

CITY OF MASON, OHIO

Yellow Book Report

December 31, 2002



**Auditor of State
Betty Montgomery**

Honorable Mayor and
Members of City Council
City of Mason
6000 Mason-Montgomery Road
Mason, OH 45040

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, 2002 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

August 26, 2003

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PLATTENBURG & ASSOCIATES, INC./CERTIFIED PUBLIC ACCOUNTANTS

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**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 27, 2003

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

We have audited the basic financial statements of the City of Mason, Ohio (the City), as of and for the year ended December 31, 2002, and have issued our report thereon dated June 27, 2003. 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 no instances of non-compliance required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the City in a separate letter dated June 27, 2003.

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 opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

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. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However we noted matters involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the management of the City in a separate letter dated June 27, 2003.

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

Comprehensive Annual Financial Report



**City of Mason
Mason, Ohio
December 31, 2002**

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CITY OF MASON, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2002

Prepared by: Finance Department

Jennifer Heft
Finance Director

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TABLE OF CONTENTS

	Page
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	50
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Fire and Emergency Medical Service Fund	51
Notes to the Required Supplementary Information	53
 Combining Statements and Individual Fund Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	57
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	62

TABLE OF CONTENTS

	Page
Nonmajor Debt Service Funds:	
Combining Balance Sheet	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	67
Nonmajor Capital Projects Funds:	
Combining Balance Sheet	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	70
Agency Fund:	
Statement of Changes in Assets and Liabilities	72
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual (Non-GAAP Budgetary Basis):	
Street Construction, Maintenance and Repair Fund	73
State Highway Improvement Fund	74
Warren County Motor Vehicle License Tax Fund	75
Street Improvement Fund	76
Federal Grant Fund	77
D.A.R.E. Grant Fund	78
Step Grant Fund	79
Downtown Development/Loan Fund	80
Indiana and Ohio Railroad Fund	81
Parks and Recreation Fund	82
Bicycle and Pedestrian Way Fund	83
Police K-9 Fund	84
Police Crime Prevention Fund	85
Drug Law Enforcement Fund	86
Law Enforcement and Education Fund	87
Indigent Driver Fund	88
Municipal Court Computer Costs Fund	89
Municipal Court Computer Education Fund	90
Municipal Court Improvement Fund	91
Vehicle Immobilization Fee Fund	92
Municipal Court Probation Services Fund	93
Subdivision Inspection Fund	94
General Obligation Bond Retirement Fund	95
Special Assessment Bond Retirement Fund	96
Tax Increment Financing Fund	97
Central Parke TIF Fund	98
Mason Enterprise Parke TIF Fund	99
Tylersville Road Project Fund	100
Mason-Montgomery Road Improvement Fund	101
I&O Bridge/Mason-Montgomery Road Widening Fund	102
Government Center Fund	103
Government Center Reserve Fund	104

TABLE OF CONTENTS

	<u>Table</u>	<u>Page</u>
STATISTICAL SECTION		
General Fund Expenditures by Function	1	105
General Fund Revenues by Source	2	106
Property Tax Levies and Collections - Real, Public Utility and Tangible Personal Property	3	107
Assessed and Estimated Actual Value of Taxable Property	4	108
Property Tax Rates Direct and Overlapping Governments	5	109
Special Assessment Billings and Collections	6	110
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	7	111
Computation of Legal Debt Margin	8	112
Computation of Direct and Overlapping Debt	9	113
Schedule of Revenue Bond Coverage	10	114
Property Value, Construction and Bank Deposits	11	115
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Government Expenditures	12	116
Principal Taxpayers (Property Taxes)	13	117
Synopsis of Insurance	14	118
Demographic Statistics	15	119
Miscellaneous Statistics	16	120

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INTRODUCTORY SECTION

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June 27, 2003

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, 2002. 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 with the implementation of Statement 34.

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 – includes the report of independent accountants, the management's discussion and analysis, the basic financial statements, required supplementary information and the combining and individual fund financial statements and schedules.

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



Mason Earth Walk, April 2002

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.

Since 1990, 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 (RMP) group. Mason began a three-year commitment in 2001 as one of eleven members—and only the second 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. In 2003, RMP will facilitate 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 22,016. Three of the 10 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 \$4.8 million annually in income tax revenue.



*Luxtottica Retail North American Corporate Headquarters
opened in December 2002*

New investments in 2002 amounted to nearly \$10 million as 120,000 square feet of new corporate and industrial space were added, bringing over 250 new jobs to the community. The year is highlighted by the completion of both the Luxottica Retail North American corporate headquarters and Intelligrated corporate headquarters projects. These projects represent over \$50 million of new investment reported at the end of the year 2001, and have already realized over 1,000 new jobs in the city. Several hundred more are projected within the next three years from these two companies alone.

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 2002:

Corporate Investment (new capital & payroll)

Kadant, Black, Clawson	\$5,000,000
Best Supply (announced)	\$3,200,000
Deerfield Manufacturing	\$2,665,000
Sleepcare Diagnostics	\$2,160,000

Growth and development in the City of Mason will continue to exceed the normal and 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

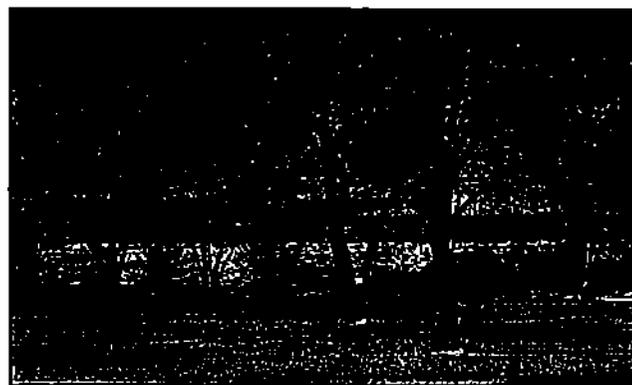
For the Year 2002

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.

Four major events occurred in 2002 that position the city for future economic growth and improvement:

New Municipal Center

The new Municipal Center provides residents and employees with a new city landmark while allowing the city to better serve residents with a single service window, greater accessibility, and consolidation of most offices into one building. Planning for the new 120,000 square foot facility began in November 1999. The new facility cost approximately \$18 million and was completed in September 2002.



Mason's new Municipal Center as seen from the adjacent city park. The center opened in September 2002.

Stormwater Utility

Collections for a new Stormwater Utility began in October 2001 and has begun providing funds for the over \$8 million in stormwater projects on the city's stormwater capital improvement list. Projects that were started with these funds include Pine Hill Lake Dam corrections and dam breach analysis; Davis Run Flood Plain study; Third Avenue storm sewer project; First Avenue and Forest Avenue storm sewer design; the Northeast Street storm sewer design; the Cintas storm sewer; and several smaller storm sewer replacements and culvert cleaning projects. In compliance with Federal Phase II Stormwater Regulations, the city submitted its stormwater management plan to the Ohio EPA in early 2003.

Transfer of Water Operations

Building upon a successful working agreement with Greater Cincinnati Water Works (GCWW) that began in 1999, the City of Mason has satisfied the long-term needs for a plentiful supply of water at a reasonable cost by transferring the entire operations of the city's water system to GCWW. GCWW's

larger service area, economies of scale, and their virtually unlimited supply of water from the Ohio River will allow them to provide long-term service to Mason at a lower cost to customers than Mason could have accomplished.

In November 2001, Council approved a 30-year agreement with GCWW. The transfer of operations was completed on March 1, 2002.

New Community Center

The new \$22 million Community Center promises to become the community's hub for recreational and leisure activities for citizens of all ages. Through an innovative agreement between the city and the schools, the schools built the facility and the city operates it. The center opened to the public on March 2, 2003. It offers a wide variety of programs, activities, equipment and facilities.



The new Community Center opened in March 2003

Features of Mason's Community Center include:

- State-of-the-art fitness and weight areas
- Four-lane, 1/8 mile walking/jogging track
- 161,400-gallon leisure pool, including interactive water playground, tot slide, lazy river/vortex and three-story body flume slide.
- 25-meter competition pool
- Gymnasium and field house
- Child care facilities and services
- Indoor playground
- Arts and crafts studios
- Senior center
- Café
- Meeting Rooms
- Group exercise/fitness studio

Roadway Projects

Several roadway projects were completed in 2002, including the \$5.7 million widening of Mason Montgomery Road from Tylersville Road to Church Street; the \$7.2 million extension of Tylersville Road from U.S. 42 to Kings Island Drive; and the two new traffic signals located on Western Row Road.

Looking Ahead to the Future

Accomplishments to look forward to include:

- the completion of two road improvement projects totalling \$3.5 million.
- water reclamation projects that include the design of a new, larger-capacity plant; and sewer projects that will eliminate 3 lift stations, provide service to previously unserved areas of the city, and expand capacity in some areas to meet expected growth.

For a more in-depth analysis of the City's current economic condition, please see the Management Discussion and Analysis (MD&A) portion of the report in the Financial section.

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.

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, 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. The city does maintain 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 2002 was \$1,101,843, of which \$677,010 is accounted for in the governmental funds and \$424,833 is accounted for in the proprietary funds.

Over the past twelve months, the city's total return on investments (net of fees) was 2.25%. This compares favorably with the most common industry benchmarks: Star Ohio, 1.79% and Treasury Bills, 1.62%. 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, 16 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 Deloitte & Touche, 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 paid by the pool, including the cost of settlement and legal defense. Each crime claim in excess of \$2,500 up to \$15,000 is paid by the pool. The limit is dependent on the type of claim, with a maximum of \$1,000,000 per occurrence. Each casualty/liability claim in excess of \$2,500, up to \$500,000, is paid by the pool, including the cost of settlement and legal defense. As of December 31, 2001, the Association had current assets of \$6,199,382, total assets of \$6,227,638, current liabilities of \$3,643,395, 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 which 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 has been awarded the Certificate of Achievement for the past five years. 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

xii



Jennifer Heft
Finance Director

City of Mason

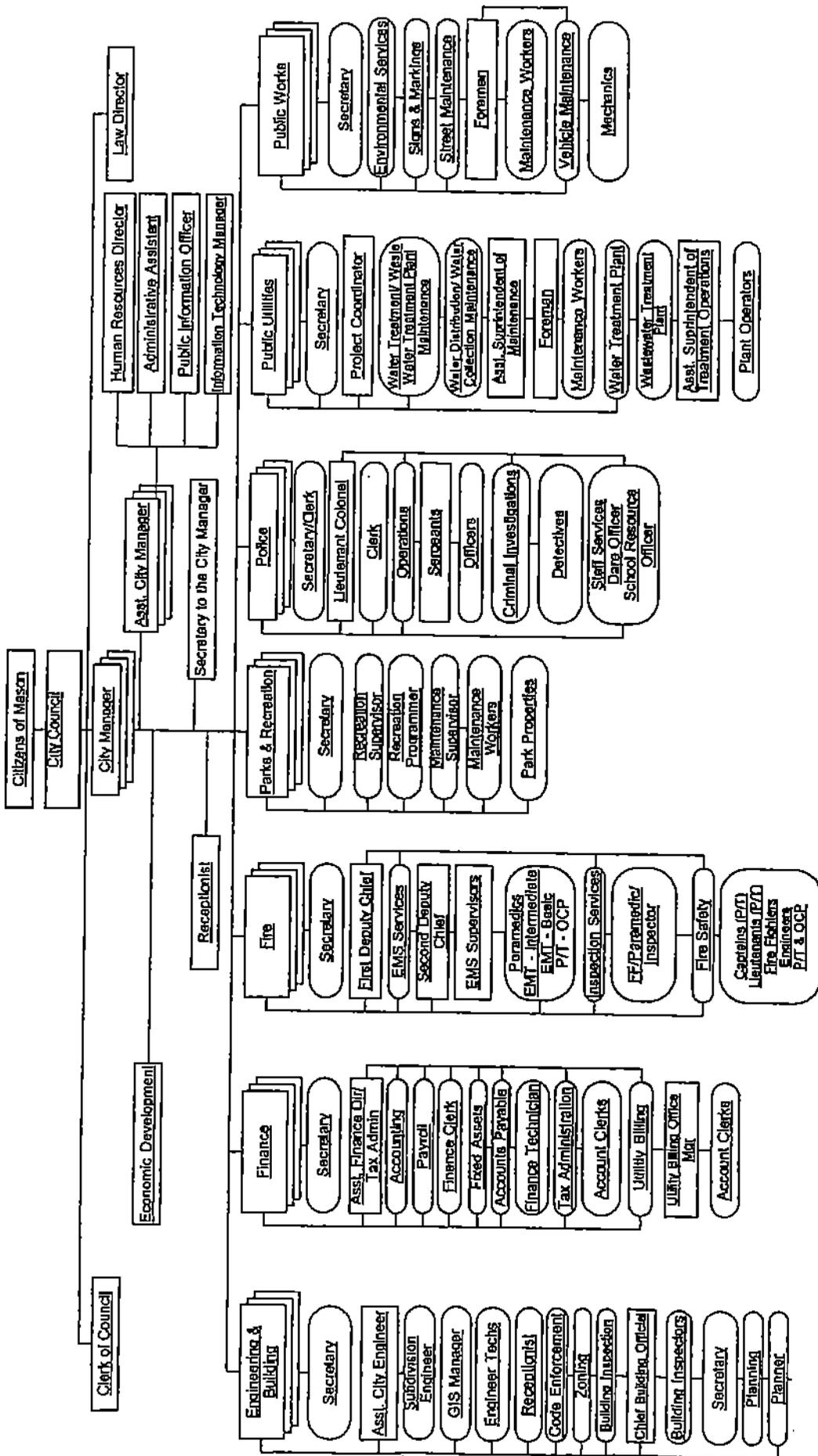
List of Principal Officials
December 31, 2002

ELECTED OFFICIALS

Mayor	John McCurley
Vice Mayor	James Fox
Council Member	Peter Beck
Council Member	Charlene Pelfrey
Council Member	James Dick Staten
Council Member	Tom Grossmann
Council Member	Victor Kidd

ADMINISTRATIVE OFFICIALS

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



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, 2001

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



President

Executive Director

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**FINANCIAL
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June 27, 2003

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, 2002, 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, 2002 and, the respective changes in financial position and cash flow, 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 27, 2003 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Required Supplementary Information

The Management's Discussion and Analysis and the budgetary information, listed in the table of contents as required supplementary information, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental 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, 2002

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, 2002.

FINANCIAL HIGHLIGHTS

- The City's total net assets decreased \$16.5 million. Net assets of governmental activities increased \$12.1 million, net assets of business-type activities decreased by \$28.6 million.
- The General Fund reported a net change in fund balance of (\$2.4) million.
- The City transferred their water system to Greater Cincinnati Water Works. As a result, the loss on disposal of capital assets of \$37,195,088 is recorded as a special item.
- Business-type operations reflected operating income of \$2.5 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

The analysis of the City's major funds is presented later in the Management's Discussion and Analysis section. 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, Fire and Emergency Medical Service, and Government Center Reserve.

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 2002 compared to 2001.

Table 1
Net Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2002	2001	2002	2001	2002	2001
Assets						
Current And Other Assets	\$42.8	\$56.8	\$14.5	\$18.1	\$57.3	\$74.9
Capital Assets, Net	<u>66.7</u>	<u>41.5</u>	<u>51.0</u>	<u>83.8</u>	<u>117.7</u>	<u>125.3</u>
Total Assets	<u>109.5</u>	<u>98.3</u>	<u>65.5</u>	<u>101.9</u>	<u>175.0</u>	<u>200.2</u>
Liabilities						
Current and Other						
Liabilities	17.2	17.7	0.8	1.1	18.0	18.8
Long-Term Liabilities:						
Due within One Year	1.5	1.3	0.3	0.6	1.8	1.9
Due in More Than One Year	<u>30.9</u>	<u>31.6</u>	<u>6.6</u>	<u>13.7</u>	<u>37.5</u>	<u>45.3</u>
Total Liabilities	<u>49.6</u>	<u>50.6</u>	<u>7.7</u>	<u>15.4</u>	<u>57.3</u>	<u>66.0</u>
Net Assets						
Invested in Capital Assets						
Net of Debt	36.0	19.1	44.3	69.7	80.3	88.8
Restricted:						
Debt Services	2.0	2.6	0.0	0.0	2.0	2.6
Capital Projects	8.8	8.1	0.0	0.0	8.8	8.1
Special Revenue	6.4	2.0	0.0	0.0	6.4	2.0
Unrestricted	<u>6.7</u>	<u>15.9</u>	<u>13.5</u>	<u>16.8</u>	<u>20.2</u>	<u>32.7</u>
Total Net Assets	<u>\$59.9</u>	<u>\$47.7</u>	<u>\$57.8</u>	<u>\$86.5</u>	<u>\$117.7</u>	<u>\$134.2</u>

Total net assets of the City as a whole decreased \$16.5 million. Net assets of the City's governmental activities increased \$12.1 million. The increase in net assets was mainly due to the increase in net capital assets, which was from various street projects, such as Fairways at Crooked Tree, Fairways at Pine Run and Greenbrier.

The net assets of the City's business-type activities decreased \$28.6 million from 2001. The decrease in net assets is largely contributed to the decrease in net capital assets of the Water Fund, which is discussed in detail in the Notes to the basic financial statements.

Table 2 shows the changes in net assets for the year ended December 31, 2002 and revenue and expense comparisons to 2001.

Table 2
Changes in Net Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2002	2001	2002	2001	2002	2001
Revenues						
Program Revenues:						
Charges for Services	\$2.5	\$2.6	\$7.5	\$11.7	\$10.0	\$14.3
Operating Grants, Contributions	0.5	1.5	0.0	0.0	0.5	1.5
Capital Grants and Contributions	<u>6.5</u>	<u>4.8</u>	<u>5.9</u>	<u>3.1</u>	<u>12.4</u>	<u>7.9</u>
Total Program Revenues	<u>9.5</u>	<u>8.9</u>	<u>13.4</u>	<u>14.8</u>	<u>22.9</u>	<u>23.7</u>
General Revenues:						
Property Taxes	5.1	5.0	0.0	0.0	5.1	5.0
Income Taxes	14.2	13.2	0.0	0.0	14.2	13.2
Grants and Entitlements	1.5	2.7	0.0	0.0	1.5	2.7
Investment Earnings	0.7	1.6	0.4	1.0	1.1	2.6
Refunds & Reimbursements	0.3	0.3	0.0	0.0	0.3	0.3
Other Revenues	0.2	0.0	0.0	0.0	0.2	0.0
Transfers-Internal Activities	(0.6)	(0.3)	0.6	0.3	0.0	0.0
Special Item	<u>0.0</u>	<u>0.0</u>	<u>(37.2)</u>	<u>0.0</u>	<u>(37.2)</u>	<u>0.0</u>
Total General Revenues	<u>21.4</u>	<u>22.5</u>	<u>(36.2)</u>	<u>1.3</u>	<u>(14.8)</u>	<u>23.8</u>
Total Revenues	<u>\$30.9</u>	<u>\$31.4</u>	<u>(\$22.8)</u>	<u>\$16.1</u>	<u>\$8.1</u>	<u>\$47.5</u>
Program Expenses:						
General Government	\$6.5	\$4.7	\$0.0	\$0.0	\$6.5	\$4.7
Public Safety	5.9	4.0	0.0	0.0	5.9	4.0
Leisure Time Activities	1.8	1.5	0.0	0.0	1.8	1.5
Community Development	0.9	0.5	0.0	0.0	0.9	0.5
Basic Utility Service	0.1	0.2	0.0	0.0	0.1	0.2
Transportation & Street Repair	1.9	1.7	0.0	0.0	1.9	1.7
Interest and Fiscal Charges	1.7	1.3	0.0	0.0	1.7	1.3
Water	0.0	0.0	1.3	4.2	1.3	4.2
Sewer	0.0	0.0	2.9	2.8	2.9	2.8
Waste Collection	0.0	0.0	0.9	0.9	0.9	0.9
Stormwater Utility	<u>0.0</u>	<u>0.0</u>	<u>0.7</u>	<u>0.4</u>	<u>0.7</u>	<u>0.4</u>
Total Expenses	<u>18.8</u>	<u>13.9</u>	<u>5.8</u>	<u>8.3</u>	<u>24.6</u>	<u>22.2</u>
Increase (Decrease) in Net Assets	<u>\$12.1</u>	<u>\$17.5</u>	<u>(\$28.6)</u>	<u>\$7.8</u>	<u>(\$16.5)</u>	<u>\$25.3</u>

Governmental Activities

Council is commended for promoting economic growth in Mason in 2002, 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 2002, 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 67% of the City's total general fund revenues. Since 1992, earnings tax revenue averaged an annual increase of 17.0%. During 2002, when most communities were faced with budget cuts do to the economic downturn of the economy, the City's 2002 earnings tax revenues increased approximately 9% over 2001 tax revenues.

Program expenses for 2002 were as follows:

General Government	34.6%
Public Safety	31.2%
Leisure Time Activities	9.6%
Community Development	4.6%
Basic Utility Service	0.3%
Transportation & Street Repair	10.2%
Interest and Fiscal Charges	<u>9.5%</u>
Total	<u>100.0%</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 – In the early 1990's the City began exploring several options for obtaining additional supplies of water. This prompted by studies that projected that the Shaker Creek Aquifer, which the City had relied upon as our water source, was not large enough to provide water to meet the maximum demands that would be placed upon the system. The most cost effective method for obtaining additional water was to contract with the City of Cincinnati's Greater Cincinnati Water Works (GCWW). In 1999, the City entered into an agreement with GCWW, for the purchase of up to 5 million gallons of water each day. Residents living in the "South Service Area" received their water from GCWW, although the City operated the system.

In 2000, once again recognizing a growing need for additional water in the South Service Area, the City began discussions with GCWW to add a second connection. The result of those discussions was a proposal for the entire operations of the water system to be transferred to GCWW, as part of a retail water services agreement. The transfer was completed on March 1, 2002. As 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. Before the agreement became effective the City of Mason defeased \$7,170,000 of Mortgage Revenue bonds, of which GCWW paid \$3,800,000. 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.

Since the City is effectively out of the water utility business and the capital assets of the water utility are no longer producing revenue, they have been written off. To account for the transfer of the water operations the City of Mason disposed of all capital assets, resulting in a special item loss of \$37.2 million.

The Water fund assets and liabilities remaining as of December 31, 2002 will be liquidated during 2003 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. Construction of the plant will begin in 2003 with completion estimated in the Fall of 2004.

Waste Collection – The City contracts with Rumpke, a private organization, to provide waste removal to residential, commercial and industrial customers in the City of Mason. In 1997, Council authorized a one-year contract with four renewable years with Rumpke for Mason residents' waste collection. According to that contract the current rate of \$11.00 per month was due to rise to \$11.70, in 2001. The City met with Rumpke officials to negotiate a more competitive renewal rate in lieu of re-bidding the waste collection contract a year early.

In 2001, after several discussions with Rumpke, the City successfully negotiated a renewal rate of \$9.75 for the final year of the contract. The new rate is \$.20 lower than the 1997 rate, and \$1.95 less than the contractual renewal rate. Residents June 2001 utility bills reflected the rate reduction.

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 \$25.3 million and expenditures of \$38.1 million. Within the General fund revenues exceeded expenditures by \$5.7 million; and within the Fire and Emergency Medical Service Fund revenues exceeded expenditures by \$1.1 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 \$3,788,457, on a Non-GAAP Budgetary Basis.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table 3
Capital Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2002	2001	2002	2001	2002	2001
Land	\$8.8	\$8.8	\$3.9	\$4.6	\$12.7	\$13.4
Building and Improvements	7.7	7.7	18.2	30.2	25.9	37.9
Machinery and Equipment	7.3	7.0	0.7	2.0	8.0	9.0
Infrastructure	11.8	4.7	32.9	50.5	44.7	55.2
Construction in Progress	36.2	17.3	7.5	15.7	43.7	33.0
Accumulated Depreciation	<u>(5.2)</u>	<u>(4.1)</u>	<u>(12.1)</u>	<u>(19.2)</u>	<u>(17.3)</u>	<u>(23.3)</u>
Totals	<u>\$66.6</u>	<u>\$41.4</u>	<u>\$51.1</u>	<u>\$83.8</u>	<u>\$117.7</u>	<u>\$125.2</u>

The increase in governmental activities capital assets was the result of the City constructing a new Municipal facility. The decrease in business-type activities capital assets is the result of transferring the water system to Greater Cincinnati Water Works.

Debt

At year-end the City had \$7.7 million in unvoted general obligation and special assessment bonds.

Table 4
Outstanding Debt at Year End

	Governmental Activity	
	2002	2001
Unvoted General Obligation Bonds:		
Special Assessment Utility Bonds	\$55,000	\$58,000
Various Purpose Special Assessment Bonds	963,000	1,121,000
Various Purpose General Obligation Bonds	<u>6,690,000</u>	<u>6,240,000</u>
Total	<u>\$7,708,000</u>	<u>\$7,419,000</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 \$82,626,957 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.

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City of Mason
Statement of Net Assets
December 31, 2002

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$21,662,654	\$12,945,940	\$34,608,594
Restricted Cash and Investments	6,082,409	759,984	6,842,393
Receivables:			
Taxes	10,422,255	0	10,422,255
Accounts	380,569	677,075	1,057,644
Interest	181,208	107,820	289,028
Intergovernmental	1,760,910	0	1,760,910
Loans	2,914	0	2,914
Special Assessments	1,734,305	0	1,734,305
Deferred Bond Issuance Costs	543,354	0	543,354
Inventory	58,552	1,699	60,251
Nondepreciable Capital Assets	45,031,396	11,456,897	56,488,293
Depreciable Capital Assets, Net	21,680,645	39,580,792	61,261,437
Total Assets	109,541,171	65,530,207	175,071,378
Liabilities:			
Accounts Payable	620,319	420,650	1,040,969
Accrued Wages and Benefits	685,530	63,751	749,281
Retainage Payable	503,063	281,155	784,218
Accrued Interest Payable	270,786	68,116	338,902
Claims Payable	47,178	0	47,178
Deferred Revenue	6,671,223	0	6,671,223
Other Liabilities	76,319	0	76,319
General Obligation Notes Payable	8,400,000	0	8,400,000
Long-Term Liabilities:			
Due Within One Year	1,454,485	275,545	1,730,030
Due In More Than One Year	30,901,384	6,551,349	37,452,733
Total Liabilities	49,630,287	7,660,566	57,290,853
Net Assets:			
Invested in Capital Assets, Net of Related Debt	36,025,545	44,347,689	80,373,234
Restricted for:			
Debt Service	2,041,350	0	2,041,350
Capital Projects	8,783,906	0	8,783,906
Special Revenue	6,410,602	0	6,410,602
Unrestricted	6,649,481	13,521,952	20,171,433
Total Net Assets	\$59,910,884	\$57,869,641	\$117,780,525

See accompanying notes.

City of Mason
Statement of Activities
For the Fiscal Year Ended December 31, 2002

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$6,529,294	\$879,532	\$0	\$52,650
Public Safety	5,881,818	358,177	113,839	0
Leisure Time Activities	1,817,847	434,532	2,000	0
Community Development	863,009	491,491	2,914	34,049
Basic Utility Service	50,941	199,229	0	43,508
Transportation & Street Repair	1,926,062	113,154	432,478	6,328,292
Interest and Fiscal Charges	1,780,444	0	0	0
Total Governmental Activities	18,849,415	2,476,115	551,231	6,458,499
Business-Type Activities:				
Water	1,290,013	477,771	0	2,316,228
Sewer	2,856,787	5,532,399	0	1,433,628
Waste Collection	882,229	786,572	0	0
Stormwater Utility	744,887	678,199	0	2,113,509
Total Business-Type Activities	5,773,916	7,474,941	0	5,863,365
Totals	\$24,623,331	\$9,951,056	\$551,231	\$12,321,864

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
Special Item

Total General Revenues & Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$5,597,112)	\$0	(\$5,597,112)
(5,409,802)	0	(5,409,802)
(1,381,315)	0	(1,381,315)
(334,555)	0	(334,555)
191,796	0	191,796
4,947,862	0	4,947,862
(1,780,444)	0	(1,780,444)
<u>(9,363,570)</u>	<u>0</u>	<u>(9,363,570)</u>
0	1,503,986	1,503,986
0	4,109,240	4,109,240
0	(95,657)	(95,657)
0	2,046,821	2,046,821
<u>0</u>	<u>7,564,390</u>	<u>7,564,390</u>
<u>(\$9,363,570)</u>	<u>\$7,564,390</u>	<u>(\$1,799,180)</u>
14,236,939	0	14,236,939
1,209,868	0	1,209,868
3,265,998	0	3,265,998
471,560	0	471,560
171,456	0	171,456
1,482,935	0	1,482,935
683,584	424,833	1,108,417
317,067	0	317,067
215,054	0	215,054
(563,536)	563,536	0
0	(37,195,088)	(37,195,088)
<u>21,490,925</u>	<u>(36,206,719)</u>	<u>(14,715,794)</u>
12,127,355	(28,642,329)	(16,514,974)
<u>47,783,529</u>	<u>86,511,970</u>	<u>134,295,499</u>
<u>\$59,910,884</u>	<u>\$57,869,641</u>	<u>\$117,780,525</u>

City of Mason
Balance Sheet
Governmental Funds
December 31, 2002

	General	Fire and Emergency Medical Service	Government Center Reserve	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$11,523,749	\$2,173,112	\$0	\$7,377,627	\$21,074,488
Restricted Cash and Investments	0	0	5,500,340	582,069	6,082,409
Receivables:					
Taxes	6,888,975	3,064,320	0	468,960	10,422,255
Accounts	203,159	151,958	0	25,452	380,569
Interest	101,281	18,033	668	56,345	176,327
Intergovernmental	632,741	0	0	1,128,169	1,760,910
Loans	0	0	0	2,914	2,914
Special Assessments	0	0	0	1,734,305	1,734,305
Inventory	16,265	10,647	0	31,640	58,552
Total Assets	19,366,170	5,418,070	5,501,008	11,407,481	41,692,729
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	451,378	100,974	0	59,571	611,923
Accrued Wages and Benefits	547,014	126,976	0	11,540	685,530
Compensated Absences	41,043	417	0	295	41,755
Retainage Payable	22,916	0	415,800	64,347	503,063
Accrued Interest Payable	147,608	0	0	0	147,608
Deferred Revenue	4,458,784	3,163,977	0	3,228,792	10,851,553
Other Liabilities	76,319	0	0	0	76,319
General Obligation Notes Payable	8,400,000	0	0	0	8,400,000
Total Liabilities	14,145,062	3,392,344	415,800	3,364,545	21,317,751
Fund Balances:					
Reserved for Encumbrances	7,157,820	21,579	11,107	2,471,233	9,661,739
Reserved for Inventory	16,265	10,647	0	31,640	58,552
Reserved for Debt Service	0	0	0	310	310
Unreserved, Undesignated, Reported in:					
General Fund	(1,952,977)	0	0	0	(1,952,977)
Special Revenue Funds	0	1,993,500	0	3,770,341	5,763,841
Debt Service Funds	0	0	0	305,471	305,471
Capital Projects Funds	0	0	5,074,101	1,463,941	6,538,042
Total Fund Balances	5,221,108	2,025,726	5,085,208	8,042,936	20,374,978
Total Liabilities and Fund Balances	\$19,366,170	\$5,418,070	\$5,501,008	\$11,407,481	\$41,692,729

See accompanying notes.

City of Mason
 Reconciliation of Total Governmental Fund Balance to
 Net Assets of Governmental Activities
 December 31, 2002

Total Governmental Fund Balance	\$20,374,978
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.	66,712,041
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	4,180,330
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	537,473
In the statement of net assets, interest is accrued, 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, such as compensated absences, do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.	(546,791)
Deferred bond issuance cost associated with long-term liabilities are not reported in the funds.	543,354
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.	<u>(31,767,323)</u>
Net Assets of Governmental Activities	<u>\$59,910,884</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, 2002

	General	Fire and Emergency Medical Service	Government Center Reserve	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$14,797,720	\$3,265,998	\$0	\$677,122	\$18,740,840
Fines, Licenses & Permits	1,103,887	0	0	322,199	1,426,086
Charges for Services	234,431	334,991	0	256,912	826,334
Investment Earnings	388,344	29,534	668	258,464	677,010
Intergovernmental	1,738,667	30,248	0	930,746	2,699,661
Special Assessments	0	0	0	201,511	201,511
Other Revenues	671,830	17,897	0	9,324	699,051
Total Revenues	18,934,879	3,678,668	668	2,656,278	25,270,493
Expenditures:					
Current:					
General Government	6,055,452	0	14,441,136	1,764,749	22,261,337
Public Safety	3,139,769	2,287,852	0	91,398	5,519,019
Leisure Time Activities	2,129,899	0	0	0	2,129,899
Community Development	860,047	0	0	0	860,047
Basic Utility Service	47,392	0	0	0	47,392
Transportation & Street Repair	1,871,148	0	0	3,504,889	5,376,037
Debt Service:					
Principal Retirement	0	299,488	565,000	388,000	1,252,488
Interest and Fiscal Charges	158,487	37,930	1,106,798	473,379	1,776,594
Total Expenditures	14,262,194	2,625,270	16,112,934	6,222,415	39,222,813
Excess of Revenues Over (Under) Expenditures	4,672,685	1,053,398	(16,112,266)	(3,566,137)	(13,952,320)
Other Financing Sources (Uses):					
Proceeds of Long-Term Capital-Related Debt	0	0	0	680,000	680,000
Transfers In	1,348,694	1,800,000	1,671,798	7,799,150	12,619,642
Transfers (Out)	(8,473,094)	(1,958,599)	0	(2,749,166)	(13,180,859)
Total Other Financing Sources (Uses)	(7,124,400)	(158,599)	1,671,798	5,729,984	118,783
Net Change in Fund Balance	(2,451,715)	894,799	(14,440,468)	2,163,847	(13,833,537)
Fund Balance Beginning of Year	7,656,558	1,120,280	19,525,676	5,867,437	34,169,951
Change in Reserve for Inventory	16,265	10,647	0	11,652	38,564
Fund Balance End of Year	\$5,221,108	\$2,025,726	\$5,085,208	\$8,042,936	\$20,374,978

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, 2002

Net Change in Fund Balance - Total Governmental Funds	(\$13,833,537)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	25,264,601
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. The amount of the proceeds must be removed and the deduction for the loss on the disposal of capital assets must also be recognized.	(9,829)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(128,158)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	1,252,488
In the statement of activities, interest is accrued, whereas in governmental funds, an interest expenditure is reported when due.	(3,850)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(19,679)
Some expenses reported in the statement of activities, such as accrued wages and benefits, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	42,047
The internal service fund used by management to charge the costs of insurance 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.	227,829
Consumable inventory is reported using the purchase method on a modified accrual basis, but is reported using the consumption method for full accrual.	38,564
Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net assets.	(680,000)
Deferred bond issuance cost associated with long-term liabilities are not reported in the funds.	(23,121)
Change in Net Assets of Governmental Activities	<u>\$12,127,355</u>

See accompanying notes.

City of Mason
Statement of Net Assets
Proprietary Funds
December 31, 2002

	Business-Type Activities - Enterprise Funds					Governmental Activities- Internal Service Fund
	Water	Sewer	Waste Collection	Stormwater Utility	Total Business-Type Activities	
Assets:						
Equity in Pooled Cash and Investments	\$766,677	\$10,772,861	\$311,338	\$1,095,064	\$12,945,940	\$588,166
Restricted Cash and Investments	0	759,984	0	0	759,984	0
Receivables:						
Accounts	0	504,518	91,155	81,402	677,075	0
Interest	6,362	89,787	2,584	9,087	107,820	4,881
Inventory	0	1,699	0	0	1,699	0
Total Current Assets	773,039	12,128,849	405,077	1,185,553	14,492,518	593,047
Nondepreciable Capital Assets	0	10,858,513	0	598,384	11,456,897	0
Depreciable Capital Assets, Net	0	26,540,009	0	13,040,783	39,580,792	0
Total Assets	773,039	49,527,371	405,077	14,824,720	65,530,207	593,047
Liabilities:						
Current Liabilities:						
Accounts Payable	130,792	209,281	72,856	7,721	420,650	8,396
Accrued Wages and Benefits	0	55,596	660	7,495	63,751	0
Compensated Absences	0	26,332	0	1,213	27,545	0
Retainage Payable	170,595	110,560	0	0	281,155	0
Accrued Interest Payable	35,424	32,692	0	0	68,116	0
Claims Payable	0	0	0	0	0	47,178
Long-Term Liabilities Due Within One Year	3,000	245,000	0	0	248,000	0
Total Current Liabilities	339,811	679,461	73,516	16,429	1,109,217	55,574
Long-Term Liabilities:						
Compensated Absences	0	52,788	0	1,561	54,349	0
Bonds, Notes & Loans Payable	52,000	6,445,000	0	0	6,497,000	0
Total Liabilities	391,811	7,177,249	73,516	17,990	7,660,566	55,574
Net Assets:						
Invested in Capital Assets, Net of Related Debt	0	30,708,522	0	13,639,167	44,347,689	0
Restricted for:						
Unrestricted	381,228	11,641,600	331,561	1,167,563	13,521,952	537,473
Total Net Assets	\$381,228	\$42,350,122	\$331,561	\$14,806,730	\$57,869,641	\$537,473

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, 2002

	Business-Type Activities -Enterprise Funds					Governmental Activities- Internal Service Fund
	Water	Sewer	Waste Collection	Stormwater Utility	Total Business-Type Activities	
Operating Revenues:						
Charges for Services	\$477,771	\$5,532,399	\$786,572	\$678,199	\$7,474,941	\$1,178,864
Total Operating Revenues	477,771	5,532,399	786,572	678,199	7,474,941	1,178,864
Operating Expenses:						
Personal Services	45,135	754,355	20,777	105,013	925,280	948,725
Contractual Services	233,473	523,045	854,783	142,014	1,753,315	0
Materials and Supplies	69,834	275,716	3,607	18,746	367,903	0
Depreciation	214,932	866,647	0	475,771	1,557,350	0
Other Expenses	284,155	33,782	3,062	3,343	324,342	0
Total Operating Expenses	847,529	2,453,545	882,229	744,887	4,928,190	948,725
Operating Income (Loss)	(369,758)	3,078,854	(95,657)	(66,688)	2,546,751	230,139
Non-Operating Revenues (Expenses):						
Investment Earnings	79,548	333,553	11,714	18	424,833	9
Interest (Expense)	(442,484)	(403,242)	0	0	(845,726)	0
Total Non-Operating Revenues (Expenses)	(362,936)	(69,689)	11,714	18	(420,893)	9
Income (Loss) Before Contributions & Transfers	(732,694)	3,009,165	(83,943)	(66,670)	2,125,858	230,148
Capital Grants and Contributions	2,316,228	1,433,628	0	2,113,509	5,863,365	0
Transfers In	151,894	0	0	525,000	676,894	0
Transfers (Out)	(12,895)	(100,463)	0	0	(113,358)	(2,319)
Special Item	(37,195,088)	0	0	0	(37,195,088)	0
Change in Net Assets	(35,472,555)	4,342,330	(83,943)	2,571,839	(28,642,329)	227,829
Net Assets Beginning of Year	35,853,783	38,007,792	415,504	12,234,891	86,511,970	309,644
Net Assets End of Year	\$381,228	\$42,350,122	\$331,561	\$14,806,730	\$57,869,641	\$537,473

See accompanying notes.

City of Mason
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended December 31, 2002

	Business-Type Activities - Enterprise Funds				Total Business-Type Activities	Governmental Activities- Internal Service Fund
	Water	Sewer	Waste Collection	Stormwater Utility		
Cash Flows from Operating Activities:						
Cash Received from Customers	\$961,604	\$5,676,639	\$860,178	\$737,670	\$8,236,091	\$1,178,864
Cash Payments to Employees	(118,318)	(728,748)	(24,420)	(98,062)	(969,548)	(955,816)
Cash Payments to Suppliers	(953,328)	(695,712)	(856,144)	(156,382)	(2,661,566)	0
Net Cash Provided (Used) by Operating Activities	(110,042)	4,252,179	(20,386)	483,226	4,604,977	223,048
Cash Flows from Noncapital Financing Activities:						
Payments from Other Funds	4,557,094	628,356	0	525,000	5,710,450	0
Payments to Other Funds	(4,421,095)	(728,819)	0	0	(5,149,914)	(2,319)
Net Cash Provided (Used) by Noncapital Financing Activities	135,999	(100,463)	0	525,000	560,536	(2,319)
Cash Flows from Capital and Related Financing Activities:						
Payments for Capital Acquisitions	(1,231,719)	(2,279,133)	0	(595,338)	(4,106,190)	0
Debt Principal Payments	(7,170,000)	(230,000)	0	0	(7,400,000)	0
Debt Interest Payments	(266,820)	(404,228)	0	0	(671,048)	0
Debt Escrow Deposit from GCWW	3,800,000	0	0	0	3,800,000	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,868,539)	(2,913,361)	0	(595,338)	(8,377,238)	0
Cash Flows from Investing Activities:						
Earnings on Investments	174,755	370,515	13,502	300	559,072	174
Net Cash Provided (Used) by Cash Flows from Investing Activities	174,755	370,515	13,502	300	559,072	174
Net Increase (Decrease) in Cash and Cash Equivalents	(4,667,827)	1,608,870	(6,884)	413,188	(2,652,653)	220,903
Cash and Cash Equivalents Beginning of Year	5,434,504	9,923,975	318,222	681,876	16,358,577	367,263
Cash and Cash Equivalents End of Year	766,677	11,532,845	311,338	1,095,064	13,705,924	588,166
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating Income (Loss)	(369,758)	3,078,854	(95,657)	(66,688)	2,546,751	230,139
Adjustments:						
Depreciation	214,932	866,647	0	475,771	1,557,350	0
Changes in Assets & Liabilities:						
(Increase) Decrease in Receivables	483,833	144,240	73,606	59,471	761,150	0
(Increase) Decrease in Inventory	3,021	10,037	0	0	13,058	0
Increase (Decrease) in Payables	(368,887)	126,794	5,308	7,721	(229,064)	(7,091)
Increase (Decrease) in Accrued Liabilities	(73,183)	25,607	(3,643)	6,951	(44,268)	0
Net Cash Provided (Used) by Operating Activities	(\$110,042)	\$4,252,179	(\$20,386)	\$483,226	\$4,604,977	\$223,048

Schedule of Noncash Capital Activities:

During the fiscal year, the Water, Sewer and Stormwater Funds received \$2,316,228, \$1,433,628 and \$2,113,509, respectively, of capital assets contributed.

See accompanying notes.

City of Mason
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2002

	<u>Agency</u>
Assets:	
Restricted Equity in Pooled Cash and Investments	<u>\$19,827</u>
Total Assets	<u>\$19,827</u>
Liabilities:	
Other Liabilities	<u>19,827</u>
Total Liabilities	<u>\$19,827</u>

See accompanying notes.

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City of Mason

Notes to the Basic Financial Statements
For The Year Ended December 31, 2002

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 proprietary funds provided they do not conflict with or contradict GASB pronouncements. The most significant of the City's accounting policies are described below.

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.

Government Center Reserve Capital Projects Fund - This capital projects fund accounts for expenditure of debt proceeds to construct a new Government Center.

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:

Water Fund - The water fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City. On March 1, 2002 the City of Mason transferred the water system to the City of Cincinnati.

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

Waste Collection Fund - This fund accounts for the waste collection operations.

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.

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 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 fixed 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.

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	35-50 years	35-50 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, advances and notes 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.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence.

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 \$929,922 and the bank balance was \$1,616,708. 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	\$38,729,836	\$38,729,836
Money Market(1)	<u>0</u>	<u>1,811,056</u>
	<u>\$38,729,836</u>	<u>\$40,540,892</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 \$1,532,795 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 2002 for real and public utility property taxes represents collections of the 2001 taxes. Property tax payments received during 2002 for tangible personal property (other than public utility property) is for 2002 taxes.

2002 real property taxes are levied after October 1, 2002, on the assessed value as of January 1, 2002, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2002 real property taxes are collected in and intended to finance 2003 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. 2002 public utility property taxes became a lien December 31, 2001, are levied after October 1, 2002, and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after October 1, 2001, on the value as of December 31, 2001. Collections are made in 2002. 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	\$683,142,740
Public Utility	14,667,310
Tangible Personal Property	<u>149,946,460</u>
Total Valuation	<u>\$847,756,510</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)	\$10,500,000 per occurrence
Automobile Liability	\$10,500,000 per occurrence
Public Officials Liability	\$500,000 excess (\$500,000 Aggregate)
	\$10M in excess \$1M (\$10M Aggregate per city)
Boiler and Machinery	\$100,000,000 per occurrence
Property	\$100,000,000 per occurrence
Flood (Property)	\$25,000,000 annual aggregate (excludes Zone A)
	\$500,000 annual aggregate (Zone B and Shaded X)
Earthquake (Property)	\$25,000,000 annual aggregate

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 \$47,178 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>
2001	\$115,167	\$1,025,061	(\$1,077,563)	\$62,665
2002	62,665	933,238	(948,725)	47,178

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	\$8,846,957	\$ 0	\$ 0	\$8,846,957
Construction in Progress	<u>17,328,107</u>	<u>19,579,241</u>	<u>(722,909)</u>	<u>36,184,439</u>
Total Capital Assets, not being depreciated	<u>26,175,064</u>	<u>19,579,241</u>	<u>(722,909)</u>	<u>45,031,396</u>
Capital Assets, being depreciated:				
Buildings and Improvements	7,715,067	7,755	0	7,722,822
Machinery and Equipment	7,000,702	458,254	(126,229)	7,332,727
Infrastructure	<u>4,671,514</u>	<u>7,139,541</u>	<u>0</u>	<u>11,811,055</u>
Total Capital Assets, being depreciated	<u>19,387,283</u>	<u>7,605,550</u>	<u>(126,229)</u>	<u>26,866,604</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(1,017,464)	(214,877)	0	(1,232,341)
Machinery and Equipment	(2,709,857)	(662,270)	76,758	(3,295,369)
Infrastructure	<u>(377,757)</u>	<u>(280,492)</u>	<u>0</u>	<u>(658,249)</u>
Total Accumulated Depreciation	<u>(4,105,078)</u>	<u>(1,157,639)</u>	<u>76,758</u>	<u>(5,185,959)</u>
Total Capital Assets, being depreciated, net	<u>15,282,205</u>	<u>6,447,911</u>	<u>(49,471)</u>	<u>21,680,645</u>
Governmental Activities Capital Assets, net	<u>\$41,457,269</u>	<u>\$26,027,152</u>	<u>(\$772,380)</u>	<u>\$66,712,041</u>
Business-Type Activities				
Capital Assets, not being depreciated:				
Land	\$4,629,969	\$ 0	(\$701,100)	\$3,928,869
Construction in Progress	<u>15,678,315</u>	<u>3,801,641</u>	<u>(11,951,928)</u>	<u>7,528,028</u>
Total Capital Assets, not being depreciated:	<u>20,308,284</u>	<u>3,801,641</u>	<u>(12,653,028)</u>	<u>11,456,897</u>
Capital Assets, being depreciated:				
Buildings and Improvements	30,220,488	0	(12,051,658)	18,168,830
Machinery and Equipment	2,028,195	289,810	(1,663,436)	654,569
Infrastructure	<u>50,453,111</u>	<u>14,100,960</u>	<u>(31,647,806)</u>	<u>32,906,265</u>
Total Capital Assets, being depreciated	<u>82,701,794</u>	<u>14,390,770</u>	<u>(45,362,900)</u>	<u>51,729,664</u>

Less Accumulated Depreciation:				
Buildings and Improvements	(5,342,700)	(659,886)	2,213,152	(3,789,434)
Machinery and Equipment	(1,129,421)	(339,627)	1,002,422	(466,626)
Infrastructure	<u>(12,702,453)</u>	<u>(1,802,993)</u>	<u>6,612,634</u>	<u>(7,892,812)</u>
Total Accumulated Depreciation	<u>(19,174,574)</u>	<u>(2,802,506)</u>	<u>9,828,208</u>	<u>(12,148,872)</u>
Total Capital Assets, being depreciated, net	<u>63,527,220</u>	<u>11,588,264</u>	<u>(35,534,692)</u>	<u>39,580,792</u>
Business-Type Activities Capital Assets, Net	<u>\$83,835,504</u>	<u>\$15,389,905</u>	<u>(\$48,187,720)</u>	<u>\$51,037,689</u>

The City of Mason is applying the transition provisions for General Infrastructure Assets (streets, curbs, sidewalks, bridges and culverts) for the current year-end. The City is reporting the current year additions for General Infrastructure Assets and not including any General Infrastructure Asset Additions before January 1, 2001. The City decided not to use the modified approach for reporting General Infrastructure Assets.

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 66,952
Public Safety	466,285
Leisure Time Activities	157,263
Community Development	2,962
Transportation & Street Repair	<u>464,177</u>
	<u>\$1,157,639</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

- 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

- 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:				
4.65% Land Acquisition Note	\$1,300,000	\$1,150,000	(\$1,300,000)	\$1,150,000
4.65% Heritage Oak Park Note	800,000	0	(800,000)	0
3.30% Road Improvement Note	1,550,000	1,400,000	(1,550,000)	1,400,000
3.30% Road Improvement Note	<u>6,000,000</u>	<u>5,850,000</u>	<u>(6,000,000)</u>	<u>5,850,000</u>
Total General Fund	<u>\$9,650,000</u>	<u>\$8,400,000</u>	<u>(\$9,650,000)</u>	<u>\$8,400,000</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	\$ 65,000	\$ 0	(\$35,000)	\$ 30,000	\$ 30,000
9.00% Real Estate – Library Site	20,000	0	(10,000)	10,000	10,000
4.47% Road Improvement	4,420,000	0	(185,000)	4,235,000	190,000
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	0
6.00% Enterprise Parke TIF	<u>0</u>	<u>680,000</u>	<u>0</u>	<u>680,000</u>	<u>0</u>
Total General Obligation Bonds	<u>6,240,000</u>	<u>680,000</u>	<u>(230,000)</u>	<u>6,690,000</u>	<u>230,000</u>

<u>Special Assessment Bonds</u>					
6.75% Northeast	550,000	0	(55,000)	495,000	55,000
6.76% Snider Road	150,000	0	(15,000)	135,000	15,000
13.50% Bethany Road #1	2,000	0	(2,000)	0	0
11.25% Taft	10,000	0	(10,000)	0	0
9.50% Western Row Road Widening	25,000	0	(10,000)	15,000	15,000
9.75% Bethany Road #2	8,000	0	(4,000)	4,000	4,000
10.75% Mason-Montgomery Road	4,000	0	(1,000)	3,000	1,000
8.75% Waterpark Drive – Beach	140,000	0	(35,000)	105,000	35,000
7.78% Lindemann C.G.	12,000	0	(1,000)	11,000	2,000
7.38% Route 741	<u>220,000</u>	<u>0</u>	<u>(25,000)</u>	<u>195,000</u>	<u>20,000</u>
Total Special Assessment Bonds	<u>1,121,000</u>	<u>0</u>	<u>(158,000)</u>	<u>963,000</u>	<u>147,000</u>
Capital Leases	24,978,811	0	(864,488)	24,114,323	860,162
Compensated Absences	<u>531,494</u>	<u>57,052</u>	<u>0</u>	<u>588,546</u>	<u>217,323</u>
Total Governmental Activities	<u>\$32,871,305</u>	<u>\$737,052</u>	<u>(\$1,252,488)</u>	<u>\$32,355,869</u>	<u>\$1,454,485</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>\$58,000</u>	<u>\$ 0</u>	<u>(\$3,000)</u>	<u>\$55,000</u>	<u>\$3,000</u>
<u>Mortgage Revenue Bonds</u>					
6.75% Water Mortgage Revenue	2,300,000	0	(2,300,000)	0	0
5.80% Water Mortgage Revenue	4,870,000	0	(4,870,000)	0	0
5.85% Sewer Mortgage Revenue	<u>6,920,000</u>	<u>0</u>	<u>(230,000)</u>	<u>6,690,000</u>	<u>245,000</u>
Total Mortgage Revenue Bonds	<u>14,090,000</u>	<u>0</u>	<u>(7,400,000)</u>	<u>6,690,000</u>	<u>245,000</u>
Compensated Absences	<u>107,169</u>	<u>0</u>	<u>(25,275)</u>	<u>81,894</u>	<u>27,545</u>
Total Business-Type Activities	<u>\$14,255,169</u>	<u>\$ 0</u>	<u>(\$7,428,275)</u>	<u>\$6,826,894</u>	<u>\$275,545</u>

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 Obligation Bonds</u>		<u>Special Assessment Bonds</u>		<u>Mortgage Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
December 31						
2003	\$230,000	\$318,555	\$150,000	\$72,568	\$245,000	\$392,295
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
2008-2012	2,035,000	1,139,129	383,000	67,585	1,780,000	1,397,215
2013-2017	2,725,000	575,848	13,000	1,200	2,390,000	796,200
2018-2019	<u>620,000</u>	<u>36,648</u>	<u>0</u>	<u>0</u>	<u>1,165,000</u>	<u>105,900</u>
Total	<u>\$6,690,000</u>	<u>\$3,238,688</u>	<u>\$1,018,000</u>	<u>\$328,519</u>	<u>\$6,690,000</u>	<u>\$4,122,705</u>

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 December 31</u>	
2003	\$1,972,942
2004	1,904,201
2005	1,829,042
2006	1,668,848
2007	1,669,660
Thereafter	<u>31,730,944</u>
Total minimum lease payments	40,775,637
Less: Amount representing interest	<u>(16,661,314)</u>
Present value of minimum lease payments	<u>\$24,114,323</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. DEFINED BENEFIT 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.

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, 2002, 2001 and 2000 were \$604,764, \$444,840, and \$400,802, respectively. The full amount has been contributed for 2001 and 2000 and 71 percent has been contributed for 2002.

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, 2002, 2001 and 2000 were \$452,418, \$453,273 and \$377,278, respectively. The full amount has been contributed for 2001 and 2000 and 69 percent has been contributed for 2002.

12. POSTEMPLOYMENT 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, 2001, 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.

The number of active contributing participants was 402,041. The City's actual contributions for the current year, which were used to fund postemployment benefits were \$223,160. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 2001, (the latest information available) were \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$16.4 billion and \$4.8 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 \$137,574 for police and \$34,314 for fire. The OP&F's total health care expenses for the year ended December 31, 2001, (the latest information available) were \$122,298,771, which was net of member contributions of \$6,874,699. The number of OP&F participants eligible to receive health care benefits as of December 31, 2001, was 13,174 for police and 10,239 for firefighters.

13. CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Industrial Revenue Bonds 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, 2002, 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.

The City has also issued Revenue Bonds 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, 2002, 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
Bicycle/Pedestrian-Mason Plan	\$306,357
Butler Warren/Bethany Watermain	960
Fairway Drive Flood Study	28,370
First Ave/S Forest Storm Sewer	45,641
Heritage Oak Park Expansion	31,252
Mason Montg. Rd. Widen-North	347,812
Mason Municipal Center	3,258,602
Mason Road Water Tower	364,139
North East Street Storm Sewer	35,924
North West Sewer & Lift Station	77,522
Storm Water Utility	14,888
Storm Water Utility-David Runn Flood Study	16,720
Storm Water Utility-Pine Hill Dam Flood Study	61,666
Street Maintenance Program	91,413
Third Avenue Storm Sewer	95,603
Traffic Signal-Lenscrafters	102,942
Tylersville Extension/Widening	285,300
US 42 Trunk Sewer-North	11,054
US 42 Trunk Sewer-South	307,135
Utility Management System	6,426
Water Reclamation Plant Improvement	955,815
Water Treatment Plant Phase II	131,798
Western Row & Snider Intersection Improvments	66,312
Western Row & US 42 Intersection Redesign	<u>1,759</u>
Total	<u>\$6,645,410</u>

15. DEFEASANCE OF DEBT

As part of the Water Service Agreement between the City of Cincinnati and the City of Mason, the City of Mason defeased its 1991 and 1993 Mortgage Revenue bonds on March 1, 2002. The total amount defeased was \$7,170,000. No new debt was issued. The City of Mason deposited \$3,370,000 in an escrow fund held by U.S. Bank while the City of Cincinnati deposited \$3,800,000 respectively.

16. SPECIAL ITEM

The City satisfied the long-term needs for a plentiful supply of water at a reasonable cost by transferring the City's water system to Greater Cincinnati Water Works (GCWW). The transfer of operations was completed March 1, 2002.

As a result, the City of Mason only recorded two months worth of revenue and expenses in the Water fund. Since the City is effectively out of the water utility business and the capital assets of the water utility are no longer producing revenue, they have been written off. The loss on disposal of capital assets of \$37,195,088 was recorded as a special item.

17. COMPLIANCE AND ACCOUNTABILITY

At December 31, 2002, the City had a deficit (original budget) fund balance on the budgetary basis in the following funds: State Highway Improvement Fund and Government Center Reserve Fund.

At December 31, 2002, the City had a deficit (final budget) fund balance on the budgetary basis in the following funds: Warren County Motor Vehicle License Tax Fund, Mason Enterprise Parke TIF Fund, Government Center Fund and Government Center Reserve Fund.

At December 31, 2002, expenditures plus outstanding encumbrances exceeded appropriations at the legal level of control in the following funds: General Fund, General Government and Public Safety; and Fire and Emergency Medical Services Fund, Public Safety.

**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, 2002

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$11,776,906	\$12,931,870	\$15,208,408	\$2,276,538
Fines, Licenses & Permits	880,341	891,475	1,040,134	148,659
Intergovernmental	1,077,187	1,623,242	1,871,012	247,770
Charges for Services	220,000	236,477	236,478	1
Investment Earnings	150,000	388,320	415,549	27,229
Other Revenues	292,394	632,915	655,262	22,347
Total Revenues	14,396,828	16,704,299	19,426,843	2,722,544
Expenditures:				
Current:				
General Government	4,273,884	7,725,771	8,067,251	(341,480)
Public Safety	2,806,527	3,018,981	3,112,257	(93,276)
Leisure Time Activities	2,208,235	3,200,082	3,116,309	83,773
Community Development	940,828	1,160,218	997,560	162,658
Basic Utility Service	0	84,049	78,254	5,795
Transportation & Street Repair	3,227,938	2,674,821	2,417,103	257,718
Debt Service:				
Principal Retirement	9,650,000	11,650,000	11,650,000	0
Interest and Fiscal Charges	337,000	429,019	376,124	52,895
Total Expenditures	23,444,412	29,942,941	29,814,858	128,083
Excess of Revenues Over (Under) Expenditures	(9,047,584)	(13,238,642)	(10,388,015)	2,850,627
Other financing sources (uses):				
Debt Proceeds	10,250,000	8,431,537	8,431,538	1
Transfers In	0	3,012,670	3,012,671	1
Transfers (Out)	(525,000)	(3,987,974)	(3,987,973)	1
Total Other Financing Sources (Uses)	9,725,000	7,456,233	7,456,236	3
Net Change in Fund Balance	677,416	(5,782,409)	(2,931,779)	2,850,630
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	6,720,236	6,720,236	6,720,236	0
Fund Balance End of Year	\$7,397,652	\$937,827	\$3,788,457	\$2,850,630

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, 2002

	Fire and Emergency Medical Service Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$1,250,000	\$1,465,997	\$3,265,998	\$1,800,001
Intergovernmental	0	30,247	30,248	1
Charges for Services	0	338,781	338,781	0
Investment Earnings	0	25,804	32,321	6,517
Other Revenues	0	14,697	14,697	0
Total Revenues	1,250,000	1,875,526	3,682,045	1,806,519
Expenditures:				
Current:				
Public Safety	689,210	989,211	2,616,195	(1,626,984)
Total Expenditures	689,210	989,211	2,616,195	(1,626,984)
Excess of Revenues Over (Under) Expenditures	560,790	886,315	1,065,850	179,535
Other financing sources (uses):				
Transfers In	0	1,800,000	1,800,000	0
Transfers (Out)	0	(1,958,599)	(1,958,599)	0
Total Other Financing Sources (Uses)	0	(158,599)	(158,599)	0
Net Change in Fund Balance	560,790	727,716	907,251	179,535
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,135,009	1,135,009	1,135,009	0
Fund Balance End of Year	\$1,695,799	\$1,862,725	\$2,042,260	\$179,535

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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	(\$2,451,715)	\$894,799
Net Adjustment for Revenue Accruals	10,879,031	3,377
Net Adjustment for Expenditure Accruals	(3,749,897)	131,628
Encumbrances	<u>(7,609,198)</u>	<u>(122,553)</u>
Budget Basis	<u>(\$2,931,779)</u>	<u>\$907,251</u>

**COMBINING STATEMENTS
AND INDIVIDUAL
FUND SCHEDULES**

City of Mason
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2002

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$3,931,488	\$304,545	\$3,141,594	\$7,377,627
Restricted Cash and Investments	0	0	582,069	582,069
Receivables:				
Taxes	0	468,960	0	468,960
Accounts	25,452	0	0	25,452
Interest	26,969	2,500	26,876	56,345
Intergovernmental	1,128,169	0	0	1,128,169
Loans	2,914	0	0	2,914
Special Assessments	0	1,734,305	0	1,734,305
Inventory	31,640	0	0	31,640
Total Assets	5,146,632	2,510,310	3,750,539	11,407,481
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	35,154	0	24,417	59,571
Accrued Wages and Benefits	11,540	0	0	11,540
Compensated Absences	295	0	0	295
Retainage Payable	36,923	0	27,424	64,347
Deferred Revenue	1,010,803	2,204,529	13,460	3,228,792
Total Liabilities	1,094,715	2,204,529	65,301	3,364,545
Fund Balances:				
Reserved for Encumbrances	249,936	0	2,221,297	2,471,233
Reserved for Inventory	31,640	0	0	31,640
Reserved for Debt Service	0	310	0	310
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	3,770,341	0	0	3,770,341
Debt Service Funds	0	305,471	0	305,471
Capital Projects Funds	0	0	1,463,941	1,463,941
Total Fund Balances	4,051,917	305,781	3,685,238	8,042,936
Total Liabilities and Fund Balances	\$5,146,632	\$2,510,310	\$3,750,539	\$11,407,481

City of Mason
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended December 31, 2002

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$0	\$496,642	\$180,480	\$677,122
Fines, Licenses & Permits	322,199	0	0	322,199
Charges for Services	256,912	0	0	256,912
Investment Earnings	117,028	2,424	139,012	258,464
Intergovernmental	896,697	0	34,049	930,746
Special Assessments	0	201,511	0	201,511
Other Revenues	9,324	0	0	9,324
Total Revenues	1,602,160	700,577	353,541	2,656,278
Expenditures:				
Current:				
General Government	409,875	0	1,354,874	1,764,749
Public Safety	91,398	0	0	91,398
Transportation & Street Repair	974,416	0	2,530,473	3,504,889
Debt Service:				
Principal Retirement	0	388,000	0	388,000
Interest and Fiscal Charges	0	283,854	189,525	473,379
Total Expenditures	1,475,689	671,854	4,074,872	6,222,415
Excess of Revenues Over (Under) Expenditures	126,471	28,723	(3,721,331)	(3,566,137)
Other Financing Sources (Uses):				
Proceeds of Long-Term Capital-Related Debt	0	0	680,000	680,000
Transfers In	0	0	7,799,150	7,799,150
Transfers (Out)	(924,268)	(3,000)	(1,821,898)	(2,749,166)
Total Other Financing Sources (Uses)	(924,268)	(3,000)	6,657,252	5,729,984
Net Change in Fund Balance	(797,797)	25,723	2,935,921	2,163,847
Fund Balance Beginning of Year	4,838,062	280,058	749,317	5,867,437
Change in Reserve for Inventory	11,652	0	0	11,652
Fund Balance End of Year	\$4,051,917	\$305,781	\$3,685,238	\$8,042,936

City of Mason
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2002

	Street Construction, Maintenance and Repair	State Highway Improvement	Warren County Motor Vehicle License Tax	Street Improvement	Federal Grant
Assets:					
Equity in Pooled Cash and Investments	\$1,554,515	\$325,386	\$0	\$603,328	\$87,963
Receivables:					
Taxes	0	0	0	0	0
Accounts	0	0	0	0	0
Interest	12,900	2,700	0	5,007	0
Intergovernmental	354,449	28,730	0	0	744,990
Loans	0	0	0	0	0
Inventory	31,640	0	0	0	0
Total Assets	1,953,504	356,816	0	608,335	832,953
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	5,942	0	0	0	0
Accrued Wages and Benefits	4,044	0	0	0	0
Compensated Absences	138	0	0	0	0
Retainage Payable	36,923	0	0	0	0
Deferred Revenue	237,098	20,054	0	2,531	744,990
Total Liabilities	284,145	20,054	0	2,531	744,990
Fund Balances:					
Reserved for Encumbrances	122,672	0	0	0	0
Reserved for Inventory	31,640	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	1,515,047	336,762	0	605,804	87,963
Total Fund Balances	1,669,359	336,762	0	605,804	87,963
Total Liabilities and Fund Balances	\$1,953,504	\$356,816	\$0	\$608,335	\$832,953

D.A.R.E. Grant	Step Grant	Downtown Development/Loan	Indiana and Ohio Railroad	Parks and Recreation	Bicycle and Pedestrian Way	Police K-9
\$54,300	\$0	\$78,294	\$252,141	\$78,570	\$5,291	\$466
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	2,101	0	0	0
0	0	0	0	0	0	0
0	0	2,914	0	0	0	0
0	0	0	0	0	0	0
<u>54,300</u>	<u>0</u>	<u>81,208</u>	<u>254,242</u>	<u>78,570</u>	<u>5,291</u>	<u>466</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	0	0	0
0	0	2,914	1,062	0	0	0
<u>0</u>	<u>0</u>	<u>2,914</u>	<u>1,062</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	19,611	0	5,291	0
0	0	0	0	0	0	0
<u>54,300</u>	<u>0</u>	<u>78,294</u>	<u>233,569</u>	<u>78,570</u>	<u>0</u>	<u>466</u>
<u>54,300</u>	<u>0</u>	<u>78,294</u>	<u>253,180</u>	<u>78,570</u>	<u>5,291</u>	<u>466</u>
<u>\$54,300</u>	<u>\$0</u>	<u>\$81,208</u>	<u>\$254,242</u>	<u>\$78,570</u>	<u>\$5,291</u>	<u>\$466</u>

Continued

City of Mason
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2002

	Police Crime Prevention	Drug Law Enforcement	Law Enforcement and Education	Indigent Driver	Municipal Court Computer Costs
Assets:					
Equity in Pooled Cash and Investments	\$869	\$36,513	\$14,938	\$109,934	\$164,787
Receivables:					
Taxes	0	0	0	0	0
Accounts	0	15	135	350	5,874
Interest	0	0	0	0	1,373
Intergovernmental	0	0	0	0	0
Loans	0	0	0	0	0
Inventory	0	0	0	0	0
Total Assets	869	36,528	15,073	110,284	172,034
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	0	0	0	0	2,149
Accrued Wages and Benefits	0	0	0	0	0
Compensated Absences	0	0	0	0	0
Retainage Payable	0	0	0	0	0
Deferred Revenue	0	0	0	0	694
Total Liabilities	0	0	0	0	2,843
Fund Balances:					
Reserved for Encumbrances	0	0	0	0	4,231
Reserved for Inventory	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	869	36,528	15,073	110,284	164,960
Total Fund Balances	869	36,528	15,073	110,284	169,191
Total Liabilities and Fund Balances	\$869	\$36,528	\$15,073	\$110,284	\$172,034

Municipal Court Computer Education	Municipal Court Improvement	Vehicle Immobilization Fee	Municipal Court Probation Services	Subdivision Inspection	Total Nonmajor Special Revenue Funds
\$59,450	\$86,709	\$6,015	\$63,956	\$348,063	\$3,931,488
0	0	0	0	0	0
1,887	4,857	70	5,729	6,535	25,452
0	0	0	0	2,888	26,969
0	0	0	0	0	1,128,169
0	0	0	0	0	2,914
0	0	0	0	0	31,640
<u>61,337</u>	<u>91,566</u>	<u>6,085</u>	<u>69,685</u>	<u>357,486</u>	<u>5,146,632</u>
20,952	2,204	0	0	3,907	35,154
0	0	0	0	7,496	11,540
0	0	0	0	157	295
0	0	0	0	0	36,923
0	0	0	0	1,460	1,010,803
<u>20,952</u>	<u>2,204</u>	<u>0</u>	<u>0</u>	<u>13,020</u>	<u>1,094,715</u>
2,200	27,458	0	442	68,031	249,936
0	0	0	0	0	31,640
<u>38,185</u>	<u>61,904</u>	<u>6,085</u>	<u>69,243</u>	<u>276,435</u>	<u>3,770,341</u>
<u>40,385</u>	<u>89,362</u>	<u>6,085</u>	<u>69,685</u>	<u>344,466</u>	<u>4,051,917</u>
<u>\$61,337</u>	<u>\$91,566</u>	<u>\$6,085</u>	<u>\$69,685</u>	<u>\$357,486</u>	<u>\$5,146,632</u>

City of Mason
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 Nonmajor Special Revenue Funds
 For the Fiscal Year Ended December 31, 2002

	Street Construction, Maintenance and Repair	State Highway Improvement	Warren County Motor Vehicle License Tax	Street Improvement	Federal Grant
Revenues:					
Fines, Licenses & Permits	\$0	\$0	\$0	\$78,791	\$0
Charges for Services	0	0	0	0	0
Investment Earnings	60,878	11,079	0	20,849	0
Intergovernmental	745,125	60,413	0	0	66,786
Other Revenues	0	0	0	0	0
Total Revenues	806,003	71,492	0	99,640	66,786
Expenditures:					
Current:					
General Government	0	0	0	0	0
Public Safety	0	0	0	0	90,898
Transportation & Street Repair	960,365	0	5,215	2,447	0
Total Expenditures	960,365	0	5,215	2,447	90,898
Excess of Revenues Over (Under) Expenditures	(154,362)	71,492	(5,215)	97,193	(24,112)
Other Financing Sources (Uses):					
Transfers (Out)	(7,000)	0	(291,929)	0	0
Total Other Financing Sources (Uses)	(7,000)	0	(291,929)	0	0
Net Change in Fund Balance	(161,362)	71,492	(297,144)	97,193	(24,112)
Fund Balance Beginning of Year	1,819,069	265,270	297,144	508,611	112,075
Change in Reserve for Inventory	11,652	0	0	0	0
Fund Balance End of Year	\$1,669,359	\$336,762	\$0	\$605,804	\$87,963

D.A.R.E. Grant	Step Grant	Downtown Development/Loan	Indiana and Ohio Railroad	Parks and Recreation	Bicycle and Pedestrian Way	Police K-9
\$0	\$0	\$0	\$0	\$0	\$5,291	\$0
0	0	0	0	164,200	0	0
0	0	1,369	7,492	11,882	0	0
24,373	0	0	0	0	0	0
0	0	1,328	0	0	0	0
<u>24,373</u>	<u>0</u>	<u>2,697</u>	<u>7,492</u>	<u>176,082</u>	<u>5,291</u>	<u>0</u>
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	6,389	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>6,389</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>24,373</u>	<u>0</u>	<u>2,697</u>	<u>1,103</u>	<u>176,082</u>	<u>5,291</u>	<u>0</u>
0	(8,144)	0	(53,000)	(550,000)	0	0
0	(8,144)	0	(53,000)	(550,000)	0	0
24,373	(8,144)	2,697	(51,897)	(373,918)	5,291	0
29,927	8,144	75,597	305,077	452,488	0	466
0	0	0	0	0	0	0
<u>\$54,300</u>	<u>\$0</u>	<u>\$78,294</u>	<u>\$253,180</u>	<u>\$78,570</u>	<u>\$5,291</u>	<u>\$466</u>

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, 2002

	Police Crime Prevention	Drug Law Enforcement	Law Enforcement and Education	Indigent Driver	Municipal Court Computer Costs
Revenues:					
Fines, Licenses & Permits	\$850	\$1,674	\$2,068	\$13,887	\$71,484
Charges for Services	0	0	0	0	0
Investment Earnings	0	0	0	0	679
Intergovernmental	0	0	0	0	0
Other Revenues	0	1,461	0	0	0
Total Revenues	850	3,135	2,068	13,887	72,163
Expenditures:					
Current:					
General Government	0	0	0	2,086	135,391
Public Safety	500	0	0	0	0
Transportation & Street Repair	0	0	0	0	0
Total Expenditures	500	0	0	2,086	135,391
Excess of Revenues Over (Under) Expenditures	350	3,135	2,068	11,801	(63,228)
Other Financing Sources (Uses):					
Transfers (Out)	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balance	350	3,135	2,068	11,801	(63,228)
Fund Balance Beginning of Year	519	33,393	13,005	98,483	232,419
Change in Reserve for Inventory	0	0	0	0	0
Fund Balance End of Year	\$869	\$36,528	\$15,073	\$110,284	\$169,191

Municipal Court Computer Education	Municipal Court Improvement	Vehicle Immobilization Fee	Municipal Court Probation Services	Subdivision Inspection	Total Nonmajor Special Revenue Funds
\$21,873	\$54,404	\$605	\$71,272	50	\$322,199
0	0	0	0	92,712	256,912
0	0	0	0	2,800	117,028
0	0	0	0	0	896,697
0	0	0	0	6,535	9,324
<u>21,873</u>	<u>54,404</u>	<u>605</u>	<u>71,272</u>	<u>102,047</u>	<u>1,602,160</u>
75,252	30,956	0	1,587	164,603	409,875
0	0	0	0	0	91,398
0	0	0	0	0	974,416
<u>75,252</u>	<u>30,956</u>	<u>0</u>	<u>1,587</u>	<u>164,603</u>	<u>1,475,689</u>
<u>(53,379)</u>	<u>23,448</u>	<u>605</u>	<u>69,685</u>	<u>(62,556)</u>	<u>126,471</u>
0	0	0	0	(14,195)	(924,268)
0	0	0	0	(14,195)	(924,268)
<u>(53,379)</u>	<u>23,448</u>	<u>605</u>	<u>69,685</u>	<u>(76,751)</u>	<u>(797,797)</u>
93,764	65,914	5,480	0	421,217	4,838,062
0	0	0	0	0	11,652
<u>\$40,385</u>	<u>\$89,362</u>	<u>\$6,085</u>	<u>\$69,685</u>	<u>\$344,466</u>	<u>\$4,051,917</u>

City of Mason
 Combining Balance Sheet
 Nonmajor Debt Service Funds
 December 31, 2002

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Assets:			
Equity in Pooled Cash and Investments	\$301,287	\$3,258	\$304,545
Receivables:			
Taxes	468,960	0	468,960
Interest	2,500	0	2,500
Special Assessments	0	1,734,305	1,734,305
Total Assets	772,747	1,737,563	2,510,310
Liabilities and Fund Balances:			
Liabilities:			
Deferred Revenue	470,224	1,734,305	2,204,529
Total Liabilities	470,224	1,734,305	2,204,529
Fund Balances:			
Reserved for Debt Service	0	310	310
Unreserved, Undesignated, Reported in: Debt Service Funds	302,523	2,948	305,471
Total Fund Balances	302,523	3,258	305,781
Total Liabilities and Fund Balances	\$772,747	\$1,737,563	\$2,510,310

City of Mason
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Fiscal Year Ended December 31, 2002

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Revenues:			
Taxes	\$496,642	\$0	\$496,642
Investment Earnings	2,424	0	2,424
Special Assessments	0	201,511	201,511
Total Revenues	499,066	201,511	700,577
Expenditures:			
Debt Service:			
Principal Retirement	230,000	158,000	388,000
Interest and Fiscal Charges	197,015	86,839	283,854
Total Expenditures	427,015	244,839	671,854
Excess of Revenues Over (Under) Expenditures	72,051	(43,328)	28,723
Other Financing Sources (Uses):			
Transfers (Out)	0	(3,000)	(3,000)
Total Other Financing Sources (Uses)	0	(3,000)	(3,000)
Net Change in Fund Balance	72,051	(46,328)	25,723
Fund Balance Beginning of Year	230,472	49,586	280,058
Fund Balance End of Year	\$302,523	\$3,258	\$305,781

City of Mason
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2002

	Tax Increment Financing	Central Parke TIF	Mason Enterprise Parke TIF	Tylersville Road Project	Mason-Montgomery Road Improvement
Assets:					
Equity in Pooled Cash and Investments	\$71,428	\$0	\$0	\$857,152	\$562,261
Restricted Cash and Investments	0	506,804	75,265	0	0
Interest	0	1,299	101	7,113	4,665
Total Assets	71,428	508,103	75,366	864,265	566,926
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	0	359	0	0	0
Retainage Payable	0	0	0	0	0
Deferred Revenue	0	583	0	3,595	2,358
Total Liabilities	0	942	0	3,595	2,358
Fund Balances:					
Reserved for Encumbrances	0	188,097	0	287,656	139,958
Unreserved, Undesignated, Reported in: Capital Projects Funds	71,428	319,064	75,366	573,014	424,610
Total Fund Balances	71,428	507,161	75,366	860,670	564,568
Total Liabilities and Fund Balances	\$71,428	\$508,103	\$75,366	\$864,265	\$566,926

I & O Bridge/ Mason-Montgomery Road Widening	Government Center	Total Nonmajor Capital Projects Funds
\$1	\$1,650,752	\$3,141,594
0	0	582,069
0	13,698	26,876
1	1,664,450	3,750,539
0	24,058	24,417
0	27,424	27,424
0	6,924	13,460
0	58,406	65,301
0	1,605,586	2,221,297
1	458	1,463,941
1	1,606,044	3,685,238
\$1	\$1,664,450	\$3,750,539

City of Mason
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Fiscal Year Ended December 31, 2002

	Tax Increment Financing	Central Parke TIF	Mason Enterprise Parke TIF	Tylersville Road Project	Mason-Montgomery Road Improvement
Revenues:					
Taxes	\$56,801	\$123,679	\$0	\$0	\$0
Investment Earnings	0	4,212	1,795	6,898	38,290
Intergovernmental	0	0	0	0	34,049
Total Revenues	56,801	127,891	1,795	6,898	72,339
Expenditures:					
Current:					
General Government	0	0	0	0	0
Transportation & Street Repair	750	3,437	570,616	696,745	1,258,925
Debt Service:					
Interest and Fiscal Charges	31,800	20,868	35,813	20,744	80,300
Total Expenditures	32,550	24,305	606,429	717,489	1,339,225
Excess of Revenues Over (Under) Expenditures	24,251	103,586	(604,634)	(710,591)	(1,266,886)
Other Financing Sources (Uses):					
Proceeds of Long-Term Capital-Related Debt	0	0	680,000	0	0
Transfers In	0	0	0	1,601,150	6,198,000
Transfers (Out)	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	680,000	1,601,150	6,198,000
Net Change in Fund Balance	24,251	103,586	75,366	890,559	4,931,114
Fund Balance Beginning of Year	47,177	403,575	0	(29,889)	(4,366,546)
Fund Balance End of Year	\$71,428	\$507,161	\$75,366	\$860,670	\$564,568

I & O Bridge/ Mason-Montgomery Road Widening	Government Center	Total Nonmajor Capital Projects Funds
\$0	\$0	\$180,480
1,783	86,034	139,012
0	0	34,049
<u>1,783</u>	<u>86,034</u>	<u>353,541</u>
0	1,354,874	1,354,874
0	0	2,530,473
0	0	189,525
<u>0</u>	<u>1,354,874</u>	<u>4,074,872</u>
<u>1,783</u>	<u>(1,268,840)</u>	<u>(3,721,331)</u>
0	0	680,000
0	0	7,799,150
<u>(150,100)</u>	<u>(1,671,798)</u>	<u>(1,821,898)</u>
<u>(150,100)</u>	<u>(1,671,798)</u>	<u>6,657,252</u>
<u>(148,317)</u>	<u>(2,940,638)</u>	<u>2,935,921</u>
<u>148,318</u>	<u>4,546,682</u>	<u>749,317</u>
<u>\$1</u>	<u>\$1,606,044</u>	<u>\$3,685,238</u>

City of Mason
Statement of Changes In Assets and Liabilities
Agency Fund
For the Fiscal Year Ended December 31, 2002

	Beginning Balance	Dissolved Joint Fire District		Ending Balance
		Additions	Deductions	
Assets:				
Restricted Cash and Investments	\$224,551	\$0	\$204,724	\$19,827
Receivables:				
Interest	3,085	0	3,085	0
Total Assets	<u>227,636</u>	<u>0</u>	<u>207,809</u>	<u>19,827</u>
Liabilities:				
Other Liabilities	227,636	0	207,809	19,827
Total Liabilities	<u>\$227,636</u>	<u>\$0</u>	<u>\$207,809</u>	<u>\$19,827</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, 2002

	Street Construction, Maintenance and Repair Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$75,000	\$704,882	\$704,884	\$2
Investment Earnings	0	60,897	78,597	17,700
Total Revenues	75,000	765,779	783,481	17,702
Expenditures:				
Current:				
Transportation & Street Repair	972,197	1,232,399	1,048,977	183,422
Total Expenditures	972,197	1,232,399	1,048,977	183,422
Excess of Revenues Over (Under) Expenditures	(897,197)	(466,620)	(265,496)	201,124
Other financing sources (uses):				
Transfers (Out)	0	(7,000)	(7,000)	0
Total Other Financing Sources (Uses)	0	(7,000)	(7,000)	0
Net Change in Fund Balance	(897,197)	(473,620)	(272,496)	201,124
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,692,269	1,692,269	1,692,269	0
Fund Balance End of Year	\$795,072	\$1,218,649	\$1,419,773	\$201,124

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, 2002

	State Highway Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$45,000	\$57,152	\$57,153	\$1
Investment Earnings	0	11,082	12,997	1,915
Total Revenues	45,000	68,234	70,150	1,916
Expenditures:				
Capital Outlay	300,000	300,000	0	300,000
Total Expenditures	300,000	300,000	0	300,000
Net Change in Fund Balance	(255,000)	(231,766)	70,150	301,916
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	253,955	253,955	253,955	0
Fund Balance End of Year	(\$1,045)	\$22,189	\$324,105	\$301,916

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, 2002

	Warren County Motor Vehicle License Tax 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	0	13,929	0	13,929
Total Expenditures	0	13,929	0	13,929
Excess of Revenues Over (Under) Expenditures	0	(13,929)	0	13,929
Other financing sources (uses):				
Transfers (Out)	0	(291,929)	(291,929)	0
Total Other Financing Sources (Uses)	0	(291,929)	(291,929)	0
Net Change in Fund Balance	0	(305,858)	(291,929)	13,929
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	291,929	291,929	291,929	0
Fund Balance End of Year	\$291,929	(\$13,929)	\$0	\$13,929

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, 2002

	Street Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$150,000	\$78,791	\$78,791	\$0
Investment Earnings	0	23,066	24,920	1,854
Total Revenues	150,000	101,857	103,711	1,854
Expenditures:				
Current:				
Transportation & Street Repair	450,000	455,365	2,447	452,918
Total Expenditures	450,000	455,365	2,447	452,918
Net Change in Fund Balance	(300,000)	(353,508)	101,264	454,772
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	499,684	499,684	499,684	0
Fund Balance End of Year	\$199,684	\$146,176	\$600,948	\$454,772

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, 2002

	Federal Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$125,000	\$175,659	\$175,659	\$0
Total Revenues	125,000	175,659	175,659	0
Expenditures:				
Current:				
Public Safety	125,000	125,000	99,498	25,502
Total Expenditures	125,000	125,000	99,498	25,502
Net Change in Fund Balance	0	50,659	76,161	25,502
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	11,801	11,801	11,801	0
Fund Balance End of Year	\$11,801	\$62,460	\$87,962	\$25,502

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, 2002

	D.A.R.E. Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$10,000	\$24,373	\$24,373	\$0
Total Revenues	10,000	24,373	24,373	0
Expenditures:				
Current:				
Public Safety	12,000	12,000	0	12,000
Total Expenditures	12,000	12,000	0	12,000
Net Change in Fund Balance	(2,000)	12,373	24,373	12,000
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	29,926	29,926	29,926	0
Fund Balance End of Year	\$27,926	\$42,299	\$54,299	\$12,000

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, 2002

	Step Grant 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	0	0	0
Total Expenditures	0	0	0	0
Excess of Revenues Over (Under) Expenditures	0	0	0	0
Other financing sources (uses):				
Transfers (Out)	0	(8,145)	(8,145)	0
Total Other Financing Sources (Uses)	0	(8,145)	(8,145)	0
Net Change in Fund Balance	0	(8,145)	(8,145)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	8,145	8,145	8,145	0
Fund Balance End of Year	\$8,145	\$0	\$0	\$0

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, 2002

	Downtown Development/Loan Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	50	\$1,978	\$2,137	\$159
Other Revenues	10,802	1,328	1,328	0
Total Revenues	10,802	3,306	3,465	159
Expenditures:				
Current:				
Community Development	70,000	70,000	0	70,000
Total Expenditures	70,000	70,000	0	70,000
Net Change in Fund Balance	(59,198)	(66,694)	3,465	70,159
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	74,828	74,828	74,828	0
Fund Balance End of Year	\$15,630	\$8,134	\$78,293	\$70,159

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, 2002

	Indiana and Ohio Railroad Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$11,196	\$11,806	\$610
Total Revenues	0	11,196	11,806	610
Expenditures:				
Current:				
Transportation & Street Repair	295,000	242,153	26,000	216,153
Total Expenditures	295,000	242,153	26,000	216,153
Excess of Revenues Over (Under) Expenditures	(295,000)	(230,957)	(14,194)	216,763
Other financing sources (uses):				
Transfers (Out)	0	(53,000)	(53,000)	0
Total Other Financing Sources (Uses)	0	(53,000)	(53,000)	0
Net Change in Fund Balance	(295,000)	(283,957)	(67,194)	216,763
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	299,725	299,725	299,725	0
Fund Balance End of Year	\$4,725	\$15,768	\$232,531	\$216,763

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, 2002

	Parks and Recreation Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Charges for Services	\$140,000	\$164,200	\$164,200	\$0
Investment Earnings	10,000	18,933	19,823	890
Total Revenues	150,000	183,133	184,023	890
Expenditures:				
Debt Service:				
Principal Retirement	400,000	550,000	550,000	0
Total Expenditures	400,000	550,000	550,000	0
Net Change in Fund Balance	(250,000)	(366,867)	(365,977)	890
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	444,547	444,547	444,547	0
Fund Balance End of Year	\$194,547	\$77,680	\$78,570	\$890

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, 2002

	Bicycle and Pedestrian Way Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$0	\$5,291	\$5,291	\$0
Total Revenues	0	5,291	5,291	0
Expenditures:				
Current:				
General Government	0	5,291	5,291	0
Total Expenditures	0	5,291	5,291	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	\$0	\$0	\$0	\$0

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, 2002

	Police K-9 Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Public Safety	467	467	0	467
Total Expenditures	467	467	0	467
Net Change in Fund Balance	(467)	(467)	0	467
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	467	467	467	0
Fund Balance End of Year	\$0	\$0	\$467	\$467

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, 2002

	Police Crime Prevention Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$0	\$850	\$850	\$0
Total Revenues	0	850	850	0
Expenditures:				
Current:				
Public Safety	0	500	500	0
Total Expenditures	0	500	500	0
Net Change in Fund Balance	0	350	350	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	520	520	520	0
Fund Balance End of Year	\$520	\$870	\$870	\$0

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, 2002

	Drug Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$1,500	\$1,659	\$1,659	\$0
Other Revenues	0	1,411	1,461	50
Total Revenues	1,500	3,070	3,120	50
Expenditures:				
Current:				
Public Safety	30,000	30,000	0	30,000
Total Expenditures	30,000	30,000	0	30,000
Net Change in Fund Balance	(28,500)	(26,930)	3,120	30,050
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	33,392	33,392	33,392	0
Fund Balance End of Year	\$4,892	\$6,462	\$36,512	\$30,050

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, 2002

	Law Enforcement and Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$2,000	\$1,873	\$1,933	\$60
Total Revenues	2,000	1,873	1,933	60
Expenditures:				
Current:				
Public Safety	11,000	11,000	0	11,000
Total Expenditures	11,000	11,000	0	11,000
Net Change in Fund Balance	(9,000)	(9,127)	1,933	11,060
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	13,005	13,005	13,005	0
Fund Balance End of Year	\$4,005	\$3,878	\$14,938	\$11,060

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, 2002

	Indigent Driver Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$15,000	\$14,900	\$15,280	\$380
Total Revenues	15,000	14,900	15,280	380
Expenditures:				
Current:				
General Government	95,000	95,000	2,086	92,914
Total Expenditures	95,000	95,000	2,086	92,914
Net Change in Fund Balance	(80,000)	(80,100)	13,194	93,294
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	96,739	96,739	96,739	0
Fund Balance End of Year	\$16,739	\$16,639	\$109,933	\$93,294

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, 2002

	Municipal Court Computer Costs Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$50,000	\$67,965	\$74,571	\$6,606
Total Revenues	50,000	67,965	74,571	6,606
Expenditures:				
Current:				
General Government	200,000	200,478	139,622	60,856
Total Expenditures	200,000	200,478	139,622	60,856
Net Change in Fund Balance	(150,000)	(132,513)	(65,051)	67,462
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	223,457	223,457	223,457	0
Fund Balance End of Year	\$73,457	\$90,944	\$158,406	\$67,462

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, 2002

	Municipal Court Computer Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$15,000	\$20,375	\$22,577	\$2,202
Total Revenues	15,000	20,375	22,577	2,202
Expenditures:				
Current:				
General Government	95,000	95,000	77,452	17,548
Total Expenditures	95,000	95,000	77,452	17,548
Net Change in Fund Balance	(80,000)	(74,625)	(54,875)	19,750
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	91,174	91,174	91,174	0
Fund Balance End of Year	\$11,174	\$16,549	\$36,299	\$19,750

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, 2002

	Municipal Court Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$45,000	\$48,169	\$53,679	\$5,510
Total Revenues	<u>45,000</u>	<u>48,169</u>	<u>53,679</u>	<u>5,510</u>
Expenditures:				
Current:				
General Government	50,000	58,700	58,414	286
Total Expenditures	<u>50,000</u>	<u>58,700</u>	<u>58,414</u>	<u>286</u>
Net Change in Fund Balance	(5,000)	(10,531)	(4,735)	5,796
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>61,783</u>	<u>61,783</u>	<u>61,783</u>	<u>0</u>
Fund Balance End of Year	<u>\$56,783</u>	<u>\$51,252</u>	<u>\$57,048</u>	<u>\$5,796</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, 2002

	Vehicle Immobilization Fee Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$200	\$500	\$535	\$35
Total Revenues	200	500	535	35
Expenditures:				
Current:				
General Government	5,400	5,400	0	5,400
Total Expenditures	5,400	5,400	0	5,400
Net Change in Fund Balance	(5,200)	(4,900)	535	5,435
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,480	5,480	5,480	0
Fund Balance End of Year	\$280	\$580	\$6,015	\$5,435

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, 2002

	Municipal Court Probation Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$0	\$60,049	\$65,543	\$5,494
Total Revenues	0	60,049	65,543	5,494
Expenditures:				
Current:				
General Government	0	2,050	2,029	21
Total Expenditures	0	2,050	2,029	21
Net Change in Fund Balance	0	57,999	63,514	5,515
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$57,999	\$63,514	\$5,515

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, 2002

	Subdivision Inspection Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Charges for Services	\$200,000	\$100,350	\$100,500	\$150
Total Revenues	200,000	100,350	100,500	150
Expenditures:				
Current:				
General Government	381,847	367,652	247,581	120,071
Total Expenditures	381,847	367,652	247,581	120,071
Excess of Revenues Over (Under) Expenditures	(181,847)	(267,302)	(147,081)	120,221
Other financing sources (uses):				
Transfers (Out)	0	(14,195)	(14,195)	0
Total Other Financing Sources (Uses)	0	(14,195)	(14,195)	0
Net Change in Fund Balance	(181,847)	(281,497)	(161,276)	120,221
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	436,030	436,030	436,030	0
Fund Balance End of Year	\$254,183	\$154,533	\$274,754	\$120,221

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, 2002

	General Obligation Bond Retirement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$440,000	\$500,689	\$500,689	\$0
Total Revenues	440,000	500,689	500,689	0
Expenditures:				
Debt Service:				
Principal Retirement	230,000	230,000	230,000	0
Interest and Fiscal Charges	205,178	205,178	197,195	7,983
Total Expenditures	435,178	435,178	427,195	7,983
Net Change in Fund Balance	4,822	65,511	73,494	7,983
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	226,605	226,605	226,605	0
Fund Balance End of Year	\$231,427	\$292,116	\$300,099	\$7,983

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, 2002

	Special Assessment Bond Retirement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	\$230,000	\$201,511	\$201,511	\$0
Investment Earnings	16,261	0	0	0
Total Revenues	246,261	201,511	201,511	0
Expenditures:				
Debt Service:				
Principal Retirement	161,000	161,000	161,000	0
Interest and Fiscal Charges	86,836	88,382	87,459	923
Total Expenditures	247,836	249,382	248,459	923
Net Change in Fund Balance	(1,575)	(47,871)	(46,948)	923
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	49,895	49,895	49,895	0
Fund Balance End of Year	\$48,320	\$2,024	\$2,947	\$923

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, 2002

	Tax Increment Financing Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$60,375	\$56,801	\$56,801	\$0
Total Revenues	60,375	56,801	56,801	0
Expenditures:				
Current:				
Transportation & Street Repair	0	1,000	750	250
Debt Service:				
Interest and Fiscal Charges	31,800	31,800	31,800	0
Total Expenditures	31,800	32,800	32,550	250
Excess of Revenues Over (Under) Expenditures	28,575	24,001	24,251	250
Other financing sources (uses):				
Transfers In	0	0	15,900	15,900
Total Other Financing Sources (Uses)	0	0	15,900	15,900
Net Change in Fund Balance	28,575	24,001	40,151	16,150
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	47,176	47,176	47,176	0
Fund Balance End of Year	\$75,751	\$71,177	\$87,327	\$16,150

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, 2002

	Central Parke TIF Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$31,800	\$117,170	\$123,679	\$6,509
Investment Earnings	0	6,561	6,561	0
Total Revenues	31,800	123,731	130,240	6,509
Expenditures:				
Current:				
Transportation & Street Repair	0	191,956	191,893	63
Debt Service:				
Interest and Fiscal Charges	60,375	22,279	20,868	1,411
Total Expenditures	60,375	214,235	212,761	1,474
Excess of Revenues Over (Under) Expenditures	(28,575)	(90,504)	(82,521)	7,983
Other financing sources (uses):				
Transfers In	0	19,138	14,396	(4,742)
Transfers (Out)	0	(34,796)	(34,796)	0
Total Other Financing Sources (Uses)	0	(15,658)	(20,400)	(4,742)
Net Change in Fund Balance	(28,575)	(106,162)	(102,921)	3,241
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	400,869	400,869	400,869	0
Fund Balance End of Year	\$372,294	\$294,707	\$297,948	\$3,241

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, 2002

	Mason Enterprise Parke TIF Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$1,693	\$1,694	\$1
Total Revenues	0	1,693	1,694	1
Expenditures:				
Current:				
Transportation & Street Repair	0	759,456	570,616	188,840
Debt Service:				
Interest and Fiscal Charges	0	15,500	15,413	87
Total Expenditures	0	774,956	586,029	188,927
Excess of Revenues Over (Under) Expenditures	0	(773,263)	(584,335)	188,928
Other financing sources (uses):				
Debt Proceeds	0	680,000	680,000	0
Transfers In	0	141,457	141,575	118
Transfers (Out)	0	(142,000)	(141,575)	425
Total Other Financing Sources (Uses)	0	679,457	680,000	543
Net Change in Fund Balance	0	(93,806)	95,665	189,471
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	(\$93,806)	\$95,665	\$189,471

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, 2002

	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	0	970,976	962,826	8,150
Total Expenditures	0	970,976	962,826	8,150
Net Change in Fund Balance	0	(970,976)	(962,826)	8,150
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,528,941	1,528,941	1,528,941	0
Fund Balance End of Year	\$1,528,941	\$557,965	\$566,115	\$8,150

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, 2002

	Mason-Montgomery Road Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$34,049	\$34,049	\$0
Investment Earnings	0	71,127	72,481	1,354
Total Revenues	0	105,176	106,530	1,354
Expenditures:				
Current:				
Transportation & Street Repair	0	1,861,861	1,853,863	7,998
Total Expenditures	0	1,861,861	1,853,863	7,998
Net Change in Fund Balance	0	(1,756,685)	(1,747,333)	9,352
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,167,420	2,167,420	2,167,420	0
Fund Balance End of Year	\$2,167,420	\$410,735	\$420,087	\$9,352

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, 2002

	I & O Bridge / Mason- Montgomery Road Widening Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$4,385	\$4,385	\$0
Total Revenues	0	4,385	4,385	0
Expenditures:				
Current:				
General Government	0	0	0	0
Total Expenditures	0	0	0	0
Excess of Revenues Over (Under) Expenditures	0	4,385	4,385	0
Other financing sources (uses):				
Transfers (Out)	0	(150,100)	(150,100)	0
Total Other Financing Sources (Uses)	0	(150,100)	(150,100)	0
Net Change in Fund Balance	0	(145,715)	(145,715)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	145,715	145,715	145,715	0
Fund Balance End of Year	\$145,715	\$0	\$0	\$0

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, 2002

	Government Center Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$161,924	\$165,901	\$3,977
Total Revenues	0	161,924	165,901	3,977
Expenditures:				
Current:				
General Government	0	2,601,763	2,269,483	332,280
Debt Service:				
Principal Retirement	565,000	1,130,000	565,000	565,000
Interest and Fiscal Charges	1,106,798	1,966,798	860,000	1,106,798
Total Expenditures	1,671,798	5,698,561	3,694,483	2,004,078
Excess of Revenues Over (Under) Expenditures	(1,671,798)	(5,536,637)	(3,528,582)	2,008,055
Other financing sources (uses):				
Transfers (Out)	0	(1,671,798)	(1,671,798)	0
Total Other Financing Sources (Uses)	0	(1,671,798)	(1,671,798)	0
Net Change in Fund Balance	(1,671,798)	(7,208,435)	(5,200,380)	2,008,055
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,214,996	5,214,996	5,214,996	0
Fund Balance End of Year	\$3,543,198	(\$1,993,439)	\$14,616	\$2,008,055

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, 2002

	Government Center Reserve Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$93,576	\$93,577	\$1
Total Revenues	0	93,576	93,577	1
Expenditures:				
Current:				
General Government	22,000,000	20,879,995	14,292,563	6,587,432
Debt Service:				
Principal Retirement	0	565,000	565,000	0
Interest and Fiscal Charges	0	1,106,798	1,106,798	0
Total Expenditures	22,000,000	22,551,793	15,964,361	6,587,432
Excess of Revenues Over (Under) Expenditures	(22,000,000)	(22,458,217)	(15,870,784)	6,587,433
Other financing sources (uses):				
Transfers In	0	553,922	1,673,404	1,119,482
Transfers (Out)	0	(1,606)	(1,606)	0
Total Other Financing Sources (Uses)	0	552,316	1,671,798	1,119,482
Net Change in Fund Balance	(22,000,000)	(21,905,901)	(14,198,986)	7,706,915
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	19,688,220	19,688,220	19,688,220	0
Fund Balance End of Year	(\$2,311,780)	(\$2,217,681)	\$5,489,234	\$7,706,915

**STATISTICAL
SECTION**

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City of Mason

Table 1
General Fund Expenditures By Function
Last Ten Fiscal Years

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Source:										
General Government	\$1,520,014	\$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
Public Safety	1,186,990	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
Leisure Time Activities	310,273	403,848	911,000	883,075	695,042	774,456	1,975,052	1,602,077	1,324,854	2,129,899
Community Development	118,272	207,773	330,507	329,247	413,079	487,525	621,413	790,131	459,596	860,047
Basic Utility Services	36,983	58,897	101,203	105,189	348,506	103,774	179,570	98,122	236,812	47,392
Transportation and Street Repair	647,965	1,144,665	1,350,933	1,386,744	1,954,576	1,753,028	3,094,327	2,872,601	305,833	1,871,148
Other Expenditures	6,927	150	0	0	0	36,472	0	0	0	0
Capital Outlay	761,623	401,885	0	0	0	0	0	0	3,563,876	0
Debt Service	1,134	0	0	0	0	0	21,091	164,666	143,817	158,487
Total Disbursements	\$4,590,181	\$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

Source: City of Mason, Ohio, Department of Finance

City of Mason

Table 2
General Fund Revenues By Source
Last Ten Fiscal Years

Source:	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Taxes (1)	\$3,645,917	\$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
Fines, Licenses & Permits	519,538	486,382	630,566	788,401	985,306	885,063	1,000,721	1,081,112	1,117,511	1,103,887
Charges for Services	15,140	23,471	55,986	98,422	101,296	113,396	159,601	227,665	261,884	234,431
Investment Earnings	100,029	125,444	127,491	180,744	194,796	241,673	237,624	318,802	451,072	388,344
Intergovernmental	539,608	567,721	601,580	799,877	684,941	702,610	1,144,190	1,372,410	2,132,459	1,738,667
All Other Revenues	211,518	208,356	230,986	249,271	362,844	462,430	318,407	780,243	515,152	671,830
Total Revenues	\$5,031,750	\$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

Source: City of Mason, Ohio, Department of Finance

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

City of Mason

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

Tax Year: Fiscal Year:	1992/1993 1993	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
Current Tax Levy	\$374,406	\$393,264	\$477,662	\$527,719	\$604,903	\$949,077	\$3,569,426	\$4,007,289	\$4,865,120	\$5,241,254
Current Tax Collections	369,089	388,182	471,018	521,435	598,675	933,999	3,495,198	3,914,640	4,789,569	500,981
Percent of Levy Collected	98.58%	98.71%	98.61%	98.81%	98.97%	98.41%	97.92%	97.69%	98.45%	95.42%
Delinquent Tax Collections	7,336	22,237	7,420	7,658	9,974	11,261	57,416	64,478	130,292	47,448
Total Tax Collections	376,425	410,418	478,438	529,093	608,649	945,260	3,552,614	3,979,118	4,919,861	5,048,429
Ratio of Total Tax Collections to Current Taxes Levied	100.54%	104.36%	100.16%	100.26%	100.62%	99.60%	99.53%	99.30%	101.13%	96.32%

Source: Warren County Auditor's Office

City of Mason

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	
1993	\$155,440,520	\$444,115,770	\$13,050,020	\$14,829,570	\$45,943,497	\$183,773,990	\$214,434,037	\$642,719,330	299.73%
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	49,231,189	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%

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*	Joliet Voc. School	Special District	Total
1993	1.90%	51.00%	7.10%	3.65%	2.70%	1.00%	67.35%
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%

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

<u>Tax Year</u>	<u>Current Assessments Billings</u>	<u>Current Assessments Collected</u>	<u>Ratio of Collection To Amount Billed</u>
1992	\$329,359	\$321,874	97.73%
1993	317,925	303,815	95.56%
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%

Source: Warren County Auditor's Office

City of Mason

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
1993	12,287	\$214,434,037	\$460,000	\$17,990	\$442,010	0.21%	\$37
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

(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, 2002

	<u>Total Debt</u>	<u>Unvoted Debt</u>
Net Assessed Valuation	\$847,756,510	\$847,756,510
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	89,014,434	46,626,608
Applicable City Debt Outstanding (2)	6,690,000	6,690,000
Less: Applicable Debt Service Fund Amounts (3)	<u>302,523</u>	<u>302,523</u>
Net Indebtedness Subject to Limitation	<u>\$6,387,477</u>	<u>\$6,387,477</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, 2002

	<u>Net General Obligations Bonded Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Amount Applicable to City</u>
City of Mason	\$12,675,000	100.00%	\$12,675,000
Warren County	4,010,870	20.46%	820,624
Lebanon City School District	49,999,999	0.29%	145,000
Mason City School District	120,710,000	66.43%	80,187,653
Kings Local School District	37,388,182	16.35%	6,112,968
Great Oaks Career Center School District	7,130,000	4.57%	325,841
		Total:	\$100,267,086

Source: Warren County Auditor's Office.

City of Mason

Table 10
Schedule of Revenue Bond Coverage
Last Ten Fiscal Years

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Water Fund Bond Coverage:										
Operating Revenue	\$1,854,392	\$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
Operating Expenses	1,281,233	953,195	2,169,386	1,685,451	1,703,233	2,148,108	3,241,099	2,703,033	3,509,131	847,529
Net Available for Debt Service	573,159	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)
Debt Service Requirements:										
Revenue Bonds:										
Principal	190,000	200,000	210,000	215,000	225,000	235,000	250,000	0	535,000	0
Interest	510,560	532,930	524,950	515,793	505,895	494,938	472,143	0	688,783	0
Total	700,560	732,930	734,950	730,793	730,895	729,938	722,143	0	1,223,783	0
Coverage	0.82	2.17	1.47	2.48	3.33	3.71	3.74	0.00	1.25	0.00
Sewer Fund Bond Coverage:										
Operating Revenue	\$1,756,957	\$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
Operating Expenses	1,128,228	1,730,152	1,295,336	1,243,237	1,566,903	1,742,470	729,460	2,201,298	2,415,301	2,453,545
Net Available for Debt Service	628,729	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
Debt Service Requirements:										
Revenue Bonds:										
Principal	0	0	170,000	175,000	185,000	190,000	200,000	210,000	220,000	230,000
Interest	0	0	582,450	459,160	451,810	443,670	423,399	425,430	415,388	404,140
Total	0	0	752,450	634,160	636,810	633,670	623,399	635,430	635,388	634,140
Coverage	0.00	0.00	3.10	4.12	4.51	5.65	8.63	5.62	4.84	4.86

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 Total Estimated Value of Buildings (1)	Real Property Assessed Value (2)	Banking Activity Bank Debits (3)
1993	356	\$57,635,020	\$155,440,520	\$401,519
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

(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
1993	\$40,000	\$41,400	\$81,400	\$1,520,014	5.36%
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%

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, 2002

<u>Taxpayer</u>	<u>Assessed Valuation For Fiscal Year 2002</u>	<u>Percentage Of Total Assessed Valuation</u>
Kings Island Company	\$36,823,440	4.34%
Procter & Gamble	31,597,200	3.73%
Mitsubishi Electric	22,359,780	2.64%
UBE Automotive	14,713,620	1.74%
Cincinnati Gas & Electric	9,090,410	1.07%
Cinats Corporation No.2	8,873,400	1.05%
Makino Incorporated	7,747,120	0.91%
Mason Christian Village	6,069,390	0.72%
Cintas Sales Corporation	5,802,540	0.68%
Drees Company	5,381,330	0.63%
All Others	699,298,280	82.49%
Total Assessed Valuation	\$847,756,510	100%

Source: Warren County Auditor's Office

City of Mason

Table 14
Synopsis Of Insurance
December 31, 2002

Coverage	Carrier	Policy Number	Policy Period	Liability Limits Aggregate	Deductible
General Liability	USF & G	30025412001	12/31/99-12/31/02	\$500,000 excess of \$500,000 per occurrence	\$2,500
	Speciality Nation Insurance Co. (Kemper Group)	3X2120882-00	12/31/01-12/31/02	\$10,000,000 excess of \$1,000,000	
Property Liability	Chubb	3534-33-17	12/31/01-12/31/02	Excess of \$250,000 to \$1,000,000	\$2,500
Liability: Public Officials Liability	USF & G	30025412001	12/31/99-12/31/02	\$500,000 excess of \$500,000	\$2,500
				\$500,000 aggregate per member	
Excess Public Officials Liability	Speciality National Insurance Co. (Kemper Group)	3X2120882-00	12/31/01-12/31/02	\$10,000,000 excess of \$1,000,000	\$10 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, 2002

Population for the Last Ten Years		
	1993	12,287
	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

School Enrollment for the Last Ten Years		
	1993	2,866
	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	8,080

Unemployment Rate for the Last Ten Years*		
	1993	6.00%
	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%

Source: City of Mason, Ohio, Community Development Department

* Information is only available for Warren County



**Auditor of State
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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 23, 2003**