

**CITY OF MASON, OHIO**

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**Yellow Book Report**

**December 31, 2004**





**Auditor of State  
Betty Montgomery**

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

We have reviewed the *Independent Auditor's Report* of the City of Mason, Warren County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2004 through December 31, 2004. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

September 12, 2005

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

June 14, 2005

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Mason, Ohio (the City), as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 14, 2005, where we noted the City reclassified its internal service fund to the general fund. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.


Internal Control Over Financial Reporting

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of noncompliance as item 2004-1, 2004-2 and 2004-3.

This report is intended solely 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

**Schedule of Findings  
December 31, 2004**

Finding Number 2004-001

Non Compliance Citation

Ohio Revised Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated revenue. At year-end, the City had appropriations exceeding estimated resources in the following funds: Drug Law Enforcement \$216, Mason Enterprise Parke TIF \$34,659, Special Assessment Bond Retirement \$617, Stormwater Utility \$2,954,564, and Sewer \$2,236,810. During the year, the City had appropriations exceeding estimated resources in the following funds: Federal Grant \$3,462, Bicycle & Pedestrian Way \$158,909, Police K-9 \$14,533, Mason Enterprise Parke TIF \$34,349, Western Row / Snider Road Improvement \$4,411,000, Stormwater Utility \$2,419,153, and Sewer \$2,008,570. Also at the beginning of the year, the Federal Grant, Bicycle & Pedestrian Way, Police K-9, Municipal Court Improvement, Municipal Court Probation Services, Tylersville Road TIF, Government Center Reserve, and Western Row / Snider Road Improvement had appropriations exceeding estimated resources of \$9,000, \$153,909, \$4,533, \$14,414, \$5,064, \$181,000, \$144,371 and \$4,411,000 respectively.

Finding Number 2004-002

Non Compliance Citation

Ohio Revised Code Section 5705.41B states that no subdivision or taxing unit is to expend money unless it has been appropriated. During the year, the Police K-9, and Sewer funds had disbursements exceeding appropriations of \$4,160 and \$38,277,870. At year-end, the Sewer fund had disbursements exceeding appropriations of \$2,228,147.

Finding Number 2004-003

Non Compliance Citation

Ohio Revised Code Section 5705.10, provides that money paid into any fund shall be used only for purposes for which such fund is established. The Mason Enterprise Parke TIF Fund had a negative cash fund balance of \$11,643 at December 31, 2004.





# **Comprehensive Annual Financial Report**



**City of Mason  
Mason, Ohio 45040  
December 31, 2004**

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**CITY OF MASON, OHIO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2004**

**Prepared by:**  
**Finance Department**

**Jennifer Heft**  
**Finance Director**

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**INTRODUCTORY  
SECTION**

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June 14, 2005

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, 2004. 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.

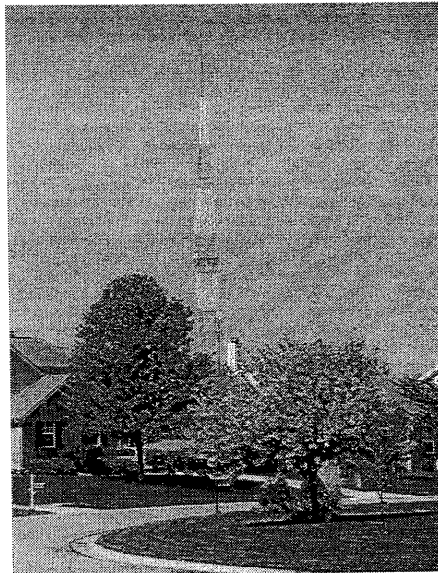
The responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with the management of the city, particularly the Director of Finance's Office. This report is prepared in conformance with generally accepted accounting 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 that all disclosures necessary to enable the reader to gain a reasonable understanding of the city's financial affairs have been included.

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

to disseminate clear and useful financial information to our users.

The accompanying report consists of the following three parts:

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



*The WLW radio tower is a well-known landmark in Mason.*

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

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

For financial reporting purposes, the city includes in this report all funds, 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, 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.



*Mason received an award from Ohio Governor Taft's office in 2004 for its economic development efforts.*

In the last fifteen years, Mason has become home to numerous national companies and has one of the region's largest complements of international businesses. In an effort to further enhance our foreign investment strategy, the city joined the Greater Cincinnati Chamber of Commerce Regional Marketing Partners group in 2001. Mason renewed its commitment to this regional strategy in 2003 with a second three-year commitment as one of thirteen members, and only the third city, to come together to make marketing and recruitment decisions for the Greater Cincinnati region. In 2004, this alliance facilitated extended contact with national and international corporate site selectors and brokers through site location consultant missions in Cincinnati and other major metro areas. Additionally, a methodology of continued relationship maintenance with valuable contacts in Europe and Asia gives Mason the opportunity to tell the unique stories of

our corporate investors to companies outside the U.S. that are looking to start new U.S. operations.

Mason's industrial facilities employ an estimated 22,000 persons, about 4/5ths of the city's nighttime population of approximately 27,300. Five 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 \$4.7 million annually in income tax revenue.

2004 was the second highest year on record for both new investment and job creation. New investments in 2004 amounted to over \$110 million as 222,000 square feet of new corporate and industrial space were added, bringing over 1092 new jobs to the community. Mason's reputation as a serious business environment is confirmed by corporate decisions to consolidate here and move jobs and investment to the city. Expansion and consolidation projects for 2004 include Basco's addition of a 50,000 square foot training facility and warehouse with over 30 new employees, Luxottica's acquisition of Cole National and anticipation of the addition of 200 new jobs in Mason, SleepCare Diagnostics' construction of a diagnostics lab and patient facility and the addition of over 30 employees, and the Harvest Info software and technology company expansion.

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. In 2004, capital investment was up by over 700%. Only 12% of the investment did not include a job creation component, compared to 25% throughout the region. The following projects were the largest new developments in the City of Mason for 2004:

**Corporate Investment (new capital & payroll)**

|                               |               |
|-------------------------------|---------------|
| Great Wolf Lodge              | \$106,000,000 |
| Peoples Bank                  | \$25,500,000  |
| Johnathan Scott International | \$5,050,000   |
| Basco expansion               | \$4,200,000   |

The numbers reported represent additional payroll added where the projects are expansions. As each new investment is announced, job creation and payroll are projected for the next three-year period. Many of the jobs announced have already been

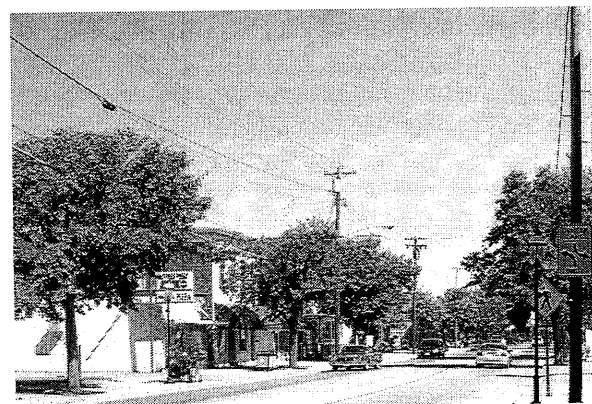
realized by the city and many others will be realized in the next two years.

Growth and development in the City of Mason is expected to continue to meet or exceed the average growth of the economy because of Mason's physical location, developable terrain, municipal facilities, services and utilities, and the progressive attitude and actions of city council, administration, and citizens. The city's taxable property base and its economic base are strong, due in part to the quality of life that 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 2004**

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

Major events that occurred in 2004 that position the city for future economic growth and improvement include:



**Downtown Revitalization Efforts**

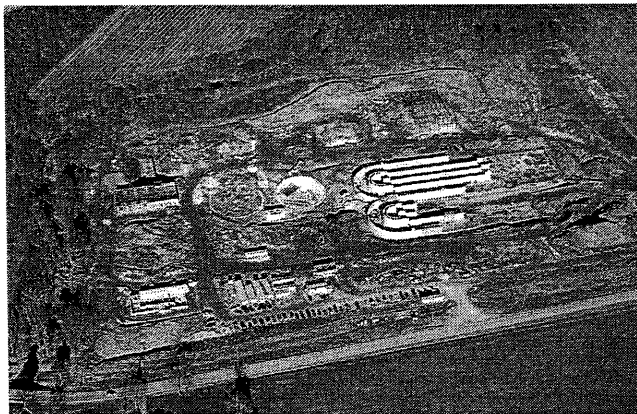
The city's first Downtown/Small Business Coordinator began in March 2004 to administer revitalization efforts for downtown Mason and to serve as a liaison for the retail and service businesses

in the community. During this first year, the city was awarded \$400,000 in Community Development Block Grant funds to assist with revitalizing downtown Mason. Half of it will be allocated to improving 18 downtown commercial business structures. The remaining \$200,000 will assist with \$1.6 million in public infrastructure improvements in a four-block area of downtown. Additionally, the city implemented a Downtown Preservation District to assist in maintaining the historical character of the community. Finally, many resource programs are being established for the small business community. Advertising available space for new businesses, conducting retention visits of existing businesses, and identifying programs that will aide in the small business community's growth are now in the development stage.

### **Park Master Plan**

The city has 261 acres of potential new parkland to add to its existing 242 acres. In 2004, a 20-year master plan for developing the eight new parcels was approved. The plan was produced after receiving public input during three workshops. It incorporates a mix of active and passive uses.

### **Water Reclamation Plant**



Construction of a new Water Reclamation Plant (WRP) began in the spring of 2004 and is expected to take two years. This \$32 million project will increase the city's sewer capacity from 4.95 million gallons per day (MGD) to 8.67 MGD. Most of the plant is being constructed to handle 13 MGD, which is the projected flow for the year 2020. Innovative technologies are incorporated in the design and consideration was given to future regulations. Processed bio-solids will be suitable for use by the Parks Department to meet their nutrient needs in the parks system. Water for the in-plant water system for

housekeeping and maintenance activities will be treated effluent and not purchased potable water. The city will also continue to sell treated effluent to golf courses. Consideration was given to city needs should growth exceed future projections. Space is available to increase treatment capacity to roughly 20 million gallons per day should the need arise.

### **U.S. 42 North Sewer Improvement Project**

The improvement project on the main trunk sewer conveying sewage from the southern portions of the city to the WRP began with the U.S. Route 42 South Sewer Improvement Project, constructed in 2003. The north portion will be completed in two phases. Phase 1 was completed in 2004 and is now in service. Design of Phase 2 will begin this year, with construction beginning as soon as possible afterwards. This phase will complete the project.

### **Western Row and Snider Improvement Project**

Construction of this highly anticipated project began in May 2004 and is scheduled to be complete in July 2005. The \$5.5 million project consists of widening the intersection and adding a traffic signal and street lights, replacing a bridge, constructing raised medians, sidewalk, bike paths, and over a mile of waterline. This investment in the city's traffic infrastructure is being done on one leg of the intersection at a time in a very congested area. It will be a tremendous improvement when complete.

### **Pine Hill Lakes Dam**

A 1999 dam safety inspection report for the Pine Hill Lakes dam produced by the Ohio Department of Natural Resources (ODNR) Division of Water required certain improvements to the dam within a 5-year period. The required improvements were completed in 2004 and incorporated several park enhancements:

- Installing a handicap-accessible fishing dock.
- Regrading the downstream slope of the dam to increase concert seating and comfort.
- Adding erosion-prevention measures to the existing bike path downstream of the principal spillway outlet.

This project successfully brought the city into compliance with ODNR's regulations and produced several wonderful improvements to the park.

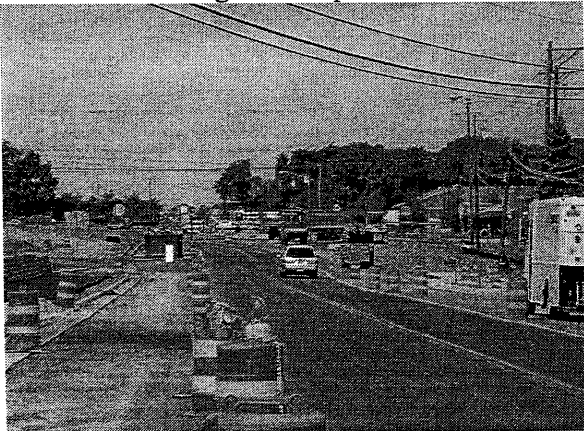
### Looking Ahead to the Future

Accomplishments to look forward to in 2005 include:

- Construction of a regional detention basin to help alleviate storm water concerns in the southwestern part of the city.
- Completion of the Snider Road connection through a sharing agreement with the owner of the property through which the road runs.
- Completion of the Socialville-Fosters Road widening project.
- Design for improvements to Bethany Road, Mason Road, Western Row Road east of Mason-Montgomery Road, and Mason-Montgomery Road north of Church Street.
- Improvements to the Kings Island Drive and Western Row Road intersection.
- Improvements to the Hanover Drive/U.S. 42 intersection, including a traffic signal.
- Continued work on the plans for the Muddy Creek Greenway Corridor.

### FINANCIAL INFORMATION

In developing and evaluating the city's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but



not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized user disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived, and that the evaluation of cost and benefits requires estimates and judgments by management. As part of this new reporting model,

management is responsible for preparing a Management's Discussion and Analysis of the City. This discussion follows this letter of transmittal, providing an assessment of the city's finances for the year and the outlook for the future.

### Budgetary Controls

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

Financial reports that compare actual performance with the budget are prepared monthly and presented to the Council so the Council is able to review the financial status and measure the effectiveness of the budgetary controls. The city maintains an informal monitoring system to facilitate budgetary control over proposed purchases. Essentially, the system entails the use of monthly computerized printouts that detail year-to-date actual versus budgeted expenditure comparisons of the various funds by budgeted line item. Encumbered amounts are carried forward into 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 2004 was \$613,785 of which \$178,414 is accounted for in the Governmental Activities and \$435,371 is accounted for in the Business Type Activities.

Over the past twelve months, the city's total return on investments (net of fees) was 1.52%. This compares favorably with the most common industry benchmarks: Star Ohio, 1.27% and Treasury Bills, 1.22%. 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. See the notes to the basic financial statements for more in depth information.

### **Independent Audit**

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

### **Certificate of Achievement**

The accounting policies of the city conform to generally accepted accounting principles as applicable to governments and as set forth by the Governmental Accounting Standards Board (GASB), the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

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

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

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

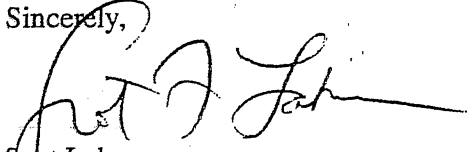


**Acknowledgment**

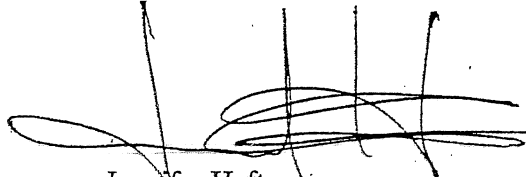
Our most sincere appreciation is extended to all members of the staff whose efforts have made this report possible. Special thanks is extended to Joe

Reigelsperger, Bev Salatin, and to the staff of Plattenburg & Associates, Inc., for their dedicated service in the preparation of this comprehensive annual financial report.

Sincerely,



Scot Lahrmer  
City Manager



Jennifer Heft  
Finance Director

# THE CITY OF MASON, OHIO

## LIST OF PRINCIPAL OFFICIALS December 31, 2004

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### ELECTED OFFICIALS

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

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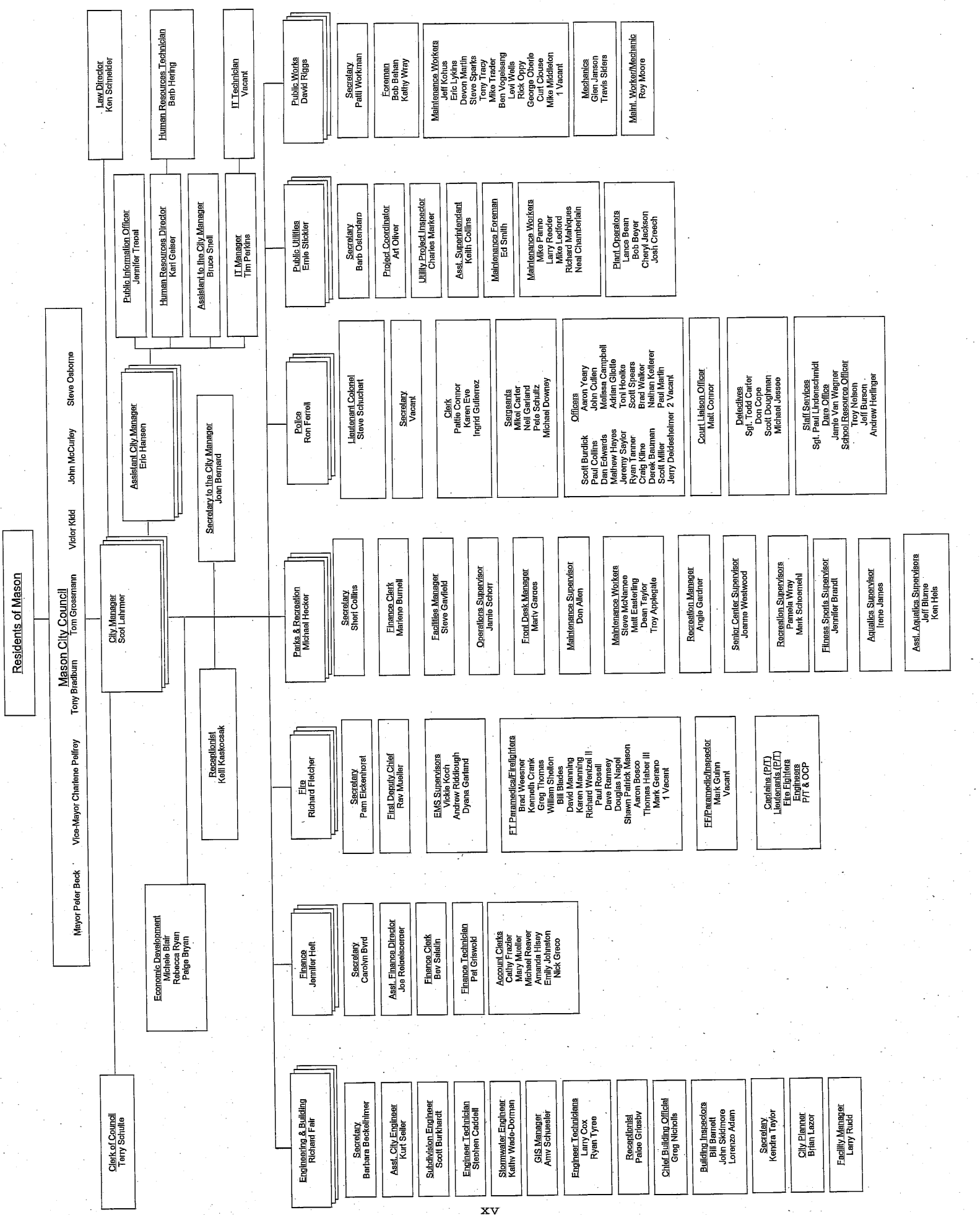
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### ADMINISTRATIVE OFFICIALS

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



# 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, 2003

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



*Nancy Zeller*

President

*Jeffrey R. Emer*

Executive Director

**FINANCIAL  
SECTION**

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June 14, 2005

## 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, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express 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, 2004, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in the notes to the basic financial statements, for the fiscal year ended December 31, 2004, the City reclassified activity formerly reported in an internal service fund to the general fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2005 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

### **Required Supplementary Information**


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

### **Combining Financial Statements and Individual Fund Schedules**

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

### **Introductory and Statistical Sections**

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

  
Plattenburg & Associates, Inc.  
Certified Public Accountants



## **City of Mason**

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

#### **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, 2004.

#### **FINANCIAL HIGHLIGHTS**

- The City's total net assets increased \$21,507,868. Net assets of governmental activities increased \$14,910,371, net assets of business-type activities increased by \$6,597,497.
- The General Fund reported a net change in fund balance of \$4,674,860.
- Business-type operations reflected operating income of \$2,909,244.

#### **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 long-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 needs 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, waste collection, stormwater utilities and community center. Service fees for these operations are charged based upon the amount of usage or a usage fee. The intent is that the fees charged recoup operational costs.

## **REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

### *Fund Financial Statements*

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

**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.

**Fiduciary Funds** –All of the City's fiduciary activities are reported in separate statements: the Statement of Fiduciary Net Assets and the 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 holding the assets reported in these funds on behalf of other entities and individuals.

**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 2004 compared to 2003.

**Table 1**  
Net Assets

|                            | Governmental<br>Activities |                      | Business-Type<br>Activities |                     | Total                |                      |
|----------------------------|----------------------------|----------------------|-----------------------------|---------------------|----------------------|----------------------|
|                            | 2003 Restated              | 2004                 | 2003                        | 2004                | 2003 Restated        | 2004                 |
| <b>Assets</b>              |                            |                      |                             |                     |                      |                      |
| Current And Other Assets   | \$39,935,417               | \$48,080,529         | \$17,072,783                | \$39,590,533        | \$57,008,200         | \$87,671,062         |
| Capital Assets, Net        | <u>112,512,151</u>         | <u>122,907,961</u>   | <u>68,225,678</u>           | <u>84,949,999</u>   | <u>180,737,829</u>   | <u>207,857,960</u>   |
| Total Assets               | <u>152,447,568</u>         | <u>170,988,490</u>   | <u>85,298,461</u>           | <u>124,540,532</u>  | <u>237,746,029</u>   | <u>295,529,022</u>   |
| <b>Liabilities</b>         |                            |                      |                             |                     |                      |                      |
| Long-Term Liabilities      | 31,187,215                 | 31,151,054           | 6,623,158                   | 36,931,572          | 37,810,373           | 68,082,626           |
| Other Liabilities          | <u>14,882,393</u>          | <u>18,549,105</u>    | <u>842,500</u>              | <u>3,178,660</u>    | <u>15,724,893</u>    | <u>21,727,765</u>    |
| Total Liabilities          | <u>46,069,608</u>          | <u>49,700,159</u>    | <u>7,465,658</u>            | <u>40,110,232</u>   | <u>53,535,266</u>    | <u>89,810,391</u>    |
| <b>Net Assets</b>          |                            |                      |                             |                     |                      |                      |
| Invested in Capital Assets |                            |                      |                             |                     |                      |                      |
| Net of Debt                | 82,482,220                 | 83,295,651           | 74,722,678                  | 64,318,163          | 157,204,898          | 147,613,814          |
| Restricted                 | 15,052,307                 | 13,470,109           | 0                           | 23,251,862          | 15,052,307           | 36,721,971           |
| Unrestricted               | <u>8,843,433</u>           | <u>24,522,571</u>    | <u>3,110,125</u>            | <u>(3,139,725)</u>  | <u>11,953,558</u>    | <u>21,382,846</u>    |
| Total Net Assets           | <u>\$106,377,960</u>       | <u>\$121,288,331</u> | <u>\$77,832,803</u>         | <u>\$84,430,300</u> | <u>\$184,210,763</u> | <u>\$205,718,631</u> |

Total net assets of the City as a whole increased \$21,507,868. Net assets of the City's governmental activities increased \$14,910,371. The City had an increase in Governmental Activities Capital Grants and Contributions of \$4,718,872 from 2003. The City received various capital contributions relating to roadways and streets throughout the City. The City also had an increase in income tax revenue of 19.52% from 2003. The increase in income tax revenue was mainly due to new businesses locating within the City.

The net assets of the City's business-type activities increased \$6,597,497 from 2003. Capital Grants and Contributions for Business-Type Activities decreased from 2003 due to the City receiving less capital grant monies and contributions for construction and improvements for the utilities within the City.

Table 2 shows the changes in net assets for the year ended December 31, 2004 and revenue and expense comparisons to 2003.

**Table 2**  
Changes in Net Assets

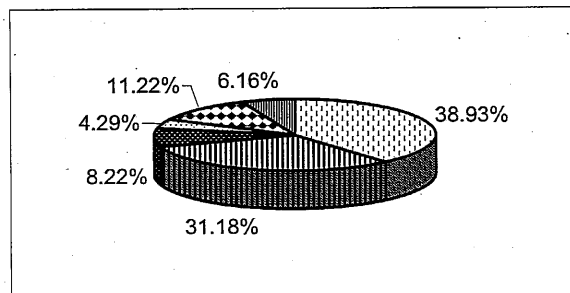
|   | Governmental<br>Activities |                      | Business-Type<br>Activities |                     | Total                |                      |
|---|----------------------------|----------------------|-----------------------------|---------------------|----------------------|----------------------|
|   | 2003 Restated              | 2004                 | 2003                        | 2004                | 2003 Restated        | 2004                 |
| <b>Revenues</b>                                       |                            |                      |                             |                     |                      |                      |
| Program Revenues:                                     |                            |                      |                             |                     |                      |                      |
| Charges for Services                                  | \$2,660,523                | \$3,406,794          | \$9,445,168                 | \$9,450,965         | \$12,105,691         | \$12,857,759         |
| Operating Grants, Contributions                       | 1,286,339                  | 1,469,711            | 0                           | 0                   | 1,286,339            | 1,469,711            |
| Capital Grants and Contributions                      | <u>3,001,393</u>           | <u>7,720,265</u>     | <u>6,539,646</u>            | <u>4,505,577</u>    | <u>9,541,039</u>     | <u>12,225,842</u>    |
| Total Program Revenues                                | <u>6,948,255</u>           | <u>12,596,770</u>    | <u>15,984,814</u>           | <u>13,956,542</u>   | <u>22,933,069</u>    | <u>26,553,312</u>    |
| General Revenues:                                     |                            |                      |                             |                     |                      |                      |
| Income Taxes  | 14,750,306                 | 17,629,586           | 0                           | 0                   | 14,750,306           | 17,629,586           |
| Property Taxes  | 5,707,860                  | 6,668,207            | 0                           | 0                   | 5,707,860            | 6,668,207            |
| Grants and Entitlements                               | 1,930,644                  | 2,075,585            | 0                           | 0                   | 1,930,644            | 2,075,585            |
| Unrestricted Contributions                            | 0                          | 25,000               | 0                           | 0                   | 0                    | 25,000               |
| Investment Earnings                                   | 273,376                    | 178,414              | 187,552                     | 435,371             | 460,928              | 613,785              |
| Refunds & Reimbursements                              | 211,982                    | 0                    | 0                           | 0                   | 211,982              | 0                    |
| Other Revenues  | <u>261,531</u>             | <u>639,483</u>       | <u>0</u>                    | <u>60,442</u>       | <u>261,531</u>       | <u>699,925</u>       |
| Total General Revenues                                | <u>23,135,699</u>          | <u>27,216,275</u>    | <u>187,552</u>              | <u>495,813</u>      | <u>23,323,251</u>    | <u>27,712,088</u>    |
| Total Revenues  | <u>30,083,954</u>          | <u>39,813,045</u>    | <u>16,172,366</u>           | <u>14,452,355</u>   | <u>46,256,320</u>    | <u>54,265,400</u>    |
| <b>Program Expenses:</b>                              |                            |                      |                             |                     |                      |                      |
| General Government                                    | 6,104,625                  | 9,585,638            | 0                           | 0                   | 6,104,625            | 9,585,638            |
| Public Safety   | 6,357,600                  | 7,677,404            | 0                           | 0                   | 6,357,600            | 7,677,404            |
| Leisure Time Activities                               | 2,229,243                  | 2,025,140            | 0                           | 0                   | 2,229,243            | 2,025,140            |
| Community Development                                 | 1,666,254                  | 1,055,133            | 0                           | 0                   | 1,666,254            | 1,055,133            |
| Basic Utility Service                                 | 1,124                      | 0                    | 0                           | 0                   | 1,124                | 0                    |
| Transportation & Street Repair                        | 1,677,174                  | 2,763,009            | 0                           | 0                   | 1,677,174            | 2,763,009            |
| Interest and Fiscal Charges                           | 1,564,957                  | 1,516,711            | 0                           | 0                   | 1,564,957            | 1,516,711            |
| Water Utility   | 0                          | 0                    | 117,370                     | 320,815             | 117,370              | 320,815              |
| Sewer Utility   | 0                          | 0                    | 2,884,956                   | 3,588,785           | 2,884,956            | 3,588,785            |
| Waste Collection                                      | 0                          | 0                    | 926,630                     | 995,282             | 926,630              | 995,282              |
| Stormwater Utility                                    | 0                          | 0                    | 1,251,621                   | 1,256,452           | 1,251,621            | 1,256,452            |
| Community Center                                      | 0                          | 0                    | <u>1,453,474</u>            | <u>1,973,163</u>    | <u>1,453,474</u>     | <u>1,973,163</u>     |
| Total Expenses  | <u>19,600,977</u>          | <u>24,623,035</u>    | <u>6,634,051</u>            | <u>8,134,497</u>    | <u>26,235,028</u>    | <u>32,757,532</u>    |
| Increase (Decrease) in Net Assets<br>before Transfers | 10,482,977                 | 15,190,010           | 9,538,315                   | 6,317,858           | 20,021,292           | 21,507,868           |
| Transfers – Internal Activities                       | (574,596)                  | (279,639)            | 574,596                     | 279,639             | 0                    | 0                    |
| Increase (Decrease) in Net Assets                     | 9,908,381                  | 14,910,371           | 10,112,911                  | 6,597,497           | 20,021,292           | 21,507,868           |
| Net Assets Beginning of Year                          | <u>96,469,579</u>          | <u>106,377,960</u>   | <u>67,719,892</u>           | <u>77,832,803</u>   | <u>164,189,471</u>   | <u>184,210,763</u>   |
| Net Assets End of Year                                | <u>\$106,377,960</u>       | <u>\$121,288,331</u> | <u>\$77,832,803</u>         | <u>\$84,430,300</u> | <u>\$184,210,763</u> | <u>\$205,718,631</u> |

### ***Governmental Activities***

Council is commended for promoting economic growth in Mason in 2004, as this economic growth does increase the earnings tax base as well. Mason has continued attracting large-scale employers to the City in the year 2004, thereby injecting the local economy with jobs and increasing the City's commercial tax base. The 1.00% income tax is the largest source of revenue for the City. Revenues generated by the earnings tax represent more than 65% of the City's governmental activities general revenues. During 2004, when most communities were faced with budget cuts due to the economic downturn of the economy, the City's 2004 earnings tax revenues increased approximately 19% over 2003 tax revenues.

Governmental activities program expenses for 2004 were as follows:

|                                |                |
|--------------------------------|----------------|
| General Government             | 38.93%         |
| Public Safety                  | 31.18%         |
| Leisure Time Activities        | 8.22%          |
| Community Development          | 4.29%          |
| Transportation & Street Repair | 11.22%         |
| Interest and Fiscal Charges    | 6.16%          |
| Total                          | <u>100.00%</u> |



General Government includes 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, an 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 Sewer, Waste Collection, Stormwater Utility and Community Center. The City turned over control of its water utility to the Greater Cincinnati Water Works (GCWW) on March 1, 2002. This fund was concluded during the year.

**Sewer** – One of the primary tools used for 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. 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, a single NPDES permit also reduces monitoring and compliance expenses while improving process control to 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.

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

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

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

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

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

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

In April 2003, 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.

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

## 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 (including other financing sources) of \$32,953,102 and expenditures (including other financing sources) of \$29,906,121. The General Fund had a net change in fund balance of \$4,674,860. This is due to the increase in tax revenue as a result of new businesses locating in the City. Also, General Government expenditures decreased due to a large land acquisition in the prior year. The Fire and Emergency Medical Services Fund had a net change in fund balance of \$1,363,503. The increase is due to additional tax revenue from several large businesses locating within the City. The Western Row/Snider Road Improvement Funds net change in fund balance was (\$2,168,073). The negative net change in fund balance is a result of transportation and street repair expenditures. This is a new fund in 2004. Information about the City's major Proprietary Funds are presented in the Fund Financial Statements (see Table of Contents). The Sewer Fund had a change in net assets of \$4,691,417 due to well run business operations as well as capital contributions. The Stormwater Utility Fund had a change in net assets of \$1,841,543 due mostly to capital grants and contributions revenue. The Community Center had a change in net assets of \$392,777 due to charges for services exceeding the operating expenses of the Community Center.

### *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 fund balance (actual) of \$8,349,993, on a Non-GAAP Budgetary Basis. The final budget revenue was \$22,618,817 compared to the original budget revenue estimates of \$18,288,522. Of the \$4,330,295 difference, most was due to underestimating original budget taxes and intergovernmental revenue.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

**Table 3**  
Capital Assets

|                           | Governmental<br>Activities |                      | Business-Type<br>Activities |                     | Total                |                      |
|---------------------------|----------------------------|----------------------|-----------------------------|---------------------|----------------------|----------------------|
|                           | 2003                       | 2004                 | 2003                        | 2004                | 2003                 | 2004                 |
| Land                      | \$46,464,913               | \$48,272,557         | \$3,928,870                 | \$3,928,870         | \$50,393,783         | \$52,201,427         |
| Construction in Progress  | 3,866,214                  | 3,537,658            | 8,956,753                   | 17,510,625          | 12,822,967           | 21,048,283           |
| Building and Improvements | 30,894,690                 | 32,334,188           | 18,220,196                  | 18,220,196          | 49,114,886           | 50,554,384           |
| Machinery and Equipment   | 8,878,688                  | 10,205,353           | 514,132                     | 743,873             | 9,392,820            | 10,949,226           |
| Infrastructure            | 33,595,566                 | 41,889,623           | 47,867,066                  | 57,147,974          | 81,462,632           | 99,037,597           |
| Accumulated Depreciation  | (11,187,920)               | (13,331,418)         | (11,261,339)                | (12,601,539)        | (22,449,259)         | (25,932,957)         |
| <b>Totals</b>             | <b>\$112,512,151</b>       | <b>\$122,907,961</b> | <b>\$68,225,678</b>         | <b>\$84,949,999</b> | <b>\$180,737,829</b> | <b>\$207,857,960</b> |



The increase in governmental activities capital assets was the result of the City's various construction in progress and improvements of streets. The increase in business-type activities capital assets was due to the City's construction and improvements to the sewer plant. Additional information on the City's capital assets can be found in the notes to the basic financial statements.

**Debt**

At year-end the City had \$7,979,000 in governmental activities bonds and \$36,794,000 in business-type activities bonds.

**Table 4**  
Outstanding Debt at Year End

|  | Governmental Activity  |                     |
|--|------------------------|---------------------|
|  | 2003                   | 2004                |
| Various Purpose Special Assessment Bonds         | \$816,000              | \$684,000           |
| Various Purpose General Obligation Bonds         | <u>6,475,000</u>       | <u>7,295,000</u>    |
| Total  | <u>\$7,291,000</u>     | <u>\$7,979,000</u>  |
|  | Business-Type Activity |                     |
|  | 2003                   | 2004                |
| Special Assessment Bond                          | \$52,000               | \$49,000            |
| Sewer Mortgage Revenue Bond                      | 6,445,000              | 0                   |
| Sewer Mortgage Revenue Bond<br>Advance Refunding | <u>0</u>               | <u>36,745,000</u>   |
| Total  | <u>\$6,497,000</u>     | <u>\$36,794,000</u> |

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

The 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.

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.50% of the total assessed value of real and personal property. At year end the City's outstanding debt was below the legal limit.

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

**CONTACTING THE CITY'S FINANCE DEPARTMENT**

This financial report is designed to provide our citizens, taxpayers, customers, 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 Jennifer Heft, Finance Director, City of Mason, 6000 Mason Montgomery Road, Mason, Ohio 45040 or by e-mail at [jheft@masonoh.org](mailto:jheft@masonoh.org).

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City of Mason  
Statement of Net Assets  
December 31, 2004

|   | Governmental<br>Activities | Business-Type<br>Activities | Total                |
|---|----------------------------|-----------------------------|----------------------|
| <b>Assets:</b>                                  |                            |                             |                      |
| Equity in Pooled Cash and Investments           | \$27,851,822               | \$15,408,909                | \$43,260,731         |
| Restricted Cash and Investments                 | 3,943,956                  | 23,251,862                  | 27,195,818           |
| <b>Receivables:</b>                             |                            |                             |                      |
| Taxes   | 12,002,219                 | 0                           | 12,002,219           |
| Accounts  | 408,178                    | 862,262                     | 1,270,440            |
| Interest  | 64,255                     | 45,000                      | 109,255              |
| Intergovernmental                               | 1,847,149                  | 0                           | 1,847,149            |
| Special Assessments                             | 1,379,949                  | 0                           | 1,379,949            |
| Deferred Bond Issuance Costs                    | 497,110                    | 0                           | 497,110              |
| Inventory                                       | 85,891                     | 22,500                      | 108,391              |
| Nondepreciable Capital Assets                   | 51,810,215                 | 21,439,495                  | 73,249,710           |
| Depreciable Capital Assets, Net                 | 71,097,746                 | 63,510,504                  | 134,608,250          |
| <b>Total Assets</b>                             | <b>170,988,490</b>         | <b>124,540,532</b>          | <b>295,529,022</b>   |
| <b>Liabilities:</b>                             |                            |                             |                      |
| Accounts Payable                                | 530,873                    | 1,992,568                   | 2,523,441            |
| Accrued Wages and Benefits                      | 667,616                    | 111,587                     | 779,203              |
| Retainage Payable                               | 437,339                    | 914,428                     | 1,351,767            |
| Accrued Interest Payable                        | 289,230                    | 132,353                     | 421,583              |
| Contracts Payable                               | 663,801                    | 0                           | 663,801              |
| Unearned Revenue                                | 6,130,999                  | 27,724                      | 6,158,723            |
| Claims Payable                                  | 129,247                    | 0                           | 129,247              |
| General Obligation Notes Payable                | 9,700,000                  | 0                           | 9,700,000            |
| <b>Long-Term Liabilities:</b>                   |                            |                             |                      |
| Due Within One Year                             | 1,170,406                  | 1,041,549                   | 2,211,955            |
| Due In More Than One Year                       | 29,980,648                 | 35,890,023                  | 65,870,671           |
| <b>Total Liabilities</b>                        | <b>49,700,159</b>          | <b>40,110,232</b>           | <b>89,810,391</b>    |
| <b>Net Assets:</b>                              |                            |                             |                      |
| Invested in Capital Assets, Net of Related Debt | 83,295,651                 | 64,318,163                  | 147,613,814          |
| <b>Restricted for:</b>                          |                            |                             |                      |
| Special Revenue                                 | 9,008,243                  | 0                           | 9,008,243            |
| Debt Service                                    | 1,872,594                  | 0                           | 1,872,594            |
| Capital Projects                                | 2,589,272                  | 0                           | 2,589,272            |
| Other Purposes                                  | 0                          | 23,251,862                  | 23,251,862           |
| Unrestricted                                    | 24,522,571                 | (3,139,725)                 | 21,382,846           |
| <b>Total Net Assets</b>                         | <b>\$121,288,331</b>       | <b>\$84,430,300</b>         | <b>\$205,718,631</b> |

See accompanying notes to the basic financial statements.

City of Mason  
Statement of Activities  
For the Fiscal Year Ended December 31, 2004

|                                       | Expenses            | Program Revenues               |                                    |                                  |
|---------------------------------------|---------------------|--------------------------------|------------------------------------|----------------------------------|
|                                       |                     | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Governmental Activities:</b>       |                     |                                |                                    |                                  |
| General Government                    | \$9,585,638         | \$1,515,220                    | \$0                                | \$0                              |
| Public Safety                         | 7,677,404           | 887,039                        | 93,553                             | 0                                |
| Leisure Time Activities               | 2,025,140           | 320,394                        | 0                                  | 0                                |
| Community Development                 | 1,055,133           | 398,360                        | 0                                  | 0                                |
| Basic Utility Service                 | 0                   | 285,781                        | 4,132                              | 94,006                           |
| Transportation and Street Repair      | 2,763,009           | 0                              | 1,371,645                          | 7,626,259                        |
| Interest and Fiscal Charges           | 1,516,711           | 0                              | 381                                | 0                                |
| <b>Total Governmental Activities</b>  | <b>24,623,035</b>   | <b>3,406,794</b>               | <b>1,469,711</b>                   | <b>7,720,265</b>                 |
| <b>Business-Type Activities:</b>      |                     |                                |                                    |                                  |
| Water                                 | 320,815             | 0                              | 0                                  | 0                                |
| Sewer                                 | 3,588,785           | 5,381,425                      | 0                                  | 2,201,404                        |
| Waste Collection                      | 995,282             | 982,973                        | 0                                  | 0                                |
| Stormwater Utility                    | 1,256,452           | 784,892                        | 0                                  | 2,301,473                        |
| Community Center                      | 1,973,163           | 2,301,675                      | 0                                  | 2,700                            |
| <b>Total Business-Type Activities</b> | <b>8,134,497</b>    | <b>9,450,965</b>               | <b>0</b>                           | <b>4,505,577</b>                 |
| <b>Totals</b>                         | <b>\$32,757,532</b> | <b>\$12,857,759</b>            | <b>\$1,469,711</b>                 | <b>\$12,225,842</b>              |

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

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year, Restated

Net Assets End of Year

See accompanying notes to the basic financial statements.

| Net (Expense) Revenue<br>and Changes in Net Assets |                             |               |
|--|-----------------------------|---------------|
| Governmental<br>Activities                         | Business-Type<br>Activities | Total         |
| (\$8,070,418)                                      | \$0                         | (\$8,070,418) |
| (6,696,812)  | 0                           | (6,696,812)   |
| (1,704,746)  | 0                           | (1,704,746)   |
| (656,773)  | 0                           | (656,773)     |
| 383,919  | 0                           | 383,919       |
| 6,234,895  | 0                           | 6,234,895     |
| (1,516,330)  | 0                           | (1,516,330)   |
| (12,026,265)                                       | 0                           | (12,026,265)  |
| 0  | (320,815)                   | (320,815)     |
| 0  | 3,994,044                   | 3,994,044     |
| 0  | (12,309)                    | (12,309)      |
| 0  | 1,829,913                   | 1,829,913     |
| 0  | 331,212                     | 331,212       |
| 0  | 5,822,045                   | 5,822,045     |
| (\$12,026,265)                                     | \$5,822,045                 | (\$6,204,220) |
| 17,629,586   | 0                           | 17,629,586    |
| 1,727,974  | 0                           | 1,727,974     |
| 4,318,008  | 0                           | 4,318,008     |
| 401,942  | 0                           | 401,942       |
| 220,283  | 0                           | 220,283       |
| 2,075,585  | 0                           | 2,075,585     |
| 25,000   | 0                           | 25,000        |
| 178,414  | 435,371                     | 613,785       |
| 639,483  | 60,442                      | 699,925       |
| (279,639)  | 279,639                     | 0             |
| 26,936,636   | 775,452                     | 27,712,088    |
| 14,910,371   | 6,597,497                   | 21,507,868    |
| 106,377,960  | 77,832,803                  | 184,210,763   |
| \$121,288,331                                      | \$84,430,300                | \$205,718,631 |

City of Mason  
Balance Sheet  
Governmental Funds  
December 31, 2004

|   | General             | Fire and Emergency<br>Medical Service | Western Row /<br>Snider Road<br>Improvement | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|---------------------------------------|---|--------------------------------|--------------------------------|
| <b>Assets:</b>                                |                     |                                       |   |                                |                                |
| Equity in Pooled Cash and Investments         | \$14,506,016        | \$4,312,010                           | \$3,286,925                                 | \$5,746,871                    | \$27,851,822                   |
| Restricted Cash and Investments               | 0                   | 0                                     | 0   | 3,943,956                      | 3,943,956                      |
| <b>Receivables:</b>                           |                     |                                       |   |                                |                                |
| Taxes   | 7,640,991           | 4,182,534                             | 0   | 178,694                        | 12,002,219                     |
| Accounts                                      | 145,812             | 216,547                               | 0   | 45,819                         | 408,178                        |
| Interest                                      | 41,603              | 12,593                                | 0   | 10,059                         | 64,255                         |
| Intergovernmental                             | 1,010,720           | 213,162                               | 0   | 623,267                        | 1,847,149                      |
| Special Assessments                           | 0                   | 0                                     | 0   | 1,379,949                      | 1,379,949                      |
| Interfund                                     | 293,752             | 0                                     | 0   | 0                              | 293,752                        |
| Inventory                                     | 39,548              | 46,343                                | 0   | 0                              | 85,891                         |
| <b>Total Assets</b>                           | <b>23,678,442</b>   | <b>8,983,189</b>                      | <b>3,286,925</b>                            | <b>11,928,615</b>              | <b>47,877,171</b>              |
| <b>Liabilities and Fund Balances:</b>         |                     |                                       |   |                                |                                |
| <b>Liabilities:</b>                           |                     |                                       |   |                                |                                |
| Accounts Payable                              | 321,053             | 64,398                                | 109,445                                     | 35,977                         | 530,873                        |
| Accrued Wages and Benefits                    | 476,172             | 165,309                               | 0   | 26,135                         | 667,616                        |
| Compensated Absences                          | 52,636              | 3,030                                 | 0   | 3,690                          | 59,356                         |
| Retainage Payable                             | 0                   | 0                                     | 274,457                                     | 162,882                        | 437,339                        |
| Accrued Interest Payable                      | 77,196              | 0                                     | 71,096                                      | 26,897                         | 175,189                        |
| Contracts Payable                             | 663,801             | 0                                     | 0   | 0                              | 663,801                        |
| Interfund Payable                             | 0                   | 0                                     | 0   | 293,752                        | 293,752                        |
| Deferred Revenue                              | 4,362,923           | 4,556,620                             | 0   | 1,937,391                      | 10,856,934                     |
| Claims Payable                                | 129,247             | 0                                     | 0   | 0                              | 129,247                        |
| General Obligation Notes Payable              | 4,700,000           | 0                                     | 5,000,000                                   | 0                              | 9,700,000                      |
| <b>Total Liabilities</b>                      | <b>10,783,028</b>   | <b>4,789,357</b>                      | <b>5,454,998</b>                            | <b>2,486,724</b>               | <b>23,514,107</b>              |
| <b>Fund Balances:</b>                         |                     |                                       |   |                                |                                |
| Reserved for Encumbrances                     | 5,816,108           | 126,180                               | 2,705,410                                   | 797,705                        | 9,445,403                      |
| Reserved for Inventory                        | 39,548              | 46,343                                | 0   | 0                              | 85,891                         |
| <b>Unreserved, Undesignated, Reported in:</b> |                     |                                       |   |                                |                                |
| General Fund                                  | 7,039,758           | 0                                     | 0   | 0                              | 7,039,758                      |
| Special Revenue Funds                         | 0                   | 4,021,309                             | 0   | 3,751,143                      | 7,772,452                      |
| Debt Service Funds                            | 0                   | 0                                     | 0   | 486,201                        | 486,201                        |
| Capital Projects Funds                        | 0                   | 0                                     | (4,873,483)                                 | 4,406,842                      | (466,641)                      |
| <b>Total Fund Balances</b>                    | <b>12,895,414</b>   | <b>4,193,832</b>                      | <b>(2,168,073)</b>                          | <b>9,441,891</b>               | <b>24,363,064</b>              |
| <b>Total Liabilities and Fund Balances</b>    | <b>\$23,678,442</b> | <b>\$8,983,189</b>                    | <b>\$3,286,925</b>                          | <b>\$11,928,615</b>            | <b>\$47,877,171</b>            |

See accompanying notes to the basic financial statements.

City of Mason  
 Reconciliation of Total Governmental Fund Balance to  
 Net Assets of Governmental Activities  
 December 31, 2004

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|   |                  |                      |
|---|------------------|----------------------|
| Total Governmental Fund Balance   |                  | \$24,363,064         |
| 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.   |                  | 122,907,961          |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.  |                  |                      |
| Income Taxes  | 1,962,085        |                      |
| Delinquent Property Taxes   | 123,183          |                      |
| Interest  | 39,587           |                      |
| Intergovernmental   | 1,062,965        |                      |
| Other   | <u>1,538,115</u> |                      |
|   |                  | 4,725,935            |
| In the statement of net assets interest payable is accrued when incurred, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources. |                  | (114,041)            |
| Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.                               |                  |                      |
| Compensated Absences  | <u>(682,278)</u> |                      |
|   |                  | (682,278)            |
| Deferred bond issuance cost associated with long-term liabilities are not reported in the funds.  |                  | 497,110              |
| Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.   |                  | <u>(30,409,420)</u>  |
| Net Assets of Governmental Activities   |                  | <u>\$121,288,331</u> |

See accompanying notes to the basic financial statements.

City of Mason  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended December 31, 2004

|   | General             | Fire and Emergency<br>Medical Service | Western Row /<br>Snider Road<br>Improvement | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|---------------------------------------|---|--------------------------------|--------------------------------|
| <b>Revenues:</b>                                    |                     |                                       |   |                                |                                |
| Taxes   | \$18,313,233        | \$4,326,484                           | \$0   | \$716,383                      | \$23,356,100                   |
| Fines, Licenses & Permits                           | 1,351,399           | 0                                     | 0   | 700,151                        | 2,051,550                      |
| Charges for Services                                | 344,758             | 432,662                               | 0   | 95,300                         | 872,720                        |
| Investment Earnings                                 | 95,392              | 28,600                                | 344   | 56,113                         | 180,449                        |
| Intergovernmental                                   | 1,875,071           | 191,106                               | 0   | 1,532,551                      | 3,598,728                      |
| Special Assessments                                 | 0                   | 0                                     | 0   | 156,177                        | 156,177                        |
| Other Revenues                                      | 860,340             | 26,647                                | 0   | 135,885                        | 1,022,872                      |
| <b>Total Revenues</b>                               | <b>22,840,193</b>   | <b>5,005,499</b>                      | <b>344</b>                                  | <b>3,392,560</b>               | <b>31,238,596</b>              |
| <b>Expenditures:</b>                                |                     |                                       |   |                                |                                |
| <b>Current:</b>                                     |                     |                                       |   |                                |                                |
| General Government                                  | 8,125,814           | 0                                     | 0   | 687,891                        | 8,813,705                      |
| Public Safety                                       | 3,866,556           | 3,304,364                             | 0   | 29,541                         | 7,200,461                      |
| Leisure Time Activities                             | 1,803,066           | 0                                     | 0   | 0                              | 1,803,066                      |
| Community Development                               | 1,000,758           | 0                                     | 0   | 13,389                         | 1,014,147                      |
| Transportation and Street Repair                    | 1,724,494           | 0                                     | 109,445                                     | 822,971                        | 2,656,910                      |
| Capital Outlay                                      | 610,731             | 100,154                               | 2,039,076                                   | 2,007,137                      | 4,757,098                      |
| <b>Debt Service:</b>                                |                     |                                       |   |                                |                                |
| Principal Retirement                                | 0                   | 223,741                               | 0   | 942,000                        | 1,165,741                      |
| Interest and Fiscal Charges                         | 72,769              | 13,737                                | 19,896                                      | 1,424,446                      | 1,530,848                      |
| <b>Total Expenditures</b>                           | <b>17,204,188</b>   | <b>3,641,996</b>                      | <b>2,168,417</b>                            | <b>5,927,375</b>               | <b>28,941,976</b>              |
| <b>Excess of Revenues Over (Under) Expenditures</b> | <b>5,636,005</b>    | <b>1,363,503</b>                      | <b>(2,168,073)</b>                          | <b>(2,534,815)</b>             | <b>2,296,620</b>               |
| <b>Other Financing Sources (Uses):</b>              |                     |                                       |   |                                |                                |
| Issuance of Long-Term Capital-Related Debt          | 0                   | 0                                     | 0   | 1,030,000                      | 1,030,000                      |
| Transfers In  | 0                   | 0                                     | 0   | 684,506                        | 684,506                        |
| Transfers (Out)                                     | (961,145)           | 0                                     | 0   | (3,000)                        | (964,145)                      |
| <b>Total Other Financing Sources (Uses)</b>         | <b>(961,145)</b>    | <b>0</b>                              | <b>0</b>                                    | <b>1,711,506</b>               | <b>750,361</b>                 |
| <b>Net Change in Fund Balance</b>                   | <b>4,674,860</b>    | <b>1,363,503</b>                      | <b>(2,168,073)</b>                          | <b>(823,309)</b>               | <b>3,046,981</b>               |
| <b>Fund Balance Beginning of Year, Restated</b>     | <b>8,192,209</b>    | <b>2,807,151</b>                      | <b>0</b>                                    | <b>10,292,351</b>              | <b>21,291,711</b>              |
| <b>Change in Reserve for Inventory</b>              | <b>28,345</b>       | <b>23,178</b>                         | <b>0</b>                                    | <b>(27,151)</b>                | <b>24,372</b>                  |
| <b>Fund Balance End of Year</b>                     | <b>\$12,895,414</b> | <b>\$4,193,832</b>                    | <b>(\$2,168,073)</b>                        | <b>\$9,441,891</b>             | <b>\$24,363,064</b>            |

See accompanying notes to the basic financial statements.



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, 2004

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Net Change in Fund Balance - Total Governmental Funds \$3,046,981

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

Governmental funds report capital asset additions as expenditures.  
 However, in the statement of activities, the cost of those assets is  
 allocated over their estimated useful lives as depreciation  
 expense. This is the amount of the difference between capital  
 asset additions and depreciation in the current period.

|  |                    |            |
|--|--------------------|------------|
| Capital assets used in governmental activities | 12,944,424         |            |
| Depreciation Expense                           | <u>(2,275,632)</u> | 10,668,792 |

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 gain or loss  
 on the disposal of capital assets must be recognized. This is the  
 amount of the difference between the proceeds and the gain or loss. (272,982)

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

|                           |                 |           |
|---------------------------|-----------------|-----------|
| Income Taxes              | 1,207,794       |           |
| Delinquent Property Taxes | (11,247)        |           |
| Interest                  | 1,969           |           |
| Intergovernmental         | 261,692         |           |
| Other                     | <u>(42,983)</u> | 1,417,225 |

Repayment of bond principal is an expenditure in the  
 governmental funds, but the repayment reduces long-term  
 liabilities in the statement of net assets. 1,165,741

In the statement of activities interest expense is accrued when incurred,  
 whereas in governmental funds an interest expenditure is reported  
 when due. 14,137

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

|  |               |          |
|--|---------------|----------|
| Compensated Absences                     | (100,774)     |          |
| Deferred Bond Issuance Cost Amortization | (23,121)      |          |
| Change in Inventory                      | <u>24,372</u> | (99,523) |

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. (1,030,000)

|   |                            |
|---|----------------------------|
| Change in Net Assets of Governmental Activities | <u><u>\$14,910,371</u></u> |
|---|----------------------------|

See accompanying notes to the basic financial statements.

City of Mason  
Statement of Net Assets  
Proprietary Funds  
December 31, 2004

|   | Business-Type Activities -Enterprise Funds |                       |                     |                              |                                      |
|---|--|-----------------------|---------------------|------------------------------|--------------------------------------|
|   | Sewer                                      | Stormwater<br>Utility | Community<br>Center | Other<br>Enterprise<br>Funds | Total<br>Business-Type<br>Activities |
| <b>Assets:</b>                                  |  |                       |                     |                              |                                      |
| Equity in Pooled Cash and Investments           | \$12,935,507                               | \$1,155,937           | \$1,064,495         | \$252,970                    | \$15,408,909                         |
| Restricted Cash and Investments                 | 23,251,862                                 | 0                     | 0                   | 0                            | 23,251,862                           |
| <b>Receivables:</b>                             |  |                       |                     |                              |                                      |
| Accounts  | 630,451                                    | 94,403                | 25,690              | 111,718                      | 862,262                              |
| Interest  | 37,776                                     | 3,376                 | 3,109               | 739                          | 45,000                               |
| Inventory                                       | 19,382                                     | 0                     | 3,118               | 0                            | 22,500                               |
| <b>Total Current Assets</b>                     | <b>36,874,978</b>                          | <b>1,253,716</b>      | <b>1,096,412</b>    | <b>365,427</b>               | <b>39,590,533</b>                    |
| Nondepreciable Capital Assets                   | 20,685,034                                 | 754,461               | 0                   | 0                            | 21,439,495                           |
| Depreciable Capital Assets, Net                 | 38,508,515                                 | 25,001,989            | 0                   | 0                            | 63,510,504                           |
| <b>Total Assets</b>                             | <b>96,068,527</b>                          | <b>27,010,166</b>     | <b>1,096,412</b>    | <b>365,427</b>               | <b>124,540,532</b>                   |
| <b>Liabilities:</b>                             |  |                       |                     |                              |                                      |
| <b>Current Liabilities:</b>                     |  |                       |                     |                              |                                      |
| Accounts Payable                                | 1,833,192                                  | 12,654                | 63,092              | 83,630                       | 1,992,568                            |
| Accrued Wages and Benefits                      | 43,561                                     | 5,682                 | 61,790              | 554                          | 111,587                              |
| Compensated Absences                            | 42,308                                     | 1,584                 | 14,417              | 240                          | 58,549                               |
| Retainage Payable                               | 895,129                                    | 19,299                | 0                   | 0                            | 914,428                              |
| Accrued Interest Payable                        | 132,353                                    | 0                     | 0                   | 0                            | 132,353                              |
| Deferred Revenue                                | 23,274                                     | 2,080                 | 1,915               | 455                          | 27,724                               |
| Long-Term Liabilities Due Within One Year       | 983,000                                    | 0                     | 0                   | 0                            | 983,000                              |
| <b>Total Current Liabilities</b>                | <b>3,952,817</b>                           | <b>41,299</b>         | <b>141,214</b>      | <b>84,879</b>                | <b>4,220,209</b>                     |
| <b>Long-Term Liabilities:</b>                   |  |                       |                     |                              |                                      |
| Compensated Absences                            | 67,395                                     | 2,268                 | 9,301               | 59                           | 79,023                               |
| Bonds, Notes & Loans Payable                    | 35,811,000                                 | 0                     | 0                   | 0                            | 35,811,000                           |
| <b>Total Liabilities</b>                        | <b>39,831,212</b>                          | <b>43,567</b>         | <b>150,515</b>      | <b>84,938</b>                | <b>40,110,232</b>                    |
| <b>Net Assets:</b>                              |  |                       |                     |                              |                                      |
| Invested in Capital Assets, Net of Related Debt | 38,561,713                                 | 25,756,450            | 0                   | 0                            | 64,318,163                           |
| Restricted for:                                 |  |                       |                     |                              |                                      |
| Other Purposes                                  | 23,251,862                                 | 0                     | 0                   | 0                            | 23,251,862                           |
| Unrestricted                                    | (5,576,260)                                | 1,210,149             | 945,897             | 280,489                      | (3,139,725)                          |
| <b>Total Net Assets</b>                         | <b>\$56,237,315</b>                        | <b>\$26,966,599</b>   | <b>\$945,897</b>    | <b>\$280,489</b>             | <b>\$84,430,300</b>                  |

See accompanying notes to the basic financial statements.

City of Mason  
Statement of Revenues, Expenses  
and Changes in Fund Net Assets  
Proprietary Funds  
For the Fiscal Year Ended December 31, 2004

|   | Business-Type Activities -Enterprise Funds |                       |                     |                              |                                      |
|---|--|-----------------------|---------------------|------------------------------|--------------------------------------|
|   | Sewer                                      | Stormwater<br>Utility | Community<br>Center | Other<br>Enterprise<br>Funds | Total<br>Business-Type<br>Activities |
| Operating Revenues:                                     |  |                       |                     |                              |                                      |
| Charges for Services                                    | \$5,381,425                                | \$784,892             | \$2,301,675         | \$982,973                    | \$9,450,965                          |
| Other Revenues  | 3,773                                      | 0                     | 54,416              | 2,253                        | 60,442                               |
| <b>Total Operating Revenues</b>                         | <b>5,385,198</b>                           | <b>784,892</b>        | <b>2,356,091</b>    | <b>985,226</b>               | <b>9,511,407</b>                     |
| Operating Expenses:                                     |  |                       |                     |                              |                                      |
| Personal Services                                       | 1,025,650                                  | 129,699               | 1,465,901           | 13,484                       | 2,634,734                            |
| Contractual Services                                    | 15,281                                     | 541,500               | 282,731             | 1,300,286                    | 2,139,798                            |
| Materials and Supplies                                  | 125,800                                    | 106,242               | 224,531             | 2,327                        | 458,900                              |
| Depreciation  | 893,822                                    | 474,909               | 0                   | 0                            | 1,368,731                            |
| <b>Total Operating Expenses</b>                         | <b>2,060,553</b>                           | <b>1,252,350</b>      | <b>1,973,163</b>    | <b>1,316,097</b>             | <b>6,602,163</b>                     |
| <b>Operating Income (Loss)</b>                          | <b>3,324,645</b>                           | <b>(467,458)</b>      | <b>382,928</b>      | <b>(330,871)</b>             | <b>2,909,244</b>                     |
| Non-Operating Revenues (Expenses):                      |  |                       |                     |                              |                                      |
| Investment Earnings                                     | 413,961                                    | 11,680                | 7,149               | 2,581                        | 435,371                              |
| Interest (Expense)                                      | (1,528,232)                                | (4,102)               | 0                   | 0                            | (1,532,334)                          |
| <b>Total Non-Operating Revenues (Expenses)</b>          | <b>(1,114,271)</b>                         | <b>7,578</b>          | <b>7,149</b>        | <b>2,581</b>                 | <b>(1,096,963)</b>                   |
| <b>Income (Loss) Before Contributions and Transfers</b> | <b>2,210,374</b>                           | <b>(459,880)</b>      | <b>390,077</b>      | <b>(328,290)</b>             | <b>1,812,281</b>                     |
| Capital Grants and Contributions                        | 2,201,404                                  | 2,301,473             | 2,700               | 0                            | 4,505,577                            |
| Transfers In  | 279,639                                    | 0                     | 0                   | 0                            | 279,639                              |
| <b>Change in Net Assets</b>                             | <b>4,691,417</b>                           | <b>1,841,593</b>      | <b>392,777</b>      | <b>(328,290)</b>             | <b>6,597,497</b>                     |
| <b>Net Assets Beginning of Year</b>                     | <b>51,545,898</b>                          | <b>25,125,006</b>     | <b>553,120</b>      | <b>608,779</b>               | <b>77,832,803</b>                    |
| <b>Net Assets End of Year</b>                           | <b>\$56,237,315</b>                        | <b>\$26,966,599</b>   | <b>\$945,897</b>    | <b>\$280,489</b>             | <b>\$84,430,300</b>                  |

See accompanying notes to the basic financial statements.

City of Mason  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended December 31, 2004

|  | Business-Type Activities -Enterprise Funds |                       |                     |                              | Total<br>Business-Type<br>Activities |
|--|--|-----------------------|---------------------|------------------------------|--------------------------------------|
|  | Sewer                                      | Stormwater<br>Utility | Community<br>Center | Other<br>Enterprise<br>Funds |                                      |
| <b>Cash Flows from Operating Activities:</b>   |  |                       |                     |                              |                                      |
| Cash Received from Customers   | \$5,169,980                                | \$758,232             | \$2,337,549         | \$956,940                    | \$9,222,701                          |
| Cash Payments to Employees   | (1,031,605)                                | (129,416)             | (1,399,703)         | (13,734)                     | (2,574,458)                          |
| Cash Payments to Suppliers   | (489,086)                                  | (693,654)             | (554,684)           | (1,227,316)                  | (2,964,740)                          |
| <b>Net Cash Provided (Used) by Operating Activities</b>  | <b>3,649,289</b>                           | <b>(64,838)</b>       | <b>383,162</b>      | <b>(284,110)</b>             | <b>3,683,503</b>                     |
| <b>Cash Flows from Noncapital Financing Activities:</b>  |  |                       |                     |                              |                                      |
| Payments from Other Funds  | 279,639                                    | 0                     | 0                   | 0                            | 279,639                              |
| <b>Net Cash Provided (Used) by Noncapital Financing Activities</b>                                       | <b>279,639</b>                             | <b>0</b>              | <b>0</b>            | <b>0</b>                     | <b>279,639</b>                       |
| <b>Cash Flows from Capital and Related Financing Activities:</b>   |  |                       |                     |                              |                                      |
| Payments for Capital Acquisitions  | (12,159,385)                               | (265,862)             | 0                   | 0                            | (12,425,247)                         |
| Debt Issuance  | 38,105,000                                 | 0                     | 0                   | 0                            | 38,105,000                           |
| Debt Principal Payments  | (7,808,000)                                | 0                     | 0                   | 0                            | (7,808,000)                          |
| Debt Interest Payments   | (1,394,969)                                | 0                     | 0                   | 0                            | (1,394,969)                          |
| Capital Grants Received  | 1,291,996                                  | 59,941                | 2,700               | 0                            | 1,354,637                            |
| <b>Net Cash Provided (Used) by Capital and<br/>Related Financing Activities</b>                          | <b>18,034,642</b>                          | <b>(205,921)</b>      | <b>2,700</b>        | <b>0</b>                     | <b>17,831,421</b>                    |
| <b>Cash Flows from Investing Activities:</b>   |  |                       |                     |                              |                                      |
| Earnings on Investments  | 453,375                                    | 16,382                | 11,457              | 2,297                        | 483,511                              |
| <b>Net Cash Provided (Used) by Cash Flows from Investing Activities</b>                                  | <b>453,375</b>                             | <b>16,382</b>         | <b>11,457</b>       | <b>2,297</b>                 | <b>483,511</b>                       |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>  | <b>22,416,945</b>                          | <b>(254,377)</b>      | <b>397,319</b>      | <b>(281,813)</b>             | <b>22,278,074</b>                    |
| Cash and Cash Equivalents Beginning of Year  | 13,770,424                                 | 1,410,314             | 667,176             | 534,783                      | 16,382,697                           |
| Cash and Cash Equivalents End of Year  | 36,187,369                                 | 1,155,937             | 1,064,495           | 252,970                      | 38,660,771                           |
| <b>Reconciliation of Operating Income (Loss) to<br/>Net Cash Provided (Used) by Operating Activities</b> |  |                       |                     |                              |                                      |
| Operating Income (Loss)  | 3,324,645                                  | (467,458)             | 382,928             | (330,871)                    | 2,909,244                            |
| Adjustments:   |  |                       |                     |                              |                                      |
| Depreciation   | 893,822                                    | 474,909               | 0                   | 0                            | 1,368,731                            |
| Changes in Assets & Liabilities:   |  |                       |                     |                              |                                      |
| (Increase) Decrease in Receivables   | (215,218)                                  | (26,660)              | (18,542)            | (27,041)                     | (287,461)                            |
| (Increase) Decrease in Inventory   | (6,134)                                    | 0                     | (3,118)             | 0                            | (9,252)                              |
| Increase (Decrease) in Payables  | (365,145)                                  | (44,969)              | 32,407              | 74,052                       | (303,655)                            |
| Increase (Decrease) in Accrued Liabilities   | (5,955)                                    | (660)                 | (10,513)            | (250)                        | (17,378)                             |
| Increase (Decrease) in Deferred Revenue  | 23,274                                     | 0                     | 0                   | 0                            | 23,274                               |
| <b>Net Cash Provided (Used) by Operating Activities</b>  | <b>\$3,649,289</b>                         | <b>(\$64,838)</b>     | <b>\$383,162</b>    | <b>(\$284,110)</b>           | <b>\$3,683,503</b>                   |
| <b>Schedule of Noncash Capital Activities:</b>   |  |                       |                     |                              |                                      |
| Capital Assets acquired with payables  | \$2,540,139                                | \$19,299              | \$0                 | \$0                          | \$2,559,438                          |
| Noncash Contributions of Capital Assets  | 909,408                                    | 59,941                | 0                   | 0                            | 969,349                              |

See accompanying notes to the basic financial statements.

City of Mason  
Statement of Fiduciary Net Assets  
Fiduciary Fund  
December 31, 2004

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|                                       | <u>Agency</u>    |
|---------------------------------------|------------------|
| Assets:                               |                  |
| Equity in Pooled Cash and Investments | <u>\$115,546</u> |
| Total Assets                          | <u>115,546</u>   |
| Liabilities:                          |                  |
| Other Liabilities                     | 47,506           |
| Due to Others                         | <u>68,040</u>    |
| Total Liabilities                     | <u>\$115,546</u> |

See accompanying notes to the basic financial statements.

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## **City of Mason**

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

### **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, sewer, stormwater waste collection and community center. 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, Bellbrook, Blue Ash, Centerville, Englewood, Kettering, Madeira, Mason, Miamisburg, Montgomery, Piqua, Sidney, Springdale, Tipp City, Troy, Vandalia, West Carrollton, Wilmington and Wyoming and the Village of Indian Hill. The City has no explicit and measurable equity interest in MVRMA and no ongoing financial responsibility for MVRMA.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### **Measurement Focus**

#### Government-Wide Financial Statements

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

#### Fund Financial Statements

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

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

### **Basis of Presentation**

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



## Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The 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. 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.

Western Row/Snyder Road Improvement Capital Projects Fund – This capital projects fund accounts for financial resources used for Western Row/Snyder Road improvements.

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. The City does not have an internal service fund.

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

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

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

Community Center Fund – This fund accounts for the community center services provided to the residents of the City.

## 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. The City has two Agency funds. On September 30, 1998 the Mason Deerfield Joint Fire District was dissolved. By court order the City established an Agency fund to hold the assets and liabilities on behalf of the Court as the court appointed agent. The City also has a Municipal Court Agency fund (to account for amounts held on behalf of other governments and bonds deposited with the court pending final disposition of various causes). Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City currently has no trust funds.

## **Basis of Accounting**

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

## Revenues - Exchange and Non-exchange Transactions

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

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

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

#### Deferred Revenue

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

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

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

#### Expenses/Expenditures

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

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

#### **Cash and Cash Equivalents**

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

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

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.

Following the Ohio Revised Code, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenues during 2004 amounted to \$613,785. The general fund interest revenue was \$95,392, which includes \$56,184 assigned from other City funds.

## Inventory

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

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

## Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City's infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The City uses a \$5,000 capitalization threshold. The City reported all infrastructure with the initial implementation of GASB 34.

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

## **Interfund Balances**

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

## **Compensated Absences**

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

Sick leave benefits are accrued as a liability using the vesting method. The 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, and inventories 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 capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

## **Interfund Activity**

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

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

## **Estimates**

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

### 3. DEPOSITS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash and investments. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments."

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

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

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

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

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



Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository with which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amount equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. 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 \$722,287 and the bank balance was \$1,222,703. 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/<br/>Fair Value</u> |
|--------------------------------|---------------------|---------------------------------------|
| U.S. Agencies                  | \$65,079,927        | \$65,079,927                          |
| Money Market(1)                | <u>0</u>            | <u>4,769,881</u>                      |
|                                | <u>\$65,079,927</u> | <u>\$69,849,808</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 \$1,379,949 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 2004 for real and public utility property taxes represents collections of the 2003 taxes. Property tax payments received during 2004 for tangible personal property (other than public utility property) is for 2004 taxes.

2004 real property taxes are levied after October 1, 2004, on the assessed value as of January 1, 2004, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2004 real property taxes are collected in and intended to finance 2005 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. 2004 public utility property taxes became a lien December 31, 2003, are levied after October 1, 2004, and are collected in 2005 with real property taxes.

2004 tangible personal property taxes are levied after October 1, 2003, on the value as of December 31, 2003. Collections are made in 2004. 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              | \$825,905,960        |
| Public Utility             | 15,736,660           |
| Tangible Personal Property | <u>137,059,790</u>   |
| Total Valuation            | <u>\$978,702,410</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 wages, salaries, commissions and other compensation in addition to net profits of business activity. The tax applies to all income earned within the City plus income earned by residents who earned income outside the City. A credit up to one-half percent is allowed if an individual pays income taxes to another municipality.

Additional increases in the income tax rate require voter approval. In November 2004, the voters allowed the City to continue to tax the distributive share of net profits on an S corporation.

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

## 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 twenty 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 per occurrence up to \$997,500 for casualty, \$747,500 for auto physical damage, \$0-\$25,000 for crime (determined by type of claim), \$250,000 for property and \$5,000 for boiler and machinery except all wastewater treatment plants and electrical substations which would be \$10,000 per occurrence.

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

|  |  |
|--|--|
| General Liability<br>(including Police Professional Liability) | \$7 million per occurrence   |
| Automobile Liability   | \$7 million per occurrence<br>\$1 million per occurrence self insured retention (SIR)<br>\$1 million per occurrence excess SIR – Government Entities Mutual (GEM)/\$5 million per occurrence excess \$2 million Insurance Company of the State of PA (AIG)                 |
| Employment Practice Liability                                  | \$1 million per occurrence SIR<br>\$6 million per occurrence excess SIR – GEM/Insurance Company of the State of PA (AIG)   |
| Public Officials Liability                                     | \$1 million per occurrence SIR<br>\$6 million per occurrence excess SIR – GEM/Insurance Company of the State of PA (AIG)   |
| Property   | \$100 million per occurrence<br>\$250,000 per occurrence SIR<br>\$100 million per occurrence excess SIR – Chubb/Federal Ins.   |
| Boiler and Machinery<br>(Included in Property Policy)          | \$100 million per occurrence<br>\$5,000 per occurrence SIR except all waste water treatment/sewage, water treatment/pumping stations and any electrical substations which would be \$10,000 per occurrence<br>\$100 million per occurrence excess SIR – Chubb/Federal Ins. |
| Flood (Property)   | \$25 million per occurrence and annual aggregate (Excludes Zone A) excess property SIR<br>\$1 million per occurrence and annual aggregate (Zone B and Shaded X) excess property SIR  |
| Earthquake (Property)  | \$25 million per occurrence and annual aggregate excess property SIR   |

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

The City has a group health insurance program for employees and their eligible dependents. Premiums are paid into the general 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 general fund are available to pay claims and administrative costs. The plan is administered by a third party administrator, Custom Design Benefits, which monitors all claim payments.

The claims liability of \$129,247 reported in the general fund at year end is 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 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> |
|--------------------|---|--|------------------------|-----------------------------------|
| 2003               | \$47,178                                  | \$1,000,387                                    | (\$995,669)            | \$51,896                          |
| 2004               | \$51,896                                  | \$1,887,492                                    | (\$1,810,141)          | \$129,247                         |

## 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> |
|--|--------------------------|---------------------|----------------------|-----------------------|
| <b>Governmental Activities</b>               |                          |                     |                      |                       |
| Capital Assets, not being depreciated:       |                          |                     |                      |                       |
| Land   | \$46,464,913             | \$1,807,644         | \$0                  | \$48,272,557          |
| Construction in Progress                     | <u>3,866,214</u>         | <u>3,432,306</u>    | <u>(3,760,862)</u>   | <u>3,537,658</u>      |
| Total Capital Assets, not being depreciated  | <u>50,331,127</u>        | <u>5,239,950</u>    | <u>(3,760,862)</u>   | <u>51,810,215</u>     |
| Capital Assets, being depreciated:           |                          |                     |                      |                       |
| Buildings and Improvements                   | 30,894,690               | 1,740,582           | (301,084)            | 32,334,188            |
| Machinery and Equipment                      | 8,878,688                | 1,430,697           | (104,032)            | 10,205,353            |
| Infrastructure                               | <u>33,595,566</u>        | <u>8,294,057</u>    | <u>0</u>             | <u>41,889,623</u>     |
| Total Capital Assets, being depreciated      | <u>73,368,944</u>        | <u>11,465,336</u>   | <u>(405,116)</u>     | <u>84,429,164</u>     |
| Less Accumulated Depreciation:               |                          |                     |                      |                       |
| Buildings and Improvements                   | (2,044,201)              | (706,214)           | 28,102               | (2,722,313)           |
| Machinery and Equipment                      | (3,995,998)              | (871,259)           | 104,032              | (4,763,225)           |
| Infrastructure                               | <u>(5,147,721)</u>       | <u>(698,159)</u>    | <u>0</u>             | <u>(5,845,880)</u>    |
| Total Accumulated Depreciation               | <u>(11,187,920)</u>      | <u>(2,275,632)</u>  | <u>132,134</u>       | <u>(13,331,418)</u>   |
| Total Capital Assets, being depreciated, net | <u>62,181,024</u>        | <u>9,189,704</u>    | <u>(272,982)</u>     | <u>71,097,746</u>     |
| Governmental Activities Capital Assets, net  | <u>\$112,512,151</u>     | <u>\$14,429,654</u> | <u>(\$4,033,844)</u> | <u>\$122,907,961</u>  |

**Business-Type Activities**

|  |                     |                     |                      |                     |
|--|---------------------|---------------------|----------------------|---------------------|
| Capital Assets, not being depreciated:       |                     |                     |                      |                     |
| Land   | \$3,928,870         | \$0                 | \$0                  | \$3,928,870         |
| Construction in Progress                     | <u>8,956,753</u>    | <u>15,024,772</u>   | <u>(6,470,900)</u>   | <u>17,510,625</u>   |
| Total Capital Assets, not being depreciated: | <u>12,885,623</u>   | <u>15,024,772</u>   | <u>(6,470,900)</u>   | <u>21,439,495</u>   |
| Capital Assets, being depreciated:           |                     |                     |                      |                     |
| Buildings and Improvements                   | 18,220,196          | 0                   | 0                    | 18,220,196          |
| Machinery and Equipment                      | 514,132             | 229,741             | 0                    | 743,873             |
| Infrastructure                               | <u>47,867,066</u>   | <u>9,324,743</u>    | <u>(43,835)</u>      | <u>57,147,974</u>   |
| Total Capital Assets, being depreciated      | <u>66,601,394</u>   | <u>9,554,484</u>    | <u>(43,835)</u>      | <u>76,112,043</u>   |
| Less Accumulated Depreciation:               |                     |                     |                      |                     |
| Buildings and Improvements                   | (4,168,955)         | (379,521)           | 0                    | (4,548,476)         |
| Machinery and Equipment                      | (467,413)           | (36,743)            | 27,800               | (476,356)           |
| Infrastructure                               | <u>(6,624,971)</u>  | <u>(952,467)</u>    | <u>731</u>           | <u>(7,576,707)</u>  |
| Total Accumulated Depreciation               | <u>(11,261,339)</u> | <u>(1,368,731)</u>  | <u>28,531</u>        | <u>(12,601,539)</u> |
| Total Capital Assets, being depreciated, net | <u>55,340,055</u>   | <u>8,185,753</u>    | <u>(15,304)</u>      | <u>63,510,504</u>   |
| Business-Type Activities Capital Assets, Net | <u>\$68,225,678</u> | <u>\$23,210,525</u> | <u>(\$6,486,204)</u> | <u>\$84,949,999</u> |

Depreciation expense was charged to governmental functions as follows:

|                                |                    |
|--------------------------------|--------------------|
| General Government             | \$574,765          |
| Public Safety                  | 458,704            |
| Leisure Time Activities        | 176,117            |
| Transportation & Street Repair | <u>1,066,046</u>   |
|                                | <u>\$2,275,632</u> |

**7. COMPENSATED ABSENCES****Accumulated Unpaid Vacation**

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

**Accumulated Unpaid Sick Leave**

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

**Sick Leave Conversion at Retirement**

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

**8. NOTES PAYABLE**

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

|  | <u>Beginning<br/>Balance</u> | <u>Issued</u>             | <u>Retired</u>              | <u>Ending<br/>Balance</u> |
|--|------------------------------|---------------------------|-----------------------------|---------------------------|
| General Fund:  |                              |                           |                             |                           |
| 2.75% Road Improvement Note                            | \$0                          | \$4,700,000               | \$0                         | \$4,700,000               |
| 1.39% Road Improvement Note<br>Western Row/Snider Road | 5,700,000                    | 0                         | (5,700,000)                 | 0                         |
| Improvement Fund:                                      |                              |                           |                             |                           |
| 3.00% Road Improvement Note                            | <u>0</u>                     | <u>5,000,000</u>          | <u>0</u>                    | <u>5,000,000</u>          |
| <b>Total</b>   | <b><u>\$5,700,000</u></b>    | <b><u>\$9,700,000</u></b> | <b><u>(\$5,700,000)</u></b> | <b><u>\$9,700,000</u></b> |

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<br/>Balance</u> | <u>Additions</u>    | <u>Deletions</u>     | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|--------------------------------------|------------------------------|---------------------|----------------------|---------------------------|--------------------------------|
| <b>Governmental Activities:</b>      |                              |                     |                      |                           |                                |
| <u>General Obligation Bonds</u>      |                              |                     |                      |                           |                                |
| 4.47% Road Improvement               | \$4,045,000                  | \$0                 | (\$200,000)          | \$3,845,000               | \$205,000                      |
| 5.30% Tax Increment Financing        | 600,000                      | 0                   | 0                    | 600,000                   | 0                              |
| 5.25% Central Parke TIF              | 1,150,000                    | 0                   | (10,000)             | 1,140,000                 | 45,000                         |
| 6.00% Enterprise Parke TIF           | 680,000                      | 0                   | 0                    | 680,000                   | 0                              |
| 1.25% Tylersville TIF                | <u>0</u>                     | <u>1,030,000</u>    | <u>0</u>             | <u>1,030,000</u>          | <u>0</u>                       |
| Total General Obligation Bonds       | <u>6,475,000</u>             | <u>1,030,000</u>    | <u>(210,000)</u>     | <u>7,295,000</u>          | <u>250,000</u>                 |
| <u>Special Assessment Bonds</u>      |                              |                     |                      |                           |                                |
| 6.75% Northeast                      | 440,000                      | 0                   | (55,000)             | 385,000                   | 55,000                         |
| 6.76% Snider Road                    | 120,000                      | 0                   | (15,000)             | 105,000                   | 15,000                         |
| 10.75% Mason-Montgomery Road         | 2,000                        | 0                   | (1,000)              | 1,000                     | 1,000                          |
| 8.75% Waterpark Drive – Beach        | 70,000                       | 0                   | (35,000)             | 35,000                    | 35,000                         |
| 7.78% Lindemann C.G.                 | 9,000                        | 0                   | (1,000)              | 8,000                     | 2,000                          |
| 7.38% Route 741                      | <u>175,000</u>               | <u>0</u>            | <u>(25,000)</u>      | <u>150,000</u>            | <u>25,000</u>                  |
| Total Special Assessment Bonds       | <u>816,000</u>               | <u>0</u>            | <u>(132,000)</u>     | <u>684,000</u>            | <u>133,000</u>                 |
| Capital Leases                       | <u>23,254,161</u>            | <u>0</u>            | <u>(823,741)</u>     | <u>22,430,420</u>         | <u>780,420</u>                 |
| Long Term Bond and Lease Liabilities | 30,545,161                   | 1,030,000           | (1,165,741)          | 30,409,420                | 1,163,420                      |
| Compensated Absences                 | <u>637,052</u>               | <u>566,956</u>      | <u>(462,374)</u>     | <u>741,634</u>            | <u>6,986</u>                   |
| Total Governmental Activities        | <u>\$31,182,213</u>          | <u>\$1,596,956</u>  | <u>(\$1,628,115)</u> | <u>\$31,151,054</u>       | <u>\$1,170,406</u>             |
| <br>                                 |                              |                     |                      |                           |                                |
|                                      | <u>Beginning<br/>Balance</u> | <u>Additions</u>    | <u>Deletions</u>     | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
| <b>Business-Type Activities:</b>     |                              |                     |                      |                           |                                |
| <u>Special Assessment Bonds</u>      |                              |                     |                      |                           |                                |
| 6.00% Diley Utility                  | <u>\$52,000</u>              | <u>\$ 0</u>         | <u>(\$3,000)</u>     | <u>\$49,000</u>           | <u>\$3,000</u>                 |
| <u>Mortgage Revenue Bonds</u>        |                              |                     |                      |                           |                                |
| 5.85% Sewer Mortgage Revenue         | 6,445,000                    | 0                   | (6,445,000)          | 0                         | 0                              |
| 4.47% Sewer Mortgage Revenue         | <u>0</u>                     | <u>38,105,000</u>   | <u>(1,360,000)</u>   | <u>36,745,000</u>         | <u>980,000</u>                 |
| Compensated Absences - Enterprise    | <u>126,159</u>               | <u>89,523</u>       | <u>(78,110)</u>      | <u>137,572</u>            | <u>58,549</u>                  |
| Total Business-Type Activities       | <u>\$6,623,159</u>           | <u>\$38,194,523</u> | <u>(\$7,886,110)</u> | <u>\$36,931,572</u>       | <u>\$1,041,549</u>             |

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



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

| <u>Year Ending</u><br><u>December 31</u> | <u>General</u><br><u>Obligation Bonds</u> |                    | <u>Special</u><br><u>Assessment Bonds</u> |                  | <u>Mortgage</u><br><u>Revenue Bonds</u> |                     |
|--|---|--------------------|---|------------------|---|---------------------|
|  | <u>Principal</u>                          | <u>Interest</u>    | <u>Principal</u>                          | <u>Interest</u>  | <u>Principal</u>                        | <u>Interest</u>     |
| 2005                                     | \$250,000                                 | \$310,743          | \$136,000                                 | \$51,068         | \$980,000                               | \$1,585,296         |
| 2006                                     | 270,000                                   | 300,123            | 100,000                                   | 40,971           | 1,000,000                               | 1,565,695           |
| 2007                                     | 310,000                                   | 288,443            | 101,000                                   | 34,064           | 1,020,000                               | 1,545,695           |
| 2008                                     | 360,000                                   | 274,931            | 101,000                                   | 27,079           | 1,035,000                               | 1,524,275           |
| 2009                                     | 385,000                                   | 259,371            | 101,000                                   | 20,114           | 1,070,000                               | 1,498,400           |
| 2010-2014                                | 2,575,000                                 | 993,780            | 194,000                                   | 21,592           | 5,950,000                               | 6,860,960           |
| 2015-2019                                | 2,755,000                                 | 341,725            | 0   | 0                | 7,325,000                               | 5,495,600           |
| 2020-2024                                | 390,000                                   | 12,687             | 0   | 0                | 9,250,000                               | 3,591,470           |
| 2025-2028                                | <u>0</u>                                  | <u>0</u>           | <u>0</u>                                  | <u>0</u>         | <u>9,115,000</u>                        | <u>1,158,550</u>    |
| Total                                    | <u>\$7,295,000</u>                        | <u>\$2,781,803</u> | <u>\$733,000</u>                          | <u>\$194,888</u> | <u>\$36,745,000</u>                     | <u>\$24,825,941</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

The City leases the municipal building under a capital lease that extend into future years.

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

|  |                     |
|--|---------------------|
| <u>Year Ending</u><br><u>December 31</u> |                     |
| 2005                                     | \$1,829,041         |
| 2006                                     | 1,668,848           |
| 2007                                     | 1,669,660           |
| 2008                                     | 1,669,200           |
| 2009                                     | 1,671,400           |
| 2010-2014                                | 8,354,635           |
| 2015-2019                                | 8,349,276           |
| 2020-2024                                | 8,346,500           |
| 2025-2028                                | <u>3,339,750</u>    |
| Total minimum lease payments             | 36,898,310          |
| Less: Amount representing interest       | <u>(14,467,890)</u> |
| Present value of minimum lease payments  | <u>\$22,430,420</u> |

Capital lease payments are made from the Government Reserve Fund. The costs of 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

## 11. PENSION PLANS

### **Public Employees Retirement System**

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

Members have a choice of three separate pension plans, a Traditional Pension Plan (TP), a Member-Directed Plan (MD) and a Combined Plan (CO). The TP Plan is a cost-sharing multiple-employer defined benefit pension plan. The MD Plan is a defined contribution plan in which member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

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

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the City is 13.55 percent of covered payroll. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2004, 2003 and 2002 were \$630,852, \$566,598, and \$426,363, respectively. The full amount has been contributed for 2003 and 2002 and 100 percent has been contributed for 2004.

## **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, 2004, 2003 and 2002 were \$403,313, \$338,597 and \$331,465, respectively. The full amount has been contributed for 2003 and 2002 and 69 percent has been contributed for 2004.

## **12. POST EMPLOYMENT BENEFITS**

### **Public Employees Retirement System**

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The current year employer contribution rate was 13.55 percent of covered payroll; 4.00 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, 2003, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rates plus an additional factor ranging from 1 percent to 6 percent for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4 percent (the projected wage inflation rate).

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

At year end 2004, the number of active contributing participants in the Traditional and Combined Plans totaled 369,885. The City's actual contributions for the current year, which were used to fund postemployment benefits were \$264,231. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

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

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

### **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. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for the current year that were used to fund postemployment benefits were \$175,508 for police and \$65,443 for fire. The OP&F's total health care expenses for the year ended December 31, 2003, (the latest information available) were \$150,853,148, which was net of member contributions of \$17,207,506. The number of OP&F participants eligible to receive health care benefits as of December 31, 2003, was 13,662 for police and 10,474 for firefighters.

### **13. CONDUIT DEBT OBLIGATIONS**

From time to time, Industrial Revenue Bonds have been issued to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2004, there were four series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the four series issued after January 1, 1996, was \$25,635,000.

Industrial Revenue Bonds have also been issued to provide financial assistance to the City's health care facilities. The monies are used primarily for upgrades to these facilities. The City has no obligation for the repayment of this debt. The bonds are not bonded indebtedness of the City and are therefore not reported on the City's balance sheet. At December 31, 2004, there were four series of Revenue Bonds outstanding. The aggregate principal amount payable for the series issued after January 1, 1996, was \$23,335,000.

### **14. RETIREMENT OF DEBT DEFEASED IN PRIOR YEAR**

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. The escrow fund in a prior year paid off the entire amount of the defeased debt issue and no amounts remain outstanding.

### **15. WATER SERVICE AGREEMENT**

In 2004, the City of Mason concluded the water operations, and closed the water fund which the Greater Cincinnati Water Works took over on March 1, 2002.

## 16. CONSTRUCTION COMMITMENTS

The City had the following outstanding commitments at year end:

| <u>Projects</u>                     | <u>Amount</u>       |
|-------------------------------------|---------------------|
| Kings Island Drive Bike Path        | \$6,114             |
| Muddy Creek Bike Path               | 55,474              |
| Western Row & Snider Intersection   | 2,764,039           |
| Western Row & Kings Island          | 50,000              |
| Socialville-Fosters Road Widening   | 78,653              |
| Western Row Road Widening           | 156,420             |
| Bethany Road Improvements           | 215,054             |
| Tylersville Crossing Improvement    | 212,262             |
| Snider Road Widening & Extension    | 1,436,592           |
| US 42 Trunk Sewer-North             | 25,102              |
| Water Reclamation Plant Improvement | 20,634,540          |
| Western Row & E. Trunk Sewer        | 16,539              |
| Villas Creek – Concord Crossing     | 8,814               |
| Fairway Drive Flood Study           | 27,932              |
| First Ave/S. Forest Storm Sewer     | 22,540              |
| North East Street Storm Sewer       | 13,254              |
| Heritage Oak Culvert Repair         | 4,875               |
| Muddy Creek Section III             | 65,054              |
| Hoff Run Flood Plain Study          | 26,980              |
| Total                               | <u>\$25,820,238</u> |

## 17. COMPLIANCE AND ACCOUNTABILITY

### Accountability

At year end, the City had a deficit fund balance in the following funds: Mason Enterprise Parke TIF Fund, Mason-Montgomery Road Improvement Fund and the Western Row / Snider Road Improvement Fund. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

### Compliance

Ohio Revised Code Section 5705.41B states that no subdivision or taxing unit is to expend money unless it has been appropriated. During the year, the Police K-9, and Sewer funds had disbursements exceeding appropriations of \$4,160 and \$38,277,870 respectively. At year end, the Tylersville TIF, Government Center Reserve and Sewer funds had disbursements exceeding appropriations of \$569,754, \$1,745,868 and \$2,228,147 respectively.

Ohio Revised Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated revenue. At year end, the City had appropriations exceeding estimated resources in the following funds: Drug Law Enforcement \$216, Mason Enterprise Parke TIF \$34,659, Special Assessment Bond Retirement \$617, Stormwater Utility \$2,954,564, and Sewer \$2,236,810. During the year, the City had appropriations exceeding estimated resources in the following funds: Federal Grant \$3,462, Bicycle & Pedestrian Way \$158,909, Police K-9 \$14,533, Mason Enterprise Parke TIF \$34,349, Western Row / Snider Road Improvement \$4,411,000, Stormwater Utility \$2,419,153, and Sewer \$2,008,570. Also at the beginning of the year, the Federal Grant, Bicycle & Pedestrian Way, Police K-9, Municipal Court Improvement, Municipal Court Probation Services, Tylersville Road TIF, Government Center Reserve, and Western Row / Snider Road Improvement had appropriations exceeding estimated resources of \$9,000, \$153,909, \$4,533, \$14,414, \$5,064, \$181,000, \$144,371 and \$4,411,000 respectively.

Ohio Revised Code Section 5705.10, provides that money paid into any fund shall be used only for purposes for which such fund is established. The Mason Enterprise Parke TIF Fund had a negative cash fund balance of \$11,643 at December 31, 2004.

## 18. INTERFUND TRANSACTIONS

Interfund transactions at year end, consisted of the following individual fund receivables and payables:

|                                    | Interfund        |                  | Transfers        |                  |
|------------------------------------|------------------|------------------|------------------|------------------|
|                                    | Receivable       | Payable          | In               | Out              |
| General Fund                       | \$293,752        | \$0              | \$0              | \$961,145        |
| Sewer                              | <u>0</u>         | <u>0</u>         | <u>279,639</u>   | <u>0</u>         |
| Nonmajor Funds:                    |                  |                  |                  |                  |
| Bicycle and Pedestrian Way         | 0                | 0                | 153,100          | 0                |
| Special Assessment Bond Retirement | 0                | 0                | 39,000           | 3,000            |
| Central Parke TIF                  | 0                | 282,109          | 0                | 0                |
| Mason Enterprise Parke TIF         | 0                | 11,643           | 0                | 0                |
| Government Center Reserve          | <u>0</u>         | <u>0</u>         | <u>492,406</u>   | <u>0</u>         |
| Total Nonmajor Funds               | <u>0</u>         | <u>293,752</u>   | <u>684,506</u>   | <u>3,000</u>     |
| Total All Funds                    | <u>\$293,752</u> | <u>\$293,752</u> | <u>\$964,145</u> | <u>\$964,145</u> |

Interfund balance/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed. The \$3,000 transfer out of the Special Assessment Bond Retirement fund was made for financial reporting purposes due to debt payments made that apply to a liability recorded in another fund.

## 19. PRIOR PERIOD ADJUSTMENT

The beginning net asset balance of Governmental Activities has been adjusted for unrecorded to the Central Parke TIF General Obligation Bond transactions as follows:

|   | <u>Governmental<br/>Activities</u> |
|---|------------------------------------|
| Balance previously stated,<br>December 31, 2003 | \$106,397,962                      |
| Restatement                                     | <u>(20,002)</u>                    |
| As restated, January 1, 2004                    | <u>\$106,377,960</u>               |

The beginning fund balance of the general fund has been adjusted for reclassification of the City's self-insurance activity from the Internal Service Fund to the general fund as follows:

|   | <u>General<br/>Fund</u> | <u>Internal<br/>Service</u> |
|---|-------------------------|-----------------------------|
| Balance previously stated,<br>December 31, 2003 | \$7,528,336             | \$663,873                   |
| Restatement                                     | <u>663,873</u>          | <u>(663,873)</u>            |
| As restated, January 1, 2004                    | <u>\$8,192,209</u>      | <u>\$0</u>                  |

The beginning asset and liability balances of the Municipal Court Agency fund has been adjusted for correction of amounts not previously reported as follows:

|   | <u>Agency<br/>Fund</u> |
|---|------------------------|
| Asset and liability balance<br>previously stated, December 31, 2003 | \$46,267               |
| Restatement   | <u>73,603</u>          |
| As restated, January 1, 2004  | <u>\$119,870</u>       |

## 20. SUBSEQUENT EVENT

On January 20, 2005, the City issued \$900,000 in bond anticipation notes for stormwater improvements.



## **21. ADVANCE REFUNDING**

In April 2004, the City issued \$38,105,000 in Mortgage Revenue Bonds with an interest rate of 4.47%. A portion of the bond proceeds were used to advance refund outstanding 1994 sewer mortgage revenue bonds with an interest rate of 5.85%. The net proceeds of \$6,843,145 (after payment of \$36,320 in underwriting fees and other issuance cost) were deposited in an irrevocable trust with an escrow agent to provide for payment of the 1994 sewer mortgage revenue bonds. The escrow agent paid off the entire amount due in December 2004. Therefore, the liability of the bonds has been removed from the financial statements.

The City advance refunded the 1994 sewer mortgage revenue bonds to reduce its total debt payments over the next 15 years by \$997,688 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$611,195.

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**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, 2004

|   | General Fund        |                     |                    |                            |
|---|---------------------|---------------------|--------------------|----------------------------|
|   | Original Budget     | Final Budget        | Actual             | Variance from Final Budget |
| <b>Revenues:</b>  |                     |                     |                    |                            |
| Taxes   | \$15,349,972        | \$18,417,924        | \$18,495,812       | \$77,888                   |
| Fines, Licenses & Permits   | 975,000             | 1,166,511           | 1,224,219          | 57,708                     |
| Intergovernmental   | 1,185,400           | 1,609,790           | 1,672,865          | 63,075                     |
| Charges for Services  | 335,000             | 344,227             | 344,940            | 713                        |
| Investment Earnings   | 0                   | 138,086             | 153,200            | 15,114                     |
| Other Revenues  | 443,150             | 942,279             | 966,738            | 24,459                     |
| <b>Total Revenues</b>   | <b>18,288,522</b>   | <b>22,618,817</b>   | <b>22,857,774</b>  | <b>238,957</b>             |
| <b>Expenditures:</b>  |                     |                     |                    |                            |
| <b>Current:</b>   |                     |                     |                    |                            |
| General Government  | 7,820,144           | 14,501,137          | 13,170,355         | 1,330,782                  |
| Public Safety   | 4,069,619           | 4,689,544           | 4,423,204          | 266,340                    |
| Leisure Time Activities   | 2,541,696           | 3,336,046           | 2,233,914          | 1,102,132                  |
| Community Development   | 1,259,190           | 1,465,836           | 1,201,053          | 264,783                    |
| Transportation & Street Repair  | 7,436,756           | 3,575,352           | 2,639,585          | 935,767                    |
| <b>Debt Service:</b>  |                     |                     |                    |                            |
| Principal Retirement  | 5,700,000           | 5,700,000           | 5,700,000          | 0                          |
| Interest and Fiscal Charges   | 85,000              | 85,000              | 78,790             | 6,210                      |
| <b>Total Expenditures</b>   | <b>28,912,405</b>   | <b>33,352,915</b>   | <b>29,446,901</b>  | <b>3,906,014</b>           |
| <b>Excess of Revenues Over (Under) Expenditures</b>                                   | <b>(10,623,883)</b> | <b>(10,734,098)</b> | <b>(6,589,127)</b> | <b>4,144,971</b>           |
| <b>Other financing sources (uses):</b>  |                     |                     |                    |                            |
| Issuance of Debt  | 9,550,000           | 4,700,000           | 4,700,000          | 0                          |
| Transfers In  | 400,000             | 148,895             | 0                  | (148,895)                  |
| Transfers (Out)   | (525,000)           | (2,962,000)         | (961,145)          | 2,000,855                  |
| <b>Total Other Financing Sources (Uses)</b>   | <b>9,425,000</b>    | <b>1,886,895</b>    | <b>3,738,855</b>   | <b>1,851,960</b>           |
| <b>Net Change in Fund Balance</b>   | <b>(1,198,883)</b>  | <b>(8,847,203)</b>  | <b>(2,850,272)</b> | <b>5,996,931</b>           |
| <b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b> | <b>11,200,265</b>   | <b>11,200,265</b>   | <b>11,200,265</b>  | <b>0</b>                   |
| <b>Fund Balance End of Year</b>   | <b>\$10,001,382</b> | <b>\$2,353,062</b>  | <b>\$8,349,993</b> | <b>\$5,996,931</b>         |

See accompanying notes to the required supplementary information.

City of Mason  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2004

|   | Fire and Emergency<br>Medical Service<br>Fund |                    |                    |                               |
|---|---|--------------------|--------------------|-------------------------------|
|   | Original<br>Budget                            | Final<br>Budget    | Actual             | Variance from<br>Final Budget |
| <b>Revenues:</b>  |   |                    |                    |                               |
| Taxes   | \$3,657,500                                   | \$4,326,483        | \$4,326,484        | \$1                           |
| Intergovernmental   | 25,500  | 191,106            | 191,106            | 0                             |
| Charges for Services  | 350,000                                       | 390,604            | 419,950            | 29,346                        |
| Investment Earnings   | 40,000  | 36,774             | 41,740             | 4,966                         |
| Other Revenues  | 2,000   | 26,547             | 26,647             | 100                           |
| <b>Total Revenues</b>   | <b>4,075,000</b>                              | <b>4,971,514</b>   | <b>5,005,927</b>   | <b>34,413</b>                 |
| <b>Expenditures:</b>  |   |                    |                    |                               |
| <b>Current:</b>   |   |                    |                    |                               |
| Public Safety   | 3,486,848                                     | 3,713,491          | 3,598,608          | 114,883                       |
| <b>Debt Service:</b>  |   |                    |                    |                               |
| Principal Retirement  | 223,741                                       | 223,741            | 223,741            | 0                             |
| Interest and Fiscal Charges   | 13,737  | 13,737             | 13,737             | 0                             |
| <b>Total Expenditures</b>   | <b>3,724,326</b>                              | <b>3,950,969</b>   | <b>3,836,086</b>   | <b>114,883</b>                |
| <b>Excess of Revenues Over (Under) Expenditures</b>                                       | <b>350,674</b>                                | <b>1,020,545</b>   | <b>1,169,841</b>   | <b>149,296</b>                |
| <b>Net Change in Fund Balance</b>   | <b>350,674</b>                                | <b>1,020,545</b>   | <b>1,169,841</b>   | <b>149,296</b>                |
| <b>Fund Balance Beginning of Year (includes<br/>prior year encumbrances appropriated)</b> | <b>2,957,625</b>                              | <b>2,957,625</b>   | <b>2,957,625</b>   | <b>0</b>                      |
| <b>Fund Balance End of Year</b>   | <b>\$3,308,299</b>                            | <b>\$3,978,170</b> | <b>\$4,127,466</b> | <b>\$149,296</b>              |

See accompanying notes to the required supplementary information.

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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, 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 and Emergency Medical Services 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 and Emergency Medical Services fund.

Net Change in Fund Balance

|   | <u>General</u>       | <u>Fire and Emergency<br/>Medical Service</u> |
|---|----------------------|---|
| GAAP Basis                              | \$4,674,860          | \$1,363,503                                   |
| Net Adjustment for Revenue Accruals     | 8,866,476            | 2,200,428                                     |
| Net Adjustment for Expenditure Accruals | (10,254,447)         | (2,203,512)                                   |
| Encumbrances                            | <u>(6,137,161)</u>   | <u>(190,578)</u>                              |
| Budget Basis                            | <u>(\$2,850,272)</u> | <u>\$1,169,841</u>                            |



**COMBINING STATEMENTS  
AND INDIVIDUAL  
FUND SCHEDULES**

## ***NONMAJOR FUNDS***

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

*Street Construction, Maintenance and Repair* - To account for 92.5% of the City's share of state gasoline taxes and motor vehicle license fees. State law requires that such monies be spent on street construction and maintenance.

*State Highway Improvement* - To account for the remaining 7.5% of the City's share of state gasoline taxes and motor vehicle license fees. State law requires that such monies be spent on state highways construction and improvements.

*Street Improvement* - To account for monies used to maintain and upgrade streets.

*Federal Grant* - This fund is used to account for grant funds received in conjunction with the Federal COPS Grant Program.

*D.A.R.E Grant* - This fund is used to account for grant funds received in conjunction with the State DARE Grant Program.

*Downtown Development Loan* - This fund is used to account for the repayment of loans to area businesses.

*Indiana and Ohio Railroad* - This fund is used to account for the repayment of debt pertaining to a cooperative agreement between the City and the I & O Railroad to promote job creation.

*Parks and Recreation* - To account for monies received from residential building permits specifically collected for the purpose of providing funds for recreational activities and facilities.

*Bicycle and Pedestrian Way* - This fund is to account for funds received to construct and improve paths throughout the City for bicycle and pedestrian traffic.

*Police K-9* - This fund is used to account for donations received to support the operations of the City of Mason's K-9 Unit.

*Police Crime Prevention* - This fund is used to account for donations received for the prevention of crime within the City.

*Drug Law Enforcement* - To account for monies designated to be used for drug law enforcement.

*Law Enforcement and Education* - To account for monies received from court fines imposed for drivers convicted of driving under the influence of drugs and alcohol. Monies generated under this fund shall be used for enforcement and education of the public of such dangers.

Indigent Driver - This fund is used to account for fees collected in conjunction with DUI offenses. Revenues received are used, by the court, for treatment and education of drug and alcohol offenders.

Municipal Court Computer Costs - To account for monies received from court fines. Monies generated under this fund shall be used for computer related expenses of the Court.

Municipal Court Computer Education - This fund is used to account for a \$2.00 fee assessed in conjunction with court costs. Revenues collected are used for computer education and training within the Municipal Court.

Municipal Court Improvement - This fund is used to account for a \$5.00 fee assessed in conjunction with court costs. Revenues collected are used for improvements to the Municipal Court facilities.

Vehicle Immobilization Fee - This fund is used to account for reimbursements received from the State of Ohio for costs incurred with the Court ordered immobilization of a vehicle.

Municipal Court Probation Services - To account for monies received from court fines. Monies generated under this fund shall be used for probation services provided by the Court.

Subdivision Inspection - This fund is used to account for the revenues received and expenses incurred for inspection services rendered in the City of Mason.

**Debt Service Funds:** The Debt Service Funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessments levies when the government is obligated in some manner for payment.

General Obligation Bond Retirement - To accumulate monies for the payment of long-term and short-term debt issued without a vote of the people.

Special Assessment Bond Retirement - To account for payment of bonds issued for improvements deemed to benefit specific properties against which assessments are levied.

**Capital Projects Funds:** The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

Tax Increment Financing - This fund is used to account for the financial resources and expenditures related to the development of 42 North Commerce Parke.

Central Park TIF - This fund is used to account for the financial resources and expenditures related to the development of the Central Park business park.

Mason Enterprise Parke TIF - This fund is used to account for the financial resources and expenditures related to the development of the Mason Enterprise business park.

Tylersville Road TIF - This fund is used to account for the financial resources and expenditures related to the development of the Tylersville Crossing business park.

Tylersville Road Project - This fund is used to account for financial resources used for improvements to Tylersville Road.

Kings Mill Road Project - This fund is used to account for financial resources used for improvements to Kings Mill Road.

Mason-Montgomery Road Improvement - This fund is used to account for financial resources used for improvements to Mason-Montgomery Road.

Government Center Reserve - This fund is used to account for the financial resources and expenditures related to the construction of the Mason Municipal Center.

**Enterprise Funds:** The Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the expense (including depreciation) of providing goods or services primarily or solely to the general public be financed or recovered primarily through user charges.

Water – The water utility fund ceased operations in prior years. Final activity was completed during the year and the fund has been closed.

Waste Management - To account for the operations of the City's solid waste collection and recycling service. Sources of revenues for this fund come from service charges to customers, based on rates authorized by City Council.

City of Mason  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2004

|   | Nonmajor<br>Special<br>Revenue<br>Funds | Nonmajor<br>Debt<br>Service<br>Funds | Nonmajor<br>Capital<br>Projects<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|---|--------------------------------------|--|--|
| <b>Assets:</b>                                |   |                                      |  |  |
| Equity in Pooled Cash and Investments         | \$3,885,138                             | \$499,646                            | \$1,362,087                              | \$5,746,871                                |
| Restricted Cash and Investments               | 0                                       | 0                                    | 3,943,956                                | 3,943,956                                  |
| <b>Receivables:</b>                           |   |                                      |  |  |
| Taxes   | 0                                       | 178,694                              | 0  | 178,694                                    |
| Accounts                                      | 40,793                                  | 5,026                                | 0  | 45,819                                     |
| Interest                                      | 8,699                                   | 0                                    | 1,360                                    | 10,059                                     |
| Intergovernmental                             | 591,555                                 | 20,698                               | 11,014                                   | 623,267                                    |
| Special Assessments                           | 0                                       | 1,379,949                            | 0  | 1,379,949                                  |
| <b>Total Assets</b>                           | <b>4,526,185</b>                        | <b>2,084,013</b>                     | <b>5,318,417</b>                         | <b>11,928,615</b>                          |
| <b>Liabilities and Fund Balances:</b>         |   |                                      |  |  |
| <b>Liabilities:</b>                           |   |                                      |  |  |
| Accounts Payable                              | 35,454                                  | 523                                  | 0  | 35,977                                     |
| Accrued Wages and Benefits                    | 26,135                                  | 0                                    | 0  | 26,135                                     |
| Compensated Absences                          | 3,690                                   | 0                                    | 0  | 3,690                                      |
| Retainage Payable                             | 0                                       | 0                                    | 162,882                                  | 162,882                                    |
| Accrued Interest Payable                      | 0                                       | 17,948                               | 8,949                                    | 26,897                                     |
| Interfund Payable                             | 0                                       | 0                                    | 293,752                                  | 293,752                                    |
| Deferred Revenue                              | 346,198                                 | 1,579,341                            | 11,852                                   | 1,937,391                                  |
| <b>Total Liabilities</b>                      | <b>411,477</b>                          | <b>1,597,812</b>                     | <b>477,435</b>                           | <b>2,486,724</b>                           |
| <b>Fund Balances:</b>                         |   |                                      |  |  |
| Reserved for Encumbrances                     | 363,565                                 | 0                                    | 434,140                                  | 797,705                                    |
| <b>Unreserved, Undesignated, Reported in:</b> |   |                                      |  |  |
| Special Revenue Funds                         | 3,751,143                               | 0                                    | 0  | 3,751,143                                  |
| Debt Service Funds                            | 0                                       | 486,201                              | 0  | 486,201                                    |
| Capital Projects Funds                        | 0                                       | 0                                    | 4,406,842                                | 4,406,842                                  |
| <b>Total Fund Balances</b>                    | <b>4,114,708</b>                        | <b>486,201</b>                       | <b>4,840,982</b>                         | <b>9,441,891</b>                           |
| <b>Total Liabilities and Fund Balances</b>    | <b>\$4,526,185</b>                      | <b>\$2,084,013</b>                   | <b>\$5,318,417</b>                       | <b>\$11,928,615</b>                        |

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

|   | Nonmajor<br>Special<br>Revenue<br>Funds | Nonmajor<br>Debt<br>Service<br>Funds | Nonmajor<br>Capital<br>Projects<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|---|--------------------------------------|--|--|
| <b>Revenues:</b>                                |   |                                      |  |  |
| Taxes   | \$0                                     | \$414,581                            | \$301,802                                | \$716,383                                  |
| Fines, Licenses & Permits                       | 700,151                                 | 0                                    | 0  | 700,151                                    |
| Charges for Services                            | 95,300                                  | 0                                    | 0  | 95,300                                     |
| Investment Earnings                             | 32,144                                  | 0                                    | 23,969                                   | 56,113                                     |
| Intergovernmental                               | 1,202,313                               | 30,268                               | 299,970                                  | 1,532,551                                  |
| Special Assessments                             | 0                                       | 156,177                              | 0  | 156,177                                    |
| Other Revenues                                  | 19,277                                  | 5,026                                | 111,582                                  | 135,885                                    |
| <b>Total Revenues</b>                           | <b>2,049,185</b>                        | <b>606,052</b>                       | <b>737,323</b>                           | <b>3,392,560</b>                           |
| <b>Expenditures:</b>                            |   |                                      |  |  |
| <b>Current:</b>                                 |   |                                      |  |  |
| General Government                              | 687,368                                 | 523                                  | 0  | 687,891                                    |
| Public Safety                                   | 29,541                                  | 0                                    | 0  | 29,541                                     |
| Community Development                           | 13,389                                  | 0                                    | 0  | 13,389                                     |
| Transportation and Street Repair                | 172,610                                 | 0                                    | 650,361                                  | 822,971                                    |
| Capital Outlay                                  | 1,098,984                               | 0                                    | 908,153                                  | 2,007,137                                  |
| <b>Debt Service:</b>                            |   |                                      |  |  |
| Principal Retirement                            | 0                                       | 332,000                              | 610,000                                  | 942,000                                    |
| Interest and Fiscal Charges                     | 0                                       | 255,498                              | 1,168,948                                | 1,424,446                                  |
| <b>Total Expenditures</b>                       | <b>2,001,892</b>                        | <b>588,021</b>                       | <b>3,337,462</b>                         | <b>5,927,375</b>                           |
| <b>Excess of Revenues Over (Under) Expendit</b> | <b>47,293</b>                           | <b>18,031</b>                        | <b>(2,600,139)</b>                       | <b>(2,534,815)</b>                         |
| <b>Other Financing Sources (Uses):</b>          |   |                                      |  |  |
| Issuance of Long-Term Capital-Related De        | 0                                       | 0                                    | 1,030,000                                | 1,030,000                                  |
| Transfers In                                    | 153,100                                 | 39,000                               | 492,406                                  | 684,506                                    |
| Transfers (Out)                                 | 0                                       | (3,000)                              | 0  | (3,000)                                    |
| <b>Total Other Financing Sources (Uses)</b>     | <b>153,100</b>                          | <b>36,000</b>                        | <b>1,522,406</b>                         | <b>1,711,506</b>                           |
| <b>Net Change in Fund Balance</b>               | <b>200,393</b>                          | <b>54,031</b>                        | <b>(1,077,733)</b>                       | <b>(823,309)</b>                           |
| <b>Fund Balance Beginning of Year, Restated</b> | <b>3,941,466</b>                        | <b>432,170</b>                       | <b>5,918,715</b>                         | <b>10,292,351</b>                          |
| <b>Change in Reserve for Inventory</b>          | <b>(27,151)</b>                         | <b>0</b>                             | <b>0</b>                                 | <b>(27,151)</b>                            |
| <b>Fund Balance End of Year</b>                 | <b>\$4,114,708</b>                      | <b>\$486,201</b>                     | <b>\$4,840,982</b>                       | <b>\$9,441,891</b>                         |

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City of Mason  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 December 31, 2004

|   | Street Construction,<br>Maintenance and Repair | State Highway<br>Improvement | Street<br>Improvement | Federal<br>Grant | D.A.R.E.<br>Grant |
|---|--|------------------------------|-----------------------|------------------|-------------------|
| <b>Assets:</b>  |  |                              |                       |                  |                   |
| Equity in Pooled Cash and Investments                           | \$1,109,488                                    | \$385,679                    | \$741,734             | \$49,493         | \$83,592          |
| <b>Receivables:</b>   |  |                              |                       |                  |                   |
| Accounts  | 0  | 0                            | 800                   | 0                | 0                 |
| Interest  | 3,240  | 1,126                        | 2,166                 | 0                | 0                 |
| Intergovernmental   | 482,661  | 39,136                       | 0                     | 69,758           | 0                 |
| <b>Total Assets</b>   | <b>1,595,389</b>                               | <b>425,941</b>               | <b>744,700</b>        | <b>119,251</b>   | <b>83,592</b>     |
| <b>Liabilities and Fund Balances:</b>                           |  |                              |                       |                  |                   |
| <b>Liabilities:</b>   |  |                              |                       |                  |                   |
| Accounts Payable  | 10,365   | 3,000                        | 0                     | 0                | 0                 |
| Accrued Wages and Benefits                                      | 3,098  | 0                            | 0                     | 0                | 0                 |
| Compensated Absences  | 341  | 0                            | 0                     | 0                | 0                 |
| Deferred Revenue  | 317,271  | 26,258                       | 1,334                 | 0                | 0                 |
| <b>Total Liabilities</b>  | <b>331,075</b>                                 | <b>29,258</b>                | <b>1,334</b>          | <b>0</b>         | <b>0</b>          |
| <b>Fund Balances:</b>   |  |                              |                       |                  |                   |
| Reserved for Encumbrances                                       | 30,569   | 186,577                      | 0                     | 0                | 0                 |
| Unreserved, Undesignated, Reported in:<br>Special Revenue Funds | 1,233,745                                      | 210,106                      | 743,366               | 119,251          | 83,592            |
| <b>Total Fund Balances</b>                                      | <b>1,264,314</b>                               | <b>396,683</b>               | <b>743,366</b>        | <b>119,251</b>   | <b>83,592</b>     |
| <b>Total Liabilities and Fund Balances</b>                      | <b>\$1,595,389</b>                             | <b>\$425,941</b>             | <b>\$744,700</b>      | <b>\$119,251</b> | <b>\$83,592</b>   |



| Downtown<br>Development/Loan | Indiana and<br>Ohio Railroad | Parks and<br>Recreation | Bicycle and<br>Pedestrian Way | Police<br>K-9  | Police Crime<br>Prevention | Drug Law<br>Enforcement | Law Enforcement<br>and Education |
|------------------------------|------------------------------|-------------------------|-------------------------------|----------------|----------------------------|-------------------------|----------------------------------|
| \$85,350                     | \$248,473                    | \$307,476               | \$78,232                      | \$6,407        | \$513                      | \$9,785                 | \$17,975                         |
| 0                            | 0                            | 1,700                   | 0                             | 0              | 0                          | 175                     | 50                               |
| 0                            | 726                          | 898                     | 0                             | 0              | 0                          | 0                       | 0                                |
| 0                            | 0                            | 0                       | 0                             | 0              | 0                          | 0                       | 0                                |
| <u>85,350</u>                | <u>249,199</u>               | <u>310,074</u>          | <u>78,232</u>                 | <u>6,407</u>   | <u>513</u>                 | <u>9,960</u>            | <u>18,025</u>                    |
| 0                            | 0                            | 0                       | 12,788                        | 10             | 0                          | 1,075                   | 0                                |
| 0                            | 0                            | 0                       | 0                             | 0              | 0                          | 0                       | 0                                |
| 0                            | 0                            | 0                       | 0                             | 0              | 0                          | 0                       | 0                                |
| 0                            | 447                          | 553                     | 0                             | 0              | 0                          | 0                       | 0                                |
| 0                            | 447                          | 553                     | 12,788                        | 10             | 0                          | 1,075                   | 0                                |
| 0                            | 8,106                        | 0                       | 65,379                        | 0              | 0                          | 1,225                   | 0                                |
| <u>85,350</u>                | <u>240,646</u>               | <u>309,521</u>          | <u>65</u>                     | <u>6,397</u>   | <u>513</u>                 | <u>7,660</u>            | <u>18,025</u>                    |
| <u>85,350</u>                | <u>248,752</u>               | <u>309,521</u>          | <u>65,444</u>                 | <u>6,397</u>   | <u>513</u>                 | <u>8,885</u>            | <u>18,025</u>                    |
| <u>\$85,350</u>              | <u>\$249,199</u>             | <u>\$310,074</u>        | <u>\$78,232</u>               | <u>\$6,407</u> | <u>\$513</u>               | <u>\$9,960</u>          | <u>\$18,025</u>                  |

Continued

City of Mason  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2004

|   | Indigent<br>Driver | Municipal Court<br>Computer Costs | Municipal Court<br>Computer Education | Municipal Court<br>Improvement | Vehicle<br>Immobilization Fee |
|---|--------------------|-----------------------------------|---------------------------------------|--------------------------------|-------------------------------|
| <b>Assets:</b>  |                    |                                   |                                       |                                |                               |
| Equity in Pooled Cash and Investments                           | \$131,564          | \$99,174                          | \$32,752                              | \$154,794                      | \$8,730                       |
| <b>Receivables:</b>   |                    |                                   |                                       |                                |                               |
| Accounts  | 3,992              | 3,617                             | 1,097                                 | 15,759                         | 0                             |
| Interest  | 0                  | 0                                 | 0                                     | 0                              | 0                             |
| Intergovernmental   | 0                  | 0                                 | 0                                     | 0                              | 0                             |
| <b>Total Assets</b>   | <b>135,556</b>     | <b>102,791</b>                    | <b>33,849</b>                         | <b>170,553</b>                 | <b>8,730</b>                  |
| <b>Liabilities and Fund Balances:</b>                           |                    |                                   |                                       |                                |                               |
| <b>Liabilities:</b>   |                    |                                   |                                       |                                |                               |
| Accounts Payable  | 770                | 170                               | 0                                     | 827                            | 0                             |
| Accrued Wages and Benefits                                      | 0                  | 1,132                             | 0                                     | 8,662                          | 0                             |
| Compensated Absences  | 0                  | 0                                 | 0                                     | 982                            | 0                             |
| Deferred Revenue  | 0                  | 0                                 | 0                                     | 0                              | 0                             |
| <b>Total Liabilities</b>  | <b>770</b>         | <b>1,302</b>                      | <b>0</b>                              | <b>10,471</b>                  | <b>0</b>                      |
| <b>Fund Balances:</b>   |                    |                                   |                                       |                                |                               |
| Reserved for Encumbrances                                       | 0                  | 3,702                             | 0                                     | 1,793                          | 0                             |
| Unreserved, Undesignated, Reported in:<br>Special Revenue Funds | 134,786            | 97,787                            | 33,849                                | 158,289                        | 8,730                         |
| <b>Total Fund Balances</b>                                      | <b>134,786</b>     | <b>101,489</b>                    | <b>33,849</b>                         | <b>160,082</b>                 | <b>8,730</b>                  |
| <b>Total Liabilities and Fund Balances</b>                      | <b>\$135,556</b>   | <b>\$102,791</b>                  | <b>\$33,849</b>                       | <b>\$170,553</b>               | <b>\$8,730</b>                |

| <u>Municipal Court<br/>Probation Services</u> | <u>Subdivision<br/>Inspection</u> | <u>Total<br/>Nonmajor<br/>Special Revenue<br/>Funds</u> |
|---|-----------------------------------|---|
| \$147,869                                     | \$186,058                         | \$3,885,138   |
| 13,603  | 0                                 | 40,793  |
| 0   | 543                               | 8,699   |
| 0   | 0                                 | 591,555   |
| <u>161,472</u>                                | <u>186,601</u>                    | <u>4,526,185</u>  |
| 5,848   | 601                               | 35,454  |
| 7,949   | 5,294                             | 26,135  |
| 1,092   | 1,275                             | 3,690   |
| 0   | 335                               | 346,198   |
| <u>14,889</u>                                 | <u>7,505</u>                      | <u>411,477</u>  |
| 6,197   | 60,017                            | 363,565   |
| <u>140,386</u>                                | <u>119,079</u>                    | <u>3,751,143</u>  |
| <u>146,583</u>                                | <u>179,096</u>                    | <u>4,114,708</u>  |
| <u>\$161,472</u>                              | <u>\$186,601</u>                  | <u>\$4,526,185</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, 2004

|   | Street Construction,<br>Maintenance and Repair | State Highway<br>Improvement | Street<br>Improvement | Federal<br>Grant | D.A.R.E.<br>Grant |
|---|--|------------------------------|-----------------------|------------------|-------------------|
| <b>Revenues:</b>                                    |  |                              |                       |                  |                   |
| Fines, Licenses & Permits                           | \$0  | \$0                          | \$56,400              | \$0              | \$0               |
| Charges for Services                                | 0  | 0                            | 0                     | 0                | 0                 |
| Investment Earnings                                 | 12,033   | 4,302                        | 6,179                 | 0                | 0                 |
| Intergovernmental                                   | 992,649  | 80,487                       | 0                     | 112,118          | 17,059            |
| Other Revenues                                      | 0  | 0                            | 0                     | 0                | 0                 |
| <b>Total Revenues</b>                               | <b>1,004,682</b>                               | <b>84,789</b>                | <b>62,579</b>         | <b>112,118</b>   | <b>17,059</b>     |
| <b>Expenditures:</b>                                |  |                              |                       |                  |                   |
| <b>Current:</b>                                     |  |                              |                       |                  |                   |
| General Government                                  | 0  | 0                            | 0                     | 0                | 0                 |
| Public Safety                                       | 0  | 0                            | 0                     | 3,262            | 4,780             |
| Community Development                               | 0  | 0                            | 0                     | 0                | 0                 |
| Transportation and Street Repair                    | 167,067  | 5,543                        | 0                     | 0                | 0                 |
| Capital Outlay                                      | 997,746  | 77,691                       | 200                   | 0                | 0                 |
| <b>Total Expenditures</b>                           | <b>1,164,813</b>                               | <b>83,234</b>                | <b>200</b>            | <b>3,262</b>     | <b>4,780</b>      |
| <b>Excess of Revenues Over (Under) Expenditures</b> | <b>(160,131)</b>                               | <b>1,555</b>                 | <b>62,379</b>         | <b>108,856</b>   | <b>12,279</b>     |
| <b>Other Financing Sources (Uses):</b>              |  |                              |                       |                  |                   |
| Transfers In  | 0  | 0                            | 0                     | 0                | 0                 |
| <b>Total Other Financing Sources (Uses)</b>         | <b>0</b>                                       | <b>0</b>                     | <b>0</b>              | <b>0</b>         | <b>0</b>          |
| <b>Net Change in Fund Balance</b>                   | <b>(160,131)</b>                               | <b>1,555</b>                 | <b>62,379</b>         | <b>108,856</b>   | <b>12,279</b>     |
| <b>Fund Balance Beginning of Year, Restated</b>     | <b>1,449,851</b>                               | <b>395,128</b>               | <b>680,987</b>        | <b>10,395</b>    | <b>71,313</b>     |
| <b>Change in Reserve for Inventory</b>              | <b>(25,406)</b>                                | <b>0</b>                     | <b>0</b>              | <b>0</b>         | <b>0</b>          |
| <b>Fund Balance End of Year</b>                     | <b>\$1,264,314</b>                             | <b>\$396,683</b>             | <b>\$743,366</b>      | <b>\$119,251</b> | <b>\$83,592</b>   |

| Downtown<br>Development/Loan | Indiana and<br>Ohio Railroad | Parks and<br>Recreation | Bicycle and<br>Pedestrian Way | Police<br>K-9 | Police Crime<br>Prevention | Drug Law<br>Enforcement | Law Enforcement<br>and Education |
|------------------------------|------------------------------|-------------------------|-------------------------------|---------------|----------------------------|-------------------------|----------------------------------|
| \$0                          | \$0                          | \$1,700                 | \$6,824                       | \$0           | \$310                      | \$1,175                 | \$1,314                          |
| 0                            | 0                            | 95,300                  | 0                             | 0             | 0                          | 0                       | 0                                |
| 558                          | 3,090                        | 3,305                   | 0                             | 0             | 0                          | 0                       | 0                                |
| 0                            | 0                            | 0                       | 0                             | 0             | 0                          | 0                       | 0                                |
| 4,355                        | 0                            | 0                       | 0                             | 5,931         | 0                          | 0                       | 0                                |
| 4,913                        | 3,090                        | 100,305                 | 6,824                         | 5,931         | 310                        | 1,175                   | 1,314                            |
| 0                            | 0                            | 0                       | 82,783                        | 0             | 0                          | 0                       | 0                                |
| 0                            | 0                            | 0                       | 0                             | 0             | 424                        | 21,075                  | 0                                |
| 0                            | 0                            | 0                       | 12,788                        | 0             | 0                          | 0                       | 0                                |
| 0                            | 0                            | 0                       | 0                             | 0             | 0                          | 0                       | 0                                |
| 0                            | 0                            | 0                       | 0                             | 0             | 0                          | 0                       | 0                                |
| 0                            | 0                            | 0                       | 95,571                        | 0             | 424                        | 21,075                  | 0                                |
| 4,913                        | 3,090                        | 100,305                 | (88,747)                      | 5,931         | (114)                      | (19,900)                | 1,314                            |
| 0                            | 0                            | 0                       | 153,100                       | 0             | 0                          | 0                       | 0                                |
| 0                            | 0                            | 0                       | 153,100                       | 0             | 0                          | 0                       | 0                                |
| 4,913                        | 3,090                        | 100,305                 | 64,353                        | 5,931         | (114)                      | (19,900)                | 1,314                            |
| 80,437                       | 245,662                      | 210,961                 | 1,091                         | 466           | 627                        | 28,785                  | 16,711                           |
| 0                            | 0                            | (1,745)                 | 0                             | 0             | 0                          | 0                       | 0                                |
| \$85,350                     | \$248,752                    | \$309,521               | \$65,444                      | \$6,397       | \$513                      | \$8,885                 | \$18,025                         |

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, 2004

|   | Indigent<br>Driver | Municipal Court<br>Computer Costs | Municipal Court<br>Computer Education | Municipal Court<br>Improvement | Vehicle<br>Immobilization Fee |
|---|--------------------|-----------------------------------|---------------------------------------|--------------------------------|-------------------------------|
| <b>Revenues:</b>                                    |                    |                                   |                                       |                                |                               |
| Fines, Licenses & Permits                           | \$13,002           | \$58,635                          | \$18,416                              | \$231,722                      | \$1,105                       |
| Charges for Services                                | 0                  | 0                                 | 0                                     | 0                              | 0                             |
| Investment Earnings                                 | 0                  | 0                                 | 0                                     | 0                              | 0                             |
| Intergovernmental                                   | 0                  | 0                                 | 0                                     | 0                              | 0                             |
| Other Revenues                                      | 0                  | 0                                 | 0                                     | 0                              | 0                             |
| <b>Total Revenues</b>                               | <b>13,002</b>      | <b>58,635</b>                     | <b>18,416</b>                         | <b>231,722</b>                 | <b>1,105</b>                  |
| <b>Expenditures:</b>                                |                    |                                   |                                       |                                |                               |
| <b>Current:</b>                                     |                    |                                   |                                       |                                |                               |
| General Government                                  | 2,035              | 50,413                            | 2,770                                 | 202,069                        | 0                             |
| Public Safety                                       | 0                  | 0                                 | 0                                     | 0                              | 0                             |
| Community Development                               | 0                  | 0                                 | 0                                     | 0                              | 0                             |
| Transportation and Street Repair                    | 0                  | 0                                 | 0                                     | 0                              | 0                             |
| Capital Outlay                                      | 0                  | 0                                 | 20,700                                | 2,647                          | 0                             |
| <b>Total Expenditures</b>                           | <b>2,035</b>       | <b>50,413</b>                     | <b>23,470</b>                         | <b>204,716</b>                 | <b>0</b>                      |
| <b>Excess of Revenues Over (Under) Expenditures</b> | <b>10,967</b>      | <b>8,222</b>                      | <b>(5,054)</b>                        | <b>27,006</b>                  | <b>1,105</b>                  |
| <b>Other Financing Sources (Uses):</b>              |                    |                                   |                                       |                                |                               |
| Transfers In  | 0                  | 0                                 | 0                                     | 0                              | 0                             |
| <b>Total Other Financing Sources (Uses)</b>         | <b>0</b>           | <b>0</b>                          | <b>0</b>                              | <b>0</b>                       | <b>0</b>                      |
| <b>Net Change in Fund Balance</b>                   | <b>10,967</b>      | <b>8,222</b>                      | <b>(5,054)</b>                        | <b>27,006</b>                  | <b>1,105</b>                  |
| <b>Fund Balance Beginning of Year, Restated</b>     | <b>123,819</b>     | <b>93,267</b>                     | <b>38,903</b>                         | <b>133,076</b>                 | <b>7,625</b>                  |
| <b>Change in Reserve for Inventory</b>              | <b>0</b>           | <b>0</b>                          | <b>0</b>                              | <b>0</b>                       | <b>0</b>                      |
| <b>Fund Balance End of Year</b>                     | <b>\$134,786</b>   | <b>\$101,489</b>                  | <b>\$33,849</b>                       | <b>\$160,082</b>               | <b>\$8,730</b>                |

| Municipal Court<br>Probation Services | Subdivision<br>Inspection | Total<br>Nonmajor<br>Special Revenue<br>Funds |
|---------------------------------------|---------------------------|---|
| \$197,251                             | \$112,297                 | \$700,151                                     |
| 0                                     | 0                         | 95,300  |
| 0                                     | 2,677                     | 32,144  |
| 0                                     | 0                         | 1,202,313                                     |
| 568                                   | 8,423                     | 19,277  |
| <u>197,819</u>                        | <u>123,397</u>            | <u>2,049,185</u>                              |
| 170,444                               | 176,854                   | 687,368                                       |
| 0                                     | 0                         | 29,541  |
| 0                                     | 601                       | 13,389  |
| 0                                     | 0                         | 172,610                                       |
| 0                                     | 0                         | 1,098,984                                     |
| <u>170,444</u>                        | <u>177,455</u>            | <u>2,001,892</u>                              |
| <u>27,375</u>                         | <u>(54,058)</u>           | <u>47,293</u>                                 |
| <u>0</u>                              | <u>0</u>                  | <u>153,100</u>                                |
| <u>0</u>                              | <u>0</u>                  | <u>153,100</u>                                |
| 27,375                                | (54,058)                  | 200,393                                       |
| 119,208                               | 233,154                   | 3,941,466                                     |
| 0                                     | 0                         | (27,151)                                      |
| <u>\$146,583</u>                      | <u>\$179,096</u>          | <u>\$4,114,708</u>                            |

City of Mason  
Combining Balance Sheet  
Nonmajor Debt Service Funds  
December 31, 2004

|  | General Obligation<br>Bond Retirement | Special Assessment<br>Bond Retirement | Total<br>Nonmajor<br>Debt Service<br>Funds |
|--|---------------------------------------|---------------------------------------|--|
| <b>Assets:</b>   |                                       |                                       |  |
| Equity in Pooled Cash and Investments                        | \$498,713                             | \$933                                 | \$499,646                                  |
| <b>Receivables:</b>  |                                       |                                       |  |
| Taxes  | 178,694                               | 0                                     | 178,694                                    |
| Accounts   | 0                                     | 5,026                                 | 5,026                                      |
| Intergovernmental  | 20,698                                | 0                                     | 20,698                                     |
| Special Assessments  | 0                                     | 1,379,949                             | 1,379,949                                  |
| <b>Total Assets</b>  | <b>698,105</b>                        | <b>1,385,908</b>                      | <b>2,084,013</b>                           |
| <b>Liabilities and Fund Balances:</b>                        |                                       |                                       |  |
| <b>Liabilities:</b>  |                                       |                                       |  |
| Accounts Payable   | 0                                     | 523                                   | 523  |
| Accrued Interest Payable                                     | 13,938                                | 4,010                                 | 17,948                                     |
| Deferred Revenue   | 199,392                               | 1,379,949                             | 1,579,341                                  |
| <b>Total Liabilities</b>                                     | <b>213,330</b>                        | <b>1,384,482</b>                      | <b>1,597,812</b>                           |
| <b>Fund Balances:</b>  |                                       |                                       |  |
| Unreserved, Undesignated, Reported in:<br>Debt Service Funds | 484,775                               | 1,426                                 | 486,201                                    |
| <b>Total Fund Balances</b>                                   | <b>484,775</b>                        | <b>1,426</b>                          | <b>486,201</b>                             |
| <b>Total Liabilities and Fund Balances</b>                   | <b>\$698,105</b>                      | <b>\$1,385,908</b>                    | <b>\$2,084,013</b>                         |



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

|   | General Obligation<br>Bond Retirement | Special Assessment<br>Bond Retirement | Total<br>Nonmajor<br>Debt Service<br>Funds |
|---|---------------------------------------|---------------------------------------|--|
| <b>Revenues:</b>                                    |                                       |                                       |  |
| Taxes   | \$414,581                             | \$0                                   | \$414,581                                  |
| Intergovernmental                                   | 30,268                                | 0                                     | 30,268                                     |
| Special Assessments                                 | 0                                     | 156,177                               | 156,177                                    |
| Other Revenues                                      | 0                                     | 5,026                                 | 5,026                                      |
| <b>Total Revenues</b>                               | <b>444,849</b>                        | <b>161,203</b>                        | <b>606,052</b>                             |
| <b>Expenditures:</b>                                |                                       |                                       |  |
| <b>Current:</b>                                     |                                       |                                       |  |
| General Government                                  | 0                                     | 523                                   | 523  |
| <b>Debt Service:</b>                                |                                       |                                       |  |
| Principal Retirement                                | 200,000                               | 132,000                               | 332,000                                    |
| Interest and Fiscal Charges                         | 188,973                               | 66,525                                | 255,498                                    |
| <b>Total Expenditures</b>                           | <b>388,973</b>                        | <b>199,048</b>                        | <b>588,021</b>                             |
| <b>Excess of Revenues Over (Under) Expenditures</b> | <b>55,876</b>                         | <b>(37,845)</b>                       | <b>18,031</b>                              |
| <b>Other Financing Sources (Uses):</b>              |                                       |                                       |  |
| Transfers In  | 0                                     | 39,000                                | 39,000                                     |
| Transfers (Out)                                     | 0                                     | (3,000)                               | (3,000)                                    |
| <b>Total Other Financing Sources (Uses)</b>         | <b>0</b>                              | <b>36,000</b>                         | <b>36,000</b>                              |
| <b>Net Change in Fund Balance</b>                   | <b>55,876</b>                         | <b>(1,845)</b>                        | <b>54,031</b>                              |
| <b>Fund Balance Beginning of Year, Restated</b>     | <b>428,899</b>                        | <b>3,271</b>                          | <b>432,170</b>                             |
| <b>Fund Balance End of Year</b>                     | <b>\$484,775</b>                      | <b>\$1,426</b>                        | <b>\$486,201</b>                           |

City of Mason  
 Combining Balance Sheet  
 Nonmajor Capital Projects Funds  
 December 31, 2004

|  | Tax Increment<br>Financing | Central<br>Parke TIF | Mason Enterprise<br>Parke TIF | Tylersville<br>Road TIF | Tylersville<br>Road Project |
|--|----------------------------|----------------------|-------------------------------|-------------------------|-----------------------------|
| <b>Assets:</b>   |                            |                      |                               |                         |                             |
| Equity in Pooled Cash and Investments                            | \$110,262                  | \$282,109            | \$0                           | \$0                     | \$503,970                   |
| Restricted Cash and Investments                                  | 0                          | 612,452              | 0                             | 315,627                 | 0                           |
| <b>Receivables:</b>  |                            |                      |                               |                         |                             |
| Interest   | 0                          | 0                    | 0                             | 0                       | 0                           |
| Intergovernmental  | 2,734                      | 8,280                | 0                             | 0                       | 0                           |
| <b>Total Assets</b>  | <b>112,996</b>             | <b>902,841</b>       | <b>0</b>                      | <b>315,627</b>          | <b>503,970</b>              |
| <b>Liabilities and Fund Balances:</b>                            |                            |                      |                               |                         |                             |
| <b>Liabilities:</b>  |                            |                      |                               |                         |                             |
| Retainage Payable  | 0                          | 0                    | 0                             | 46,442                  | 0                           |
| Accrued Interest Payable   | 2,650                      | 1,826                | 3,400                         | 1,073                   | 0                           |
| Interfund Payable  | 0                          | 282,109              | 11,643                        | 0                       | 0                           |
| Deferred Revenue   | 2,734                      | 8,280                | 0                             | 0                       | 0                           |
| <b>Total Liabilities</b>   | <b>5,384</b>               | <b>292,215</b>       | <b>15,043</b>                 | <b>47,515</b>           | <b>0</b>                    |
| <b>Fund Balances:</b>  |                            |                      |                               |                         |                             |
| Reserved for Encumbrances  | 5,000                      | 0                    | 0                             | 212,262                 | 45,063                      |
| Unreserved, Undesignated, Reported in:<br>Capital Projects Funds | 102,612                    | 610,626              | (15,043)                      | 55,850                  | 458,907                     |
| <b>Total Fund Balances</b>                                       | <b>107,612</b>             | <b>610,626</b>       | <b>(15,043)</b>               | <b>268,112</b>          | <b>503,970</b>              |
| <b>Total Liabilities and Fund Balances</b>                       | <b>\$112,996</b>           | <b>\$902,841</b>     | <b>\$0</b>                    | <b>\$315,627</b>        | <b>\$503,970</b>            |

| Kings Mills<br>Road Project | Mason-Montgomery<br>Road Improvement | Government Center<br>Reserve | Total<br>Nonmajor<br>Capital Projects<br>Funds |
|-----------------------------|--------------------------------------|------------------------------|--|
| \$465,746                   | \$0                                  | \$0                          | \$1,362,087                                    |
| 0                           | 0                                    | 3,015,877                    | 3,943,956                                      |
| 1,360                       | 0                                    | 0                            | 1,360  |
| 0                           | 0                                    | 0                            | 11,014   |
| <u>467,106</u>              | <u>0</u>                             | <u>3,015,877</u>             | <u>5,318,417</u>                               |
| 81,706                      | 34,734                               | 0                            | 162,882  |
| 0                           | 0                                    | 0                            | 8,949  |
| 0                           | 0                                    | 0                            | 293,752  |
| 838                         | 0                                    | 0                            | 11,852   |
| <u>82,544</u>               | <u>34,734</u>                        | <u>0</u>                     | <u>477,435</u>                                 |
| 171,815                     | 0                                    | 0                            | 434,140  |
| <u>212,747</u>              | <u>(34,734)</u>                      | <u>3,015,877</u>             | <u>4,406,842</u>                               |
| <u>384,562</u>              | <u>(34,734)</u>                      | <u>3,015,877</u>             | <u>4,840,982</u>                               |
| <u>\$467,106</u>            | <u>\$0</u>                           | <u>\$3,015,877</u>           | <u>\$5,318,417</u>                             |

City of Mason  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Capital Projects Funds  
For the Fiscal Year Ended December 31, 2004

|   | Tax Increment<br>Financing | Central<br>Parke TIF | Mason Enterprise<br>Parke TIF | Tylersville<br>Road TIF | Tylersville<br>Road Project |
|---|----------------------------|----------------------|-------------------------------|-------------------------|-----------------------------|
| <b>Revenues:</b>                                    |                            |                      |                               |                         |                             |
| Taxes   | \$65,698                   | \$236,104            | \$0                           | \$0                     | \$0                         |
| Investment Earnings                                 | 0                          | 1,988                | 667                           | 2,742                   | 0                           |
| Intergovernmental                                   | 2,715                      | 7,196                | 0                             | 0                       | 0                           |
| Other Revenues                                      | 20,962                     | 0                    | 0                             | 78,833                  | 11,787                      |
| <b>Total Revenues</b>                               | <b>89,375</b>              | <b>245,288</b>       | <b>667</b>                    | <b>81,575</b>           | <b>11,787</b>               |
| <b>Expenditures:</b>                                |                            |                      |                               |                         |                             |
| <b>Current:</b>                                     |                            |                      |                               |                         |                             |
| Transportation and Street Repair                    | 1,299                      | 116,331              | 6,003                         | 73,809                  | 210,371                     |
| Capital Outlay                                      | 0                          | 0                    | 0                             | 763,013                 | 0                           |
| <b>Debt Service:</b>                                |                            |                      |                               |                         |                             |
| Principal Retirement                                | 0                          | 10,000               | 0                             | 0                       | 0                           |
| Interest and Fiscal Charges                         | 34,450                     | 16,934               | 44,200                        | 6,641                   | 0                           |
| <b>Total Expenditures</b>                           | <b>35,749</b>              | <b>143,265</b>       | <b>50,203</b>                 | <b>843,463</b>          | <b>210,371</b>              |
| <b>Excess of Revenues Over (Under) Expenditures</b> | <b>53,626</b>              | <b>102,023</b>       | <b>(49,536)</b>               | <b>(761,888)</b>        | <b>(198,584)</b>            |
| <b>Other Financing Sources (Uses):</b>              |                            |                      |                               |                         |                             |
| Issuance of Long-Term Capital-Related Debt          | 0                          | 0                    | 0                             | 1,030,000               | 0                           |
| Transfers In  | 0                          | 0                    | 0                             | 0                       | 0                           |
| <b>Total Other Financing Sources (Uses)</b>         | <b>0</b>                   | <b>0</b>             | <b>0</b>                      | <b>1,030,000</b>        | <b>0</b>                    |
| <b>Net Change in Fund Balance</b>                   | <b>53,626</b>              | <b>102,023</b>       | <b>(49,536)</b>               | <b>268,112</b>          | <b>(198,584)</b>            |
| <b>Fund Balance Beginning of Year, Restated</b>     | <b>53,986</b>              | <b>508,603</b>       | <b>34,493</b>                 | <b>0</b>                | <b>702,554</b>              |
| <b>Fund Balance End of Year</b>                     | <b>\$107,612</b>           | <b>\$610,626</b>     | <b>(\$15,043)</b>             | <b>\$268,112</b>        | <b>\$503,970</b>            |

| Kings Mills<br>Road Project | Mason-Montgomery<br>Road Improvement | Government Center<br>Reserve | Total<br>Nonmajor<br>Capital Projects<br>Funds |
|-----------------------------|--------------------------------------|------------------------------|--|
| \$0                         | \$0                                  | \$0                          | \$301,802                                      |
| 5,279                       | 0                                    | 13,293                       | 23,969   |
| 290,059                     | 0                                    | 0                            | 299,970  |
| 0                           | 0                                    | 0                            | 111,582  |
| 295,338                     | 0                                    | 13,293                       | 737,323  |
| 242,548                     | 0                                    | 0                            | 650,361  |
| 65,995                      | 0                                    | 79,145                       | 908,153  |
| 0                           | 0                                    | 600,000                      | 610,000  |
| 0                           | 0                                    | 1,066,723                    | 1,168,948                                      |
| 308,543                     | 0                                    | 1,745,868                    | 3,337,462                                      |
| (13,205)                    | 0                                    | (1,732,575)                  | (2,600,139)                                    |
| 0                           | 0                                    | 0                            | 1,030,000                                      |
| 0                           | 0                                    | 492,406                      | 492,406  |
| 0                           | 0                                    | 492,406                      | 1,522,406                                      |
| (13,205)                    | 0                                    | (1,240,169)                  | (1,077,733)                                    |
| 397,767                     | (34,734)                             | 4,256,046                    | 5,918,715                                      |
| <u>\$384,562</u>            | <u>(\$34,734)</u>                    | <u>\$3,015,877</u>           | <u>\$4,840,982</u>                             |

City of Mason  
 Combining Statement of Net Assets  
 Nonmajor Enterprise Funds  
 December 31, 2004

|                                       | Water      | Waste<br>Collection | Total<br>Nonmajor<br>Enterprise<br>Funds |
|---------------------------------------|------------|---------------------|--|
| <b>Assets:</b>                        |            |                     |  |
| Equity in Pooled Cash and Investments | \$0        | \$252,970           | \$252,970                                |
| <b>Receivables:</b>                   |            |                     |  |
| Accounts                              | 0          | 111,718             | 111,718                                  |
| Interest                              | 0          | 739                 | 739                                      |
| <b>Total Assets</b>                   | <b>0</b>   | <b>365,427</b>      | <b>365,427</b>                           |
| <b>Liabilities:</b>                   |            |                     |  |
| <b>Current Liabilities:</b>           |            |                     |  |
| Accounts Payable                      | 0          | 83,630              | 83,630                                   |
| Accrued Wages and Benefits            | 0          | 554                 | 554                                      |
| Compensated Absences                  | 0          | 240                 | 240                                      |
| Deferred Revenue                      | 0          | 455                 | 455                                      |
| <b>Total Current Liabilities</b>      | <b>0</b>   | <b>84,879</b>       | <b>84,879</b>                            |
| <b>Long-Term Liabilities:</b>         |            |                     |  |
| Compensated Absences                  | 0          | 59                  | 59                                       |
| <b>Total Liabilities</b>              | <b>0</b>   | <b>84,938</b>       | <b>84,938</b>                            |
| <b>Net Assets:</b>                    |            |                     |  |
| Unrestricted                          | 0          | 280,489             | 280,489                                  |
| <b>Total Net Assets</b>               | <b>\$0</b> | <b>\$280,489</b>    | <b>\$280,489</b>                         |

City of Mason  
 Combining Statement of Revenues, Expenses  
 and Changes in Fund Net Assets  
 Nonmajor Enterprise Funds  
 For the Fiscal Year Ended December 31, 2004

|   | Water     | Waste<br>Collection | Total<br>Nonmajor<br>Enterprise<br>Funds |
|---|-----------|---------------------|--|
| Operating Revenues:                     |           |                     |  |
| Charges for Services                    | \$0       | \$982,973           | \$982,973                                |
| Other Revenues                          | 0         | 2,253               | 2,253                                    |
| Total Operating Revenues                | 0         | 985,226             | 985,226                                  |
| Operating Expenses:                     |           |                     |  |
| Personal Services                       | 0         | 13,484              | 13,484                                   |
| Contractual Services                    | 320,815   | 979,471             | 1,300,286                                |
| Materials and Supplies                  | 0         | 2,327               | 2,327                                    |
| Total Operating Expenses                | 320,815   | 995,282             | 1,316,097                                |
| Operating Income (Loss)                 | (320,815) | (10,056)            | (330,871)                                |
| Non-Operating Revenues (Expenses):      |           |                     |  |
| Investment Earnings                     | 0         | 2,581               | 2,581                                    |
| Total Non-Operating Revenues (Expenses) | 0         | 2,581               | 2,581                                    |
| Change in Net Assets                    | (320,815) | (7,475)             | (328,290)                                |
| Net Assets Beginning of Year            | 320,815   | 287,964             | 608,779                                  |
| Net Assets End of Year                  | \$0       | \$280,489           | \$280,489                                |

City of Mason  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Fiscal Year Ended December 31, 2004

|  | Water       | Waste<br>Collection | Total<br>Nonmajor<br>Enterprise<br>Funds |
|--|-------------|---------------------|--|
| Cash Flows from Operating Activities:  |             |                     |  |
| Cash Received from Customers   | \$0         | \$956,940           | \$956,940                                |
| Cash Payments to Employees   | 0           | (13,734)            | (13,734)                                 |
| Cash Payments to Suppliers   | (325,311)   | (902,005)           | (1,227,316)                              |
| Net Cash Provided (Used) by Operating Activities   | (325,311)   | 41,201              | (284,110)                                |
| Cash Flows from Investing Activities:  |             |                     |  |
| Earnings on Investments  | 0           | 2,297               | 2,297                                    |
| Net Cash Provided (Used) by Cash Flows from Investing Activities                                 | 0           | 2,297               | 2,297                                    |
| Net Increase (Decrease) in Cash and Cash Equivalents   | (325,311)   | 43,498              | (281,813)                                |
| Cash and Cash Equivalents Beginning of Year  | 325,311     | 209,472             | 534,783                                  |
| Cash and Cash Equivalents End of Year  | 0           | 252,970             | 252,970                                  |
| Reconciliation of Operating Income (Loss) to<br>Net Cash Provided (Used) by Operating Activities |             |                     |  |
| Operating Income (Loss)  | (320,815)   | (10,056)            | (330,871)                                |
| Changes in Assets & Liabilities:   |             |                     |  |
| (Increase) Decrease in Receivables   | 1,245       | (28,286)            | (27,041)                                 |
| Increase (Decrease) in Payables  | (5,741)     | 79,793              | 74,052                                   |
| Increase (Decrease) in Accrued Liabilities   | 0           | (250)               | (250)                                    |
| Net Cash Provided (Used) by Operating Activities   | (\$325,311) | \$41,201            | (\$284,110)                              |



City of Mason  
Statement of Changes In Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended December 31, 2004

|                                       | Dissolved<br>Joint Fire<br>District |                |            | Ending<br>Balance |
|---------------------------------------|-------------------------------------|----------------|------------|-------------------|
|                                       | Beginning<br>Balance                | Additions      | Deductions |                   |
| Assets:                               |                                     |                |            |                   |
| Equity in Pooled Cash and Investments | \$46,267                            | \$1,239        | \$0        | \$47,506          |
| <b>Total Assets</b>                   | <b>46,267</b>                       | <b>1,239</b>   | <b>0</b>   | <b>47,506</b>     |
| Liabilities:                          |                                     |                |            |                   |
| Other Liabilities                     | 46,267                              | 1,239          | 0          | 47,506            |
| <b>Total Liabilities</b>              | <b>\$46,267</b>                     | <b>\$1,239</b> | <b>\$0</b> | <b>\$47,506</b>   |

|                                       | Municipal<br>Court   |                    |                    | Ending<br>Balance |
|---------------------------------------|----------------------|--------------------|--------------------|-------------------|
|                                       | Beginning<br>Balance | Additions          | Deductions         |                   |
| Assets:                               |                      |                    |                    |                   |
| Equity in Pooled Cash and Investments | \$73,603             | \$1,966,284        | \$1,971,847        | \$68,040          |
| <b>Total Assets</b>                   | <b>73,603</b>        | <b>1,966,284</b>   | <b>1,971,847</b>   | <b>68,040</b>     |
| Liabilities:                          |                      |                    |                    |                   |
| Due to Others                         | 73,603               | 1,966,284          | 1,971,847          | 68,040            |
| <b>Total Liabilities</b>              | <b>\$73,603</b>      | <b>\$1,966,284</b> | <b>\$1,971,847</b> | <b>\$68,040</b>   |

|                                       | Total All Agency Funds |                    |                    | Ending<br>Balance |
|---------------------------------------|------------------------|--------------------|--------------------|-------------------|
|                                       | Beginning<br>Balance   | Additions          | Deductions         |                   |
| Assets:                               |                        |                    |                    |                   |
| Equity in Pooled Cash and Investments | \$119,870              | \$1,967,523        | \$1,971,847        | \$115,546         |
| <b>Total Assets</b>                   | <b>119,870</b>         | <b>1,967,523</b>   | <b>1,971,847</b>   | <b>115,546</b>    |
| Liabilities:                          |                        |                    |                    |                   |
| Other Liabilities                     | 46,267                 | 1,239              | 0                  | 47,506            |
| Due to Others                         | 73,603                 | 1,966,284          | 1,971,847          | 68,040            |
| <b>Total Liabilities</b>              | <b>\$119,870</b>       | <b>\$1,967,523</b> | <b>\$1,971,847</b> | <b>\$115,546</b>  |

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, 2004

|   | Street Construction,<br>Maintenance and Repair<br>Fund |                  |                    |                               |
|---|--|------------------|--------------------|-------------------------------|
|   | Original<br>Budget                                     | Final<br>Budget  | Actual             | Variance from<br>Final Budget |
| Revenues:   |  |                  |                    |                               |
| Intergovernmental   | \$475,000  | \$867,959        | \$952,853          | \$84,894                      |
| Investment Earnings   | 25,000   | 16,311           | 17,589             | 1,278                         |
| Total Revenues  | <u>500,000</u>   | <u>884,270</u>   | <u>970,442</u>     | <u>86,172</u>                 |
| Expenditures:   |  |                  |                    |                               |
| Current:  |  |                  |                    |                               |
| Transportation & Street Repair  | 1,314,775  | 1,350,660        | 1,199,705          | 150,955                       |
| Total Expenditures  | <u>1,314,775</u>                                       | <u>1,350,660</u> | <u>1,199,705</u>   | <u>150,955</u>                |
| Excess of Revenues Over (Under) Expenditures                                      | <u>(814,775)</u>                                       | <u>(466,390)</u> | <u>(229,263)</u>   | <u>237,127</u>                |
| Net Change in Fund Balance  | (814,775)  | (466,390)        | (229,263)          | 237,127                       |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | <u>1,299,370</u>                                       | <u>1,299,370</u> | <u>1,299,370</u>   | <u>0</u>                      |
| Fund Balance End of Year  | <u>\$484,595</u>                                       | <u>\$832,980</u> | <u>\$1,070,107</u> | <u>\$237,127</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, 2004

|   | State Highway<br>Improvement<br>Fund |                  |                  |                               |
|---|--------------------------------------|------------------|------------------|-------------------------------|
|   | Original<br>Budget                   | Final<br>Budget  | Actual           | Variance from<br>Final Budget |
| Revenues:   |                                      |                  |                  |                               |
| Intergovernmental   | \$60,000                             | \$70,374         | \$77,258         | \$6,884                       |
| Investment Earnings   | 5,000                                | 4,678            | 5,122            | 444                           |
| Total Revenues  | <u>65,000</u>                        | <u>75,052</u>    | <u>82,380</u>    | <u>7,328</u>                  |
| Expenditures:   |                                      |                  |                  |                               |
| Current:  |                                      |                  |                  |                               |
| Transportation & Street Repair  | 430,000                              | 434,719          | 271,694          | 163,025                       |
| Total Expenditures  | <u>430,000</u>                       | <u>434,719</u>   | <u>271,694</u>   | <u>163,025</u>                |
| Excess of Revenues Over (Under) Expenditures                                      | <u>(365,000)</u>                     | <u>(359,667)</u> | <u>(189,314)</u> | <u>170,353</u>                |
| Net Change in Fund Balance  | (365,000)                            | (359,667)        | (189,314)        | 170,353                       |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | <u>385,958</u>                       | <u>385,958</u>   | <u>385,958</u>   | <u>0</u>                      |
| Fund Balance End of Year  | <u>\$20,958</u>                      | <u>\$26,291</u>  | <u>\$196,644</u> | <u>\$170,353</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, 2004

|   | Street<br>Improvement<br>Fund |                  |                  |                               |
|---|-------------------------------|------------------|------------------|-------------------------------|
|   | Original<br>Budget            | Final<br>Budget  | Actual           | Variance from<br>Final Budget |
| Revenues:   |                               |                  |                  |                               |
| Fines, Licenses & Permits   | \$65,000                      | \$52,400         | \$55,600         | \$3,200                       |
| Investment Earnings   | 10,000                        | 8,269            | 9,124            | 855                           |
| Total Revenues  | <u>75,000</u>                 | <u>60,669</u>    | <u>64,724</u>    | <u>4,055</u>                  |
| Expenditures:   |                               |                  |                  |                               |
| Current:  |                               |                  |                  |                               |
| Transportation & Street Repair  | 660,000                       | 660,000          | 200              | 659,800                       |
| Total Expenditures  | <u>660,000</u>                | <u>660,000</u>   | <u>200</u>       | <u>659,800</u>                |
| Excess of Revenues Over (Under) Expenditures                                      | <u>(585,000)</u>              | <u>(599,331)</u> | <u>64,524</u>    | <u>663,855</u>                |
| Net Change in Fund Balance  | (585,000)                     | (599,331)        | 64,524           | 663,855                       |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | <u>678,246</u>                | <u>678,246</u>   | <u>678,246</u>   | <u>0</u>                      |
| Fund Balance End of Year  | <u>\$93,246</u>               | <u>\$78,915</u>  | <u>\$742,770</u> | <u>\$663,855</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, 2004

|   | Federal<br>Grant<br>Fund |                 |          |                               |
|---|--------------------------|-----------------|----------|-------------------------------|
|   | Original<br>Budget       | Final<br>Budget | Actual   | Variance from<br>Final Budget |
| Revenues:   |                          |                 |          |                               |
| Intergovernmental   | \$35,000                 | \$52,754        | \$52,755 | \$1                           |
| Total Revenues  | 35,000                   | 52,754          | 52,755   | 1                             |
| Expenditures:   |                          |                 |          |                               |
| Current:  |                          |                 |          |                               |
| Public Safety   | 44,000                   | 44,000          | 3,262    | 40,738                        |
| Total Expenditures  | 44,000                   | 44,000          | 3,262    | 40,738                        |
| Excess of Revenues Over (Under) Expenditures                                      | (9,000)                  | 8,754           | 49,493   | 40,739                        |
| Net Change in Fund Balance  | (9,000)                  | 8,754           | 49,493   | 40,739                        |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 0                        | 0               | 0        | 0                             |
| Fund Balance End of Year  | (\$9,000)                | \$8,754         | \$49,493 | \$40,739                      |

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, 2004

|   | D.A.R.E.<br>Grant<br>Fund |                 |          |                               |
|---|---------------------------|-----------------|----------|-------------------------------|
|   | Original<br>Budget        | Final<br>Budget | Actual   | Variance from<br>Final Budget |
| Revenues:   |                           |                 |          |                               |
| Intergovernmental   | \$12,000                  | \$17,059        | \$17,059 | \$0                           |
| Total Revenues  | 12,000                    | 17,059          | 17,059   | 0                             |
| Expenditures:   |                           |                 |          |                               |
| Current:  |                           |                 |          |                               |
| Public Safety   | 55,000                    | 55,000          | 4,780    | 50,220                        |
| Total Expenditures  | 55,000                    | 55,000          | 4,780    | 50,220                        |
| Excess of Revenues Over (Under) Expenditures                                      | (43,000)                  | (37,941)        | 12,279   | 50,220                        |
| Net Change in Fund Balance  | (43,000)                  | (37,941)        | 12,279   | 50,220                        |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 71,312                    | 71,312          | 71,312   | 0                             |
| Fund Balance End of Year  | \$28,312                  | \$33,371        | \$83,591 | \$50,220                      |

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, 2004

|   | Downtown<br>Development/Loan<br>Fund |                 |                 |                               |
|---|--------------------------------------|-----------------|-----------------|-------------------------------|
|   | Original<br>Budget                   | Final<br>Budget | Actual          | Variance from<br>Final Budget |
| Revenues:   |                                      |                 |                 |                               |
| Investment Earnings   | \$1,000                              | \$494           | \$558           | \$64                          |
| Other Revenues  | 1,100                                | 4,355           | 4,355           | 0                             |
| Total Revenues  | <u>2,100</u>                         | <u>4,849</u>    | <u>4,913</u>    | <u>64</u>                     |
| Expenditures:   |                                      |                 |                 |                               |
| Current:  |                                      |                 |                 |                               |
| General Government  | 79,000                               | 79,000          | 0               | 79,000                        |
| Total Expenditures  | <u>79,000</u>                        | <u>79,000</u>   | <u>0</u>        | <u>79,000</u>                 |
| Excess of Revenues Over (Under) Expenditures                                      | <u>(76,900)</u>                      | <u>(74,151)</u> | <u>4,913</u>    | <u>79,064</u>                 |
| Net Change in Fund Balance  | (76,900)                             | (74,151)        | 4,913           | 79,064                        |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | <u>80,436</u>                        | <u>80,436</u>   | <u>80,436</u>   | <u>0</u>                      |
| Fund Balance End of Year  | <u>\$3,536</u>                       | <u>\$6,285</u>  | <u>\$85,349</u> | <u>\$79,064</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, 2004

|   | Indiana and<br>Ohio Railroad<br>Fund |                 |           |                               |
|---|--------------------------------------|-----------------|-----------|-------------------------------|
|   | Original<br>Budget                   | Final<br>Budget | Actual    | Variance from<br>Final Budget |
| Revenues:   |                                      |                 |           |                               |
| Investment Earnings   | \$0                                  | \$2,872         | \$3,158   | \$286                         |
| Total Revenues  | 0                                    | 2,872           | 3,158     | 286                           |
| Expenditures:   |                                      |                 |           |                               |
| Current:  |                                      |                 |           |                               |
| General Government  | 236,000                              | 236,000         | 0         | 236,000                       |
| Transportation & Street Repair  | 0                                    | 8,106           | 8,106     | 0                             |
| Total Expenditures  | 236,000                              | 244,106         | 8,106     | 236,000                       |
| Excess of Revenues Over (Under) Expenditures                                      | (236,000)                            | (241,234)       | (4,948)   | 236,286                       |
| Net Change in Fund Balance  | (236,000)                            | (241,234)       | (4,948)   | 236,286                       |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 245,663                              | 245,663         | 245,663   | 0                             |
| Fund Balance End of Year  | \$9,663                              | \$4,429         | \$240,715 | \$236,286                     |



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, 2004

|   | Parks and<br>Recreation<br>Fund |                  |                  |                               |
|---|---------------------------------|------------------|------------------|-------------------------------|
|   | Original<br>Budget              | Final<br>Budget  | Actual           | Variance from<br>Final Budget |
| Revenues:   |                                 |                  |                  |                               |
| Charges for Services  | \$173,000                       | \$89,300         | \$95,300         | \$6,000                       |
| Investment Earnings   | 2,000                           | 3,035            | 3,390            | 355                           |
| Total Revenues  | <u>175,000</u>                  | <u>92,335</u>    | <u>98,690</u>    | <u>6,355</u>                  |
| Expenditures:   |                                 |                  |                  |                               |
| Current:  |                                 |                  |                  |                               |
| Capital Outlay  | 250,000                         | 250,000          | 0                | 250,000                       |
| Total Expenditures  | <u>250,000</u>                  | <u>250,000</u>   | <u>0</u>         | <u>250,000</u>                |
| Excess of Revenues Over (Under) Expenditures                                      | <u>(75,000)</u>                 | <u>(157,665)</u> | <u>98,690</u>    | <u>256,355</u>                |
| Net Change in Fund Balance  | (75,000)                        | (157,665)        | 98,690           | 256,355                       |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | <u>209,216</u>                  | <u>209,216</u>   | <u>209,216</u>   | <u>0</u>                      |
| Fund Balance End of Year  | <u>\$134,216</u>                | <u>\$51,551</u>  | <u>\$307,906</u> | <u>\$256,355</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, 2004

|   | Bicycle and<br>Pedestrian Way<br>Fund |                 |           |                               |
|---|---------------------------------------|-----------------|-----------|-------------------------------|
|   | Original<br>Budget                    | Final<br>Budget | Actual    | Variance from<br>Final Budget |
| Revenues:   |                                       |                 |           |                               |
| Fines, Licenses & Permits   | \$5,000                               | \$6,799         | \$6,824   | \$25                          |
| Total Revenues  | 5,000                                 | 6,799           | 6,824     | 25                            |
| Expenditures:   |                                       |                 |           |                               |
| Current:  |                                       |                 |           |                               |
| General Government  | 160,000                               | 160,950         | 160,950   | 0                             |
| Total Expenditures  | 160,000                               | 160,950         | 160,950   | 0                             |
| Excess of Revenues Over (Under) Expenditures                                      | (155,000)                             | (154,151)       | (154,126) | 25                            |
| Other financing sources (uses):   |                                       |                 |           |                               |
| Transfers In  | 0                                     | 153,100         | 153,100   | 0                             |
| Total Other Financing Sources (Uses)  | 0                                     | 153,100         | 153,100   | 0                             |
| Net Change in Fund Balance  | (155,000)                             | (1,051)         | (1,026)   | 25                            |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 1,091                                 | 1,091           | 1,091     | 0                             |
| Fund Balance End of Year  | (\$153,909)                           | \$40            | \$65      | \$25                          |

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, 2004

|   | Police<br>K-9<br>Fund |                 |         |                               |
|---|-----------------------|-----------------|---------|-------------------------------|
|   | Original<br>Budget    | Final<br>Budget | Actual  | Variance from<br>Final Budget |
| Revenues:   |                       |                 |         |                               |
| Other Revenues  | \$0                   | \$5,000         | \$5,941 | \$941                         |
| Total Revenues  | 0                     | 5,000           | 5,941   | 941                           |
| Expenditures:   |                       |                 |         |                               |
| Current:  |                       |                 |         |                               |
| Public Safety   | 5,000                 | 0               | 0       | 0                             |
| Total Expenditures  | 5,000                 | 0               | 0       | 0                             |
| Excess of Revenues Over (Under) Expenditures                                      | (5,000)               | 5,000           | 5,941   | 941                           |
| Net Change in Fund Balance  | (5,000)               | 5,000           | 5,941   | 941                           |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 467                   | 467             | 467     | 0                             |
| Fund Balance End of Year  | (\$4,533)             | \$5,467         | \$6,408 | \$941                         |

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, 2004

|   | Police Crime<br>Prevention<br>Fund |                 |              |                               |
|---|------------------------------------|-----------------|--------------|-------------------------------|
|   | Original<br>Budget                 | Final<br>Budget | Actual       | Variance from<br>Final Budget |
| Revenues:   |                                    |                 |              |                               |
| Fines, Licenses & Permits   | \$500                              | \$310           | \$310        | \$0                           |
| Total Revenues  | 500                                | 310             | 310          | 0                             |
| Expenditures:   |                                    |                 |              |                               |
| Current:  |                                    |                 |              |                               |
| Public Safety   | 500                                | 500             | 424          | 76                            |
| Total Expenditures  | 500                                | 500             | 424          | 76                            |
| Excess of Revenues Over (Under) Expenditures                                      | 0                                  | (190)           | (114)        | 76                            |
| Net Change in Fund Balance  | 0                                  | (190)           | (114)        | 76                            |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 627                                | 627             | 627          | 0                             |
| Fund Balance End of Year  | <u>\$627</u>                       | <u>\$437</u>    | <u>\$513</u> | <u>\$76</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, 2004

|   | Drug Law<br>Enforcement<br>Fund |                 |                |                               |
|---|---------------------------------|-----------------|----------------|-------------------------------|
|   | Original<br>Budget              | Final<br>Budget | Actual         | Variance from<br>Final Budget |
| Revenues:   |                                 |                 |                |                               |
| Fines, Licenses & Permits   | \$1,500                         | \$1,000         | \$1,000        | \$0                           |
| Other Revenues  | 1,000                           | 0               | 0              | 0                             |
| <b>Total Revenues</b>   | <b>2,500</b>                    | <b>1,000</b>    | <b>1,000</b>   | <b>0</b>                      |
| Expenditures:   |                                 |                 |                |                               |
| Current:  |                                 |                 |                |                               |
| Public Safety   | 30,000                          | 30,000          | 22,300         | 7,700                         |
| <b>Total Expenditures</b>   | <b>30,000</b>                   | <b>30,000</b>   | <b>22,300</b>  | <b>7,700</b>                  |
| Excess of Revenues Over (Under) Expenditures                                      | (27,500)                        | (29,000)        | (21,300)       | 7,700                         |
| Net Change in Fund Balance  | (27,500)                        | (29,000)        | (21,300)       | 7,700                         |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 28,784                          | 28,784          | 28,784         | 0                             |
| <b>Fund Balance End of Year</b>   | <b>\$1,284</b>                  | <b>(\$216)</b>  | <b>\$7,484</b> | <b>\$7,700</b>                |

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, 2004

|   | Law Enforcement<br>and Education<br>Fund |                 |          |                               |
|---|--|-----------------|----------|-------------------------------|
|   | Original<br>Budget                       | Final<br>Budget | Actual   | Variance from<br>Final Budget |
| Revenues:   |  |                 |          |                               |
| Fines, Licenses & Permits   | \$1,500                                  | \$1,135         | \$1,264  | \$129                         |
| Total Revenues  | 1,500                                    | 1,135           | 1,264    | 129                           |
| Expenditures:   |  |                 |          |                               |
| Current:  |  |                 |          |                               |
| Public Safety   | 17,000                                   | 17,000          | 0        | 17,000                        |
| Total Expenditures  | 17,000                                   | 17,000          | 0        | 17,000                        |
| Excess of Revenues Over (Under) Expenditures                                      | (15,500)                                 | (15,865)        | 1,264    | 17,129                        |
| Other financing sources (uses):   |  |                 |          |                               |
| Transfers In  | 0  | 20,000          | 0        | (20,000)                      |
| Total Other Financing Sources (Uses)  | 0  | 20,000          | 0        | (20,000)                      |
| Net Change in Fund Balance  | (15,500)                                 | 4,135           | 1,264    | (2,871)                       |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 16,711                                   | 16,711          | 16,711   | 0                             |
| Fund Balance End of Year  | \$1,211                                  | \$20,846        | \$17,975 | (\$2,871)                     |

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, 2004

|   | Indigent<br>Driver<br>Fund |                 |           |                               |
|---|----------------------------|-----------------|-----------|-------------------------------|
|   | Original<br>Budget         | Final<br>Budget | Actual    | Variance from<br>Final Budget |
| Revenues:   |                            |                 |           |                               |
| Fines, Licenses & Permits   | \$10,000                   | \$8,685         | \$9,010   | \$325                         |
| Total Revenues  | 10,000                     | 8,685           | 9,010     | 325                           |
| Expenditures:   |                            |                 |           |                               |
| Current:  |                            |                 |           |                               |
| General Government  | 132,000                    | 132,000         | 1,570     | 130,430                       |
| Total Expenditures  | 132,000                    | 132,000         | 1,570     | 130,430                       |
| Excess of Revenues Over (Under) Expenditures                                      | (122,000)                  | (123,315)       | 7,440     | 130,755                       |
| Net Change in Fund Balance  | (122,000)                  | (123,315)       | 7,440     | 130,755                       |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 124,123                    | 124,123         | 124,123   | 0                             |
| Fund Balance End of Year  | \$2,123                    | \$808           | \$131,563 | \$130,755                     |

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, 2004

|   | Municipal Court<br>Computer Costs<br>Fund |                 |          |                               |
|---|---|-----------------|----------|-------------------------------|
|   | Original<br>Budget                        | Final<br>Budget | Actual   | Variance from<br>Final Budget |
| Revenues:   |   |                 |          |                               |
| Fines, Licenses & Permits   | \$50,000                                  | \$50,883        | \$55,426 | \$4,543                       |
| Total Revenues  | 50,000                                    | 50,883          | 55,426   | 4,543                         |
| Expenditures:   |   |                 |          |                               |
| Current:  |   |                 |          |                               |
| General Government  | 143,000                                   | 147,975         | 57,583   | 90,392                        |
| Total Expenditures  | 143,000                                   | 147,975         | 57,583   | 90,392                        |
| Excess of Revenues Over (Under) Expenditures                                      | (93,000)                                  | (97,092)        | (2,157)  | 94,935                        |
| Net Change in Fund Balance  | (93,000)                                  | (97,092)        | (2,157)  | 94,935                        |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 97,458                                    | 97,458          | 97,458   | 0                             |
| Fund Balance End of Year  | \$4,458                                   | \$366           | \$95,301 | \$94,935                      |



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, 2004

|   | Municipal Court<br>Computer Education<br>Fund |                 |                 |                               |
|---|---|-----------------|-----------------|-------------------------------|
|   | Original<br>Budget                            | Final<br>Budget | Actual          | Variance from<br>Final Budget |
| Revenues:   |   |                 |                 |                               |
| Fines, Licenses & Permits   | \$15,000                                      | \$15,957        | \$17,387        | \$1,430                       |
| Total Revenues  | 15,000  | 15,957          | 17,387          | 1,430                         |
| Expenditures:   |   |                 |                 |                               |
| Current:  |   |                 |                 |                               |
| General Government  | 22,000  | 58,817          | 34,495          | 24,322                        |
| Total Expenditures  | 22,000  | 58,817          | 34,495          | 24,322                        |
| Excess of Revenues Over (Under) Expenditures                                      | (7,000)                                       | (42,860)        | (17,108)        | 25,752                        |
| Net Change in Fund Balance  | (7,000)                                       | (42,860)        | (17,108)        | 25,752                        |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 49,861  | 49,861          | 49,861          | 0                             |
| Fund Balance End of Year  | <u>\$42,861</u>                               | <u>\$7,001</u>  | <u>\$32,753</u> | <u>\$25,752</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, 2004

|   | Municipal Court<br>Improvement<br>Fund |                 |           |                               |
|---|--|-----------------|-----------|-------------------------------|
|   | Original<br>Budget                     | Final<br>Budget | Actual    | Variance from<br>Final Budget |
| Revenues:   |  |                 |           |                               |
| Fines, Licenses & Permits   | \$50,000                               | \$199,860       | \$217,753 | \$17,893                      |
| Total Revenues  | 50,000                                 | 199,860         | 217,753   | 17,893                        |
| Expenditures:   |  |                 |           |                               |
| Current:  |  |                 |           |                               |
| General Government  | 203,000                                | 221,584         | 204,164   | 17,420                        |
| Total Expenditures  | 203,000                                | 221,584         | 204,164   | 17,420                        |
| Excess of Revenues Over (Under) Expenditures                                      | (153,000)                              | (21,724)        | 13,589    | 35,313                        |
| Net Change in Fund Balance  | (153,000)                              | (21,724)        | 13,589    | 35,313                        |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 138,586                                | 138,586         | 138,586   | 0                             |
| Fund Balance End of Year  | (\$14,414)                             | \$116,862       | \$152,175 | \$35,313                      |

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, 2004

|   | Vehicle<br>Immobilization Fee<br>Fund |                 |         |                               |
|---|---------------------------------------|-----------------|---------|-------------------------------|
|   | Original<br>Budget                    | Final<br>Budget | Actual  | Variance from<br>Final Budget |
| Revenues:   |                                       |                 |         |                               |
| Fines, Licenses & Permits   | \$400                                 | \$1,105         | \$1,105 | \$0                           |
| Total Revenues  | 400                                   | 1,105           | 1,105   | 0                             |
| Expenditures:   |                                       |                 |         |                               |
| Current:  |                                       |                 |         |                               |
| General Government  | 7,000                                 | 7,000           | 0       | 7,000                         |
| Total Expenditures  | 7,000                                 | 7,000           | 0       | 7,000                         |
| Excess of Revenues Over (Under) Expenditures                                      | (6,600)                               | (5,895)         | 1,105   | 7,000                         |
| Net Change in Fund Balance  | (6,600)                               | (5,895)         | 1,105   | 7,000                         |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 7,625                                 | 7,625           | 7,625   | 0                             |
| Fund Balance End of Year  | \$1,025                               | \$1,730         | \$8,730 | \$7,000                       |

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, 2004

|   | Municipal Court<br>Probation Services<br>Fund |                  |                  |                               |
|---|---|------------------|------------------|-------------------------------|
|   | Original<br>Budget                            | Final<br>Budget  | Actual           | Variance from<br>Final Budget |
| Revenues:   |   |                  |                  |                               |
| Fines, Licenses & Permits   | \$50,000                                      | \$168,003        | \$183,648        | \$15,645                      |
| Other Revenues  | 0   | 568              | 568              | 0                             |
| Total Revenues  | <u>50,000</u>                                 | <u>168,571</u>   | <u>184,216</u>   | <u>15,645</u>                 |
| Expenditures:   |   |                  |                  |                               |
| Current:  |   |                  |                  |                               |
| General Government  | 180,000                                       | 180,039          | 173,328          | 6,711                         |
| Total Expenditures  | <u>180,000</u>                                | <u>180,039</u>   | <u>173,328</u>   | <u>6,711</u>                  |
| Excess of Revenues Over (Under) Expenditures                                      | <u>(130,000)</u>                              | <u>(11,468)</u>  | <u>10,888</u>    | <u>22,356</u>                 |
| Net Change in Fund Balance  | (130,000)                                     | (11,468)         | 10,888           | 22,356                        |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | <u>124,936</u>                                | <u>124,936</u>   | <u>124,936</u>   | <u>0</u>                      |
| Fund Balance End of Year  | <u>(\$5,064)</u>                              | <u>\$113,468</u> | <u>\$135,824</u> | <u>\$22,356</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, 2004

|   | Subdivision<br>Inspection<br>Fund |                  |                  |                               |
|---|-----------------------------------|------------------|------------------|-------------------------------|
|   | Original<br>Budget                | Final<br>Budget  | Actual           | Variance from<br>Final Budget |
| Revenues:   |                                   |                  |                  |                               |
| Fines, Licenses & Permits   | \$100,000                         | \$112,795        | \$112,297        | (\$498)                       |
| Investment Earnings   | 0                                 | 2,515            | 2,729            | 214                           |
| Other Revenues  | 0                                 | 8,422            | 8,423            | 1                             |
| <b>Total Revenues</b>   | <b>100,000</b>                    | <b>123,732</b>   | <b>123,449</b>   | <b>(283)</b>                  |
| Expenditures:   |                                   |                  |                  |                               |
| Current:  |                                   |                  |                  |                               |
| General Government  | 222,898                           | 258,967          | 238,879          | 20,088                        |
| <b>Total Expenditures</b>   | <b>222,898</b>                    | <b>258,967</b>   | <b>238,879</b>   | <b>20,088</b>                 |
| Excess of Revenues Over (Under) Expenditures                                      | (122,898)                         | (135,235)        | (115,430)        | 19,805                        |
| Net Change in Fund Balance  | (122,898)                         | (135,235)        | (115,430)        | 19,805                        |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 241,129                           | 241,129          | 241,129          | 0                             |
| <b>Fund Balance End of Year</b>   | <b>\$118,231</b>                  | <b>\$105,894</b> | <b>\$125,699</b> | <b>\$19,805</b>               |

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, 2004

|   | General Obligation<br>Bond Retirement<br>Fund |                  |                  |                               |
|---|---|------------------|------------------|-------------------------------|
|   | Original<br>Budget                            | Final<br>Budget  | Actual           | Variance from<br>Final Budget |
| Revenues:   |   |                  |                  |                               |
| Taxes   | \$246,000                                     | \$356,862        | \$414,581        | \$57,719                      |
| Intergovernmental   | 4,000   | 31,059           | 31,059           | 0                             |
| Total Revenues  | <u>250,000</u>                                | <u>387,921</u>   | <u>445,640</u>   | <u>57,719</u>                 |
| Expenditures:   |   |                  |                  |                               |
| Debt Service:   |   |                  |                  |                               |
| Principal Retirement  | 200,000                                       | 200,000          | 200,000          | 0                             |
| Interest and Fiscal Charges   | 184,413                                       | 184,413          | 175,215          | 9,198                         |
| Total Expenditures  | <u>384,413</u>                                | <u>384,413</u>   | <u>375,215</u>   | <u>9,198</u>                  |
| Excess of Revenues Over (Under) Expenditures                                      | <u>(134,413)</u>                              | <u>3,508</u>     | <u>70,425</u>    | <u>66,917</u>                 |
| Net Change in Fund Balance  | (134,413)                                     | 3,508            | 70,425           | 66,917                        |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | <u>428,289</u>                                | <u>428,289</u>   | <u>428,289</u>   | <u>0</u>                      |
| Fund Balance End of Year  | <u>\$293,876</u>                              | <u>\$431,797</u> | <u>\$498,714</u> | <u>\$66,917</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, 2004

|   | Special Assessment<br>Bond Retirement<br>Fund |                 |           |                               |
|---|---|-----------------|-----------|-------------------------------|
|   | Original<br>Budget                            | Final<br>Budget | Actual    | Variance from<br>Final Budget |
| Revenues:   |   |                 |           |                               |
| Special Assessments   | \$196,063                                     | \$156,177       | \$156,177 | \$0                           |
| Total Revenues  | 196,063                                       | 156,177         | 156,177   | 0                             |
| Expenditures:   |   |                 |           |                               |
| Debt Service:   |   |                 |           |                               |
| Principal Retirement  | 135,000                                       | 135,000         | 135,000   | 0                             |
| Interest and Fiscal Charges   | 64,063  | 64,063          | 62,515    | 1,548                         |
| Total Expenditures  | 199,063                                       | 199,063         | 197,515   | 1,548                         |
| Excess of Revenues Over (Under) Expenditures                                      | (3,000)                                       | (42,886)        | (41,338)  | 1,548                         |
| Other financing sources (uses):   |   |                 |           |                               |
| Transfers In  | 0   | 39,000          | 39,000    | 0                             |
| Total Other Financing Sources (Uses)  | 0   | 39,000          | 39,000    | 0                             |
| Net Change in Fund Balance  | (3,000)                                       | (3,886)         | (2,338)   | 1,548                         |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 3,269   | 3,269           | 3,269     | 0                             |
| Fund Balance End of Year  | \$269   | (\$617)         | \$931     | \$1,548                       |

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, 2004

|   | Tax Increment<br>Financing<br>Fund |                 |                  |                               |
|---|------------------------------------|-----------------|------------------|-------------------------------|
|   | Original<br>Budget                 | Final<br>Budget | Actual           | Variance from<br>Final Budget |
| Revenues:   |                                    |                 |                  |                               |
| Taxes   | \$60,500                           | \$65,698        | \$65,698         | \$0                           |
| Intergovernmental   | 0                                  | 2,715           | 2,715            | 0                             |
| Other Revenues  | 0                                  | 102,482         | 20,962           | (81,520)                      |
| <b>Total Revenues</b>   | <b>60,500</b>                      | <b>170,895</b>  | <b>89,375</b>    | <b>(81,520)</b>               |
| Expenditures:   |                                    |                 |                  |                               |
| Current:  |                                    |                 |                  |                               |
| Transportation & Street Repair  | 107,000                            | 135,650         | 6,299            | 129,351                       |
| Debt Service:   |                                    |                 |                  |                               |
| Interest and Fiscal Charges   | 0                                  | 15,900          | 31,800           | (15,900)                      |
| <b>Total Expenditures</b>   | <b>107,000</b>                     | <b>151,550</b>  | <b>38,099</b>    | <b>113,451</b>                |
| Excess of Revenues Over (Under) Expenditures                                      | (46,500)                           | 19,345          | 51,276           | 31,931                        |
| Other financing sources (uses):   |                                    |                 |                  |                               |
| Transfers In  | 0                                  | 15,900          | 0                | (15,900)                      |
| <b>Total Other Financing Sources (Uses)</b>                                       | <b>0</b>                           | <b>15,900</b>   | <b>0</b>         | <b>(15,900)</b>               |
| <b>Net Change in Fund Balance</b>   | <b>(46,500)</b>                    | <b>35,245</b>   | <b>51,276</b>    | <b>16,031</b>                 |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 53,985                             | 53,985          | 53,985           | 0                             |
| <b>Fund Balance End of Year</b>   | <b>\$7,485</b>                     | <b>\$89,230</b> | <b>\$105,261</b> | <b>\$16,031</b>               |



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, 2004

|   | Central<br>Parke TIF<br>Fund |                  |                  |                               |
|---|------------------------------|------------------|------------------|-------------------------------|
|   | Original<br>Budget           | Final<br>Budget  | Actual           | Variance from<br>Final Budget |
| Revenues:   |                              |                  |                  |                               |
| Taxes   | \$144,000                    | \$187,946        | \$236,104        | \$48,158                      |
| Intergovernmental   | 0                            | 7,196            | 7,196            | 0                             |
| Investment Earnings   | 1,000                        | 1,394            | 2,035            | 641                           |
| Total Revenues  | <u>145,000</u>               | <u>196,536</u>   | <u>245,335</u>   | <u>48,799</u>                 |
| Expenditures:   |                              |                  |                  |                               |
| Current:  |                              |                  |                  |                               |
| Transportation & Street Repair  | 250,000                      | 250,000          | 116,690          | 133,310                       |
| Debt Service:   |                              |                  |                  |                               |
| Principal Retirement  | 0                            | 0                | 10,000           | (10,000)                      |
| Interest and Fiscal Charges   | 0                            | 0                | 15,108           | (15,108)                      |
| Total Expenditures  | <u>250,000</u>               | <u>250,000</u>   | <u>141,798</u>   | <u>108,202</u>                |
| Excess of Revenues Over (Under) Expenditures                                      | <u>(105,000)</u>             | <u>(53,464)</u>  | <u>103,537</u>   | <u>157,001</u>                |
| Net Change in Fund Balance  | (105,000)                    | (53,464)         | 103,537          | 157,001                       |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | <u>508,914</u>               | <u>508,914</u>   | <u>508,914</u>   | <u>0</u>                      |
| Fund Balance End of Year  | <u>\$403,914</u>             | <u>\$455,450</u> | <u>\$612,451</u> | <u>\$157,001</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, 2004

|   | Mason Enterprise<br>Parke TIF<br>Fund |                   |                   |                               |
|---|---------------------------------------|-------------------|-------------------|-------------------------------|
|   | Original<br>Budget                    | Final<br>Budget   | Actual            | Variance from<br>Final Budget |
| Revenues:   |                                       |                   |                   |                               |
| Taxes   | \$50,000                              | \$0               | \$0               | \$0                           |
| Investment Earnings   | 500                                   | 458               | 677               | 219                           |
| <b>Total Revenues</b>   | <b>50,500</b>                         | <b>458</b>        | <b>677</b>        | <b>219</b>                    |
| Expenditures:   |                                       |                   |                   |                               |
| Current:  |                                       |                   |                   |                               |
| Transportation & Street Repair  | 49,200                                | 49,200            | 6,003             | 43,197                        |
| Debt Service:   |                                       |                   |                   |                               |
| Interest and Fiscal Charges   | 40,800                                | 40,800            | 40,800            | 0                             |
| <b>Total Expenditures</b>   | <b>90,000</b>                         | <b>90,000</b>     | <b>46,803</b>     | <b>43,197</b>                 |
| Excess of Revenues Over (Under) Expenditures                                      | (39,500)                              | (89,542)          | (46,126)          | 43,416                        |
| Other financing sources (uses):   |                                       |                   |                   |                               |
| Transfers In  | 24,500                                | 20,400            | 0                 | (20,400)                      |
| <b>Total Other Financing Sources (Uses)</b>                                       | <b>24,500</b>                         | <b>20,400</b>     | <b>0</b>          | <b>(20,400)</b>               |
| <b>Net Change in Fund Balance</b>   | <b>(15,000)</b>                       | <b>(69,142)</b>   | <b>(46,126)</b>   | <b>23,016</b>                 |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 34,483                                | 34,483            | 34,483            | 0                             |
| <b>Fund Balance End of Year</b>   | <b>\$19,483</b>                       | <b>(\$34,659)</b> | <b>(\$11,643)</b> | <b>\$23,016</b>               |

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, 2004

|  | Tylersville<br>Road TIF<br>Fund |                    |                  |                               |
|--|---------------------------------|--------------------|------------------|-------------------------------|
|  | Original<br>Budget              | Final<br>Budget    | Actual           | Variance from<br>Final Budget |
| Revenues:  |                                 |                    |                  |                               |
| Investment Earnings  | \$0                             | \$519              | \$2,742          | \$2,223                       |
| Other Revenues   | 0                               | 78,833             | 78,833           | 0                             |
| <b>Total Revenues</b>  | <b>0</b>                        | <b>79,352</b>      | <b>81,575</b>    | <b>2,223</b>                  |
| Expenditures:  |                                 |                    |                  |                               |
| Current:   |                                 |                    |                  |                               |
| Capital Outlay   | 250,000                         | 438,456            | 1,002,642        | (564,186)                     |
| Debt Service:  |                                 |                    |                  |                               |
| Interest and Fiscal Charges  | 0                               | 0                  | 5,568            | (5,568)                       |
| <b>Total Expenditures</b>  | <b>250,000</b>                  | <b>438,456</b>     | <b>1,008,210</b> | <b>(569,754)</b>              |
| <b>Excess of Revenues Over (Under) Expenditures</b>                            | <b>(250,000)</b>                | <b>(359,104)</b>   | <b>(926,635)</b> | <b>(567,531)</b>              |
| Other financing sources (uses):  |                                 |                    |                  |                               |
| Issuance of Debt   | 0                               | 1,030,000          | 1,030,000        | 0                             |
| Transfers In   | 69,000                          | 900,000            | 0                | (900,000)                     |
| <b>Total Other Financing Sources (Uses)</b>                                    | <b>69,000</b>                   | <b>1,930,000</b>   | <b>1,030,000</b> | <b>(900,000)</b>              |
| <b>Net Change in Fund Balance</b>  | <b>(181,000)</b>                | <b>1,570,896</b>   | <b>103,365</b>   | <b>(1,467,531)</b>            |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 0                               | 0                  | 0                | 0                             |
| <b>Fund Balance End of Year</b>  | <b>(\$181,000)</b>              | <b>\$1,570,896</b> | <b>\$103,365</b> | <b>(\$1,467,531)</b>          |

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, 2004

|   | Tylersville<br>Road Project<br>Fund |                 |                  |                               |
|---|-------------------------------------|-----------------|------------------|-------------------------------|
|   | Original<br>Budget                  | Final<br>Budget | Actual           | Variance from<br>Final Budget |
| Revenues:   |                                     |                 |                  |                               |
| Other Revenues  | \$0                                 | \$15,000        | \$15,000         | \$0                           |
| Total Revenues  | 0                                   | 15,000          | 15,000           | 0                             |
| Expenditures:   |                                     |                 |                  |                               |
| Current:  |                                     |                 |                  |                               |
| Transportation & Street Repair  | 555,000                             | 794,744         | 351,639          | 443,105                       |
| Total Expenditures  | 555,000                             | 794,744         | 351,639          | 443,105                       |
| Excess of Revenues Over (Under) Expenditures                                      | (555,000)                           | (779,744)       | (336,639)        | 443,105                       |
| Net Change in Fund Balance  | (555,000)                           | (779,744)       | (336,639)        | 443,105                       |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 795,546                             | 795,546         | 795,546          | 0                             |
| Fund Balance End of Year  | <u>\$240,546</u>                    | <u>\$15,802</u> | <u>\$458,907</u> | <u>\$443,105</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, 2004

|   | Kings Mills<br>Road Project<br>Fund |                 |           |                               |
|---|-------------------------------------|-----------------|-----------|-------------------------------|
|   | Original<br>Budget                  | Final<br>Budget | Actual    | Variance from<br>Final Budget |
| Revenues:   |                                     |                 |           |                               |
| Intergovernmental   | \$0                                 | \$290,059       | \$290,059 | \$0                           |
| Investment Earnings   | 0                                   | 5,633           | 6,170     | 537                           |
| Total Revenues  | 0                                   | 295,692         | 296,229   | 537                           |
| Expenditures:   |                                     |                 |           |                               |
| Current:  |                                     |                 |           |                               |
| Transportation & Street Repair  | 0                                   | 414,363         | 414,363   | 0                             |
| Total Expenditures  | 0                                   | 414,363         | 414,363   | 0                             |
| Excess of Revenues Over (Under) Expenditures                                      | 0                                   | (118,671)       | (118,134) | 537                           |
| Net Change in Fund Balance  | 0                                   | (118,671)       | (118,134) | 537                           |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 412,715                             | 412,715         | 412,715   | 0                             |
| Fund Balance End of Year  | \$412,715                           | \$294,044       | \$294,581 | \$537                         |

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, 2004

|   | Mason-Montgomery<br>Road Improvement<br>Fund |                 |            |                               |
|---|--|-----------------|------------|-------------------------------|
|   | Original<br>Budget                           | Final<br>Budget | Actual     | Variance from<br>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                             |
| Net Change in Fund Balance  | 0  | 0               | 0          | 0                             |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 0  | 0               | 0          | 0                             |
| Fund Balance End of Year  | <u>\$0</u>                                   | <u>\$0</u>      | <u>\$0</u> | <u>\$0</u>                    |

City of Mason  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2004

|   | Government Center<br>Reserve<br>Fund |                 |             |                               |
|---|--------------------------------------|-----------------|-------------|-------------------------------|
|   | Original<br>Budget                   | Final<br>Budget | Actual      | Variance from<br>Final Budget |
| Revenues:   |                                      |                 |             |                               |
| Investment Earnings   | \$0                                  | \$7,850         | \$13,711    | \$5,861                       |
| Total Revenues  | 0                                    | 7,850           | 13,711      | 5,861                         |
| Expenditures:   |                                      |                 |             |                               |
| Current:  |                                      |                 |             |                               |
| Transportation & Street Repair  | 0                                    | 0               | 79,145      | (79,145)                      |
| Capital Outlay  | 4,400,000                            | 0               | 0           | 0                             |
| Debt Service:   |                                      |                 |             |                               |
| Principal Retirement  | 0                                    | 0               | 600,000     | (600,000)                     |
| Interest and Fiscal Charges   | 0                                    | 0               | 1,066,723   | (1,066,723)                   |
| Total Expenditures  | 4,400,000                            | 0               | 1,745,868   | (1,745,868)                   |
| Excess of Revenues Over (Under) Expenditures                                      | (4,400,000)                          | 7,850           | (1,732,157) | (1,740,007)                   |
| Other financing sources (uses):   |                                      |                 |             |                               |
| Transfers In  | 0                                    | 0               | 492,406     | 492,406                       |
| Total Other Financing Sources (Uses)  | 0                                    | 0               | 492,406     | 492,406                       |
| Net Change in Fund Balance  | (4,400,000)                          | 7,850           | (1,239,751) | (1,247,601)                   |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 4,255,629                            | 4,255,629       | 4,255,629   | 0                             |
| Fund Balance End of Year  | (\$144,371)                          | \$4,263,479     | \$3,015,878 | (\$1,247,601)                 |

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, 2004

|   | Western Row /<br>Snider Road<br>Improvement<br>Fund |                    |                    |                               |
|---|---|--------------------|--------------------|-------------------------------|
|   | Original<br>Budget                                  | Final<br>Budget    | Actual             | Variance from<br>Final Budget |
| <b>Revenues:</b>  |   |                    |                    |                               |
| Investment Earnings   | \$0   | \$185              | \$344              | \$159                         |
| Other Revenues  | 0   | 51,200             | 51,200             | 0                             |
| <b>Total Revenues</b>   | <b>0</b>  | <b>51,385</b>      | <b>51,544</b>      | <b>159</b>                    |
| <b>Expenditures:</b>  |   |                    |                    |                               |
| <b>Current:</b>   |   |                    |                    |                               |
| Transportation & Street Repair  | 4,411,000   | 4,579,556          | 4,579,474          | 82                            |
| <b>Total Expenditures</b>   | <b>4,411,000</b>                                    | <b>4,579,556</b>   | <b>4,579,474</b>   | <b>82</b>                     |
| <b>Excess of Revenues Over (Under) Expenditures</b>                                       | <b>(4,411,000)</b>                                  | <b>(4,528,171)</b> | <b>(4,527,930)</b> | <b>241</b>                    |
| <b>Other financing sources (uses):</b>  |   |                    |                    |                               |
| Issuance of Debt  | 0   | 5,000,000          | 5,000,000          | 0                             |
| <b>Total Other Financing Sources (Uses)</b>   | <b>0</b>  | <b>5,000,000</b>   | <b>5,000,000</b>   | <b>0</b>                      |
| <b>Net Change in Fund Balance</b>   | <b>(4,411,000)</b>                                  | <b>471,829</b>     | <b>472,070</b>     | <b>241</b>                    |
| <b>Fund Balance Beginning of Year (includes<br/>prior year encumbrances appropriated)</b> | <b>0</b>  | <b>0</b>           | <b>0</b>           | <b>0</b>                      |
| <b>Fund Balance End of Year</b>   | <b>(\$4,411,000)</b>                                | <b>\$471,829</b>   | <b>\$472,070</b>   | <b>\$241</b>                  |



**STATISTICAL  
SECTION**

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Table 1  
General Fund Expenditures By Function  
Last Ten Fiscal Years

| Function:                        | 1995               | 1996               | 1997               | 1998               | 1999                | 2000                | 2001                | 2002                | 2003                | 2004                |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Government               | \$2,078,906        | \$2,420,667        | \$2,455,116        | \$2,712,168        | \$4,506,728         | \$3,495,706         | \$4,286,353         | \$6,055,452         | \$9,056,710         | \$8,125,814         |
| Public Safety                    | 1,529,704          | 1,592,010          | 1,796,134          | 2,052,836          | 2,504,029           | 2,932,759           | 2,767,907           | 3,139,769           | 3,603,294           | 3,866,556           |
| Leisure Time Activities          | 911,000            | 883,075            | 695,042            | 774,456            | 1,975,052           | 1,602,077           | 1,324,854           | 2,129,899           | 2,122,965           | 1,803,066           |
| Community Development            | 330,507            | 329,247            | 413,079            | 487,525            | 621,413             | 790,131             | 459,596             | 860,047             | 1,666,254           | 1,000,758           |
| Basic Utility Services           | 101,203            | 105,189            | 348,506            | 103,774            | 179,570             | 98,122              | 236,812             | 47,392              | 400                 | 0                   |
| Transportation and Street Repair | 1,350,953          | 1,386,744          | 1,954,576          | 1,753,028          | 3,094,327           | 2,872,601           | 305,833             | 1,871,148           | 2,868,959           | 1,724,494           |
| Other Expenditures               | 0                  | 0                  | 0                  | 36,472             | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   |
| Capital Outlay                   | 0                  | 0                  | 0                  | 0                  | 0                   | 0                   | 3,563,876           | 0                   | 12,677              | 610,731             |
| Debt Service                     | 0                  | 0                  | 0                  | 0                  | 21,091              | 164,666             | 143,817             | 158,487             | 108,633             | 72,769              |
| <b>Total Disbursements</b>       | <b>\$6,302,273</b> | <b>\$6,716,932</b> | <b>\$7,662,453</b> | <b>\$7,920,259</b> | <b>\$12,902,210</b> | <b>\$11,956,062</b> | <b>\$13,089,048</b> | <b>\$14,262,194</b> | <b>\$19,439,892</b> | <b>\$17,204,188</b> |

Source: City of Mason, Ohio, Department of Finance

Table 2  
General Fund Revenues By Source  
Last Ten Fiscal Years

|                           | 1995               | 1996               | 1997                | 1998                | 1999                | 2000                | 2001                | 2002                | 2003                | 2004                |
|---------------------------|--------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Source:</b>            |                    |                    |                     |                     |                     |                     |                     |                     |                     |                     |
| Taxes                     | \$4,598,385        | \$5,729,286        | \$7,736,926         | \$10,777,058        | \$11,142,479        | \$15,274,080        | \$14,740,584        | \$14,797,720        | \$17,040,937        | \$18,313,233        |
| Fines, Licenses & Permits | 630,566            | 788,401            | 985,306             | 885,063             | 1,000,721           | 1,081,112           | 1,117,511           | 1,103,887           | 909,776             | 1,351,399           |
| Intergovernmental         | 601,580            | 799,877            | 684,941             | 702,610             | 1,144,190           | 1,372,410           | 2,132,459           | 234,431             | 229,404             | 1,875,071           |
| Charges for Services      | 55,986             | 98,422             | 101,296             | 113,396             | 159,601             | 227,665             | 261,884             | 388,344             | 189,945             | 344,758             |
| Investment Earnings       | 127,491            | 180,744            | 194,796             | 241,673             | 237,624             | 318,802             | 451,072             | 1,738,667           | 2,138,502           | 95,392              |
| All Other Revenues        | 230,986            | 249,271            | 362,844             | 462,430             | 318,407             | 780,243             | 515,152             | 671,830             | 942,142             | 860,340             |
| <b>Total Revenues</b>     | <b>\$6,244,994</b> | <b>\$7,846,001</b> | <b>\$10,066,109</b> | <b>\$13,182,230</b> | <b>\$14,003,022</b> | <b>\$19,054,312</b> | <b>\$19,218,662</b> | <b>\$18,934,879</b> | <b>\$21,450,706</b> | <b>\$22,840,193</b> |

Source: City of Mason, Ohio, Department of Finance

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

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

| Tax Year:  | 1994/1995 | 1995/1996 | 1996/1997 | 1997/1998 | 1998/1999   | 1999/2000   | 2000/2001   | 2001/2002   | 2002/2003   | 2003/2004   |
|--|-----------|-----------|-----------|-----------|-------------|-------------|-------------|-------------|-------------|-------------|
| Fiscal Year:   | 1995      | 1996      | 1997      | 1998      | 1999        | 2000        | 2001        | 2002        | 2003        | 2004        |
| Current Tax Levy                                       | \$477,662 | \$527,719 | \$604,903 | \$949,077 | \$3,569,426 | \$4,007,289 | \$4,865,120 | \$5,241,254 | \$5,508,483 | \$6,682,436 |
| Current Tax Collections                                | 471,018   | 521,435   | 598,675   | 933,999   | 3,495,198   | 3,914,640   | 4,789,569   | 5,000,981   | 5,401,874   | 6,330,702   |
| Percent of Levy Collected                              | 98.61%    | 98.81%    | 98.97%    | 98.41%    | 97.92%      | 97.69%      | 98.45%      | 95.42%      | 98.06%      | 94.74%      |
| Delinquent Tax Collections                             | 7,420     | 7,658     | 9,974     | 11,261    | 57,416      | 64,478      | 130,292     | 47,448      | 294,933     | 123,183     |
| Total Tax Collections                                  | 478,438   | 529,093   | 608,649   | 945,260   | 3,552,614   | 3,979,118   | 4,919,861   | 5,048,429   | 5,696,807   | 6,453,885   |
| Ratio of Total Tax Collections to Current Taxes Levied | 100.16%   | 100.26%   | 100.62%   | 99.60%    | 99.53%      | 99.30%      | 101.13%     | 96.32%      | 103.42%     | 96.58%      |

Source: Warren County Auditor's Office

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

| Tax Year | Real Property  |                        | Public Utility |                        | Tangible Personal Property |                        | Total          |                        | Assessed Value as a Percentage Of Total Estimated Actual Value |
|----------|----------------|------------------------|----------------|------------------------|----------------------------|------------------------|----------------|------------------------|--|
|          | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Assessed Value             | Estimated Actual Value | Assessed Value | Estimated Actual Value |  |
| 1995     | \$217,285,530  | \$620,815,800          | \$13,607,270   | \$15,462,810           | \$49,251,189               | \$197,004,760          | \$280,143,989  | \$833,283,370          | 33.62%   |
| 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            | 33.56%   |
| 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          | 33.58%   |
| 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          | 33.50%   |
| 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          | 33.37%   |
| 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          | 33.37%   |
| 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          | 32.89%   |
| 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          | 33.01%   |
| 2003     | 771,214,670    | 2,203,470,485          | 15,312,680     | 17,400,772             | 147,357,520                | 589,430,080            | 933,884,870    | 2,810,301,337          | 33.23%   |
| 2004     | 825,905,960    | 2,359,731,314          | 15,736,660     | 17,882,568             | 137,059,790                | 548,239,160            | 978,702,410    | 2,925,853,042          | 33.45%   |

Source: Warren County Auditor's Office

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

| Tax Year | City of Mason | Mason City School District | Warren County | Deerfield Township* | Joint Voc. School | Special District | Total  |
|----------|---------------|----------------------------|---------------|---------------------|-------------------|------------------|--------|
| 1995     | 1.89%         | 53.26%                     | 6.57%         | 2.36%               | 2.70%             | 2.75%            | 69.53% |
| 1996     | 1.89%         | 62.36%                     | 5.00%         | 0.86%               | 2.70%             | 5.45%            | 78.26% |
| 1997     | 2.32%         | 61.95%                     | 5.00%         |                     | 2.70%             | 5.45%            | 77.42% |
| 1998     | 7.32%         | 61.95%                     | 4.75%         |                     | 2.70%             | 1.50%            | 78.22% |
| 1999     | 7.32%         | 61.95%                     | 4.00%         |                     | 2.70%             | 1.50%            | 77.47% |
| 2000     | 7.32%         | 64.57%                     | 4.00%         |                     | 2.70%             | 1.50%            | 80.09% |
| 2001     | 7.32%         | 71.11%                     | 4.00%         |                     | 2.70%             | 1.50%            | 86.63% |
| 2002     | 7.32%         | 72.61%                     | 4.96%         |                     | 2.70%             | 1.50%            | 89.09% |
| 2003     | 7.32%         | 74.11%                     | 6.53%         |                     | 2.70%             | 1.50%            | 92.16% |
| 2004     | 7.32%         | 74.11%                     | 6.46%         |                     | 2.70%             | 1.50%            | 92.09% |

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.

Table 6  
Special Assessment Billings and Collections  
Last Ten Fiscal Years

| Tax Year | Current Assessments Billings | Current Assessments Collected | Ratio of Collection To Amount Billed |
|----------|------------------------------|-------------------------------|--------------------------------------|
| 1994     | \$278,647                    | \$275,380                     | 98.83%                               |
| 1995     | 274,487                      | 256,455                       | 93.43%                               |
| 1996     | 272,394                      | 260,503                       | 95.63%                               |
| 1997     | 234,472                      | 195,326                       | 83.30%                               |
| 1998     | 258,506                      | 218,038                       | 84.35%                               |
| 1999     | 228,615                      | 199,333                       | 87.19%                               |
| 2000     | 213,739                      | 201,300                       | 94.18%                               |
| 2001     | 188,571                      | 170,041                       | 90.17%                               |
| 2002     | 200,231                      | 185,006                       | 92.40%                               |
| 2003     | 162,255                      | 148,675                       | 91.63%                               |

Tax year 2004 is billed and due in 2005

Source: Warren County Auditor's Office



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

| Fiscal Year | Population | Assessed Value (1) | General Bonded Debt (2) | Less Debt Service Fund (3) | Net General Bonded Debt | Ratio of Net Bonded Debt to Assessed Value | Net Bonded Debt Per Capita |
|-------------|------------|--------------------|-------------------------|----------------------------|-------------------------|--|----------------------------|
| 1995        | 13,244     | \$280,143,989      | \$380,000               | \$27,158                   | \$352,842               | 0.13%                                      | \$27                       |
| 1996        | 14,366     | 314,707,275        | 335,000                 | 20,207                     | 314,793                 | 0.10%                                      | 22                         |
| 1997        | 15,863     | 403,149,139        | 255,000                 | 30,406                     | 224,594                 | 0.06%                                      | 14                         |
| 1998        | 17,500     | 480,537,743        | 5,155,000               | 25,966                     | 5,129,034               | 1.07%                                      | 293                        |
| 1999        | 19,500     | 562,626,397        | 4,945,000               | 8,566                      | 4,936,434               | 0.88%                                      | 253                        |
| 2000        | 22,016     | 710,086,410        | 4,725,000               | 138,702                    | 4,586,298               | 0.65%                                      | 208                        |
| 2001        | 22,016     | 793,522,729        | 4,505,000               | 230,472                    | 4,274,528               | 0.54%                                      | 194                        |
| 2002        | 22,000     | 847,756,510        | 4,275,000               | 302,523                    | 3,972,477               | 0.47%                                      | 181                        |
| 2003        | 26,500     | 933,884,870        | 4,045,000               | 428,899                    | 3,616,101               | 0.39%                                      | 136                        |
| 2004        | 28,271     | 978,702,410        | 3,845,000               | 484,775                    | 3,360,225               | 0.34%                                      | 119                        |

(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.

Table 8  
 Computation Of Legal Debt Margin  
 For The Fiscal Year Ended December 31, 2004

|  | Total Debt          | Unvoted Debt        |
|--|---------------------|---------------------|
| Net Assessed Valuation                         | \$978,702,410       | \$978,702,410       |
| Legal Debt Limitation (%) (1)                  | 10.50%              | 5.50%               |
| Legal Debt Limitation (\$) (1)                 | 102,763,753         | 53,828,633          |
| Applicable City Debt Outstanding (2)           | 13,545,000          | 13,545,000          |
| Less: Applicable Debt Service Fund Amounts (3) | 484,775             | 484,775             |
| Net Indebtedness Subject to Limitation         | <u>\$13,060,225</u> | <u>\$13,060,225</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.

Table 9  
 Computation of Direct and Overlapping Debt  
 For The Fiscal Year Ended December 31, 2004

|  | Net General<br>Obligations<br>Bonder Debt<br>Outstanding | Percentage<br>Applicable<br>to<br>City | Amount<br>Applicable<br>to<br>City |
|--|--|--|------------------------------------|
| City of Mason                                    | \$13,545,000   | 100.00%                                | \$13,545,000                       |
| Warren County                                    | 3,514,665  | 20.15%                                 | 708,205                            |
| Lebanon City School District                     | 47,739,777   | 0.44%                                  | 210,055                            |
| Mason City School District                       | 147,310,000  | 65.37%                                 | 96,296,547                         |
| Kings Local School District                      | 33,368,182   | 14.76%                                 | 4,925,144                          |
| Great Oaks Career Center Joint Vocational School | 5,310,000  | 4.94%                                  | 262,314                            |
|  |  | <b>Total:</b>                          | <b>\$115,947,265</b>               |

Source: Ohio Municipal Advisory Council

Table 10  
Schedule of Revenue Bond Coverage  
Last Ten Fiscal Years

|                                   | 1995        | 1996        | 1997        | 1998        | 1999        | 2000        | 2001        | 2002        | 2003        | 2004        |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Sewer Fund Bond Coverage:</b>  |             |             |             |             |             |             |             |             |             |             |
| Operating Revenue                 | \$3,627,214 | \$3,857,651 | \$4,438,971 | \$5,324,578 | \$6,108,606 | \$5,775,367 | \$5,490,698 | \$5,532,399 | \$5,858,754 | \$5,385,198 |
| Operating Expenses                | 1,295,536   | 1,243,237   | 1,566,903   | 1,742,470   | 729,460     | 2,201,298   | 2,415,301   | 2,453,545   | 2,493,744   | 2,060,553   |
| Net Available for Debt Service    | 2,331,678   | 2,614,414   | 2,872,068   | 3,582,108   | 5,379,146   | 3,574,069   | 3,075,397   | 3,078,854   | 3,365,010   | 3,324,645   |
| <b>Debt Service Requirements:</b> |             |             |             |             |             |             |             |             |             |             |
| <b>Revenue Bonds:</b>             |             |             |             |             |             |             |             |             |             |             |
| Principal                         | 170,000     | 175,000     | 185,000     | 190,000     | 200,000     | 210,000     | 220,000     | 230,000     | 245,000     | 1,360,000   |
| Interest                          | 582,450     | 459,160     | 451,810     | 443,670     | 423,399     | 425,430     | 415,388     | 404,140     | 391,212     | 1,209,372   |
| Total                             | 752,450     | 634,160     | 636,810     | 633,670     | 623,399     | 635,430     | 635,388     | 634,140     | 636,212     | 2,569,372   |
| Coverage                          | 3.10        | 4.12        | 4.51        | 5.65        | 8.63        | 5.62        | 4.84        | 4.86        | 5.29        | 1.29        |

Source: City of Mason, Ohio, Department of Finance

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

| Fiscal Year | Total Permits Issued (1) | Building Permits                       |       | Real Property Assessed Value (2) | Banking Activity Bank Debits (3) |
|-------------|--------------------------|--|-------|----------------------------------|----------------------------------|
|             |                          | Total Estimated Value of Buildings (1) | Total |                                  |                                  |
| 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        | 445                      | 172,252,850                            |       | 633,752,330                      | 618,781                          |
| 2002        | 367                      | 83,056,255                             |       | 683,142,740                      | 660,464                          |
| 2003        | 298                      | 115,704,796                            |       | 771,214,670                      | 637,524                          |
| 2004        | 211                      | 58,446,703                             |       | 825,905,960                      | 665,965                          |

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

(2) Assessed Value from Table 4

(3) Federal Reserve Bank Of Cleveland

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        |                                 | Ratio of Debt Service To General Government Expenditures |
|-------------|-----------|-------------|--------------|---------------------------------|--|
|             |           |             | Debt Service | General Government Expenditures |  |
| 1995        | \$45,000  | \$34,200    | \$79,200     | \$2,078,906                     | 3.81%  |
| 1996        | 40,000    | 30,150      | 70,150       | 2,420,667                       | 2.90%  |
| 1997        | 40,000    | 26,550      | 66,550       | 2,455,116                       | 2.71%  |
| 1998        | 45,000    | 22,950      | 67,950       | 2,712,168                       | 2.51%  |
| 1999        | 210,000   | 225,513     | 435,513      | 4,506,728                       | 9.66%  |
| 2000        | 215,000   | 223,943     | 438,943      | 3,495,706                       | 12.56%   |
| 2001        | 220,000   | 238,355     | 458,355      | 4,286,353                       | 10.69%   |
| 2002        | 230,000   | 324,463     | 554,463      | 6,055,452                       | 9.16%  |
| 2003        | 230,000   | 318,555     | 548,555      | 9,056,710                       | 6.06%  |
| 2004        | 200,000   | 188,973     | 388,973      | 8,813,705                       | 4.41%  |

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.

Table 13  
Principal Taxpayers  
December 31, 2004

| Taxpayer                        | Assessed Valuation<br>For Fiscal Year<br>2004 | Percentage Of<br>Total Assessed<br>Valuation |
|---------------------------------|---|--|
| Kings Island Company            | \$34,561,270                                  | 3.53%  |
| Mitsubishi Electric Auto        | 16,732,140                                    | 1.71%  |
| Procter & Gamble Company        | 13,272,740                                    | 1.36%  |
| Cintas Corporation #2           | 12,794,510                                    | 1.31%  |
| UBE Automotive                  | 12,132,590                                    | 1.24%  |
| Cincinnati Gas & Electric       | 9,930,440                                     | 1.01%  |
| Makino Incorporated             | 6,927,740                                     | 0.71%  |
| Mason Christian Village         | 6,094,360                                     | 0.62%  |
| Blackhawk Automotive            | 6,026,030                                     | 0.62%  |
| H. J. Heinz                     | 4,991,140                                     | 0.51%  |
| All Others                      | 855,239,450                                   | 87.39%                                       |
| <b>Total Assessed Valuation</b> | <b>\$978,702,410</b>                          | <b>100%</b>                                  |

Source: Warren County Auditor's Office

Table 14  
Synopsis Of Insurance  
December 31, 2004

| Coverage                          | Carrier  | Policy Number     | Policy Period     | Liability Limits Aggregate  | Deductible   |
|-----------------------------------|--|-------------------|-------------------|---|--------------|
| General Liability                 | Government Entities Mutual, Inc. (GEM)           | GEM - 0012-A04001 | 12/31/03-12/31/04 | \$1,000,000 excess of \$1,000,000 per occurrence                                  | \$2,500      |
|                                   | Insurance Company of the State of PA (Reinsurer) | 2004-LY16-B       | 12/31/03-12/31/04 | \$5,000,000 excess of \$2,000,000 per occurrence                                  |              |
| Commercial Property               | Chubb  | 3534-33-17        | 12/31/03-12/31/04 | Excess of \$250,000 to \$100,000,000 per occurrence                               | \$2,500      |
| <b>Liability:</b>                 |  |                   |                   |   |              |
| Public Officials Liability        | Government Entities Mutual, Inc. (GEM)           | GEM - 0012-A04001 | 12/31/03-12/31/04 | \$1,000,000 excess of \$1,000,000 per occurrence                                  | \$2,500      |
| Excess Public Officials Liability | Insurance Company of the State of PA (Reinsurer) | 2004-LY16-B       | 12/31/03-12/31/04 | \$5,000,000 excess of \$2,000,000 per occurrence \$7 million aggregate per member |              |
| <b>Total Premium</b>              |  |                   |                   |   | <b>\$230</b> |

Source: City of Mason, Ohio, Department of Assistant City Manager  
Miami Valley Risk Management Association



Table 15  
Demographic Statistics  
December 31, 2004

| <b>Population for the Last Ten Years</b> |  |        |
|--|--|--------|
| 1995                                     |  | 13,244 |
| 1996                                     |  | 14,366 |
| 1997                                     |  | 15,863 |
| 1998                                     |  | 17,501 |
| 1999                                     |  | 19,500 |
| 2000                                     |  | 22,016 |
| 2001                                     |  | 22,016 |
| 2002                                     |  | 22,016 |
| 2003                                     |  | 26,500 |
| 2004                                     |  | 28,271 |

| <b>School Enrollment for the Last Ten Years</b> |  |       |
|---|--|-------|
| 1995  |  | 3,420 |
| 1996  |  | 3,845 |
| 1997  |  | 4,371 |
| 1998  |  | 5,364 |
| 1999  |  | 6,100 |
| 2000  |  | 6,711 |
| 2001  |  | 7,411 |
| 2002  |  | 7,363 |
| 2003  |  | 8,003 |
| 2004  |  | 8,635 |

| <b>Unemployment Rate for the Last Ten Years*</b> |  |       |
|--|--|-------|
| 1995   |  | 3.80% |
| 1996   |  | 3.70% |
| 1997   |  | 3.10% |
| 1998   |  | 2.90% |
| 1999   |  | 3.00% |
| 2000   |  | 2.90% |
| 2001   |  | 3.30% |
| 2002   |  | 4.00% |
| 2003   |  | 3.10% |
| 2004   |  | 4.00% |

Source: City of Mason, Ohio, Office of Economic Development  
Ohio Department of Job and Family Services

\* Information is only available for Warren County

Table 16  
Miscellaneous Statistics  
December 31, 2004

|                                      |   |                 |
|--------------------------------------|---|-----------------|
| <b>Date of Incorporation</b>         |   | 1971            |
| <b>Form of Government</b>            |   | Council/Manager |
| <b>Number of Employees</b>           |   |                 |
| Full Time                            |   | 168             |
| Part Time                            |   | 240             |
| <b>Area in Square Miles</b>          |   | 18.0            |
| <b>Number of Streets</b>             |   | 515             |
| <b>Number of Lane Miles</b>          |   | 375             |
| <b>Cultural &amp; Recreation:</b>    |   |                 |
|                                      | Parks                                   | 6               |
|                                      | Park acreage                            | 242             |
|                                      | Swimming Pool                           | 1               |
|                                      | Community Center                        | 1               |
| <b>Police Protection:</b>            |   |                 |
|                                      | Number of Stations                      | 1               |
|                                      | Number of Police Personnel              |                 |
|                                      | Full time                               | 38              |
|                                      | Number of Marked Patrol Vehicles        | 14              |
| <b>Fire &amp; Emergency Medical:</b> |   |                 |
|                                      | Number of Stations                      | 2               |
|                                      | Number of Fire Personnel                |                 |
|                                      | Full time                               | 21              |
|                                      | Part time                               | 39              |
|                                      | Number of Emergency Vehicles            | 17              |
| <b>Education:</b>                    |   |                 |
|                                      | Number of Elementary Schools            | 4               |
|                                      | Number of Elementary School Instructors | 317             |
|                                      | Number of Secondary Schools             | 2               |
|                                      | Number of Secondary School Instructors  | 247             |

Source: City of Mason, Ohio, Public Information Office



**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 22, 2005**