

CITY OF MASON, OHIO

Independent Auditors' Report on
Internal Controls and Compliance

December 31, 2007



Mary Taylor, CPA
Auditor of State

City Council
City of Mason
6000 Mason-Montgomery Road
Mason, Ohio 45040

We have reviewed the *Independent Auditors' Report* of the City of Mason, Warren County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2007 through December 31, 2007. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 31, 2008

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Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

**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***

To the City Council
City of Mason, Ohio:

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Mason, Ohio (City) as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 18, 2008. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described and labeled as item 2007- 1 in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above is not a material weakness.

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 agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Mason, Ohio in a separate letter dated June 18, 2008.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the organization, and the City Council and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 18, 2008

CITY OF MASON, OHIO

Schedule of Findings and Responses

Year Ended December 31, 2007

Finding 2007-1 – Audit Adjustments

During the course of our audit, we identified material misstatements in the financial statements for the year under audit that were not initially identified by the City's internal control. Throughout the year, the City maintains its books and records on the cash-basis of accounting and converts its financial statements at year-end to generally accepted accounting principles. The audit adjustments were necessary to correct errors in the City's conversion process. A description of the adjustments follows:

- **Cash.** The cash balance in the Street Construction, Maintenance, and Repair Fund was understated by \$268,770. The City's internal books accurately portrayed the cash balance of this fund but it was unintentionally omitted when the financial statements were prepared.
- **Net Assets.** During our audit of net asset (equity) restrictions, we discovered the restricted net assets for special revenue purposes was understated by approximately \$5.9 million and items were reported as unrestricted net assets.
- **Major Fund Determinations.** Governmental Accounting Standards Board Statement No. 34 requires significant funds to be presented as major funds in the basic financial statements based upon certain criteria and thresholds. The Community Center Fund met these requirements but was not initially identified as a major fund during the conversion process.
- **BAN Classifications.** The City refinanced certain bond anticipation notes (BANs) with bonds in May 2008. Financial Accounting Standards Board Statement No. 6 requires short-term obligations expected to be refinanced on a long-term basis to be reported as general long-term liabilities in the government-wide statement of net assets. These BANs were initially recorded as short-term obligations in the fund financial statements.

Views of Responsible Officials: Management concurs with the finding.

CITY OF MASON, OHIO

Schedule of Prior Audit Findings

Year Ended December 31, 2007

Finding 2006-1 – Special Assessments Receivable

Condition: During the course of our audit, we identified a material prior period adjustment of the financial statements that was not identified by the City's internal control over financial reporting. Throughout the year, the City maintains its books and records on the cash-basis of accounting and converts its financial statements at year-end to generally accepted accounting principles. The prior period adjustment was necessary to correct an error made during the City's conversion process related to an overstatement of special assessments receivables.

A confirmation of special assessments receivable with the Warren County Auditor, who is responsible for collecting the special assessments, indicated the City's reported receivable balance at December 31, 2005 was overstated by \$768,709. This overstatement caused the net assets of the governmental activities to be overstated on the City's entity-wide financial statements.

Current Status: Corrected.

Comprehensive Annual Financial Report



City of Mason
Mason, Ohio 45040
Year Ended December 31, 2007

City of Mason, Ohio

Comprehensive Annual Financial Report

Year Ended December 31, 2007

Prepared by:
Finance Department

Joseph Reigelsperger
Finance Director

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INTRODUCTORY SECTION



June 20, 2008

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, 2007. 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.

State law requires that each public office file an annual financial report with the Auditor of State. The State Auditor requires all cities to prepare financial reports within one hundred fifty days after the end of the fiscal year. The financial report must also be in conformity with generally accepted accounting principals (GAAP).



*Mason was named one of **Money** magazine's Top 100 Best Places to Live in 2007.*

The city was number 81 on the list of "smaller places that offered the best combination of economic opportunity, good schools, safe streets, things to do, and a real sense of community."

The management of the City on Mason, particularly the Director of Finance's Office, assumes full responsibility for both the completeness and reliability of the information contained in this report.

The accuracy of the presented data and the completeness and fairness of presentation is assured through a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Clark, Schaefer, Hackett & Co., Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Mason's financial statements for the year ended December 31, 2007. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY

Mason has earned a reputation as a progressive, innovative community. The city is located in the southwest portion of Ohio, 22 miles northeast of Cincinnati and 28 miles south of Dayton. It is the largest and second fastest growing city in Warren County. 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 as a city in 1971, Mason is governed by a charter that establishes guidelines for its operations. Mason is 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 and the efficient delivery of all city services. 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.

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.

The annual budget for the City of Mason serves as the foundation for the city's financial planning and control. As required by the charter, the City Manager prepares and submits the annual budget and capital program to the council. After a review and final recommendation from Council's Finance Committee, the budget is legally enacted through passage of the annual appropriation ordinance. Department heads, with approval from the Finance Director, may transfer resources below the object/fund level that was approved by Council. However, only Council, using a supplemental appropriation or re-appropriation ordinance, may approve any increase in appropriation or transfers between levels identified in the annual appropriation ordinance before the end of the fiscal year.

LOCAL ECONOMY

Mason's business community employs an estimated 22,000 persons, equivalent to about three quarters of the city's nighttime population of about 30,000. Three of the 10 largest employers in Warren County are located in Mason. Mason's ten largest employers provide work for more than 9,800 persons and generated more than \$8.1 million in income tax revenue for 2007. Overall, it is estimated that there are more than 600 businesses that operate within Mason's 18 square miles.

Mason 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. Nearly one hundred hi-technology, advanced manufacturing and industrial businesses are located in Mason. Additionally, interest in the marriage between tourism, Warren County's top industry, and business development continues to be a focus for Mason.



Great Wolf Lodge, indoor water park, and conference center brought new recreational and meeting venues to Mason in 2007.

The Greater Cincinnati, Ohio, region ranks twentieth in total exports among U.S. cities. The region's worldwide impact is underscored by more than 1,000 firms engaged in international trade, generating annual export sales of \$6.7 billion. More than 300 firms from Japan, Western Europe and Canada have established facilities in the Greater Cincinnati, Ohio, region.

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 CincinnatiUSA Partnership's Regional Economic Development Council in 2001. This regional marketing partnership has lent remarkable strength and leverage to Mason's work on both national and international recruitment projects.

Mason renewed its commitment to this innovative 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. In 2005 and 2006, the group leveraged partnerships with news organizations in major metropolitan areas, including Atlanta, Chicago, and New York. As a result, the city and its corporate partners hosted well-regarded pharmaceutical trade publication heads and New York journalists, gaining national exposure and future new investment interests in this industry.

The CincinnatiUSA organization also strengthens a methodology of continued relationship maintenance with valuable contacts in Europe and Asia, giving 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. The REDC Partnership in years 2004-2006 is estimated to have shown a value of well over \$350,000 of marketing value in events and exposure during the three-year term. With Mason's annual participation of \$25,000, the return on investment for marketing leverage, exposure, and opportunity is substantial. In 2007, the city negotiated a partnership renewal that combined two investment outreach organizations: CincinnatiUSA Partnership for Economic Development and CincyTechUSA. Now combining the entrepreneurial link thru CincyTechUSA, the City of Mason would like to leverage venture developments from high growth potential technology companies in southwest Ohio to the city. The target business sectors include information technology, biosciences, and advanced manufacturing. These partnerships are anticipated to continue to bring significant value and return on the city's investment in business recruitment marketing.

The year 2007 marked the city's second year of operating with the Mason Port Authority in place. This economic development tool has already provided advantageous flexibility with financial recruitment options. It has helped retain over 100 jobs and allowed the city to attract more than \$7

million in new capital investment with over 100 new jobs to be created. The Mason Port Authority has already made proposals to five major prospects that would not have been opportunities for Mason without this economic development tool.



Lindner Center or HOPE, under construction in 2007, will provide state-of-the-art mental health care.

Mason's reputation as a serious business environment is confirmed by corporate decisions to consolidate and move jobs and investment to the city. New investments reported in 2007 were over \$14 million as 144,000 square feet of new corporate and industrial space were added, bringing over 347 announced new jobs to the community. The combined 2006 and 2007 revenues were over \$50 million, with nearly 340,000 in new square footage and nearly 900 new jobs. One of the largest multi-phase projects, announced in 2006 was Prasco Pharmaceutical. The \$12 million, 28-acre corporate headquarters campus will consist of a 150,000 to 230,000 square foot facility, a 300% increase from their previous operations. This project represents one of the largest build-to-suit projects in the region for 2006. Additionally, the Skilled Care Pharmacy recruitment resulted in over \$7 million in new capital investment with a new 40,000 square foot build-to-suit headquarters in Mason. In 2007 when new construction was very low within the Greater CincinnatiUSA region, Mason continued to report steady growth of build-to-suit projects within the three to four million dollar range. Mason's strength in the build-to-suit market is evidenced by the upswing of square footage figures and is expected to continue into 2008.

Greater Cincinnati's regional performance in 2006 and 2007 was noted for industrial absorption. Mason ranked high on the charts during that period with nearly 600,000 square feet of industrial/manufacturing space reclaimed within less than 12 months. This activity resulted in nearly 450 new jobs to the city. The retrofit investment and reoccupation of the former 307,000 square foot UBE facility was

one of the largest transactions this year. The former 215,000 square foot Leggett & Platt facility represents new investment of over \$12 million with the addition of rail and new office space. This was one of four top regional transactions in the fourth quarter and will create 230 new jobs.

Mason’s goals for economic development continue to be met, not only with the attraction of business into the city, but with continued new investment from existing businesses. As each new investment is announced, job creation and payroll are projected for the next three years. Many of the jobs announced have already been realized by the city and many others will be realized in the next two years. The following new developments were the largest projects announced in the City of Mason for 2007:

Corporate investment (new capital & payroll)

	<u>New Capital</u>	<u>New Payroll</u>
Stress Engineering Services, Inc.	\$4.20 M	\$3.40 M
Touchstone Marketing Group	\$3.00 M	\$2.90 M
Basco Corporate Expansion	\$3.80 M	\$8.75 M
Sinclair Community College’s Courseview Campus in Mason	\$3.20 M	\$1.00 M



Sinclair Community College cut the ribbon on their new Courseview Campus in Mason just in time for fall classes.

Growth and development in the City of Mason are 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 the growing residential base.

Moving through 2007, Mason has seen continued renewed interest in land sales and new construction in the industrial, manufacturing, and specialty healthcare and pharmaceutical sectors. The regional market outlook predicts a rise in build-to-suit activity, a primary niche for the City of Mason. Additionally, momentum with destination construction such as Great Wolf Lodge, new investments with Kings Island, and discussed expansions of high-profile events such as the Tennis Masters Series and related sports events are expected to drive more interest in tourism development. The city’s economic development efforts fully recognize a positive relationship between destination tourism and the development of conference, technology, and office development. These will continue to be pursuits of the City of Mason to open up new economic growth opportunities in 2008.

LONG-TERM FINANCIAL PLANNING

As part of the annual budgeting process, the city administration prepares a capital improvement plan for the next five years. City Council reviews and prioritizes the projects for long-term financial planning. In addition to the capital improvement plan, the City of Mason uses a financial forecast of both operating and capital expenditures. Using this forecast, Council will make policy decisions and allocate financial resources based on long-term financial planning. With the expiration of the 5-year fire levy at the end of 2008, a financial forecast of the Fire Fund is being developed to identify the future needs of the Fire Department.

RELEVANT FINANCIAL POLICIES

In 2007, Mason’s voters approved a ballot issue to phase in a full income tax credit for residents who pay a municipal income tax to other cities. In prior years, Mason residents received a credit of 50% of taxes paid to other municipalities. The charter amendment increases the credit to 65% in 2007, 80% in 2008, 90% in 2009, and 100% (full credit) in 2010 and later years. The loss in revenue from

residents is expected to be offset by the consistent increase in collections from businesses and by non-resident withholding.

The City of Mason continues its policy of using only reliable financial resources when budgeting for operating costs. One-time resources and resources at risk of being eliminated are used for one-time expenditures, capital improvements, or debt reduction. State law is phasing out tangible personal property tax that is assessed on business inventory, machines, and equipment. As part of the phase-out, the state is reimbursing local governments for lost revenue for a limited period of time. In consideration, the City of Mason continues to decrease its reliance upon decreasing revenue sources for operating expenses.

MAJOR INITIATIVES For the Year 2007

Mason's citizens are the city's greatest asset. 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 its ability to equitably balance the needs of residents and businesses. In 2007, the City of Mason was ranked 81st in *Money* magazine's "Top 100 Best Places to Live."

Major events that occurred in 2007 that position the city for future economic growth and improvement include:

Downtown Revitalization Efforts

The City of Mason has continued its investment into the downtown area. In 2007, four blocks in the core of downtown Mason received a complete renovation in new sidewalks, on-street parking, a public parking lot, a public plaza, street lighting, and an improved intersection. This renovation project was combined with improvements along Mason-Montgomery Road from West Main Street to the I&O Railroad bridge that widened three blocks to a three-lane road with a bike path and sidewalks. When completed in 2008, downtown Mason will have received a \$5 million upgrade, improving seven blocks in the city's central business district.



A new community plaza was part of the downtown revitalization project.

Infrastructure Improvements

Besides the downtown streetscape and Mason-Montgomery Road improvements, other infrastructure improvements in 2007 included the completion of the Socialville-Fosters Road widening, resurfacing almost twelve lane miles of streets, a new Snider Road/Cedar Village Drive traffic signal, bike path seal coating, Snider Road landscaping, and construction of the Muddy Creek bike path from Mason-Montgomery Road to Kings Mills Road.

Mason Sports Park

During 2007, construction began on the new Mason Sports Park. The 54-acre Mason Sports Park was a priority project in the 2004 Park Master Plan and will provide needed youth baseball and football/soccer fields along with many other recreational amenities. This project was designed in cooperation with the Park Board and Mason youth athletic organizations. The park opened on April 19, 2008.

Fire Department

The Fire Department was again the focus of much attention throughout 2007 as the Council Safety Committee focused on researching and setting the future direction of the department to better serve the needs of the public. During 2007, Council and the committee committed to meeting the National Fire Protection Association's standard of six minutes

total response time for 90% of calls, began site searches for three strategically located stations in order to meet the NFPA standard, moved toward an organizational structure that increased full-time supervision, completed nationally accredited training for all Mason firefighters, and hired Fire Chief John Moore, who has 33 years in the fire service and experience serving in every rank and staff position in the City of Dayton's fire department.

Water Reclamation Plant

The new Water Reclamation Plant (WRP) was substantially completed and began accepting flow in 2006. The new plant has a capacity of 8.7 million gallons a day and can be expanded to 13 million gallons a day. In 2007, operations at the old plant ceased and demolition to allow for alternative uses for the facility began. The site is temporarily being used to provide park maintenance services.

Golf Course

In March 2007, the City of Mason purchased the Golf Center at Kings Island. City Council purchased the course in order to prevent it from being developed as residential property, which would have placed an added burden on Mason schools, neighborhoods, and local thoroughfares. City ownership will permit use of the property in compliance with the city's Comprehensive Plan. Since the land is situated on I-71, it could eventually be developed for business as part of the I-71 business corridor. It currently continues to operate as a municipal golf course that provides additional recreational activities for Mason and the surrounding communities.

Community Center Expansion

In June 2007, staff and Council's Community Center Committee began working to develop a proposal for an expansion and wellness component at the Mason Community Center. In November, Council approved legislation designating TriHealth as the preferred provider and allowing the city manager to negotiate for a long-term space lease and health services operations at the center, thereby allowing the project to move to the next phase.

Next steps will include working with the Community Center Committee to finalize contract details, planning the corresponding facility expansion, identifying designs, and entering into design and construction contracts. If successful, this initiative will be a major and exciting priority in 2008. A partnership with TriHealth extends the city's track record of success in developing mutually beneficial relationships that deliver enormous and cost effective benefits to the residents of Mason. A partnership with TriHealth is anticipated to increase market exposure to the Mason Community Center and thereby help the center regain and increase its market share while continuing its focus on serving area families. This, in turn, will strengthen the financial position of the center into the future.



Residents now receive discounts at the city-owned Golf Center at Kings Island.

Looking Ahead to the Future

Accomplishments to look forward to in 2008 include:

- Expansion of the Mason Community Center and partnership with TriHealth
- Widening Western Row Road from Tylersville Road to Cherokee Drive
- Progress on construction of new, relocated, fire station(s)
- US 42 Truck Sewer North Phase 2B/Muddy Creek Restoration Phase 2

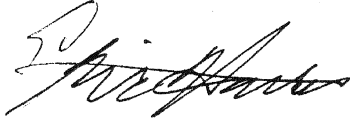
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mason for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2006. Mason has been awarded the Certificate of Achievement each year beginning in 1997. In order to be awarded a Certificate of Achievement, the city had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report conforms to the Certificate of Achievement Program requirements. It is being submitted to GFOA to determine its eligibility for an award for another certificate.

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

Sincerely,



Eric Hansen
City Manager



Joseph J. Reigelsperger
Finance Director

The City of Mason, Ohio

List of Principal Officials

December 31, 2007

COUNCIL MEMBERS

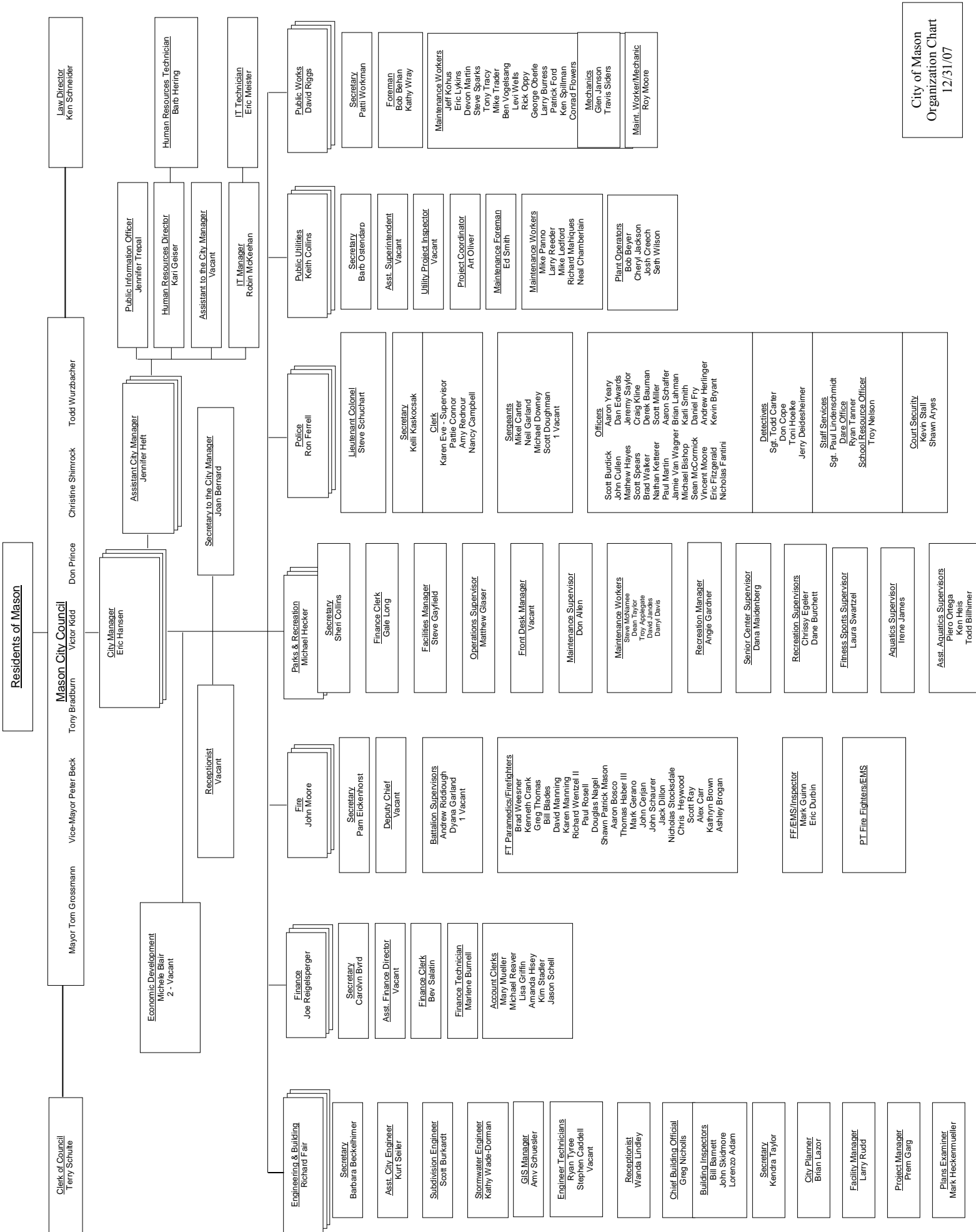
Mayor	Tom Grossmann
Vice Mayor	Peter Beck
Council Member	Tony Bradburn
Council Member	Victor Kidd
Council Member	Don Prince
Council Member	Christine Shimrock
Council Member	Todd Wurzbacher

COUNCIL APPOINTED OFFICIALS

City Manager	Eric Hansen
Law Director	Ken Schneider
Clerk of Council	Terry Schulte

DEPARTMENT HEADS

Economic Development Director	Michele Blair
Public Utilities Director	Keith Collins
Service Director	Richard Fair
Chief of Police	Ron Ferrell
Parks & Recreation Director	Michael Hecker
Assistant City Manager	Jennifer Heft
Fire Chief	John Moore
Public Works Director	David Riggs
Finance Director	Joe Reigelsperger
City Engineer	Kurt Seiler



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, 2006

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Oliver S. Cox

President

Jeffrey R. Emery

Executive Director

FINANCIAL SECTION



Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Mason, Ohio:

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, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mason, Ohio as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2008, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 important for assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information on pages 3-13 and 64-73, respectively, are not a required part of the basic financial statements but are supplementary information required by 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mason, Ohio's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 18, 2008

CITY OF MASON

Management's Discussion and Analysis For The Year Ended December 31, 2007 (Unaudited)

As management of the City of Mason, we offer readers of the City of Mason's financial statement this narrative overview and analysis of the financial activities of the City of Mason for the fiscal year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

The assets of the City of Mason exceeded its liabilities at the close of 2007 by \$242,256,634 (net assets). Of this amount, \$42,145,350 is considered unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted balance is 83.9 percent of the 2007 expenses of \$49,035,468.

- The city's total net assets increased by \$12,347,997. Net assets of the governmental activities (defined below) increased \$8,760,109, which represents a 39.5 percent decrease from the 2006 increase in net assets. Net assets of the business-type activities (also defined below) increased \$3,587,888 or 151.8 percent more than 2006. In 2006, the significant decrease in business-type activities was the result of the removal of the old sewage treatment facility when it was taken out of service after the new water reclamation plant was completed.
- The total cost of the city's programs increased \$10,278,097 or 26.3 percent. The cost of governmental activities increased \$5,127,822 or 17.6 percent, while the cost of business-type activities increased \$4,688,441 or 11.9 percent.
- As of the close of the current fiscal year, the city's governmental funds reported combined ending fund balances of \$41,328,146, an increase of \$9,761,172 in comparison with the prior year. The General Fund unreserved balance of \$15,222,929 as of December 31, 2007 is 49.3 percent of the 2007 expenditures and transfers of \$30,890,538. The City of Mason strives to maintain a minimum unreserved fund balance equal to three months of expenditures (25 percent).
- The City of Mason's debt increased by \$7,444,000 (8.8 percent) during the current fiscal year. This increase was a result of issuing \$9,000,000 to purchase the Golf Center at Kings Island located along the I-71 corridor plus \$4,000,000 for the downtown streetscape improvements. The principal amount of other outstanding debt was reduced in 2007, including substantial reduction (\$3,455,000) in outstanding bond anticipation notes.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the city's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the city's finances in a manner similar to private-sector business.

The *statement of net assets* presents information on all of the city's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the city is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items may result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish governmental activities from business-type activities. **Governmental activities** are principally supported by taxes and intergovernmental revenues. These include general government, public safety, leisure time activities, community development, and transportation/street repair. **Business-type activities** are intended to recover all or a significant portion of their costs through user fees or charges. The city includes five enterprise activities under business-type activities: a sanitary sewer system, a stormwater system, waste collection system, golf course, and the community center activities.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The city, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the city can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the *governmental fund balance sheet* and the *governmental fund statement of revenues, expenditures, and changes in fund balances* provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The city maintains 30 individual governmental funds. Information is presented separately in the *governmental fund balance sheet* and in the *governmental fund statement of revenues, expenditures, and changes in fund balances* for the four major funds: the general fund, the fire and emergency medical service fund, the parks and recreation fund and the downtown investment fund. Data for the other 26 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Proprietary funds. The city maintains only one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The city uses enterprise funds to account for its sanitary sewer, stormwater, waste collection, community center and golf course operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sanitary sewer, stormwater, waste collection, golf course and community center operations. The sanitary sewer, stormwater, golf course and community center funds are considered to be major funds of the city. The waste collection fund is the only nonmajor proprietary fund.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government, such as fines collected by Mason Municipal Court. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the city's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the city's general fund budget, the fire and emergency medical service fund budget, and the parks and recreation improvement fund budget. The city adopts an annual appropriation budget for each fund. A budgetary comparison statement has been provided for each fund to demonstrate compliance with this budget.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplemental information

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The city's assets exceeded liabilities by \$242,256,634 at the close of the most recent fiscal year.

The largest portion of the city's net assets (72 percent) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment, and infrastructure) less any related outstanding debt used to acquire those assets. The city used these capital assets to provide services to citizens; therefore these assets are not available for future spending. Although the city's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the city's net assets (11 percent) represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted net assets (\$42,145,350) may be used to meet the city's on-going obligations to citizens and creditors. It is important to note that the unrestricted net assets of the city's business-type activities (\$8,109,114) may not be used to fund governmental activities.

At the end of the current fiscal year, the city was able to report positive balances in all three categories of net assets: for the government as a whole and for its separate governmental and business-type activities.

Overall net assets of the city increased \$12,347,997 in 2007. Net assets for governmental activities increased \$8,760,109, while net assets for business-type activities increased \$3,587,888. The increase in net assets for 2007 (\$12,347,997) was \$4,794,773 more than the increase in net assets for 2006 (\$7,553,224). This increase is primarily the result of the sewage treatment impairment of \$10,580,607 that occurred in 2006 plus increased cost for public safety and transportation/street repairs. The acquisition and operation of the golf course increased expenses and revenue for business-type activities for 2007.

City of Mason
Net Assets
(amounts expressed in thousands)

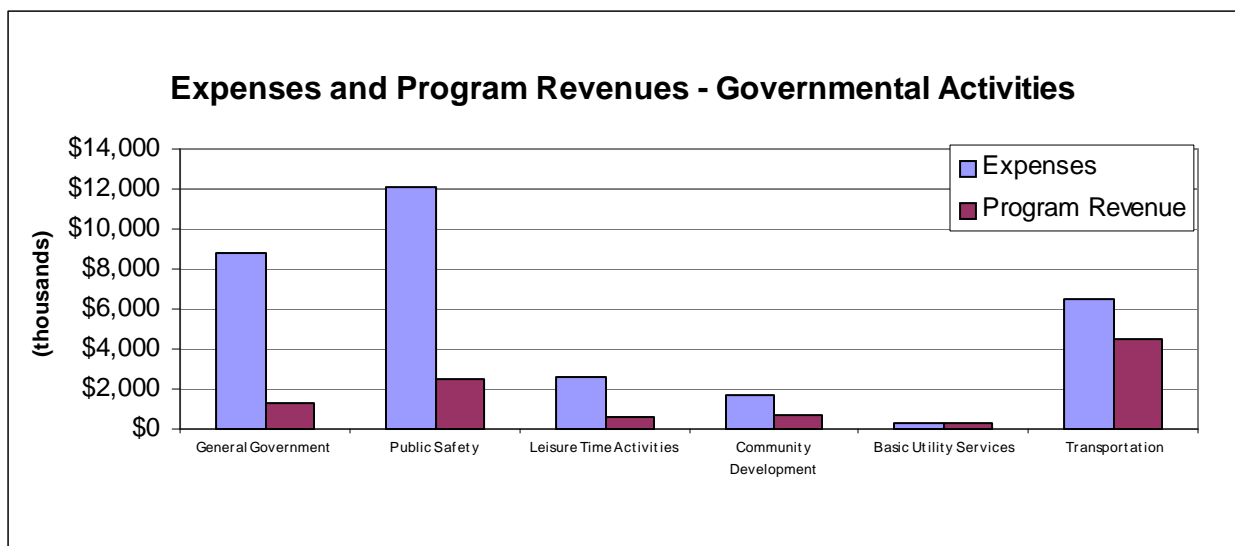
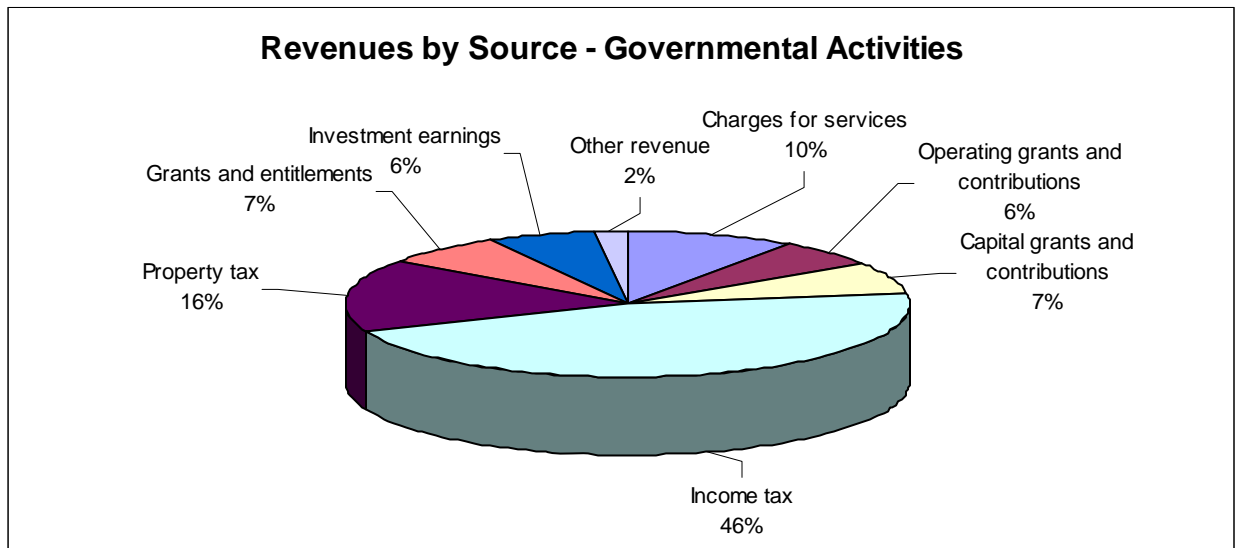
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Assets						
Current and other assets	\$65,176	\$66,230	\$19,895	\$19,655	\$85,071	\$85,885
Capital assets	149,227	137,960	114,126	103,723	263,353	241,683
Total assets	\$214,403	\$204,190	\$134,021	\$123,378	\$348,424	\$327,568
Liabilities						
Long-term liabilities outstanding	40,582	29,134	33,932	34,947	74,514	64,081
Other liabilities	19,289	29,284	12,364	4,294	31,653	33,578
Total liabilities	\$59,871	\$58,418	\$46,296	\$39,241	\$106,167	\$97,659
Net Assets						
Invested in capital assets, net of related debt	104,293	96,276	69,333	66,801	173,626	163,077
Restricted	16,203	14,692	10,283	10,055	26,486	24,747
Unrestricted	34,036	34,804	8,109	7,281	42,145	42,085
Total Net Assets	\$154,532	\$145,772	\$87,725	\$84,137	\$242,257	\$229,909

City of Mason
Changes in Net Assets
(amounts expressed in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues						
Program revenues:						
Charges for services	\$4,337	\$4,389	\$12,499	\$9,961	\$16,836	\$14,350
Operating grants and contributions	2,567	2,352			2,567	2,352
Capital grants and contributions	3,080	2,914	3,517	3,168	6,597	6,082
General revenues:						
Income tax	20,515	21,325			20,515	21,325
Property tax	7,098	6,551			7,098	6,551
Grants and entitlements	3,104	3,209			3,104	3,209
Investment earnings	2,725	1,929	1,121	980	3,846	2,909
Other revenue	820	558	1	17	821	575
Total Revenues	44,246	43,227	17,138	14,126	61,384	57,353
Expenses:						
General government	8,821	8,305			8,821	8,305
Public safety	12,058	10,240			12,058	10,240
Leisure time activities	2,644	2,345			2,644	2,345
Community development	1,669	1,682			1,669	1,682
Basic utility services	253	514			253	514
Transportation	6,495	4,163			6,495	4,163
Interest and fiscal charges	2,259	1,822			2,259	1,822
Sewer utility			6,309	5,512	6,309	5,512
Waste collection			1,269	1,129	1,269	1,129
Stormwater utility			1,073	1,068	1,073	1,068
Community center			3,040	2,439	3,040	2,439
Golf course			3,146		3,146	-
Total Expenses	34,199	29,071	14,837	10,148	49,036	39,219
Increase (decrease) in net assets before transfers	10,047	14,156	2,301	3,978	12,348	18,134
Transfers - internal activities	(1,287)	327	1,287	(327)		
Sewer plant impairment				(10,581)	-	(10,581)
Increase (decrease) in net assets	8,760	14,483	3,588	(6,930)	12,348	7,553
Net Assets beginning of year	145,772	131,289	84,137	91,067	229,909	222,356
Net Assets end of year	\$154,532	\$145,772	\$87,725	\$84,137	\$242,257	\$229,909

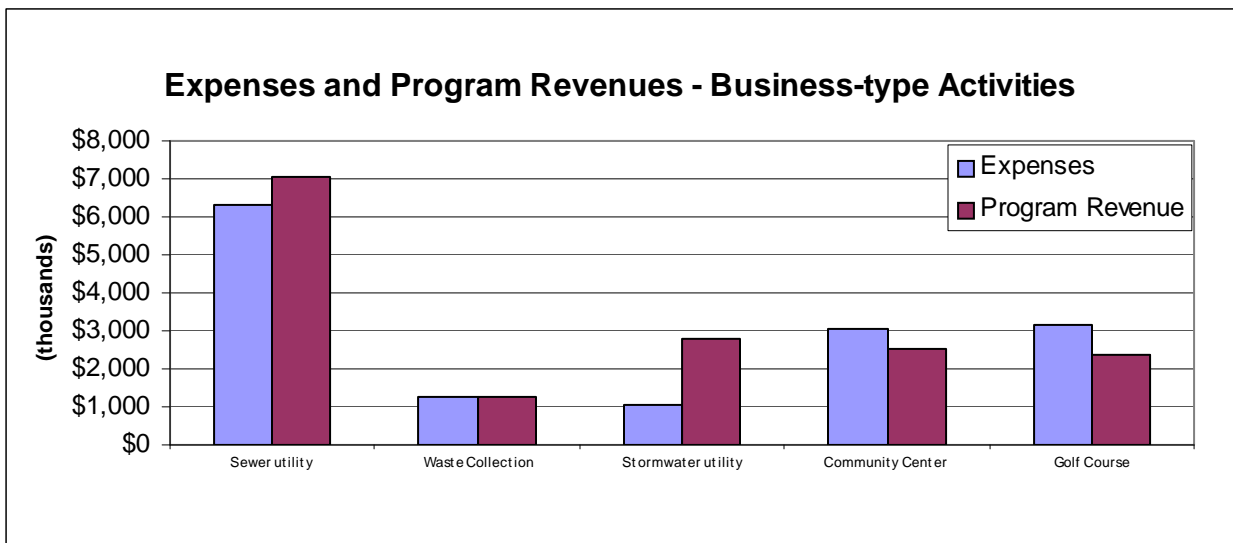
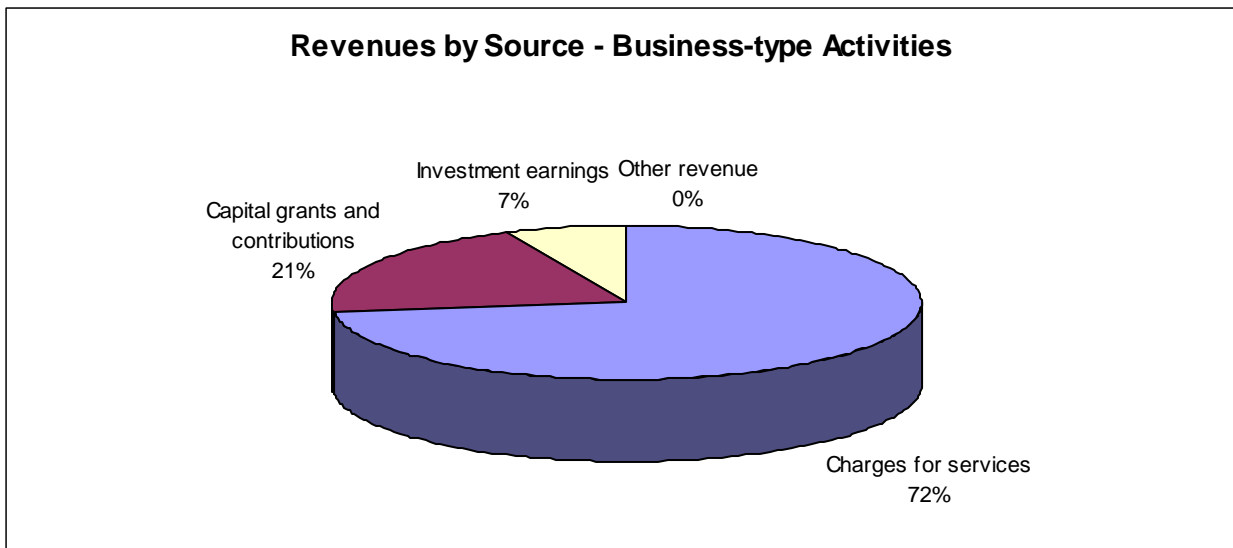
Governmental activities. Governmental activities increased the city’s net assets by \$8,760,109. This was a \$5,723,170 (39.5 percent) decrease from the previous year change in net assets. Key elements of the changes in net assets are as follows:

- Transportation and street repairs increased \$2,524,896 for additional resurfacing, citywide traffic signal LED light replacement, and other infrastructure maintenance.
- Public safety increased \$1,818,187 (17.8 percent) for additional police officer and firefighter personnel costs.
- Income tax decreased \$809,770 (3.8 percent) over the previous year due to phasing in full credit for residents and a substantial overpayment from a business in 2006 that was applied towards its 2007 tax liability.
- Investment earnings increased \$796,707 (41.3 percent) over the previous year as a result of improved economic conditions and a higher return on investments. However, investment earnings began to decrease at the end of 2007.



Business-type activities. Business-type activities increased the city's net assets by \$3,587,888. Key elements of the changes in net assets are as follows:

- Capital contributions of \$3,932,871 from developers for streets and right-of-way increased by \$765,140 from the previous year. This amount varies depending on the number of developments completed within the year and accepted by the city.
- Charges for services increased by 25.5 percent from the addition of the golf course fund and annual rate increases.
- Operational costs increased by 51.9 percent resulting from the golf course, a full year's depreciation for the new water reclamation plant, and increased cost at the community center.
- The community center had a loss in net assets from decreased season passes sales plus increased expenses. In 2007, several new health club facilities opened in the area in and around Mason creating additional competition. Increased marketing, partnership with TriHhealth, and the expected expansion should increase future revenue.



Financial Analysis of the Government's Funds

As noted earlier, the City of Mason uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Mason's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Mason's financing requirements. In particular, the *unreserved fund balance* may serve as a useful measure of the government's net resources that are available for spending at the end of the fiscal year.

As of the end of the fiscal year, the City of Mason's governmental funds reported combined ending fund balances of \$41,328,146, an increase of \$9,761,172 in comparison with the prior year. \$29,222,676 of this amount constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period. The most significant changes in fund balance were a result of converting short-term bond anticipation notes to long-term general obligation bonds in 2008.

The general fund is the chief operating fund of the city. At December 31, 2007, the unreserved fund balance of the general fund was \$15,222,929, while the total fund balance was \$22,734,700. As a measure of the general fund's liquidity, it may be useful to compare both *unreserved fund balance* and *total fund balance* to *total fund expenditures* (including transfers out). *Unreserved fund balance* represents 49.3 percent of the *total general fund expenditures* (including transfers out), while *total fund balance* represents 73.6 percent of that same amount. The *unreserved fund balance* is roughly equal to six months of *total fund expenditures*, which is higher than the City's target minimum for an *unreserved fund balance* of three months.

The fund balance of the city's general fund increased by \$4,163,333 during the current fiscal year. The increase was \$1,989,205 higher than the increase in 2006.

Key factors in this change are as follows:

- Revenue increased from the previous year by \$1,706,887, which is a 5.6% increase. Property taxes, investment earnings, and proceeds from the sale of capital assets contributed the most to the increase in revenue.
- Expenditures and transfers increased from the prior year by \$2,478,114, an 8.7% increase, due to increased transfers to capital improvement funds for street improvements/maintenance, operating transfer for the golf course and community center, and additional police officers positions.

The fire and emergency medical service fund provides public safety services to the City of Mason using a five-mill property tax levy as its major source of revenue. The fund balance increased by \$458,454, which is a \$284,451 increase from the previous fiscal year. Revenue increased by \$373,362, 6.9%, while expenditures increased by \$88,911, 1.7%.

The Parks and Recreation Improvement Fund was used for the construction of the Mason Sports Park in 2007. The Downtown Investment Fund was used for the construction of the Downtown Streetscape in 2007. Both projects are expected to be complete in 2008.

Proprietary fund. The city’s proprietary funds financial statements provide the same information found in the government-wide financial statements, but in more detail.

Unrestricted net assets for the sewer fund at the end of the year amounted to \$6,108,798, with a total growth in net assets of \$1,799,077. Unrestricted net assets for the stormwater utility fund at the end of the year amounted to \$1,368,135, with a total growth in net assets of \$2,177,143. Unrestricted net assets for the golf course fund at the end of the year amounted to \$146,635, with a total growth in net assets of \$106,789. Other factors concerning the finances of these funds have already been addressed in the discussion of the city’s business-type activities.

Budgetary Highlights

General fund. During the year 2007, there was a \$1,038,000 increase in appropriations between the original and final amended budget. The total original appropriations, including those for transfers out, were \$57,704,598, while the final appropriations were \$58,742,598. During the year, City Council will re-appropriate funds or provide supplemental appropriations based on the changes that occurred since the adoption of the original budget. The appropriation for income tax refunds was increased by \$550,000 for a large income tax overpayment that occurred in 2006 that was subsequently refunded in 2007. An appropriation to transfer funds to the Special Assessment Fund of \$38,000 was needed in 2007. The remaining \$450,000 increase in appropriation was needed to loan funds to the Community Center Fund for a budgetary deficit. Other operational corrections were made during the re-appropriation process. The original revenue budgets are very conservative estimates and are adjusted near the end of the year based on actual revenue.

Capital Asset and Debt Administration

Capital assets. The city’s investment in capital assets for its governmental and business-type activities as of December 31, 2007, amounted to \$263,352,539 (net of accumulated depreciation). This investment in capital assets includes land and easements, buildings, system improvements, machinery and equipment, park facilities, roads, streets, and traffic signals. The total increase in the city’s investment in capital assets for 2007 was 9.0 percent (an 8.2 percent increase for governmental activities and a 10.0 percent increase for business type activities.)

**City of Mason
Capital Assets
(amounts expressed in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Land	\$58,481	\$55,578	\$9,849	\$4,184	\$68,330	\$59,762
Construction in progress	11,899	4,700	176	849	12,075	5,549
Buildings and improvements	35,414	34,785	37,825	35,051	73,239	69,836
Machinery and equipment	13,126	12,437	6,874	6,380	20,000	18,817
Infrastructure	52,401	49,756	73,623	68,850	126,024	118,606
Accumulated depreciation	<u>(22,094)</u>	<u>(19,296)</u>	<u>(14,221)</u>	<u>(11,591)</u>	<u>(36,315)</u>	<u>(30,887)</u>
Total	<u>\$149,227</u>	<u>\$137,960</u>	<u>\$114,126</u>	<u>\$103,723</u>	<u>\$263,353</u>	<u>\$241,683</u>

Major capital events during the current fiscal year included the following:

- The acquisition of the Golf Center at Kings Island for \$9 million.
- Several projects continue as construction in progress including the Mason Sports Park (\$5.5 million of additions), Downtown Streetscape (\$2.4 million), and Mason-Montgomery Road Widening (\$1.2 million). At the close of the fiscal year, \$12.1 million was remaining for construction in progress.
- Dedicated infrastructure (streets, sewer, and stormwater) plus right-of-way contributed by developers increased capital assets by \$5.4 million.

Additional information on the city’s capital assets can be found in note 7 of the notes to the basic financial statements.

Long-term debt. At December 31, 2007, the city had \$73,391,000 of long-term debt outstanding (bonds, notes converted to bonds, and capital leases). Of this amount, \$18,915,000 comprises debt backed by the full faith and credit of the government and \$396,000 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. \$3,265,000 of the general obligation debt is funded through tax increment financing. Capital leases outstanding (\$20,335,000) at December 31, 2007, are certificates of participation for the municipal center. The remainder of the city’s debt represents bonds secured solely by specified revenue sources.

The city issued bond anticipation notes totaling \$31,360,000 (\$20,350,000 for governmental and \$11,010,000 for business-type activities). No bonded debt was issued in 2007. However, \$12,450,000 of notes was converted to general obligation bonds in May 2008.

In November 2007, the city received an upgrade from an “Aa3” rating to “Aa2” from Moody’s Investors Service for its outstanding debt.

City of Mason's Outstanding Debt
General Obligation and Revenue Bonds Outstanding
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$6,465	\$6,775	\$0	\$0	\$6,465	\$6,775
General obligation notes converted to bonds in 2008	12,450	0	0	0	12,450	0
Special assessment debt with governmental commitment	358	455	38	42	396	497
Capital leases	20,335	21,005	0	0	20,335	21,005
Revenue bonds	<u>0</u>	<u>0</u>	<u>33,745</u>	<u>34,765</u>	<u>33,745</u>	<u>34,765</u>
Total	<u>\$39,608</u>	<u>\$28,235</u>	<u>\$33,783</u>	<u>\$34,807</u>	<u>\$73,391</u>	<u>\$63,042</u>

The city is within all of its legal debt limitations. The Ohio Revised code provides that the net debt (as defined in the Ohio Revised code) of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total assessed value for taxation. The statutory limitations on debt are measured by the ratio of debt to tax valuation and expressed in terms of a percentage. At December 31, 2007, the city's total net debt of 3.19% of the total assessed value of all property within the city is within the 10.5% and 5.5% debt limitation for voted and unvoted debt, respectively. The aggregate amount of the city's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions of ten mills. This millage is measured against the property values in each overlapping district. At December 31, 2007, the millage amount was 3.8540 mills, of which 3.3712 mills were restricted by the City of Mason for unvoted debt.

Additional information regarding the city's long-term debt can be found in note 10 of the notes to the basic financial statements.

Economic Factors and Next Year's Budgets

The City of Mason is located in Warren County, which currently has an unemployment rate of 4.7 percent. This is lower than the current national and Ohio rates of 4.8 percent and 5.8 percent respectively. The City of Mason continues to promote economic growth in Mason while many neighboring municipalities continue to suffer with more stagnant local economies. The city continues to attract desirable commercial enterprises while maintaining a balance of continued growth. In most of the country, the housing market has weakened, but the City of Mason continues to grow. Intense competition continues to force the city to be aggressive in its economic development objectives of increasing investment, creating employment opportunities, and retaining businesses that have already been established in Mason.

The 2008 budget was prepared similar to prior years by conservatively estimating revenue while seeking opportunities for cost savings. As part of the budget process, a capital improvement plan was completed and evaluated for 2008 and future years. The total appropriations for 2008 including transfers and capital outlay (\$115,664,788) are 4.0 percent less than 2007 original appropriations (\$120,495,481).

Request for Information

This financial report is designed to provide a general overview of the City of Mason's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Joe Reigelsperger, Finance Director, City of Mason, 6000 Mason-Montgomery Road, Mason, Ohio 45040, or by e-mail to jreigelsperger@masonoh.org.

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City of Mason
Statement of Net Assets
December 31, 2007

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$44,786,542	\$14,903,975	\$59,690,517
Restricted Cash and Investments	3,363,086	3,226,264	6,589,350
Receivables:			
Taxes	11,242,092	0	11,242,092
Accounts	507,620	1,280,566	1,788,186
Interest	530,597	204,492	735,089
Intergovernmental	3,255,312	0	3,255,312
Special Assessments	273,932	0	273,932
Internal Balances	450,000	(450,000)	0
Prepays	0	505,281	505,281
Deferred Bond Issuance Costs	427,747	0	427,747
Inventory	339,307	225,044	564,351
Nondepreciable Capital Assets	70,379,792	10,024,139	80,403,931
Depreciable Capital Assets, Net	78,847,075	104,101,533	182,948,608
Total Assets	214,403,102	134,021,294	348,424,396
Liabilities:			
Accounts Payable	1,281,923	391,259	1,673,182
Accrued Wages and Benefits	827,484	143,767	971,251
Retainage Payable	614,422	0	614,422
Accrued Interest Payable	629,484	470,758	1,100,242
Contracts Payable	1,069,247	349,092	1,418,339
Unearned Revenue	6,626,800	0	6,626,800
Claims Payable	340,000	0	340,000
General Obligation Notes Payable	7,900,000	11,010,000	18,910,000
Long-Term Liabilities:			
Due Within One Year	1,628,633	1,101,690	2,730,323
Due In More Than One Year	38,953,324	32,829,879	71,783,203
Total Liabilities	59,871,317	46,296,445	106,167,762
Net Assets:			
Invested in Capital Assets, Net of Related Debt	104,293,216	69,332,672	173,625,888
Restricted for:			
Special Revenue	13,060,196	0	13,060,196
Debt Service	3,142,137	3,226,264	6,368,401
Replacement and Improvement	0	7,056,799	7,056,799
Unrestricted	34,036,236	8,109,114	42,145,350
Total Net Assets	\$154,531,785	\$87,724,849	\$242,256,634

See accompanying notes to the basic financial statements.

City of Mason
Statement of Activities
For the Fiscal Year Ended December 31, 2007

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$8,820,685	\$1,319,112	\$0	\$0
Public Safety	12,057,909	1,704,048	792,064	0
Leisure Time Activities	2,643,993	585,664	0	0
Community Development	1,669,502	442,307	303,959	0
Basic Utility Service	252,588	276,203	0	0
Transportation and Street Repair	6,495,013	9,865	1,435,567	3,080,139
Interest and Fiscal Charges	2,259,101	0	35,519	0
Total Governmental Activities	34,198,791	4,337,199	2,567,109	3,080,139
Business-Type Activities:				
Sewer	6,308,598	5,529,145	0	1,535,274
Waste Collection	1,269,478	1,257,739	0	0
Stormwater Utility	1,073,116	808,253	0	1,975,378
Community Center	3,039,852	2,518,080	0	6,183
Golf Course	3,145,633	2,385,062	0	0
Total Business-Type Activities	14,836,677	12,498,279	0	3,516,835
Totals	\$49,035,468	\$16,835,478	\$2,567,109	\$6,596,974

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
Investment Earnings
Refunds and Reimbursements
Other Revenues
Transfers - Internal Activities

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$7,501,573)	\$0	(\$7,501,573)
(9,561,797)	0	(9,561,797)
(2,058,329)	0	(2,058,329)
(923,236)	0	(923,236)
23,615	0	23,615
(1,969,442)	0	(1,969,442)
(2,223,582)	0	(2,223,582)
<u>(24,214,344)</u>	<u>0</u>	<u>(24,214,344)</u>
0	755,821	755,821
0	(11,739)	(11,739)
0	1,710,515	1,710,515
0	(515,589)	(515,589)
0	(760,571)	(760,571)
<u>0</u>	<u>1,178,437</u>	<u>1,178,437</u>
<u>(\$24,214,344)</u>	<u>\$1,178,437</u>	<u>(\$23,035,907)</u>
20,514,861	0	20,514,861
2,116,689	0	2,116,689
4,161,619	0	4,161,619
378,098	0	378,098
440,642	0	440,642
3,103,589	0	3,103,589
2,725,268	1,121,249	3,846,517
314,830	0	314,830
505,893	1,166	507,059
(1,287,036)	1,287,036	0
<u>32,974,453</u>	<u>2,409,451</u>	<u>35,383,904</u>
8,760,109	3,587,888	12,347,997
<u>145,771,676</u>	<u>84,136,961</u>	<u>229,908,637</u>
<u>\$154,531,785</u>	<u>\$87,724,849</u>	<u>\$242,256,634</u>

City of Mason
Balance Sheet
Governmental Funds
December 31, 2007

	General	Fire and Emergency Medical Service	Parks and Recreation	Downtown Investment
Assets:				
Equity in Pooled Cash and Investments	\$28,497,277	\$6,401,790	\$515,841	\$3,586,033
Restricted Cash and Investments	40,356	0	319,511	156,405
Receivables:				
Taxes	6,504,977	4,339,420	0	0
Accounts	229,738	132,365	400	0
Interest	385,197	88,699	11,574	0
Intergovernmental	1,668,493	601,214	35,000	3,625
Special Assessments	0	0	0	0
Interfund	450,000	0	0	0
Inventory	282,188	57,119	0	0
Total Assets	38,058,226	11,620,607	882,326	3,746,063
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	1,175,258	44,450	45,700	2,394
Accrued Wages and Benefits	584,714	217,016	0	0
Compensated Absences	97,038	22,706	0	0
Retainage Payable	40,356	0	319,511	156,405
Accrued Interest Payable	272,416	0	0	0
Contracts Payable	165,811	0	0	722,047
Deferred Revenue	4,747,933	5,055,503	5,946	0
Claims Payable	340,000	0	0	0
General Obligation Notes Payable	7,900,000	0	0	0
Total Liabilities	15,323,526	5,339,675	371,157	880,846
Fund Balances:				
Reserved for Encumbrances	7,229,583	147,741	385,022	1,994,340
Reserved for Inventory	282,188	57,119	0	0
Unreserved, Undesignated, Reported in:				
General Fund	15,222,929	0	0	0
Special Revenue Funds	0	6,076,072	126,147	0
Debt Service Funds	0	0	0	0
Capital Projects Funds	0	0	0	870,877
Total Fund Balances	22,734,700	6,280,932	511,169	2,865,217
Total Liabilities and Fund Balances	\$38,058,226	\$11,620,607	\$882,326	\$3,746,063

See accompanying notes to the basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$5,785,601	\$44,786,542
2,846,814	3,363,086
397,695	11,242,092
145,117	507,620
45,127	530,597
946,980	3,255,312
273,932	273,932
0	450,000
0	339,307
<u>10,441,266</u>	<u>64,748,488</u>
14,121	1,281,923
25,754	827,484
7,423	127,167
98,150	614,422
0	272,416
181,389	1,069,247
1,178,301	10,987,683
0	340,000
0	7,900,000
<u>1,505,138</u>	<u>23,420,342</u>
2,009,477	11,766,163
0	339,307
0	15,222,929
3,472,607	9,674,826
90,938	90,938
3,363,106	4,233,983
<u>8,936,128</u>	<u>41,328,146</u>
<u>\$10,441,266</u>	<u>\$64,748,488</u>

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City of Mason
 Reconciliation of Total Governmental Fund Balance to
 Net Assets of Governmental Activities
 December 31, 2007

Total Governmental Fund Balance \$41,328,146

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. 149,226,867

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

Income Taxes	1,557,053	
Delinquent Property Taxes	221,301	
Interest	269,945	
Intergovernmental	1,967,798	
Other	344,786	
		4,360,883

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. (357,068)

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	(846,790)	
		(846,790)

Deferred bond issuance cost associated with long-term liabilities
 are not reported in the funds. 427,747

Long-term liabilities, are not due and payable in the current
 period and therefore are not reported in the funds. (39,608,000)

Net Assets of Governmental Activities \$154,531,785

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, 2007

	General	Fire and Emergency Medical Service	Parks and Recreation	Downtown Investment
Revenues:				
Taxes	\$24,183,874	\$4,097,278	\$0	\$0
Fines, Licenses & Permits	1,377,288	0	28,800	0
Charges for Services	1,421,082	544,748	0	0
Investment Earnings	1,771,808	367,542	204,437	0
Intergovernmental	2,609,268	778,658	35,000	287,593
Special Assessments	0	0	0	0
Other Revenues	840,551	22,758	0	0
Total Revenues	32,203,871	5,810,984	268,237	287,593
Expenditures:				
Current:				
General Government	7,611,515	0	0	0
Public Safety	6,234,785	5,196,731	0	0
Leisure Time Activities	2,391,309	0	0	0
Community Development	1,157,557	0	0	3,643
Basic Utility Service	252,588	0	0	0
Transportation and Street Repair	2,535,025	0	0	0
Capital Outlay	2,152,699	155,799	5,649,920	2,164,518
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	580,950	0	86,750	0
Total Expenditures	22,916,428	5,352,530	5,736,670	2,168,161
Excess of Revenues Over (Under) Expenditures	9,287,443	458,454	(5,468,433)	(1,880,568)
Other Financing Sources (Uses):				
Issuance of Long-Term Capital-Related Debt	2,850,000	0	5,600,000	4,000,000
Transfers In	0	0	0	0
Transfers (Out)	(7,974,110)	0	0	0
Total Other Financing Sources (Uses)	(5,124,110)	0	5,600,000	4,000,000
Net Change in Fund Balance	4,163,333	458,454	131,567	2,119,432
Fund Balance Beginning of Year	18,556,718	5,816,673	379,602	745,785
Change in Reserve for Inventory	14,649	5,805	0	0
Fund Balance End of Year	\$22,734,700	\$6,280,932	\$511,169	\$2,865,217

See accompanying notes to the basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$805,196	\$29,086,348
696,832	2,102,920
0	1,965,830
281,560	2,625,347
1,709,016	5,419,535
99,374	99,374
284,741	1,148,050
<u>3,876,719</u>	<u>42,447,404</u>
567,884	8,179,399
10,795	11,442,311
0	2,391,309
332,653	1,493,853
0	252,588
1,508,823	4,043,848
3,269,331	13,392,267
1,077,000	1,077,000
1,345,411	2,013,111
<u>8,111,897</u>	<u>44,285,686</u>
<u>(4,235,178)</u>	<u>(1,838,282)</u>
0	12,450,000
7,107,110	7,107,110
(4,000)	(7,978,110)
<u>7,103,110</u>	<u>11,579,000</u>
2,867,932	9,740,718
6,068,196	31,566,974
0	20,454
<u>\$8,936,128</u>	<u>\$41,328,146</u>

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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, 2007

Net Change in Fund Balance - Total Governmental Funds \$9,740,718

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	14,561,247	
Depreciation Expense	<u>(2,830,356)</u>	
		11,730,891

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. (47,846)

Capital assets transfers reported for governmental activities in the
 statement of activities are not reported in the governmental funds. (416,036)

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

Income Taxes	(1,195,434)	
Delinquent Property Taxes	96,069	
Interest	99,921	
Intergovernmental	580,236	
Other	<u>(160,965)</u>	
		(580,173)

Repayment of bond principal is an expenditure in the
 governmental funds, but the repayment reduces long-term
 liabilities in the statement of net assets. 1,077,000

In the statement of activities interest expense is accrued when incurred,
 whereas in governmental funds an interest expenditure is reported
 when due. (245,990)

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	(45,788)	
Deferred Bond Issuance Cost Amortization	(23,121)	
Change in Inventory	<u>20,454</u>	
		(48,455)

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. (12,450,000)

Change in Net Assets of Governmental Activities \$8,760,109

See accompanying notes to the basic financial statements.

City of Mason
Statement of Net Assets
Proprietary Funds
December 31, 2007

	Business-Type Activities - Enterprise Funds			
	Sewer	Waste Collection	Stormwater Utility	Community Center
Assets:				
Equity in Pooled Cash and Investments	\$12,698,508	\$94,103	\$1,328,558	\$348,315
Restricted Cash and Investments	3,226,264	0	0	0
Receivables:				
Accounts	915,468	212,053	121,968	14,940
Interest	184,780	1,304	18,408	0
Prepays	0	0	0	505,281
Inventory	47,499	0	0	1,607
Total Current Assets	17,072,519	307,460	1,468,934	870,143
Noncurrent Assets:				
Nondepreciable Capital Assets	4,015,560	0	344,137	0
Depreciable Capital Assets, Net	67,824,878	0	32,980,943	0
Total Noncurrent Assets	71,840,438	0	33,325,080	0
Total Assets	88,912,957	307,460	34,794,014	870,143
Liabilities:				
Current Liabilities:				
Accounts Payable	98,950	107,500	18,613	28,265
Accrued Wages and Benefits	51,975	2,193	6,407	83,192
Compensated Absences	56,231	0	2,517	17,942
Accrued Interest Payable	127,213	0	1,545	0
Contracts Payable	278,981	0	70,111	0
Interfund Payable	0	0	0	450,000
General Obligation Notes Payable	0	0	2,010,000	0
Long-Term Liabilities Due Within One Year	1,025,000	0	0	0
Total Current Liabilities	1,638,350	109,693	2,109,193	579,399
Noncurrent Liabilities:				
Compensated Absences	67,308	0	1,606	2,965
Bonds, Notes & Loans Payable	32,758,000	0	0	0
Total Noncurrent Liabilities	32,825,308	0	1,606	2,965
Total Liabilities	34,463,658	109,693	2,110,799	582,364
Net Assets:				
Invested in Capital Assets, Net of Related Debt	38,057,438	0	31,315,080	0
Restricted for:				
Debt Service	3,226,264	0	0	0
Replacement and Improvement	7,056,799	0	0	0
Unrestricted	6,108,798	197,767	1,368,135	287,779
Total Net Assets	\$54,449,299	\$197,767	\$32,683,215	\$287,779

See accompanying notes to the basic financial statements.

Golf Course	Total Business-Type Activities
\$434,491	\$14,903,975
0	3,226,264
16,137	1,280,566
0	204,492
0	505,281
175,938	225,044
626,566	20,345,622
5,664,442	10,024,139
3,295,712	104,101,533
8,960,154	114,125,672
9,586,720	134,471,294
137,931	391,259
0	143,767
0	76,690
342,000	470,758
0	349,092
0	450,000
9,000,000	11,010,000
0	1,025,000
9,479,931	13,916,566
0	71,879
0	32,758,000
0	32,829,879
9,479,931	46,746,445
(39,846)	69,332,672
0	3,226,264
0	7,056,799
146,635	8,109,114
\$106,789	\$87,724,849

City of Mason
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended December 31, 2007

	Business-Type Activities - Enterprise Funds			
	Sewer	Waste Collection	Stormwater Utility	Community Center
Operating Revenues:				
Charges for Services	\$5,529,145	\$1,257,739	\$808,253	\$2,518,080
Other Revenues	0	0	1,166	0
Total Operating Revenues	5,529,145	1,257,739	809,419	2,518,080
Operating Expenses:				
Personal Services	1,081,352	1,568	154,248	1,523,733
Contractual Services	1,144,255	1,267,910	109,837	1,304,935
Materials and Supplies	395,073	0	81,994	210,364
Depreciation	2,144,028	0	637,332	0
Other Expenses	0	0	0	820
Total Operating Expenses	4,764,708	1,269,478	983,411	3,039,852
Operating Income (Loss)	764,437	(11,739)	(173,992)	(521,772)
Non-Operating Revenues (Expenses):				
Investment Earnings	1,001,635	7,018	87,047	25,189
Interest (Expense)	(1,543,890)	0	(89,705)	0
Total Non-Operating Revenues (Expenses)	(542,255)	7,018	(2,658)	25,189
Income (Loss) Before Contributions and Transfers	222,182	(4,721)	(176,650)	(496,583)
Capital Grants and Contributions	1,572,895	0	2,353,793	6,183
Transfers In	4,000	0	0	0
Change in Net Assets	1,799,077	(4,721)	2,177,143	(490,400)
Net Assets Beginning of Year	52,650,222	202,488	30,506,072	778,179
Net Assets End of Year	\$54,449,299	\$197,767	\$32,683,215	\$287,779

See accompanying notes to the basic financial statements.

<u>Golf Course</u>	<u>Total Business-Type Activities</u>
\$2,385,062	\$12,498,279
<u>0</u>	<u>1,166</u>
<u>2,385,062</u>	<u>12,499,445</u>
1,520,233	4,281,134
587,576	4,414,513
649,915	1,337,346
75,339	2,856,699
<u>0</u>	<u>820</u>
<u>2,833,063</u>	<u>12,890,512</u>
<u>(448,001)</u>	<u>(391,067)</u>
360	1,121,249
<u>(312,570)</u>	<u>(1,946,165)</u>
<u>(312,210)</u>	<u>(824,916)</u>
(760,211)	(1,215,983)
0	3,932,871
<u>867,000</u>	<u>871,000</u>
106,789	3,587,888
<u>0</u>	<u>84,136,961</u>
<u>\$106,789</u>	<u>\$87,724,849</u>

City of Mason
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended December 31, 2007

	Business-Type Activities - Enterprise Funds			
	Sewer	Waste Collection	Stormwater Utility	Community Center
Cash Flows from Operating Activities:				
Cash Received from Customers	\$5,359,977	\$1,194,332	\$802,265	\$2,510,082
Cash Payments to Employees	(1,094,692)	0	(153,005)	(1,506,143)
Cash Payments to Suppliers	(2,640,534)	(1,255,071)	(333,634)	(2,456,015)
Net Cash Provided (Used) by Operating Activities	1,624,751	(60,739)	315,626	(1,452,076)
Cash Flows from Noncapital Financing Activities:				
Payments from Other Funds	0	0	0	450,000
Net Cash Provided (Used) by Noncapital Financing Activities	0	0	0	450,000
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	(211,366)	0	(221,350)	0
Debt Issuance	0	0	2,010,000	0
Debt Principal Payments	(1,020,000)	0	(2,115,000)	0
Debt Interest Payments	(1,545,695)	0	(89,638)	0
Capital Grants Received	485,059	0	0	6,183
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,292,002)	0	(415,988)	6,183
Cash Flows from Investing Activities:				
Earnings on Investments	920,915	6,780	78,366	34,621
Net Cash Provided (Used) by Cash Flows from Investing Activities	920,915	6,780	78,366	34,621
Net Increase (Decrease) in Cash and Cash Equivalents	253,664	(53,959)	(21,996)	(961,272)
Cash and Cash Equivalents Beginning of Year	15,671,108	148,062	1,350,554	1,309,587
Cash and Cash Equivalents End of Year	15,924,772	94,103	1,328,558	348,315
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	764,437	(11,739)	(173,992)	(521,772)
Adjustments:				
Depreciation	2,144,028	0	637,332	0
Changes in Assets & Liabilities:				
(Increase) Decrease in Receivables	(173,487)	(63,407)	(7,154)	(7,998)
(Increase) Decrease in Inventory	(10,439)	0	0	(400)
(Increase) Decrease in Prepays	0	0	0	(505,281)
Increase (Decrease) in Payables	(1,086,598)	12,839	(141,803)	(434,243)
Increase (Decrease) in Accrued Liabilities	(13,190)	1,568	1,243	17,618
Net Cash Provided (Used) by Operating Activities	\$1,624,751	(\$60,739)	\$315,626	(\$1,452,076)
Schedule of Noncash Capital Activities:				
Capital Assets acquired with Payables	\$278,981	\$0	\$70,111	\$0
Noncash Contributions of Capital Assets	1,087,836	0	2,353,793	0

See accompanying notes to the basic financial statements.

Golf Course	Total Business-Type Activities
\$2,368,925	\$12,235,581
(1,520,233)	(4,274,073)
<u>(1,275,498)</u>	<u>(7,960,752)</u>
<u>(426,806)</u>	<u>756</u>
<u>867,000</u>	<u>1,317,000</u>
<u>867,000</u>	<u>1,317,000</u>
(9,035,493)	(9,468,209)
9,029,430	11,039,430
0	(3,135,000)
0	(1,635,333)
<u>0</u>	<u>491,242</u>
<u>(6,063)</u>	<u>(2,707,870)</u>
<u>360</u>	<u>1,041,042</u>
<u>360</u>	<u>1,041,042</u>
434,491	(349,072)
<u>0</u>	<u>18,479,311</u>
<u>434,491</u>	<u>18,130,239</u>
(448,001)	(391,067)
75,339	2,856,699
(16,137)	(268,183)
(175,938)	(186,777)
0	(505,281)
137,931	(1,511,874)
<u>0</u>	<u>7,239</u>
<u>(\$426,806)</u>	<u>\$756</u>
\$0	\$349,092
0	3,441,629

City of Mason
Statement of Assets and Liabilities
Fiduciary Fund
December 31, 2007

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	<u>\$100,006</u>
Total Assets	<u>100,006</u>
Liabilities:	
Due to Others	<u>100,006</u>
Total Liabilities	<u>\$100,006</u>

See accompanying notes to the basic financial statements.

CITY OF MASON

Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

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, community center and golf 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. More information on MVRMA is presented in Note 5.

The City participates in a joint venture called the Liberty Township Joint Economic Development District (JEDD). This joint venture is presented in Note 17.

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.

Parks and Recreation Special Revenue Fund – This special revenue fund accounts for monies received from residential building permits and other sources collected for the purpose of providing funds for recreational capital improvements.

Downtown Investment Capital Projects Fund – This capital projects fund accounts the financial resources and expenditures related to the improvements of Mason’s downtown.

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.

Waste Collection Fund - This fund accounts for the provision of waste collection services to 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.

Golf Course Fund – This fund accounts for the golf course provided to residents within and outside 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. The City 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) and a Mason Port Authority Fund (to enhance future development opportunities in the City, to support the economic development strategies of the City and to promote participation in activities that will have a positive impact on the general economic wealth of Mason). 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.

Unearned Revenue

Unearned revenue represents amounts under the accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met because such amounts have not yet been earned.

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.

Equity in Pooled Cash and Investments

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 specified certain funds to receive an allocation of interest earnings. Interest revenues during 2007 amounted to \$3,846,517. The general fund interest revenue was \$1,771,808.

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. Interest incurred during the construction of proprietary fund capital assets are also capitalized. 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>Estimated Lives</u>
Buildings and Improvements	15-50 years
Machinery and Equipment	5-20 years
Infrastructure	25-60 years

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 fund financial statements, a liability is recorded only for the portion of unpaid compensated absences that have matured, for example, as a result of employee resignations and retirements. 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, and compensated absences 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.

Restricted Assets

Restricted assets consist of resources whose use is restricted by bond covenant agreements and retainage for various contractors.

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.

The City's Debt Service, Tax Increment Financing, Central Park TIF, Mason Enterprise Parke TIF, Tylersville Road TIF, Government Center Reserve and Sewer funds have restricted net assets relative to those resources necessary to comply with various covenants of bond financing agreements and replacement and improvement of capital assets and park improvements. Of the City's \$26,485,396 in restricted net assets, none were restricted by enabling legislation.

Operating Revenues and Expenses

The City, in its proprietary funds, distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

As a general rule, the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated through the process of consolidation.

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. EQUITY IN POOLED CASH 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."

State statute requires the classification of monies held by the City into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the City. Such monies must by law be maintained either as cash in the City treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to be invested or deposited in the following securities:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of December 31, 2007, \$1,487,733 of the City's bank balance of \$1,587,733 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

Investments

As of December 31, 2007, the City had the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Money Market Funds	\$4,649,781	0.00
US Treasury Bills	546,582	0.41
Federal Home Loan Bank	46,140,810	0.74
Federal National Mortgage Association	8,207,727	1.34
Federal National Mortgage Association - Discount Notes	4,785,570	0.61
Federal Home Loan Mortgage Corporation - Discount Notes	2,639,790	0.58
	<u>\$66,970,260</u>	
Portfolio Weighted Average Maturity		0.75

Interest rate risk - In accordance with the investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to two years, unless matched to a specified obligation or debt of the City.

Credit Risk – It is the City’s policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. The City’s investments in Money Market Funds, Federal Home Loan Bank, Federal National Mortgage Association, Federal National Mortgage Association – Discount Notes, and in Federal Home Loan Mortgage Corporation – Discounts Notes were rated AAA by Standard and Poor’s and Fitch ratings and Aaa by Moody’s Investors Service.

Concentration of credit risk – The City’s investment policy allows investments in Federal Government Securities or Instrumentalities. The City has invested 7% of the City’s investments in Money Market Funds, 1% in U.S. Treasury Bills, 69% in Federal Home Loan Bank, 12% in Federal National Mortgage Association, 7% in Federal National Mortgage Association – Discount Notes, and 4% in Federal Home Loan Mortgage Corporation – Discount Notes.

Custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the City’s securities are either insured and registered in the name of the City or at least registered in the name of the City.

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 and accounts 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 \$199,631 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 2007 for real and public utility property taxes represents collections of 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) are for 2007 taxes.

2007 real property taxes are levied after October 1, 2007, on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008 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. 2007 public utility property taxes became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

2007 tangible personal property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are 25 percent of true value.

The tangible personal property tax will phase out over a four-year period starting with tax year 2006 and ending in 2009. This phase-out applies to most businesses and includes furniture and fixtures, machinery and equipment and inventory. New manufacturing machinery and equipment first reported on the 2006 and subsequent year returns is not subject to the personal property tax.

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

Real Property	\$1,035,101,280
Public Utility	13,021,700
Tangible Personal Property	<u>36,731,160</u>
Total Valuation	<u>\$1,084,854,140</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. Annual 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

In November 2006, Mason voters approved an amendment to the City's charter that changed the City's Tax Ordinance. The change gradually increases the credit for taxes paid to other cities.

In prior years, residents employed in another city that has an earnings tax received a maximum credit of up to fifty percent (50%) of the tax due on the portion of their earnings taxes by the City where employed. For the tax year 2007, residents employed in another city that has an earnings tax will receive a maximum credit of up to sixty-five (65%) of the tax due on the portion of their earnings taxed by the city where employed. The maximum credit will be 80% for tax years 2008 and 90% for tax year 2009. In tax year 2010 and beyond, the maximum tax credit will be 100%.

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 one of twenty members of a joint insurance pool, Miami Valley Risk Management Association, Inc. (MVRMA), with the cities of Englewood, Bellbrook and Centerville added in 2004. The pool has been operational since December 1, 1988, and was formed according to Section 2744.081 of the Ohio Revised Code. This joint venture covers all property, crime, liability, boiler and machinery, and public official liability up to the limits stated below. It is intended to provide broad-based coverage up to the various limits with increased emphasis on safety and loss prevention. During 2007, the MVRMA Board made a decision not to expand into the Columbus market at this time by adding the three members of CORMA, another risk pool.

MVRMA is a corporation governed by a twenty member board of trustees, consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation, with each trustee having a single vote. The board is responsible for its own financial matters and the corporation maintains its own book of accounts. Budget and financing of MVRMA is subject to the approval of the board.

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

General Liability: \$10,000,000/occurrence

Automobile Liability: \$10,000,000/occurrence

MVRMA self-insured retention (SIR) \$1 million/occurrence with \$9 million excess \$1 million reinsured by Government Entities Mutual Inc. (GEM). GEM then retroceded \$8 million to Munich Re America

Police Professional Liability: \$10,000,000/occurrence

MVRMA self-insured retention (SIR) \$1 million/occurrence with \$9 million excess \$1 million reinsured by Government Entities Mutual Inc. (GEM). GEM then retroceded \$8 million to Munich Re America

Employment Practices Liability and Public Officials Liability Including Employee Benefits Liability

MVRMA self-insured retention (SIR) \$1 million/occurrence with \$9 million excess \$1 million reinsured by Government Entities Mutual Inc. (GEM). GEM then retroceded \$8 million to Munich Re America – Annual aggregate \$10 million per member

Property (effective 7/1/07-7/1/08):

\$1,000,000,000/occurrence

MVRMA SIR: \$200,000/occurrence

Coverage excess SIR provided by PEPPIP USA with carriers as follows:

Lexington Insurance Company (Primary \$25 million)

Layers excess of \$25 million will be composed of a combination of the following insurance carriers:

AXIS Specialty Insurance Corp.

C.N.A./Continental Casualty Insurance Co.

Commonwealth Insurance Company

Essex Insurance

Global Excess - Lloyds of London

GMAC Re

Great American Insurance Co.

Lancashire Re

Lloyd's of London

Munich Re/Great Lakes

One Beacon/Homeland Insurance Co.

Traveler's Insurance Company

XL America

Zurich/Steadfast Insurance

Flood (included in property policy effective 7/1/07):

\$25 million/occurrence and annual aggregate (Flood Zone A & V - \$5 million/occurrence and annual aggregate)

MVRMA SIR: \$100,000/occurrence excluding Flood Zones A & V

MVRMA SIR: \$250,000/occurrence Flood Zones A & V

Earthquake (included in property policy effective 7/1/07):

\$25 million/occurrence and annual aggregate

MVRMA SIR: \$100,000/occurrence

Boiler & Machinery (included in PEPPIP Program effective 7/1/07):

\$100,000,000/occurrence

MVRMA SIR: \$5,000/occurrence

Coverage excess SIR provided:

Lexington Insurance Company – 100% of \$25 million Primary

CNA Insurance Company – 50% of \$75 million Excess of \$25 million

Foreign Excess Ins. Companies – 50% of \$75 million Excess of \$25 million

Member Deductible/occurrence - \$2,500

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 \$340,000 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>
2007	\$216,086	\$2,659,710	(\$2,535,796)	\$340,000
2006	194,295	2,590,075	(2,568,284)	216,086

6. CONTINGENT LIABILITIES

Litigation

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

Federal and State Grants

For the period January 1, 2007, to December 31, 2007, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

7. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$55,578,106	\$2,940,209	\$37,796	\$58,480,519
Construction in Progress	4,700,330	10,308,300	3,109,357	11,899,273
Total Capital Assets, not being depreciated	<u>60,278,436</u>	<u>13,248,509</u>	<u>3,147,153</u>	<u>70,379,792</u>
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	34,785,000	643,445	14,500	35,413,945
Equipment	12,437,010	717,901	28,812	13,126,099
Infrastructure	49,755,872	2,644,713	0	52,400,585
Totals at Historical Cost	<u>157,256,318</u>	<u>17,254,568</u>	<u>3,190,465</u>	<u>171,320,421</u>
Less Accumulated Depreciation:				
Buildings and Improvements	5,670,375	826,603	12,212	6,484,766
Equipment	6,156,843	1,130,407	21,050	7,266,200
Infrastructure	7,469,242	873,346	0	8,342,588
Total Accumulated Depreciation	<u>\$19,296,460</u>	<u>\$2,830,356</u>	<u>\$33,262</u>	<u>\$22,093,554</u>
Governmental Activities Capital Assets, Net	<u>\$137,959,858</u>	<u>\$14,424,212</u>	<u>\$3,157,203</u>	<u>\$149,226,867</u>
	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$4,184,170	\$5,664,442	\$0	\$9,848,612
Construction in Progress	848,847	714,378	1,387,698	175,527
Total Capital Assets, not being depreciated	<u>5,033,017</u>	<u>6,378,820</u>	<u>1,387,698</u>	<u>10,024,139</u>
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	35,051,112	3,011,951	237,800	37,825,263
Equipment	6,380,324	501,877	8,400	6,873,801
Infrastructure	68,849,740	4,773,376	0	73,623,116
Totals at Historical Cost	<u>115,314,193</u>	<u>14,666,024</u>	<u>1,633,898</u>	<u>128,346,319</u>
Less Accumulated Depreciation:				
Buildings and Improvements	1,189,464	1,152,670	218,404	2,123,730
Equipment	625,288	476,966	8,400	1,093,854
Infrastructure	9,776,000	1,227,063	0	11,003,063
Total Accumulated Depreciation	<u>\$11,590,752</u>	<u>\$2,856,699</u>	<u>\$226,804</u>	<u>\$14,220,647</u>
Business-Type Activities Capital Assets, Net	<u>\$103,723,441</u>	<u>\$11,809,325</u>	<u>\$1,407,094</u>	<u>\$114,125,672</u>

Depreciation expense was charged to governmental functions as follows:

	Depreciation Expense
General Government	\$562,424
Public Safety	616,323
Leisure Time Activities	242,706
Transportation and Street Repair	1,404,584
Basic Utility Service	4,319
Total Depreciation Expense	<u>\$2,830,356</u>

8. 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. Redemption for police officers shall be at a rate of three (3) accumulated sick days exchanged for (1) day of pay for the first two hundred (200) sick days. For the next thirty seven and a half (37 ½) sick days the redemption shall be two (2) accumulated sick days exchanged for one (1) day of pay. All remaining sick days the redemption shall be one (1) accumulated sick days exchanged for (1) day of pay. The maximum redemption is limited to two hundred seventy-five (275) sick days. A police officer must have at least fifty (50) sick days to be eligible for converting sick leave at retirement.
- d. Payment will be based on the employee's base rate of pay at the time of retirement.
- e. 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.

9. NOTES PAYABLE

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

	Rate	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities					
General Fund:					
Road Improvement Note	4.75%	\$3,550,000	\$0	(\$3,550,000)	\$0
Road Improvement Note	4.50%	0	2,550,000	0	2,550,000
Road Improvement Note	4.75%	3,850,000	0	(3,850,000)	0
Road Improvement Note	4.50%	0	1,000,000	0	1,000,000
Real Estate Acquisition Note	4.75%	4,500,000	0	(4,500,000)	0
Real Estate Acquisition Note	4.50%	0	4,350,000	0	4,350,000
Road Improvement Note	4.75%	2,000,000	0	(2,000,000)	0
Park and Recreation Fund:					
Park Improvement Note	4.25%	5,800,000	0	(5,800,000)	0
Total Governmental Activities		<u>\$19,700,000</u>	<u>\$7,900,000</u>	<u>(\$19,700,000)</u>	<u>\$7,900,000</u>
	Rate	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities					
Stormwater Fund:					
Stormwater Utility Improvement Note	3.50%	\$0	\$2,010,000	\$0	\$2,010,000
Stormwater Utility Improvement Note	4.25%	2,115,000	0	(2,115,000)	0
Golf Course Fund:					
Golf Course Acquisition Note	4.25%	0	9,000,000	0	9,000,000
Total Business-Type Activities		<u>\$2,115,000</u>	<u>\$11,010,000</u>	<u>(\$2,115,000)</u>	<u>\$11,010,000</u>

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

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10. LONG-TERM DEBT

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

	Rate	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities						
<u>General Obligation Bonds</u>						
Road Improvement	4.47%	\$3,425,000	\$0	(\$225,000)	\$3,200,000	\$235,000
Tax Increment Financing	5.30%	600,000	0	0	600,000	0
Central Parke TIF	5.25%	1,045,000	0	(50,000)	995,000	55,000
Enterprise Parke TIF	6.00%	675,000	0	(25,000)	650,000	40,000
Tylersville TIF	1.25%	1,030,000	0	(10,000)	1,020,000	30,000
Road Improvement	4.50%	0	2,850,000	0	2,850,000	0
Park Improvement	4.25%	0	5,600,000	0	5,600,000	0
Downtown Improvement	4.50%	0	4,000,000	0	4,000,000	0
Total General Obligation Bonds		<u>6,775,000</u>	<u>12,450,000</u>	<u>(310,000)</u>	<u>18,915,000</u>	<u>360,000</u>
<u>Special Assessment Bonds</u>						
Northeast	6.75%	275,000	0	(55,000)	220,000	55,000
Snider Road	6.76%	75,000	0	(15,000)	60,000	15,000
Lindemann C.G	7.78%	5,000	0	(2,000)	3,000	1,000
Route 741	7.38%	100,000	0	(25,000)	75,000	25,000
Total Special Assessment Bonds		<u>455,000</u>	<u>0</u>	<u>(97,000)</u>	<u>358,000</u>	<u>96,000</u>
Capital Leases		<u>21,005,000</u>	<u>0</u>	<u>(670,000)</u>	<u>20,335,000</u>	<u>695,000</u>
Total Long-Term Liabilities Bonds		<u>28,235,000</u>	<u>12,450,000</u>	<u>(1,077,000)</u>	<u>39,608,000</u>	<u>1,151,000</u>
Compensated Absences		<u>899,566</u>	<u>791,378</u>	<u>(716,987)</u>	<u>973,957</u>	<u>477,633</u>
Total Governmental Activities		<u>\$29,134,566</u>	<u>\$13,241,378</u>	<u>(\$1,793,987)</u>	<u>\$40,581,957</u>	<u>\$1,628,633</u>
Business-Type Activities						
<u>Special Assessment Bonds</u>						
Diley Utility	6.00%	<u>\$42,000</u>	<u>\$0</u>	<u>(\$4,000)</u>	<u>\$38,000</u>	<u>\$5,000</u>
<u>Mortgage Revenue Bonds</u>						
Sewer Mortgage Revenue	4.47%	<u>34,765,000</u>	<u>0</u>	<u>(1,020,000)</u>	<u>33,745,000</u>	<u>1,020,000</u>
Compensated Absences - Enterprise		<u>139,183</u>	<u>93,243</u>	<u>(83,857)</u>	<u>148,569</u>	<u>76,690</u>
Total Business-Type Activities		<u>\$34,946,183</u>	<u>\$93,243</u>	<u>(\$1,107,857)</u>	<u>\$33,931,569</u>	<u>\$1,101,690</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. General obligation bonds will be paid from the General Obligation Bond Retirement Fund, Central Parke TIF Fund, Mason Enterprise Parke TIF Fund and the Tylersville Road TIF Fund. The Special Assessment Bonds are backed by the full faith and credit of the City and are repaid from the resources of the Special Assessment Bond Retirement Fund. The City levies an assessment against the effected property owners. The Sewer Mortgage Revenue Bond will be paid from the Sewer Fund. The City was in violation of the debt coverage ratio on the Sewer Mortgage Revenue Bonds.

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

	General Obligation Bonds		Special Assessment Bonds		Mortgage Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$587,000	\$516,624	\$101,000	\$27,079	\$1,035,000	\$1,524,275
2009	846,000	735,954	101,000	20,114	1,070,000	1,498,400
2010	943,000	705,444	100,000	13,109	1,100,000	1,460,950
2011	976,000	670,193	76,000	6,203	1,145,000	1,416,950
2012	1,011,000	633,658	5,000	1,080	1,195,000	1,371,150
2013-2017	5,804,000	2,531,169	13,000	1,200	6,705,000	6,114,660
2018-2022	4,497,000	1,361,984	0	0	8,430,000	4,399,175
2023-2027	4,251,000	544,688	0	0	10,620,000	2,221,445
2028	0	0	0	0	2,445,000	122,250
	<u>\$18,915,000</u>	<u>\$7,699,714</u>	<u>\$396,000</u>	<u>\$68,785</u>	<u>\$33,745,000</u>	<u>\$20,129,255</u>

11. 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:

Year Ending December 31	
2008	\$1,669,200
2009	1,671,400
2010	1,671,676
2011	1,669,964
2012	1,671,210
2013-2017	8,353,311
2018-2022	8,346,000
2023-2026	6,678,000
Total minimum lease payments	<u>31,730,761</u>
Less: Amount representing interest	(11,395,761)
Present value of minimum lease payments	<u>\$20,335,000</u>

Capital lease payments are made from the Government Center 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

12. PENSION PLANS

Ohio Public Employees Retirement System

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS 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. OPERS issues a stand-alone financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-6701 or 800-222-7377, or by visiting the OPERS website at www.opers.org.

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 adjustments 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 9.5 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the City is 13.85 percent of covered payroll. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to OPERS for the years ended December 31, 2007, 2006 and 2005 were \$621,822, \$623,653, and \$662,838, respectively. The full amount has been contributed for 2006 and 2005 and 93% has been contributed for 2007.

Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan 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, or by visiting the OP&F website at www.op-f.org.

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, 2007, 2006 and 2005 were \$638,635, \$523,462, and \$461,336, respectively. The full amount has been contributed for 2006 and 2005 and 92% has been contributed for 2007.

13. POST EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health card coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, attention: Finance Director, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2007, the City contributed at 13.85% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determined the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2007, the employer contribution allocated to the health care plan from January 1 through June 30, 2007 and July 1 through December 31, 2007 was 5.0% and 6.0% of covered payroll, respectively. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Information from City's Records

The City's actual contributions for the current year, which were used to fund postemployment benefits, were \$110,537 for the period of January 1 through June 30, 2007 and were \$136,736 for the period of July 1 through December 31, 2007, \$289,911 for December 31, 2006 and \$277,629 for December 31, 2005.

OPERS Retirement Board Implements its Health Care Preservation Plan

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, will be effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008 which allowed additional funds to be allocated to the health care plan.

Other Information

At December 31, 2007, the number of active contributing participants in the Traditional and Combined Plans totaled 374,979. The number of active contributing participants for both plans used in the December 31, 2006 actuarial valuation was 362,130.

The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

Ohio Police and Fire Pension Fund

Plan Description

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of the covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F's post employment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan; under the authority granted by the Ohio Revised Code to the OP&F board of trustees. The board of trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the 401h account as the employer contribution for retiree healthcare benefits. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401h.

The OP&F board of trustees also is authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Information from City's Records

The City's contributions to OP&F for the year ending December 31, 2007 were \$79,953 for police and \$54,783 for fire; for the year ending December 31, 2006 were \$197,133 for police and \$107,109 for fire; and for the year ending December 31, 2005 were \$179,450 for police and \$90,266 for fire, respectively, was allocated to the healthcare plan.

Other Information

The number of participants eligible to receive health care benefits as of December 31, 2006, the date of the last actuarial valuation available, are 14,120 for Police and 10,563 for Firefighters. OP&F's total health care expense for the year ending December 31, 2006, the date of the last actuarial valuation available, was \$120,373,722, which was net of member contributions of \$58,532,848.

14. 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 commercial, healthcare, and housing 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. The City, the State, or any political subdivision thereof is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

The following is the conduit debt outstanding at December 31, 2007:

Issuance	Year Issued	Original Amount	Outstanding December 31, 2007	Year Mature
Spears, Inc. Series A	1989	\$3,300,000	\$260,000	2009
Cedar Village	1997	20,300,000	11,995,000	2017
Mt. Healthy Christian Home				
Healthcare 1997A	1997	4,600,000	4,065,000	2032
Housing 1997B	1997	2,150,000	1,900,000	2032
Mason Christian Village				
Healthcare Refunding	1998	7,650,000	6,680,000	2032
Healthcare Facilities	2000	4,400,000	4,075,000	2035
Crane Plastics Company	2007	8,000,000	8,000,000	2033
Total Conduit Debt Outstanding			\$36,975,000	

15. CONSTRUCTION COMMITMENTS

The City had the following outstanding commitments at year end:

Projects	Amount
Downtown Streetscape	\$1,004,903
Western Row Road Widening	110,178
Bethany Road Improvements	76,306
US 42 & Tylersville Intersection	39,100
Mason Road Widening	112,796
Mason Montgomery Road Widening - Church to I&O	586,656
W.R. & 1-75 & ST. RT. 741 Interchange Study	149,381
Muddy Creek Restoration	135,243
42 Widening - Tylersville to Butler-Warren	62,215
Fireside Drive/Tylersville Road	695,623
Cemetery Pedestrian Bridge Replacement	50,854
Snider Road Landscaping - S. of Western Row	120,762
Sports Park & Memorial Park	126,994
Parkside Lift Station Elimination	1,160
Water Reclamation Plant Demolition	622,332
Beach Lift Station Rehabilitation	2,280
Mason Road Widening	35,646
Total	\$3,932,429

16. INTERFUND TRANSACTIONS

Interfund transactions at year end, consisted of the following individual interfund receivables, interfund payables, transfers in and transfers out:

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$450,000	\$0	\$0	\$7,974,110
Sewer Fund	0	0	4,000	0
Community Center Fund	0	450,000	0	0
Gold Course	0	0	867,000	0
Other Governmental Funds	0	0	7,107,110	4,000
Total All Funds	\$450,000	\$450,000	\$7,978,110	\$7,978,110

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 transfer out of the Other Governmental Funds and the transfer in the Sewer Fund is for financial reporting purposes only.

17. JOINT VENTURE

Liberty Township, the City of Mason, and the City of Middletown contracted to create the Liberty Township Joint Economic Development District (JEDD) for the purpose of facilitating economic development to create jobs and employment opportunities and to improve the economic welfare of the people in the State of Ohio and in the area of the contracting parties through facilitating economic development along the corridor of Interstate 75, Cincinnati Dayton Road and State Route 129. For more information and a copy of the financial statements, contact the City of Middletown.

A 1.5% income tax was enacted for the JEDD. Imposition of tax began on October 1, 2006 and terminates December 31, 2045, with two ten year extensions.

Mason's use of funds provide for the improvement of the transportation network within the City, including the improvements of Bethany and Mason Roads.

Distribution of Gross Tax:

- 5% Service Fee for Middletown to collect the income
- 1% Escrow payment for refunds
- 94% Net distribution

Net Distribution:

- 83% Liberty Township
- 2% Middletown
- 15% Mason

18. CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2007, the City has implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions."

Statement No. 45 addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and other non-pension benefits. This also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and for certain employers, the extent to which the plan has been funded over time. Collectively, these benefits are commonly referred to as "other postemployment benefits (OPEB)."

There was no effect on fund balance/net assets as a result of the implementation of these new standards.

19. SUBSEQUENT EVENT

In March 2008, the City issued \$8,829,000 in bond anticipation notes for real estate acquisition of the Golf Center at Kings Island. In May 2008, the City issued \$17,570,000 in bonds to convert \$12,450,000 of bond anticipation notes, plus funding for the Western Row Road widening.

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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, 2007

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$23,084,619	\$23,563,045	\$23,822,720	\$259,675
Fines, Licenses & Permits	1,352,036	1,309,143	1,376,685	67,542
Intergovernmental	1,715,606	2,321,560	2,368,854	47,294
Charges for Services	1,353,732	1,414,131	1,420,817	6,686
Investment Earnings	420,000	1,484,185	1,650,804	166,619
Other Revenues	460,150	886,940	767,622	(119,318)
Total Revenues	28,386,143	30,979,004	31,407,502	428,498
Expenditures:				
Current:				
General Government				
City Manager				
Personal Services	354,666	354,666	295,019	59,647
Employee Development	22,950	22,950	9,885	13,065
Contractual Services	47,559	47,559	22,494	25,065
Material and Supplies	19,964	19,964	12,565	7,399
Total City Manager	445,139	445,139	339,963	105,176
Assistant City Manager				
Personal Services	729,480	692,480	533,305	159,175
Employee Development	38,377	41,377	37,797	3,580
Contractual Services	111,884	108,884	70,485	38,399
Material and Supplies	29,312	29,312	16,443	12,869
Total Assistant City Manager	909,053	872,053	658,030	214,023
Finance				
Personal Services	441,280	371,280	343,847	27,433
Employee Development	12,555	12,555	7,247	5,308
Contractual Services	227,939	227,940	105,965	121,975
Material and Supplies	17,837	17,837	11,595	6,242
Total Finance	699,611	629,612	468,654	160,958
Earnings Tax				
Personal Services	442,739	372,739	360,173	12,566
Employee Development	8,550	8,550	2,923	5,627
Contractual Services	207,307	277,307	272,765	4,542
Material and Supplies	26,569	26,569	19,619	6,950
Refunds and Reimbursements	475,000	1,025,000	1,024,221	779
Total Earnings Tax	1,160,165	1,710,165	1,679,701	30,464

(Continued)

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, 2007

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Law Director				
Personal Services	91,960	106,960	98,574	8,386
Employee Development	2,000	2,000	0	2,000
Contractual Services	535,962	520,962	464,488	56,474
Material and Supplies	5,630	5,630	3,615	2,015
Total Law Director	635,552	635,552	566,677	68,875
Council				
Personal Services	109,961	174,961	164,266	10,695
Employee Development	54,515	68,515	59,571	8,944
Contractual Services	3,966,247	3,887,247	3,801,149	86,098
Material and Supplies	23,427	22,927	14,232	8,695
Contingencies	10,000	10,000	0	10,000
Total Council	4,164,150	4,163,650	4,039,218	124,432
Municipal Court				
Personal Services	728,901	694,151	650,176	43,975
Employee Development	3,800	3,800	2,387	1,413
Contractual Services	394,770	412,870	389,395	23,475
Material and Supplies	55,480	67,980	59,835	8,145
Refunds and Reimbursements	1,000	1,000	152	848
Total Municipal Court	1,183,951	1,179,801	1,101,945	77,856
Land, Buildings and Grounds				
Personal Services	96,027	96,027	86,361	9,666
Employee Development	2,685	2,685	659	2,026
Contractual Services	736,552	701,552	607,968	93,584
Material and Supplies	157,096	172,096	149,991	22,105
Total Land, Buildings and Grounds	992,360	972,360	844,979	127,381
Engineering				
Personal Services	717,948	717,948	674,142	43,806
Employee Development	23,844	23,844	14,199	9,645
Contractual Services	625,337	567,337	494,721	72,616
Material and Supplies	38,007	38,007	28,155	9,852
Total Engineering	1,405,136	1,347,136	1,211,217	135,919
Auditor's Deductions				
Personal Services	30,610	40,610	20,660	19,950
Contractual Services	351,489	526,489	468,887	57,602
Material and Supplies	2,000	2,000	1,820	180
Refunds and Reimbursements	400,000	400,000	400,000	0
Total Auditor's Deductions	784,099	969,099	891,367	77,732

(Continued)

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, 2007

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Employee Medical Insurance Personal Services	80,217	80,217	80,317	(100)
Total Employee Medical Insurance	80,217	80,217	80,317	(100)
City Contribution Other Expenses	120,206	120,206	0	120,206
Total City Contribution	120,206	120,206	0	120,206
Unclaimed Funds Other Expenses	21,560	21,560	0	21,560
Total City Contribution	21,560	21,560	0	21,560
Total General Government	12,601,199	13,146,550	11,882,068	1,264,482
Public Safety				
Police Department				
Personal Services	4,409,128	4,639,128	4,611,948	27,180
Employee Development	114,707	114,707	57,578	57,129
Contractual Services	315,783	270,783	220,873	49,910
Material and Supplies	407,352	422,352	381,375	40,977
Total Police Department	5,246,970	5,446,970	5,271,774	175,196
Street Lighting				
Contractual Services	242,163	295,163	234,161	61,002
Material and Supplies	50,677	111,177	109,227	1,950
Capital Outlay	0	0	0	0
Total Street Lighting	292,840	406,340	343,388	62,952
Disaster Services				
Employee Development	500	500	0	500
Contractual Services	25,918	25,918	16,771	9,147
Material and Supplies	5,000	5,000	2,421	2,579
Total Disaster Services	31,418	31,418	19,192	12,226
Employee Medical Insurance Personal Services	427,794	427,794	427,794	0
Total Employee Medical Insurance	427,794	427,794	427,794	0
Total Public Safety	5,999,022	6,312,522	6,062,148	250,374

(Continued)

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, 2007

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Leisure Time Activities				
Recreation Programs				
Personal Services	306,534	306,534	226,720	79,814
Employee Development	15,110	15,110	8,150	6,960
Contractual Services	398,040	536,041	497,564	38,477
Material and Supplies	139,518	139,518	104,666	34,852
Refunds and Reimbursements	25,725	25,725	3,033	22,692
Total Recreation Programs	884,927	1,022,928	840,133	182,795
Parks				
Personal Services	1,049,254	1,004,254	777,983	226,271
Employee Development	28,224	30,724	25,244	5,480
Contractual Services	349,502	322,691	244,626	78,065
Material and Supplies	457,880	459,192	389,330	69,862
Total Parks	1,884,860	1,816,861	1,437,183	379,678
Swimming Pool				
Personal Services	226,190	156,190	143,115	13,075
Employee Development	2,160	2,160	678	1,482
Contractual Services	46,428	46,428	34,685	11,743
Material and Supplies	106,166	106,166	66,628	39,538
Refunds and Reimbursements	1,200	1,200	27	1,173
Total Swimming Pool	382,144	312,144	245,133	67,011
Employee Medical Insurance				
Personal Services	168,000	168,000	168,000	0
Total Employee Medical Insurance	168,000	168,000	168,000	0
Total Leisure Time Activities	3,319,931	3,319,933	2,690,449	629,484
Community Development				
Community Planning - Zoning				
Personal Services	124,977	124,977	75,940	49,037
Employee Development	6,325	6,325	2,521	3,804
Contractual Services	232,637	222,637	167,800	54,837
Material and Supplies	10,602	10,602	5,925	4,677
Refunds and Reimbursements	1,000	1,000	750	250
Total Community Planning - Zoning	375,541	365,541	252,936	112,605

(Continued)

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, 2007

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Building Inspections				
Personal Services	569,063	562,063	524,765	37,298
Employee Development	14,999	14,999	13,183	1,816
Contractual Services	27,690	34,690	22,611	12,079
Material and Supplies	24,874	24,874	17,935	6,939
Refunds and Reimbursements	18,566	18,566	12,228	6,338
Total Building Inspections	655,192	655,192	590,722	64,470
Economic Development				
Personal Services	422,695	422,695	282,535	140,160
Employee Development	59,007	59,007	17,937	41,070
Contractual Services	224,649	224,649	175,880	48,769
Material and Supplies	26,179	26,179	5,642	20,537
Total Economic Development	732,530	732,530	481,994	250,536
Environmental				
Material and Supplies	5,300	5,300	2,231	3,069
Total Environmental	5,300	5,300	2,231	3,069
Employee Medical Insurance				
Personal Services	26,487	26,486	26,486	0
Total Employee Medical Insurance	26,487	26,486	26,486	0
Total Community Development	1,795,050	1,785,049	1,354,369	430,680
Basic Utility Service				
Water				
Contractual Services	265,711	265,711	265,711	0
Total Water	265,711	265,711	265,711	0
Employee Medical Insurance				
Personal Services	242,666	242,666	242,666	0
Total Employee Medical Insurance	242,666	242,666	242,666	0
Total Basic Utility Service	508,377	508,377	508,377	0
Transportation and Street Repair				
Street Construction				
Contractual Services	348,245	234,745	207,604	27,141
Material and Supplies	5,000	5,000	0	5,000
Total Street Construction	353,245	239,745	207,604	32,141

(Continued)

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, 2007

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Street Maintenance and Repair				
Personal Services	1,289,722	1,279,722	1,223,916	55,806
Employee Development	9,720	9,720	7,783	1,937
Contractual Services	469,993	469,993	429,788	40,205
Material and Supplies	548,535	548,535	464,278	84,257
Total Street Maintenance and Repair	2,317,970	2,307,970	2,125,765	182,205
Garage				
Personal Services	241,664	248,664	248,364	300
Employee Development	7,318	10,318	8,350	1,968
Contractual Services	56,922	56,922	47,406	9,516
Material and Supplies	101,390	101,390	88,219	13,171
Total Garage	407,294	417,294	392,339	24,955
Employee Medical Insurance				
Personal Services	13,969	13,969	13,969	0
Total Employee Medical Insurance	13,969	13,969	13,969	0
Total Transportation and Street Repair	3,092,478	2,978,978	2,739,677	239,301
Capital Outlay	5,885,120	5,926,165	5,595,602	330,563
Debt Service:				
Principal Retirement	17,031,823	16,895,923	13,900,000	2,995,923
Interest and Fiscal Charges	1,167,039	1,076,544	658,416	418,128
Total Debt Service	18,198,862	17,972,467	14,558,416	3,414,051
Total Expenditures	51,400,039	51,950,041	45,391,106	6,558,935
Excess of Revenues Over (Under) Expenditures	(23,013,896)	(20,971,037)	(13,983,604)	6,987,433
Other financing sources (uses):				
Issuance of Debt	13,300,000	10,801,315	10,801,315	0
Advances (Out)	0	(450,000)	(450,000)	0
Transfers (Out)	(6,304,558)	(6,342,558)	(5,974,110)	368,448
Total Other Financing Sources (Uses)	7,195,442	4,008,757	4,377,205	368,448
Net Change in Fund Balance	(15,818,454)	(16,962,280)	(9,606,399)	7,355,881
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	29,051,950	29,051,950	29,051,950	0
Fund Balance End of Year	\$13,233,496	\$12,089,670	\$19,445,551	\$7,355,881

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, 2007

	Fire and Emergency Medical Service Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$4,150,600	\$4,093,200	\$4,097,278	\$4,078
Intergovernmental	464,400	778,600	778,658	58
Charges for Services	0	482,300	538,415	56,115
Investment Earnings	100,000	295,400	333,799	38,399
Other Revenues	450,000	20,000	22,403	2,403
Total Revenues	<u>5,165,000</u>	<u>5,669,500</u>	<u>5,770,553</u>	<u>101,053</u>
Expenditures:				
Current:				
Public Safety	4,432,539	5,945,539	5,445,339	500,200
Capital Outlay	5,454,043	5,454,043	155,799	5,298,244
Total Expenditures	<u>9,886,582</u>	<u>11,399,582</u>	<u>5,601,138</u>	<u>5,798,444</u>
Net Change in Fund Balance	(4,721,582)	(5,730,082)	169,415	5,899,497
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>5,989,659</u>	<u>5,989,659</u>	<u>5,989,659</u>	<u>0</u>
Fund Balance End of Year	<u>\$1,268,077</u>	<u>\$259,577</u>	<u>\$6,159,074</u>	<u>\$5,899,497</u>

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, 2007

	Parks and Recreation Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$40,000	\$27,200	\$28,400	\$1,200
Investment Earnings	25,000	250,400	255,278	4,878
Total Revenues	<u>65,000</u>	<u>277,600</u>	<u>283,678</u>	<u>6,078</u>
Expenditures:				
Capital Outlay	6,097,900	6,097,900	5,895,153	202,747
Debt Service:				
Principal Retirement	6,282,000	5,985,000	5,800,000	185,000
Interest and Fiscal Charges	124,500	124,500	123,250	1,250
Total Expenditures	<u>12,504,400</u>	<u>12,207,400</u>	<u>11,818,403</u>	<u>388,997</u>
Excess of Revenues Over (Under) Expenditures	<u>(12,439,400)</u>	<u>(11,929,800)</u>	<u>(11,534,725)</u>	<u>395,075</u>
Other financing sources (uses):				
Issuance of Debt	5,615,000	5,628,900	5,628,952	52
Transfers In	525,000	0	0	0
Total Other Financing Sources (Uses)	<u>6,140,000</u>	<u>5,628,900</u>	<u>5,628,952</u>	<u>52</u>
Net Change in Fund Balance	<u>(6,299,400)</u>	<u>(6,300,900)</u>	<u>(5,905,773)</u>	<u>395,127</u>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>6,303,809</u>	<u>6,303,809</u>	<u>6,303,809</u>	<u>0</u>
Fund Balance End of Year	<u>\$4,409</u>	<u>\$2,909</u>	<u>\$398,036</u>	<u>\$395,127</u>

See accompanying notes to the required supplementary information.

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 so that appropriation measures shall be classified so as to set forth separately the amounts appropriated for each department and within each department, the amount appropriated for each object for the General 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, Fire and Emergency Medical Services Fund and Parks and Recreation 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, Fire and Emergency Medical Services Fund, and Parks and Recreation Fund.

Net Change in Fund Balance

	<u>General</u>	Fire and Emergency <u>Medical Services</u>	Parks and <u>Recreation</u>
GAAP Basis	\$4,163,333	\$458,454	\$131,567
Adjustment for Revenue Accruals	(796,369)	(40,431)	15,441
Adjustment for Expenditure Accruals	(13,904,026)	(56,417)	(5,651,011)
Encumbrances	(8,570,652)	(192,191)	(430,722)
Transfers and Advances	1,550,000	0	0
Issuance of Debt	<u>7,951,315</u>	<u>0</u>	<u>28,952</u>
Budget Basis	<u>(\$9,606,399)</u>	<u>\$169,415</u>	<u>(\$5,905,773)</u>

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**COMBINING STATEMENTS AND
INDIVIDUAL FUND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

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

Street Construction, Maintenance and Repair - 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 received for street capital improvement and maintenance.

Street Subdivision - To track fee paid by developers that may only be used to subdivision street improvements.

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.

CIC/Veterans Memorial – This fund is used to account for monies designated to be used for the CIC/Veterans Memorial.

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 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 Parke 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.

Socialville-Fosters Road Improvement - This fund is used to account for financial resources used for improvements to Socialville-Fosters 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.

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City of Mason
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$4,889,988	\$91,306	\$804,307	\$5,785,601
Restricted Cash and Investments	98,150	0	2,748,664	2,846,814
Receivables:				
Taxes	7,617	390,078	0	397,695
Accounts	38,808	0	106,309	145,117
Interest	40,013	0	5,114	45,127
Intergovernmental	699,982	29,675	217,323	946,980
Special Assessments	0	273,932	0	273,932
Total Assets	5,774,558	784,991	3,881,717	10,441,266
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	7,628	88	6,405	14,121
Accrued Wages and Benefits	25,754	0	0	25,754
Compensated Absences	7,423	0	0	7,423
Retainage Payable	98,150	0	0	98,150
Contracts Payable	0	0	181,389	181,389
Deferred Revenue	484,616	693,685	0	1,178,301
Total Liabilities	623,571	693,773	187,794	1,505,138
Fund Balances:				
Reserved for Encumbrances	1,678,380	280	330,817	2,009,477
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	3,472,607	0	0	3,472,607
Debt Service Funds	0	90,938	0	90,938
Capital Projects Funds	0	0	3,363,106	3,363,106
Total Fund Balances	5,150,987	91,218	3,693,923	8,936,128
Total Liabilities and Fund Balances	\$5,774,558	\$784,991	\$3,881,717	\$10,441,266

City of Mason
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2007

	Street Construction, Maintenance and Repair	State Highway Improvement	Street Improvement	Street Subdivision
Assets:				
Equity in Pooled Cash and Investments	\$1,615,914	\$114,526	\$1,491,031	\$956,005
Restricted Cash and Investments	0	0	98,150	0
Receivables:				
Taxes	7,617	0	0	0
Accounts	0	0	0	200
Interest	21,995	1,555	0	13,245
Intergovernmental	647,149	52,833	0	0
Total Assets	2,292,675	168,914	1,589,181	969,450
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	5,525	0	0	0
Accrued Wages and Benefits	288	0	0	0
Compensated Absences	0	0	0	0
Retainage Payable	0	0	98,150	0
Deferred Revenue	440,222	35,937	0	6,804
Total Liabilities	446,035	35,937	98,150	6,804
Fund Balances:				
Reserved for Encumbrances	58,863	40,038	1,510,558	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	1,787,777	92,939	(19,527)	962,646
Total Fund Balances	1,846,640	132,977	1,491,031	962,646
Total Liabilities and Fund Balances	\$2,292,675	\$168,914	\$1,589,181	\$969,450

Downtown Development Loan	Indiana and Ohio Railroad	CIC/Veterans Memorial	Bicycle and Pedestrian Way	Police Crime Prevention	Drug Law Enforcement	Law Enforcement and Education
\$0	\$0	\$187,000	\$20,220	\$686	\$6,131	\$9,687
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	75	230
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	187,000	20,220	686	6,206	9,917
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	187,000	20,220	686	6,206	9,917
0	0	187,000	20,220	686	6,206	9,917
\$0	\$0	\$187,000	\$20,220	\$686	\$6,206	\$9,917

Continued

City of Mason
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2007

	Indigent Driver	Municipal Court Computer Costs	Municipal Court Computer Education	Municipal Court Improvement
Assets:				
Equity in Pooled Cash and Investments	\$144,014	\$11,871	\$5,385	\$49,501
Restricted Cash and Investments	0	0	0	0
Receivables:				
Taxes	0	0	0	0
Accounts	192	4,768	1,453	19,217
Interest	0	0	0	0
Intergovernmental	0	0	0	0
Total Assets	144,206	16,639	6,838	68,718
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	0	0	0	1,560
Accrued Wages and Benefits	0	963	0	9,483
Compensated Absences	0	184	0	2,496
Retainage Payable	0	0	0	0
Deferred Revenue	0	0	0	0
Total Liabilities	0	1,147	0	13,539
Fund Balances:				
Reserved for Encumbrances	0	0	0	96
Unreserved, Undesignated, Reported in: Special Revenue Funds	144,206	15,492	6,838	55,083
Total Fund Balances	144,206	15,492	6,838	55,179
Total Liabilities and Fund Balances	\$144,206	\$16,639	\$6,838	\$68,718

Vehicle Immobilization Fee	Municipal Court Probation Services	Subdivision Inspection	Total Nonmajor Special Revenue Funds
\$10,365	\$35,423	\$232,229	\$4,889,988
0	0	0	98,150
0	0	0	7,617
100	12,573	0	38,808
0	0	3,218	40,013
0	0	0	699,982
<u>10,465</u>	<u>47,996</u>	<u>235,447</u>	<u>5,774,558</u>
0	514	29	7,628
0	8,705	6,315	25,754
0	1,792	2,951	7,423
0	0	0	98,150
0	0	1,653	484,616
<u>0</u>	<u>11,011</u>	<u>10,948</u>	<u>623,571</u>
0	2,726	66,099	1,678,380
<u>10,465</u>	<u>34,259</u>	<u>158,400</u>	<u>3,472,607</u>
<u>10,465</u>	<u>36,985</u>	<u>224,499</u>	<u>5,150,987</u>
<u>\$10,465</u>	<u>\$47,996</u>	<u>\$235,447</u>	<u>\$5,774,558</u>

City of Mason
 Combining Balance Sheet
 Nonmajor Debt Service Funds
 December 31, 2007

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Assets:			
Equity in Pooled Cash and Investments	\$89,825	\$1,481	\$91,306
Receivables:			
Taxes	390,078	0	390,078
Intergovernmental	29,675	0	29,675
Special Assessments	0	273,932	273,932
Total Assets	<u>509,578</u>	<u>275,413</u>	<u>784,991</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	0	88	88
Deferred Revenue	419,753	273,932	693,685
Total Liabilities	<u>419,753</u>	<u>274,020</u>	<u>693,773</u>
Fund Balances:			
Reserved for Encumbrances	0	280	280
Unreserved, Undesignated, Reported in: Debt Service Funds	89,825	1,113	90,938
Total Fund Balances	<u>89,825</u>	<u>1,393</u>	<u>91,218</u>
Total Liabilities and Fund Balances	<u>\$509,578</u>	<u>\$275,413</u>	<u>\$784,991</u>

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City of Mason
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2007

	Tax Increment Financing	Central Parke TIF	Mason Enterprise Parke TIF	Tylersville Road TIF
Assets:				
Equity in Pooled Cash and Investments	\$0	\$0	\$0	\$0
Restricted Cash and Investments	223,082	312,132	1,538	231,900
Receivables:				
Accounts	0	0	0	0
Interest	2	62	6	154
Intergovernmental	0	0	0	0
Total Assets	<u>223,084</u>	<u>312,194</u>	<u>1,544</u>	<u>232,054</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	6,405	0	0	0
Contracts Payable	0	0	0	0
Total Liabilities	<u>6,405</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:				
Reserved for Encumbrances	0	0	0	0
Unreserved, Undesignated, Reported in: Capital Projects Funds	<u>216,679</u>	<u>312,194</u>	<u>1,544</u>	<u>232,054</u>
Total Fund Balances	<u>216,679</u>	<u>312,194</u>	<u>1,544</u>	<u>232,054</u>
Total Liabilities and Fund Balances	<u>\$223,084</u>	<u>\$312,194</u>	<u>\$1,544</u>	<u>\$232,054</u>

Socialville- Fosters Road Improvement	Government Center Reserve	Total Nonmajor Capital Projects Funds
\$804,307	\$0	\$804,307
0	1,980,012	2,748,664
106,309	0	106,309
0	4,890	5,114
217,323	0	217,323
<u>1,127,939</u>	<u>1,984,902</u>	<u>3,881,717</u>
0	0	6,405
181,389	0	181,389
181,389	0	187,794
330,817	0	330,817
615,733	1,984,902	3,363,106
946,550	1,984,902	3,693,923
<u>\$1,127,939</u>	<u>\$1,984,902</u>	<u>\$3,881,717</u>

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City of Mason
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended December 31, 2007

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$7,617	\$356,937	\$440,642	\$805,196
Fines, Licenses & Permits	696,832	0	0	696,832
Investment Earnings	202,284	0	79,276	281,560
Intergovernmental	1,436,012	55,681	217,323	1,709,016
Special Assessments	0	99,374	0	99,374
Other Revenues	68,834	0	215,907	284,741
Total Revenues	2,411,579	511,992	953,148	3,876,719
Expenditures:				
Current:				
General Government	567,884	0	0	567,884
Public Safety	10,795	0	0	10,795
Community Development	240,959	0	91,694	332,653
Transportation and Street Repair	1,508,823	0	0	1,508,823
Capital Outlay	3,154,977	0	114,354	3,269,331
Debt Service:				
Principal Retirement	0	322,000	755,000	1,077,000
Interest and Fiscal Charges	0	186,902	1,158,509	1,345,411
Total Expenditures	5,483,438	508,902	2,119,557	8,111,897
Excess of Revenues Over (Under) Expenditures	(3,071,859)	3,090	(1,166,409)	(4,235,178)
Other Financing Sources (Uses):				
Transfers In	3,400,000	38,000	3,669,110	7,107,110
Transfers (Out)	0	(4,000)	0	(4,000)
Total Other Financing Sources (Uses)	3,400,000	34,000	3,669,110	7,103,110
Net Change in Fund Balance	328,141	37,090	2,502,701	2,867,932
Fund Balance Beginning of Year	4,822,846	54,128	1,191,222	6,068,196
Fund Balance End of Year	\$5,150,987	\$91,218	\$3,693,923	\$8,936,128

City of Mason
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2007

	Street Construction, Maintenance and Repair	State Highway Improvement	Street Improvement	Street Subdivision
Revenues:				
Taxes	\$7,617	\$0	\$0	\$0
Fines, Licenses & Permits	0	0	0	15,000
Investment Earnings	103,844	7,271	0	59,928
Intergovernmental	1,303,369	101,750	30,893	0
Other Revenues	68,834	0	0	0
Total Revenues	1,483,664	109,021	30,893	74,928
Expenditures:				
Current:				
General Government	0	0	0	0
Public Safety	0	0	0	0
Community Development	0	0	0	0
Transportation and Street Repair	1,241,730	267,093	0	0
Capital Outlay	52,608	0	2,616,519	0
Total Expenditures	1,294,338	267,093	2,616,519	0
Excess of Revenues Over (Under) Expenditures	189,326	(158,072)	(2,585,626)	74,928
Other Financing Sources (Uses):				
Transfers In	0	0	3,400,000	0
Total Other Financing Sources (Uses)	0	0	3,400,000	0
Net Change in Fund Balance	189,326	(158,072)	814,374	74,928
Fund Balance Beginning of Year	1,657,314	291,049	676,657	887,718
Fund Balance End of Year	\$1,846,640	\$132,977	\$1,491,031	\$962,646

Downtown Development Loan	Indiana and Ohio Railroad	CIC/Veterans Memorial	Bicycle and Pedestrian Way	Police Crime Prevention	Drug Law Enforcement	Law Enforcement and Education
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	10,250	0	2,878	2,030
2,687	10,805	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>2,687</u>	<u>10,805</u>	<u>0</u>	<u>10,250</u>	<u>0</u>	<u>2,878</u>	<u>2,030</u>
0	0	0	0	0	0	0
0	0	0	0	0	5,768	5,027
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>92,498</u>	<u>278,154</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>92,498</u>	<u>278,154</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,768</u>	<u>5,027</u>
<u>(89,811)</u>	<u>(267,349)</u>	<u>0</u>	<u>10,250</u>	<u>0</u>	<u>(2,890)</u>	<u>(2,997)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(89,811)</u>	<u>(267,349)</u>	<u>0</u>	<u>10,250</u>	<u>0</u>	<u>(2,890)</u>	<u>(2,997)</u>
<u>89,811</u>	<u>267,349</u>	<u>187,000</u>	<u>9,970</u>	<u>686</u>	<u>9,096</u>	<u>12,914</u>
<u>\$0</u>	<u>\$0</u>	<u>\$187,000</u>	<u>\$20,220</u>	<u>\$686</u>	<u>\$6,206</u>	<u>\$9,917</u>

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City of Mason
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2007

	Indigent Driver	Municipal Court Computer Costs	Municipal Court Computer Education	Municipal Court Improvement
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Fines, Licenses & Permits	13,279	58,721	18,340	239,361
Investment Earnings	0	0	0	0
Intergovernmental	0	0	0	0
Other Revenues	0	0	0	0
Total Revenues	13,279	58,721	18,340	239,361
Expenditures:				
Current:				
General Government	11,071	75,192	325	254,529
Public Safety	0	0	0	0
Community Development	0	0	0	0
Transportation and Street Repair	0	0	0	0
Capital Outlay	0	35,576	79,622	0
Total Expenditures	11,071	110,768	79,947	254,529
Excess of Revenues Over (Under) Expenditures	2,208	(52,047)	(61,607)	(15,168)
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	2,208	(52,047)	(61,607)	(15,168)
Fund Balance Beginning of Year	141,998	67,539	68,445	70,347
Fund Balance End of Year	\$144,206	\$15,492	\$6,838	\$55,179

Vehicle Immobilization Fee	Municipal Court Probation Services	Subdivision Inspection	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$7,617
600	207,538	128,835	696,832
0	0	17,749	202,284
0	0	0	1,436,012
0	0	0	68,834
600	207,538	146,584	2,411,579
0	226,767	0	567,884
0	0	0	10,795
0	0	240,959	240,959
0	0	0	1,508,823
0	0	0	3,154,977
0	226,767	240,959	5,483,438
600	(19,229)	(94,375)	(3,071,859)
0	0	0	3,400,000
0	0	0	3,400,000
600	(19,229)	(94,375)	328,141
9,865	56,214	318,874	4,822,846
\$10,465	\$36,985	\$224,499	\$5,150,987

City of Mason
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Fiscal Year Ended December 31, 2007

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Revenues:			
Taxes	\$356,937	\$0	\$356,937
Intergovernmental	55,681	0	55,681
Special Assessments	0	99,374	99,374
Total Revenues	<u>412,618</u>	<u>99,374</u>	<u>511,992</u>
Expenditures:			
Current:			
Debt Service:			
Principal Retirement	225,000	97,000	322,000
Interest and Fiscal Charges	150,768	36,134	186,902
Total Expenditures	<u>375,768</u>	<u>133,134</u>	<u>508,902</u>
Excess of Revenues Over (Under) Expenditures	<u>36,850</u>	<u>(33,760)</u>	<u>3,090</u>
Other Financing Sources (Uses):			
Transfers In	0	38,000	38,000
Transfers (Out)	0	(4,000)	(4,000)
Total Other Financing Sources (Uses)	<u>0</u>	<u>34,000</u>	<u>34,000</u>
Net Change in Fund Balance	36,850	240	37,090
Fund Balance Beginning of Year	<u>52,975</u>	<u>1,153</u>	<u>54,128</u>
Fund Balance End of Year	<u><u>\$89,825</u></u>	<u><u>\$1,393</u></u>	<u><u>\$91,218</u></u>

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City of Mason
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Fiscal Year Ended December 31, 2007

	Tax Increment Financing	Central Parke TIF	Mason Enterprise Parke TIF	Tylersville Road TIF
Revenues:				
Taxes	\$73,568	\$123,128	\$10,575	\$233,371
Investment Earnings	29	1,573	85	3,925
Intergovernmental	0	0	0	0
Other Revenues	0	0	750	0
Total Revenues	73,597	124,701	11,410	237,296
Expenditures:				
Current:				
Community Development	0	56,825	17,866	17,003
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	50,000	25,000	10,000
Interest and Fiscal Charges	38,955	39,965	41,250	38,679
Total Expenditures	38,955	146,790	84,116	65,682
Excess of Revenues Over (Under) Expenditures	34,642	(22,089)	(72,706)	171,614
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	34,642	(22,089)	(72,706)	171,614
Fund Balance Beginning of Year	182,037	334,283	74,250	60,440
Fund Balance End of Year	\$216,679	\$312,194	\$1,544	\$232,054

Socialville- Fosters Road Improvement	Government Center Reserve	Total Nonmajor Capital Projects Funds
\$0	\$0	\$440,642
0	73,664	79,276
217,323	0	217,323
113,260	101,897	215,907
<u>330,583</u>	<u>175,561</u>	<u>953,148</u>
0	0	91,694
114,354	0	114,354
0	670,000	755,000
0	999,660	1,158,509
<u>114,354</u>	<u>1,669,660</u>	<u>2,119,557</u>
<u>216,229</u>	<u>(1,494,099)</u>	<u>(1,166,409)</u>
<u>2,000,000</u>	<u>1,669,110</u>	<u>3,669,110</u>
<u>2,000,000</u>	<u>1,669,110</u>	<u>3,669,110</u>
2,216,229	175,011	2,502,701
(1,269,679)	1,809,891	1,191,222
<u>\$946,550</u>	<u>\$1,984,902</u>	<u>\$3,693,923</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, 2007

	Street Construction, Maintenance and Repair Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$1,277,733	\$1,292,637	\$14,904
Investment Earnings	85,833	95,347	9,514
Other Revenues	68,835	68,834	(1)
Total Revenues	<u>1,432,401</u>	<u>1,456,818</u>	<u>24,417</u>
Expenditures:			
Current:			
Transportation & Street Repair	1,499,163	1,310,451	188,712
Capital Outlay	90,936	79,714	11,222
Total Expenditures	<u>1,590,099</u>	<u>1,390,165</u>	<u>199,934</u>
Net Change in Fund Balance	(157,698)	66,653	224,351
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>1,472,344</u>	<u>1,472,344</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$1,314,646</u></u>	<u><u>\$1,538,997</u></u>	<u><u>\$224,351</u></u>

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2007

	State Highway Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$100,064	\$100,880	\$816
Investment Earnings	7,689	8,362	673
Total Revenues	<u>107,753</u>	<u>109,242</u>	<u>1,489</u>
Expenditures:			
Capital Outlay	<u>376,126</u>	<u>308,808</u>	<u>67,318</u>
Total Expenditures	<u>376,126</u>	<u>308,808</u>	<u>67,318</u>
Net Change in Fund Balance	(268,373)	(199,566)	68,807
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>273,170</u>	<u>273,170</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$4,797</u></u>	<u><u>\$73,604</u></u>	<u><u>\$68,807</u></u>

City of Mason
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2007

	Street Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$30,500	\$32,927	\$2,427
Total Revenues	30,500	32,927	2,427
Expenditures:			
Capital Outlay	4,062,945	4,028,927	34,018
Total Expenditures	4,062,945	4,028,927	34,018
Excess of Revenues Over (Under) Expenditures	(4,032,445)	(3,996,000)	36,445
Other financing sources (uses):			
Transfers In	3,400,000	3,400,000	0
Total Other Financing Sources (Uses)	3,400,000	3,400,000	0
Net Change in Fund Balance	(632,445)	(596,000)	36,445
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	674,623	674,623	0
Fund Balance End of Year	\$42,178	\$78,623	\$36,445

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, 2007

	Street Subdivision Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses & Permits	\$14,000	\$14,800	\$800
Investment Earnings	49,000	54,733	5,733
Total Revenues	<u>63,000</u>	<u>69,533</u>	<u>6,533</u>
Expenditures:			
Capital Outlay	925,000	0	925,000
Total Expenditures	<u>925,000</u>	<u>0</u>	<u>925,000</u>
Net Change in Fund Balance	(862,000)	69,533	931,533
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>878,925</u>	<u>878,925</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$16,925</u></u>	<u><u>\$948,458</u></u>	<u><u>\$931,533</u></u>

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2007

	Downtown Development Loan Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$2,687	\$2,687	\$0
Total Revenues	2,687	2,687	0
Expenditures:			
Capital Outlay	92,498	92,498	0
Total Expenditures	92,498	92,498	0
Net Change in Fund Balance	(89,811)	(89,811)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	89,811	89,811	0
Fund Balance End of Year	\$0	\$0	\$0

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2007

	Indiana and Ohio Railroad Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses & Permits	\$13,452	\$13,452	\$0
Total Revenues	13,452	13,452	0
Expenditures:			
Capital Outlay	278,154	278,154	0
Total Expenditures	278,154	278,154	0
Net Change in Fund Balance	(264,702)	(264,702)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	264,702	264,702	0
Fund Balance End of Year	\$0	\$0	\$0

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2007

	CIC/ Veterans Memorial Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
General Government	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	187,000	187,000	0
Fund Balance End of Year	<u>\$187,000</u>	<u>\$187,000</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, 2007

	Bicycle and Pedestrian Way Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses & Permits	\$0	\$10,250	\$10,250
Total Revenues	0	10,250	10,250
Expenditures:			
Current:			
Community Development	9,970	0	9,970
Total Expenditures	9,970	0	9,970
Net Change in Fund Balance	(9,970)	10,250	20,220
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	9,970	9,970	0
Fund Balance End of Year	\$0	\$20,220	\$20,220

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, 2007

	Police Crime Prevention Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses & Permits	\$50	\$50	\$0
Total Revenues	50	50	0
Expenditures:			
Current:			
Public Safety	600	0	600
Total Expenditures	600	0	600
Net Change in Fund Balance	(550)	50	600
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	636	636	0
Fund Balance End of Year	\$86	\$686	\$600

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, 2007

	Drug Law Enforcement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses & Permits	\$2,962	\$3,078	\$116
Total Revenues	2,962	3,078	116
Expenditures:			
Current:			
Public Safety	9,300	5,768	3,532
Total Expenditures	9,300	5,768	3,532
Net Change in Fund Balance	(6,338)	(2,690)	3,648
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	8,820	8,820	0
Fund Balance End of Year	\$2,482	\$6,130	\$3,648

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, 2007

	Law Enforcement and Education Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses & Permits	\$0	\$2,025	\$2,025
Total Revenues	0	2,025	2,025
Expenditures:			
Current:			
Public Safety	13,527	5,027	8,500
Total Expenditures	13,527	5,027	8,500
Net Change in Fund Balance	(13,527)	(3,002)	10,525
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	12,689	12,689	0
Fund Balance End of Year	(\$838)	\$9,687	\$10,525

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, 2007

	Indigent Driver Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses & Permits	\$13,000	\$13,550	\$550
Total Revenues	13,000	13,550	550
Expenditures:			
Current:			
General Government	130,041	11,071	118,970
Total Expenditures	130,041	11,071	118,970
Net Change in Fund Balance	(117,041)	2,479	119,520
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	141,535	141,535	0
Fund Balance End of Year	\$24,494	\$144,014	\$119,520

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, 2007

	Municipal Court Computer Costs Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses & Permits	\$53,000	\$57,569	\$4,569
Total Revenues	53,000	57,569	4,569
Expenditures:			
Current:			
General Government	82,106	75,212	6,894
Capital Outlay	35,800	35,576	224
Total Expenditures	117,906	110,788	7,118
Net Change in Fund Balance	(64,906)	(53,219)	11,687
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	65,089	65,089	0
Fund Balance End of Year	\$183	\$11,870	\$11,687

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, 2007

	Municipal Court Computer Education Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses & Permits	\$16,000	\$18,011	\$2,011
Total Revenues	16,000	18,011	2,011
Expenditures:			
Current:			
General Government	325	325	0
Capital Outlay	79,903	79,622	281
Total Expenditures	80,228	79,947	281
Net Change in Fund Balance	(64,228)	(61,936)	2,292
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	67,321	67,321	0
Fund Balance End of Year	\$3,093	\$5,385	\$2,292

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, 2007

	Municipal Court Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses & Permits	\$216,000	\$235,481	\$19,481
Total Revenues	216,000	235,481	19,481
Expenditures:			
Current:			
General Government	258,222	253,855	4,367
Total Expenditures	258,222	253,855	4,367
Net Change in Fund Balance	(42,222)	(18,374)	23,848
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	66,221	66,221	0
Fund Balance End of Year	\$23,999	\$47,847	\$23,848

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, 2007

	Vehicle Immobilization Fee Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses & Permits	\$500	\$635	\$135
Total Revenues	500	635	135
Expenditures:			
Current:			
General Government	9,000	0	9,000
Total Expenditures	9,000	0	9,000
Net Change in Fund Balance	(8,500)	635	9,135
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	9,730	9,730	0
Fund Balance End of Year	\$1,230	\$10,365	\$9,135

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, 2007

	Municipal Court Probation Services Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses & Permits	\$200,000	\$210,137	\$10,137
Total Revenues	200,000	210,137	10,137
Expenditures:			
Current:			
General Government	254,720	232,711	22,009
Total Expenditures	254,720	232,711	22,009
Net Change in Fund Balance	(54,720)	(22,574)	32,146
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	54,757	54,757	0
Fund Balance End of Year	\$37	\$32,183	\$32,146

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, 2007

	Subdivision Inspection Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses & Permits	\$127,400	\$128,835	\$1,435
Investment Earnings	16,100	17,569	1,469
Total Revenues	<u>143,500</u>	<u>146,404</u>	<u>2,904</u>
Expenditures:			
Current:			
Community Development	347,920	303,778	44,142
Total Expenditures	<u>347,920</u>	<u>303,778</u>	<u>44,142</u>
Net Change in Fund Balance	(204,420)	(157,374)	47,046
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>321,643</u>	<u>321,643</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$117,223</u></u>	<u><u>\$164,269</u></u>	<u><u>\$47,046</u></u>

City of Mason
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2007

	General Obligation Bond Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$356,643	\$356,937	\$294
Intergovernmental	55,681	55,681	0
Total Revenues	<u>412,324</u>	<u>412,618</u>	<u>294</u>
Expenditures:			
Debt Service:			
Principal Retirement	225,000	225,000	0
Interest and Fiscal Charges	152,768	150,768	2,000
Total Expenditures	<u>377,768</u>	<u>375,768</u>	<u>2,000</u>
Net Change in Fund Balance	34,556	36,850	2,294
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>52,975</u>	<u>52,975</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$87,531</u></u>	<u><u>\$89,825</u></u>	<u><u>\$2,294</u></u>

City of Mason
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2007

	Special Assessment Bond Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Special Assessments	\$99,374	\$99,374	\$0
Total Revenues	99,374	99,374	0
Expenditures:			
Debt Service:			
Principal Retirement	97,000	97,000	0
Interest and Fiscal Charges	37,064	36,501	563
Total Expenditures	134,064	133,501	563
Excess of Revenues Over (Under) Expenditures	(34,690)	(34,127)	563
Other financing sources (uses):			
Transfers In	38,000	38,000	0
Transfers (Out)	(4,000)	(4,000)	0
Total Other Financing Sources (Uses)	34,000	34,000	0
Net Change in Fund Balance	(690)	(127)	563
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,239	1,239	0
Fund Balance End of Year	\$549	\$1,112	\$563

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, 2007

	Tax Increment Financing Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$73,568	\$73,568	\$0
Investment Earnings	12	33	21
Total Revenues	<u>73,580</u>	<u>73,601</u>	<u>21</u>
Expenditures:			
Debt Service:			
Interest and Fiscal Charges	33,800	32,550	1,250
Total Expenditures	<u>33,800</u>	<u>32,550</u>	<u>1,250</u>
Excess of Revenues Over (Under) Expenditures	<u>39,780</u>	<u>41,051</u>	<u>1,271</u>
Other financing sources (uses):			
Transfers (Out)	(116,200)	0	116,200
Total Other Financing Sources (Uses)	<u>(116,200)</u>	<u>0</u>	<u>116,200</u>
Net Change in Fund Balance	(76,420)	41,051	117,471
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>182,031</u>	<u>182,031</u>	<u>0</u>
Fund Balance End of Year	<u>\$105,611</u>	<u>\$223,082</u>	<u>\$117,471</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, 2007

	Central Parke TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$123,100	\$123,128	\$28
Investment Earnings	1,700	1,745	45
Total Revenues	<u>124,800</u>	<u>124,873</u>	<u>73</u>
Expenditures:			
Current:			
Community Development	142,701	56,825	85,876
Debt Service:			
Principal Retirement	55,000	50,000	5,000
Interest and Fiscal Charges	52,500	39,965	12,535
Total Expenditures	<u>250,201</u>	<u>146,790</u>	<u>103,411</u>
Excess of Revenues Over (Under) Expenditures	<u>(125,401)</u>	<u>(21,917)</u>	<u>103,484</u>
Other financing sources (uses):			
Transfers In	86,200	0	(86,200)
Transfers (Out)	(140,000)	0	140,000
Total Other Financing Sources (Uses)	<u>(53,800)</u>	<u>0</u>	<u>53,800</u>
Net Change in Fund Balance	(179,201)	(21,917)	157,284
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>334,049</u>	<u>334,049</u>	<u>0</u>
Fund Balance End of Year	<u>\$154,848</u>	<u>\$312,132</u>	<u>\$157,284</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, 2007

	Mason Enterprise Parke TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$10,575	\$10,575	\$0
Investment Earnings	11	80	69
Other Revenues	750	750	0
Total Revenues	<u>11,336</u>	<u>11,405</u>	<u>69</u>
Expenditures:			
Current:			
Community Development	18,250	17,866	384
Debt Service:			
Principal Retirement	25,000	25,000	0
Interest and Fiscal Charges	41,250	41,250	0
Total Expenditures	<u>84,500</u>	<u>84,116</u>	<u>384</u>
Net Change in Fund Balance	(73,164)	(72,711)	453
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>74,249</u>	<u>74,249</u>	<u>0</u>
Fund Balance End of Year	<u>\$1,085</u>	<u>\$1,538</u>	<u>\$453</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, 2007

	Tylersville Road TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$233,371	\$233,371	\$0
Investment Earnings	4,129	4,159	\$30
Total Revenues	237,500	237,530	30
Expenditures:			
Current:			
Community Development	26,000	17,003	8,997
Debt Service:			
Principal Retirement	10,000	10,000	0
Interest and Fiscal Charges	40,500	38,679	1,821
Total Expenditures	76,500	65,682	10,818
Net Change in Fund Balance	161,000	171,848	10,848
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	60,052	60,052	0
Fund Balance End of Year	\$221,052	\$231,900	\$10,848

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, 2007

	Downtown Investment Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$41,240	\$303,959	\$262,719
Total Revenues	41,240	303,959	262,719
Expenditures:			
Current:			
Community Development	62,650	71,801	(9,151)
Capital Outlay	4,282,640	3,976,012	306,628
Total Expenditures	4,345,290	4,047,813	297,477
Excess of Revenues Over (Under) Expenditures	(4,304,050)	(3,743,854)	560,196
Other financing sources (uses):			
Issuance of Debt	4,020,760	4,020,760	0
Total Other Financing Sources (Uses)	4,020,760	4,020,760	0
Net Change in Fund Balance	(283,290)	276,906	560,196
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	746,752	746,752	0
Fund Balance End of Year	\$463,462	\$1,023,658	\$560,196

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, 2007

	Socialville- Fosters Road Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$676,500	\$676,598	\$98
Other Revenues	56,000	56,000	0
Total Revenues	<u>732,500</u>	<u>732,598</u>	<u>98</u>
Expenditures:			
Capital Outlay	1,191,947	1,191,947	0
Total Expenditures	<u>1,191,947</u>	<u>1,191,947</u>	<u>0</u>
Net Change in Fund Balance	(459,447)	(459,349)	98
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>751,450</u>	<u>751,450</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$292,003</u></u>	<u><u>\$292,101</u></u>	<u><u>\$98</u></u>

City of Mason
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2007

	Government Center Reserve Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$70,400	\$75,416	\$5,016
Other Revenues	101,800	101,897	97
Total Revenues	<u>172,200</u>	<u>177,313</u>	<u>5,113</u>
Expenditures:			
Debt Service:			
Principal Retirement	670,000	670,000	0
Interest and Fiscal Charges	999,660	999,660	0
Total Expenditures	<u>1,669,660</u>	<u>1,669,660</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,497,460)</u>	<u>(1,492,347)</u>	<u>5,113</u>
Other financing sources (uses):			
Transfers In	1,669,100	1,669,110	10
Total Other Financing Sources (Uses)	<u>1,669,100</u>	<u>1,669,110</u>	<u>10</u>
Net Change in Fund Balance	171,640	176,763	5,123
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>1,803,249</u>	<u>1,803,249</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$1,974,889</u></u>	<u><u>\$1,980,012</u></u>	<u><u>\$5,123</u></u>

City of Mason
Statement of Changes In Assets and Liabilities
Agency Funds
For the Fiscal Year Ended December 31, 2007

	Municipal Court			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$66,112	\$2,062,396	\$2,054,002	\$74,506
Total Assets	<u>66,112</u>	<u>2,062,396</u>	<u>2,054,002</u>	<u>74,506</u>
Liabilities:				
Due to Others	66,112	2,062,396	2,054,002	74,506
Total Liabilities	<u>\$66,112</u>	<u>\$2,062,396</u>	<u>\$2,054,002</u>	<u>\$74,506</u>

	Mason Port Authority			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$0	\$58,000	\$32,500	\$25,500
Total Assets	<u>0</u>	<u>58,000</u>	<u>32,500</u>	<u>25,500</u>
Liabilities:				
Due to Others	0	58,000	32,500	25,500
Total Liabilities	<u>\$0</u>	<u>\$58,000</u>	<u>\$32,500</u>	<u>\$25,500</u>

	Total All Agency Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$66,112	\$2,120,396	\$2,086,502	\$100,006
Total Assets	<u>66,112</u>	<u>2,120,396</u>	<u>2,086,502</u>	<u>100,006</u>
Liabilities:				
Due to Others	66,112	2,120,396	2,086,502	100,006
Total Liabilities	<u>\$66,112</u>	<u>\$2,120,396</u>	<u>\$2,086,502</u>	<u>\$100,006</u>

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STATISTICAL SECTION

STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Financial Trends - These schedules contain trend information to help the reader understand how the City's financial position has changed over time.

Revenue Capacity - These schedules contain information to help the reader understand and assess the City's most significant local revenue source, the income tax.

Debt Capacity - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Economic and Demographic Information - These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.

Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources - Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that fiscal year.

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Table 1

City of Mason
Net Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2001	2002	2003	2004	2005	2006	2007
Governmental activities							
Invested in Capital Assets, Net of Related Debt	\$19,155,677	\$36,025,545	\$82,482,220	\$83,295,651	\$89,318,991	\$96,275,726	\$104,293,216
Restricted	12,774,373	17,235,858	15,052,307	13,470,109	14,336,740	14,692,178	16,202,333
Unrestricted	15,853,479	6,649,481	8,843,433	24,522,571	28,401,484	34,803,772	34,036,236
Total Governmental Activities Net Assets	\$47,783,529	\$59,910,884	\$106,377,960	\$121,288,331	\$132,057,215	\$145,771,676	\$154,531,785
Business-Type Activities							
Invested in Capital Assets, Net of Related Debt	\$69,687,504	\$44,347,689	\$74,722,678	\$64,318,163	\$73,165,544	\$66,801,441	\$69,332,672
Restricted	0	0	0	23,251,862	11,290,444	10,055,068	10,283,063
Unrestricted	16,824,466	13,521,952	3,110,125	(3,139,725)	6,610,919	7,280,452	8,109,114
Total Business-Type Activities Net Assets	\$86,511,970	\$57,869,641	\$77,832,803	\$84,430,300	\$91,066,907	\$84,136,961	\$87,724,849
Primary Government							
Invested in Capital Assets, Net of Related Debt	\$88,843,181	\$80,373,234	\$157,204,898	\$147,613,814	\$162,484,535	\$163,077,167	\$173,625,888
Restricted	12,774,373	17,235,858	15,052,307	36,721,971	25,627,184	24,747,246	26,485,396
Unrestricted	32,677,945	20,171,433	11,953,558	21,382,846	35,012,403	42,084,224	42,145,350
Total Governmental Activities Net Assets	\$134,295,499	\$117,780,525	\$184,210,763	\$205,718,631	\$223,124,122	\$229,908,637	\$242,256,634

Source: City of Mason, Ohio, Department of Finance

Table 2

**City of Mason
Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)**

	Fiscal Year						
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Expenses							
Governmental Activities:							
General Government	\$4,651,491	\$6,529,294	\$7,489,906	\$9,585,638	\$10,055,191	\$8,304,944	\$8,820,685
Public Safety	4,033,646	5,881,818	6,357,600	7,677,404	7,647,086	10,239,722	12,057,909
Leisure Time Activities	1,533,017	1,817,847	2,229,243	2,025,140	1,927,193	2,345,289	2,643,993
Community Development	471,327	863,009	1,666,254	1,055,133	1,219,316	1,682,201	1,669,502
Basic Utility Service	231,186	50,941	1,124	0	0	513,694	252,588
Transportation and Street Repair	1,668,159	1,926,062	2,456,994	2,763,009	3,433,612	4,163,181	6,495,013
Interest and Fiscal Charges	1,277,293	1,780,444	1,564,957	1,516,711	1,685,015	1,821,938	2,259,101
Total Governmental Activities Expenses	13,866,119	18,849,415	21,766,078	24,623,035	25,967,413	29,070,969	34,198,791
Business-type activities							
Water	4,215,342	1,290,013	117,370	320,815	0	0	0
Sewer	2,838,752	2,856,787	2,884,956	3,588,785	3,838,763	5,511,880	6,308,598
Waste Collection	864,591	882,229	926,630	995,282	1,067,929	1,129,056	1,269,478
Stormwater Utility	418,590	744,887	1,251,621	1,256,452	1,051,464	1,067,755	1,073,116
Community Center	0	0	1,453,474	1,973,163	3,112,769	2,439,545	3,039,852
Golf Course	0	0	0	0	0	0	3,145,633
Total business-type activities expenses	8,337,275	5,773,916	6,634,051	8,134,497	9,070,925	10,148,236	14,836,677
Total primary government expenses	\$22,203,394	\$24,623,331	\$28,400,129	\$32,757,532	\$35,038,338	\$39,219,205	\$49,035,468
Program Revenues							
Governmental Activities:							
Charges for Services:							
General Government	\$1,053,973	\$879,532	\$1,343,668	\$1,515,220	\$1,211,763	\$1,491,615	\$1,319,112
Public Safety	266,973	358,177	297,445	887,039	1,551,532	1,747,817	1,704,048
Leisure Time Activities	373,155	434,532	223,460	320,394	407,548	514,992	585,664
Community Development	592,164	491,491	435,081	398,360	489,196	391,088	442,307
Basic Utility Service	236,108	199,229	256,831	285,781	0	228,738	276,203
Transportation and Street Repair	78,577	113,154	104,038	0	0	13,969	9,865
Interest and Fiscal Charges	3,022	0	0	0	6,022	963	0
Operating Grants and Contributions	1,507,655	551,231	1,286,339	1,469,711	1,847,807	2,352,269	2,567,109
Capital Grants and Contributions	4,758,764	6,458,499	3,001,393	7,720,265	3,175,748	2,914,592	3,080,139
Total Governmental Activities Program Revenues	8,870,391	9,485,845	6,948,255	12,596,770	8,689,616	9,656,043	9,984,447
Business-Type Activities							
Charges for Services:							
Water	5,033,091	477,771	0	0	0	0	0
Sewer	5,490,698	5,532,399	5,858,754	5,381,425	5,288,919	5,342,578	5,529,145
Waste Collection	877,648	786,572	880,859	982,973	1,028,451	1,075,574	1,257,739

Stormwater Utility	309,138	678,199	749,570	784,892	788,602	793,059	808,253
Community Center	0	0	1,955,985	2,301,675	2,537,560	2,749,431	2,518,080
Golf Course	0	0	0	0	0	0	2,385,062
Operating Grants and Contributions	0	0	0	0	0	0	0
Capital Grants and Contributions	3,066,340	5,863,365	6,539,646	4,505,577	3,807,321	3,167,731	3,516,835
Total Business-Type Activities Program Revenues	14,776,915	13,338,306	15,984,814	13,956,542	13,450,853	13,128,373	16,015,114
Total Primary Government Program Revenues	\$23,647,306	\$22,824,151	\$22,933,069	\$26,553,312	\$22,140,469	\$22,784,416	\$25,999,561

Net (Expense)/Revenue							
Governmental Activities	(\$4,995,728)	(\$9,363,570)	(\$14,817,823)	(\$12,026,265)	(\$17,277,797)	(\$19,414,926)	(\$24,214,344)
Business-Type Activities	6,439,640	7,564,390	9,350,763	5,822,045	4,379,928	2,980,137	1,178,437
Total Primary Government Net Expense	\$1,443,912	(\$1,799,180)	(\$5,467,060)	(\$6,204,220)	(\$12,897,869)	(\$16,434,789)	(\$23,035,907)

General Revenues and Other Changes in Net Assets

Governmental Activities:							
Income Taxes	\$13,244,640	\$14,236,939	\$14,750,306	\$17,629,586	\$19,803,888	\$21,324,631	\$20,514,861
Property Taxes Levied for:							
General Purposes	1,244,776	1,209,868	1,344,408	1,727,974	1,861,088	2,068,561	2,116,689
Special Revenue Purposes	3,250,009	3,265,998	3,619,235	4,318,008	4,125,581	4,121,987	4,161,619
Debt Service Purposes	487,903	471,560	555,903	401,942	181,859	85,178	378,098
Capital Project Purposes	69,931	171,456	188,314	220,283	217,918	275,675	440,642
Unrestricted Grants and Entitlements	2,686,346	1,482,935	1,930,644	2,075,585	1,915,791	3,208,505	3,103,589
Unrestricted Contributions	0	0	0	25,000	0	0	0
Investment Earnings	1,554,128	683,584	273,376	178,414	910,574	1,928,561	2,725,268
Other Revenues	299,756	532,121	473,513	639,483	375,644	558,488	820,723
Transfers-Internal Activities	(328,000)	(563,536)	(574,596)	(279,639)	(1,345,662)	326,510	(1,287,036)
Total Governmental Activities	22,509,489	21,490,925	22,561,103	26,936,636	28,046,681	33,898,096	32,974,453
Business-Type Activities							
Investment Earnings	1,032,080	424,833	187,552	435,371	898,940	980,492	1,121,249
Other Revenues	0	0	0	60,442	12,077	16,542	1,166
Transfers-Internal Activities	328,000	563,536	574,596	279,639	1,345,662	(326,510)	1,287,036
Special Item		(37,195,088)				(10,580,607)	
Total Business-Type Activities	1,360,080	(36,206,719)	762,148	775,452	2,256,679	(9,910,083)	2,409,451
Total Primary Government	\$23,869,569	(\$14,715,794)	\$23,323,251	\$27,712,088	\$30,303,360	\$23,988,013	\$35,383,904

Changes in Net Assets

Governmental Activities	\$17,513,761	\$12,127,355	\$7,743,280	\$14,910,371	\$10,768,884	\$14,483,170	\$8,760,109
Business-Type Activities	7,799,720	(28,642,329)	10,112,911	6,597,497	6,636,607	(6,929,946)	3,587,888
Total Primary Government	\$25,313,481	(\$16,514,974)	\$17,856,191	\$21,507,868	\$17,405,491	\$7,553,224	\$12,347,997

Table 3

**City of Mason
Governmental Activities Tax Revenues by Source
Last Seven Fiscal Years
(accrual basis of accounting)**

Fiscal Year	Income Tax	Property taxes levied for:					Total Property Taxes
		General	Special Revenue	Debt Service	Capital Project	Total	
2001	\$13,244,640	\$1,244,776	\$3,250,009	\$487,903	\$69,931	\$5,052,619	\$18,297,259
2002	14,236,939	1,209,868	3,265,998	471,560	171,456	5,118,882	19,355,821
2003	14,750,306	1,344,408	3,619,235	555,903	188,314	5,707,860	20,458,166
2004	17,629,586	1,727,974	4,318,008	401,942	220,283	6,668,207	24,297,793
2005	19,803,888	1,861,088	4,125,581	181,859	217,918	6,386,446	26,190,334
2006	21,324,631	2,068,561	4,121,987	85,178	275,675	6,551,401	27,876,032
2007	20,514,861	2,116,689	4,161,619	378,098	440,642	7,097,048	27,611,909

Table 4

**City of Mason
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)**

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$1,136,893	\$2,308,169	\$2,113,695	\$3,921,914	\$7,174,085	\$6,148,247	\$5,855,656	\$10,729,834	\$12,032,677	\$7,511,771
Unreserved	3,259,025	(796,098)	1,671,731	3,734,644	(1,952,977)	1,380,089	7,039,758	5,580,027	6,524,041	15,222,929
Total General Fund	\$4,395,918	\$1,512,071	\$3,785,426	\$7,656,558	\$5,221,108	\$7,528,336	\$12,895,414	\$16,309,861	\$18,556,718	\$22,734,700
All Other Governmental Funds										
Reserved	3,516,042	3,959,002	3,614,281	5,260,028	2,546,516	905,514	3,675,638	1,633,574	7,375,036	4,593,699
Unreserved, Reported in:										
Special Revenue Funds	1,427,020	1,494,660	2,890,985	5,466,047	5,763,841	6,498,710	7,772,452	8,460,746	4,582,009	9,674,826
Debt Service Funds	242,749	154,243	217,934	279,290	305,471	432,170	486,201	335,878	54,128	90,938
Capital Projects Funds	1,704,185	3,331,632	3,577,599	15,508,028	6,538,042	5,263,108	(466,641)	2,132,108	999,083	4,233,983
Total All Other Governmental Funds	\$6,889,996	\$8,939,537	\$10,300,799	\$26,513,393	\$15,153,870	\$13,099,502	\$11,467,650	\$12,562,306	\$13,010,256	\$18,593,446

Table 5

City of Mason
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues										
Taxes	\$11,285,156	\$13,659,376	\$18,631,015	\$18,548,398	\$18,740,840	\$21,497,719	\$23,356,100	\$25,337,338	\$28,120,047	\$29,086,348
Fines, Licensed & Permits	1,007,029	1,515,812	1,528,868	1,405,849	1,426,086	1,360,999	2,051,550	2,285,087	2,208,160	2,102,920
Charges for Services	113,396	479,512	570,489	948,446	826,334	748,435	872,720	978,335	1,842,446	1,965,830
Investment Earning	365,681	632,878	1,191,891	1,596,253	644,010	326,847	180,449	950,697	1,758,873	2,625,347
Intergovernmental	1,410,940	2,912,297	2,188,404	3,237,732	2,699,661	5,390,672	3,598,728	3,628,520	5,230,246	5,419,535
Special Assessments	237,093	214,265	126,344	227,899	201,511		156,177	137,175	93,272	99,374
Other Revenue	632,957	362,094	1,097,951	538,532	699,051	965,749	1,022,872	706,464	944,165	1,148,050
Total Revenues	15,052,252	19,776,234	25,334,962	26,503,109	25,237,493	30,290,421	31,238,596	34,023,616	40,197,209	42,447,404
Expenditures										
General Government	2,764,506	4,521,868	3,534,139	4,553,052	6,465,327	9,825,426	8,813,705	8,186,487	8,101,110	8,179,399
Public Safety	5,744,068	5,643,558	6,349,783	3,680,855	5,519,019	6,548,683	7,200,461	7,107,465	10,084,749	11,442,311
Leisure Time Activities	947,894	1,975,052	1,602,077	1,324,854	2,129,899	2,122,965	1,803,066	1,736,255	2,117,159	2,391,309
Community Development	494,394	621,413	790,131	467,328	860,047	1,666,254	1,014,147	977,332	1,670,017	1,493,853
Basic Utility Service	103,774	179,570	98,122	236,812	47,392	400	0	0	513,694	252,588
Transportation and Street Repair	2,545,323	3,442,523	3,004,975	1,316,126	2,845,564	3,928,251	2,656,910	2,251,292	3,153,016	4,043,848
Capital Outlay	1,200,196	3,912,061	6,425,700	16,602,012	18,326,483	2,571,833	4,757,098	6,767,208	8,892,757	13,392,267
Debt Service										
Principal Retirement	211,000	391,438	387,000	1,108,228	1,252,488	1,237,162	1,165,741	1,163,420	1,011,000	1,077,000
Interest and Fiscal Charges	334,514	377,283	665,463	1,752,493	1,776,594	1,564,957	1,530,848	1,471,650	2,038,266	2,013,111
Total Expenditures	14,345,669	21,064,766	22,857,390	31,041,760	39,222,813	29,465,931	28,941,976	29,661,109	37,581,768	44,285,686
Excess of Revenues										
Over (Under) Expenditures	706,583	(1,288,532)	2,477,572	(4,538,651)	(13,985,320)	824,490	2,296,620	4,362,507	2,615,441	(1,838,282)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Other Financing Sources (Uses)										
Transfer In	5,219,982	4,117,409	8,869,877	2,867,923	12,619,642	2,707,796	684,506	5,372,100	3,441,338	7,107,110
Transfer Out	(4,888,021)	(4,267,239)	(8,835,425)	(3,195,923)	(13,180,859)	(3,282,392)	(964,145)	(5,375,100)	(3,445,338)	(7,978,110)
Issuance of Long-Term Capital-Related Debt	4,945,000	600,000	1,135,000	24,440,000	680,000	0	1,030,000	0	0	12,450,000
Capital Leases	1,861,896	0	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	7,138,857	450,170	1,169,452	24,112,000	118,783	(574,596)	750,361	(3,000)	(4,000)	11,579,000
Net Change in Fund Balances	\$7,845,440	(\$838,362)	\$3,647,024	\$19,573,349	(\$13,866,537)	\$249,894	\$3,046,981	\$4,359,507	\$2,611,441	\$9,740,718
Debt Service as a Percentage of Noncapital Expenditures	4.1%	4.5%	6.4%	26.8%	21.7%	13.6%	16.9%	12.5%	12.5%	10.4%

Table 6

**City of Mason
Income Tax Revenue by Payer Type
Last Ten Fiscal Years
(budget (cash) basis of accounting)**

<u>Fiscal Year</u>	<u>Withholding</u>	<u>Business</u>	<u>Individual</u>	<u>Total</u>	<u>Percentage of Total</u>			
					<u>Withholding</u>	<u>Business</u>	<u>Individual</u>	<u>Total</u>
1998	\$5,392,390	\$2,073,572	\$1,972,448	\$9,438,410	57.1%	22.0%	20.9%	100.0%
1999	6,553,361	1,906,145	2,301,391	10,760,897	60.9%	17.7%	21.4%	100.0%
2000	7,458,765	2,004,888	2,505,456	11,969,109	62.3%	16.8%	20.9%	100.0%
2001	8,031,833	1,580,798	3,034,811	12,647,441	63.5%	12.5%	24.0%	100.0%
2002	8,431,402	2,015,247	3,357,722	13,804,371	61.1%	14.6%	24.3%	100.0%
2003	9,350,057	2,045,319	3,777,725	15,173,101	61.6%	13.5%	24.9%	100.0%
2004	9,914,215	2,098,410	4,401,360	16,413,985	60.4%	12.8%	26.8%	100.0%
2005	11,164,670	2,961,019	4,868,994	18,994,683	58.8%	15.6%	25.6%	100.0%
2006	13,513,267	4,232,817	4,925,272	22,671,356	59.6%	18.7%	21.7%	100.0%
2007	13,167,588	2,779,420	5,280,262	21,227,270	62.0%	13.1%	24.9%	100.0%

**City of Mason
General Governmental Income Tax Revenue by Tax Year
Last Four Fiscal Years
(budget (cash) basis of accounting)**

<u>Fiscal Year</u>	<u>Delinquent</u>	<u>Penalties</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>
2004	\$481,221	\$233,928	\$5,017,927	\$10,680,909	\$16,413,985
2005	473,596	211,910	6,251,436	12,057,741	18,994,683
2006	294,034	135,615	6,512,430	15,729,277	22,671,356
2007	778,880	211,143	4,396,944	15,840,303	21,227,270

Table 7

**City of Mason
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

Tax Year	Real Property		Public Utility		Tangible Personal Property		Total		Total Direct Tax Rate	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		
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	\$2.32	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	7.32	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	7.32	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	7.32	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	7.32	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	7.32	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	7.32	33.45%
2005	861,180,630	2,460,516,085	16,252,830	18,469,125	110,500,187	442,000,748	987,933,647	2,920,985,958	7.32	33.82%
2006	1,004,936,080	2,871,245,942	16,147,840	18,349,818	77,362,457	412,599,770	1,098,446,377	3,302,195,530	7.32	33.26%
2007	1,035,101,280	2,957,432,230	13,021,700	14,797,390	36,731,160	587,698,560	1,084,854,140	3,559,928,180	7.32	30.47%

Source: Warren County Auditor's Office

Table 8

**City of Mason
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years (1)**

Tax Year	City of Mason				Overlapping Rates					
	General Fund	Fire Operating	Debt Service	Total	Mason City School District	Warren County	Voc. School	Joint	Special District	Total
1998	2.15%	5.00%	0.17%	7.32%	61.95%	4.75%	2.70%	2.70%	1.50%	78.22%
1999	2.15%	5.00%	0.17%	7.32%	61.95%	4.00%	2.70%	2.70%	1.50%	77.47%
2000	1.47%	5.00%	0.85%	7.32%	64.57%	4.00%	2.70%	2.70%	1.50%	80.09%
2001	1.67%	5.00%	0.65%	7.32%	71.11%	4.00%	2.70%	2.70%	1.50%	86.63%
2002	1.67%	5.00%	0.65%	7.32%	72.61%	4.96%	2.70%	2.70%	1.50%	89.09%
2003	1.67%	5.00%	0.65%	7.32%	74.11%	6.53%	2.70%	2.70%	1.50%	92.16%
2004	1.87%	5.00%	0.45%	7.32%	74.11%	6.46%	2.70%	2.70%	1.50%	92.09%
2005	2.11%	5.00%	0.21%	7.32%	80.65%	6.46%	2.70%	2.70%	1.50%	98.63%
2006	1.96%	5.00%	0.36%	7.32%	81.76%	6.71%	2.70%	2.70%	1.50%	99.99%
2007	1.96%	5.00%	0.36%	7.32%	83.45%	6.71%	2.70%	2.70%	1.50%	101.68%

Source: Warren County Auditor's Office

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

Table 9

**City of Mason
Principal Property Taxpayers
December 31, 2007**

<u>Taxpayer</u>	<u>Fiscal Year 2007</u>				<u>Fiscal Year 1998</u>			
	<u>Assessed Valuation</u>	<u>Rank</u>	<u>Total Assessed Valuation</u>	<u>Percentage Of Total Assessed</u>	<u>Assessed Valuation</u>	<u>Rank</u>	<u>Total Assessed Valuation</u>	<u>Percentage Of Total Assessed</u>
Kings Island Company	\$29,057,650	1	2.68%	-	-	-	-	-
Duke Energy	10,518,230	2	0.97%	-	11,276,340	2	2.35%	-
Mitsubishi Electric Auto	9,345,310	3	0.86%	-	17,091,230	1	3.56%	-
Twin Fountains of Mason	8,695,050	4	0.80%	-	-	-	-	-
Mason Christian Village	6,966,732	5	0.64%	-	4,228,861	4	0.88%	-
Procter & Gamble Company	6,844,680	6	0.63%	-	9,972,340	3	2.08%	-
Cintas Sales Corporation	6,091,477	7	0.56%	-	-	-	-	-
Cintas Corporation #2	5,206,340	8	0.48%	-	-	-	-	-
H.J. Heinz/Portion Pac	5,099,693	9	0.47%	-	3,885,070	7	-	-
Health Alliance	4,967,984	10	0.46%	-	-	-	-	-
United Telephone Company	-	-	-	-	4,228,700	5	0.88%	-
Deerfield Manufacturing	-	-	-	-	3,911,520	6	0.81%	-
Drees Company	-	-	-	-	3,820,550	8	0.80%	-
Mason Joint Venture PLL	-	-	-	-	3,557,280	9	0.74%	-
Buckeye Steel Castings	-	-	-	-	3,355,140	10	0.70%	-
All Others	992,060,994	-	91.45%	-	422,123,132	-	87.84%	-
Total Assessed Valuation	\$1,084,854,140		100%		\$480,537,743		100%	

Source: Warren County Auditor's Office

Table 10

**City of Mason
Property Tax Levies and Collections
Real, Public Utility and Tangible Personal Property
Last Ten Fiscal Years**

Tax Year:	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007
Fiscal Year:	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Current Tax Levy	\$949,077	\$3,569,426	\$4,007,289	\$4,865,120	\$5,241,254	\$5,508,483	\$6,682,436	\$6,932,404	\$6,803,940	\$7,010,538
Current Tax Collections	933,999	3,495,198	3,914,640	4,789,569	5,000,981	5,401,874	6,330,702	6,657,907	6,580,586	6,813,112
Percent of Levy Collected	98.41%	97.92%	97.69%	98.45%	95.42%	98.06%	94.74%	96.04%	96.72%	97.18%
Delinquent Tax Collections	11,261	57,416	64,478	130,292	47,448	294,933	123,183	167,596	125,232	221,301
Total Tax Collections	945,260	3,552,614	3,979,118	4,919,861	5,048,429	5,696,807	6,453,885	6,825,503	6,705,818	7,034,413
Ratio of Total Tax Collections to Current Taxes Levied	99.60%	99.53%	99.30%	101.13%	96.32%	103.42%	96.58%	98.46%	98.56%	100.34%

Source: Warren County Auditor's Office

Table 11

**City of Mason
Special Assessment Billings and Collections
Last Ten Fiscal Years**

Tax Year	Current Assessments		Current Assessments Collected		Ratio of Collection To Amount Billed
	Billings		Collected		
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%
2004	135,244		124,578		92.11%
2005	109,086		93,272		85.50%
2006	89,047		81,902		91.98%

Tax Year 2007 is billed and due in 2008

Source: Warren County Auditor's Office

Table 12

**City of Mason
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities											Total Governmental Activities			
	General Obligation Bonds		Bond Anticipation Notes		Tax Increment Financing		Certificates of Participation		Special Assessments Bonds		Installment Loan		Capital Leases		
	Bonds	Notes	Bonds	Notes	Financing	Participation	Participation	Bonds	Bonds	Loan	Leases		Leases	Income(1)	Per Capita(1)
1998	\$5,155,000	\$450,000	\$0	\$0	\$0	\$0	\$0	\$1,601,000	\$173,438	\$1,861,896	\$9,241,334				
1999	4,920,000	4,530,000	600,000	0	0	0	0	1,445,000	0	1,571,763	13,066,763				
2000	4,725,000	5,280,000	1,735,000	0	0	0	0	1,281,000	0	1,267,039	14,288,039				
2001	4,505,000	9,650,000	1,435,000	24,020,000	23,455,000	22,875,000	21,650,000	1,121,000	0	958,811	41,689,811				
2002	4,275,000	8,400,000	2,415,000	2,430,000	2,430,000	22,275,000	21,005,000	963,000	0	659,323	40,167,323				
2003	4,045,000	5,700,000	3,450,000	3,405,000	3,405,000	21,650,000	20,335,000	816,000	0	379,161	36,245,161				
2004	3,845,000	9,700,000	3,405,000	3,350,000	3,350,000	20,335,000	0	684,000	0	155,420	40,109,420				
2005	3,640,000	9,400,000	3,405,000	3,350,000	3,350,000	20,335,000	0	551,000	0	0	38,646,000				
2006	3,425,000	19,700,000	3,350,000	3,265,000	3,265,000	20,335,000	0	455,000	0	0	47,935,000				
2007	3,200,000	20,350,000	3,265,000	3,265,000	3,265,000	20,335,000	0	358,000	0	0	47,508,000				

Fiscal Year	Business-Type Activities						Total Business-Type Activities	Percentage of Personal Income(1)	Per Capita(1)
	Mortgage Revenue Bonds		Bond Anticipation Notes		Special Assessments Bonds				
	Bonds	Notes	Bonds	Notes	Bonds	Bonds			
1998	\$15,505,000	\$250,000	\$66,000	\$15,821,000	\$25,062,334	\$1,307	4.97%	\$1,307	
1999	15,055,000	0	64,000	15,119,000	28,185,763	1,336	4.76%	1,336	
2000	14,845,000	0	61,000	14,906,000	29,194,039	1,326	4.56%	1,326	
2001	14,090,000	0	58,000	14,148,000	55,837,811	2,308	7.57%	2,308	
2002	6,690,000	0	55,000	6,745,000	46,912,323	1,808	5.82%	1,808	
2003	6,445,000	0	52,000	6,497,000	42,742,161	1,567	4.92%	1,567	
2004	36,745,000	0	49,000	36,794,000	76,903,420	2,741	8.46%	2,741	
2005	35,765,000	3,165,000	46,000	38,976,000	77,622,000	2,691	7.97%	2,691	
2006	34,973,698	2,115,000	42,000	37,130,698	85,065,698	2,896	8.28%	2,896	
2007	33,745,000	11,010,000	38,000	44,793,000	92,301,000	3,068	8.44%	3,068	

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics on Table 18 for personal income and population data.

Table 13

**City of Mason
Ratios of Net General Bonded Debt Outstanding
To Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years**

Fiscal Year	Population(1)	Assessed Value (2)	General		Less Debt Service Fund (4)	Net General Bonded Debt	Ratio of Net Bonded Debt to Assessed Value		Net Bonded Debt Per Capita
			Bonded Debt (3)	Bonded Debt (3)			Bonded Debt to Assessed Value	Bonded Debt to Assessed Value	
1998	19,182	\$480,537,743	\$5,155,000	\$5,155,000	\$25,966	\$5,129,034	1.07%		\$267
1999	21,097	562,626,397	4,945,000	4,945,000	8,566	4,936,434	0.88%		234
2000	22,016	710,086,410	4,725,000	4,725,000	138,702	4,586,298	0.65%		208
2001	24,188	793,522,729	4,505,000	4,505,000	230,472	4,274,528	0.54%		177
2002	25,947	847,756,510	4,275,000	4,275,000	302,523	3,972,477	0.47%		153
2003	27,276	933,884,870	4,045,000	4,045,000	428,899	3,616,101	0.39%		133
2004	28,054	978,702,410	3,845,000	3,845,000	484,775	3,360,225	0.34%		120
2005	28,847	987,933,647	3,640,000	3,640,000	335,757	3,304,243	0.33%		115
2006	29,376	1,098,446,377	3,425,000	3,425,000	52,975	3,372,025	0.31%		115
2007	30,084	1,084,854,140	3,200,000	3,200,000	89,826	3,110,174	0.29%		103

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

- (1) U.S. Census Bureau Estimate for 2006: City of Mason Planning and Economic Development
- (2) Assessed Value from Warren County Auditor's Office
- (3) Does not include Bond Anticipation Notes or Special Assessment debt with governmental commitment.
- (4) Does not include debt service fund balances for Special Assessment debt with governmental commitment.

Table 14

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

Fiscal Year	Principal	Interest(2)	Total Debt Service	Total General Government Expenditures	Ratio of Debt Service To General Government Expenditures
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%
2005	205,000	153,317	358,317	8,186,487	4.38%
2006	215,000	159,260	374,260	8,101,110	4.62%
2007	225,000	150,768	375,768	8,179,399	4.59%

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 15

City of Mason
Direct and Overlapping Governmental Activities Debt
As of December 31, 2007

	Net General Obligations Bonded Debt Outstanding	Percentage Applicable to City	Amount Applicable to City
City of Mason	\$34,560,000	100.00%	\$34,560,000
Warren County	248,465	18.21%	45,245
Lebanon City School District	44,794,951	0.30%	134,385
Mason City School District	156,205,000	57.76%	90,224,008
Kings Local School District	56,883,182	11.64%	6,621,202
Great Oaks Careec Center Joint Vocational School	9,070,000	5.16%	468,012
Deerfield Township	16,280,000	0.23%	37,444
		Total:	\$132,090,297

Source: Ohio Municipal Advisory Council

Table 16

**City of Mason
Legal Debt Margin Information
Last Ten Fiscal Years**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total Debt Limit (1)										
Total Debt Limit (10.5%)	\$50,456,463	\$59,075,772	\$74,559,073	\$83,319,887	\$89,014,434	\$98,057,911	\$102,763,753	\$103,733,033	\$115,336,870	\$113,909,685
Total Net Debt Applicable to Limits	5,880,966	5,663,566	9,843,997	6,009,528	6,387,477	9,301,101	13,060,225	12,704,243	25,187,025	34,470,174
Legal Debt Limit Margin	\$44,575,497	\$53,412,206	\$64,715,076	\$77,310,359	\$82,626,957	\$88,756,810	\$89,703,528	\$91,028,790	\$90,149,845	\$79,439,511
Total Net Debt Applicable to the Limit as a Percentage of Total Debt Limit	11.66%	9.59%	13.20%	7.21%	7.18%	9.49%	12.71%	12.25%	21.84%	30.26%
Total Unvoted Debt Limit (1)										
Total Unvoted Debt Limit (5.5%)	26,429,576	30,944,452	39,054,753	43,643,750	46,626,608	51,363,668	53,828,633	54,336,351	60,414,551	59,666,978
Total Net Debt Applicable to Limits	5,880,966	5,663,566	9,843,997	6,009,528	6,387,477	9,301,101	13,060,225	12,704,243	25,187,025	34,470,174
Legal Unvoted Debt Limit Margin	\$20,548,610	\$25,280,886	\$29,210,756	\$37,634,222	\$40,239,131	\$42,062,567	\$40,768,408	\$41,632,108	\$35,227,526	\$25,196,804
Total Net Debt Applicable to the Limit as a Percentage of Total Unvoted Debt Limit	22.25%	18.30%	25.21%	13.77%	13.70%	18.11%	24.26%	23.38%	41.69%	57.77%
Legal Debt Margin Calculation for Fiscal Year 2007										
			Total Debt Limit				Total Unvoted Debt Limit			
	Net assessed valuation		\$1,084,854,140		Statutory legal debt limitation (1)		\$1,084,854,140		5.5%	
	Total debt limitation		\$113,909,685				\$59,666,978			
	Debt applicable to limit:				Debt applicable to limit(2)		34,560,000		34,560,000	
	Less: applicable debt service fund amounts(3)		(89,826)		Total net debt applicable to limit		34,470,174		(89,826)	
	Legal debt margin		\$79,439,511				\$25,196,804			

- (1) Direct debt limitation based upon Section 133, the Uniform Bond Act of the Ohio Revised Code. Total debt limit should not exceed 10.5% of net assessed property value. Total unvoted debt limit should not exceed 5.5% of net assessed property value.
- (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 17

**City of Mason
Pledged-Revenue Coverage
Last Ten Fiscal Years**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Sewer Fund Bond Coverage:										
Operating Revenue	\$5,324,578	\$6,082,820	\$5,775,367	\$5,490,698	\$5,532,399	\$5,858,754	\$5,385,198	\$5,297,841	\$5,351,189	\$5,529,145
Operating Expenses	1,230,354	1,417,723	1,647,272	1,659,929	1,586,898	1,688,635	1,166,731	2,195,817	2,431,976	2,620,680
Net Available for Debt Service	4,094,224	4,665,097	4,128,095	3,830,769	3,945,501	4,170,119	4,218,467	3,102,024	2,919,213	2,908,465
Debt Service Requirements:										
Revenue Bonds:										
Principal	190,000	200,000	210,000	220,000	230,000	245,000	1,360,000	980,000	1,000,000	1,020,000
Interest	443,670	423,399	425,430	415,388	404,140	391,212	1,209,372	1,585,295	1,565,695	1,545,695
Total Debt Service Requirement	\$633,670	\$623,399	\$635,430	\$635,388	\$634,140	\$636,212	\$2,569,372	\$2,565,295	\$2,565,695	\$2,565,695
Coverage	6.46	7.48	6.50	6.03	6.22	6.55	1.64	1.21	1.14	1.13

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Sewer operating revenue does not include investment earnings or capital grants and contributions.

Table 18

**City of Mason
Demographic and Economic Statistics
December 31, 2007**

Year	Area (Square Miles)	Population (1)	Estimated Personal Income(2)	Per Capita Personal Income(3)	Median Age(4)	School Enrollment(5)	Unemployment Rates(6)		
							Warren County	Ohio	United States
1998	17.5	19,182	\$504,467,418	\$26,299		5,364	2.9%	4.3%	4.5%
1999	17.5	21,097	591,939,626	28,058		6,100	3.0%	4.0%	4.1%
2000	17.5	22,016	639,718,912	29,057	34.5	6,711	2.9%	3.9%	4.0%
2001	17.5	24,188	737,153,488	30,476	34.5	7,411	3.3%	4.8%	5.8%
2002	17.5	25,947	805,810,032	31,056	34.5	7,363	4.0%	5.3%	6.0%
2003	17.5	27,276	868,440,564	31,839	34.5	8,003	3.1%	5.5%	5.7%
2004	17.9	28,054	908,977,654	32,401	34.5	8,635	4.0%	5.9%	5.4%
2005	18.0	28,847	973,817,026	33,758	34.5	9,731	4.4%	5.9%	4.9%
2006	18.0	29,376	1,027,014,336	34,961	34.5	10,269	4.2%	5.4%	4.3%
2007	18.4	30,084	1,094,034,744	36,366	34.5	10,681	4.7%	5.8%	4.8%

(1) U.S. Census Bureau Estimate for 2006: City of Mason Planning and Economic Development

(2) Population estimate times per capita person income

(3) U.S. Department of Commerce, Bureau of Economic Analysis for the Cincinnati Metropolitan Statistical Area

(4) U.S. Census Bureau 2000 census

(5) Mason City Schools

(6) Ohio Department of Job & Family Services, Office of Workforce Development, Bureau of Labor Market Information, seasonally adjusted. Information only available for Warren County

Table 19

**City of Mason
Principal Employers
December 31, 2007**

<u>Employer</u>	<u>Business Activity</u>	<u>Full-time Employees</u>
Procter & Gamble Company	Healthcare research	2,100
Cintas Corporation	Professional uniforms	1,800
Luxottica (Lenscrafters)	Eyewear and lens	1,586
Mason City Schools	Local school district	919
Blackhawk Automotive	Plastic molding	512
H.J. Heinz/Portion Pac	Portion-controlled condiments	486
L3 Cincinnati Electronics	Aerospace and defense industry electronics	463
Mitsubishi Electric	Automotive electrical components	423
J.W. Harris	Brazing, soldering and welding alloys	252
W/S Packaging-Superior Label	Print pressured sensitive labels	215

<u>Employer</u>	<u>Business Activity</u>	<u>Income Tax Withholding Raking(1)</u>
Procter & Gamble Company	Healthcare research	1
Luxottica (Lenscrafters)	Eyewear and lens	2
Cintas Corporation	Professional uniforms	3
Mason City Schools	Local school district	4
L3 Cincinnati Electronics	Aerospace and defense industry electronics	5
Mitsubishi Electric	Automotive electrical components	6
Kings Island	Amusement park	7
Blackhawk Automotive	Plastic molding	8
H.J. Heinz/Portion Pac	Portion-controlled condiments	9
Access Financial Services	Financial services	10

Source: Full-time employees from City of Mason Economic Development
Income tax withholding raking from City of Mason Income Tax

(1) State law and city income tax ordinance prohibits the release of income tax information. The withholding amount could not be provided.

Table 20

**City of Mason
Full-time City of Mason Employee by Function
Last Ten Fiscal Years**

Full-time position at December 31	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
City Administration	6	6	6	9	9	9	9	10	10	10
Council	1	1	1	1	1	1	1	1	1	1
Engineering	8	8	9	9	10	10	10	10	12	12
Facility					1	1	1	1	1	1
Finance	5	5	7	7	8	9	10	10	10	10
Municipal Court	8	9	9	10	15	18	24	22	22	22
Public Safety										
Police										
Officers	25	28	28	35	36	36	36	38	38	40
Non-sworn	2	2	2	3	4	4	4	6	6	7
Fire (1)	8	8	9	9	15	15	15	23	32	32
Leisure Time Activities	6	6	8	9	17	18	18	19	20	21
Community Development										
Planning	1	1	1	1	1	1	1	1	1	1
Building Inspection	4	4	4	4	4	4	4	4	4	4
Economic Development	1	2	2	2	2	2	3	3	3	4
Basic Utility Service	22	22	22	20	15	15	15	15	15	15
Billing	3	3	3	3	1	1	1	1	1	1
Stormwater				1	1	1	1	1	1	1
Transportation and Street Repair	18	18	18	19	19	20	20	20	21	21
Total Full-Time Positions	118	123	129	142	159	165	173	185	198	203
Total Part-Time Positions	122	146	146	146	123	314	240	287	265	209

Source: City of Mason Annual Budget for full-time positions and City of Mason payroll for part-time positions

(1) Fire Department began as a City department in 1998.

N/A: Not available. Information not published in 1997.

Table 21

**City of Mason
Operating Indicators and Capital Asset Statistics
Last Ten Fiscal Years**

	Fiscal Years									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police Protection:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Marked Patrol Vehicles	14	21	23	23	21	19	19	19	19	21
Calls for Service	11,370	11,239	13,287	13,248	11,756	11,229	10,065	12,564	14,804	19,878
Moving Violation Citations	2,568	2,496	2,858	2,986	3,067	3,237	3,718	2,628	2,779	3,742
Arrests	711	471	637	287	613	560	711	611	739	851
Fire & Emergency Medical(1):										
Fire Responses	N/A	1,324	1,657	1,225	1,021	846	915	1,087	992	1,003
Emergency Medical Responses	N/A	1,948	2,156	1,939	2,114	2,268	2,077	2,287	2,257	2,704
Number of Stations	2	2	2	2	2	2	2	2	2	2
Number of Emergency Vehicles	17	18	18	18	19	19	17	17	17	19
Leisure Time Activities										
Parks	6	6	6	6	6	6	6	6	6	6
Park acreage (developed)	237	239	242	242	242	242	242	242	279	279
Swimming Pool	1	1	1	1	1	1	1	1	1	1
Community Center (opened in 2002)					1	1	1	1	1	1
Community Development										
Permits Issued	513	537	413	445	367	298	211	179	97	77
Utility Services										
Sanitary sewers (miles)	N/A	N/A	95	97	102	116	118	123	129	132
Storm sewers (miles)	N/A	N/A	61	67	72	78	80	84	87	91
Sewage Treatment capacity per day (million gallons)	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	8.67	8.67
Transportation & Street Repair										
Number of Streets (dedicated)	244	284	307	325	348	381	387	408	420	433
Lane Miles	281	320	327	329	329	339	341	341	343	351
Traffic Signals	18	23	28	32	34	34	36	39	40	40
Bike Paths (miles)	N/A	N/A	3	7	10	10	10	11	12	14

(1) The Fire Department became part of the City in 1998.
N/A Information not available.

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Mary Taylor, CPA
Auditor of State

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
AUGUST 14, 2008