year Encumbrances	117,263	117,263	0
Fund Balance at End of Year	<u>\$ 272,426</u>	<u>\$ 541,825</u>	<u>\$ 269,399</u>

CITY OF SHARONVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004**

STATE HIGHWAY FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 110,116	\$ 113,178	\$ 3,062
Investment Earnings	1,059	1,059	0
Total Revenues	<u>111,175</u>	<u>114,237</u>	<u>3,062</u>
Expenditures:			
Transportation:			
Street Maintenance and Repair Department:			
Materials and Supplies	16,000	0	16,000
Contractual Services	73,232	43,868	29,364
Snow and Ice Removal Department:			
Materials and Supplies	44,766	28,434	16,332
Traffic Signs and Signals Department:			
Materials and Supplies	1,838	744	1,094
Contractual Services	32,269	17,854	14,415
Total Transportation	<u>168,105</u>	<u>90,900</u>	<u>77,205</u>
Capital Outlay	21,000	19,747	1,253
Total Expenditures	<u>189,105</u>	<u>110,647</u>	<u>78,458</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(77,930)	3,590	81,520
Fund Balance at Beginning of Year	314,573	314,573	0
Prior Year Encumbrances	39,105	39,105	0
Fund Balance at End of Year	<u>\$ 275,748</u>	<u>\$ 357,268</u>	<u>\$ 81,520</u>

CITY OF SHARONVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
Total Expenditures	<u> 0</u>	<u> 0</u>	<u> 0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	<u> 4,542</u>	<u> 4,542</u>	<u> 0</u>
Fund Balance at End of Year	<u><u>\$ 4,542</u></u>	<u><u>\$ 4,542</u></u>	<u><u>\$ 0</u></u>

CITY OF SHARONVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Licenses and Permits	\$ 63,488	\$ 64,498	\$ 1,010
Total Revenues	<u>63,488</u>	<u>64,498</u>	<u>1,010</u>
Expenditures:			
Public Health and Welfare Services:			
Health Department:			
Contractual Services	<u>8,000</u>	<u>6,476</u>	<u>1,524</u>
Total Public Health and Welfare Services	<u>8,000</u>	<u>6,476</u>	<u>1,524</u>
Total Expenditures	<u>8,000</u>	<u>6,476</u>	<u>1,524</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	55,488	58,022	2,534
Fund Balance at Beginning of Year	<u>121,551</u>	<u>121,551</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 177,039</u>	<u>\$ 179,573</u>	<u>\$ 2,534</u>

CITY OF SHARONVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 4,081	\$ 4,081	\$ 0
Total Revenues	<u>4,081</u>	<u>4,081</u>	<u>0</u>
Expenditures:			
Security of Persons and Property:			
Police Department:			
Materials and Supplies	<u>2,155</u>	<u>1,355</u>	<u>800</u>
Total Security of Persons and Property	<u>2,155</u>	<u>1,355</u>	<u>800</u>
Total Expenditures	<u>2,155</u>	<u>1,355</u>	<u>800</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,926	2,726	800
Fund Balance at Beginning of Year	11,878	11,878	0
Prior Year Encumbrances	<u>155</u>	<u>155</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 13,959</u>	<u>\$ 14,759</u>	<u>\$ 800</u>

CITY OF SHARONVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 29,224	\$ 5,911	\$ (23,313)
Total Revenues	<u>29,224</u>	<u>5,911</u>	<u>(23,313)</u>
Expenditures:			
Security of Persons and Property:			
Police Department:			
Materials and Supplies	<u>6,650</u>	<u>6,356</u>	<u>294</u>
Total Security of Persons and Property	<u>6,650</u>	<u>6,356</u>	<u>294</u>
Capital Outlay	<u>11,400</u>	<u>9,357</u>	<u>2,043</u>
Total Expenditures	<u>18,050</u>	<u>15,713</u>	<u>2,337</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,174	(9,802)	(20,976)
Fund Balance at Beginning of Year	43,179	43,179	0
Prior Year Encumbrances	<u>50</u>	<u>50</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 54,403</u>	<u>\$ 33,427</u>	<u>\$ (20,976)</u>

CITY OF SHARONVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004**

DUI EDUCATION AND ENFORCEMENT FUND			Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Intergovernmental Revenues	\$ 18,713	\$ 36,865	\$ 18,152
Fines and Forfeitures	686	686	0
All Other Revenues	1,150	1,150	0
Total Revenues	<u>20,549</u>	<u>38,701</u>	<u>18,152</u>
Expenditures:			
Security of Persons and Property:			
Police Department:			
Personal Services	26,620	21,899	4,721
Materials and Supplies	4,500	3,010	1,490
Contractual Services	48,880	48,742	138
Total Security of Persons and Property	<u>80,000</u>	<u>73,651</u>	<u>6,349</u>
Total Expenditures	<u>80,000</u>	<u>73,651</u>	<u>6,349</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(59,451)	(34,950)	24,501
Other Financing Sources (Uses):			
Transfers In	50,000	50,000	0
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Net Change in Fund Balance	(9,451)	15,050	24,501
Fund Balance at Beginning of Year	15,496	15,496	0
Fund Balance at End of Year	<u>\$ 6,045</u>	<u>\$ 30,546</u>	<u>\$ 24,501</u>

CITY OF SHARONVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 12,482	\$ 12,482	\$ 0
Total Revenues	<u>12,482</u>	<u>12,482</u>	<u>0</u>
Expenditures:			
Security of Persons and Property:			
Police Department:			
Materials and Supplies	10,500	6,874	3,626
Contractual Services	<u>3,500</u>	<u>3,500</u>	<u>0</u>
Total Security of Persons and Property	<u>14,000</u>	<u>10,374</u>	<u>3,626</u>
Capital Outlay	<u>1,000</u>	<u>1,000</u>	<u>0</u>
Total Expenditures	<u>15,000</u>	<u>11,374</u>	<u>3,626</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,518)	1,108	3,626
Fund Balance at Beginning of Year	<u>15,357</u>	<u>15,357</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 12,839</u>	<u>\$ 16,465</u>	<u>\$ 3,626</u>

CITY OF SHARONVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 29,127	\$ 29,127	\$ 0
Total Revenues	<u>29,127</u>	<u>29,127</u>	<u>0</u>
Expenditures:			
Security of Persons and Property:			
Police Department:			
Materials and Supplies	12,147	7,639	4,508
Contractual Services	<u>3,000</u>	<u>2,000</u>	<u>1,000</u>
Total Security of Persons and Property	<u>15,147</u>	<u>9,639</u>	<u>5,508</u>
Capital Outlay	<u>30,000</u>	<u>30,000</u>	<u>0</u>
Total Expenditures	<u>45,147</u>	<u>39,639</u>	<u>5,508</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,020)	(10,512)	5,508
Fund Balance at Beginning of Year	37,902	37,902	0
Prior Year Encumbrances	<u>147</u>	<u>147</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 22,029</u>	<u>\$ 27,537</u>	<u>\$ 5,508</u>

CITY OF SHARONVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 0	\$ 1,367	\$ 1,367
Investment Earnings	3	3	0
Total Revenues	3	1,370	1,367
Expenditures:			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	3	1,370	1,367
Fund Balance at Beginning of Year	1,013	1,013	0
Fund Balance at End of Year	\$ 1,016	\$ 2,383	\$ 1,367

CITY OF SHARONVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 390	\$ 390	\$ 0
Total Revenues	<u>390</u>	<u>390</u>	<u>0</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	390	390	0
Fund Balance at Beginning of Year	<u>398</u>	<u>398</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 788</u></u>	<u><u>\$ 788</u></u>	<u><u>\$ 0</u></u>

CITY OF SHARONVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004**

	COPS GRANT FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Intergovernmental Revenues	\$ 49,917	\$ 49,917	\$ 0
Total Revenues	<u>49,917</u>	<u>49,917</u>	<u>0</u>
Expenditures:			
Security of Persons and Property:			
Police Department:			
Personal Services	70,000	65,046	4,954
Total Security of Persons and Property	<u>70,000</u>	<u>65,046</u>	<u>4,954</u>
Total Expenditures	<u>70,000</u>	<u>65,046</u>	<u>4,954</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,083)	(15,129)	4,954
Other Financing Sources (Uses):			
Transfers In	15,000	15,000	0
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>15,000</u>	<u>0</u>
Net Change in Fund Balance	(5,083)	(129)	4,954
Fund Balance at Beginning of Year	5,881	5,881	0
Fund Balance at End of Year	<u>\$ 798</u>	<u>\$ 5,752</u>	<u>\$ 4,954</u>

CITY OF SHARONVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 30,872	\$ 33,367	\$ 2,495
Fines and Forfeitures	0	24,248	24,248
Total Revenues	<u>30,872</u>	<u>57,615</u>	<u>26,743</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	30,872	57,615	26,743
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 30,872</u>	<u>\$ 57,615</u>	<u>\$ 26,743</u>

CITY OF SHARONVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004**

TERMINATION BENEFITS FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
General Government:			
Miscellaneous Financing Department:			
Personal Services	131,000	129,375	1,625
Total General Government	131,000	129,375	1,625
Total Expenditures	131,000	129,375	1,625
Excess (Deficiency) of Revenues Over (Under) Expenditures	(131,000)	(129,375)	1,625
Other Financing Sources (Uses):			
Transfers In	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balance	(131,000)	(129,375)	1,625
Fund Balance at Beginning of Year	387,243	387,243	0
Fund Balance at End of Year	\$ 256,243	\$ 257,868	\$ 1,625

CITY OF SHARONVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2004**

NOTE DEBT RETIREMENT FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 197,547	\$ 197,547	\$ 0
Total Revenues	<u>197,547</u>	<u>197,547</u>	<u>0</u>
Expenditures:			
General Government:			
Miscellaneous Financing Department:			
Contractual Services	1,580	1,483	97
Total General Government	<u>1,580</u>	<u>1,483</u>	<u>97</u>
Debt Service:			
Principal Retirement	490,000	490,000	0
Interest Charges	414,420	414,407	13
Total Debt Service	<u>904,420</u>	<u>904,407</u>	<u>13</u>
Total Expenditures	<u>906,000</u>	<u>905,890</u>	<u>110</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(708,453)	(708,343)	110
Other Financing Sources (Uses):			
Transfers In	878,315	878,315	0
Advances Out	0	(169,296)	(169,296)
Total Other Financing Sources (Uses)	<u>878,315</u>	<u>709,019</u>	<u>(169,296)</u>
Net Change in Fund Balance	169,862	676	(169,186)
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$ 169,862</u>	<u>\$ 676</u>	<u>\$ (169,186)</u>

CITY OF SHARONVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2004**

	DEBT RETIREMENT FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
All Other Revenues	\$ 13,460	\$ 13,460	\$ 0	\$ (13,460)
Total Revenues	<u>13,460</u>	<u>13,460</u>	<u>0</u>	<u>(13,460)</u>
Expenditures:				
Capital Outlay	<u>3,000</u>	<u>3,000</u>	<u>0</u>	<u>3,000</u>
Debt Service:				
Principal Retirement	0	795,000	795,000	0
Interest Charges	<u>40,000</u>	<u>456,035</u>	<u>455,095</u>	<u>940</u>
Total Debt Service	<u>40,000</u>	<u>1,251,035</u>	<u>1,250,095</u>	<u>940</u>
Total Expenditures	<u>43,000</u>	<u>1,254,035</u>	<u>1,250,095</u>	<u>3,940</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,540)	(1,240,575)	(1,250,095)	(9,520)
Other Financing Sources (Uses):				
Transfers In	0	1,211,035	1,261,035	50,000
Advances Out	<u>0</u>	<u>0</u>	<u>(6,726)</u>	<u>(6,726)</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>1,211,035</u>	<u>1,254,309</u>	<u>43,274</u>
Net Change in Fund Balance	(29,540)	(29,540)	4,214	33,754
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (29,540)</u>	<u>\$ (29,540)</u>	<u>\$ 4,214</u>	<u>\$ 33,754</u>

CITY OF SHARONVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2004***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	<u>31,706</u>	<u>31,706</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 31,706</u>	<u>\$ 31,706</u>	<u>\$ 0</u>

CITY OF SHARONVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2004**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$ 2,081	\$ 2,081	\$ 0
Total Revenues	<u>2,081</u>	<u>2,081</u>	<u>0</u>
Expenditures:			
General Government:			
Miscellaneous Financing Department:			
Contractual Services	<u>500</u>	<u>163</u>	<u>337</u>
Total General Government	<u>500</u>	<u>163</u>	<u>337</u>
Debt Service:			
Principal Retirement	<u>500</u>	<u>0</u>	<u>500</u>
Total Debt Service	<u>500</u>	<u>0</u>	<u>500</u>
Total Expenditures	<u>1,000</u>	<u>163</u>	<u>837</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,081	1,918	837
Fund Balance at Beginning of Year	<u>31,612</u>	<u>31,612</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 32,693</u>	<u>\$ 33,530</u>	<u>\$ 837</u>

CITY OF SHARONVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2004**

ZIND LANE SEWER FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$ 7,232	\$ 7,232	\$ 0
Total Revenues	<u>7,232</u>	<u>7,232</u>	<u>0</u>
Expenditures:			
General Government:			
Miscellaneous Financing Department:			
Contractual Services	300	210	90
Total General Government	<u>300</u>	<u>210</u>	<u>90</u>
Debt Service:			
Principal Retirement	5,700	5,000	700
Interest Charges	2,000	1,200	800
Total Debt Service	<u>7,700</u>	<u>6,200</u>	<u>1,500</u>
Total Expenditures	<u>8,000</u>	<u>6,410</u>	<u>1,590</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(768)	822	1,590
Fund Balance at Beginning of Year	5,642	5,642	0
Fund Balance at End of Year	<u>\$ 4,874</u>	<u>\$ 6,464</u>	<u>\$ 1,590</u>

CITY OF SHARONVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2004**

CROWNE POINT DRIVE FUND			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 1,173	\$ 1,173	\$ 0
Special Assessments	<u>91,459</u>	<u>91,459</u>	<u>0</u>
Total Revenues	<u>92,632</u>	<u>92,632</u>	<u>0</u>
Expenditures:			
General Government:			
Miscellaneous Financing Department:			
Contractual Services	<u>2,900</u>	<u>2,664</u>	<u>236</u>
Total General Government	<u>2,900</u>	<u>2,664</u>	<u>236</u>
Debt Service:			
Principal Retirement	60,100	60,000	100
Interest Charges	<u>37,000</u>	<u>28,733</u>	<u>8,267</u>
Total Debt Service	<u>97,100</u>	<u>88,733</u>	<u>8,367</u>
Total Expenditures	<u>100,000</u>	<u>91,397</u>	<u>8,603</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,368)	1,235	8,603
Fund Balance at Beginning of Year	<u>367,178</u>	<u>367,178</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 359,810</u>	<u>\$ 368,413</u>	<u>\$ 8,603</u>

CITY OF SHARONVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2004***

CAPITAL IMPROVEMENT ISSUE II FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Capital Outlay	1,529,627	1,181,627	348,000
Debt Service:			
Principal Retirement	85,000	85,000	0
Interest Charges	27,000	26,742	258
Total Debt Service	112,000	111,742	258
Total Expenditures	1,641,627	1,293,369	348,258
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,641,627)	(1,293,369)	348,258
Fund Balance at Beginning of Year	1,248,503	1,248,503	0
Prior Year Encumbrances	241,627	241,627	0
Fund Balance at End of Year	\$ (151,497)	\$ 196,761	\$ 348,258



Fiduciary Funds

Fiduciary fund types 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/or other funds.

Agency Funds

Mayor's Court Fund

To account for funds that flow through the Mayor's Court.

Employee Benefits Fund

To account for funds related to the IRS 125 Employee Benefits Plan.

Tax Rebate Fund

To account for funds being claimed by taxpayers for over-payment of taxes.

Ohio Board of Building Standards Fund

To account for funds from the three percent (3%) fees as required by Ohio Revised Code.

Tax Rebate 1.5% Fund

To account for funds being claimed by taxpayers for over-payment of taxes at the 1.5% tax rate.

Warranty Bond Fund

To account for funds used to finance urgent repairs to shopping center development.

CITY OF SHARONVILLE, OHIO

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2004**

	Balance December 31, 2003	Additions	Deductions	Balance December 31, 2004
<u>Mayor's Court Fund</u>				
Assets:				
Cash and Cash Equivalents	\$45,004	\$499,818	(\$497,364)	\$47,458
Total Assets	<u>\$45,004</u>	<u>\$499,818</u>	<u>(\$497,364)</u>	<u>\$47,458</u>
Liabilities:				
Due to Others	\$45,004	\$499,818	(\$497,364)	\$47,458
Total Liabilities	<u>\$45,004</u>	<u>\$499,818</u>	<u>(\$497,364)</u>	<u>\$47,458</u>
<u>Employee Benefits Fund</u>				
Assets:				
Cash and Cash Equivalents	\$233,666	\$155,550	(\$145,117)	\$244,099
Total Assets	<u>\$233,666</u>	<u>\$155,550</u>	<u>(\$145,117)</u>	<u>\$244,099</u>
Liabilities:				
Due to Others	\$233,666	\$155,550	(\$145,117)	\$244,099
Total Liabilities	<u>\$233,666</u>	<u>\$155,550</u>	<u>(\$145,117)</u>	<u>\$244,099</u>
<u>Tax Rebate Fund</u>				
Assets:				
Cash and Cash Equivalents	\$101,981	\$15,000	(\$67,736)	\$49,245
Total Assets	<u>\$101,981</u>	<u>\$15,000</u>	<u>(\$67,736)</u>	<u>\$49,245</u>
Liabilities:				
Due to Others	\$101,981	\$15,000	(\$67,736)	\$49,245
Total Liabilities	<u>\$101,981</u>	<u>\$15,000</u>	<u>(\$67,736)</u>	<u>\$49,245</u>
<u>Ohio Board of Building Standards Fund</u>				
Assets:				
Cash and Cash Equivalents	\$190	\$3,476	(\$3,371)	\$295
Total Assets	<u>\$190</u>	<u>\$3,476</u>	<u>(\$3,371)</u>	<u>\$295</u>
Liabilities:				
Intergovernmental Payables	\$190	\$3,476	(\$3,371)	\$295
Total Liabilities	<u>\$190</u>	<u>\$3,476</u>	<u>(\$3,371)</u>	<u>\$295</u>

CITY OF SHARONVILLE, OHIO

	Balance December 31, 2003	Additions	Deductions	Balance December 31, 2004
<u>Tax Rebate 1.5% Fund</u>				
Assets:				
Cash and Cash Equivalents	\$1,210,006	\$75,448	(\$624,337)	\$661,117
Total Assets	<u>\$1,210,006</u>	<u>\$75,448</u>	<u>(\$624,337)</u>	<u>\$661,117</u>
Liabilities:				
Due to Others	\$1,210,006	\$75,448	(\$624,337)	\$661,117
Total Liabilities	<u>\$1,210,006</u>	<u>\$75,448</u>	<u>(\$624,337)</u>	<u>\$661,117</u>
<u>Warranty Bond Fund</u>				
Assets:				
Cash and Cash Equivalents	\$7,758	\$0	\$0	\$7,758
Total Assets	<u>\$7,758</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,758</u>
Liabilities:				
Due to Others	\$7,758	\$0	\$0	\$7,758
Total Liabilities	<u>\$7,758</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,758</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$1,598,605	\$749,292	(\$1,337,925)	\$1,009,972
Total Assets	<u>\$1,598,605</u>	<u>\$749,292</u>	<u>(\$1,337,925)</u>	<u>\$1,009,972</u>
Liabilities:				
Intergovernmental Payables	\$190	\$3,476	(\$3,371)	\$295
Due to Others	1,598,415	745,816	(1,334,554)	1,009,677
Total Liabilities	<u>\$1,598,605</u>	<u>\$749,292</u>	<u>(\$1,337,925)</u>	<u>\$1,009,972</u>

*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*

CITY OF SHARONVILLE, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2004***

Capital Assets:

Land	\$5,871,002
Construction in Progress	4,093,753
Land Improvements	3,444,723
Buildings and Improvements	11,409,484
Infrastructure	13,177,672
Machinery and Equipment	1,635,032
Vehicles	<u>2,953,963</u>
Total Capital Assets	<u><u>\$42,585,629</u></u>

Investment in Capital Assets:

Special Revenue Funds	\$20,058,671
Capital Project Funds	<u>22,526,958</u>
Total Investment in Capital Assets	<u><u>\$42,585,629</u></u>

CITY OF SHARONVILLE, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2004**

<u>Function and Activity</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Land Improvements</u>	<u>Buildings and Improvements</u>
<u>Security of Persons and Property:</u>				
Police Department	\$0	\$0	\$0	\$0
Fire Department	2,000,000	0	18,068	0
Total	2,000,000	0	18,068	0
<u>Public Health and Welfare Services:</u>				
Health Department	0	0	0	0
<u>Leisure Time Activities:</u>				
Recreation Centers	0	0	162,328	77,066
Recreation Parks and Programs	0	0	1,836,479	0
Recreation Pools	0	4,093,753	81,013	0
Total	0	4,093,753	2,079,820	77,066
<u>Community Environment:</u>				
Building and Planning	0	0	0	0
<u>Transportation:</u>				
Street Construction and Reconstruction	1,810,791	0	385,018	87,275
Street Maintenance and Repairs	0	0	57,390	0
Traffic Signs and Signals	0	0	0	0
Total	1,810,791	0	442,408	87,275
<u>General Government:</u>				
Council	0	0	63,231	9,755
Auditor and Treasurer	0	0	0	0
Safety/Service Director	0	0	0	0
Tax Department	707,840	0	492,160	14,500
Buildings and Lands	1,352,371	0	349,036	11,220,888
Miscellaneous Government	0	0	0	0
Total	2,060,211	0	904,427	11,245,143
Total Capital Assets	\$5,871,002	\$4,093,753	\$3,444,723	\$11,409,484

CITY OF SHARONVILLE, OHIO

<u>Infrastructure</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Total</u>
\$0	\$445,795	\$325,518	\$771,313
<u>158,604</u>	<u>461,894</u>	<u>1,987,257</u>	<u>4,625,823</u>
<u>158,604</u>	<u>907,689</u>	<u>2,312,775</u>	<u>5,397,136</u>
0	0	41,461	41,461
0	150,219	17,392	407,005
0	181,451	14,844	2,032,774
0	30,680	0	4,205,446
<u>0</u>	<u>362,350</u>	<u>32,236</u>	<u>6,645,225</u>
0	33,765	60,506	94,271
10,533,778	14,999	0	12,831,861
446,549	211,385	506,985	1,222,309
<u>1,378,678</u>	<u>0</u>	<u>0</u>	<u>1,378,678</u>
<u>12,359,005</u>	<u>226,384</u>	<u>506,985</u>	<u>15,432,848</u>
0	0	0	72,986
0	7,290	0	7,290
0	16,030	0	16,030
0	35,043	0	1,249,543
660,063	29,597	0	13,611,955
<u>0</u>	<u>16,884</u>	<u>0</u>	<u>16,884</u>
<u>660,063</u>	<u>104,844</u>	<u>0</u>	<u>14,974,688</u>
<u>\$13,177,672</u>	<u>\$1,635,032</u>	<u>\$2,953,963</u>	<u>\$42,585,629</u>

CITY OF SHARONVILLE, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule Changes by Function and Activity
For Year Ended December 31, 2004***

Function and Activity	Restated December 31, 2003	Additions	Deletions	December 31, 2004
<u>Security of Persons and Property:</u>				
Police Department	\$793,986	\$114,776	(\$137,449)	\$771,313
Fire Department	4,479,150	146,673	0	4,625,823
Total	<u>5,273,136</u>	<u>261,449</u>	<u>(137,449)</u>	<u>5,397,136</u>
<u>Public Health and Welfare Services:</u>				
Health Department	41,461	0	0	41,461
<u>Leisure Time Activities:</u>				
Recreation Centers	400,035	6,970	0	407,005
Recreation Parks and Programs	2,021,757	22,412	(11,395)	2,032,774
Recreation Pools	1,053,615	3,327,416	(175,585)	4,205,446
Total	<u>3,475,407</u>	<u>3,356,798</u>	<u>(186,980)</u>	<u>6,645,225</u>
<u>Community Environment:</u>				
Building and Planning	85,109	30,803	(21,641)	94,271
<u>Transportation:</u>				
Street Construction and Reconstruction	11,021,070	1,810,791	0	12,831,861
Street Maintenance and Repairs	1,204,103	36,441	(18,235)	1,222,309
Traffic Signs and Signals	1,378,678	0	0	1,378,678
Total	<u>13,603,851</u>	<u>1,847,232</u>	<u>(18,235)</u>	<u>15,432,848</u>
<u>General Government:</u>				
Council	63,231	9,755	0	72,986
Auditor and Treasurer	7,290	0	0	7,290
Safety/Service Director	31,794	0	(15,764)	16,030
Tax Department	1,249,543	0	0	1,249,543
Buildings and Lands	13,338,058	273,897	0	13,611,955
Miscellaneous Government	6,107	10,777	0	16,884
Total	<u>14,696,023</u>	<u>294,429</u>	<u>(15,764)</u>	<u>14,974,688</u>
Total Capital Assets	<u>\$37,174,987</u>	<u>\$5,790,711</u>	<u>(\$380,069)</u>	<u>\$42,585,629</u>

STATISTICAL SECTION



STATISTICAL TABLES

***T**HE FOLLOWING UNAUDITED STATISTICAL TABLES REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND FISCAL CAPACITY OF THE CITY.*

CITY OF SHARONVILLE, OHIO

***GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN YEARS***

Year	Security of Persons and Property	Public Health and Welfare Services	Leisure Time Activities	Community Environment	Basic Utility Services	Trans- portation	General Government	Capital Outlay	Debt Service	Total
1995	\$4,051,415	\$231,742	\$952,818	\$234,773	\$373,779	\$853,366	\$1,579,531	\$0	\$154,538	\$8,431,962
1996	4,417,217	229,020	1,014,932	257,879	388,789	943,395	1,573,877	1,317	150,061	8,976,487
1997	4,474,983	275,781	1,202,054	264,100	450,404	853,156	1,653,086	0	142,032	9,315,596
1998	5,093,379	262,059	1,674,967	300,773	480,728	843,890	1,761,829	0	141,231	10,558,856
1999	5,559,558	301,332	1,877,362	363,099	440,941	948,442	1,988,902	0	131,725	11,611,361
2000	6,270,707	267,266	2,059,204	369,457	377,154	1,043,682	2,273,330	0	125,325	12,786,125
2001	6,470,013	285,270	2,249,929	498,626	452,286	1,049,109	2,370,029	359,338	603,832	14,338,432
2002	7,695,278	306,549	2,403,827	451,860	440,747	1,143,510	2,811,164	225,086	613,923	16,091,944
2003	9,300,676	325,916	2,566,192	477,303	468,046	1,283,222	3,004,275	9,703,256	4,245,251	31,374,137
2004	11,070,181	345,310	2,854,058	560,735	431,204	1,314,293	3,555,646	7,623,458	1,937,649	29,692,534

- \$2 -

(1) Includes General Fund, Special Revenue Funds and Debt Service Funds.
Beginning in 2003, includes all Governmental Funds.

CITY OF SHARONVILLE, OHIO

**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN YEARS**

Year	Taxes	Inter-Governmental Revenues	Charges for Services	Licenses and Permits	Investment Earnings	Fines and Forfeitures	(2) All Other	Total
1995	\$9,277,226	\$1,072,444	\$222,616	\$312,967	\$217,164	\$312,735	\$208,387	\$11,623,539
1996	9,840,779	1,290,898	263,544	312,974	433,439	244,414	230,419	12,616,467
1997	10,898,331	1,455,331	467,074	462,675	331,454	282,467	244,400	14,141,732
1998	11,835,106	1,606,545	520,103	416,184	371,316	323,564	387,812	15,460,630
1999	12,536,287	1,589,480	611,785	460,931	306,889	337,461	452,284	16,295,117
2000	12,425,983	1,647,913	572,830	388,794	602,311	304,409	547,732	16,489,972
2001	12,472,396	2,039,196	637,937	403,317	438,603	285,793	495,090	16,772,332
2002	17,366,445	2,172,722	643,529	389,235	237,410	371,820	444,031	21,625,192
2003	18,706,607	3,265,709	688,258	360,900	193,374	387,486	324,615	23,926,949
2004	20,349,502	2,748,108	850,096	398,895	348,475	413,749	384,746	25,493,571

(1) Includes General Fund, Special Revenue Funds and Debt Service Funds
Beginning in 2003, includes all Governmental Funds.

(2) Special Assessments are included in All Other.

CITY OF SHARONVILLE, OHIO

***ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES
OF TAXABLE PROPERTY
LAST TEN YEARS***

Tax Year	Real Property		Public Utility Personal		Tangible Personal Property		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1995	\$296,001,440	\$845,718,400	\$21,671,870	\$21,671,870	\$123,215,600	\$492,862,400	\$440,888,910	\$1,360,252,670	32.41%
1996	302,546,200	864,417,714	20,973,910	20,973,910	123,215,600	492,862,400	446,735,710	1,378,254,024	32.41%
1997	308,283,160	880,809,029	21,363,860	21,363,860	150,362,620	601,450,480	480,009,640	1,503,623,369	31.92%
1998	314,394,230	898,269,229	21,560,980	21,560,980	150,362,620	601,450,480	486,317,830	1,521,280,689	31.97%
1999	357,587,450	1,021,678,429	20,527,420	20,527,420	164,804,000	659,216,000	542,918,870	1,701,421,849	31.91%
2000	362,810,770	1,036,602,200	19,325,480	19,325,480	173,640,490	694,561,960	555,776,740	1,750,489,640	31.75%
2001	363,664,250	1,039,040,714	15,281,190	15,281,190	172,458,180	689,832,720	551,403,620	1,744,154,624	31.61%
2002	394,152,060	1,126,148,743	19,470,040	19,470,040	167,088,600	668,354,400	580,710,700	1,813,973,183	32.01%
2003	391,176,340	1,117,646,686	20,261,600	20,261,600	151,780,620	607,122,480	563,218,560	1,745,030,766	32.28%
2004	383,531,070	1,095,803,057	21,755,530	21,755,530	164,565,410	658,261,640	569,852,010	1,775,820,227	32.09%

- S 4 -

Source: Hamilton County, Ohio: County Auditor

CITY OF SHARONVILLE, OHIO

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

Collection Year	City of Sharonville		Total	Princeton *	Hamilton County	Special Taxing	Total
	General Fund	Debt Service Fund		Sycamore ** School District		Districts	
1995	0.00	0.00	0	42.24 *	18.30	2.70	63.24 *
				54.14 **			75.14 **
1996	0.00	0.00	0	42.24 *	19.44	2.70	64.38 *
				54.14 **			76.28 **
1997	0.00	0.00	0	42.24 *	19.44	2.70	64.38 *
				54.14 **			76.28 **
1998	0.00	0.00	0	42.24 *	19.01	2.70	63.95 *
				54.14 **			75.85 **
1999	0.00	0.00	0	42.24 *	19.54	2.70	64.48 *
				61.53 **			83.77 **
2000	0.00	0.00	0	46.19 *	20.83	2.70	69.72 *
				60.84 **			84.37 **
2001	0.00	0.00	0	46.19 *	19.92	2.70	68.81 *
				60.84 **			83.46 **
2002	0.00	0.00	0	46.19 *	21.47	2.70	70.36 *
				60.84 **			85.01 **
2003	0.00	0.00	0	45.79 *	21.87	2.70	70.36 *
				60.49 **			85.06 **
2004	0.00	0.00	0	49.03 *	21.06	2.70	72.79 *
				65.90 **			89.66 **

Source: Hamilton County, Ohio: County Auditor

CITY OF SHARONVILLE, OHIO

**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN YEARS**

Collection Year	Amount Billed	Amount Collected	Percent Collected
1995	\$154,424	\$155,200	100.50%
1996	151,935	150,725	99.20%
1997	148,227	146,601	98.90%
1998	145,227	128,314	88.35%
1999	173,986	143,607	82.54%
2000	163,165	162,027	99.30%
2001	127,193	125,560	98.72%
2002	127,800	123,924	96.97%
2003	108,950	108,950	100.00%
2004	102,495	100,772	98.32%

These figures represent amounts certified to and collected by the Hamilton County Auditor.

Source: Hamilton County, Ohio: County Auditor

CITY OF SHARONVILLE, OHIO

**COMPUTATION OF 5-1/2 % LEGAL DEBT MARGIN
DECEMBER 31, 2004**

Assessed Value		<u>\$569,852,010</u>
Unvoted Debt Limit 5-1/2% Assessed Value		\$31,341,861
Total Unvoted Debt Outstanding at December 31, 2003	17,540,000	
Less: Exempt Debt Special Assessment Bonds Issued in Anticipation of the Collection of Special Assessments	<u>(360,000)</u>	
Subtotal	17,180,000	
Less: Note Debt Retirement Fund Balance	<u>(676)</u>	
Net Subject to 5-1/2% Limitation		<u>17,179,324</u>
Legal Debt Margin within 5-1/2% Limitation		<u>\$14,162,537</u>

CITY OF SHARONVILLE, OHIO

**COMPUTATION OF 10-1/2 % LEGAL DEBT MARGIN
DECEMBER 31, 2004**

Assessed Value		<u>\$569,852,010</u>
Voted and Unvoted Debt Limit 10-1/2% Assessed Value		\$59,834,461
Total Voted and Unvoted Debt Outstanding at December 31, 2004	17,540,000	
Less: Exempt Debt		
Special Assessment Bonds Issued in Anticipation of the Collection of Special Assessments	<u>(360,000)</u>	
Subtotal	17,180,000	
Less: Bond Retirement Fund Balance	<u>(676)</u>	
Net Subject to 10-1/2% Limitation		<u>17,179,324</u>
Legal Debt Margin within 10-1/2% Limitation		<u>\$42,655,137</u>

CITY OF SHARONVILLE, OHIO

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

Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Debt Service Funds Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capita
1995	11,312 (a)	\$440,888,910	\$0	\$266,754	\$0	0.00%	\$0.00
1996	11,312 (a)	446,735,710	0	290,098	0	0.00%	0.00
1997	11,312 (a)	480,009,640	6,000,000	320,153	5,679,847	1.18%	502.11
1998	11,312 (a)	486,317,830	5,805,000	335,242	5,469,758	1.12%	483.54
1999	11,312 (a)	542,918,870	5,605,000	381,677	5,223,323	0.96%	461.75
2000	13,926 (b)	555,776,740	5,395,000	412,882	4,982,118	0.90%	357.76
2001	13,926 (b)	551,403,620	5,175,000	342,838	4,832,162	0.88%	346.99
2002	13,926 (b)	580,710,700	4,950,000	90,048	4,859,952	0.84%	348.98
2003	13,926 (b)	563,218,560	18,220,000	0	18,220,000	3.23%	1,308.34
2004	13,926 (b)	569,852,010	17,180,000	676	17,179,324	3.01%	1,233.62

(1) Source: U.S. Bureau of Census of Population - (a) U.S. Bureau of Census Revision, March 18, 1992

(b) U.S. Bureau of Census - Federal 2000 Census

(2) Source: Hamilton County, Ohio: County Auditor

(3) Annual debt charges are covenanted to be appropriated annually from lawfully available municipal income taxes.

CITY OF SHARONVILLE, OHIO

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN YEARS**

<u>Year</u>	<u>Debt Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total Bonded Debt Service (1)</u>	<u>General Governmental (2) Expenditures (3)</u>	<u>Debt Service to General Governmental Expenditures</u>
1995	\$0	\$0	\$0	\$8,431,962	0.00%
1996	0	0	0	8,976,487	0.00%
1997	0	0	0	9,315,596	0.00%
1998	195,000	214,526	409,526	10,558,856	3.88%
1999	200,000	277,065	477,065	11,611,361	4.11%
2000	210,000	266,764	476,764	12,786,125	3.73%
2001	220,000	257,794	477,794	14,338,432	3.33%
2002	225,000	247,345	472,345	16,091,944	2.94%
2003	1,080,000	683,160	1,763,160	31,374,137	5.62%
2004	1,040,000	715,531	1,755,531	29,692,534	5.91%

- (1) Includes Debt Principal, Interest and Fiscal Charges.
- (2) Includes General Fund, Special Revenue Funds and Debt Service Funds.
Beginning in 2003, includes all Governmental Funds.
- (3) Excludes Transfers-Out.

CITY OF SHARONVILLE, OHIO

***COMPUTATION OF ALL DIRECT AND OVERLAPPING
GENERAL OBLIGATION DEBT
DECEMBER 31, 2004***

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Sharonville (2)</u>	<u>Amount Applicable to City of Sharonville</u>
Direct			
City of Sharonville (1)	\$17,540,000	100.00%	\$17,540,000
Overlapping Subdivisions			
Princeton City School District	84,755,000	32.48%	27,528,424
Sycamore City School District	39,368,599	0.01%	3,937
Great Oaks Joint Vocational School District	4,340,000	3.55%	154,070
Hamilton County	123,690,000	3.02%	3,735,438
Butler County	80,380,000	0.60%	482,280
		Subtotal	<u>31,904,149</u>
		Total	<u><u>\$49,444,149</u></u>

The percentage of gross indebtedness of the city's overlapping political subdivisions was determined by dividing each overlapping subdivision's assessed value within the City by its total assessed value.

- (1) Annual debt charges are covenanted to be appropriated annually from lawfully available municipal income taxes.
- (2) Decimal places have been rounded to the nearest hundredth for presentation.

Source: Ohio Municipal Advisory Council.

CITY OF SHARONVILLE, OHIO

DEMOGRAPHIC STATISTICS LAST TEN YEARS

<u>Year</u>	<u>Population (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate Cincinnati Metropolitan Area (3)</u>
1995	11,312 (a)	6,903	4.2%
1996	11,312 (a)	6,734	4.5%
1997	11,312 (a)	6,718	3.6%
1998	11,312 (a)	6,717	3.4%
1999	11,312 (a)	6,577	3.4%
2000	13,926 (b)	6,406	3.8%
2001	13,926 (b)	6,139	3.9%
2002	13,926 (b)	6,318	4.7%
2003	13,926 (b)	6,105	5.1%
2004	13,926 (b)	5,736	5.1%

(1) Source: U.S. Bureau of Census of Population - (a) U.S. Bureau of Census Revision, March 18, 1992

(b) U.S. Bureau of Census - Federal 2000 Census

(2) Source: Ohio Department of Education

(3) Source: Greater Cincinnati Chamber of Commerce.

CITY OF SHARONVILLE, OHIO

**PROPERTY VALUE AND CONSTRUCTION PERMITS
LAST TEN YEARS**

Year	Residential (1)		Commercial (1)	
	Number of Permits	Property Value	Number of Permits	Property Value
1995	336	\$4,327,256	212	\$12,892,717
1996	276	2,047,341	294	26,477,846
1997	283	1,528,169	293	33,629,716
1998	248	1,501,566	284	34,766,818
1999	243	1,208,481	293	31,823,962
2000	218	2,703,125	264	28,808,876
2001	235	4,391,484	252	18,447,490
2002	263	6,508,442	225	21,463,564
2003	233	3,356,257	171	14,832,836
2004	198	1,147,925	292	16,679,434

(1) Source: City of Sharonville Building and Planning Department.

CITY OF SHARONVILLE, OHIO

**MISCELLANEOUS STATISTICS
DECEMBER 31, 2004**

	Year of Incorporation	1962	
	Form of Government	Mayor-Council	
Recreation and Culture:		Area - square miles	10
Number of Parks	5	Miles of Streets	134
Park Acreage	35	Number of Street Lights	935
Number of Ball Fields	17		
Number of Tennis Courts	5	Fire Protection:	
		Number of Stations	3
Cemeteries:		Number of Full-time Fire Personnel and Officers	42
Number of Cemeteries	3	Number of Part-time Fire Personnel and Officers	28
Cemetery Acreage	2	Number of Calls Answered	2,658
		Number of Inspections Conducted	1,342
Building Permits Issued in 2004	404		
		Police Protection:	
Number of Libraries	1	Number of Stations	4
		Number of Police Personnel and Officers	47
Education:		Number of Patrol Units	12
Number of Elementary Schools	8	Number of Law Violations:	
Number of Elementary School Students	2,644	Criminal/Juvenile Citations and Charges	1,182
Number of Secondary Schools	2	Traffic Citations Issued	4,591
Number of Secondary School Students	3,292		

SOURCE: Finance Office, City of Sharonville



**Auditor of State
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CITY OF SHARONVILLE

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
OCTOBER 4, 2005**