

CITY OF MASON, OHIO

Yellow Book Report

December 31, 2003



**Auditor of State
Betty Montgomery**

The Honorable Mayor and
Members of City Council
City of Mason
Mason, Ohio

We have reviewed the Independent Auditor's Report of the City of Mason, Warren County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2003 through December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

September 17, 2004

This Page is Intentionally Left Blank.



**Report on compliance and on internal control over financial reporting
based on an audit of financial statements performed in accordance with
*Government Auditing Standards***

June 7, 2004

The Honorable Mayor and Members of the
City Council of the City of Mason

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Mason, Ohio (the City), as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 7, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of noncompliance as item 2003-1.

Internal Control Over Financial Reporting

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

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



Plattenburg & Associates, Inc.

Certified Public Accountants

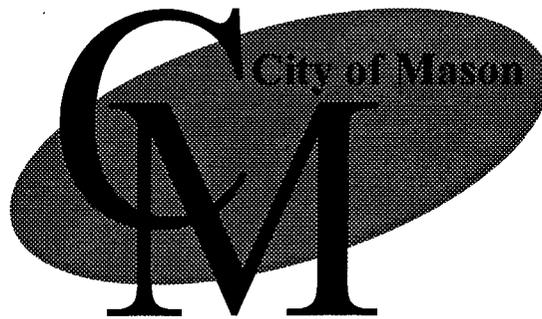
City of Mason, Ohio
Schedule of Noncompliance
December 31, 2003

Noncompliance Citation
2003-1

The operating statement reflects transfers out of the Federal Grant Fund, Mason-Montgomery Road Improvement Fund and the Government Center Fund. Transfers from Special Revenue and Capital Projects funds are not in compliance with the Ohio Revised Code.

In all three instances the City paid liabilities using another fund's resources, then reimbursed the original fund by means of a transfer. We recommend the City pay liabilities directly from the fund incurring the liability, thus eliminating the need for transfers.

Comprehensive Annual Financial Report



**City of Mason
Mason, Ohio 45040
December 31, 2003**

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF MASON, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2003

**Prepared by: Finance
Department**

**Jennifer Heft
Finance Director**

THIS PAGE INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	vii
List of Principal Officials	xiii
City Organizational Chart	xiv
Certificate of Achievement for Excellence in Financial Reporting	xv
 FINANCIAL SECTION	
Report of Independent Accountants	1
Management's Discussion and Analysis	3
 Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Net Assets - Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	21
Statement of Cash Flows - Proprietary Funds	22
Statement of Fiduciary Net Assets - Fiduciary Funds	23
Notes to the Basic Financial Statements	25
 Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	52
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Fire and Emergency Medical Service Fund	53
Notes to the Required Supplementary Information	55
 Combining Statements and Individual Fund Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	59
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	66

TABLE OF CONTENTS

	Page
Nonmajor Debt Service Funds:	
Combining Balance Sheet	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	73
Nonmajor Capital Projects Funds:	
Combining Balance Sheet	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	76
Nonmajor Enterprise Funds:	
Combining Statement of Net Assets	78
Combining Statement of Revenues, Expenditures and Changes in Fund Net Assets	79
Combining Statement of Cash Flows	80
Agency Fund:	
Statement of Changes in Assets and Liabilities	81
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual (Non-GAAP Budgetary Basis):	
Street Construction, Maintenance and Repair Fund	82
State Highway Improvement Fund	83
Street Improvement Fund	84
Federal Grant Fund	85
D.A.R.E. Grant Fund	86
Downtown Development/Loan Fund	87
Indiana and Ohio Railroad Fund	88
CIC / Veterans Memorial Fund	89
Parks and Recreation Fund	90
Bicycle and Pedestrian Way Fund	91
Police K-9 Fund	92
Police Crime Prevention Fund	93
Drug Law Enforcement Fund	94
Law Enforcement and Education Fund	95
Indigent Driver Fund	96
Municipal Court Computer Costs Fund	97
Municipal Court Computer Education Fund	98
Municipal Court Improvement Fund	99
Vehicle Immobilization Fee Fund	100
Municipal Court Probation Services Fund	101
Subdivision Inspection Fund	102
General Obligation Bond Retirement Fund	103
Special Assessment Bond Retirement Fund	104
Tax Increment Financing Fund	105
Central Parke TIF Fund	106
Mason Enterprise Parke TIF Fund	107
Tylersville Road Project Fund	108
Kings Mills Road Project Fund	109
Mason-Montgomery Road Improvement Fund	110
Government Center Fund	111
Government Center Reserve Fund	112

TABLE OF CONTENTS

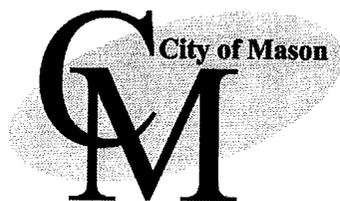
	<u>Table</u>	<u>Page</u>
STATISTICAL SECTION		
General Fund Expenditures by Function	1	113
General Fund Revenues by Source	2	114
Property Tax Levies and Collections - Real, Public Utility and Tangible Personal Property	3	115
Assessed and Estimated Actual Value of Taxable Property	4	116
Property Tax Rates Direct and Overlapping Governments	5	117
Special Assessment Billings and Collections	6	118
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	7	119
Computation of Legal Debt Margin	8	120
Computation of Direct and Overlapping Debt	9	121
Schedule of Revenue Bond Coverage	10	122
Property Value, Construction and Bank Deposits	11	123
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Government Expenditures	12	124
Principal Taxpayers (Property Taxes)	13	125
Synopsis of Insurance	14	126
Demographic Statistics	15	127
Miscellaneous Statistics	16	128

THIS PAGE INTENTIONALLY LEFT BLANK



Introductory Section

THIS PAGE INTENTIONALLY LEFT BLANK



Finance

6000 Mason-Montgomery Road
Mason, OH 45040
513-229-8530
Fax: 513-229-8531

June 7, 2004

Honorable Mayor, Members of Council, and Citizens of Mason:

We are pleased to present the City of Mason Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2003. While there are no legal requirements for the preparation of this report, it represents a commitment by the City of Mason to conform to nationally recognized standards of excellence in financial reporting.

The responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with the management of the city, particularly the Director of Finance's Office. This report is prepared in conformance with generally accepted accounting principles as set forth by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. We believe the data is fairly presented in all material aspects and that it is presented in a manner designed to set forth the financial position and results of operations of the city as measured by the financial activity of its various funds and account groups; and that all disclosures necessary to enable the reader to gain a reasonable understanding of the city's financial affairs have been included.

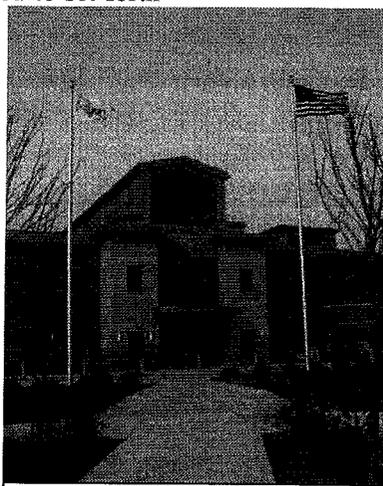
This Comprehensive Annual Financial Report incorporates GASB Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Statement No. 34 was developed to make annual financial reports of state and local governments easier to understand and more useful to those who make decisions using governmental financial information. This report reflects our continuing effort to disseminate clear and useful financial information to our users.

The accompanying report consists of the following three parts:

Introductory Section - introduces the report and includes the table of contents, this transmittal letter, the city's organizational chart, and a chart of elected and appointed officials.

Financial Section - the independent auditors' report; the general purpose financial statements, which include explanatory notes and provide an overview of the city's financial position; results of operations and cash flow; the combining financial statements, which focus on individual funds rather than fund types; individual funds and schedules that provide detailed information to the general purpose financial statements.

Statistical Section - multi-year information reflects social and economic data, financial trends, and the fiscal capacity of the city.



Mason Municipal Center

For financial reporting purposes, the city includes in this report all funds, account groups, agencies, boards, and commissions that are controlled by, or dependent on, the city legislative branch. "Controlled by" or "dependent on" the city is determined on the basis of budget adoption, taxing authority, outstanding debts secured by revenues or general taxing authority of the city, and/or the city's obligation to fund any deficits that may occur.

HISTORY AND BACKGROUND

Mason has earned a reputation as a progressive, innovative community. We are located in the southwest portion of Ohio, 22 miles northeast of

Cincinnati and 30 miles south of Dayton. We are the largest and fastest growing city in Warren County, and Warren County is the second fastest growing county in Ohio.

Originally settled as the village of Palmyra in 1815 by Major William Mason, the community was renamed in his honor 20 years later. Incorporated in 1971, Mason is governed by a city charter that establishes guidelines for its operations. We are a home-rule city with a council/manager form of government. The legislative body of Mason consists of a mayor and six council members who are responsible for the legislative affairs of the city. Council also makes appointments to various statutory and advisory boards and appoints the City Manager, Law Director, and Clerk of Council. As chief executive officer, the City Manager is responsible for enforcement of all laws and ordinances, the efficient delivery of all city services, and preparation of capital and operating budgets. The city provides many of the municipal services normally associated with a municipality, including emergency services; street construction and maintenance; full engineering, building, and planning services; recreation space and activities; and business recruitment and retention.

In addition, water, sanitary sewer, stormwater, and solid waste collection and disposal services are provided under an Enterprise Fund concept, with user charges set by City Council to ensure adequate coverage of operating expenses and payments on outstanding debt.

ECONOMIC CONDITIONS AND OUTLOOK

Mason has earned the reputation of being one of the premier cities in the region. Considered to be part of the Greater Cincinnati Metropolitan Area, it is strategically located between the region's two most vital commerce corridors, Interstates 71 and 75. Nearly 2,700 acres are zoned high tech and industrial, with more than 1,100 of that still available for additional manufacturing and corporate office development. Within 300 miles of Mason are 59% of the nation's population, 59% of the nation's purchasing power, 58% of the nation's manufacturing establishments, and 65% of the nation's manufacturing industries.

The city continues to attract quality companies that are relocating or expanding. In choosing Mason, companies cite prime location along the interstates, availability of land for development within established business parks, rising property values, the established core of high-tech businesses, available workforce, and an exceptional level of support and services with a favorable business environment widely promoted in the region. Tax incentives targeting high-tech businesses and light industry are strong inducements as well.

In the last twelve years, Mason has become home to numerous national companies and has one of the region's largest complements of international businesses. In an effort to further enhance our foreign investment strategy, the city joined the Greater Cincinnati Chamber of Commerce Regional Marketing Partners group in 2001. Mason renewed its commitment to this regional strategy in 2003 with a second three-year commitment as one of thirteen members, and only the third city, to come together to make marketing and recruitment decisions for the Greater Cincinnati region. In 2002, this alliance facilitated extended contact with national and international corporate site selectors and brokers through the city's presence at an international aerospace-manufacturing trade show in Europe and a retention visit to a Mason Swiss business partner, Haag-Streit, in Bern, Switzerland.

Mason's industrial facilities employ an estimated 22,000 persons, close to the city's nighttime population of approximately 26,500. Five of the 10



Regional Marketing Partners

largest employers in Warren County are located in Mason. Mason's 15 largest employers provide work for more than 9,000 persons and generate more than \$5.3 million annually in income tax revenue.

Mason's goals for economic development continue to be met, not only with the attraction of business into the city, but also with continued new investment from existing businesses.

New investments in 2003 amounted to over \$14 million as 749,000 square feet of new corporate and industrial space were added, bringing over 500 new jobs to the community. The year is highlighted by numerous examples of reinvestment into Mason's diverse and thriving economy. Mason's reputation as a serious business environment is confirmed by corporate decisions to consolidate here and move jobs and investment to the city. Expansion and consolidation projects for 2003 include Procter & Gamble Health Care Research Center's announcement of the relocation of 230 employees, SRI Surgical Express adding over 60 employees, ARI Metal Expansion, Cintas Corporation Expansion, and Seapine Software relocation and expansion creating 45 new jobs. Deerfield Manufacturing also completed their 51,000 square foot expansion, adding 30 jobs.

Mason's goals for economic development continue to be met, not only with the attraction of business into the city, but also with continued new investment from existing businesses. The following projects were the largest new developments in the City of Mason for 2003:

Corporate Investment (new capital & payroll)

Lipka, Miller, Rainone	
Properties, LLC	\$5,150,000
Seapine Software	\$3,500,000
Deerfield Manufacturing	
(Completion in 2003)	\$2,665,000
ARI Metals	\$1,270,000

The numbers reported represent additional payroll added where the projects are expansions. As each new investment is announced, job creation and payroll are projected for the next three-year period. Many of the jobs announced have been already realized by the city and many others will be realized in the next two years.

In 2003, over five expansion projects are underway and others are under consideration. Growth and development in the City of Mason is expected to continue to exceed the average growth of the economy because of Mason's physical location, developable terrain, municipal facilities, services and utilities, and the progressive attitude and actions of city council, administration, and citizens. The city's taxable property base and its economic base are strong, due in part to the quality of life, which has attracted office development, industry, and citizens to Mason. Mason will maintain its focus on having a balanced tax base with viable commercial and industrial businesses to complement a growing residential base

**MAJOR INITIATIVES
For the Year 2003**

Mason's citizens are the city's greatest assets. Therefore, in preparing each year's budget, our customers' needs for services and the safeguarding of their environment in conformity with applicable federal and state standards are the government's greatest concern. Mason's success has been our ability to equitably balance the needs of our residents and businesses.

Major events that occurred in 2003 that position the city for future economic growth and improvement include:

Downtown and Small Business Coordinator

City Council created a new position in the Economic Development Office to focus primarily on the revitalization of downtown and the needs of small businesses. This position complements the city's current focus on business recruitment and retention of larger businesses and strengthens the city's position as a prime location for business.

Opening of the Mason Community Center

A new \$20 million Community Center opened to the public on March 1. Through an innovative agreement between the city and the schools, the schools built the facility and the city operates it. Approximately 7000 people visited the center during an afternoon open house and local interest remains high. At year-end, revenues were 78% of expenses, above the national norm of 70%. The city continues

to work toward the goal of making the center self-supporting.



The Mason Community Center opened March 1, 2003

Additional Park Land

A new, 50-acre agricultural parcel near downtown Mason was acquired by the city in 2003, bringing the total of potential new parkland to around 250 acres. The city currently has 242 acres in 6 parks. Residents have indicated a high desire for parkland and green space. Opening new areas will contribute to the attractiveness of the community, both for businesses and for the employees who may come here to live and work at those businesses.

Looking Ahead to the Future

Accomplishments to look forward to in 2004 include:

- the completion of a park master plan for the development of recently acquired park land into useable space for the citizenry.
- beginning construction of a new water reclamation plant with a larger capacity and improved environmentally-friendly processing methods.
- construction of a regional detention basin to help alleviate storm water concerns in the southwestern part of the city
- water system improvements that include the completion of a water tower and a second major feed line and pump station that will increase the amount of water available to city users by 80%.

FINANCIAL INFORMATION

In developing and evaluating the city's accounting

system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized user disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived, and that the evaluation of cost and benefits requires estimates and judgments by management. As part of this new reporting model, management is responsible for preparing a Management's Discussion and Analysis of the City. This discussion follows this letter of transmittal, providing an assessment of the City's finances for the year and the outlook for the future.

Budgetary Controls

The City Charter grants the City Council full authority over the financial affairs of the city. The Charter requires that all funds of the city, except funds made up of proceeds of bond issues, agency funds, and enterprise funds be budgeted. The city manager is charged with the responsibility of preparing the estimates of the annual budget and the enforcement of the provisions of the budget as specified in the budget ordinance. Upon adoption of the annual budget ordinance by the Council, it becomes the formal budget for city operations. The level of budgetary control (that is, the level at which expenditures cannot legally exceed appropriated amounts) is maintained at the function level for the General Fund, Street Fund, State Highway Fund, Fire & Emergency Medical Services Fund, Water Fund, Sewer Fund, and Waste Collection Fund. All other funds are maintained at the fund level. Budgetary control is maintained by encumbering the estimated purchase amounts prior to the release of purchase orders to vendors. Department directors are responsible for ensuring that purchase orders do not exceed each year's budgetary balances. As the budget represents a guide to each year's expenses, department directors have the ability to move money between object codes within the same function. City Council, through a reappropriation ordinance, approves all transfers outside function levels. City Council may authorize supplemental appropriations for expenses that exceed original appropriation amounts.

Financial reports that compare actual performance with the budget are prepared monthly and presented to the Council so the Council is able to review the financial status and measure the effectiveness of the budgetary controls. The city maintains an informal monitoring system to facilitate budgetary control over proposed purchases. Essentially, the system entails the use of monthly computerized printouts which detail year-to-date actual versus budgeted expenditures comparisons of the various funds by budgeted line item. Encumbered amounts lapse at year-end. However, encumbrances generally are reapportioned as part of the following year's budget.

Cash Management

The City of Mason adopted its investment policy on September 23, 1996, with approval of Ordinance 96-133. This city policy is guided in large part by State Statute: Chapter 135 of the Ohio Revised Code.

The primary objective of the city's investment activities is the preservation of capital and protection of investment principal. In investing public funds, the city strives to maximize the return on the portfolio and avoid assuming unreasonable risks. The city's investment portfolio remains sufficiently liquid to enable the city to meet operating requirements that might be reasonably anticipated. The city diversifies its investments to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions.

All eligible financial institutions must meet the requirements of the Uniform Depository Act, which requires the financial institution to maintain a full service facility located in the City of Mason and to have a current Agreement for Deposit of Interim Funds with the city.

Cash temporarily idle during the year was invested in the various instruments detailed below:

Interest earned on investments in 2003 was \$460,928 of which \$273,376 is accounted for in the Governmental Activities and \$187,552 is accounted for in the Business Type Activities.

Over the past twelve months, the city's total return on investments (net of fees) was 1.26%. This compares favorably with the most common industry

benchmarks: Star Ohio, 1.11% and Treasury Bills, 1.02%. The yields are monitored on a monthly basis and when the point spread is sufficient to justify the loss of immediate liquidity and the absence of specific collateral pledged in the city's name, other types of authorized investments, collateralized as and if required, may be considered for the city's portfolio.

Risk Management

In September 1997, in an attempt to reduce insurance costs, the City of Mason joined a local joint self-insurance pool, the Miami Valley Risk Management Association (MVRMA), in lieu of reliance upon conventional insurance.

The Miami Valley Risk Management Association was formed in 1988 by a core group of Dayton, Ohio area municipalities that possessed professional administration, stable operations, and unusually good claims and loss experience. Since then, their marketing committee has sought out cities with similar characteristics. Currently, 17 other cities share membership with the City of Mason. The amount of each member's annual contribution for losses and operating costs is based upon a weighted average computation which includes a four year average of claims expenses and losses, population, the number of full time police officers, the number of other full-time employees, the number of titled vehicles, net operating expenditures, and the valuation of property requiring property damage coverage. Since the claim/loss factor is more heavily weighted than the others, cities that do well on loss prevention and claims experience represent a smaller portion of the overall risk factor and thus have lower contributions. Cities with higher than average losses will pay proportionately more for each year's loss computations. The Association's Kettering, Ohio office is staffed by a qualified full-time executive director, claims manager, loss control manager, and an administrative assistant. The Association has been fully audited by the Ohio Department of Insurance, is a certified not-for-profit corporation, has a tax exempt status, and operates under bylaws and procedures established by the governing board composed of one trustee from each member city. A Comprehensive Annual Financial Report (CAFR) is prepared each year by the association.

When a claim is filed, the first \$2,500 of each loss is

a deductible that is fully payable by the member city. Each property claim in excess of \$2,500 up to \$250,000 is shared by the pool, including the cost of settlement and legal defense. In the case of a crime loss, amounts not exceeding \$12,500 are shared by the pool. The crime coverage limit and retention is dependent on the specific type of claim, with a maximum crime coverage of \$1,000,000 per occurrence. Each casualty/liability claim in excess of \$2,500, and not exceeding \$1,000,000, is shared by the pool, including the cost of settlement and legal defense, with a general liability limit of \$12,000,000 per member. As of December 31, 2003, the Association's assets were \$6,644,241, with current liabilities of \$4,214,645 and no long-term liabilities.

The Pool's overall loss experience has been excellent since its inception in 1988. A synopsis of insurance is presented in the Statistical Section (Table 14).

Independent Audit

This report includes financial statements and supplemental schedules that have been audited by Plattenburg & Associates, Inc., a firm of independent Certified Public Accountants. The auditor's report of Plattenburg & Associates, Inc., specifies the scope of their audit, the use of generally accepted auditing standards and the conformity of generally accepted accounting principles, and concludes that these financial statements present fairly the financial position of the city.

Certificate of Achievement

The accounting policies of the city conform to generally accepted accounting principles as applicable to governments and as set forth by the Governmental Accounting Standards Board

(GASB), the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Government Finance Officers Association (GFOA) of the United States and Canada recognizes, by awarding a Certificate of Achievement for Excellence in Financial Reporting, governmental units that issue their comprehensive annual financial reports substantially in conformity with the standards developed by GASB.

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

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Mason was awarded the Certificate of Achievement for six consecutive years beginning in 1997. We believe our current report conforms to the Certificate of Achievement Program requirements, and it is being submitted to GFOA to determine its eligibility for an award.

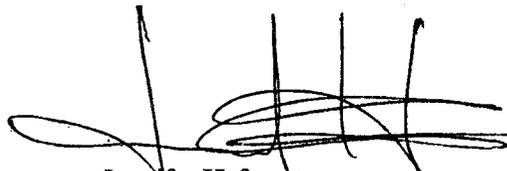
Acknowledgment

Our most sincere appreciation is extended to all members of the staff whose efforts have made this report possible. Special thanks is extended to Bev Salatin, and to the staff of Plattenburg & Associates, Inc., for their dedicated service in the preparation of this comprehensive annual financial report.

Sincerely,



Scot Lahrmer
City Manager



Jennifer Heft
Finance Director

THE CITY OF MASON, OHIO

LIST OF PRINCIPAL OFFICIALS

December 31, 2003

ELECTED OFFICIALS

Mayor	Peter Beck
Vice Mayor	Charlene Pelfrey
Council Member	Tony Bradburn
Council Member	Tom Grossman
Council Member	Victor Kidd
Council Member	John McCurley
Council Member	Steve Osborne

ADMINISTRATIVE OFFICIALS

City Manager	Scot Lahrmer
City Engineer	Richard Fair
Chief of Police	Ron Ferrell
Fire Chief	Richard Fletcher
Assistant City Manager	Eric Hansen
Parks & Recreation Director	Michael Hecker
Finance Director	Jennifer Heft
Public Works Director	David Riggs
Public Utilities Director	Ernie Stickler

Effective 12/15/03

By Kari Geiser, Human Resources Director

Citizens of Mason

Mason City Council

Mayer Peter Beck, Vice-Mayer Charlene Pfeiffer, Tom Grossmann, Victor Kedd, John McCortley, Steve Osborne

Clerk of Council Terry Schulte

Economic Development/ Michelle Blair, Downtown/Small Business Coordinator

City Manager Scot Lahrmer

Secretary to the City Manager Joan Bernard

Public Information Officer Jennifer Trepp

Human Resources Director Karl Geiser

Administrative Assistant to the City Manager Bruce Snel

IT Manager Tim Perkins

Law Director Ken Schneider

Human Resources Technician Barb Heing

Engineers & Building Richard Fair

Secretary Barbara Beckelimer

Asst. Civ. Engineer Kurt Seiler

Subdivision Engineer Scott Burkard

Engineer Technician Stephen Cardiel

Stormwater Engineer Randy Wade-Borman

GIS Manager Amy Schuster

Engineer Techs Larry Cox, Ryan Tyne

Reservations Page Orsaby

Code Enforcement John Shidmore

Zoning Lorenzo Adam

Building Inspection

Chief Building Official Greg Nichols

Building Inspectors John Shidmore, Lorenzo Adam

Secretary Kendra Taylor

Planning

Vacant

Facility Maintenance Manager Larry Rudd

Finance Jennifer Helt

Secretary Ceclyn Byrd

Asst. Finance Director/Assistant Treasurer Sue Nee

Accounting

Payroll

Finance Clerk Bev Salfin

Fixed Assets

Accounts Payable

Finance Technician Pat Griswold

Accounting Clerk/Accounts Receivable/Accounts Payable/Mike Cole, Mary Mueller, 3 Vacancies

Fire Richard Fleicher

Secretary Pam Eichenhorst

First Deputy Chief Ray Mueller

EMS Services

EMS Supervisors Mike Koch, Dyan Gairland

FL Paramedics/EMTs/9 Vacancies

Paramedics EMT - Basic, EMT - OCP

Inspection Services

FF/Paramedic/Inspector Mark Gumm, Vacant

Fire Safety

Captains (P/T), Lieutenants (P/T), Fire Fighters, Firefighters, P/T & OCP

Parks & Recreation Michael Hecker

Secretary Sheri Collins

Finance Clerk Marlene Burnell

Facilities Manager Steve Gayfield

Operations Supervisor James Soren

Front Desk Manager Mary Gargas

Assistant Aquatics Supervisor Jeff Burne

Maintenance Supervisor Don Allen

Maintenance Workers Steve McNamee, Matt Estessing, Troy Applegate

Recreation Manager Vacant

Senior Center Supervisor Joanne Westwood

Recreation Supervisors Pamela Wray, Mark Schoemehl

Fitness Sports Supervisor Jennifer Brandt

Aquatics Supervisor Pamela Gross

Assistant Aquatics Supervisor Ken Helt

Park Properties, The Meadows, Corwin M. Nixon, Pine Hill Lakes, Heritage Oak, Thomas P. Quinn, Frank Noosa Woods

Paving Ron Fendal

Lieutenant Colonel Steve Schuchart

Secretary Emily Johnston

Chief Paul Connor, Karen Eve, Ingrid Gutierrez

Operations

Seniors Mike Carter, Neil Gairland, Michael Downey

Offices Scott Burdick, Bryon Butler, John O'Brien, Jerry Oltshesimer, Dan Edwards, Tom Hoelke, Matthew Hayes, Scott Spear, Jeremy Saylor, Brad Walker, Ryan Jammer, Paul M. Neiler, Derek Burman, Scott Miller, Arnon Veary

Mail Connor

Criminal Investigations

Detectives Sergeant Todd Carter, Scott Daughman, Michael Jesse

Staff Services Sergeant Paul Lindenschmidt, Dana Office, Jean Van Wazer, School Bus Officer, Troy Nelson, Jeff Burson, Andrew Heifinger

Public Utilities Ernie Sticker

Secretary Barb Ostendorf

Project Coordinator Art Oliver

Utility Project Inspector Charles Marker

Waste Water Treatment Plant Maintenance

Assistant Superintendent Keith Collins

Maintenance Foreman Ed Smith

Maintenance Workers Mike Penno, Mike Ledford, Richard Mahiques, Neal Chamberlain

Wastewater Treatment Plant

Plant Operators Lisa Bean, Bob, Cheryl Jackson, Josh Crech

Public Works David Riggs

Secretary Pam Workman

Environmental Services

Signs & Markings

Street Maintenance

Engrain Bob Bohan

Maintenance Workers Jeff Kohus, Eric Lykins, Steve Martin, Mike Johnson, Steve Sparks, Tony Tracy, Mike Trader, Ben Vogelsang, Kelly Wray, Rick Wray, George Obry, Curt Clouse, Vacant

Vehicle Maintenance

Mechanics Glen Janson, Travis Sellers

Maintenance Worker/Mechanic Roy Moore

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Mason,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

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.



President

Executive Director

THIS PAGE INTENTIONALLY LEFT BLANK



Financial Section

THIS PAGE INTENTIONALLY LEFT BLANK



June 7, 2004

REPORT OF INDEPENDENT ACCOUNTANTS

The Honorable Mayor and Members of the
City Council of the City of Mason

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mason, Ohio, (the City) as of and for the year ended December 31, 2003, 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 an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mason, Ohio, as of December 31, 2003 and, the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2004 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Required Supplementary Information

The Management's Discussion and Analysis information and the budgetary information listed in the table of contents as required supplementary information is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Combining Financial Statements and Individual Fund Schedules

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

Introductory and Statistical Sections

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion thereon.



Plattenburg & Associates, Inc.
Certified Public Accountants

City of Mason

Management's Discussion and Analysis For The Year Ended December 31, 2003

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Mason's discussion and analysis of the annual financial reports provides a review of the financial performance for the fiscal year ending December 31, 2003.

FINANCIAL HIGHLIGHTS

- The City's total net assets increased \$20.02 million. Net assets of governmental activities increased \$9.91 million, net assets of business-type activities increased by \$10.11 million.
- The General Fund reported a net change in fund balance of \$2.31 million.
- Business-type operations reflected operating income of \$3.20 million.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the City's financial situation as a whole and also give a detailed view of the City's fiscal condition.

The statement of Net Assets and Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

REPORTING THE CITY AS A WHOLE

Statement of Net Assets and the Statement of Activities

The analysis of the City as a whole begins with the Statement of Net Assets and the Statement of Activities. These reports provide information that will help the reader to determine if the City of Mason is financially better off or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes to those assets. This change informs the reader whether the City's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements need to take into account non-financial factors that also impact the City's financial well being. Some of these factors include the City's tax base and the condition of capital assets.

In the Statement of Net Assets and the Statement of Activities, the City is divided into two kinds of activities.

- **Governmental Activities** - Most of the City's services are reported here including police, fire, street maintenance, parks and recreation, and general administration. Income taxes, property taxes, building permits and interest finance most of these activities.
- **Business-Type Activities** - These services include sewer, water, waste collection and stormwater utilities. Service fees for these operations are charged based upon the amount of usage or a usage fee. The intent is that the fees charged recoup operational costs.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Information about the City's major funds is presented is presented in the Fund Financial Statements (see table of contents). Fund financial statements provide detailed information about the City's major funds - not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Finance Director, with approval of council, to help control, manage and report money received for a particular purpose or to show that the City is meeting legal responsibilities for use of grants. The City's major funds are General and Fire and Emergency Medical Service.

Governmental Funds - Most of, the City's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. 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 to determine whether there are more or less financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds - When the City charges citizens for the services it provides, with the intent of recapturing operating costs, these services are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. Internal service funds are used to report activities that provide services to the City's other funds and departments.

Fiduciary Funds - The City is the fiscal agent for the Dissolved Joint Fire District. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Statement of Changes in Assets and Liabilities. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE CITY AS A WHOLE

As stated previously, the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2003 compared to 2002.

Table 1
Net Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Assets						
Current And Other Assets	\$39.94	\$42.83	\$17.07	\$14.49	\$57.01	\$57.32
Capital Assets, Net	<u>112.51</u>	<u>103.29</u>	<u>68.23</u>	<u>60.89</u>	<u>180.74</u>	<u>164.18</u>
Total Assets	<u>152.45</u>	<u>146.12</u>	<u>85.30</u>	<u>75.38</u>	<u>237.75</u>	<u>221.50</u>
Liabilities						
Current and Other Liabilities	14.88	17.27	0.85	0.83	15.73	18.10
Long-Term Liabilities:						
Due within One Year	1.50	1.46	0.31	0.28	1.81	1.74
Due in More Than One Year	<u>29.67</u>	<u>30.90</u>	<u>6.31</u>	<u>6.55</u>	<u>35.98</u>	<u>37.45</u>
Total Liabilities	<u>46.05</u>	<u>49.63</u>	<u>7.47</u>	<u>7.66</u>	<u>53.52</u>	<u>57.29</u>
Net Assets						
Invested in Capital Assets						
Net of Debt	82.50	72.61	61.73	54.20	144.23	126.81
Restricted:						
Debt Services	1.99	2.04	0.00	0.00	1.99	2.04
Capital Projects	5.92	8.78	0.00	0.00	5.92	8.78
Special Revenue	7.15	6.41	0.00	0.00	7.15	6.41
Unrestricted	<u>8.84</u>	<u>6.65</u>	<u>16.10</u>	<u>13.52</u>	<u>24.94</u>	<u>20.17</u>
Total Net Assets	<u>\$106.40</u>	<u>\$96.49</u>	<u>\$77.83</u>	<u>\$67.72</u>	<u>\$184.23</u>	<u>\$164.21</u>

Total net assets of the City as a whole increased \$20.02 million. Net assets of the City's governmental activities increased \$9.91 million. The increase in net assets was mainly due to the increase in net capital assets, which was from various street projects, such as Birchwood South, Fairways at Pine Run and Mason-Montgomery road widening.

The net assets of the City's business-type activities increased \$10.11 million from 2002. The increase in net assets is a result of the increase in net capital assets. The City added sewer and stormwater utility lines during the year.

Table 2 shows the changes in net assets for the year ended December 31, 2003 and revenue and expense comparisons to 2002.

Table 2
Changes in Net Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Revenues						
Program Revenues:						
Charges for Services	\$2.66	\$2.48	\$9.45	\$7.47	\$12.11	\$9.95
Operating Grants, Contributions	1.29	0.55	0.00	0.00	1.29	0.55
Capital Grants and Contributions	<u>3.00</u>	<u>6.46</u>	<u>6.54</u>	<u>5.86</u>	<u>9.54</u>	<u>12.32</u>
Total Program Revenues	<u>6.95</u>	<u>9.49</u>	<u>15.99</u>	<u>13.33</u>	<u>22.94</u>	<u>22.82</u>
General Revenues:						
Property Taxes	5.71	5.12	0.00	0.00	5.71	5.12
Income Taxes	14.75	14.23	0.00	0.00	14.75	14.23
Grants and Entitlements	1.93	1.48	0.00	0.00	1.93	1.48
Investment Earnings	0.27	0.68	0.19	0.42	0.46	1.10
Refunds & Reimbursements	0.21	0.32	0.00	0.00	0.21	0.32
Other Revenues	<u>0.26</u>	<u>0.22</u>	<u>0.00</u>	<u>0.00</u>	<u>0.26</u>	<u>0.22</u>
Total General Revenues	<u>23.13</u>	<u>22.05</u>	<u>0.19</u>	<u>0.42</u>	<u>23.32</u>	<u>22.47</u>
Total Revenues	<u>\$30.08</u>	<u>\$31.54</u>	<u>\$16.18</u>	<u>\$13.75</u>	<u>\$46.26</u>	<u>\$45.29</u>
Program Expenses:						
General Government	\$6.10	\$6.53	\$0.00	\$0.00	\$6.10	\$6.53
Public Safety	6.36	5.88	0.00	0.00	6.36	5.88
Leisure Time Activities	2.23	1.82	0.00	0.00	2.23	1.82
Community Development	1.67	0.86	0.00	0.00	1.67	0.86
Basic Utility Service	0.00	0.05	0.00	0.00	0.00	0.05
Transportation & Street Repair	1.68	1.93	0.00	0.00	1.68	1.93
Interest and Fiscal Charges	1.56	1.78	0.00	0.00	1.56	1.78
Water	0.00	0.00	0.12	1.29	0.12	1.29
Sewer	0.00	0.00	2.89	2.86	2.89	2.86
Waste Collection	0.00	0.00	0.93	0.88	0.93	0.88
Stormwater Utility	0.00	0.00	1.25	0.74	1.25	0.74
Community Center	<u>0.00</u>	<u>0.00</u>	<u>1.45</u>	<u>0.00</u>	<u>1.45</u>	<u>0.00</u>
Total Expenses	<u>19.60</u>	<u>18.85</u>	<u>6.64</u>	<u>5.77</u>	<u>26.24</u>	<u>24.62</u>
Increase (Decrease) in Net Assets before Transfers and Special Item	<u>\$10.48</u>	<u>\$12.69</u>	<u>\$9.54</u>	<u>\$7.98</u>	<u>\$20.02</u>	<u>\$20.67</u>
Transfers – Internal Activities	(0.57)	(0.56)	0.57	0.56	0.00	0.00
Special Item	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(37.19)</u>	<u>0.00</u>	<u>(37.19)</u>
Increase (Decrease) in Net Assets	<u>\$9.91</u>	<u>\$12.13</u>	<u>\$10.11</u>	<u>(\$28.65)</u>	<u>\$20.02</u>	<u>(\$16.52)</u>

Governmental Activities

Council is commended for promoting economic growth in Mason in 2003, as this economic growth does increase the earnings tax base as well. Mason has continued attracting large-scale employers to our city in the year 2003, thereby injecting the local economy with jobs and increasing the City's commercial tax base. The 1.00% income tax is the largest source of revenue for the City. Revenues generated by the earnings tax represent more than 65% of the City's governmental activities general revenues. During 2003, when most communities were faced with budget cuts due to the economic downturn of the economy, the City's 2003 earnings tax revenues increased approximately 4% over 2002 tax revenues.

Governmental activities program expenses for 2003 were as follows:

General Government	31.12%
Public Safety	32.44%
Leisure Time Activities	11.38%
Community Development	8.52%
Basic Utility Service	0.01%
Transportation & Street Repair	8.57%
Interest and Fiscal Charges	<u>7.96%</u>
Total	<u>100.00%</u>

General Government include legislative and executive as well as judicial expenses. The level of services provided to City residents continues to be very high. The City seeks to improve the quality and efficiency of existing services as well as consider additional services. Leaf and brush pickup, storm sewer projects, Christmas tree recycling, and aggressive street resurfacing program, amenities in the parks, and police and fire services all culminate into a full service city. Services in the City of Mason have increased over the years and this has been accomplished by the foresight of City Council and a good work force.

Business-Type Activities

The City's business-type activities include Water, Sewer, Waste Collection and Stormwater Utility.

Water – On March 1, 2002 the entire operations of the water system were transferred to Greater Cincinnati Water Works (GCWW) as a part of a retail water services agreement. As a part of the agreement GCWW will provide Mason customers with monthly billing services for water, sewer, waste collection and stormwater utilities. The agreement between GCWW and the City of Mason became effective on March 1, 2002 and is for a period of thirty years. All utility assets at the effective date were transferred to GCWW for use in providing water services under the agreement. GCWW will maintain and operate the water system and be responsible for maintenance and repairs. GCWW will collect and keep all revenues during the term of the agreement. The small amount of Water fund assets and liabilities remaining as of December 31, 2003 will be liquidated during 2004 and the Water fund will be closed.

Sewer – One of the primary tools used for such planning was the Wastewater System Master Plan, generated in 1992 to give the City direction for the future and for meeting requirements set forth by the Ohio EPA. As a result of this master plan, several improvements were made to the City's water reclamation facility and collection system. Flow rates were re-examined in 1997 and early 1998, and indicated that service requirements had grown rapidly. The flows experienced at that time prompted City Council to update the master plan.

The 1999 Wastewater Master Plan Update analyzed several alternatives for improvements to the Water Reclamation Plant to allow for treatment of future flows. Projections were taken out to a design year of 2020, with both short-term and long-range needs analyzed.

As the Utility Committee and City Council evaluated options to meet the City's needs to the year 2020 and beyond, several alternatives were evaluated. Detailed cost/benefit analyses were done and financial considerations were evaluated to ensure that the most effective and beneficial option was taken on this important project.

The option, relocating the entire plant, offered numerous advantages to the City and its customers. Annual operating expenses are lowest if a single plant is maintained, and a single NPDES permit also reduces monitoring and compliance expenses while improving process control. A suitable property would be large enough to allow room for additional expansions that may become necessary in the future, would reduce the plant's visibility, and would allow improved buffering with adjacent properties.

In 2001, the City purchased, at a cost of \$2,923,235, 102 acres just east of the City for the relocation of the Water Reclamation Plant. In addition to the benefits cited above, it minimizes relocation expenses because it would require only a small extension of the current plant's existing trunk sewer line. Relocating to the 102 acres would also save an estimated \$3,000,000 in the future by removing the need to build a lift station to serve the northern study area.

In addition, in July 2001, Council authorized a contract with Finkbeiner, Pettis & Strout, Inc., for design services of the proposed plant relocation.

In October 2003, Council authorized a construction manager at risk contract with Dugan & Meyers for construction of the new water reclamation plant. Dugan and Meyer's contract guaranteed that construction costs would not exceed \$29,312,150. On March 19, 2004, Council awarded construction contracts in the amount of \$29,247,620. Construction of the plant is expected to begin in 2004 with completion in 2006.

Waste Collection – The City contracts with Rumpke, a private organization, to provide waste collection, curbside recycling and yard waste program to residential, commercial and industrial customers in the City of Mason. In 2002, Council authorized a one-year contract with four renewable years with Rumpke. As a result of the City's partnership with Greater Cincinnati Water Works (GCWW) they provide the billing services for waste collection on behalf of the City. This has allowed the City to reduce the administrative fee from 75 cents to 47 cents for 2002. The following is the proposed rated structure for the next five years: \$9.07 for 2002, \$9.34 for 2003, \$9.62 for 2004, \$9.92 for 2005 and \$10.21 for 2006.

Stormwater - In growing cities like Mason, problems arise from uncontrolled stormwater runoff and discharges. Flat terrain and an inadequate drainage system compound the problems associated with heavy rains. The resulting stormwater accumulates in many areas of the city, causing nuisance flooding and possible threats to public health and safety. Flooding is only part of the problem. The higher quantities of runoff entering the major waterways within the city also increase the erosion of creek banks, creating possible threats to public health and safety. The City has updated rules and regulations to address many of the issues related to individual developments; however, the amount of growth in the City requires a comprehensive approach to stormwater management throughout the city.

City Council took the first step towards addressing these problems in November 1998 when a study was authorized by the consulting engineering firm of Camp Dresser & McKee. As part of that study, a Stormwater Advisory Committee (SWAC) comprised of Mason residents and business representatives was established to assist the consultant and City Council in determining the desired level of service to be provided by the stormwater infrastructure system. Based on their findings, the SWAC in March 2000 presented their recommendations to create a new Stormwater Utility to the City Utility Committee and City Council. The new utility will allow the city to address stormwater problems associated with both the aging infrastructure located in the older portions of the city, as well as the construction of new collection systems in the developing areas of the city. Revenues from the Stormwater Utility will be earmarked specifically for Mason stormwater improvements.

To give further impetus to creating a storm water utility, the US EPA, on October 29,1999, issued new stormwater regulations that require communities with populations under 100,000 to control water pollution caused by stormwater runoff. Known as the EPA Phase II stormwater rule, these regulations require communities to implement municipal stormwater programs that will reduce stormwater pollutant discharges to the "maximum extent practicable." The EPA has listed six control measures that communities must implement as part of any municipal stormwater management program. In addition to meeting the city's current stormwater needs, the new stormwater utility will provide staff with the tools necessary to meet the new regulation requirements.

In April, Council authorized legislation to implement this new utility. Implementation of this utility allows fees to be collected and used exclusively to address flooding problems and improve water quality by reducing stormwater pollution.

By establishing a stormwater utility, the city is able to take a more aggressive approach to stormwater management. The additional funds raised through the utility fee allow the city to provide an increased level of system maintenance and repair, as well as enable the city to construct additional capital improvement projects. Under the new utility, every homeowner, as well as condominiums and apartments, pay a flat rate. Non-residential properties (including stores, city facilities, industries, and churches) are charged by "equivalent residential units" (ERUs). An ERU is equivalent to the impervious surface area of the average Mason residential property.

THE CITY'S FUNDS

Information about the City's major governmental funds is presented in the Fund Financial Statements (see table of contents). These funds are reported using the modified accrual basis of accounting. All Governmental funds had total revenues of \$30.3 million and expenditures of \$29.5 million. Within the General fund revenues exceeded expenditures by \$2.0 million; and within the Fire and Emergency Medical Service Fund revenues exceeded expenditures by \$.77 million.

General Fund Budgeting Highlights

The City's General Fund budget is formally adopted at the function level. Financial reports, which compare actual performance with the budget, are prepared monthly and presented to the Council so the Council is able to review the financial status and measure the effectiveness of the budgetary controls.

As the City completed the year, its General Fund balance reported an actual fund balance of \$3,456,764, on a Non-GAAP Budgetary Basis.

Variations from original amounts budgeted are primarily due to the following reasons: The City purchased park land not included in the original budget. Also, as part of an agreement with Mason City School District the City contributes a portion of its inside millage for operations of the Community Center. This expenditure was not included in the original budget because the agreement was still being negotiated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table 3
Capital Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Land	\$46.46	\$42.30	\$3.93	\$3.93	\$50.39	\$46.23
Building and Improvements	30.89	7.72	18.22	18.22	49.11	25.94
Machinery and Equipment	8.88	8.03	0.51	0.55	9.39	8.58
Infrastructure	33.60	22.54	47.87	39.32	81.47	61.86
Construction in Progress	3.87	32.26	8.96	8.95	12.83	41.21
Accumulated Depreciation	<u>(11.19)</u>	<u>(9.56)</u>	<u>(11.26)</u>	<u>(10.08)</u>	<u>(22.45)</u>	<u>(19.64)</u>
Totals	<u>\$112.51</u>	<u>\$103.29</u>	<u>\$68.23</u>	<u>\$60.89</u>	<u>\$180.74</u>	<u>\$164.18</u>

The increase in governmental activities capital assets was the result of the City constructing a new Municipal facility.

Debt

At year-end the City had \$7.33 million in unvoted general obligation and special assessment bonds.

Table 4
Outstanding Debt at Year End

	<u>Governmental Activity</u>	
	<u>2003</u>	<u>2002</u>
Unvoted General Obligation Bonds:		
Special Assessment Utility Bonds	\$52,000	\$55,000
Various Purpose Special Assessment Bonds	816,000	963,000
Various Purpose General Obligation Bonds	<u>6,460,000</u>	<u>6,690,000</u>
Total	<u>\$7,328,000</u>	<u>\$7,708,000</u>

Special Assessment Street Improvement Bonds will be paid with special assessment revenue.

The unvoted General Obligation Bonds for street improvement will be paid with municipal income tax revenue. The Various Purpose Improvement general obligation bonds will be paid with property tax revenues via transfers from the General Fund.

The City's overall legal debt margin was \$88,756,810 at year-end.

Detailed information relating to capital assets and debt is presented in the notes to the financial statements.

CONTACTING THE CITY'S FINANCE DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Finance Director, City of Mason, 6000 Mason Montgomery Road, Mason, Ohio 45040.

THIS PAGE INTENTIONALLY LEFT BLANK

City of Mason
Statement of Net Assets
December 31, 2003

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$19,770,433	\$15,621,913	\$35,392,346
Restricted Cash and Investments	4,799,026	760,784	5,559,810
Receivables:			
Taxes	11,400,847	0	11,400,847
Accounts	177,057	617,662	794,719
Interest	74,066	59,176	133,242
Intergovernmental	1,594,012	0	1,594,012
Loans	2,099	0	2,099
Special Assessments	1,536,126	0	1,536,126
Deferred Bond Issuance Costs	520,232	0	520,232
Inventory	61,519	13,248	74,767
Nondepreciable Capital Assets	50,331,127	12,885,623	63,216,750
Depreciable Capital Assets, Net	62,181,024	55,340,055	117,521,079
Total Assets	152,447,568	85,298,461	237,746,029
Liabilities:			
Accounts Payable	475,237	168,452	643,689
Accrued Wages and Benefits	764,959	140,379	905,338
Retainage Payable	182,975	502,060	685,035
Accrued Interest Payable	170,276	31,609	201,885
Claims Payable	51,896	0	51,896
Deferred Revenue	7,463,447	0	7,463,447
Other Liabilities	73,603	0	73,603
General Obligation Notes Payable	5,700,000	0	5,700,000
Long-Term Liabilities:			
Due Within One Year	1,500,182	309,336	1,809,518
Due In More Than One Year	29,667,031	6,313,822	35,980,853
Total Liabilities	46,049,606	7,465,658	53,515,264
Net Assets:			
Invested in Capital Assets, Net of Related Debt	82,502,222	61,728,678	144,230,900
Restricted for:			
Debt Service	1,985,414	0	1,985,414
Capital Projects	5,921,119	0	5,921,119
Special Revenue	7,145,774	0	7,145,774
Unrestricted	8,843,433	16,104,125	24,947,558
Total Net Assets	\$106,397,962	\$77,832,803	\$184,230,765

See accompanying notes.

City of Mason
Statement of Activities
For the Fiscal Year Ended December 31, 2003

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$6,104,625	\$1,343,668	\$0	\$43,600
Public Safety	6,357,600	297,445	370,275	0
Leisure Time Activities	2,229,243	223,460	0	0
Community Development	1,666,254	435,081	0	0
Basic Utility Service	1,124	256,831	0	0
Transportation & Street Repair	1,677,174	104,038	915,502	2,957,793
Interest and Fiscal Charges	1,564,957	0	562	0
Total Governmental Activities	19,600,977	2,660,523	1,286,339	3,001,393
Business-Type Activities:				
Water Utility	117,370	0	0	0
Sewer Utility	2,884,956	5,858,754	0	2,455,125
Waste Collection	926,630	880,859	0	0
Stormwater Utility	1,251,621	749,570	0	4,084,521
Community Center	1,453,474	1,955,985	0	0
Total Business-Type Activities	6,634,051	9,445,168	0	6,539,646
Totals	\$26,235,028	\$12,105,691	\$1,286,339	\$9,541,039

General Revenues:
Income Taxes
Property Taxes Levied for:
 General Purposes
 Special Revenue Purposes
 Debt Service
 Capital Projects
Grants and Entitlements not Restricted to Specific Programs
Investment Earnings
Refunds & Reimbursements
Other Revenues
 Transfers-Internal Activities

Total General Revenues & Transfers

Change in Net Assets

Net Assets Beginning of Year (restated)

Net Assets End of Year

See accompanying notes.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$4,717,357)	\$0	(\$4,717,357)
(5,689,880)	0	(5,689,880)
(2,005,783)	0	(2,005,783)
(1,231,173)	0	(1,231,173)
255,707	0	255,707
2,300,159	0	2,300,159
(1,564,395)	0	(1,564,395)
(12,652,722)	0	(12,652,722)
0	(117,370)	(117,370)
0	5,428,923	5,428,923
0	(45,771)	(45,771)
0	3,582,470	3,582,470
0	502,511	502,511
0	9,350,763	9,350,763
(\$12,652,722)	\$9,350,763	(\$3,301,959)
14,750,306	0	14,750,306
1,344,408	0	1,344,408
3,619,235	0	3,619,235
555,903	0	555,903
188,314	0	188,314
1,930,644	0	1,930,644
273,376	187,552	460,928
211,982	0	211,982
261,531	0	261,531
(574,596)	574,596	0
22,561,103	762,148	23,323,251
9,908,381	10,112,911	20,021,292
96,489,581	67,719,892	164,209,473
\$106,397,962	\$77,832,803	\$184,230,765

City of Mason
Balance Sheet
Governmental Funds
December 31, 2003

	General	Fire and Emergency Medical Service	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$10,561,878	\$2,964,104	\$5,501,483	\$19,027,465
Restricted Cash and Investments	0	0	4,799,026	4,799,026
Receivables:				
Taxes	6,836,171	4,166,010	398,666	11,400,847
Accounts	87,754	87,037	2,266	177,057
Interest	46,659	11,345	13,218	71,222
Intergovernmental	840,734	0	753,278	1,594,012
Loans	0	0	2,099	2,099
Special Assessments	0	0	1,536,126	1,536,126
Inventory	11,203	23,165	27,151	61,519
Total Assets	18,384,399	7,251,661	13,033,313	38,669,373
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	365,104	60,814	19,276	445,194
Accrued Wages and Benefits	567,924	171,311	25,724	764,959
Compensated Absences	50,041	4,124	1,384	55,549
Retainage Payable	35,593	0	147,382	182,975
Accrued Interest Payable	47,098	0	0	47,098
Deferred Revenue	4,016,700	4,208,261	2,547,196	10,772,157
Other Liabilities	73,603	0	0	73,603
General Obligation Notes Payable	5,700,000	0	0	5,700,000
Total Liabilities	10,856,063	4,444,510	2,740,962	18,041,535
Fund Balances:				
Reserved for Encumbrances	6,137,044	90,830	764,368	6,992,242
Reserved for Inventory	11,203	23,165	27,151	61,519
Reserved for Loans	0	0	2,099	2,099
Unreserved, Undesignated, Reported in:				
General Fund	1,380,089	0	0	1,380,089
Special Revenue Funds	0	2,693,156	3,803,455	6,496,611
Debt Service Funds	0	0	432,170	432,170
Capital Projects Funds	0	0	5,263,108	5,263,108
Total Fund Balances	7,528,336	2,807,151	10,292,351	20,627,838
Total Liabilities and Fund Balances	\$18,384,399	\$7,251,661	\$13,033,313	\$38,669,373

See accompanying notes.

City of Mason
 Reconciliation of Total Governmental Fund Balance to
 Net Assets of Governmental Activities
 December 31, 2003

Total Governmental Fund Balance		\$20,627,838
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		112,512,151
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Income Taxes	754,291	
Delinquent Property Taxes	134,430	
Interest	37,618	
Intergovernmental	801,273	
Other	<u>1,581,098</u>	
		3,308,710
An internal service fund is used by management to charge back costs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		663,873
In the statement of net assets interest payable is accrued when incurred, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		(123,178)
Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.		
Compensated Absences	<u>(581,503)</u>	
		(581,503)
Deferred bond issuance cost associated with long-term liabilities are not reported in the funds.		520,232
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds. Detail is provided in the footnotes.		<u>(30,530,161)</u>
Net Assets of Governmental Activities		<u>\$106,397,962</u>

See accompanying notes.

City of Mason
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended December 31, 2003

	General	Fire and Emergency Medical Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$17,040,937	\$3,528,225	\$928,557	\$21,497,719
Fines, Licenses & Permits	909,776	0	451,223	1,360,999
Charges for Services	229,404	391,231	127,800	748,435
Investment Earnings	189,945	40,710	96,192	326,847
Intergovernmental	2,138,502	28,092	3,224,078	5,390,672
Other Revenues	942,142	21,044	2,563	965,749
Total Revenues	21,450,706	4,009,302	4,830,413	30,290,421
Expenditures:				
Current:				
General Government	9,056,710	0	1,646,864	10,703,574
Public Safety	3,603,294	2,934,474	10,915	6,548,683
Leisure Time Activities	2,122,965	0	0	2,122,965
Community Development	1,666,254	0	0	1,666,254
Basic Utility Service	400	0	0	400
Transportation & Street Repair	2,868,959	0	2,592,918	5,461,877
Capital Outlay	12,677	0	147,382	160,059
Debt Service:				
Principal Retirement	0	280,162	957,000	1,237,162
Interest and Fiscal Charges	108,633	25,759	1,430,565	1,564,957
Total Expenditures	19,439,892	3,240,395	6,785,644	29,465,931
Excess of Revenues Over (Under) Expenditures	2,010,814	768,907	(1,955,231)	824,490
Other Financing Sources (Uses):				
Transfers In	301,476	0	2,406,320	2,707,796
Transfers (Out)	0	0	(3,282,392)	(3,282,392)
Total Other Financing Sources (Uses)	301,476	0	(876,072)	(574,596)
Net Change in Fund Balance	2,312,290	768,907	(2,831,303)	249,894
Fund Balance Beginning of Year	5,221,108	2,025,726	13,128,143	20,374,977
Change in Reserve for Inventory	(5,062)	12,518	(4,489)	2,967
Fund Balance End of Year	\$7,528,336	\$2,807,151	\$10,292,351	\$20,627,838

See accompanying notes.

City of Mason
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended December 31, 2003

Net Change in Fund Balance - Total Governmental Funds \$249,894

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

Governmental funds report capital asset additions 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 of the difference between capital asset additions and depreciation in the current period.

Capital assets used in governmental activities	11,060,696	
Depreciation Expense	<u>(1,839,285)</u>	
		9,221,411

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

Income Taxes	(843,541)	
Delinquent Property Taxes	134,430	
Interest	(51,048)	
Intergovernmental	141,152	
Other	<u>(252,613)</u>	
		(871,620)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,237,162

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 governmental funds.

Compensated Absences	(34,712)	
Deferred Bond Issuance Cost Amortization	(23,121)	
Change in Inventory	<u>2,967</u>	
		(54,866)

The internal service fund used by management to charge back costs to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. 126,400

Change in Net Assets of Governmental Activities \$9,908,381

See accompanying notes.

City of Mason
Statement of Net Assets
Proprietary Funds
December 31, 2003

	Business-Type Activities -Enterprise Funds				Governmental Activities- Internal Service Fund
	Sewer	Stormwater Utility	Other Enterprise Funds	Total Business-Type Activities	
Assets:					
Equity in Pooled Cash and Investments	\$13,009,640	\$1,410,314	\$1,201,959	\$15,621,913	\$742,968
Restricted Cash and Investments	760,784	0	0	760,784	0
Receivables:					
Accounts	451,689	72,445	93,528	617,662	0
Interest	49,979	5,398	3,799	59,176	2,844
Inventory	13,248	0	0	13,248	0
Total Current Assets	14,285,340	1,488,157	1,299,286	17,072,783	745,812
Nondepreciable Capital Assets	10,885,592	2,000,031	0	12,885,623	0
Depreciable Capital Assets, Net	33,616,121	21,723,934	0	55,340,055	0
Total Assets	58,787,053	25,212,122	1,299,286	85,298,461	745,812
Liabilities:					
Current Liabilities:					
Accounts Payable	122,841	5,348	40,263	168,452	30,043
Accrued Wages and Benefits	56,048	6,883	77,448	140,379	0
Compensated Absences	36,750	1,608	12,978	51,336	0
Retainage Payable	430,486	71,574	0	502,060	0
Accrued Interest Payable	31,609	0	0	31,609	0
Claims Payable	0	0	0	0	51,896
Long-Term Liabilities Due Within One Year	258,000	0	0	258,000	0
Total Current Liabilities	935,734	85,413	130,689	1,151,836	81,939
Long-Term Liabilities:					
Compensated Absences	66,421	1,703	6,698	74,822	0
Bonds, Notes & Loans Payable	6,239,000	0	0	6,239,000	0
Total Liabilities	7,241,155	87,116	137,387	7,465,658	81,939
Net Assets:					
Invested in Capital Assets, Net of Related Debt	38,004,713	23,723,965	0	61,728,678	0
Unrestricted	13,541,185	1,401,041	1,161,899	16,104,125	663,873
Total Net Assets	\$51,545,898	\$25,125,006	\$1,161,899	\$77,832,803	\$663,873

See accompanying notes.

City of Mason
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended December 31, 2003

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Fund
	Sewer	Stormwater Utility	Other Enterprise Funds	Total Business-Type Activities	
Operating Revenues:					
Charges for Services	\$5,858,754	\$749,570	\$2,836,844	\$9,445,168	1,143,965
Total Operating Revenues	5,858,754	749,570	2,836,844	9,445,168	1,143,965
Operating Expenses:					
Personal Services	1,094,788	134,546	1,090,609	2,319,943	1,022,034
Contractual Services	593,693	704,715	1,273,324	2,571,732	0
Materials and Supplies	0	0	117,866	117,866	0
Depreciation	805,109	412,360	0	1,217,469	0
Other Expenses	154	0	15,675	15,829	0
Total Operating Expenses	2,493,744	1,251,621	2,497,474	6,242,839	1,022,034
Operating Income (Loss)	3,365,010	(502,051)	339,370	3,202,329	121,931
Non-Operating Revenues (Expenses):					
Investment Earnings	165,661	13,747	8,144	187,552	4,469
Interest (Expense)	(391,212)	0	0	(391,212)	0
Total Non-Operating Revenues (Expenses)	(225,551)	13,747	8,144	(203,660)	4,469
Income (Loss) Before Contributions & Transfers	3,139,459	(488,304)	347,514	2,998,669	126,400
Capital Grants and Contributions	2,455,125	4,084,521	0	6,539,646	0
Transfers In	3,000	525,000	46,596	574,596	0
Change in Net Assets	5,597,584	4,121,217	394,110	10,112,911	126,400
Net Assets Beginning of Year (restated)	45,948,314	21,003,789	767,789	67,719,892	537,473
Net Assets End of Year	\$51,545,898	\$25,125,006	\$1,161,899	\$77,832,803	\$663,873

See accompanying notes.

City of Mason
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended December 31, 2003

	Business-Type Activities -Enterprise Funds				Governmental Activities- Internal Service Fund
	Sewer	Stormwater Utility	Other Enterprise Funds	Total Business-Type Activities	
Cash Flows from Operating Activities:					
Cash Received from Customers	\$5,911,583	\$758,527	\$2,838,354	\$9,508,464	\$1,151,165
Cash Payments to Employees	(1,070,285)	(134,621)	(994,145)	(2,199,051)	(1,002,869)
Cash Payments to Suppliers	(332,102)	(631,825)	(1,773,048)	(2,736,975)	0
Net Cash Provided (Used) by Operating Activities	4,509,196	(7,919)	71,161	4,572,438	148,296
Cash Flows from Noncapital Financing Activities:					
Payments from Other Funds	0	525,000	46,596	571,596	0
Net Cash Provided (Used) by Noncapital Financing Activities	0	525,000	46,596	571,596	0
Cash Flows from Capital and Related Financing Activities:					
Payments for Capital Acquisitions	(1,839,791)	(219,267)	0	(2,059,058)	0
Debt Principal Payments	(245,000)	0	0	(245,000)	0
Debt Interest Payments	(392,295)	0	0	(392,295)	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,477,086)	(219,267)	0	(2,696,353)	0
Cash Flows from Investing Activities:					
Earnings on Investments	205,469	17,436	6,187	229,092	6,506
Net Cash Provided (Used) by Cash Flows from Investing Activities	205,469	17,436	6,187	229,092	6,506
Net Increase (Decrease) in Cash and Cash Equivalents	2,237,579	315,250	123,944	2,676,773	154,802
Cash and Cash Equivalents Beginning of Year	11,532,845	1,095,064	1,078,015	13,705,924	588,166
Cash and Cash Equivalents End of Year	13,770,424	1,410,314	1,201,959	16,382,697	742,968
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	3,365,010	(502,051)	339,370	3,202,329	121,931
Adjustments:					
Depreciation	805,109	412,360	0	1,217,469	0
Changes in Assets & Liabilities:					
(Increase) Decrease in Receivables	92,637	12,646	(2,343)	102,940	0
(Increase) Decrease in Inventory	(11,549)	0	0	(11,549)	0
Increase (Decrease) in Payables	233,486	69,201	(362,330)	(59,643)	26,365
Increase (Decrease) in Accrued Liabilities	24,503	(75)	96,464	120,892	0
Net Cash Provided (Used) by Operating Activities	\$4,509,196	(\$7,919)	\$71,161	\$4,572,438	\$148,296
Schedule of Noncash Capital Activities:					
During the fiscal year, these amounts were received representing noncash contributions of:					
Capital Assets	\$2,455,125	\$4,084,521	\$0	\$6,539,646	

See accompanying notes.

City of Mason
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2003

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	<u>\$46,267</u>
Total Assets	<u>\$46,267</u>
Liabilities:	
Other Liabilities	<u>46,267</u>
Total Liabilities	<u>\$46,267</u>

See accompanying notes.

THIS PAGE INTENTIONALLY LEFT BLANK

City of Mason

Notes to the Basic Financial Statements
For The Year Ended December 31, 2003

1. DESCRIPTION OF THE CITY AND REPORTING ENTITY

The City of Mason, Ohio (the "City") was incorporated in 1815, adopted its Charter in 1969 and became a city in 1971. The City is a home-rule municipal corporation created under the laws of the State of Ohio. The City operates under a Council-Manager form of government.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City, this includes; police and fire, parks and recreation, planning, zoning, community development, street maintenance, water, sewer and waste collection. Council and the City Manager have direct responsibility for these activities.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board; and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organizations. Component units may also include organizations for which the City authorizes the issuance of debt or the levying of taxes, or determines the budget. There are no component units included as part of this report.

The Miami Valley Risk Management Association, Inc. (MVRMA) is a risk sharing insurance pool established for the purpose of enabling the subscribing political subdivisions to obtain liability insurance and providing a formalized, jointly administered self-insurance fund for its members. The members formed a not-for-profit corporation known as Miami Valley Risk Management Association, Inc. for the purpose of administering the pool. The subscribing members of the self-insurance pool include the Cities of Beavercreek, Blue Ash, Indian Hill, Kettering, Madeira, Mason, Miamisburg, Montgomery, Sidney, Springdale, Tipp City, Troy, Vandalia, West Carrollton, Wilmington and Wyoming. The City has no explicit and measurable equity interest in MVRMA and no ongoing financial responsibility for MVRMA.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the charter of the City and/or the general laws of Ohio.

Fire and Emergency Medical Service Special Revenue Fund – This special revenue fund accounts for expenditures of property tax revenues and other resources in the operation of the City's Fire Department.

The other governmental funds of the City account for grants and other resources that are generally restricted to use for a particular purpose.

Proprietary Funds

Proprietary fund reporting focuses on changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Sewer Fund - The sewer fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

Stormwater Utility Fund – This fund accounts for provision of stormwater systems within the City.

Internal Service Funds - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund reports on a self-insurance program for certain employee benefits.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: agency funds, pension trust funds, investment trust funds and private-purpose trust funds. On September 30, 1998 the Mason Deerfield Joint Fire District was dissolved. As the surviving entity, the City of Mason assumed the responsibility for all final affairs of the District. This fund was established to account for the assets and liabilities of the District. The City's Dissolved Joint Fire District Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City currently has no trust funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax), fines and forfeitures, interest, grants and fees.

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of the current year-end, but which were levied to finance future operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

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

Cash and Cash Equivalents

To improve cash management the City's cash and investments are pooled. Monies for all funds, except cash and investments held in segregated accounts, are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the balance sheet.

Investments are reported at fair value which is based on quoted market prices, with the exception of nonparticipating repurchase agreements, which are reported at cost. For investments in open-end mutual funds, fair value is determined by the fund's share price.

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest-bearing depository accounts are presented on the statement of net assets/balance sheet as "Cash and Cash Equivalents in Segregated Accounts".

For purposes of the statement of cash flows and for presentation on the statement of net assets/balance sheet, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents.

Inventory

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

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of the proprietary funds are expensed when used.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective proprietary funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City's infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The City uses a \$5,000 capitalization threshold.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Buildings and Improvements	25-50 years	25-50 years
Machinery and Equipment	5-20 years	5-20 years
Infrastructure	35-60 years	35-60 years

Interfund Balances

On fund financial statements, long-term interfund loans are classified as “advances to/from other funds” on the balance sheet and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources. These amounts, as well as any short-term interfund balances, are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

The City reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at fiscal year end taking into consideration any limits specified in the City's personnel manual.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and long-term loans are recognized as a liability on the fund financial statements when due.

Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. As a result, encumbrances, inventories and loans receivable are recorded as a reservation of fund balance.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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

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.

3. DEPOSITS AND INVESTMENTS

Cash resources of several 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 "Equity in Pooled Cash and Investments."

Statutes require the classification of funds held by the City into three categories.

Category 1 consists of "active" funds – those funds required to be kept in "cash" or "near cash" 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.

Category 2 consists of "inactive" funds – those funds not required for use within the current two-year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds – those funds not needed for immediate use but 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 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 day;
- 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 with 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 amount equal to at least 110% 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. Deposits collateralized by investment pools are classified as Category 3 deposits per GASB Statement No. 3.

The GASB 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 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, with 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 \$1,615,699 and the bank balance was \$2,460,978. Federal Depository Insurance covered \$100,000 of the deposits and bank balance. All remaining deposits were classified as Category 3.

B. Investments

The City's investments at year end are summarized below:

<u>Categorized Investments</u>	<u>Category 1</u>	<u>Carrying Value/ Fair Value</u>
U.S. Agencies	\$38,556,964	\$38,556,964
Money Market(1)	<u>0</u>	<u>825,760</u>
	<u>\$38,556,964</u>	<u>\$39,382,724</u>

(1) Investment is not categorized because it is not evidenced by securities that exist in physical or book entry form.

4. RECEIVABLES

Receivables at year end, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements, shared revenues, special assessments, accrued interest on investments, accounts and loans receivable.

No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

Special assessments expected to be collected in more than one year amounts to approximately \$1,536,126 in the Special Assessments Bond Retirement Fund.

Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2003 for real and public utility property taxes represents collections of the 2002 taxes. Property tax payments received during 2003 for tangible personal property (other than public utility property) is for 2003 taxes.

2003 real property taxes are levied after October 1, 2003, on the assessed value as of January 1, 2003, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2003 real property taxes are collected in and intended to finance 2004 operations.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2003 public utility property taxes became a lien December 31, 2002, are levied after October 1, 2003, and are collected in 2004 with real property taxes.

2003 tangible personal property taxes are levied after October 1, 2002, on the value as of December 31, 2002. Collections are made in 2003. Tangible personal property assessments are 25 percent of true value.

The assessed values of real and tangible personal property upon which current year property tax receipts were based are as follows:

Real Property	\$771,214,670
Public Utility	15,312,680
Tangible Personal Property	<u>147,357,520</u>
Total Valuation	<u>\$933,884,870</u>

Real property taxes are payable annually or semi-annually. The first payment is due January 20 with the remainder payable by June 20.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Accrued property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of year end for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at year end, nor were they levied to finance current year operations. The receivable is therefore offset by deferred revenue.

Income Taxes

The City levies a one percent income tax on substantially all income earned within the City. If an individual pays income taxes to another municipality, a credit of up to one-half percent is allowed. Additional increases in the income tax rate require voter approval.

Employers within the City withhold income tax on employee compensation and remit at least quarterly. Corporations and other individual taxpayers pay estimated taxes quarterly and file an annual declaration.

5. 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 1988, the City joined the Miami Valley Risk Management Association, Inc. (MVRMA) a risk sharing insurance pool. The pool consists of sixteen municipalities who pool risk for property, crime, liability, boiler and machinery and public official liability. The City pays an annual premium to MVRMA for this coverage. The agreement provides that the MVRMA will be self-sustaining through member premiums and excess insurance. The deductible per occurrence for all types of claims is \$2,500. The joint insurance pool will cover additional claims up to \$500,000 for liability, \$250,000 for property and \$5,000 for boiler and machinery.

Excess insurance coverage will cover additional claims up to the limits listed below:

General Liability (including Police Professional Liability)	\$12 million per occurrence
Automobile Liability	\$12 million per occurrence
	\$1 million per occurrence self insured retention (SIR)
	\$11 million per occurrence excess SIR – Government Entities Mutual (GEM)/Endurance Specialty Insurance Limited
Employment Practice Liability	\$1 million per occurrence SIR
	\$11 million per occurrence excess SIR – GEM/Endurance Specialty Insurance Limited
Public Officials Liability	\$1 million per occurrence SIR
	\$11 million per occurrence excess SIR – GEM/Endurance Specialty Insurance Limited
Property	\$100 million per occurrence
	\$250,000 per occurrence SIR
	\$100 million per occurrence excess SIR – Chubb/Federal Ins.
Boiler and Machinery (Included in Property Policy)	\$100 million per occurrence
	\$5,000 per occurrence SIR except all waste water treatment/sewage, water treatment/pumping stations and any electrical substations which would be \$10,000 per occurrence
	\$100 million per occurrence excess SIR – Chubb/Federal Ins.
Flood (Property)	\$25 million per occurrence and annual aggregate (Excludes Zone A) excess property SIR
	\$1 million per occurrence and annual aggregate (Zone B and Shaded X) excess property SIR
Earthquake (Property)	\$25 million per occurrence and annual aggregate excess property SIR

There has been no material change in this coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the past three years.

The City has a group health insurance program for employees and their eligible dependents. Premiums are paid into an internal service fund by all funds having compensated employees based on an analysis of historical claims experience, the desired fund balances and the number of active participating employees. The monies paid into the Self Insurance Fund (internal service fund) are available to pay claims and administrative costs. The plan is administered by a third party administrator, Anthem Benefit Administration, Inc., which monitors all claim payments.

The claims liability of \$51,896 reported in the fund at year end based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amounts were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year-End</u>
2002	\$62,665	\$933,238	(\$948,725)	\$47,178
2003	47,178	1,000,387	(995,669)	51,896

6. CAPITAL ASSETS

Capital asset activity for the current year end was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$42,295,760	\$4,169,153	\$ 0	\$46,464,913
Construction in Progress	<u>32,261,326</u>	<u>2,568,112</u>	<u>(30,963,224)</u>	<u>3,866,214</u>
Total Capital Assets, not being depreciated	<u>74,557,086</u>	<u>6,737,265</u>	<u>(30,963,224)</u>	<u>50,331,127</u>
Capital Assets, being depreciated:				
Buildings and Improvements	7,722,832	23,171,858	0	30,894,690
Machinery and Equipment	8,029,213	1,057,741	(208,266)	8,878,688
Infrastructure	<u>22,538,508</u>	<u>11,057,058</u>	<u>0</u>	<u>33,595,566</u>
Total Capital Assets, being depreciated	<u>38,290,553</u>	<u>35,286,657</u>	<u>(208,266)</u>	<u>73,368,944</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(1,597,001)	(447,200)	0	(2,044,201)
Machinery and Equipment	(3,372,103)	(832,161)	208,266	(3,995,998)
Infrastructure	<u>(4,587,797)</u>	<u>(559,924)</u>	<u>0</u>	<u>(5,147,721)</u>
Total Accumulated Depreciation	<u>(9,556,901)</u>	<u>(1,839,285)</u>	<u>208,266</u>	<u>(11,187,920)</u>
Total Capital Assets, being depreciated, net	<u>28,733,652</u>	<u>33,447,372</u>	<u>0</u>	<u>62,181,024</u>
Governmental Activities Capital Assets, net	<u>\$103,290,738</u>	<u>\$40,184,637</u>	<u>(\$30,963,224)</u>	<u>\$112,512,151</u>

Business-Type Activities

Capital Assets, not being depreciated:				
Land	\$3,928,870	\$ 0	\$ 0	\$3,928,870
Construction in Progress	<u>8,950,849</u>	<u>2,230,094</u>	<u>(2,224,190)</u>	<u>8,956,753</u>
Total Capital Assets, not being depreciated:	<u>12,879,719</u>	<u>2,230,094</u>	<u>(2,224,190)</u>	<u>12,885,623</u>
Capital Assets, being depreciated:				
Buildings and Improvements	18,220,196	0	0	18,220,196
Machinery and Equipment	547,105	6,399	(39,372)	514,132
Infrastructure	<u>39,324,162</u>	<u>8,542,904</u>	<u>0</u>	<u>47,867,066</u>
Total Capital Assets, being depreciated	<u>58,091,463</u>	<u>8,549,303</u>	<u>(39,372)</u>	<u>66,601,394</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(3,789,434)	(379,521)	0	(4,168,955)
Machinery and Equipment	(466,624)	(40,161)	39,372	(467,413)
Infrastructure	<u>(5,827,184)</u>	<u>(797,787)</u>	<u>0</u>	<u>(6,624,971)</u>
Total Accumulated Depreciation	<u>(10,083,242)</u>	<u>(1,217,469)</u>	<u>39,372</u>	<u>(11,261,339)</u>
Total Capital Assets, being depreciated, net	<u>48,008,221</u>	<u>7,331,834</u>	<u>0</u>	<u>55,340,055</u>
Business-Type Activities Capital Assets, Net	<u>\$60,887,940</u>	<u>\$9,561,928</u>	<u>(\$2,224,190)</u>	<u>\$68,225,678</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 328,285
Public Safety	475,363
Leisure Time Activities	167,219
Transportation & Street Repair	<u>868,418</u>
	<u>\$1,839,285</u>

7. COMPENSATED ABSENCES**Accumulated Unpaid Vacation**

City employees earn vacation leave at varying rates based upon length of service, subject to certain maximum accruals. In the event of a termination of employment, death, or retirement, employees (or their estates) are paid for unused vacation leave.

Accumulated Unpaid Sick Leave

The City of Mason does not permit advancement of moneys on sick leave accrued.

Sick Leave Conversion at Retirement

- a. Upon retirement, a full-time, regular employee who meets the age and length of service requirements of the Public Employees Retirement System or the Police and Fireman's Disability and Pension Fund, whichever is applicable, and who was also in the service of the City of Mason for a period of ten (10) continuous years prior to retirement from the service of the City of Mason may redeem his or her accumulated sick leave providing all other criteria are met in order to receive the benefits (i.e. age for retirement).
- b. Redemption shall be at a rate of three (3) accumulated sick leave days exchanged for one (1) day of pay with a maximum redemption limited to one hundred twenty (120) days.
- c. Payment will be based on the employee's base rate of pay at the time of retirement.
- d. The conversion of sick leave to cash will be made as a lump sum payment and will eliminate all sick leave credit accrued by the employee.

8. NOTES PAYABLE

A summary of the note transactions for the current year end are as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>
General Fund:				
2.48% Land Acquisition Note	\$1,150,000	\$ 0	(\$1,150,000)	\$ 0
3.30% Road Improvement Note	1,400,000	0	(1,400,000)	0
3.30% Road Improvement Note	<u>5,850,000</u>	<u>5,700,000</u>	<u>(5,850,000)</u>	<u>5,700,000</u>
Total General Fund	<u>\$8,400,000</u>	<u>\$5,700,000</u>	<u>(\$8,400,000)</u>	<u>\$5,700,000</u>

All of the notes are bond anticipation notes, are backed by the full faith and credit of the City, and mature within one year. The note liability is reflected in the fund which received the proceeds.

9. LONG-TERM DEBT

A schedule of changes in bonds and other long-term obligations of the City during the current year, follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
<u>General Obligation Bonds</u>					
9.00% Civic Center Building	\$ 30,000	\$ 0	(\$30,000)	\$ 0	\$ 0
9.00% Real Estate – Library Site	10,000	0	(10,000)	0	0
4.47% Road Improvement	4,235,000	0	(190,000)	4,045,000	200,000
5.30% Tax Increment Financing	600,000	0	0	600,000	0
5.25% Central Parke TIF	1,135,000	0	0	1,135,000	45,000
6.00% Enterprise Parke TIF	<u>680,000</u>	<u>0</u>	<u>0</u>	<u>680,000</u>	<u>0</u>
Total General Obligation Bonds	<u>6,690,000</u>	<u>0</u>	<u>(230,000)</u>	<u>6,460,000</u>	<u>245,000</u>
<u>Special Assessment Bonds</u>					
6.75% Northeast	495,000	0	(55,000)	440,000	55,000
6.76% Snider Road	135,000	0	(15,000)	120,000	15,000
9.50% Western Row Road Widening	15,000	0	(15,000)	0	0
9.75% Bethany Road #2	4,000	0	(4,000)	0	0
10.75% Mason-Montgomery Road	3,000	0	(1,000)	2,000	1,000
8.75% Waterpark Drive – Beach	105,000	0	(35,000)	70,000	35,000
7.78% Lindemann C.G.	11,000	0	(2,000)	9,000	1,000
7.38% Route 741	<u>195,000</u>	<u>0</u>	<u>(20,000)</u>	<u>175,000</u>	<u>25,000</u>
Total Special Assessment Bonds	<u>963,000</u>	<u>0</u>	<u>(147,000)</u>	<u>816,000</u>	<u>132,000</u>
Capital Leases	24,114,323	0	(860,162)	23,254,161	823,741
Compensated Absences	<u>588,546</u>	<u>48,506</u>	<u>0</u>	<u>637,052</u>	<u>299,441</u>
Total Governmental Activities	<u>\$32,355,869</u>	<u>\$48,506</u>	<u>(\$1,237,162)</u>	<u>\$31,167,213</u>	<u>\$1,500,182</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities					
<u>Special Assessment Bonds</u>					
6.00% Diley Utility	<u>\$55,000</u>	<u>\$ 0</u>	<u>(\$3,000)</u>	<u>\$52,000</u>	<u>\$3,000</u>
<u>Mortgage Revenue Bonds</u>					
5.85% Sewer Mortgage Revenue	<u>6,690,000</u>	<u>0</u>	<u>(245,000)</u>	<u>6,445,000</u>	<u>255,000</u>
Compensated Absences	<u>81,894</u>	<u>55,265</u>	<u>(11,000)</u>	<u>126,159</u>	<u>51,336</u>
Total Business-Type Activities	<u>\$6,826,894</u>	<u>\$55,265</u>	<u>(\$259,000)</u>	<u>\$6,623,159</u>	<u>\$309,366</u>

Compensated Absences will be paid from the fund from which the person is paid. Historically, this is the General Fund or a Special Revenue Fund.

Principal and interest requirements to retire the City’s long-term obligations outstanding at year end are as follows:

<u>Year Ending</u>	<u>General</u>		<u>Special</u>		<u>Mortgage</u>	
	<u>Obligation Bonds</u>		<u>Assessment Bonds</u>		<u>Revenue Bonds</u>	
<u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2004	\$245,000	\$307,830	\$135,000	\$61,063	\$255,000	\$379,310
2005	255,000	297,868	136,000	51,068	270,000	365,540
2006	275,000	287,248	100,000	40,971	285,000	350,960
2007	305,000	275,568	101,000	34,064	300,000	335,285
2008	335,000	262,181	101,000	27,079	315,000	318,485
2009-2013	2,190,000	1,043,291	288,000	41,286	1,890,000	1,292,030
2014-2018	2,770,000	440,897	7,000	420	2,530,000	652,800
2019	85,000	5,250	0	0	600,000	36,000
Total	\$6,460,000	\$2,920,133	\$868,000	\$255,951	\$6,445,000	\$3,730,410

The Special assessment bonds are backed by the full faith and credit of the City and are repaid from the resources of the debt service fund. The City levies an assessment against the effected property owners.

10. LEASES

A. Capital Leases

The City entered into a capital lease for a new municipal building and leases fire department equipment under capital leases that extend into prior years.

The City owns the land where the municipal building is being constructed and has leased the land to PS&W Holding Company. PS&W Holding Company has subleased the site and improvements to the City. The City and PS&W Holding Company have assigned their rights under the leases to The Huntington National Bank, Trust Department. Huntington National Bank has sold certificates of participation in the sublease. The City will make rental payments every six months to Huntington National Bank. Interest rates on the sublease range between 3.2% and 4.75%. The sublease is renewable annually, subject to annual appropriation, and expires in 2026. It’s the intention of the City to renew the lease annually.

The City's lease obligations meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", and have been recorded on the government-wide statements. The leased assets have been capitalized for the amount of the present value of the minimum lease payments at the inception of the lease. The following is a schedule of the future long-term minimum lease payments required under the capital lease, and the present value of the minimum lease payments is as follows:

<u>Year Ending</u> <u>December 31</u>	
2004	\$1,904,201
2005	1,829,042
2006	1,668,848
2007	1,669,660
2008	1,669,200
Thereafter	<u>30,061,746</u>
Total minimum lease payments	38,802,697
Less: Amount representing interest	<u>(15,548,533)</u>
Present value of minimum lease payments	<u>\$23,254,164</u>

Capital lease payments have been reclassified and are reflected as debt service in the fund financial statements. These expenditures are reflected as program expenditures on a budgetary basis. Capital Assets acquired under capital leases in accordance with Statement of Financial Accounting Standards Board No. 13 are as follows:

Buildings and Improvements \$24,400,000

B. Operating Leases

As described in the capital lease footnote above, the City has one operating lease involving the lease of land to PS&W Holding Company for \$1 per year.

11. PENSION PLANS

Public Employees Retirement System

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Members have a choice of three separate pension plans, a Traditional Pension Plan (TP), a Member-Directed Plan (MD) and a 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 member invests both member and employer contributions (employer contributions vest over five years at 20 percent 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. 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 benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustment to members of the TP and CO Plans. Members of the MD Plan do not qualify for the ancillary benefits.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the City is 13.55 percent of covered payroll. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2003, 2002 and 2001 were \$677,364, \$604,764, and \$444,840, respectively. The full amount has been contributed for 2002 and 2001 and 71 percent has been contributed for 2003.

Ohio Police and Fire Pension Fund

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

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 percent for police and 24.0 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for the years ending December 31, 2003, 2002 and 2001 were \$470,504, \$452,418 and \$453,273, respectively. The full amount has been contributed for 2002 and 2001 and 69 percent has been contributed for 2003.

12. POST EMPLOYMENT BENEFITS

Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The current year employer contribution rate was 13.55 percent of covered payroll; 5.00 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 2002, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

At year end 2003, the number of active contributing participants in the Traditional and Combined Plans totaled 364,881. The City's actual contributions for the current year, which were used to fund postemployment benefits were \$249,950. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 2002, (the latest information available) were \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$18.7 billion and \$8.7 billion, respectively.

Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during the current year. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for the current year that were used to fund postemployment benefits were \$149,596 for police and \$37,399 for fire. The OP&F's total health care expenses for the year ended December 31, 2002, (the latest information available) were \$141,028,006, which was net of member contributions of \$12,623,875. The number of OP&F participants eligible to receive health care benefits as of December 31, 2002, was 13,527 for police and 10,396 for firefighters.

13. CONDUIT DEBT OBLIGATIONS

From time to time, Industrial Revenue Bonds have been issued to provide financial assistance to private-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 bonds, ownership of the acquired facilities transfers to the private-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, 2003, there were six series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the two series issued after January 1, 1996, was \$21,100,000. The aggregate principal amount payable for the four series issued prior to January 1, 1996, could not be determined; however, their original amounts totaled \$7,900,000.

Industrial Revenue Bonds have also been issued to provide financial assistance to the City's health care facilities. The monies are used primarily for upgrades to these facilities. The City has no obligation for the repayment of this debt. The bonds are not bonded indebtedness of the City and are therefore not reported on the City's balance sheet. At December 31, 2003, there were two series of Revenue Bonds outstanding. The aggregate principal amount payable for the series issued after January 1, 1996, was \$6,750,000. The aggregate principal amount payable for the series issued prior to January 1, 1996, could not be determined; however, its original amount totaled \$8,985,000.

14. CONSTRUCTION COMMITMENTS

The City had the following outstanding commitments at year end:

Projects	Amount
Fairway Drive Flood Study	102,590
First Ave/S Forest Storm Sewer	23,463
Heritage Oak Park Expansion	11,797
Kings Island Drive Bike Path	6,114
Kings Mill Road Storm Sewer	115,440
MRDD Playground/Detention Basin	70,000
Muddy Creek Flood Study	4,071
Muddy Creek – Section III	265,565
North East Street Storm Sewer	13,254
North West Sewer & Lift Station	77,522
Socialville-Fosters Road Widening	73,894
St. Rt. 741 Resurfacing	3,568
Storm Water Utility	1,100
Storm Water Utility-David Runn Flood Study	14,912
Storm Water Utility-Pine Hill Dam Flood Study	383,450
Third Avenue Storm Sewer	159
Tylersville Extension/Widening	240,388
US 42 Trunk Sewer-North	47,737
US 42 Trunk Sewer-South	2,299
Utility Management System	4,130
Villas Creek – Concord Crossing	22,235
Water Reclamation Plant Improvement	3,107,070
Western Row & E. Trunk Sewer	27,897
Western Row & Snider Intersection Improvements	139,997
Western Row Road Widening	<u>285,084</u>
Total	<u>\$5,043,736</u>

15. COMPLIANCE AND ACCOUNTABILITY

At December 31, 2003, the City had a deficit (original budget) fund balance on the budgetary basis in the following funds: Police K-9 Fund, Government Center Fund and Government Center Reserve Fund.

At December 31, 2003, the City had a deficit (final budget) fund balance on the budgetary basis in the following funds: Federal Grant Fund, Bicycle and Pedestrian Way Fund, Police K-9 Fund, Kings Mills Road Project Fund, Mason-Montgomery Road Improvement Fund, Government Center Fund and Government Center Reserve Fund.

At December 31, 2003, the City had a deficit fund balance in the following fund: Mason-Montgomery Road Improvement Fund.

The City had transfers out of the Federal Grant Fund, Mason-Montgomery Road Improvement Fund and the Government Center Fund that were not in compliance with the Ohio Revised Code.

16. PRIOR PERIOD ADJUSTMENT

The beginning net asset balance of Governmental Activities and the Business-type Activities has been adjusted for correction to the Capital Assets detail as follows:

		Governmental Activities			
Balance previously stated, December 31, 2002		\$59,910,884			
Prior period adjustment		<u>36,578,697</u>			
As restated, January 1, 2003		<u>\$96,489,581</u>			
		Sewer	Stormwater Utility	Other Enterprises Funds	Business-Type Activities
Balance previously stated, December 31, 2002	\$42,350,122		14,806,730	\$712,789	\$57,869,641
Prior period adjustment	<u>3,598,192</u>		<u>6,197,059</u>	<u>55,000</u>	<u>9,850,251</u>
As restated, January 1, 2003	<u>\$45,948,314</u>		<u>\$21,003,789</u>	<u>\$767,789</u>	<u>\$67,719,892</u>

THIS PAGE INTENTIONALLY LEFT BLANK

**REQUIRED
SUPPLEMENTARY
INFORMATION**

City of Mason
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2003

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$14,446,575	\$16,553,665	\$16,617,984	\$64,319
Fines, Licenses & Permits	1,100,000	1,013,229	1,014,544	1,315
Intergovernmental	1,200,400	1,989,497	1,991,043	1,546
Charges for Services	250,000	227,959	227,959	0
Investment Earnings	0	237,000	237,569	569
Other Revenues	420,050	953,889	954,768	879
Total Revenues	17,417,025	20,975,239	21,043,867	68,628
Expenditures:				
Current:				
General Government	7,128,625	14,878,009	14,231,784	646,225
Public Safety	3,656,242	4,084,349	3,897,799	186,550
Leisure Time Activities	4,355,341	3,714,828	2,857,587	857,241
Community Development	1,131,603	2,321,412	1,856,970	464,442
Basic Utility Service	0	187	0	187
Transportation & Street Repair	5,439,030	3,295,897	3,032,953	262,944
Debt Service:				
Principal Retirement	8,550,000	8,400,000	8,400,000	0
Interest and Fiscal Charges	300,000	227,720	209,143	18,577
Total Expenditures	30,560,841	36,922,402	34,486,236	2,436,166
Excess of Revenues Over (Under) Expenditures	(13,143,816)	(15,947,163)	(13,442,369)	2,504,794
Other financing sources (uses):				
Debt Proceeds	9,650,000	5,988,998	5,700,000	(288,998)
Transfers In	400,000	1,612,080	1,612,369	289
Transfers (Out)	(525,000)	(1,811,300)	(1,810,893)	407
Total Other Financing Sources (Uses)	9,525,000	5,789,778	5,501,476	(288,302)
Net Change in Fund Balance	(3,618,816)	(10,157,385)	(7,940,893)	2,216,492
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	11,397,657	11,397,657	11,397,657	0
Fund Balance End of Year	\$7,778,841	\$1,240,272	\$3,456,764	\$2,216,492

See accompanying notes to the required supplementary information.

City of Mason
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2003

	Fire and Emergency Medical Service Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$3,405,300	\$3,528,225	\$3,528,225	\$0
Intergovernmental	0	28,632	28,092	(540)
Charges for Services	380,700	392,046	398,778	6,732
Investment Earnings	10,000	46,252	46,252	0
Other Revenues	4,000	24,244	24,244	0
Total Revenues	3,800,000	4,019,399	4,025,591	6,192
Expenditures:				
Current:				
Public Safety	2,796,727	3,528,281	3,384,157	144,124
Total Expenditures	2,796,727	3,528,281	3,384,157	144,124
Excess of Revenues Over (Under) Expenditures	1,003,273	491,118	641,434	150,316
Net Change in Fund Balance	1,003,273	491,118	641,434	150,316
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,164,544	2,164,544	2,164,544	0
Fund Balance End of Year	\$3,167,817	\$2,655,662	\$2,805,978	\$150,316

See accompanying notes to the required supplementary information.

THIS PAGE INTENTIONALLY LEFT BLANK

1. BUDGETARY PROCESS

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the function level for the General Fund, Street Fund, State Highway Fund, Fire and Emergency Medical Services Fund, Water Fund, Sewer Fund and the Waste Collection Fund. All other funds are maintained at the fund level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the year.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the general fund and fire levy fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and fire levy fund.

Net Change in Fund Balance

	<u>General</u>	<u>Fire and Emergency Medical Service</u>
GAAP Basis	\$2,312,287	\$768,907
Net Adjustment for Revenue Accruals	6,905,530	16,289
Net Adjustment for Expenditure Accruals	(10,656,562)	7,882
Encumbrances	<u>(6,502,148)</u>	<u>(151,644)</u>
Budget Basis	<u>(\$7,940,893)</u>	<u>\$641,434</u>

**COMBINING STATEMENTS
AND INDIVIDUAL
FUND SCHEDULES**

City of Mason
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2003

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$3,805,932	\$431,559	\$1,263,992	\$5,501,483
Restricted Cash and Investments	0	0	4,799,026	4,799,026
Receivables:				
Taxes	0	398,666	0	398,666
Accounts	2,266	0	0	2,266
Interest	6,465	1,643	5,110	13,218
Intergovernmental	753,278	0	0	753,278
Loans	2,099	0	0	2,099
Special Assessments	0	1,536,126	0	1,536,126
Inventory	27,151	0	0	27,151
Total Assets	4,597,191	2,367,994	6,068,128	13,033,313
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	18,737	180	359	19,276
Accrued Wages and Benefits	25,724	0	0	25,724
Compensated Absences	1,384	0	0	1,384
Retainage Payable	732	0	146,650	147,382
Deferred Revenue	609,148	1,935,644	2,404	2,547,196
Total Liabilities	655,725	1,935,824	149,413	2,740,962
Fund Balances:				
Reserved for Encumbrances	108,761	0	655,607	764,368
Reserved for Inventory	27,151	0	0	27,151
Reserved for Loans	2,099	0	0	2,099
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	3,803,455	0	0	3,803,455
Debt Service Funds	0	432,170	0	432,170
Capital Projects Funds	0	0	5,263,108	5,263,108
Total Fund Balances	3,941,466	432,170	5,918,715	10,292,351
Total Liabilities and Fund Balances	\$4,597,191	\$2,367,994	\$6,068,128	\$13,033,313

City of Mason
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended December 31, 2003

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$0	\$740,244	\$188,313	\$928,557
Fines, Licenses & Permits	451,223	0	0	451,223
Charges for Services	127,800	0	0	127,800
Investment Earnings	48,990	791	46,411	96,192
Intergovernmental	931,437	0	2,292,641	3,224,078
Other Revenues	2,563	0	0	2,563
Total Revenues	1,562,013	741,035	2,527,365	4,830,413
Expenditures:				
Current:				
General Government	768,536	180	878,148	1,646,864
Public Safety	10,915	0	0	10,915
Transportation & Street Repair	1,059,292	0	1,533,626	2,592,918
Capital Outlay	732	0	146,650	147,382
Debt Service:				
Principal Retirement	0	377,000	580,000	957,000
Interest and Fiscal Charges	0	259,466	1,171,099	1,430,565
Total Expenditures	1,839,475	636,646	4,309,523	6,785,644
Excess of Revenues Over (Under) Expenditures	(277,462)	104,389	(1,782,158)	(1,955,231)
Other Financing Sources (Uses):				
Transfers In	300,000	25,000	2,081,320	2,406,320
Transfers (Out)	(128,500)	(3,000)	(3,150,892)	(3,282,392)
Total Other Financing Sources (Uses)	171,500	22,000	(1,069,572)	(876,072)
Net Change in Fund Balance	(105,962)	126,389	(2,851,730)	(2,831,303)
Fund Balance Beginning of Year	4,051,917	305,781	8,770,445	13,128,143
Change in Reserve for Inventory	(4,489)	0	0	(4,489)
Fund Balance End of Year	\$3,941,466	\$432,170	\$5,918,715	\$10,292,351

City of Mason
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2003

	Street Construction, Maintenance and Repair	State Highway Improvement	Street Improvement	Federal Grant
Assets:				
Equity in Pooled Cash and Investments	\$1,302,217	\$385,955	\$679,734	\$0
Receivables:				
Accounts	0	0	0	0
Interest	4,984	1,481	0	0
Intergovernmental	420,455	34,089	2,602	296,132
Loans	0	0	0	0
Inventory	25,406	0	0	0
Total Assets	1,753,062	421,525	682,336	296,132
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	4,121	1,151	0	0
Accrued Wages and Benefits	3,261	0	0	0
Compensated Absences	380	0	0	0
Retainage Payable	0	732	0	0
Deferred Revenue	295,449	24,514	1,349	285,737
Total Liabilities	303,211	26,397	1,349	285,737
Fund Balances:				
Reserved for Encumbrances	31,764	3,568	0	0
Reserved for Inventory	25,406	0	0	0
Reserved for Loans	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	1,392,681	391,560	680,987	10,395
Total Fund Balances	1,449,851	395,128	680,987	10,395
Total Liabilities and Fund Balances	\$1,753,062	\$421,525	\$682,336	\$296,132

D.A.R.E. Grant	Downtown Development/Loan	Indiana and Ohio Railroad	CIC/Veterans Memorial	Parks and Recreation	Bicycle and Pedestrian Way
\$71,313	\$80,437	\$245,662	\$0	\$209,216	\$1,091
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	2,099	0	0	0	0
0	0	0	0	1,745	0
<u>71,313</u>	<u>82,536</u>	<u>245,662</u>	<u>0</u>	<u>210,961</u>	<u>1,091</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	2,099	0	0	0	0
<u>0</u>	<u>2,099</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	8,105	0	0	0
0	0	0	0	1,745	0
0	2,099	0	0	0	0
<u>71,313</u>	<u>78,338</u>	<u>237,557</u>	<u>0</u>	<u>209,216</u>	<u>1,091</u>
<u>71,313</u>	<u>80,437</u>	<u>245,662</u>	<u>0</u>	<u>210,961</u>	<u>1,091</u>
<u>\$71,313</u>	<u>\$82,536</u>	<u>\$245,662</u>	<u>\$0</u>	<u>\$210,961</u>	<u>\$1,091</u>

Continued

City of Mason
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2003

	Police K-9	Police Crime Prevention	Drug Law Enforcement	Law Enforcement and Education
Assets:				
Equity in Pooled Cash and Investments	\$466	\$627	\$28,785	\$16,711
Receivables:				
Accounts	0	0	0	0
Interest	0	0	0	0
Intergovernmental	0	0	0	0
Loans	0	0	0	0
Inventory	0	0	0	0
Total Assets	466	627	28,785	16,711
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	0	0	0	0
Accrued Wages and Benefits	0	0	0	0
Compensated Absences	0	0	0	0
Retainage Payable	0	0	0	0
Deferred Revenue	0	0	0	0
Total Liabilities	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	0	0	0	0
Reserved for Inventory	0	0	0	0
Reserved for Loans	0	0	0	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	466	627	28,785	16,711
Total Fund Balances	466	627	28,785	16,711
Total Liabilities and Fund Balances	\$466	\$627	\$28,785	\$16,711

Indigent Driver	Municipal Court Computer Costs	Municipal Court Computer Education	Municipal Court Improvement	Vehicle Immobilization Fee	Municipal Court Probation Services
\$124,124	\$97,459	\$49,860	\$138,585	\$7,625	\$124,936
0	408	68	1,790	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>124,124</u>	<u>97,867</u>	<u>49,928</u>	<u>140,375</u>	<u>7,625</u>	<u>124,936</u>
305	1,014	11,025	534	0	31
0	3,441	0	6,765	0	5,497
0	145	0	0	0	200
0	0	0	0	0	0
0	0	0	0	0	0
<u>305</u>	<u>4,600</u>	<u>11,025</u>	<u>7,299</u>	<u>0</u>	<u>5,728</u>
0	3,961	25,792	50	0	8
0	0	0	0	0	0
0	0	0	0	0	0
<u>123,819</u>	<u>89,306</u>	<u>13,111</u>	<u>133,026</u>	<u>7,625</u>	<u>119,200</u>
<u>123,819</u>	<u>93,267</u>	<u>38,903</u>	<u>133,076</u>	<u>7,625</u>	<u>119,208</u>
<u>\$124,124</u>	<u>\$97,867</u>	<u>\$49,928</u>	<u>\$140,375</u>	<u>\$7,625</u>	<u>\$124,936</u>

Continued

City of Mason
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2003

	Subdivision Inspection	Total Nonmajor Special Revenue Funds
Assets:		
Equity in Pooled Cash and Investments	\$241,129	\$3,805,932
Receivables:		
Accounts	0	2,266
Interest	0	6,465
Intergovernmental	0	753,278
Loans	0	2,099
Inventory	0	27,151
Total Assets	241,129	4,597,191
Liabilities and Fund Balances:		
Liabilities:		
Accounts Payable	556	18,737
Accrued Wages and Benefits	6,760	25,724
Compensated Absences	659	1,384
Retainage Payable	0	732
Deferred Revenue	0	609,148
Total Liabilities	7,975	655,725
Fund Balances:		
Reserved for Encumbrances	35,513	108,761
Reserved for Inventory	0	27,151
Reserved for Loans	0	2,099
Unreserved, Undesignated, Reported in: Special Revenue Funds	197,641	3,803,455
Total Fund Balances	233,154	3,941,466
Total Liabilities and Fund Balances	\$241,129	\$4,597,191

THIS PAGE INTENTIONALLY LEFT BLANK

City of Mason
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2003

	Street Construction, Maintenance and Repair	State Highway Improvement	Street Improvement	Federal Grant
Revenues:				
Fines, Licenses & Permits	\$0	\$0	\$64,200	\$0
Charges for Services	0	0	0	0
Investment Earnings	24,701	5,418	10,983	0
Intergovernmental	798,730	64,762	0	50,932
Other Revenues	0	0	0	0
Total Revenues	823,431	70,180	75,183	50,932
Expenditures:				
Current:				
General Government	0	0	0	0
Public Safety	0	0	0	0
Transportation & Street Repair	1,036,705	11,082	0	0
Capital Outlay	0	732	0	0
Total Expenditures	1,036,705	11,814	0	0
Excess of Revenues Over (Under) Expenditures	(213,274)	58,366	75,183	50,932
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers (Out)	0	0	0	(128,500)
Total Other Financing Sources (Uses)	0	0	0	(128,500)
Net Change in Fund Balance	(213,274)	58,366	75,183	(77,568)
Fund Balance Beginning of Year	1,669,359	336,762	605,804	87,963
Change in Reserve for Inventory	(6,234)	0	0	0
Fund Balance End of Year	\$1,449,851	\$395,128	\$680,987	\$10,395

D.A.R.E. Grant	Downtown Development/Loan	Indiana and Ohio Railroad	CIC/Veterans Memorial	Parks and Recreation	Bicycle and Pedestrian Way
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	127,800	0
0	1,055	3,987	0	2,846	0
17,013	0	0	0	0	0
0	1,088	0	0	0	0
17,013	2,143	3,987	0	130,646	0
0	0	0	300,000	0	4,200
0	0	0	0	0	0
0	0	11,505	0	0	0
0	0	0	0	0	0
0	0	11,505	300,000	0	4,200
17,013	2,143	(7,518)	(300,000)	130,646	(4,200)
0	0	0	300,000	0	0
0	0	0	0	0	0
0	0	0	300,000	0	0
17,013	2,143	(7,518)	0	130,646	(4,200)
54,300	78,294	253,180	0	78,570	5,291
0	0	0	0	1,745	0
\$71,313	\$80,437	\$245,662	\$0	\$210,961	\$1,091

Continued

City of Mason
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 Nonmajor Special Revenue Funds
 For the Fiscal Year Ended December 31, 2003

	Police K-9	Police Crime Prevention	Drug Law Enforcement	Law Enforcement and Education
Revenues:				
Fines, Licenses & Permits	\$0	\$0	\$1,335	\$1,638
Charges for Services	0	0	0	0
Investment Earnings	0	0	0	0
Intergovernmental	0	0	0	0
Other Revenues	0	0	1,250	0
Total Revenues	0	0	2,585	1,638
Expenditures:				
Current:				
General Government	0	0	0	0
Public Safety	0	242	10,328	0
Transportation & Street Repair	0	0	0	0
Capital Outlay	0	0	0	0
Total Expenditures	0	242	10,328	0
Excess of Revenues Over (Under) Expenditures	0	(242)	(7,743)	1,638
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers (Out)	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	0	(242)	(7,743)	1,638
Fund Balance Beginning of Year	466	869	36,528	15,073
Change in Reserve for Inventory	0	0	0	0
Fund Balance End of Year	\$466	\$627	\$28,785	\$16,711

Indigent Driver	Municipal Court Computer Costs	Municipal Court Computer Education	Municipal Court Improvement	Vehicle Immobilization Fee	Municipal Court Probation Services
\$13,840	\$54,291	\$17,375	\$126,265	\$1,540	\$110,937
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
13,840	54,291	17,375	126,265	1,540	110,937
305	130,070	18,857	82,551	0	61,214
0	145	0	0	0	200
0	0	0	0	0	0
0	0	0	0	0	0
305	130,215	18,857	82,551	0	61,414
13,535	(75,924)	(1,482)	43,714	1,540	49,523
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
13,535	(75,924)	(1,482)	43,714	1,540	49,523
110,284	169,191	40,385	89,362	6,085	69,685
0	0	0	0	0	0
\$123,819	\$93,267	\$38,903	\$133,076	\$7,625	\$119,208

Continued

City of Mason
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 Nonmajor Special Revenue Funds
 For the Fiscal Year Ended December 31, 2003

	Subdivision Inspection	Total Nonmajor Special Revenue Funds
Revenues:		
Fines, Licenses & Permits	\$59,802	\$451,223
Charges for Services	0	127,800
Investment Earnings	0	48,990
Intergovernmental	0	931,437
Other Revenues	225	2,563
Total Revenues	60,027	1,562,013
Expenditures:		
Current:		
General Government	171,339	768,536
Public Safety	0	10,915
Transportation & Street Repair	0	1,059,292
Capital Outlay	0	732
Total Expenditures	171,339	1,839,475
Excess of Revenues Over (Under) Expenditures	(111,312)	(277,462)
Other Financing Sources (Uses):		
Transfers In	0	300,000
Transfers (Out)	0	(128,500)
Total Other Financing Sources (Uses)	0	171,500
Net Change in Fund Balance	(111,312)	(105,962)
Fund Balance Beginning of Year	344,466	4,051,917
Change in Reserve for Inventory	0	(4,489)
Fund Balance End of Year	\$233,154	\$3,941,466

THIS PAGE INTENTIONALLY LEFT BLANK

City of Mason
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2003

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Assets:			
Equity in Pooled Cash and Investments	\$428,288	\$3,271	\$431,559
Receivables:			
Taxes	398,666	0	398,666
Interest	1,643	0	1,643
Special Assessments	0	1,536,126	1,536,126
Total Assets	828,597	1,539,397	2,367,994
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	180	0	180
Deferred Revenue	399,518	1,536,126	1,935,644
Total Liabilities	399,698	1,536,126	1,935,824
Fund Balances:			
Unreserved, Undesignated, Reported in: Debt Service Funds	428,899	3,271	432,170
Total Fund Balances	428,899	3,271	432,170
Total Liabilities and Fund Balances	\$828,597	\$1,539,397	\$2,367,994

City of Mason
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Fiscal Year Ended December 31, 2003

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Revenues:			
Taxes	\$542,065	\$198,179	\$740,244
Investment Earnings	791	0	791
Total Revenues	542,856	198,179	741,035
Expenditures:			
Current:			
General Government	180	0	180
Debt Service:			
Principal Retirement	230,000	147,000	377,000
Interest and Fiscal Charges	186,300	73,166	259,466
Total Expenditures	416,480	220,166	636,646
Excess of Revenues Over (Under) Expenditures	126,376	(21,987)	104,389
Other Financing Sources (Uses):			
Transfers In	0	25,000	25,000
Transfers (Out)	0	(3,000)	(3,000)
Total Other Financing Sources (Uses)	0	22,000	22,000
Net Change in Fund Balance	126,376	13	126,389
Fund Balance Beginning of Year	302,523	3,258	305,781
Fund Balance End of Year	\$428,899	\$3,271	\$432,170

City of Mason
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2003

	Tax Increment Financing	Central Parke TIF	Mason Enterprise Parke TIF	Tylersville Road Project
Assets:				
Equity in Pooled Cash and Investments	\$53,986	\$0	\$0	\$797,290
Restricted Cash and Investments	0	508,915	34,483	0
Receivables:				
Interest	0	47	10	3,052
Total Assets	53,986	508,962	34,493	800,342
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	0	359	0	0
Retainage Payable	0	0	0	96,205
Deferred Revenue	0	0	0	1,583
Total Liabilities	0	359	0	97,788
Fund Balances:				
Reserved for Encumbrances	5,000	0	0	239,744
Unreserved, Undesignated, Reported in:				
Capital Projects Funds	48,986	508,603	34,493	462,810
Total Fund Balances	53,986	508,603	34,493	702,554
Total Liabilities and Fund Balances	\$53,986	\$508,962	\$34,493	\$800,342

Kings Mills Road Project	Mason-Montgomery Road Improvement	Government Center	Government Center Reserve	Total Nonmajor Capital Projects Funds
\$412,716	\$0	\$0	\$0	\$1,263,992
0	0	0	4,255,628	4,799,026
1,583	0	0	418	5,110
414,299	0	0	4,256,046	6,068,128
0	0	0	0	359
15,711	34,734	0	0	146,650
821	0	0	0	2,404
16,532	34,734	0	0	149,413
410,863	0	0	0	655,607
(13,096)	(34,734)	0	4,256,046	5,263,108
397,767	(34,734)	0	4,256,046	5,918,715
\$414,299	\$0	\$0	\$4,256,046	\$6,068,128

City of Mason
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Fiscal Year Ended December 31, 2003

	Tax Increment Financing	Central Parke TIF	Mason Enterprise Parke TIF	Tylersville Road Project
Revenues:				
Taxes	\$117,590	\$70,723	\$0	\$0
Investment Earnings	0	511	677	3,213
Intergovernmental	0	0	0	0
Total Revenues	117,590	71,234	677	3,213
Expenditures:				
Current:				
General Government	0	0	0	0
Transportation & Street Repair	103,232	56,610	750	65,124
Capital Outlay	0	0	0	96,205
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	31,800	13,182	40,800	0
Total Expenditures	135,032	69,792	41,550	161,329
Excess of Revenues Over (Under) Expenditure	(17,442)	1,442	(40,873)	(158,116)
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers (Out)	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	(17,442)	1,442	(40,873)	(158,116)
Fund Balance Beginning of Year	71,428	507,161	75,366	860,670
Fund Balance End of Year	\$53,986	\$508,603	\$34,493	\$702,554

Kings Mills Road Project	Mason-Montgomery Road Improvement	Government Center	Government Center Reserve	Total Nonmajor Capital Projects Funds
\$0	\$0	\$0	\$0	\$188,313
4,975	19,073	11,118	6,844	46,411
1,141,746	1,150,895	0	0	2,292,641
1,146,721	1,169,968	11,118	6,844	2,527,365
0	0	40,436	837,712	878,148
1,057,243	250,667	0	0	1,533,626
15,711	34,734	0	0	146,650
0	0	0	580,000	580,000
0	0	0	1,085,317	1,171,099
1,072,954	285,401	40,436	2,503,029	4,309,523
73,767	884,567	(29,318)	(2,496,185)	(1,782,158)
324,000	0	90,297	1,667,023	2,081,320
0	(1,483,869)	(1,667,023)	0	(3,150,892)
324,000	(1,483,869)	(1,576,726)	1,667,023	(1,069,572)
397,767	(599,302)	(1,606,044)	(829,162)	(2,851,730)
0	564,568	1,606,044	5,085,208	8,770,445
\$397,767	(\$34,734)	\$0	\$4,256,046	\$5,918,715

City of Mason
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2003

	Water	Waste Collection	Community Center	Total Nonmajor Enterprise Funds
Assets:				
Equity in Pooled Cash and Investments	\$325,311	\$209,472	\$667,176	\$1,201,959
Receivables:				
Accounts	0	83,432	10,096	93,528
Interest	1,245	0	2,554	3,799
Inventory	0	0	0	0
Total Current Assets	326,556	292,904	679,826	1,299,286
Nondepreciable Capital Assets	0	0	0	0
Depreciable Capital Assets, Net	0	0	0	0
Total Assets	326,556	292,904	679,826	1,299,286
Liabilities:				
Current Liabilities:				
Accounts Payable	5,741	3,837	30,685	40,263
Accrued Wages and Benefits	0	737	76,711	77,448
Compensated Absences	0	314	12,664	12,978
Retainage Payable	0	0	0	0
Accrued Interest Payable	0	0	0	0
Long-Term Liabilities Due Within One Year	0	0	0	0
Total Current Liabilities	5,741	4,888	120,060	130,689
Long-Term Liabilities:				
Compensated Absences	0	52	6,646	6,698
Bonds, Notes & Loans Payable	0	0	0	0
Total Liabilities	5,741	4,940	126,706	137,387
Net Assets:				
Invested in Capital Assets, Net of Related Debt	0	0	0	0
Unrestricted	320,815	287,964	553,120	1,161,899
Total Net Assets	\$320,815	\$287,964	\$553,120	\$1,161,899

City of Mason
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Fiscal Year Ended December 31, 2003

	Water	Waste Collection	Community Center	Total Nonmajor Enterprise Funds
Operating Revenues:				
Charges for Services	\$0	\$880,859	\$1,955,985	\$2,836,844
Total Operating Revenues	0	880,859	1,955,985	2,836,844
Operating Expenses:				
Personal Services	0	15,612	1,074,997	1,090,609
Contractual Services	117,370	911,018	244,936	1,273,324
Materials and Supplies	0	0	117,866	117,866
Depreciation	0	0	0	0
Other Expenses	0	0	15,675	15,675
Total Operating Expenses	117,370	926,630	1,453,474	2,497,474
Operating Income (Loss)	(117,370)	(45,771)	502,511	339,370
Non-Operating Revenues (Expenses):				
Investment Earnings	1,957	2,174	4,013	8,144
Interest (Expense)	0	0	0	0
Total Non-Operating Revenues (Expenses)	1,957	2,174	4,013	8,144
Income (Loss) Before Contributions & Transfers	(115,413)	(43,597)	506,524	347,514
Capital Grants and Contributions	0	0	0	0
Transfers In	0	0	46,596	46,596
Transfers (Out)	0	0	0	0
Change in Net Assets	(115,413)	(43,597)	553,120	394,110
Net Assets Beginning of Year (restated)	436,228	331,561	0	767,789
Net Assets End of Year	\$320,815	\$287,964	\$553,120	\$1,161,899

City of Mason
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended December 31, 2003

	Water	Waste Collection	Community Center	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:				
Cash Received from Customers	\$3,883	\$888,582	\$1,945,889	\$2,838,354
Cash Payments to Employees	0	(15,169)	(978,976)	(994,145)
Cash Payments to Suppliers	(445,249)	(977,453)	(350,346)	(1,773,048)
Net Cash Provided (Used) by Operating Activities	(441,366)	(104,040)	616,567	71,161
Cash Flows from Noncapital Financing Activities:				
Payments from Other Funds	0	0	46,596	46,596
Net Cash Provided (Used) by Noncapital Financing Activities	0	0	46,596	46,596
Cash Flows from Investing Activities:				
Earnings on Investments	0	2,174	4,013	6,187
Net Cash Provided (Used) by Cash Flows from Investing Activities	0	2,174	4,013	6,187
Net Increase (Decrease) in Cash and Cash Equivalents	(441,366)	(101,866)	667,176	123,944
Cash and Cash Equivalents Beginning of Year	766,677	311,338	0	1,078,015
Cash and Cash Equivalents End of Year	325,311	209,472	667,176	1,201,959
Reconciliation of Operating Income (Loss) to				
Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	(117,370)	(45,771)	502,511	339,370
Changes in Assets & Liabilities:				
(Increase) Decrease in Receivables	0	10,307	(12,650)	(2,343)
Increase (Decrease) in Payables	(323,996)	(69,019)	30,685	(362,330)
Increase (Decrease) in Accrued Liabilities	0	443	96,021	96,464
Net Cash Provided (Used) by Operating Activities	(\$441,366)	(\$104,040)	\$616,567	\$71,161

City of Mason
Statement of Changes In Assets and Liabilities
Agency Fund
For the Fiscal Year Ended December 31, 2003

	Dissolved Joint Fire District			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	\$19,827	\$26,440	\$0	\$46,267
Total Assets	<u>19,827</u>	<u>26,440</u>	<u>0</u>	<u>46,267</u>
Liabilities:				
Other Liabilities	19,827	26,440	0	46,267
Total Liabilities	<u>\$19,827</u>	<u>\$26,440</u>	<u>\$0</u>	<u>\$46,267</u>

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Street Construction, Maintenance and Repair Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$475,000	\$773,000	\$795,012	\$22,012
Investment Earnings	25,000	27,290	31,961	4,671
Total Revenues	500,000	800,290	826,973	26,683
Expenditures:				
Current:				
Transportation & Street Repair	1,284,694	1,413,308	1,111,875	301,433
Total Expenditures	1,284,694	1,413,308	1,111,875	301,433
Excess of Revenues Over (Under) Expenditures	(784,694)	(613,018)	(284,902)	328,116
Net Change in Fund Balance	(784,694)	(613,018)	(284,902)	328,116
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,548,386	1,548,386	1,548,386	0
Fund Balance End of Year	\$763,692	\$935,368	\$1,263,484	\$328,116

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	State Highway Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$60,000	\$63,000	\$64,460	\$1,460
Investment Earnings	5,000	6,354	7,323	969
Total Revenues	<u>65,000</u>	<u>69,354</u>	<u>71,783</u>	<u>2,429</u>
Expenditures:				
Current:				
Transportation & Street Repair	<u>300,000</u>	<u>300,000</u>	<u>14,650</u>	<u>285,350</u>
Total Expenditures	<u>300,000</u>	<u>300,000</u>	<u>14,650</u>	<u>285,350</u>
Excess of Revenues Over (Under) Expenditures	<u>(235,000)</u>	<u>(230,646)</u>	<u>57,133</u>	<u>287,779</u>
Net Change in Fund Balance	(235,000)	(230,646)	57,133	287,779
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>324,105</u>	<u>324,105</u>	<u>324,105</u>	<u>0</u>
Fund Balance End of Year	<u>\$89,105</u>	<u>\$93,459</u>	<u>\$381,238</u>	<u>\$287,779</u>

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Street Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$110,000	\$64,000	\$64,200	\$200
Investment Earnings	15,000	12,257	13,098	841
Total Revenues	<u>125,000</u>	<u>76,257</u>	<u>77,298</u>	<u>1,041</u>
Expenditures:				
Current:				
Transportation & Street Repair	550,000	550,000	0	550,000
Total Expenditures	<u>550,000</u>	<u>550,000</u>	<u>0</u>	<u>550,000</u>
Excess of Revenues Over (Under) Expenditures	<u>(425,000)</u>	<u>(473,743)</u>	<u>77,298</u>	<u>551,041</u>
Net Change in Fund Balance	(425,000)	(473,743)	77,298	551,041
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	600,948	600,948	600,948	0
Fund Balance End of Year	<u>\$175,948</u>	<u>\$127,205</u>	<u>\$678,246</u>	<u>\$551,041</u>

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Federal Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$40,538	\$40,538	\$0
Total Revenues	0	40,538	40,538	0
Expenditures:				
Current:				
Public Safety	80,000	80,000	0	80,000
Total Expenditures	80,000	80,000	0	80,000
Excess of Revenues Over (Under) Expenditures	(80,000)	(39,462)	40,538	80,000
Other financing sources (uses):				
Transfers (Out)	0	(128,500)	(128,500)	0
Total Other Financing Sources (Uses)	0	(128,500)	(128,500)	0
Net Change in Fund Balance	(80,000)	(167,962)	(87,962)	80,000
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	87,962	87,962	87,962	0
Fund Balance End of Year	<u>\$7,962</u>	<u>(\$80,000)</u>	<u>\$0</u>	<u>\$80,000</u>

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	D.A.R.E. Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$17,013	\$17,013	\$0
Total Revenues	0	17,013	17,013	0
Expenditures:				
Current:				
Public Safety	50,000	50,000	0	50,000
Total Expenditures	50,000	50,000	0	50,000
Excess of Revenues Over (Under) Expenditures	(50,000)	(32,987)	17,013	50,000
Net Change in Fund Balance	(50,000)	(32,987)	17,013	50,000
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	54,299	54,299	54,299	0
Fund Balance End of Year	<u>\$4,299</u>	<u>\$21,312</u>	<u>\$71,312</u>	<u>\$50,000</u>

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Downtown Development/Loan Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$5,000	\$1,041	\$1,055	\$14
Other Revenues	5,000	1,040	1,088	48
Total Revenues	<u>10,000</u>	<u>2,081</u>	<u>2,143</u>	<u>62</u>
Expenditures:				
Current:				
General Government	<u>77,000</u>	<u>77,000</u>	<u>0</u>	<u>77,000</u>
Total Expenditures	<u>77,000</u>	<u>77,000</u>	<u>0</u>	<u>77,000</u>
Excess of Revenues Over (Under) Expenditures	<u>(67,000)</u>	<u>(74,919)</u>	<u>2,143</u>	<u>77,062</u>
Net Change in Fund Balance	(67,000)	(74,919)	2,143	77,062
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>78,292</u>	<u>78,292</u>	<u>78,292</u>	<u>0</u>
Fund Balance End of Year	<u>\$11,292</u>	<u>\$3,373</u>	<u>\$80,435</u>	<u>\$77,062</u>

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Indiana and Ohio Railroad Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$5,000	\$4,794	\$5,026	\$232
Total Revenues	5,000	4,794	5,026	232
Expenditures:				
Current:				
General Government	220,000	220,000	0	220,000
Transportation & Street Repair	0	19,611	19,611	0
Total Expenditures	220,000	239,611	19,611	220,000
Excess of Revenues Over (Under) Expenditures	(215,000)	(234,817)	(14,585)	220,232
Net Change in Fund Balance	(215,000)	(234,817)	(14,585)	220,232
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	252,142	252,142	252,142	0
Fund Balance End of Year	\$37,142	\$17,325	\$237,557	\$220,232

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	CIC/ Veterans Memorial Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
General Government	0	300,000	300,000	0
Total Expenditures	0	300,000	300,000	0
Excess of Revenues Over (Under) Expenditures	0	(300,000)	(300,000)	0
Other financing sources (uses):				
Transfers In	0	300,000	300,000	0
Total Other Financing Sources (Uses)	0	300,000	300,000	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Parks and Recreation Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Charges for Services	\$175,000	\$127,648	\$127,800	\$152
Investment Earnings	0	2,000	2,846	846
Total Revenues	<u>175,000</u>	<u>129,648</u>	<u>130,646</u>	<u>998</u>
Expenditures:				
Debt Service:				
Principal Retirement	40,000	0	0	0
Total Expenditures	<u>40,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>135,000</u>	<u>129,648</u>	<u>130,646</u>	<u>998</u>
Net Change in Fund Balance	135,000	129,648	130,646	998
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>78,570</u>	<u>78,570</u>	<u>78,570</u>	<u>0</u>
Fund Balance End of Year	<u>\$213,570</u>	<u>\$208,218</u>	<u>\$209,216</u>	<u>\$998</u>

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Bicycle and Pedestrian Way Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$5,000	\$0	\$0	\$0
Total Revenues	5,000	0	0	0
Expenditures:				
Current:				
General Government	0	9,491	4,200	5,291
Total Expenditures	0	9,491	4,200	5,291
Excess of Revenues Over (Under) Expenditures	5,000	(9,491)	(4,200)	5,291
Net Change in Fund Balance	5,000	(9,491)	(4,200)	5,291
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,291	5,291	5,291	0
Fund Balance End of Year	<u>\$10,291</u>	<u>(\$4,200)</u>	<u>\$1,091</u>	<u>\$5,291</u>

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Police K-9 Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Other Revenues	\$10,000	\$0	\$0	\$0
Total Revenues	10,000	0	0	0
Expenditures:				
Current:				
Public Safety	15,000	15,000	0	15,000
Total Expenditures	15,000	15,000	0	15,000
Excess of Revenues Over (Under) Expenditures	(5,000)	(15,000)	0	15,000
Net Change in Fund Balance	(5,000)	(15,000)	0	15,000
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	467	467	467	0
Fund Balance End of Year	(\$4,533)	(\$14,533)	\$467	\$15,000

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Police Crime Prevention Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$500	\$0	\$0	\$0
Total Revenues	500	0	0	0
Expenditures:				
Current:				
Public Safety	500	500	242	258
Total Expenditures	500	500	242	258
Excess of Revenues Over (Under) Expenditures	0	(500)	(242)	258
Net Change in Fund Balance	0	(500)	(242)	258
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	870	870	870	0
Fund Balance End of Year	<u>\$870</u>	<u>\$370</u>	<u>\$628</u>	<u>\$258</u>

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Drug Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$5,000	\$1,350	\$1,350	\$0
Other Revenues	0	1,250	1,250	0
Total Revenues	<u>5,000</u>	<u>2,600</u>	<u>2,600</u>	<u>0</u>
Expenditures:				
Current:				
Public Safety	<u>35,000</u>	<u>35,000</u>	<u>10,328</u>	<u>24,672</u>
Total Expenditures	<u>35,000</u>	<u>35,000</u>	<u>10,328</u>	<u>24,672</u>
Excess of Revenues Over (Under) Expenditures	<u>(30,000)</u>	<u>(32,400)</u>	<u>(7,728)</u>	<u>24,672</u>
Net Change in Fund Balance	(30,000)	(32,400)	(7,728)	24,672
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>36,512</u>	<u>36,512</u>	<u>36,512</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$6,512</u></u>	<u><u>\$4,112</u></u>	<u><u>\$28,784</u></u>	<u><u>\$24,672</u></u>

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Law Enforcement and Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$2,500	\$1,773	\$1,773	\$0
Total Revenues	2,500	1,773	1,773	0
Expenditures:				
Current:				
Public Safety	14,000	14,000	0	14,000
Total Expenditures	14,000	14,000	0	14,000
Excess of Revenues Over (Under) Expenditures	(11,500)	(12,227)	1,773	14,000
Net Change in Fund Balance	(11,500)	(12,227)	1,773	14,000
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	14,938	14,938	14,938	0
Fund Balance End of Year	<u>\$3,438</u>	<u>\$2,711</u>	<u>\$16,711</u>	<u>\$14,000</u>

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Indigent Driver Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$10,000	\$14,190	\$14,190	\$0
Total Revenues	10,000	14,190	14,190	0
Expenditures:				
Current:				
General Government	108,000	108,000	0	108,000
Total Expenditures	108,000	108,000	0	108,000
Excess of Revenues Over (Under) Expenditures	(98,000)	(93,810)	14,190	108,000
Net Change in Fund Balance	(98,000)	(93,810)	14,190	108,000
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	109,933	109,933	109,933	0
Fund Balance End of Year	\$11,933	\$16,123	\$124,123	\$108,000

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Municipal Court Computer Costs Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$50,000	\$60,436	\$60,436	\$0
Total Revenues	50,000	60,436	60,436	0
Expenditures:				
Current:				
General Government	140,000	146,380	132,739	13,641
Total Expenditures	140,000	146,380	132,739	13,641
Excess of Revenues Over (Under) Expenditures	(90,000)	(85,944)	(72,303)	13,641
Net Change in Fund Balance	(90,000)	(85,944)	(72,303)	13,641
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	164,786	164,786	164,786	0
Fund Balance End of Year	\$74,786	\$78,842	\$92,483	\$13,641

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Municipal Court Computer Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$15,000	\$19,194	\$19,194	\$0
Total Revenues	15,000	19,194	19,194	0
Expenditures:				
Current:				
General Government	25,000	67,804	65,601	2,203
Total Expenditures	25,000	67,804	65,601	2,203
Excess of Revenues Over (Under) Expenditures	(10,000)	(48,610)	(46,407)	2,203
Net Change in Fund Balance	(10,000)	(48,610)	(46,407)	2,203
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	59,451	59,451	59,451	0
Fund Balance End of Year	<u>\$49,451</u>	<u>\$10,841</u>	<u>\$13,044</u>	<u>\$2,203</u>

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Municipal Court Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$50,000	\$129,332	\$129,332	\$0
Total Revenues	50,000	129,332	129,332	0
Expenditures:				
Current:				
General Government	40,000	106,862	78,040	28,822
Total Expenditures	40,000	106,862	78,040	28,822
Excess of Revenues Over (Under) Expenditures	10,000	22,470	51,292	28,822
Net Change in Fund Balance	10,000	22,470	51,292	28,822
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	86,711	86,711	86,711	0
Fund Balance End of Year	\$96,711	\$109,181	\$138,003	\$28,822

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Vehicle Immobilization Fee Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$200	\$1,575	\$1,610	\$35
Total Revenues	200	1,575	1,610	35
Expenditures:				
Current:				
General Government	5,500	5,500	0	5,500
Total Expenditures	5,500	5,500	0	5,500
Excess of Revenues Over (Under) Expenditures	(5,300)	(3,925)	1,610	5,535
Net Change in Fund Balance	(5,300)	(3,925)	1,610	5,535
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	6,015	6,015	6,015	0
Fund Balance End of Year	\$715	\$2,090	\$7,625	\$5,535

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Municipal Court Probation Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$0	\$116,666	\$116,666	\$0
Total Revenues	0	116,666	116,666	0
Expenditures:				
Current:				
General Government	45,000	78,772	55,725	23,047
Total Expenditures	45,000	78,772	55,725	23,047
Excess of Revenues Over (Under) Expenditures	(45,000)	37,894	60,941	23,047
Net Change in Fund Balance	(45,000)	37,894	60,941	23,047
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	63,956	63,956	63,956	0
Fund Balance End of Year	<u>\$18,956</u>	<u>\$101,850</u>	<u>\$124,897</u>	<u>\$23,047</u>

City of Mason
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2003

	Subdivision Inspection Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$100,000	\$69,137	\$69,137	\$0
Other Revenues	0	0	225	225
Total Revenues	100,000	69,137	69,362	225
Expenditures:				
Current:				
General Government	223,108	295,046	210,993	84,053
Total Expenditures	223,108	295,046	210,993	84,053
Excess of Revenues Over (Under) Expenditures	(123,108)	(225,909)	(141,631)	84,278
Net Change in Fund Balance	(123,108)	(225,909)	(141,631)	84,278
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	346,692	346,692	346,692	0
Fund Balance End of Year	\$223,584	\$120,783	\$205,061	\$84,278

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	General Obligation Bond Retirement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$440,000	\$544,489	\$544,489	\$0
Total Revenues	440,000	544,489	544,489	0
Expenditures:				
Current:				
Debt Service:				
Principal Retirement	230,000	230,000	230,000	0
Interest and Fiscal Charges	195,078	195,078	186,300	8,778
Total Expenditures	425,078	425,078	416,300	8,778
Excess of Revenues Over (Under) Expenditures	14,922	119,411	128,189	8,778
Net Change in Fund Balance	14,922	119,411	128,189	8,778
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	300,099	300,099	300,099	0
Fund Balance End of Year	\$315,021	\$419,510	\$428,288	\$8,778

City of Mason
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2003

	Special Assessment Bond Retirement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$222,566	\$198,179	\$198,179	\$0
Total Revenues	222,566	198,179	198,179	0
Expenditures:				
Debt Service:				
Principal Retirement	150,000	150,000	150,000	0
Interest and Fiscal Charges	75,566	75,876	74,106	1,770
Total Expenditures	225,566	225,876	224,106	1,770
Excess of Revenues Over (Under) Expenditures	(3,000)	(27,697)	(25,927)	1,770
Other financing sources (uses):				
Transfers In	0	25,000	25,000	0
Total Other Financing Sources (Uses)	0	25,000	25,000	0
Net Change in Fund Balance	(3,000)	(2,697)	(927)	1,770
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,257	3,257	3,257	0
Fund Balance End of Year	\$257	\$560	\$2,330	\$1,770

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Tax Increment Financing Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$60,375	\$117,591	\$117,591	\$0
Total Revenues	60,375	117,591	117,591	0
Expenditures:				
Current:				
Transportation & Street Repair	788	108,788	108,232	556
Debt Service:				
Interest and Fiscal Charges	0	31,800	31,800	0
Total Expenditures	788	140,588	140,032	556
Excess of Revenues Over (Under) Expenditures	59,587	(22,997)	(22,441)	556
Other financing sources (uses):				
Transfers In	0	51,445	0	(51,445)
Total Other Financing Sources (Uses)	0	51,445	0	(51,445)
Net Change in Fund Balance	59,587	28,448	(22,441)	(50,889)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	71,427	71,427	71,427	0
Fund Balance End of Year	\$131,014	\$99,875	\$48,986	(\$50,889)

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Central Parke TIF Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$31,800	\$70,724	\$70,724	\$0
Investment Earnings	0	1,000	1,180	180
Total Revenues	<u>31,800</u>	<u>71,724</u>	<u>71,904</u>	<u>180</u>
Expenditures:				
Current:				
Transportation & Street Repair	45,635	244,791	56,330	188,461
Debt Service:				
Interest and Fiscal Charges	13,566	13,566	13,182	384
Total Expenditures	<u>59,201</u>	<u>258,357</u>	<u>69,512</u>	<u>188,845</u>
Excess of Revenues Over (Under) Expenditures	<u>(27,401)</u>	<u>(186,633)</u>	<u>2,392</u>	<u>189,025</u>
Net Change in Fund Balance	(27,401)	(186,633)	2,392	189,025
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>486,403</u>	<u>486,403</u>	<u>486,403</u>	<u>0</u>
Fund Balance End of Year	<u>\$459,002</u>	<u>\$299,770</u>	<u>\$488,795</u>	<u>\$189,025</u>

City of Mason
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2003

	Mason Enterprise Parke TIF Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$15,000	\$0	\$0	\$0
Investment Earnings	0	730	768	38
Total Revenues	15,000	730	768	38
Expenditures:				
Current:				
Transportation & Street Repair	1,000	1,000	750	250
Debt Service:				
Interest and Fiscal Charges	20,400	61,200	61,200	0
Total Expenditures	21,400	62,200	61,950	250
Excess of Revenues Over (Under) Expenditures	(6,400)	(61,470)	(61,182)	288
Other financing sources (uses):				
Transfers In	0	0	0	0
Transfers (Out)	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	(6,400)	(61,470)	(61,182)	288
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	95,665	95,665	95,665	0
Fund Balance End of Year	\$89,265	\$34,195	\$34,483	\$288

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Tylersville Road Project Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Transportation & Street Repair	500,000	787,656	297,970	489,686
Total Expenditures	500,000	787,656	297,970	489,686
Excess of Revenues Over (Under) Expenditures	(500,000)	(787,656)	(297,970)	489,686
Net Change in Fund Balance	(500,000)	(787,656)	(297,970)	489,686
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	853,772	853,772	853,772	0
Fund Balance End of Year	<u>\$353,772</u>	<u>\$66,116</u>	<u>\$555,802</u>	<u>\$489,686</u>

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Kings Mills Road Project Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$4,213	\$4,213	\$0
Other Revenues	0	1,141,355	1,141,355	0
Total Revenues	0	1,145,568	1,145,568	0
Expenditures:				
Current:				
Transportation & Street Repair	0	1,470,000	1,057,243	412,757
Total Expenditures	0	1,470,000	1,057,243	412,757
Excess of Revenues Over (Under) Expenditures	0	(324,432)	88,325	412,757
Other financing sources (uses):				
Transfers In	0	324,000	324,000	0
Total Other Financing Sources (Uses)	0	324,000	324,000	0
Net Change in Fund Balance	0	(432)	412,325	412,757
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	(\$432)	\$412,325	\$412,757

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2003

	Mason-Montgomery Road Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$23,596	\$23,596	\$0
Other Revenues	0	1,150,895	1,150,895	0
Total Revenues	0	1,174,491	1,174,491	0
Expenditures:				
Current:				
Transportation & Street Repair	400,000	539,958	250,667	289,291
Total Expenditures	400,000	539,958	250,667	289,291
Excess of Revenues Over (Under) Expenditures	(400,000)	634,533	923,824	289,291
Other financing sources (uses):				
Transfers (Out)	0	(1,483,869)	(1,483,869)	0
Total Other Financing Sources (Uses)	0	(1,483,869)	(1,483,869)	0
Net Change in Fund Balance	(400,000)	(849,336)	(560,045)	289,291
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	560,045	560,045	560,045	0
Fund Balance End of Year	\$160,045	(\$289,291)	\$0	\$289,291

City of Mason
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2003

	Government Center Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$24,401	\$24,401	\$0
Total Revenues	0	24,401	24,401	0
Expenditures:				
Current:				
General Government	21,489	226,132	91,934	134,198
Debt Service:				
Principal Retirement	0	565,000	0	565,000
Interest and Fiscal Charges	0	860,000	0	860,000
E1	0	0	0	0
Total Expenditures	21,489	1,651,132	91,934	1,559,198
Excess of Revenues Over (Under) Expenditures	(21,489)	(1,626,731)	(67,533)	1,559,198
Other financing sources (uses):				
Transfers In	0	90,297	90,297	0
Transfers (Out)	(1,650,309)	(1,650,309)	(1,667,023)	(16,714)
Total Other Financing Sources (Uses)	(1,650,309)	(1,560,012)	(1,576,726)	(16,714)
Net Change in Fund Balance	(1,671,798)	(3,186,743)	(1,644,259)	1,542,484
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,644,260	1,644,260	1,644,260	0
Fund Balance End of Year	(\$27,538)	(\$1,542,483)	\$1	\$1,542,484

City of Mason
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2003

	Government Center Reserve Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$7,316	\$7,095	(\$221)
Total Revenues	0	7,316	7,095	(221)
Expenditures:				
Current:				
General Government	3,000,000	3,878,283	1,253,512	2,624,771
Debt Service:				
Principal Retirement	1,000,000	2,080,000	580,000	1,500,000
Interest and Fiscal Charges	3,000,000	4,640,422	1,640,421	3,000,001
Total Expenditures	7,000,000	10,598,705	3,473,933	7,124,772
Excess of Revenues Over (Under) Expenditures	(7,000,000)	(10,591,389)	(3,466,838)	7,124,551
Other financing sources (uses):				
Transfers In	0	2,222,127	2,222,127	0
Transfers (Out)	0	0	0	0
Total Other Financing Sources (Uses)	0	2,222,127	2,222,127	0
Net Change in Fund Balance	(7,000,000)	(8,369,262)	(1,244,711)	7,124,551
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,500,341	5,500,341	5,500,341	0
Fund Balance End of Year	(\$1,499,659)	(\$2,868,921)	\$4,255,630	\$7,124,551



Statistical Section

THIS PAGE INTENTIONALLY LEFT BLANK

City of Mason

Table 1
General Fund Expenditures By Function
Last Ten Fiscal Years

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Source:										
General Government	\$1,607,551	\$2,078,906	\$2,420,667	\$2,455,116	\$2,712,168	\$4,506,728	\$3,495,706	\$4,286,353	\$6,055,452	\$9,056,710
Public Safety	1,392,659	1,529,704	1,592,010	1,796,134	2,052,836	2,504,029	2,932,759	2,767,907	3,139,769	3,603,294
Leisure Time Activities	403,848	911,000	883,075	695,042	774,456	1,975,052	1,602,077	1,324,854	2,129,899	2,122,965
Community Development	207,773	330,507	329,247	413,079	487,525	621,413	790,131	459,596	860,047	1,666,254
Basic Utility Services	58,897	101,203	105,189	348,506	103,774	179,570	98,122	236,812	47,392	400
Transportation and Street Repair	1,144,665	1,350,953	1,386,744	1,954,576	1,753,028	3,094,327	2,872,601	305,833	1,871,148	2,868,959
Other Expenditures	150	0	0	0	36,472	0	0	0	0	0
Capital Outlay	401,885	0	0	0	0	0	0	3,563,876	0	12,677
Debt Service	0	0	0	0	0	21,091	164,666	143,817	158,487	108,633
Total Disbursements	\$5,217,428	\$6,302,273	\$6,716,932	\$7,662,453	\$7,920,259	\$12,902,210	\$11,956,062	\$13,089,048	\$14,262,194	\$19,439,892

Source: City of Mason, Ohio, Department of Finance

City of Mason

Table 2
General Fund Revenues By Source
Last Ten Fiscal Years

Source:	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Taxes (1)	\$4,329,519	\$4,598,385	\$5,729,286	\$7,736,926	\$10,777,058	\$11,142,479	\$15,274,080	\$14,740,584	\$14,797,720	\$17,040,937
Fines, Licenses & Permits	486,382	630,566	788,401	985,306	885,063	1,000,721	1,081,112	1,117,511	1,103,887	909,776
Charges for Services	23,471	55,986	98,422	101,296	113,396	159,601	227,665	261,884	234,431	229,404
Investment Earnings	125,444	127,491	180,744	194,796	241,673	237,624	318,802	451,072	388,344	189,945
Intergovernmental	567,721	601,580	799,877	684,941	702,610	1,144,190	1,372,410	2,132,459	1,738,667	2,138,502
All Other Revenues	208,356	230,986	249,271	362,844	462,430	318,407	780,243	515,152	671,830	942,142
Total Revenues	\$5,740,893	\$6,244,994	\$7,846,001	\$10,066,109	\$13,182,230	\$14,003,022	\$19,054,312	\$19,218,662	\$18,934,879	\$21,450,706

Source: City of Mason, Ohio, Department of Finance

(1) Includes Property Tax, Municipal Income Tax and Other Local Taxes.

Table 3
 Property Tax Levies and Collections
 Real, Public Utility and Tangible Personal Property
 Last Ten Fiscal Years

Tax Year: Fiscal Year:	1993/1994 1994	1994/1995 1995	1995/1996 1996	1996/1997 1997	1997/1998 1998	1998/1999 1999	1999/2000 2000	2000/2001 2001	2001/2002 2002	2002/2003 2003
Current Tax Levy	\$393,264	\$477,662	\$527,719	\$604,903	\$949,077	\$3,569,426	\$4,007,289	\$4,865,120	\$5,241,254	\$5,508,483
Current Tax Collections	388,182	471,018	521,435	598,675	933,999	3,495,198	3,914,640	4,789,569	500,981	5,401,874
Percent of Levy Collected	98.71%	98.61%	98.81%	98.97%	98.41%	97.92%	97.69%	98.45%	95.42%	98.06%
Delinquent Tax Collections	22,237	7,420	7,658	9,974	11,261	57,416	64,478	130,292	47,448	294,933
Total Tax Collections	410,418	478,438	529,093	608,649	945,260	3,552,614	3,979,118	4,919,861	5,048,429	5,696,807
Ratio of Total Tax Collections to Current Taxes Levied	104.36%	100.16%	100.26%	100.62%	99.60%	99.53%	99.30%	101.13%	96.32%	103.42%

Source: Warren County Auditor's Office

Table 4
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Tax Year	Real Property		Public Utility		Tangible Personal Property		Total		Ratio of Total Assessed Value To Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1994	\$193,789,870	\$553,685,340	\$13,930,580	\$15,830,200	\$48,803,736	\$195,214,940	\$256,524,186	\$764,730,480	298.11%
1995	217,285,530	620,815,800	13,607,270	15,462,810	49,251,189	197,004,760	280,143,989	833,283,370	297.45%
1996	246,729,100	704,940,280	13,691,170	15,558,150	54,287,005	217,148,020	314,707,275	937,646,450	297.94%
1997	324,890,600	928,258,857	14,210,190	16,147,943	64,048,349	256,189,396	403,149,139	1,200,596,196	297.80%
1998	387,938,790	1,108,396,542	15,757,910	18,538,717	76,841,043	307,364,172	480,537,743	1,434,299,431	298.48%
1999	448,944,160	1,282,697,600	17,969,920	20,420,363	95,712,317	382,849,268	562,626,397	1,685,967,231	299.66%
2000	576,089,580	1,645,970,230	18,882,620	21,457,520	115,114,210	460,456,840	710,086,410	2,127,884,590	299.67%
2001	633,752,330	1,810,720,940	12,944,150	14,709,260	146,826,249	587,304,990	793,522,729	2,412,735,190	304.05%
2002	683,142,740	1,951,836,400	14,667,310	16,667,390	149,946,460	599,785,848	847,756,510	2,568,289,638	302.95%
2003	771,214,670	2,203,470,485	15,312,680	17,400,772	147,357,520	589,430,080	933,884,870	2,810,301,337	300.93%

Source: Warren County Auditor's Office

City of Mason

Table 5
 Property Tax Rates -
 Direct and Overlapping Governments
 Last Ten Fiscal Years (1)

Tax Year	City of Mason	Mason City School District	Warren County	Deerfield Township*	Joint Voc. School	Special District	Total
1994	1.89%	50.78%	6.57%	3.61%	2.70%	1.50%	67.05%
1995	1.89%	53.26%	6.57%	2.36%	2.70%	2.75%	69.53%
1996	1.89%	62.36%	5.00%	0.86%	2.70%	5.45%	78.26%
1997	2.32%	61.95%	5.00%		2.70%	5.45%	77.42%
1998	7.32%	61.95%	4.75%		2.70%	1.50%	78.22%
1999	7.32%	61.95%	4.00%		2.70%	1.50%	77.47%
2000	7.32%	64.57%	4.00%		2.70%	1.50%	80.09%
2001	7.32%	71.11%	4.00%		2.70%	1.50%	86.63%
2002	7.32%	72.61%	4.96%		2.70%	1.50%	89.09%
2003	7.32%	74.11%	6.53%		2.70%	1.50%	92.16%

Source: Warren County Auditor's Office

(1) Rates equivalent to \$1 in tax per \$1,000 of assessed valuation.

* During 1997 the City of Mason withdrew from Deerfield Township.

City of Mason

Table 6
Special Assessment Billings and Collections
Last Ten Fiscal Years

Tax Year	Current Assessments Billings	Current Assessments Collected	Ratio of Collection To Amount Billed
1994	\$278,647	\$275,380	98.83%
1995	274,487	256,455	93.43%
1996	272,394	260,503	95.63%
1997	234,472	195,326	83.30%
1998	258,506	218,038	84.35%
1999	228,615	199,333	87.19%
2000	213,739	201,300	94.18%
2001	188,571	170,041	90.17%
2002	200,231	185,006	92.40%
2003			

Source: Warren County Auditor's Office

Table 7
 Ratio of Net General Bonded Debt
 To Assessed Value and Net Bonded Debt Per Capita
 Last Ten Fiscal Years

Fiscal Year	Population	Assessed Value (1)	General Bonded Debt (2)	Less Debt Service Fund (3)	Net General Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1994	12,495	\$256,524,186	\$420,000	\$19,193	\$400,807	0.16%	\$34
1995	13,244	280,143,989	380,000	27,158	352,842	0.14%	29
1996	14,366	314,707,275	335,000	20,207	314,793	0.11%	23
1997	15,863	403,149,139	255,000	30,406	224,594	0.06%	16
1998	17,500	480,537,743	205,000	25,966	179,034	0.04%	12
1999	19,500	562,626,397	215,000	8,566	206,434	0.04%	11
2000	22,016	710,086,410	215,000	0	215,000	0.03%	10
2001	22,016	793,522,729	220,000	0	220,000	0.03%	10
2002	22,016	847,756,510	230,000	0	230,000	0.03%	10
2003	26,500	933,884,870	200,000	0	200,000	0.02%	8

(1) Assessed Value from Table 4

(2) Does not include Bond Anticipation Notes or Special Assessment debt with governmental commitment.

(3) Does not include debt service fund balances for Special Assessment debt with governmental commitment.

City of Mason

Table 8
 Computation Of Legal Debt Margin
 For The Fiscal Year Ended December 31, 2003

	<u>Total Debt</u>	<u>Unvoted Debt</u>
Net Assessed Valuation	\$933,884,870	\$933,884,870
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	98,057,911	51,363,668
Applicable City Debt Outstanding (2)	9,730,000	9,730,000
Less: Applicable Debt Service Fund Amounts (3)	428,899	428,899
Net Indebtedness Subject to Limitation	<u>\$9,301,101</u>	<u>\$9,301,101</u>

Source: City of Mason, Ohio, Department of Finance

(1) Direct Debt Limitation Based Upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding Includes Non Self-Supporting General Obligation Notes and Bonds Only. Enterprise Debt is Not Considered in the Computation of the Legal Debt Margin.

(3) Does not include debt service fund balances for Special Assessment debt with governmental commitment.

City of Mason

Table 9
 Computation of Direct and Overlapping Debt
 For The Fiscal Year Ended December 31, 2003

	Net General Obligations Bonded Debt Outstanding	Percentage Applicable to City	Amount Applicable to City
City of Mason	\$9,730,000	100.00%	\$9,730,000
Warren County	13,913,600	20.46%	2,846,723
Lebanon City School District	0	0.00%	0
Mason City School District	0	0.00%	0
Kings Local School District	0	0.00%	0
Great Oaks Career Center School District	0	0.00%	0
		Total:	\$12,576,723

Source: Warren County Auditor's Office.

Table 10
Schedule of Revenue Bond Coverage
Last Ten Fiscal Years

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Water Fund Bond Coverage:										
Operating Revenue	\$2,541,594	\$3,251,371	\$3,500,136	\$4,136,011	\$4,854,934	\$5,943,825	\$5,314,168	\$5,033,091	\$477,771	\$0
Operating Expenses	953,195	2,169,386	1,685,431	1,703,233	2,148,108	3,241,099	2,703,033	3,509,131	847,529	117,370
Net Available for Debt Service	1,588,399	1,081,985	1,814,685	2,432,778	2,706,826	2,702,726	2,611,135	1,523,960	(369,758)	(117,370)
Debt Service Requirements:										
Revenue Bonds:										
Principal	200,000	210,000	215,000	225,000	235,000	250,000	0	535,000	0	0
Interest	532,930	524,950	515,793	505,895	494,938	472,143	0	688,783	0	0
Total	732,930	734,950	730,793	730,895	729,938	722,143	0	1,223,783	0	0
Coverage	2.17	1.47	2.48	3.33	3.71	3.74	0.00	1.25	0.00	0.00
Sewer Fund Bond Coverage:										
Operating Revenue	\$3,096,646	\$3,627,214	\$3,857,651	\$4,438,971	\$5,324,578	\$6,108,606	\$5,775,367	\$5,490,698	\$5,532,399	\$5,858,754
Operating Expenses	1,730,152	1,295,536	1,243,237	1,566,903	1,742,470	729,460	2,201,298	2,415,301	2,453,545	2,493,744
Net Available for Debt Service	1,366,494	2,331,678	2,614,414	2,872,068	3,582,108	5,379,146	3,574,069	3,075,397	3,078,854	3,365,010
Debt Service Requirements:										
Revenue Bonds:										
Principal	0	170,000	175,000	185,000	190,000	200,000	210,000	220,000	230,000	245,000
Interest	0	582,450	459,160	451,810	443,670	423,399	425,430	415,388	404,140	391,212
Total	0	752,450	634,160	636,810	633,670	623,399	635,430	635,388	634,140	636,212
Coverage	0.00	3.10	4.12	4.51	5.65	8.63	5.62	4.84	4.86	5.29

Source: City of Mason, Ohio, Department of Finance

City of Mason

Table 11
Property Value, Construction and Bank Deposits
Last Ten Fiscal Years

Fiscal Year	Total Permits Issued (1)	Building Permits		Real Property Assessed Value (2)	Banking Activity Bank Debits (3)
		Total Estimated Value of Buildings (1)	Total		
1994	301	\$49,015,494		\$193,789,870	\$410,298
1995	294	62,415,454		217,285,530	447,918
1996	447	74,115,054		246,729,100	465,584
1997	525	89,685,240		324,890,600	523,595
1998	513	111,291,583		387,938,790	521,795
1999	537	108,371,590		448,944,160	533,873
2000	413	95,176,832		576,089,580	548,623
2001	444	172,221,950		633,752,330	618,781
2002	367	83,056,255		683,142,740	660,464
2003	298	115,704,796		771,214,670	637,524

(1) City of Mason, Ohio, Building Inspection Department

(2) Assessed Value from Table 4

(3) Federal Reserve Bank Of Cleveland

City of Mason

Table 12
 Ratio of Annual Debt Service Expenditures
 For General Obligation Bonded Debt (1)
 To Total General Government Expenditures
 Last Ten Fiscal Years

Fiscal Year	Principal	Interest(2)	Total Debt Service	Total General Government Expenditures	Ratio of Debt Service To General Government Expenditures
1994	\$40,000	\$37,800	\$77,800	\$1,607,551	4.84%
1995	45,000	34,200	79,200	2,078,906	3.81%
1996	40,000	30,150	70,150	2,420,667	2.90%
1997	40,000	26,550	66,550	2,455,116	2.71%
1998	45,000	22,950	67,950	2,712,168	2.51%
1999	210,000	225,513	435,513	4,506,728	9.66%
2000	215,000	223,943	438,943	3,495,706	12.56%
2001	220,000	238,355	458,355	4,286,353	10.69%
2002	230,000	324,463	554,463	6,055,452	9.16%
2003	230,000	318,555	548,555	9,056,710	6.06%

Source: City of Mason, Ohio, Department of Finance

(1) General obligation bonds reported in the enterprise funds and special assessment debt with governmental commitment have been excluded.

(2) Excludes bond issuance and other costs.

City of Mason

Table 13
Principal Taxpayers
December 31, 2003

Taxpayer	Assessed Valuation For Fiscal Year 2003	Percentage Of Total Assessed Valuation
Kings Island Company	\$34,488,580	3.69%
Mitsubishi Electric Auto	22,974,160	2.46%
UBE Automotive	18,483,520	1.98%
Procter & Gamble	17,161,130	1.84%
Cincinnati Gas & Electric	9,090,410	0.97%
Cinats Corporation No.2	8,863,400	0.95%
Makino Incorporated	7,501,640	0.80%
Mason Christian Village	6,069,390	0.65%
Cintas Sales Corporation	5,748,990	0.62%
Twin Fountains of Mason	4,549,300	0.49%
All Others	798,954,350	85.55%
Total Assessed Valuation	\$933,884,870	100%

Source: Warren County Auditor's Office

City of Mason

Table 14
Synopsis Of Insurance
December 31, 2003

Coverage	Carrier	Policy Number	Policy Period	Liability Limits Aggregate	Deductible
General Liability	Government Entities Mutual, Inc. (GEM)	GEM - 0012-A03001	12/31/02-12/31/03	\$1,000,000 excess of \$1,000,000 per occurrence	\$2,500
	Endurance Specialty Insurance Limited (Reinsurer)	GEM - 0012-A03001	12/31/02-12/31/03	\$10,000,000 excess of \$2,000,000	
Property Liability	Chubb	3534-33-17	12/31/02-12/31/03	Excess of \$250,000 to \$1,000,000 per occurrence	\$2,500
Liability:					
Public Officials Liability	Government Entities Mutual, Inc. (GEM)	GEM - 0012-A03001	12/31/02-12/31/03	\$1,000,000 excess of \$1,000,000 per occurrence	\$2,500
Excess Public Officials Liability	Endurance Specialty Insurance Limited (Reinsurer)	GEM - 0012-A03001	12/31/02-12/31/03	\$10,000,000 excess of \$2,000,000 \$12 million aggregate per member	
Total Premium					\$230

Source: City of Mason, Ohio, Department of Assistant City Manager

City of Mason

Table 15
Demographic Statistics
December 31, 2003

Population for the Last Ten Years	
1994	12,495
1995	13,244
1996	14,366
1997	15,863
1998	17,501
1999	19,500
2000	22,016
2001	22,016
2002	22,016
2003	26,500

School Enrollment for the Last Ten Years	
1994	3,091
1995	3,420
1996	3,845
1997	4,371
1998	5,364
1999	6,100
2000	6,711
2001	7,411
2002	7,363
2003	8,003

Unemployment Rate for the Last Ten Years*	
1994	4.90%
1995	3.80%
1996	3.70%
1997	3.20%
1998	2.60%
1999	3.00%
2000	3.80%
2001	3.30%
2002	4.00%
2003	3.10%

Source: City of Mason, Ohio, Community Development Department

* Information is only available for Warren County

Table 16
Miscellaneous Statistics
December 31, 2003

Date of Incorporation	1971
Form of Government	Council/Manager
Number of Employees	
Full Time	151
Part Time	314
Area in Square Miles	17.5
Number of Streets	400
Number of Lane Miles	225
Cultural & Recreation:	
Parks	6
Park acreage	242
Swimming Pool	1
Community Center	1
Police Protection:	
Number of Stations	2
Number of Police Personnel	
Full time	37
Number of Patrol Units	14
Fire & Emergency Medical:	
Number of Stations	2
Number of Fire Personnel	
Full time	13
Part time	50
Number of Emergency Vehicles	19
Education:	
Number of Elementary Schools	5
Number of Elementary School Instructors	304
Number of Secondary Schools	2
Number of Secondary School Instructors	236

Source: City of Mason, Ohio, Economic Development Department



**Auditor of State
Betty Montgomery**

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

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

CITY OF MASON

WARREN 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
SEPTEMBER 30, 2004**