

Comprehensive Annual Financial Report



**City of Mason
Mason, Ohio
December 31, 2001**



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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The Honorable Mayor and Members of the City Council
City of Mason
Mason, OH 45040

We have reviewed the Independent Auditor's Report of the City of Mason, Warren County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2001 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

August 21, 2002

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CITY OF MASON, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2001

Prepared by: Finance Department

Jennifer Heft
Finance Director

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Introductory Section

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City of Mason

"Commitment to Excellence in Public Service"

202 West Main Street
Mason, Ohio 45040-1699

(513) 398-8010
Fax (513) 459-8784

June 14, 2002

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, 2001. While there are no legal requirements for the preparation of this report, it represents a commitment by the City of Mason to conform to nationally recognized standards of excellence in financial reporting.

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



two years before the city is required to do so. This report reflects our continuing effort to disseminate clear and useful financial information to our users with the implementation of Statement 34.

The accompanying report consists of the following three parts:

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

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

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

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

HISTORY AND BACKGROUND

Mason has earned a reputation as a progressive, innovative community. We are located in the southwest portion of Ohio, 22 miles northeast of Cincinnati and 30 miles south of Dayton. We are the largest and fastest growing city in Warren County, and Warren County is the second fastest growing county in Ohio.

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

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

ECONOMIC CONDITIONS AND OUTLOOK

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

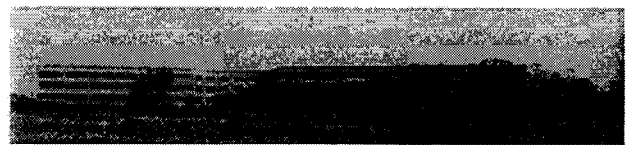
The city continues to attract quality companies that are relocating or expanding. In choosing Mason, companies cite prime location along the interstates, availability of land for development within established business parks, rising property values, the established core of high-tech businesses, available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

In the last twelve years, Mason has become home to numerous national companies and has one of the region's largest complements of international businesses. In an

effort to further enhance our foreign investment strategy, the city joined the Greater Cincinnati Chamber of Commerce Regional Marketing Partners group. Mason will begin with a three-year commitment as one of eleven members, and only the second city, to come together to make marketing and recruitment decisions for the Greater Cincinnati region.

Mason's industrial facilities employ an estimated 22,000 persons, approximately the same number as the city's nighttime population of 22,016. Three of the 10 largest employers in Warren County are located in Mason. Mason's 15 largest employers provide work for more than 9,000 persons and generate more than \$5.3 million annually in income tax revenue.

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



Lenscrafters' new corporate offices open in fall, 2002

New investments in 2001 amounted to \$121 million as 768,000 square feet of new corporate and industrial space were added, bringing over 1,400 new jobs to the community. LensCrafters North American corporate headquarters and Intelligrated corporate headquarters represent over \$50 million of that investment and will bring more than 1,200 jobs within the next three years.

The following projects were the largest new developments in the City of Mason for 2001:

Corporate Investment (new capital & payroll)

Luxottica / LensCrafters	\$90,000,000
Intelligrated Inc	\$15,100,000
Hi-Tek Manufacturing	\$ 5,875,000
Borden, Inc.	\$ 5,500,000
Vintner Select	\$ 1,470,000
AeroServe	\$ 1,455,000

Growth and development in the City of Mason will continue to exceed the average growth of the economy because of Mason's physical location, developable terrain, municipal facilities, services and utilities, and the progressive attitude and actions of city council, administration, and citizens. The city's taxable property

base and its economic base are strong due in part to the quality of life, which has attracted office development, industry, and citizens to Mason. Mason will maintain its focus on having a balanced tax base with viable commercial and industrial businesses to complement a growing residential base.

MAJOR INITIATIVES

For the Year 2001

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

Four major events occurred in 2001 that position the city for future economic growth and improvement:

New Municipal Center

The new Municipal Center will provide residents and employees with a new city landmark while allowing us to better serve our residents with a single service window, greater accessibility, and consolidation of most offices into one building. Planning for the new facility began in November 1999 and continues to involve the many employees who serve on subcommittees to facilitate the planning and construction process. We continue to remain on schedule to occupy the new facility is September, 2002.

Stormwater Utility

New federal regulations require communities the size of Mason to adopt a more aggressive plan for stormwater management. Under the guidance of a Stormwater Advisory Committee composed of city engineers and Mason residents, businesses, civic organizations, and other community stakeholders, a new stormwater utility was developed. City Council authorized the start of the utility in October, 2001.

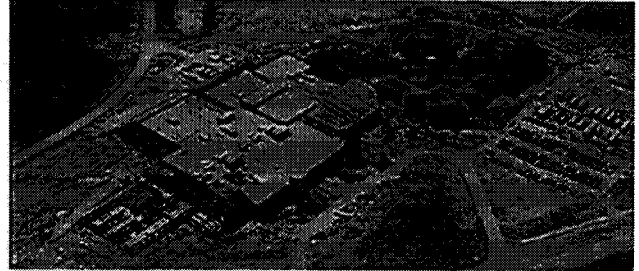
Transfer of Water Operations

Building upon a successful working agreement with Greater Cincinnati Water Works (GCWW) that began in 1999, the City of Mason has satisfied the long-term needs for a plentiful supply of water at a reasonable cost by transferring the entire operations of the city's water system to GCWW. GCWW's larger service area, economies of scale, and their virtually unlimited supply of water from the Ohio River will allow them to provide

long-term service to Mason at a lower cost to customers than Mason could have accomplished.

In November 2001, Council approved a 35-year agreement with GCWW. The transfer of operations was completed on March 1, 2002.

New Community Center



In 2000, Mason School District voters approved a bond levy that would allow for the construction of a new \$72 million high school and community center. Through an innovative agreement between the city and the schools, the schools will build the facility and the city will operate it. Membership fees are expected to cover the operating costs. Construction is underway and the city looks forward to opening the center in early 2003.

Looking Ahead to the Future

Accomplishments to look forward to in 2002 include:

- the completion of six road improvement projects totaling approximately \$8 million
- water reclamation projects that include the design of a new, larger-capacity plant and sewer projects that will eliminate 3 lift stations, provide service to previously unserved areas of the city, and expand capacity in some areas to meet expected growth
- addressing a growing number of stormwater projects utilizing funds from the new stormwater utility
- water system improvements that include completion of improvements at the Water Treatment Plant, extension of a water main along Cedar Village Drive to increase flows to some areas of the city, and the design of a new water tower (to be turned over to GCWW for bidding and construction)

FINANCIAL INFORMATION

In developing and evaluating the city's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized user disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The

concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived, and that the evaluation of cost and benefits requires estimates and judgments by management.

Budgetary Controls

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

Financial reports, which compare actual performance with the budget, are prepared monthly and presented to the Council so the Council is able to review the financial status and measure the effectiveness of the budgetary controls. The city does maintain an informal monitoring system to facilitate budgetary control over proposed purchases. Essentially, the system entails the use of monthly computerized printouts which detail year-to-date actual versus budgeted expenditures comparisons of the various funds by budgeted line item. Encumbered amounts lapse at year end. However, encumbrances generally are reapportioned as part of the following year's budget. As part of this new financial reporting model, management is responsible for preparing a Management Discussion and Analysis of the City. This discussion follows this letter of



transmittal, providing an assessment of the City finances for 2001 and the outlook for the future.

Cash Management

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

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

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

Interest earned on investments in 2001 was \$2,628,333 of which \$1,596,253 is accounted for in the governmental funds and \$1,032,080 is accounted for in the proprietary funds.

Over the past twelve months, the city's total return on investments (net of fees) was 6.23%. This compares favorably with the most common industry benchmarks: Star Ohio, 4.13% and Treasury Bills, 5.21%. The yields are monitored on a monthly basis and when the point spread is sufficient to justify the loss of immediate liquidity and the absence of specific collateral pledged in the city's name, other types of authorized investments, collateralized as and if required, may be considered for the city's portfolio.

Risk Management

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

The Miami Valley Risk Management Association was formed in 1988 by a core group of Dayton, Ohio area municipalities that possessed professional administration, stable operations, and unusually good claims and loss experience. Since then, their marketing committee has sought out cities with similar characteristics. Currently, 15 other cities share membership with the City of Mason. The amount of each member's annual contribution for losses and operating costs is based upon a weighted average computation which includes a four year average of claims expenses and losses, population, the number of full time police officers, the number of other full-time employees, the number of titled vehicles, net operating expenditures, and the valuation of property requiring property damage coverage. Since the claim/loss factor is more heavily weighted than the others, cities that do well on loss prevention and claims experience represent a smaller portion of the overall risk factor and thus have lower contributions. Cities with higher than average losses will pay proportionately more for each year's loss computations. The Association's Kettering, Ohio office is staffed by a qualified full time executive director, claims manager, loss control manager, and an administrative assistant. The Association has been fully audited by the Ohio Department of Insurance, is a certified not-for-profit corporation, has a tax exempt status, and operates under bylaws and procedures established by the governing board composed of one trustee from each member city. A Comprehensive Annual Financial Report (CAFR) is prepared each year by the association.

When a claim is filed, the first \$2,500 of each loss is a deductible that is fully payable by the member city. Each property claim in excess of \$2,500 up to \$150,000 is paid by the pool, including the cost of settlement and legal defense. Each crime claim in excess of \$2,500 up to \$10,000 is paid by the pool. The limit is dependent on the type of claim, with a maximum of \$1,000,000 per occurrence. Each casualty/liability claim in excess of \$2,500, up to \$500,000, is paid by the pool, including the cost of settlement and legal defense. As of December 31, 2000, the Association had current assets of \$5,228,483, total assets of \$5,269,299, current liabilities of \$3,606,375, and no long-term liabilities.

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

Independent Audit

This report includes financial statements and supplemental schedules which have been audited by Plattenburg & Associates, Inc., a firm of independent Certified Public Accountants. The auditor's report of Plattenburg & Associates, Inc., specifies the scope of their audit, the use

of generally accepted auditing standards and the conformity of generally accepted accounting principles, and concludes that these financial statements present fairly the financial position of the city.

Certificate of Achievement

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

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

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

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

A Certificate of Achievement is valid for a period of one year only. Mason was awarded the Certificate of Achievement for our 1997, 1998, 1999 and 2000 CAFR. We believe our current report conforms to the Certificate of Achievement Program requirements, and it is being submitted to GFOA to determine its eligibility for an award.

Acknowledgment

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

of Plattenburg & Associates, Inc., for their dedicated service in the preparation of this comprehensive annual financial report.

Sincerely,

Scot Lahrmer
City Manager

Jennifer Heft
Finance Director

City of Mason

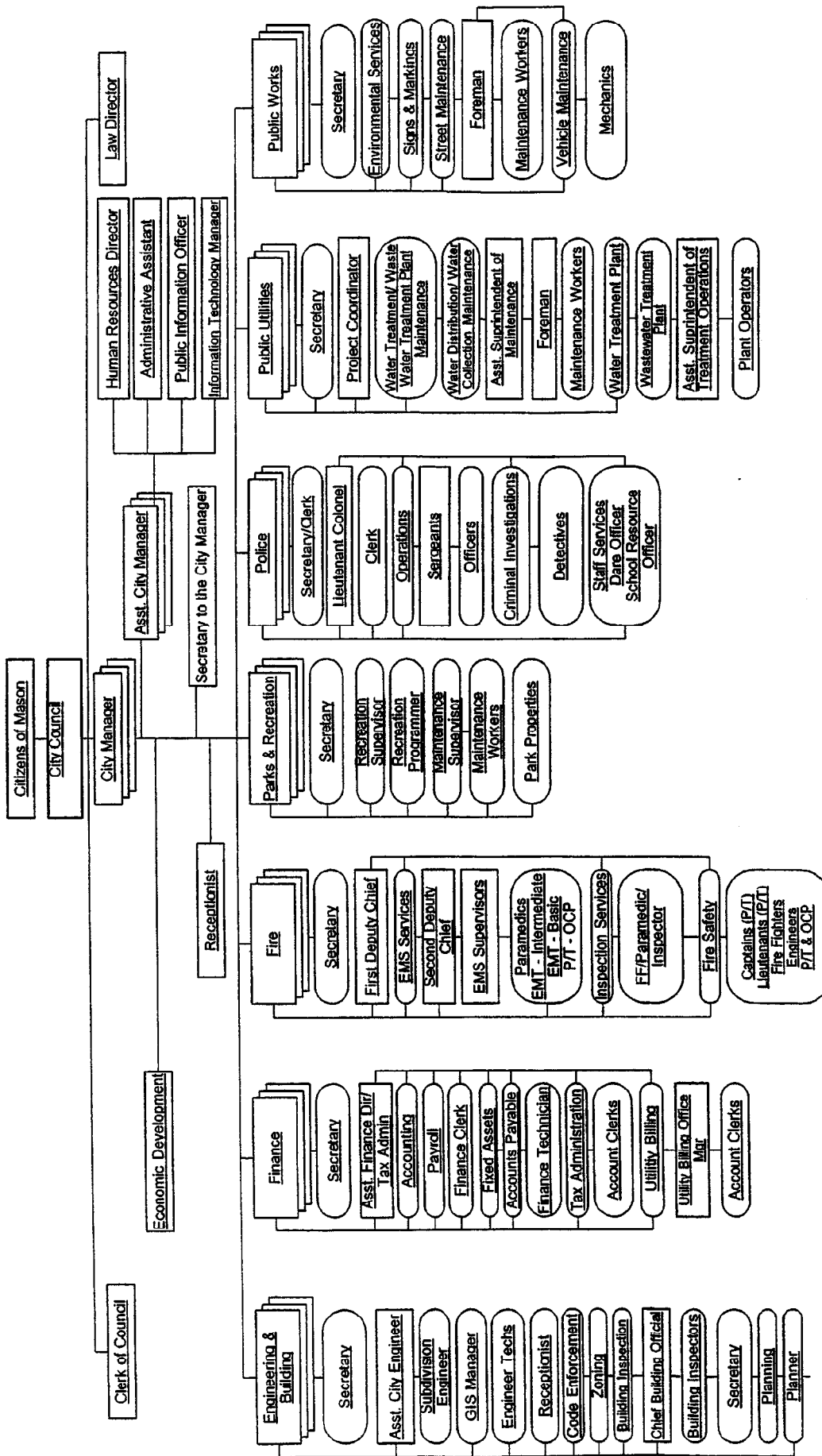
List of Principal Officials
December 31, 2001

ELECTED OFFICIALS

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

ADMINISTRATIVE OFFICIALS

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



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Mason,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2000

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



Timothy A. Brewer
President

Jeffrey L. Esser
Executive Director

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Financial Section

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June 14, 2002

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying basic financial statements of the City of Mason, Ohio, (the City) as of and for the year ended December 31, 2001, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the City of Mason, as of December 31, 2001, and the results of its operations and the cash flows of its proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in the Notes, during the year ended December 31, 2001, the City adopted Governmental Accounting Standards Board Statements 33, 34, 36, 37 and 38.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2002 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Required Supplementary Information

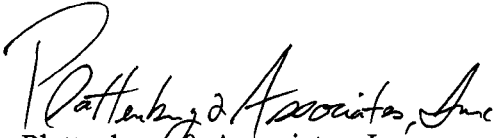
The Management's Discussion and Analysis and the budgetary information, listed in the table of contents as required supplementary information, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied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

Combining Financial Statements and Individual Fund Schedules

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

Introductory and Statistical Sections

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


Plattenburg & Associates, Inc.
Certified Public Accountants

City of Mason

Management's Discussion and Analysis
For The Year Ended December 31, 2001

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Mason's discussion and analysis of the annual financial reports provides a review of the financial performance for the fiscal year ending December 31, 2001.

FINANCIAL HIGHLIGHTS

- The City's total net assets increased \$25.3 million. Net assets of governmental activities increased \$17.5 million, net assets of business-type activities increased by \$7.8 million.
- The general fund reported a surplus of over \$4.0 million.
- Business-type operations reflected operating income of \$4.5 million.
- The City entered into a capital lease for a new municipal building. Additions to capital leases for the municipal building were \$24.4 million.

USING THIS ANNUAL FINANCIAL REPORT

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

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

REPORTING THE CITY AS A WHOLE

Statement of Net Assets and the Statement of Activities

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

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

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the City's major funds is presented later in the Management's Discussion and Analysis section. Fund financial statements provide detailed information about the City's major funds - not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Finance Director, with approval of council, to help control, manage and report money received for a particular purpose or to show that the City is meeting legal responsibilities for use of grants. The City's major funds are General, Fire and Emergency Medical Service, Mason-Montgomery Road Improvement, and Government Center Reserve.

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

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

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

THE CITY AS A WHOLE

As stated previously, the Statement of Net Assets looks at the City as a whole. This is the first year for government-wide financial statements using the full accrual basis of accounting. Therefore, comparisons with prior years are not presented. Table 1 provides a summary of the City's net assets at year-end.

Table 1
Net Assets
(In Millions)

	Governmental Activities <u>2001</u>	Business-Type Activities <u>2001</u>	Total <u>2001</u>
Assets			
Current And Other Assets	\$56.8	\$ 18.1	\$ 74.9
Capital Assets, Net	<u>41.5</u>	<u>83.8</u>	<u>125.3</u>
Total Assets	<u>98.3</u>	<u>101.9</u>	<u>200.2</u>
Liabilities			
Current and Other Liabilities	17.7	1.1	18.8
Long-Term Liabilities:			
Due within One Year	1.3	0.6	1.9
Due in More Than One Year	<u>31.6</u>	<u>13.7</u>	<u>45.3</u>
Total Liabilities	<u>50.6</u>	<u>15.4</u>	<u>66.0</u>
Net Assets			
Invested in Capital Assets Net of Debt	19.1	69.7	88.8
Restricted:			
Debt Services	2.6	0.0	2.6
Capital Projects	8.1	0.0	8.1
Other Purposes	2.0	0.0	2.0
Unrestricted	<u>15.9</u>	<u>16.8</u>	<u>32.7</u>
Total Net Assets	<u>\$ 47.7</u>	<u>\$ 86.5</u>	<u>\$134.2</u>

Table 2 shows the changes in net assets at year-end. Since this is the first year the City has prepared financial statements following GASB Statement 34, revenue and expense comparisons to the prior year are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

Table 2
Changes in Net Assets
(In Millions)

	Governmental Activities <u>2001</u>	Business-Type Activities <u>2001</u>	Total <u>2001</u>
Revenues			
Program Revenues:			
Charges for Services	\$2.6	\$11.7	\$14.3
Operating Grants, Contributions	1.5	0.0	1.5
Capital Grants and Contributions	<u>4.8</u>	<u>3.1</u>	<u>7.9</u>
Total Program Revenues	<u>8.9</u>	<u>14.8</u>	<u>23.7</u>
General Revenues:			
Property Taxes	5.0	0.0	5.0
Income Taxes	13.2	0.0	13.2
Grants and Entitlements	2.7	0.0	2.7
Investment Earnings	1.6	1.0	2.6
Refunds & Reimbursements	0.3	0.0	0.3
Transfers-Internal Activities	<u>(0.3)</u>	<u>0.3</u>	<u>0.0</u>
Total General Revenues	<u>22.5</u>	<u>1.3</u>	<u>23.8</u>
Total Revenues	<u>31.4</u>	<u>16.1</u>	<u>47.5</u>
Program Expenses:			
General Government	\$4.7	\$0.0	\$4.7
Public Safety	4.0	0.0	4.0
Leisure Time Activities	1.5	0.0	1.5
Community Development	0.5	0.0	0.5
Basic Utility Service	0.2	0.0	0.2
Transportation & Street Repair	1.7	0.0	1.7
Interest and Fiscal Charges	1.3	0.0	1.3
Water	0.0	4.2	4.2
Sewer	0.0	2.8	2.8
Waste Collection	0.0	0.9	0.9
Stormwater Utility	<u>0.0</u>	<u>0.4</u>	<u>0.4</u>
Total Expenses	<u>13.9</u>	<u>8.3</u>	<u>22.2</u>
Increase (Decrease) in Net Assets	<u>\$17.5</u>	<u>\$ 7.8</u>	<u>\$ 25.3</u>

Governmental Activities

Council is commended for promoting economic growth in Mason in 2001, as this economic growth does increase the earnings tax base as well. Mason has continued attracting large-scale employers to our city in the year 2001, thereby injecting the local economy with jobs and increasing the City's commercial tax base. The 1.00% income tax is the largest source of revenue for the City. Revenues generated by the earnings tax represent more than 67% of the

City's total general fund revenues. Since 1992, earnings tax revenue averaged an annual increase of 17.9%. During 2001, when most communities were faced with budget cuts do to the economic downturn of the economy, the City's 2001 earnings tax revenues increased approximately 6% over 2000 tax revenues. Over 60% of the earnings tax collected is derived from employees who work for companies located in Mason.

Program expenses for 2001 were as follows:	General Government	33.5%
	Public Safety	29.1%
	Leisure Time Activities	11.1%
	Community Development	3.3%
	Basic Utility Service	1.7%
	Transportation & Street Repair	12.2%
	Interest and Fiscal Charges	<u>9.1%</u>
	Total	<u>100.0%</u>

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

Business-Type Activities

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

Water – In the early 1990's the City began exploring several options for obtaining additional supplies of water. This prompted by studies that projected that the Shaker Creek Aquifer, which the City had relied upon as our water source, was not large enough to provide water to meet the maximum demands that would be placed upon the system by the year 2001. The most cost effective method for obtaining additional water was to contract with the City of Cincinnati's Greater Cincinnati Water Works (GCWW). In 1999, the City entered into an agreement with GCWW, for the purchase of up to 5 million gallons of water each day. Residents living in the "South Service Area" received their water from GCWW, although the City operated the system.

In 2000, once again recognizing a growing need for additional water in the South Service Area, the City began discussions with GCWW to add a second connection. The result of those discussions was a proposal for the entire operations of the water system to be transferred to GCWW, as part of a retail water services agreement. As of December 31, 2001, the City was continuing negotiations with GCWW with a proposed transition date of March 1, 2002.

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

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

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

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

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

In addition, in July 2001, Council authorized a contract with Finkbeiner, Pettis & Strout, Inc., for design services of the proposed plant relocation. Construction of the plant will begin in 2003 with completion estimated in the Fall of 2004.

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

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

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

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

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

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

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

THE CITY'S FUNDS

Information about the City's major governmental funds is presented in the Fund Financial Statements (See table of contents). These funds are reported using the modified accrual basis of accounting. All Governmental funds had total revenues of \$26.5 million and expenditures of \$31.0 million. The majority of excesses of expenses over revenues are attributed to the capital expenditures for the widening of Mason Montgomery road and construction of a new municipal center. Within the General fund revenues exceeded expenditures by \$6.1 million; and within the Fire and Emergency Services Fund revenues exceeded expenditures by \$822,309.

General Fund Budgeting Highlights

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

As the City completed the year, its General Fund balance reported an actual fund balance of \$2,315,373, on a Non-GAAP Budgetary Basis. This represents an increase of 263% over the 2000 actual fund balance (excluding prior year encumbrances appropriated).

Variations from original amounts budgeted are primarily due to Council's desire to fund the start-up costs of the new stormwater utility with a \$525,000 transfer from the General Fund, the purchase of property and to advance funds to the new Community Center as part of the contractual agreement with Mason City Schools.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table 3
Capital Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Land	\$9.4	\$ 8.5	\$ 4.6	\$ 1.7	\$ 14.0	\$10.2
Building and Improvements	7.7	3.8	30.2	27.5	37.9	31.3
Machinery and Equipment	7.0	4.9	2.0	2.1	9.0	7.0
Infrastructure	4.1	0.0	50.5	47.4	54.6	47.4
Construction in Progress	17.3	7.2	15.7	12.5	33.0	19.7
Accumulated Depreciation	<u>(4.1)</u>	<u>(3.3)</u>	<u>(19.2)</u>	<u>(17.1)</u>	<u>(23.3)</u>	<u>(20.4)</u>
Totals	<u>\$ 41.4</u>	<u>\$ 21.1</u>	<u>\$ 83.8</u>	<u>\$ 74.1</u>	<u>\$ 125.2</u>	<u>\$ 95.2</u>

Increases in Capital Assets were the result of the City constructing a new Municipal facility.

Debt

At year-end the City had \$7.4 million in unvoted general obligation and special assessment bonds.

Table 4
Outstanding Debt at Year End

	<u>Governmental Activity</u>	
	<u>2001</u>	<u>2000</u>
Unvoted General Obligation Bonds:		
Special Assessment Utility Bonds	\$58,000	\$61,000
Various Purpose Special Assessment Bonds	1,121,000	1,281,000
Various Purpose General Obligation Bonds	<u>6,240,000</u>	<u>6,460,000</u>
Total	<u>\$7,419,000</u>	<u>\$7,802,000</u>

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

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

The City's overall legal debt margin was \$25,116,490 at year-end.

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

CONTACTING THE CITY'S FINANCE DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Finance Director, City of Mason, 202 West Main Street, Mason, Ohio 45040.

City of Mason
Statement of Net Assets
December 31, 2001

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$22,337,637	\$14,773,339	\$37,110,976
Restricted Cash and Investments	20,241,602	1,585,238	21,826,840
Receivables:			
Taxes	8,877,871	0	8,877,871
Accounts	324,075	1,438,225	1,762,300
Intergovernmental	2,262,069	0	2,262,069
Loans	4,812	0	4,812
Special Assessments	1,935,816	0	1,935,816
Interest	321,404	204,135	525,539
Deferred Bond Issuance Costs	566,475	0	566,475
Inventory	19,988	14,757	34,745
Nondepreciable Capital Assets	26,771,208	20,308,284	47,079,492
Depreciable Capital Assets, Net	14,686,061	63,527,220	78,213,281
Total Assets	98,349,018	101,851,198	200,200,216
Liabilities:			
Accounts Payable	1,504,787	612,536	2,117,323
Accrued Wages & Benefits	529,697	82,744	612,441
Retainage Payable	559,895	318,333	878,228
Deferred Revenue	5,109,869	0	5,109,869
Accrued Interest Payable	277,271	70,446	347,717
Claims Payable	62,665	0	62,665
General Obligation Notes Payable	9,650,000	0	9,650,000
Long-Term Liabilities:			
Due Within One Year	1,256,870	554,357	1,811,227
Due In More Than One Year	31,614,435	13,700,812	45,315,247
Total Liabilities	50,565,489	15,339,228	65,904,717
Net Assets:			
Invested in Capital Assets, Net of Related Debt	19,155,677	69,687,504	88,843,181
Restricted for:			
Debt Service	2,630,556	0	2,630,556
Capital Projects	8,075,940	0	8,075,940
Other Purposes	2,067,877	0	2,067,877
Unrestricted	15,853,479	16,824,466	32,677,945
Total Net Assets	\$47,783,529	\$86,511,970	\$134,295,499

See accompanying notes.

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City of Mason
Statement of Activities
For the Fiscal Year Ended December 31, 2001

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$4,651,491	\$1,053,973	\$16,148	\$51,249
Public Safety	4,033,646	266,973	98,184	0
Leisure Time Activities	1,533,017	373,155	0	0
Community Development	471,327	592,164	4,812	0
Basic Utility Service	231,186	236,108	0	0
Transportation & Street Repair	1,668,159	78,577	1,388,511	4,707,515
Interest and Fiscal Charges	1,277,293	3,022	0	0
Total Governmental Activities	13,866,119	2,603,972	1,507,655	4,758,764
Business-Type Activities:				
Water	4,215,342	5,033,091	0	903,642
Sewer	2,838,752	5,490,698	0	645,807
Waste Collection	864,591	877,648	0	0
Stormwater Utility	418,590	309,138	0	1,516,891
Total Business-Type Activities	8,337,275	11,710,575	0	3,066,340
Totals	\$22,203,394	\$14,314,547	\$1,507,655	\$7,825,104

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

Total General Revenues & Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$3,530,121)	\$0	(\$3,530,121)
(3,668,489)	0	(3,668,489)
(1,159,862)	0	(1,159,862)
125,649	0	125,649
4,922	0	4,922
4,506,444	0	4,506,444
(1,274,271)	0	(1,274,271)
<u>(4,995,728)</u>	<u>0</u>	<u>(4,995,728)</u>
0	1,721,391	1,721,391
0	3,297,753	3,297,753
0	13,057	13,057
0	1,407,439	1,407,439
<u>0</u>	<u>6,439,640</u>	<u>6,439,640</u>
<u>(\$4,995,728)</u>	<u>\$6,439,640</u>	<u>\$1,443,912</u>
13,244,640	0	13,244,640
1,244,776	0	1,244,776
3,250,009	0	3,250,009
487,903	0	487,903
69,931	0	69,931
2,686,346	0	2,686,346
1,554,128	1,032,080	2,586,208
299,756	0	299,756
(328,000)	328,000	0
<u>22,509,489</u>	<u>1,360,080</u>	<u>23,869,569</u>
17,513,761	7,799,720	25,313,481
<u>30,269,768</u>	<u>78,712,250</u>	<u>108,982,018</u>
<u>\$47,783,529</u>	<u>\$86,511,970</u>	<u>\$134,295,499</u>

City of Mason
Balance Sheet
Governmental Funds
December 31, 2001

	General	Fire and Emergency Medical Service	Mason-Montgomery Road Improvement	Government Center Reserve
Assets:				
Equity in Pooled Cash and Investments	\$6,775,240	\$1,143,625	\$2,183,874	\$0
Restricted Cash and Investments	0	0	0	19,837,690
Receivables:				
Taxes	5,387,871	3,050,000	0	0
Accounts	129,825	182,742	0	0
Intergovernmental	1,523,690	93,653	0	0
Loans	0	0	0	0
Special Assessments	0	0	0	0
Interest	97,133	15,713	30,005	14,000
Inventory	0	0	0	0
Total Assets	13,913,759	4,485,733	2,213,879	19,851,690
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	483,846	13,684	221,099	0
Accrued Wages & Benefits	388,590	83,324	0	0
Compensated Absences	0	0	0	0
Retainage Payable	0	0	233,881	326,014
Deferred Revenue	3,274,928	3,268,445	7,745	0
Accrued Interest Payable	9,837	0	117,700	0
General Obligation Notes Payable	2,100,000	0	6,000,000	0
Total Liabilities	6,257,201	3,365,453	6,580,425	326,014
Fund Balances:				
Reserved for Encumbrances	3,921,914	133,817	1,437,762	0
Reserved for Inventory	0	0	0	0
Unreserved, Undesignated, Reported in:				
General Fund	3,734,644	0	0	0
Special Revenue Funds	0	986,463	0	0
Debt Service Funds	0	0	0	0
Capital Projects Funds	0	0	(5,804,308)	19,525,676
Total Fund Balances	7,656,558	1,120,280	(4,366,546)	19,525,676
Total Liabilities and Fund Balances	\$13,913,759	\$4,485,733	\$2,213,879	\$19,851,690

See accompanying notes.

Other Governmental Funds	Total Governmental Funds
\$11,867,635	\$21,970,374
403,912	20,241,602
440,000	8,877,871
11,508	324,075
644,726	2,262,069
4,812	4,812
1,935,816	1,935,816
159,507	316,358
19,988	19,988
<u>15,487,904</u>	<u>55,952,965</u>
786,158	1,504,787
15,736	487,650
4,382	4,382
0	559,895
2,867,239	9,418,357
30,406	157,943
<u>1,550,000</u>	<u>9,650,000</u>
<u>5,253,921</u>	<u>21,783,014</u>
3,668,461	9,161,954
19,988	19,988
0	3,734,644
4,479,584	5,466,047
279,290	279,290
1,786,660	15,508,028
<u>10,233,983</u>	<u>34,169,951</u>
<u>\$15,487,904</u>	<u>\$55,952,965</u>

City of Mason
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2001

Total Governmental Fund Balances	\$34,169,951
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.	41,457,269
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	4,308,488
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	309,644
Deferred bond issuance cost associated with long-term liabilities are not reported in the funds.	566,475
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.	<u>(33,028,298)</u>
Net Assets of Governmental Activities	<u>\$47,783,529</u>

See accompanying notes.

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City of Mason
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended December 31, 2001

	General	Fire and Emergency Medical Service	Mason-Montgomery Road Improvement	Government Center Reserve
Revenues:				
Taxes	\$14,740,584	\$3,250,009	\$0	\$0
Fines, Licenses & Permits	1,117,511	0	0	0
Intergovernmental	2,132,459	0	0	0
Special Assessments	0	0	0	0
Charges for Services	261,884	382,884	0	0
Investment Earnings	451,072	61,043	182,983	275,106
Other Revenues	515,152	8,841	0	0
Total Revenues	19,218,662	3,702,777	182,983	275,106
Expenditures:				
Current:				
General Government	4,286,353	0	0	0
Public Safety	2,767,907	748,567	0	0
Leisure Time Activities	1,324,854	0	0	0
Community Development	459,596	0	0	0
Basic Utility Service	236,812	0	0	0
Transportation & Street Repair	305,833	0	0	0
Capital Outlay	3,563,876	1,729,662	4,653,743	4,539,261
Debt Service:				
Principal Retirement	0	308,228	0	420,000
Interest and Fiscal Charges	143,817	94,011	117,700	1,023,092
Total Expenditures	13,089,048	2,880,468	4,771,443	5,982,353
Excess of Revenues Over (Under) Expenditures	6,129,614	822,309	(4,588,460)	(5,707,247)
Other Financing Sources (Uses):				
Proceeds of Capital Leases	0	0	0	24,440,000
Transfers In	200,000	0	0	792,923
Transfers (Out)	(2,275,000)	0	0	0
Total Other Financing Sources (Uses)	(2,075,000)	0	0	25,232,923
Net Change in Fund Balances	4,054,614	822,309	(4,588,460)	19,525,676
Fund Balances Beginning of Year	3,601,944	297,971	221,914	0
Change in Reserve for Inventory	0	0	0	0
Fund Balances End of Year	\$7,656,558	\$1,120,280	(\$4,366,546)	\$19,525,676

See accompanying notes.

Other Governmental Funds	Total Governmental Funds
\$557,805	\$18,548,398
288,338	1,405,849
1,105,273	3,237,732
227,899	227,899
303,678	948,446
626,049	1,596,253
14,539	538,532
<u>3,123,581</u>	<u>26,503,109</u>
266,699	4,553,052
164,381	3,680,855
0	1,324,854
7,732	467,328
0	236,812
1,010,293	1,316,126
2,115,470	16,602,012
380,000	1,108,228
<u>373,873</u>	<u>1,752,493</u>
<u>4,318,448</u>	<u>31,041,760</u>
<u>(1,194,867)</u>	<u>(4,538,651)</u>
0	24,440,000
1,875,000	2,867,923
<u>(920,923)</u>	<u>(3,195,923)</u>
<u>954,077</u>	<u>24,112,000</u>
(240,790)	19,573,349
10,472,324	14,594,153
<u>2,449</u>	<u>2,449</u>
<u>\$10,233,983</u>	<u>\$34,169,951</u>

City of Mason
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended December 31, 2001

Net Change in Fund Balances - Total Governmental Funds	\$19,573,349
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	20,360,536
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. This is the amount of the loss on the disposal of fixed assets. There were no proceeds.	(8,327)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	541,585
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	1,108,228
In the statement of activities, interest is accrued, whereas in governmental funds, an interest expenditure is reported when due.	(91,275)
Some expenses reported in the statement of activities, such as compensated absences and accrued wages and benefits, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(22,390)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.	(76,875)
Consumable inventory is reported using the purchase method on a modified accrual basis, but is reported using the consumption method for full accrual.	2,449
Proceeds from debt issues are another financing source in the funds, but a debt issue increases long-term liabilities in the statement of net assets.	(24,440,000)
Deferred bond issuance cost associated with long-term liabilities are not reported in the funds.	<u>566,475</u>
Change in Net Assets of Governmental Activities	<u><u>\$17,513,755</u></u>

See accompanying notes.

City of Mason
Statement of Net Assets
Proprietary Funds
December 31, 2001

	Business-Type Activities -Enterprise Funds					Governmental Activities- Internal Service Fund
	Water	Sewer	Waste Collection	Stormwater Utility	Total Business-Type Activities	
Assets:						
Equity in Pooled Cash and Investments	\$4,604,985	\$9,168,256	\$318,222	\$681,876	\$14,773,339	\$367,263
Restricted Cash and Investments	829,519	755,719	0	0	1,585,238	0
Receivables:						
Accounts	483,833	648,758	164,761	140,873	1,438,225	0
Interest	63,645	126,749	4,372	9,369	204,135	5,046
Inventory	3,021	11,736	0	0	14,757	0
Total Current Assets	5,985,003	10,711,218	487,355	832,118	18,015,694	372,309
Nondepreciable Capital Assets	9,661,429	10,630,598	0	16,257	20,308,284	0
Depreciable Capital Assets, Net	28,215,576	23,921,810	0	11,389,834	63,527,220	0
Total Assets	43,862,008	45,263,626	487,355	12,238,209	101,851,198	372,309
Liabilities:						
Current Liabilities:						
Accounts Payable	455,503	89,485	67,548	0	612,536	0
Accrued Wages & Benefits	31,825	47,104	1,667	2,148	82,744	0
Compensated Absences	10,405	18,548	1,542	862	31,357	0
Retainage Payable	214,771	103,562	0	0	318,333	0
Accrued Interest Payable	36,768	33,678	0	0	70,446	0
Claims Payable	0	0	0	0	0	62,665
Long-Term Liabilities Due Within One Year	293,000	230,000	0	0	523,000	0
Total Current Liabilities	1,042,272	522,377	70,757	3,010	1,638,416	62,665
Long-Term Liabilities:						
Compensated Absences	30,953	43,457	1,094	308	75,812	0
Bonds, Notes & Loans Payable	6,935,000	6,690,000	0	0	13,625,000	0
Total Liabilities	8,008,225	7,255,834	71,851	3,318	15,339,228	62,665
Net Assets:						
Invested in Capital Assets, Net of Related Debt	30,649,005	27,632,408	0	11,406,091	69,687,504	0
Unrestricted	5,204,778	10,375,384	415,504	828,800	16,824,466	309,644
Total Net Assets	\$35,853,783	\$38,007,792	\$415,504	\$12,234,891	\$86,511,970	\$309,644

See accompanying notes.

City of Mason
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended December 31, 2001

	Business-Type Activities -Enterprise Funds					Governmental Activities- Internal Service Fund
	Water	Sewer	Waste Collection	Stormwater Utility	Total Business-Type Activities	
Operating Revenues:						
Charges for Services	\$5,033,091	\$5,490,698	\$877,648	\$309,138	\$11,710,575	\$948,186
Total Operating Revenues	5,033,091	5,490,698	877,648	309,138	11,710,575	948,186
Operating Expenses:						
Personal Services	640,460	751,438	45,583	3,318	1,440,799	1,025,061
Contactual Services	1,545,410	595,326	807,939	270	2,948,945	0
Depreciation	1,066,785	755,372	0	415,002	2,237,159	0
Materials and Supplies	219,379	309,875	11,069	0	540,323	0
Other Expenses	37,097	3,290	0	0	40,387	0
Total Operating Expenses	3,509,131	2,415,301	864,591	418,590	7,207,613	1,025,061
Operating Income (Loss)	1,523,960	3,075,397	13,057	(109,452)	4,502,962	(76,875)
Non-Operating Revenues (Expenses):						
Investment Earnings	388,821	609,000	19,752	14,507	1,032,080	0
Interest (Expense)	(688,783)	(415,388)	0	0	(1,104,171)	0
Gain (Loss) on Disposal of Fixed Assets	(17,428)	(8,063)	0	0	(25,491)	0
Total Non-Operating Revenues (Expenses)	(317,390)	185,549	19,752	14,507	(97,582)	0
Income (Loss) Before Contributions & Transfers	1,206,570	3,260,946	32,809	(94,945)	4,405,380	(76,875)
Capital Grants and Contributions	903,642	645,807	0	1,516,891	3,066,340	0
Transfers In	3,000	0	0	525,000	528,000	0
Transfers (Out)	0	(200,000)	0	0	(200,000)	0
Change in Net Assets	2,113,212	3,706,753	32,809	1,946,946	7,799,720	(76,875)
Net Assets Beginning of Year	33,740,571	34,301,039	382,695	10,287,945	78,712,250	386,519
Net Assets End of Year	\$35,853,783	\$38,007,792	\$415,504	\$12,234,891	\$86,511,970	\$309,644

See accompanying notes.

City of Mason
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended December 31, 2001

	Business-Type Activities -Enterprise Funds				Governmental Activities- Internal Service Fund
	Water	Sewer	Waste Collection	Stormwater Utility	
Cash Flows from Operating Activities:					
Cash Received from Customers	\$5,153,823	\$5,429,927	\$885,942	\$168,265	\$959,445
Cash Payments to Employees	(633,140)	(727,359)	(44,154)	0	(1,077,563)
Cash Payments to Suppliers	(1,234,726)	(785,695)	(822,207)	(270)	0
Other Cash Payments	(37,097)	(3,290)	0	0	(1,499)
Net Cash Provided (Used) by Operating Activities	3,248,860	3,913,583	19,581	167,995	(119,617)
Cash Flows from Noncapital Financing Activities:					
Payments from Other Funds	712,288	635,430	0	525,000	0
Payments to Other Funds	(712,288)	(835,430)	0	0	0
Net Cash Provided (Used) by Noncapital Financing Activities	0	(200,000)	0	525,000	0
Cash Flows from Capital and Related Financing Activities:					
Payments for Capital Acquisitions	(4,473,176)	(4,729,742)	0	(16,257)	0
Payments for Principal Paid	(535,000)	(220,000)	0	0	0
Payments for Interest Paid	(691,191)	(415,140)	0	0	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(5,699,367)	(5,364,882)	0	(16,257)	0
Cash Flows from Investing Activities:					
Earnings on Investments	466,454	689,557	20,674	5,138	4,147
Net Cash Provided (Used) by Cash Flows from Investing Activities	466,454	689,557	20,674	5,138	4,147
Net Increase (Decrease) in Cash and Cash Equivalents	(1,984,053)	(961,742)	40,255	681,876	(115,470)
Cash and Cash Equivalents Beginning of Year	7,418,557	10,885,717	277,967	0	482,733
Cash and Cash Equivalents End of Year	5,434,504	9,923,975	318,222	681,876	367,263
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	1,523,960	3,075,397	13,057	(109,452)	(76,875)
Adjustments:					
Depreciation	1,066,785	755,372	0	415,002	0
Changes in Assets & Liabilities:					
(Increase) Decrease in Receivables	120,732	(60,771)	8,294	(140,873)	9,760
(Increase) Decrease in Inventory	3,445	2,722	0	0	0
Increase (Decrease) in Payables	526,618	116,784	(3,199)	0	(52,502)
Increase (Decrease) in Accrued Liabilities	7,320	24,079	1,429	3,318	0
Net Cash Provided (Used) by Operating Activities	\$3,248,860	\$3,913,583	\$19,581	\$167,995	(\$119,617)

Schedule of Noncash Capital Activities:

The Water, Sewer and Stormwater Funds received \$903,642, \$645,807 and \$1,516,891, respectively, of capital assets contributed.

See accompanying notes.

City of Mason
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2001

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	\$69,147
Restricted Equity in Pooled Cash and Investments	224,551
Interest Receivable	<u>3,085</u>
Total Assets	<u>\$296,783</u>
Liabilities:	
Other Liabilities	<u>296,783</u>
Total Liabilities	<u>\$296,783</u>

See accompanying notes.

City of Mason

Notes to the Basic Financial Statements
For The Year Ended December 31, 2001

1. DESCRIPTION OF THE CITY AND REPORTING ENTITY

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

Reporting Entity

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing

governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The most significant of the City's accounting policies are described below.

Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

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

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

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

Mason-Montgomery Road Improvement Capital Projects Fund - This capital projects fund accounts for expenditures of resources to construct major improvements to the roadway.

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

Proprietary Funds

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

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

Water Fund - The water fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City.

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

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

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: agency funds, pension trust funds, investment trust funds and private-purpose trust funds. The City's 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.

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

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

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

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

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

Deferred Revenue

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

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

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

Expenses/Expenditures

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

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

Cash and Cash Equivalents

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

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

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

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

Inventory

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

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

Capital Assets

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

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

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

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

Interfund Balances

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

Compensated Absences

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

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

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance Reserves

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

Net Assets

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

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

Operating Revenues and Expenses

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

Contributions of Capital

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

Interfund Activity

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

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

Extraordinary and Special Items

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

Estimates

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

3. DEPOSITS AND INVESTMENTS

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

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

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

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty day;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;

- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and;
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository with which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amount equal to at least 110% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Deposits collateralized by investment pools are classified as Category 3 deposits per GASB Statement No. 3.

The GASB has established risk categories for deposits and investments as follows:

Deposits:

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

Investments:

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

A. Deposits

At year end, the carrying amount of the City's deposits was \$20,832,172 and the bank balance was \$22,454,036. Federal Depository Insurance covered \$100,000 of the deposits and bank balance. All remaining deposits were classified as Category 3.

B. Investments

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

<u>Categorized Investments</u>	<u>Category 1</u>	<u>Category 3</u>	<u>Carrying Value/ Fair Value</u>
U.S. Agencies	\$38,386,916	\$ 0	\$38,386,916
Money Market	<u>0</u>	<u>12,426</u>	<u>12,426</u>
	<u>\$38,386,916</u>	<u>\$ 12,426</u>	<u>\$38,399,342</u>

4. RECEIVABLES

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

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

Special assessments expected to be collected in more than one year amounts to approximately \$1,712,000 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 2001 for real and public utility property taxes represents collections of the 2000 taxes. Property tax payments received during 2001 for tangible personal property (other than public utility property) is for 2001 taxes.

2001 real property taxes are levied after October 1, 2001, on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2001 real property taxes are collected in and intended to finance 2002 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. 2001 public utility property taxes became a lien December 31, 2000, are levied after October 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after October 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are 25 percent of true value.

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

Real Property	\$633,752,330
Public Utility	12,944,150
Tangible Personal Property	<u>146,826,249</u>
Total Valuation	<u>\$793,522,729</u>

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

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

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

Income Taxes

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

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

5. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. In 1988, the City joined the Miami Valley Risk Management Association, Inc. (MVRMA) a risk sharing insurance pool. The pool consists of sixteen municipalities who pool risk for property, crime, liability, boiler and machinery and public official liability. The City pays an annual premium to MVRMA for this coverage. The agreement provides that the MVRMA will be self-sustaining through member premiums and excess insurance. The deductible per occurrence for all types of claims is

\$2,500. The joint insurance pool will cover additional claims up to \$500,000 for liability, \$150,000 for property and \$5,000 for boiler and machinery.

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

General Liability	\$10,500,000 each occurrence
Automobile Liability	Included with general liability coverage
Public Officials Liability	\$500,000 excess \$500,000 (\$500,000 Aggregate)
	\$10 million excess \$1 million (\$10 million Aggregate per city)
Boiler and Machinery	\$477,066,039 Blanket Limit
Property	\$477,066,039 Blanket Limit
Flood (Property)	\$100,000,000 annual aggregate
Earthquake (Property)	\$100,000,000 annual aggregate

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

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

The claims liability of \$62,665 reported in the fund at year end based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amounts were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year-End</u>
2000	\$100,359	\$848,304	(\$833,496)	\$115,167
2001	115,167	1,025,061	(1,077,563)	62,665

6. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital Assets, not being depreciated:				
Land	\$1,714,797	\$2,923,235	(\$8,063)	\$4,629,969
Construction in Progress	<u>12,454,970</u>	<u>6,215,726</u>	<u>(2,992,381)</u>	<u>15,678,315</u>
Total Capital Assets, not being depreciated:	<u>14,169,767</u>	<u>9,138,961</u>	<u>(3,000,444)</u>	<u>20,308,284</u>
Capital Assets, being depreciated:				
Buildings and Improvements	27,523,370	2,697,118	0	30,220,488
Machinery and Equipment	2,053,280	408,616	(433,701)	2,028,195
Infrastructure	<u>47,386,771</u>	<u>3,066,340</u>	<u>0</u>	<u>50,453,111</u>
Total Capital Assets, being depreciated	<u>76,963,421</u>	<u>6,172,074</u>	<u>(433,701)</u>	<u>82,701,794</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(4,404,715)	(937,985)	0	(5,342,700)
Machinery and Equipment	(1,367,447)	(145,108)	383,134	(1,129,421)
Infrastructure	<u>(11,301,399)</u>	<u>(1,401,054)</u>	<u>0</u>	<u>(12,702,453)</u>
Total Accumulated Depreciation	<u>(17,073,561)</u>	<u>(2,484,147)</u>	<u>383,134</u>	<u>(19,174,574)</u>
Total Capital Assets, being depreciated, net	<u>59,889,860</u>	<u>3,687,927</u>	<u>(50,567)</u>	<u>63,527,220</u>
Business-Type Activities Capital Assets, Net	<u>\$74,059,627</u>	<u>\$12,826,888</u>	<u>(\$3,051,011)</u>	<u>\$83,835,504</u>
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$8,522,699	\$924,144	(\$3,742)	\$9,443,101
Construction in Progress	<u>7,199,733</u>	<u>12,212,522</u>	<u>(2,084,148)</u>	<u>17,328,107</u>
Total Capital Assets, not being depreciated	<u>15,722,432</u>	<u>13,136,666</u>	<u>(2,087,890)</u>	<u>26,771,208</u>
Capital Assets, being depreciated:				
Buildings and Improvement	3,780,978	3,934,089	0	7,715,067
Machinery and Equipment	4,872,094	2,211,549	(82,941)	7,000,702
Infrastructure	<u>0</u>	<u>4,075,370</u>	<u>0</u>	<u>4,075,370</u>
Total Capital Assets, being depreciated	<u>8,653,072</u>	<u>10,221,008</u>	<u>(82,941)</u>	<u>18,791,139</u>

Less Accumulated Depreciation:				
Buildings and Improvements	(1,190,184)	(173,504)	0	(1,363,688)
Machinery and Equipment	(2,080,260)	(623,047)	78,356	(2,624,951)
Infrastructure	<u>0</u>	<u>(116,439)</u>	<u>0</u>	<u>(116,439)</u>
Total Accumulated Depreciation	<u>(3,270,444)</u>	<u>(912,990)</u>	<u>78,356</u>	<u>(4,105,078)</u>
Total Capital Assets, being depreciated, net	<u>5,382,628</u>	<u>9,308,018</u>	<u>(4,585)</u>	<u>14,686,061</u>
Governmental Activities Capital Assets, net	<u>\$21,105,060</u>	<u>\$22,444,684</u>	<u>(\$2,092,475)</u>	<u>\$41,457,269</u>

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

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 45,675
Public Safety	364,911
Leisure Time Activities	146,272
Community Development	3,999
Transportation & Street Repair	<u>352,133</u>
	<u>\$912,990</u>

7. COMPENSATED ABSENCES

Accumulated Unpaid Vacation

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

Accumulated Unpaid Sick Leave

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

Sick Leave Conversion at Retirement

- a. Upon retirement, a full-time, regular employee who meets the age and length of service requirements of the Public Employees Retirement System or the Police and Fireman's Disability and Pension Fund, whichever is applicable, and who was also in the service of the

City of Mason for a period of ten (10) continuous years prior to retirement from the service of the City of Mason may redeem his or her accumulated sick leave providing all other criteria are met in order to receive the benefits (i.e. age for retirement).

- b. Redemption shall be at a rate of three (3) accumulated sick leave days exchanged for one (1) day of pay with a maximum redemption limited to one hundred twenty (120) days.
- c. Payment will be based on the employee's base rate of pay at the time of retirement.
- d. The conversion of sick leave to cash will be made as a lump sum payment and will eliminate all sick leave credit accrued by the employee.

8. NOTES PAYABLE

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>
General Fund:				
4.65% Land Acquisition Note	\$1,450,000	\$1,300,000	(\$1,450,000)	\$1,300,000
4.65% Heritage Oak Park Note	<u>1,050,000</u>	<u>800,000</u>	<u>(1,050,000)</u>	<u>800,000</u>
Total General Fund	<u>2,500,000</u>	<u>2,100,000</u>	<u>(2,500,000)</u>	<u>2,100,000</u>
Special Revenue Fund:				
4.65% Fire Station Expansion	850,000	0	(850,000)	0
4.65% Fire Truck Acquisition	<u>230,000</u>	<u>0</u>	<u>(230,000)</u>	<u>0</u>
Total Special Revenue Fund:	<u>1,080,000</u>	<u>0</u>	<u>(1,080,000)</u>	<u>0</u>
Capital Projects Fund:				
3.30% Road Improvement Note	1,700,000	1,550,000	(1,700,000)	1,550,000
3.30% Road Improvement Note	<u>0</u>	<u>6,000,000</u>	<u>0</u>	<u>6,000,000</u>
Total Capital Projects Fund	<u>1,700,000</u>	<u>7,550,000</u>	<u>(1,700,000)</u>	<u>7,550,000</u>
Total	<u>\$5,280,000</u>	<u>\$9,650,000</u>	<u>(\$5,280,000)</u>	<u>\$9,650,000</u>

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

9. LONG-TERM DEBT

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
<u>General Obligation Bonds</u>					
9.00% Civic Center Building	\$ 95,000	\$ 0	(\$ 30,000)	\$ 65,000	\$ 35,000
9.00% Real Estate – Library Site	30,000	0	(10,000)	20,000	10,000
4.47% Road Improvement	4,600,000	0	(180,000)	4,420,000	185,000
5.30% Tax Increment Financing	600,000	0	0	600,000	0
5.25% Central Parke TIF	<u>1,135,000</u>	<u>0</u>	<u>0</u>	<u>1,135,000</u>	<u>0</u>
Total General Obligation Bonds	<u>6,460,000</u>	<u>0</u>	<u>(220,000)</u>	<u>6,240,000</u>	<u>230,000</u>
<u>Special Assessment Bonds</u>					
6.75% Northeast	600,000	0	(50,000)	550,000	55,000
6.76% Snider Road	165,000	0	(15,000)	150,000	15,000
13.50% Bethany Road #1	4,000	0	(2,000)	2,000	2,000
11.25% Taft	20,000	0	(10,000)	10,000	10,000
9.50% Western Row Road Widening	40,000	0	(15,000)	25,000	10,000
9.75% Bethany Road #2	12,000	0	(4,000)	8,000	4,000
10.75% Mason-Montgomery Road	6,000	0	(2,000)	4,000	1,000
8.75% Waterpark Drive – Beach	175,000	0	(35,000)	140,000	35,000
7.78% Lindemann C.G.	14,000	0	(2,000)	12,000	1,000
7.38% Route 741	<u>245,000</u>	<u>0</u>	<u>(25,000)</u>	<u>220,000</u>	<u>25,000</u>
Total Special Assessment Bonds	<u>1,281,000</u>	<u>0</u>	<u>(160,000)</u>	<u>1,121,000</u>	<u>158,000</u>
Capital Leases	1,267,039	24,440,000	(728,228)	24,978,811	864,488
Compensated Absences	<u>400,567</u>	<u>130,927</u>	<u>0</u>	<u>531,494</u>	<u>4,382</u>
Total Governmental Activities	<u>\$9,408,606</u>	<u>\$24,570,927</u>	<u>(\$1,108,228)</u>	<u>\$32,871,305</u>	<u>\$1,256,870</u>
Business-Type Activities					
<u>Special Assessment Bonds</u>					
6.00% Diley Utility	<u>\$61,000</u>	<u>\$ 0</u>	<u>(\$3,000)</u>	<u>\$58,000</u>	<u>\$3,000</u>
<u>Mortgage Revenue Bonds</u>					
6.75% Water Mortgage Revenue	2,475,000	0	(175,000)	2,300,000	95,000
5.80% Water Mortgage Revenue	5,230,000	0	(360,000)	4,870,000	195,000
5.85% Sewer Mortgage Revenue	<u>7,140,000</u>	<u>0</u>	<u>(220,000)</u>	<u>6,920,000</u>	<u>230,000</u>
Total Mortgage Revenue Bonds	<u>14,845,000</u>	<u>0</u>	<u>(755,000)</u>	<u>14,090,000</u>	<u>520,000</u>
Compensated Absences	<u>112,278</u>	<u>0</u>	<u>(5,109)</u>	<u>107,169</u>	<u>31,357</u>
Total Business-Type Activities	<u>\$15,018,278</u>	<u>\$ 0</u>	<u>(\$763,109)</u>	<u>\$14,255,169</u>	<u>\$554,357</u>

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

<u>Year Ending</u> <u>December 31</u>	<u>General</u> <u>Obligation Bonds</u>		<u>Special</u> <u>Assessment Bonds</u>		<u>Mortgage</u> <u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2002	\$215,000	\$288,650	\$161,000	\$85,261	\$520,000	\$845,356
2003	230,000	277,755	150,000	72,568	550,000	817,388
2004	245,000	267,030	135,000	61,063	575,000	787,141
2005	255,000	257,068	136,000	51,068	605,000	754,938
2006	270,000	246,448	100,000	40,971	645,000	720,726
2007-2011	1,645,000	1,045,637	479,000	100,569	3,845,000	2,983,559
2012-2016	2,230,000	611,567	18,000	2,280	5,200,000	1,645,949
2017-2019	1,150,000	93,083	0	0	2,150,000	234,900
Total	<u>\$6,240,000</u>	<u>\$3,087,238</u>	<u>\$1,179,000</u>	<u>\$413,780</u>	<u>\$14,090,000</u>	<u>\$8,789,957</u>

10. LEASES

A. Capital Leases

During the year, the City entered into a capital lease for a new municipal building. The City also leases fire department equipment under capital leases that extend into prior years.

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

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

<u>Year Ending</u> <u>December 31</u>	
2002	\$2,011,937
2003	1,972,942
2004	1,904,201
2005	1,829,042
2006	1,668,848
Thereafter	<u>33,400,606</u>
Total minimum lease payments	42,787,576
Less: Amount representing interest	<u>(17,808,765)</u>
Present value of minimum lease payments	<u>\$24,978,811</u>

Capital lease payments have been reclassified and are reflected as debt service in the fund financial statements. These expenditures are reflected as program expenditures on a budgetary basis.

B. Operating Leases

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

11. DEFINED BENEFIT PENSION PLANS

Public Employees Retirement System

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

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the City is 13.55 percent of covered payroll. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2001, 2000 and 1999 were \$444,840, \$400,802, and \$437,562, respectively. The full amount has been contributed for 2000 and 1999 and 71 percent has been contributed for 2001.

Ohio Police and Fire Pension Fund

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

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 percent for police and 24.0 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for the years ending December 31, 2001, 2000 and 1999 were \$453,273, \$377,278 and \$311,335, respectively. The full amount has been contributed for 2000 and 1999 and 72 percent has been contributed for 2001.

12. POSTEMPLOYMENT BENEFITS

Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The current year employer contribution rate was 13.55 percent of covered payroll; 4.30 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 2000, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

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

The number of active contributing participants was 411,076. The City's actual contributions for the current year, which were used to fund postemployment benefits were \$138,857. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 2000, (the latest information available) were \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$14,364.6 million and \$2,628.7 million, respectively.

Ohio Police and Fire Pension Fund

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of

covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.50 percent of covered payroll was applied to the postemployment health care program during the current year. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for the current year that were used to fund postemployment benefits were \$133,696 for police and \$28,298 for fire. The OP&F's total health care expenses for the year ended December 31, 2000, (the latest information available) were \$106,160,054, which was net of member contributions of \$5,657,431. The number of OP&F participants eligible to receive health care benefits as of December 31, 2000, was 12,853 for police and 10,037 for firefighters.

13. CONDUIT DEBT OBLIGATIONS

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

As of December 31, 2001, there were six series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the two series issued after January 1, 1996, was \$21,100,000. The aggregate principal amount payable for the four series issued prior to January 1, 1996, could not be determined; however, their original amounts totaled \$7,900,000.

The City has also issued Revenue Bonds to provide financial assistance to the City's health care facilities. The monies are used primarily for upgrades to these facilities. The City has no obligation for the repayment of this debt. The bonds are not bonded indebtedness of the City and are therefore not reported on the City's balance sheet. At December 31, 2001, there were two series of Revenue Bonds outstanding. The aggregate principal amount payable for the series issued after January 1, 1996, was \$6,750,000. The aggregate principal amount payable for the series issued prior to January 1, 1996, could not be determined; however, its original amount totaled \$8,985,000.

14. CONSTRUCTION COMMITMENTS

The City had the following outstanding commitments at year end:

Projects	Amount
Bethany Road & S.R. 741 Traffic Signal	\$334,245
Heritage Oak Park Extension	25,318
Mason Montgomery Road Widening - North	1,692,255
Mason Municipal Center	17,028,173

Mason Road Elevated Water Storage Tank	845,878
N.W. Sewer & Lift Station	77,534
Pine Hill Lake Replacement	73,334
Snider Road Sewer Extension	37,389
Street Lighting/Innovation Way	71,652
Storm Water Utility	273,412
Tornado Siren	20,125
Tylersville Road Extension & Widening	908,871
Tylersville Road Water Main	28,510
U.S. 42 South Trunk Sewer	1,551,073
Utility Management System	35,009
Water Reclamation Plant	1,548,963
Water Treatment Plant – Phase II	271,798
Western Row & Snider Intersect	<u>206,667</u>
 Total	 <u>\$25,030,206</u>

15. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR FUND EQUITY

Changes in Accounting Principles

For 2001, the City has implemented GASB Statement No. 33, “Accounting and Financial Reporting for Nonexchange Transactions”, GASB Statement No. 36 “Recipient Reporting for Certain Shared Nonexchange Revenues”, GASB Statement No. 34, “Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments”, GASB Statement No. 37 “Basic Financial Statements and Management’s Discussion and Analysis-omnibus” and GASB Statement No. 38 “Certain Financial Statement Note Disclosures”.

GASB 34 creates new basic financial statements for reporting on the City’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column.

The government-wide financial statements split the City’s programs between business-type and governmental activities. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from last year. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at December 31, 2000, caused by the elimination of the internal service fund and the conversion to the accrual basis of accounting.

Restatement of Fund Balance

The implementation of these statements had the following effects on fund balance of the major and non-major funds of the City as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented.

	<u>General</u>	<u>Fire & Emergency Medical Services</u>	<u>Mason- Montgomery Road Improvements</u>	<u>Governmental Center Reserve</u>	<u>Non- Major</u>
Fund Balances, December 31, 2000	\$3,785,426	\$280,931	\$221,914	\$ 0	\$9,797,954
Prior Period Adjustment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>520,312</u>
Adjusted Fund Balance, December 31, 2000	3,785,426	280,931	221,914	0	10,318,266
GASB 33 and 36 Adjustment	<u>(315,021)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>153,203</u>
GASB 33 and 36 Adjusted Fund Balance, December 31, 2000	3,470,405	280,931	221,914	0	10,471,469
GASB 34 Adjustment	<u>131,539</u>	<u>17,040</u>	<u>0</u>	<u>0</u>	<u>855</u>
Governmental Activities Net Assets, December 31, 2000	<u>\$3,601,944</u>	<u>\$297,971</u>	<u>\$221,914</u>	<u>\$ 0</u>	<u>\$10,472,324</u>

Capital assets were misstated in the enterprise funds as of December 31, 2000. This restatement had the following effect on fund equity as it was previously reported:

	<u>Water</u>	<u>Sewer</u>	<u>Waste Collection</u>	<u>Stormwater</u>
Fund Equity, December 31, 2000	\$21,087,196	\$28,887,212	\$382,695	\$ 0
Capital Assets	<u>12,653,375</u>	<u>5,413,827</u>	<u>0</u>	<u>10,287,945</u>
Adjusted Net Assets, December 31, 2000	<u>\$33,740,571</u>	<u>\$34,301,039</u>	<u>\$382,695</u>	<u>\$10,287,945</u>

16. SUBSEQUENT EVENT

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

**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, 2001

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$12,955,100	\$13,666,930	\$14,026,474	\$359,544
Fines, Licenses & Permits	709,400	1,102,275	1,102,572	297
Intergovernmental	860,400	2,041,252	2,041,544	292
Charges for Services	116,500	261,400	261,658	258
Investment Earnings	0	369,293	369,293	0
Other Revenues	303,352	797,971	798,198	227
Total Revenues	14,944,752	18,239,121	18,599,739	360,618
Expenditures:				
Current:				
General Government	4,975,998	8,859,175	7,966,997	892,178
Public Safety	3,167,289	3,421,067	3,071,675	349,392
Leisure Time Activities	2,092,804	2,522,826	2,094,147	428,679
Community Development	1,161,947	1,352,355	1,003,683	348,672
Basic Utility Service	415,590	343,428	283,086	60,342
Transportation & Street Repair	2,419,880	3,515,863	2,815,410	700,453
Debt Service:				
Principal Retirement	4,200,000	4,200,000	4,200,000	0
Interest and Fiscal Charges	202,760	207,760	204,697	3,063
Total Expenditures	18,636,268	24,422,474	21,639,695	2,782,779
Excess of Revenues Over (Under) Expenditures	(3,691,516)	(6,183,353)	(3,039,956)	3,143,397
Other financing sources (uses):				
Debt Proceeds	3,750,000	2,100,000	2,100,000	0
Transfers In	400,000	200,000	200,000	0
Transfers (Out)	0	(575,004)	(575,004)	0
Total Other Financing Sources (Uses)	4,150,000	1,724,996	1,724,996	0
Net Change in Fund Balance	458,484	(4,458,357)	(1,314,960)	3,143,397
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,630,333	3,630,333	3,630,333	0
Fund Balance End of Year	\$4,088,817	(\$828,024)	\$2,315,373	\$3,143,397

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, 2001

	Fire and Emergency Medical Service Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$2,500,000	\$3,261,364	\$3,250,009	(\$11,355)
Charges for Services	0	360,000	363,828	3,828
Investment Earnings	0	51,282	58,746	7,464
Other Revenues	0	6,524	10,277	3,753
Total Revenues	2,500,000	3,679,170	3,682,860	3,690
Expenditures:				
Current:				
Public Safety	2,161,636	2,990,807	2,641,329	349,478
Debt Service:				
Principal Retirement	1,388,228	1,388,228	1,388,228	0
Interest and Fiscal Charges	106,672	106,672	106,672	0
Total Expenditures	3,656,536	4,485,707	4,136,229	349,478
Net Change in Fund Balance	(1,156,536)	(806,537)	(453,369)	353,168
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,441,233	1,441,233	1,441,233	0
Fund Balance End of Year	\$284,697	\$634,696	\$987,864	\$353,168

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**COMBINING STATEMENTS
AND INDIVIDUAL
FUND SCHEDULES**

City of Mason
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2001

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$4,600,295	\$278,221	\$6,989,119	\$11,867,635
Restricted Cash and Investments	0	0	403,912	403,912
Receivables:				
Taxes	0	440,000	0	440,000
Accounts	11,508	0	0	11,508
Intergovernmental	644,726	0	0	644,726
Loans	4,812	0	0	4,812
Special Assessments	0	1,935,816	0	1,935,816
Interest	60,970	3,137	95,400	159,507
Inventory	19,988	0	0	19,988
Total Assets	5,342,299	2,657,174	7,488,431	15,487,904
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	18,127	490	767,541	786,158
Accrued Wages & Benefits	15,736	0	0	15,736
Compensated Absences	4,382	0	0	4,382
Deferred Revenue	465,992	2,376,626	24,621	2,867,239
Accrued Interest Payable	0	0	30,406	30,406
General Obligation Notes Payable	0	0	1,550,000	1,550,000
Total Liabilities	504,237	2,377,116	2,372,568	5,253,921
Fund Balances:				
Reserved for Encumbrances	338,490	768	3,329,203	3,668,461
Reserved for Inventory	19,988	0	0	19,988
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	4,479,584	0	0	4,479,584
Debt Service Funds	0	279,290	0	279,290
Capital Projects Funds	0	0	1,786,660	1,786,660
Total Fund Balances	4,838,062	280,058	5,115,863	10,233,983
Total Liabilities and Fund Balances	\$5,342,299	\$2,657,174	\$7,488,431	\$15,487,904

City of Mason
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended December 31, 2001

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$0	\$487,989	\$69,816	\$557,805
Fines, Licenses & Permits	288,338	0	0	288,338
Intergovernmental	1,105,273	0	0	1,105,273
Special Assessments	0	227,899	0	227,899
Charges for Services	303,678	0	0	303,678
Investment Earnings	219,301	2,002	404,746	626,049
Other Revenues	12,604	0	1,935	14,539
Total Revenues	1,929,194	717,890	476,497	3,123,581
Expenditures:				
Current:				
General Government	266,209	490	0	266,699
Public Safety	164,381	0	0	164,381
Community Development	7,732	0	0	7,732
Transportation & Street Repair	780,905	0	229,388	1,010,293
Capital Outlay	0	0	2,115,470	2,115,470
Debt Service:				
Principal Retirement	0	380,000	0	380,000
Interest and Fiscal Charges	0	280,467	93,406	373,873
Total Expenditures	1,219,227	660,957	2,438,264	4,318,448
Excess of Revenues Over (Under) Expenditures	709,967	56,933	(1,961,767)	(1,194,867)
Other Financing Sources (Uses):				
Transfers In	50,000	0	1,825,000	1,875,000
Transfers (Out)	(125,000)	(3,000)	(792,923)	(920,923)
Total Other Financing Sources (Uses)	(75,000)	(3,000)	1,032,077	954,077
Net Change in Fund Balances	634,967	53,933	(929,690)	(240,790)
Fund Balances Beginning of Year	4,200,646	226,125	6,045,553	10,472,324
Change in Reserve for Inventory	2,449	0	0	2,449
Fund Balances End of Year	\$4,838,062	\$280,058	\$5,115,863	\$10,233,983

City of Mason
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2001

	Street Construction, Maintenance and Repair	State Highway Improvement	Warren County Motor Vehicle License Tax	Street Improvement
Assets:				
Equity in Pooled Cash and Investments	\$1,705,115	\$255,881	\$294,146	\$503,479
Receivables:				
Accounts	0	0	0	0
Intergovernmental	247,514	20,069	0	0
Loans	0	0	0	0
Interest	23,427	3,516	4,041	6,918
Inventory	19,988	0	0	0
Total Assets	1,996,044	279,466	298,187	510,397
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	3,883	0	0	0
Accrued Wages & Benefits	3,162	0	0	0
Compensated Absences	0	0	0	0
Deferred Revenue	169,930	14,196	1,043	1,786
Total Liabilities	176,975	14,196	1,043	1,786
Fund Balances:				
Reserved for Encumbrances	263,319	0	13,929	5,365
Reserved for Inventory	19,988	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	1,535,762	265,270	283,215	503,246
Total Fund Balances	1,819,069	265,270	297,144	508,611
Total Liabilities and Fund Balances	\$1,996,044	\$279,466	\$298,187	\$510,397

<u>Federal Grant</u>	<u>D.A.R.E. Grant</u>	<u>Step Grant</u>	<u>Downtown Development/Loan</u>	<u>Indiana and Ohio Railroad</u>	<u>Parks and Recreation</u>	<u>Police K-9</u>
\$11,802	\$29,927	\$8,144	\$74,829	\$301,999	\$447,922	\$466
0	0	0	0	0	0	0
377,143	0	0	0	0	0	0
0	0	0	4,812	0	0	0
0	0	0	1,035	4,149	6,154	0
0	0	0	0	0	0	0
<u>388,945</u>	<u>29,927</u>	<u>8,144</u>	<u>80,676</u>	<u>306,148</u>	<u>454,076</u>	<u>466</u>
0	0	0	0	0	0	0
8,600	0	0	0	0	0	0
0	0	0	0	0	0	0
268,270	0	0	5,079	1,071	1,588	0
<u>276,870</u>	<u>0</u>	<u>0</u>	<u>5,079</u>	<u>1,071</u>	<u>1,588</u>	<u>0</u>
0	0	0	0	153	0	0
0	0	0	0	0	0	0
<u>112,075</u>	<u>29,927</u>	<u>8,144</u>	<u>75,597</u>	<u>304,924</u>	<u>452,488</u>	<u>466</u>
<u>112,075</u>	<u>29,927</u>	<u>8,144</u>	<u>75,597</u>	<u>305,077</u>	<u>452,488</u>	<u>466</u>
<u>\$388,945</u>	<u>\$29,927</u>	<u>\$8,144</u>	<u>\$80,676</u>	<u>\$306,148</u>	<u>\$454,076</u>	<u>\$466</u>

(continued)

City of Mason
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2001

	Police Crime Prevention	Drug Law Enforcement	Law Enforcement and Education	Indigent Driver
Assets:				
Equity in Pooled Cash and Investments	\$519	\$33,393	\$13,005	\$96,740
Receivables:				
Accounts	0	0	0	750
Intergovernmental	0	0	0	0
Loans	0	0	0	0
Interest	0	0	0	1,339
Inventory	0	0	0	0
Total Assets	<u>519</u>	<u>33,393</u>	<u>13,005</u>	<u>98,829</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	0	0	0	0
Accrued Wages & Benefits	0	0	0	0
Compensated Absences	0	0	0	0
Deferred Revenue	0	0	0	346
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>346</u>
Fund Balances:				
Reserved for Encumbrances	0	0	0	0
Reserved for Inventory	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	519	33,393	13,005	98,483
Total Fund Balances	<u>519</u>	<u>33,393</u>	<u>13,005</u>	<u>98,483</u>
Total Liabilities and Fund Balances	<u>\$519</u>	<u>\$33,393</u>	<u>\$13,005</u>	<u>\$98,829</u>

Municipal Court Computer Costs	Municipal Court Computer Education	Municipal Court Improvement	Vehicle Immobilization Fee	Subdivision Inspection	Total Nonmajor Special Revenue Funds
\$225,154	\$91,173	\$61,782	\$5,480	\$439,339	\$4,600,295
4,971	1,655	4,132	0	0	11,508
0	0	0	0	0	644,726
0	0	0	0	0	4,812
3,093	1,262	0	0	6,036	60,970
0	0	0	0	0	19,988
<u>233,218</u>	<u>94,090</u>	<u>65,914</u>	<u>5,480</u>	<u>445,375</u>	<u>5,342,299</u>
0	0	0	0	14,244	18,127
0	0	0	0	3,974	15,736
0	0	0	0	4,382	4,382
799	326	0	0	1,558	465,992
<u>799</u>	<u>326</u>	<u>0</u>	<u>0</u>	<u>24,158</u>	<u>504,237</u>
478	0	0	0	55,246	338,490
0	0	0	0	0	19,988
<u>231,941</u>	<u>93,764</u>	<u>65,914</u>	<u>5,480</u>	<u>365,971</u>	<u>4,479,584</u>
<u>232,419</u>	<u>93,764</u>	<u>65,914</u>	<u>5,480</u>	<u>421,217</u>	<u>4,838,062</u>
<u>\$233,218</u>	<u>\$94,090</u>	<u>\$65,914</u>	<u>\$5,480</u>	<u>\$445,375</u>	<u>\$5,342,299</u>

City of Mason
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Fiscal Year Ended December 31, 2001

	Street Construction, Maintenance and Repair	State Highway Improvement	Warren County Motor Vehicle License Tax	Street Improvement
Revenues:				
Fines, Licenses & Permits	\$0	\$0	\$0	\$120,680
Intergovernmental	622,008	50,764	278,000	0
Charges for Services	0	0	0	0
Investment Earnings	116,708	15,688	4,629	32,640
Other Revenues	0	0	0	0
Total Revenues	738,716	66,452	282,629	153,320
Expenditures:				
Current:				
General Government	0	0	0	0
Public Safety	0	0	0	0
Community Development	0	0	0	0
Transportation & Street Repair	666,274	0	32,890	73,141
Total Expenditures	666,274	0	32,890	73,141
Excess of Revenues Over (Under) Expenditures	72,442	66,452	249,739	80,179
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers (Out)	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	72,442	66,452	249,739	80,179
Fund Balances Beginning of Year	1,744,178	198,818	47,405	428,432
Change in Reserve for Inventory	2,449	0	0	0
Fund Balances End of Year	\$1,819,069	\$265,270	\$297,144	\$508,611

Federal Grant	D.A.R.E. Grant	Step Grant	Downtown Development/Loan	Indiana and Ohio Railroad	Parks and Recreation	Police K-9
\$0	\$0	\$0	\$0	\$0	\$0	\$0
142,136	12,365	0	0	0	0	0
0	0	0	0	0	212,700	0
0	0	0	3,492	19,568	25,402	0
0	0	0	10,431	0	0	0
142,136	12,365	0	13,923	19,568	238,102	0
0	0	102	0	0	0	6
145,416	757	0	0	0	0	0
0	0	0	7,732	0	0	0
8,600	0	0	0	0	0	0
154,016	757	102	7,732	0	0	6
(11,880)	11,608	(102)	6,191	19,568	238,102	(6)
50,000	0	0	0	0	0	0
0	0	0	0	0	0	0
50,000	0	0	0	0	0	0
38,120	11,608	(102)	6,191	19,568	238,102	(6)
73,955	18,319	8,246	69,406	285,509	214,386	472
0	0	0	0	0	0	0
\$112,075	\$29,927	\$8,144	\$75,597	\$305,077	\$452,488	\$466

(continued)

City of Mason
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2001

	Police Crime Prevention	Drug Law Enforcement	Law Enforcement and Education	Indigent Driver
Revenues:				
Fines, Licenses & Permits	\$1,276	\$4,111	\$2,845	\$12,247
Intergovernmental	0	0	0	0
Charges for Services	0	0	0	0
Investment Earnings	0	0	0	0
Other Revenues	0	2,173	0	0
Total Revenues	1,276	6,284	2,845	12,247
Expenditures:				
Current:				
General Government	0	0	0	1,033
Public Safety	4,177	14,031	0	0
Community Development	0	0	0	0
Transportation & Street Repair	0	0	0	0
Total Expenditures	4,177	14,031	0	1,033
Excess of Revenues Over (Under) Expenditures	(2,901)	(7,747)	2,845	11,214
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers (Out)	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	(2,901)	(7,747)	2,845	11,214
Fund Balances Beginning of Year	3,420	41,140	10,160	87,269
Change in Reserve for Inventory	0	0	0	0
Fund Balances End of Year	\$519	\$33,393	\$13,005	\$98,483

Municipal Court Computer Costs	Municipal Court Computer Education	Municipal Court Improvement	Vehicle Immobilization Fee	Subdivision Inspection	Total Nonmajor Special Revenue Funds
\$64,391	\$22,349	\$60,162	\$277	\$0	\$288,338
0	0	0	0	0	1,105,273
0	0	0	0	90,978	303,678
1,174	0	0	0	0	219,301
0	0	0	0	0	12,604
<u>65,565</u>	<u>22,349</u>	<u>60,162</u>	<u>277</u>	<u>90,978</u>	<u>1,929,194</u>
65,137	9,858	0	0	190,073	266,209
0	0	0	0	0	164,381
0	0	0	0	0	7,732
0	0	0	0	0	780,905
<u>65,137</u>	<u>9,858</u>	<u>0</u>	<u>0</u>	<u>190,073</u>	<u>1,219,227</u>
428	12,491	60,162	277	(99,095)	709,967
0	0	0	0	0	50,000
0	0	(125,000)	0	0	(125,000)
0	0	(125,000)	0	0	(75,000)
428	12,491	(64,838)	277	(99,095)	634,967
231,991	81,273	130,752	5,203	520,312	4,200,646
0	0	0	0	0	2,449
<u>\$232,419</u>	<u>\$93,764</u>	<u>\$65,914</u>	<u>\$5,480</u>	<u>\$421,217</u>	<u>\$4,838,062</u>

City of Mason
 Combining Balance Sheet
 Nonmajor Debt Service Funds
 December 31, 2001

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Assets:			
Equity in Pooled Cash and Investments	\$228,325	\$49,896	\$278,221
Receivables:			
Taxes	440,000	0	440,000
Special Assessments	0	1,935,816	1,935,816
Interest	3,137	0	3,137
Total Assets	671,462	1,985,712	2,657,174
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	180	310	490
Deferred Revenue	440,810	1,935,816	2,376,626
Total Liabilities	440,990	1,936,126	2,377,116
Fund Balances:			
Reserved for Encumbrances	0	768	768
Unreserved, Undesignated, Reported in: Debt Service Funds	230,472	48,818	279,290
Total Fund Balances	230,472	49,586	280,058
Total Liabilities and Fund Balances	\$671,462	\$1,985,712	\$2,657,174

City of Mason
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Debt Service Funds
 For the Fiscal Year Ended December 31, 2001

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Revenues:			
Taxes	\$487,989	\$0	\$487,989
Special Assessments	0	227,899	227,899
Investment Earnings	2,002	0	2,002
Total Revenues	489,991	227,899	717,890
Expenditures:			
Current:			
General Government	180	310	490
Debt Service:			
Principal Retirement	220,000	160,000	380,000
Interest and Fiscal Charges	185,342	95,125	280,467
Total Expenditures	405,522	255,435	660,957
Excess of Revenues Over (Under) Expenditures	84,469	(27,536)	56,933
Other Financing Sources (Uses):			
Transfers (Out)	0	(3,000)	(3,000)
Total Other Financing Sources (Uses)	0	(3,000)	(3,000)
Net Change in Fund Balances	84,469	(30,536)	53,933
Fund Balances Beginning of Year	146,003	80,122	226,125
Fund Balances End of Year	\$230,472	\$49,586	\$280,058

City of Mason
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2001

	Tax Increment Financing	Central Parke TIF	Tylersville Road Project	I & O Bridge/ Mason-Montgomery Road Widening
Assets:				
Equity in Pooled Cash and Investments	\$47,177	\$0	\$1,540,549	\$146,822
Restricted Cash and Investments	0	403,912	0	0
Receivables:				
Interest	0	22	21,166	2,017
Total Assets	47,177	403,934	1,561,715	148,839
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	0	359	5,734	0
Deferred Revenue	0	0	5,464	521
Accrued Interest Payable	0	0	30,406	0
General Obligation Notes Payable	0	0	1,550,000	0
Total Liabilities	0	359	1,591,604	521
Fund Balances:				
Reserved for Encumbrances	0	188,097	930,742	119,751
Unreserved, Undesignated, Reported in: Capital Projects Funds	47,177	215,478	(960,631)	28,567
Total Fund Balances	47,177	403,575	(29,889)	148,318
Total Liabilities and Fund Balances	\$47,177	\$403,934	\$1,561,715	\$148,839

Government Center	Total Nonmajor Capital Projects Funds
\$5,254,571 0	\$6,989,119 403,912
<u>72,195</u>	<u>95,400</u>
<u>5,326,766</u>	<u>7,488,431</u>
761,448	767,541
18,636	24,621
0	30,406
0	1,550,000
<u>780,084</u>	<u>2,372,568</u>
2,090,613	3,329,203
<u>2,456,069</u>	<u>1,786,660</u>
<u>4,546,682</u>	<u>5,115,863</u>
<u>\$5,326,766</u>	<u>\$7,488,431</u>

City of Mason
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Capital Projects Funds
 For the Fiscal Year Ended December 31, 2001

	Tax Increment Financing	Central Parke TIF	Tylersville Road Project	I & O Bridge/ Mason-Montgomery Road Widening
Revenues:				
Taxes	\$69,816	\$0	\$0	\$0
Investment Earnings	0	14,547	25,593	7,336
Other Revenues	0	1,935	0	0
Total Revenues	69,816	16,482	25,593	7,336
Expenditures:				
Current:				
Transportation & Street Repair	750	47,342	164,356	16,940
Capital Outlay	0	0	0	0
Debt Service:				
Interest and Fiscal Charges	31,800	31,200	30,406	0
Total Expenditures	32,550	78,542	194,762	16,940
Excess of Revenues Over (Under) Expenditures	37,266	(62,060)	(169,169)	(9,604)
Other Financing Sources (Uses):				
Transfers In	0	0	1,700,000	0
Transfers (Out)	0	0	0	0
Total Other Financing Sources (Uses)	0	0	1,700,000	0
Net Change in Fund Balances	37,266	(62,060)	1,530,831	(9,604)
Fund Balances Beginning of Year	9,911	465,635	(1,560,720)	157,922
Fund Balances End of Year	\$47,177	\$403,575	(\$29,889)	\$148,318

Government Center	Total Nonmajor Capital Projects Funds
\$0	\$69,816
357,270	404,746
<u>0</u>	<u>1,935</u>
<u>357,270</u>	<u>476,497</u>
0	229,388
2,115,470	2,115,470
<u>0</u>	<u>93,406</u>
<u>2,115,470</u>	<u>2,438,264</u>
<u>(1,758,200)</u>	<u>(1,961,767)</u>
125,000	1,825,000
<u>(792,923)</u>	<u>(792,923)</u>
<u>(667,923)</u>	<u>1,032,077</u>
(2,426,123)	(929,690)
<u>6,972,805</u>	<u>6,045,553</u>
<u>\$4,546,682</u>	<u>\$5,115,863</u>

City of Mason
 Combining Statement of Changes In Assets and Liabilities
 Agency Funds
 For the Fiscal Year Ended December 31, 2001

	Joint Fire District			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Restricted Cash and Investments	230,694	\$449,159	\$455,302	224,551
Receivables:				
Interest	4,393	3,085	4,393	3,085
Total Assets	235,087	452,244	459,695	227,636
Liabilities:				
Other Liabilities	235,087	4,777	12,228	227,636
Total Liabilities	235,087	4,777	12,228	227,636

	Municipal Court			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	66,055	3,092	0	69,147
Total Assets	66,055	3,092	0	69,147
Liabilities:				
Other Liabilities	66,055	3,092	0	69,147
Total Liabilities	66,055	3,092	0	69,147

	Total All Agency Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	296,749	452,251	455,302	293,698
Receivables:				
Interest	4,393	3,085	4,393	3,085
Total Assets	301,142	455,336	459,695	296,783
Liabilities:				
Other Liabilities	301,142	7,869	12,228	296,783
Total Liabilities	\$301,142	\$7,869	\$12,228	\$296,783

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, 2001

	Street Construction, Maintenance and Repair Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$75,000	\$645,000	\$648,021	\$3,021
Investment Earnings	0	81,324	106,529	25,205
Total Revenues	<u>75,000</u>	<u>726,324</u>	<u>754,550</u>	<u>28,226</u>
Expenditures:				
Current:				
Transportation & Street Repair	898,770	982,009	936,299	45,710
Total Expenditures	<u>898,770</u>	<u>982,009</u>	<u>936,299</u>	<u>45,710</u>
Net Change in Fund Balance	(823,770)	(255,685)	(181,749)	73,936
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>1,607,213</u>	<u>1,607,213</u>	<u>1,607,213</u>	<u>0</u>
Fund Balance End of Year	<u>\$783,443</u>	<u>\$1,351,528</u>	<u>\$1,425,464</u>	<u>\$73,936</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, 2001

	State Highway Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$45,000	\$52,200	\$52,542	\$342
Investment Earnings	0	11,182	13,497	2,315
Total Revenues	45,000	63,382	66,039	2,657
Expenditures:				
Current:				
Transportation & Street Repair	128,500	130,500	0	130,500
Total Expenditures	128,500	130,500	0	130,500
Net Change in Fund Balance	(83,500)	(67,118)	66,039	133,157
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	187,960	187,960	187,960	0
Fund Balance End of Year	\$104,460	\$120,842	\$253,999	\$133,157

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, 2001

	Warren County Motor Vehicle License Tax Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$278,000	\$278,000	\$0
Total Revenues	0	278,000	278,000	0
Expenditures:				
Current:				
Transportation & Street Repair	299,000	345,819	46,819	299,000
Total Expenditures	299,000	345,819	46,819	299,000
Net Change in Fund Balance	(299,000)	(67,819)	231,181	299,000
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	46,832	46,832	46,832	0
Fund Balance End of Year	(\$252,168)	(\$20,987)	\$278,013	\$299,000

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2001

	Street Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$100,000	\$120,000	\$120,680	\$680
Investment Earnings	0	24,694	28,993	4,299
Total Revenues	100,000	144,694	149,673	4,979
Expenditures:				
Current:				
Transportation & Street Repair	344,000	422,506	78,506	344,000
Total Expenditures	344,000	422,506	78,506	344,000
Net Change in Fund Balance	(244,000)	(277,812)	71,167	348,979
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	423,258	423,258	423,258	0
Fund Balance End of Year	\$179,258	\$145,446	\$494,425	\$348,979

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, 2001

	Federal Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$75,000	\$106,491	\$106,491	\$0
Total Revenues	75,000	106,491	106,491	0
Expenditures:				
Current:				
Public Safety	100,000	150,000	145,416	4,584
Total Expenditures	100,000	150,000	145,416	4,584
Excess of Revenues Over (Under) Expenditures	(25,000)	(43,509)	(38,925)	4,584
Other financing sources (uses):				
Transfers In	0	50,000	50,000	0
Total Other Financing Sources (Uses)	0	50,000	50,000	0
Net Change in Fund Balance	(25,000)	6,491	11,075	4,584
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	727	727	727	0
Fund Balance End of Year	(\$24,273)	\$7,218	\$11,802	\$4,584

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, 2001

	D.A.R.E. Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$10,000	\$12,591	\$12,591	\$0
Total Revenues	10,000	12,591	12,591	0
Expenditures:				
Current:				
Public Safety	12,000	12,482	757	11,725
Total Expenditures	12,000	12,482	757	11,725
Net Change in Fund Balance	(2,000)	109	11,834	11,725
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	18,097	18,097	18,097	0
Fund Balance End of Year	\$16,097	\$18,206	\$29,931	\$11,725

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, 2001

	Original Budget	Final Budget	Step Grant Fund Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
General Government	0	0	0	0
Total Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	8,146	8,146	8,146	0
Fund Balance End of Year	<u>\$8,146</u>	<u>\$8,146</u>	<u>\$8,146</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, 2001

	Downtown Development/Loan Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$3,500	\$3,580	\$80
Other Revenues	10,802	10,235	10,431	196
Total Revenues	10,802	13,735	14,011	276
Expenditures:				
Current:				
Community Development	71,000	71,000	7,732	63,268
Total Expenditures	71,000	71,000	7,732	63,268
Net Change in Fund Balance	(60,198)	(57,265)	6,279	63,544
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	68,567	68,567	68,567	0
Fund Balance End of Year	\$8,369	\$11,302	\$74,846	\$63,544

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, 2001

	Indiana and Ohio Railroad Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$16,792	\$17,739	\$947
Total Revenues	0	16,792	17,739	947
Expenditures:				
Current:				
Transportation & Street Repair	275,000	275,605	605	275,000
Total Expenditures	275,000	275,605	605	275,000
Net Change in Fund Balance	(275,000)	(258,813)	17,134	275,947
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	282,507	282,507	282,507	0
Fund Balance End of Year	\$7,507	\$23,694	\$299,641	\$275,947

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, 2001

	Parks and Recreation Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Charges for Services	\$140,000	\$212,000	\$212,700	\$700
Investment Earnings	10,000	12,397	20,102	7,705
Total Revenues	150,000	224,397	232,802	8,405
Expenditures:				
Debt Service:				
Principal Retirement	200,000	0	0	0
Interest and Fiscal Charges	60,000	0	0	0
Total Expenditures	260,000	0	0	0
Net Change in Fund Balance	(110,000)	224,397	232,802	8,405
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	211,797	211,797	211,797	0
Fund Balance End of Year	\$101,797	\$436,194	\$444,599	\$8,405

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, 2001

	Police K-9 Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Public Safety	466	466	0	466
Total Expenditures	466	466	0	466
Net Change in Fund Balance	(466)	(466)	0	466
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	466	466	466	0
Fund Balance End of Year	\$0	\$0	\$466	\$466

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, 2001

	Police Crime Prevention Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$2,000	\$882	\$882	\$0
Total Revenues	2,000	882	882	0
Expenditures:				
Current:				
Public Safety	3,000	4,270	4,130	140
Total Expenditures	3,000	4,270	4,130	140
Net Change in Fund Balance	(1,000)	(3,388)	(3,248)	140
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,768	3,768	3,768	0
Fund Balance End of Year	<u>\$2,768</u>	<u>\$380</u>	<u>\$520</u>	<u>\$140</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, 2001

	Drug Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$5,000	\$4,815	\$4,815	\$0
Other Revenues	0	2,173	2,173	0
Total Revenues	<u>5,000</u>	<u>6,988</u>	<u>6,988</u>	<u>0</u>
Expenditures:				
Current:				
Public Safety	40,000	40,000	14,031	25,969
Total Expenditures	<u>40,000</u>	<u>40,000</u>	<u>14,031</u>	<u>25,969</u>
Net Change in Fund Balance	(35,000)	(33,012)	(7,043)	25,969
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	40,446	40,446	40,446	0
Fund Balance End of Year	<u>\$5,446</u>	<u>\$7,434</u>	<u>\$33,403</u>	<u>\$25,969</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, 2001

	Law Enforcement and Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$3,000	\$3,141	\$3,141	\$0
Total Revenues	3,000	3,141	3,141	0
Expenditures:				
Current:				
Public Safety	8,000	8,000	0	8,000
Total Expenditures	8,000	8,000	0	8,000
Net Change in Fund Balance	(5,000)	(4,859)	3,141	8,000
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	9,866	9,866	9,866	0
Fund Balance End of Year	<u>\$4,866</u>	<u>\$5,007</u>	<u>\$13,007</u>	<u>\$8,000</u>

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2001

	Indigent Driver Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$10,000	\$15,543	\$15,543	\$0
Total Revenues	10,000	15,543	15,543	0
Expenditures:				
Current:				
General Government	75,000	75,000	1,033	73,967
Total Expenditures	75,000	75,000	1,033	73,967
Net Change in Fund Balance	(65,000)	(59,457)	14,510	73,967
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	82,250	82,250	82,250	0
Fund Balance End of Year	\$17,250	\$22,793	\$96,760	\$73,967

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, 2001

	Municipal Court Computer Costs Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$35,000	\$62,835	\$62,835	\$0
Total Revenues	35,000	62,835	62,835	0
Expenditures:				
Current:				
General Government	190,000	196,831	65,615	131,216
Total Expenditures	190,000	196,831	65,615	131,216
Net Change in Fund Balance	(155,000)	(133,996)	(2,780)	131,216
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	225,816	225,816	225,816	0
Fund Balance End of Year	\$70,816	\$91,820	\$223,036	\$131,216

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, 2001

	Municipal Court Computer Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$10,000	\$21,837	\$21,837	\$0
Total Revenues	10,000	21,837	21,837	0
Expenditures:				
Current:				
General Government	70,000	70,000	9,858	60,142
Total Expenditures	70,000	70,000	9,858	60,142
Net Change in Fund Balance	(60,000)	(48,163)	11,979	60,142
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	79,214	79,214	79,214	0
Fund Balance End of Year	\$19,214	\$31,051	\$91,193	\$60,142

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, 2001

	Municipal Court Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$30,000	\$60,452	\$60,452	\$0
Total Revenues	30,000	60,452	60,452	0
Expenditures:				
Current:				
General Government	102,000	102,000	0	102,000
Total Expenditures	102,000	102,000	0	102,000
Excess of Revenues Over (Under) Expenditures	(72,000)	(41,548)	60,452	102,000
Other financing sources (uses):				
Transfers (Out)	0	(125,000)	(125,000)	0
Total Other Financing Sources (Uses)	0	(125,000)	(125,000)	0
Net Change in Fund Balance	(72,000)	(166,548)	(64,548)	102,000
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	126,361	126,361	126,361	0
Fund Balance End of Year	\$54,361	(\$40,187)	\$61,813	\$102,000

City of Mason
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2001

	Vehicle Immobilization Fee Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$200	\$410	\$410	\$0
Total Revenues	200	410	410	0
Expenditures:				
Current:				
General Government	4,800	4,800	0	4,800
Total Expenditures	4,800	4,800	0	4,800
Net Change in Fund Balance	(4,600)	(4,390)	410	4,800
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,071	5,071	5,071	0
Fund Balance End of Year	<u>\$471</u>	<u>\$681</u>	<u>\$5,481</u>	<u>\$4,800</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, 2001

	Subdivision Inspection Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Charges for Services	\$240,000	\$92,449	\$106,161	\$13,712
Other Revenues	10,000	0	0	0
Total Revenues	250,000	92,449	106,161	13,712
Expenditures:				
Current:				
General Government	361,636	434,188	241,933	192,255
Total Expenditures	361,636	434,188	241,933	192,255
Net Change in Fund Balance	(111,636)	(341,739)	(135,772)	205,967
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	502,435	502,435	502,435	0
Fund Balance End of Year	\$390,799	\$160,696	\$366,663	\$205,967

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, 2001

	General Obligation Bond Retirement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$440,000	\$489,378	\$487,989	(\$1,389)
Total Revenues	440,000	489,378	487,989	(1,389)
Expenditures:				
Debt Service:				
Principal Retirement	220,000	220,000	220,000	0
Interest and Fiscal Charges	210,028	217,329	205,205	12,124
Total Expenditures	430,028	437,329	425,205	12,124
Net Change in Fund Balance	9,972	52,049	62,784	10,735
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	163,862	163,862	163,862	0
Fund Balance End of Year	\$173,834	\$215,911	\$226,646	\$10,735

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, 2001

	Special Assessment Bond Retirement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	\$100,000	\$228,987	\$228,987	\$0
Investment Earnings	14,580	0	0	0
Total Revenues	114,580	228,987	228,987	0
Expenditures:				
Debt Service:				
Principal Retirement	163,000	163,000	163,000	0
Interest and Fiscal Charges	99,780	105,811	104,393	1,418
Total Expenditures	262,780	268,811	267,393	1,418
Net Change in Fund Balance	(148,200)	(39,824)	(38,406)	1,418
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	87,246	87,246	87,246	0
Fund Balance End of Year	(\$60,954)	\$47,422	\$48,840	\$1,418

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, 2001

	Tax Increment Financing Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$34,500	\$69,932	\$69,932	\$0
Investment Earnings	0	0	5	5
Total Revenues	34,500	69,932	69,937	5
Expenditures:				
Current:				
Transportation & Street Repair	0	6,660	750	5,910
Debt Service:				
Interest and Fiscal Charges	31,800	47,700	31,800	15,900
Total Expenditures	31,800	54,360	32,550	21,810
Net Change in Fund Balance	2,700	15,572	37,387	21,815
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	9,792	9,792	9,792	0
Fund Balance End of Year	\$12,492	\$25,364	\$47,179	\$21,815

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, 2001

	Central Parke TIF Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$60,375	\$0	\$0	\$0
Investment Earnings	0	16,796	17,224	428
Other Revenues	0	0	1,935	1,935
Total Revenues	<u>60,375</u>	<u>16,796</u>	<u>19,159</u>	<u>2,363</u>
Expenditures:				
Current:				
Transportation & Street Repair	0	235,956	235,798	158
Debt Service:				
Interest and Fiscal Charges	0	31,274	31,200	74
Total Expenditures	<u>0</u>	<u>267,230</u>	<u>266,998</u>	<u>232</u>
Net Change in Fund Balance	60,375	(250,434)	(247,839)	2,595
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>460,366</u>	<u>460,366</u>	<u>460,366</u>	<u>0</u>
Fund Balance End of Year	<u>\$520,741</u>	<u>\$209,932</u>	<u>\$212,527</u>	<u>\$2,595</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, 2001

	Tylersville Road Project Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Transportation & Street Repair	0	1,095,563	1,095,098	465
Total Expenditures	0	1,095,563	1,095,098	465
Excess of Revenues Over (Under) Expenditures	0	(1,095,563)	(1,095,098)	465
Other financing sources (uses):				
Debt Proceeds	0	1,550,000	1,550,000	0
Total Other Financing Sources (Uses)	0	1,550,000	1,550,000	0
Net Change in Fund Balance	0	454,437	454,902	465
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	137,598	137,598	137,598	0
Fund Balance End of Year	<u>\$137,598</u>	<u>\$592,035</u>	<u>\$592,500</u>	<u>\$465</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, 2001

	Mason-Montgomery Road Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$140,152	\$147,002	\$6,850
Total Revenues	0	140,152	147,002	6,850
Expenditures:				
Current:				
Transportation & Street Repair	0	5,862,559	5,857,623	4,936
Total Expenditures	0	5,862,559	5,857,623	4,936
Excess of Revenues Over (Under) Expenditures	0	(5,722,407)	(5,710,621)	11,786
Other financing sources (uses):				
Debt Proceeds	0	6,000,000	6,000,000	0
Total Other Financing Sources (Uses)	0	6,000,000	6,000,000	0
Net Change in Fund Balance	0	277,593	289,379	11,786
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	219,234	219,234	219,234	0
Fund Balance End of Year	<u>\$219,234</u>	<u>\$496,827</u>	<u>\$508,613</u>	<u>\$11,786</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, 2001

	I & O Bridge / Mason- Montgomery Road Widening Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$6,219	\$6,680	\$461
Total Revenues	0	6,219	6,680	461
Expenditures:				
Current:				
Transportation & Street Repair	400,000	0	136,690	(136,690)
Total Expenditures	400,000	0	136,690	(136,690)
Net Change in Fund Balance	(400,000)	6,219	(130,010)	(136,229)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	156,015	156,015	156,015	0
Fund Balance End of Year	(\$243,985)	\$162,234	\$26,005	(\$136,229)

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, 2001

	Government Center Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$343,872	\$360,352	\$16,480
Total Revenues	0	343,872	360,352	16,480
Expenditures:				
Current:				
General Government	2,208,077	5,977,450	5,042,607	934,843
Total Expenditures	2,208,077	5,977,450	5,042,607	934,843
Excess of Revenues Over (Under) Expenditures	(2,208,077)	(5,633,578)	(4,682,255)	951,323
Other financing sources (uses):				
Transfers In	500,000	125,000	125,000	0
Transfers (Out)	(792,923)	(792,923)	(792,923)	0
Total Other Financing Sources (Uses)	(292,923)	(667,923)	(667,923)	0
Net Change in Fund Balance	(2,501,000)	(6,301,501)	(5,350,178)	951,323
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	7,715,004	7,715,004	7,715,004	0
Fund Balance End of Year	<u>\$5,214,004</u>	<u>\$1,413,503</u>	<u>\$2,364,826</u>	<u>\$951,323</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, 2001

	Government Center Reserve Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$92,716	\$111,635	\$18,919
Total Revenues	0	92,716	111,635	18,919
Expenditures:				
Current:				
General Government	0	4,220,000	4,213,247	6,753
Debt Service:				
Principal Retirement	0	420,000	420,000	0
Interest and Fiscal Charges	0	1,165,846	1,023,092	142,754
Total Expenditures	0	5,805,846	5,656,339	149,507
Excess of Revenues Over (Under) Expenditures	0	(5,713,130)	(5,544,704)	168,426
Other financing sources (uses):				
Debt Proceeds	0	23,627,229	24,440,000	812,771
Transfers In	0	792,923	792,923	0
Total Other Financing Sources (Uses)	0	24,420,152	25,232,923	812,771
Net Change in Fund Balance	0	18,707,022	19,688,219	981,197
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$18,707,022	\$19,688,219	\$981,197

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Statistical Section

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Table 1
General Fund Expenditures By Function
Last Ten Fiscal Years

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
General Government	\$1,420,943	\$1,520,014	\$1,607,551	\$2,078,906	\$2,420,667	\$2,455,116	\$2,712,168	\$4,506,728	\$3,495,706	\$4,286,353
Public Safety	1,013,156	1,186,990	1,392,659	1,529,704	1,592,010	1,796,134	2,052,836	2,504,029	2,932,759	2,767,907
Leisure Time Activities	230,344	310,273	403,848	911,000	883,075	695,042	774,456	1,975,052	1,602,077	1,324,854
Community Development	104,557	118,272	207,773	330,507	329,247	413,079	487,525	621,413	790,131	459,596
Basic Utility Services	17,372	36,983	58,897	101,203	105,189	348,506	103,774	179,570	98,122	236,812
Transportation and Street Repair	507,921	647,965	1,144,665	1,350,953	1,386,744	1,954,576	1,753,028	3,094,327	2,872,601	305,833
Other Expenditures	0	6,927	150	0	0	0	36,472	0	0	0
Capital Outlay	496,676	761,623	401,885	0	0	0	0	0	0	3,563,876
Debt Service	0	1,134	0	0	0	0	0	21,091	164,666	143,817
Total Disbursements	\$3,790,969	\$4,590,181	\$5,217,428	\$6,302,273	\$6,716,932	\$7,662,453	\$7,920,259	\$12,902,210	\$11,956,062	\$13,089,048

Source: City of Mason, Ohio, Department of Finance

Table 2
General Fund Revenues By Source
Last Ten Fiscal Years

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Taxes	\$3,848,650	\$3,645,917	\$4,329,519	\$4,598,385	\$5,729,286	\$7,736,926	\$10,777,058	\$11,142,479	\$15,274,080	\$14,740,584
Fines, Licenses & Permits	387,420	519,538	486,382	630,566	788,401	985,306	885,063	1,000,721	1,081,112	1,117,511
Intergovernmental	0	539,608	567,721	601,580	799,877	684,941	702,610	1,144,190	1,372,410	2,132,459
Charges for Services	11,921	15,140	23,471	55,986	98,422	101,296	113,396	159,601	227,665	261,884
Investment Earnings	130,948	100,029	125,444	127,491	180,744	194,796	241,673	237,624	318,802	451,072
All Other Revenues	57,843	211,518	208,356	230,986	249,271	362,844	462,430	318,407	780,243	515,152
Total Revenues	\$4,436,782	\$5,031,750	\$5,740,893	\$6,244,994	\$7,846,001	\$10,066,109	\$13,182,230	\$14,003,022	\$19,054,312	\$19,218,662

Source: City of Mason, Ohio, Department of Finance

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

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

Tax Year: Fiscal Year:	1991/1992 1992	1992/1993 1993	1993/1994 1994	1994/1995 1995	1995/1996 1996	1996/1997 1997	1997/1998 1998	1998/1999 1999	1999/2000 2000	2000/2001 2001
Current Tax Levy	\$356,700	\$374,406	\$393,264	\$477,662	\$527,719	\$604,903	\$949,077	\$3,569,426	\$4,007,289	\$4,865,120
Current Tax Collections	351,057	369,089	388,182	471,018	521,435	598,675	933,999	3,495,198	3,914,640	4,789,569
Percent of Levy Collected	98.42%	98.58%	98.71%	98.61%	98.81%	98.97%	98.41%	97.92%	97.69%	98.45%
Delinquent Tax Collections	6,219	7,336	22,237	7,420	7,658	9,974	11,261	57,416	64,478	130,292
Total Tax Collections	357,277	376,425	410,418	478,438	529,093	608,649	945,260	3,552,614	3,979,118	4,919,861
Ratio of Total Tax Collections to Current Taxes Levied	100.16%	100.54%	104.36%	100.16%	100.26%	100.62%	99.60%	99.53%	99.30%	101.13%

Source: Warren County Auditor's Office

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

Tax Year	Real Property		Public Utility		Tangible Personal Property		Total		Ratio of Total Assessed Value To Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1992	\$144,596,530	\$413,132,940	\$12,489,230	\$14,192,310	\$43,608,492	\$174,433,970	\$200,694,252	\$601,759,220	299.84%
1993	155,440,520	444,115,770	13,050,020	14,829,570	45,943,497	183,773,990	214,434,037	642,719,330	299.73%
1994	193,789,870	553,685,340	13,930,580	15,830,200	48,803,736	195,214,940	256,524,186	764,730,480	298.11%
1995	217,285,530	620,815,800	13,607,270	15,462,810	49,251,189	197,004,760	280,143,989	833,283,370	297.45%
1996	246,729,100	704,940,280	13,691,170	15,558,150	54,287,005	217,148,020	314,707,275	937,646,450	297.94%
1997	324,890,600	928,258,857	14,210,190	16,147,943	64,048,349	256,189,396	403,149,139	1,200,596,196	297.80%
1998	387,938,790	1,108,396,542	15,757,910	18,538,717	76,841,043	307,364,172	480,537,743	1,434,299,431	298.48%
1999	448,944,160	1,282,697,600	17,969,920	20,420,363	95,712,317	382,849,268	562,626,397	1,685,967,231	299.66%
2000	576,089,580	1,645,970,230	18,882,620	21,457,520	115,114,210	460,456,840	710,086,410	2,127,884,590	299.67%
2001	633,752,330	1,810,720,940	12,944,150	14,709,260	146,826,249	587,304,990	793,522,729	2,412,735,190	304.05%

Source: Warren County Auditor's Office

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

Tax Year	City of Mason	Mason City School District	Warren County	Deerfield Township*	Joint Voc. School	Special District	Total
1992	1.90%	51.07%	7.10%	4.65%	2.70%	1.00%	68.42%
1993	1.90%	51.00%	7.10%	3.65%	2.70%	1.00%	67.35%
1994	1.89%	50.78%	6.57%	3.61%	2.70%	1.50%	67.05%
1995	1.89%	53.26%	6.57%	2.36%	2.70%	2.75%	69.53%
1996	1.89%	62.36%	5.00%	0.86%	2.70%	5.45%	78.26%
1997	2.32%	61.95%	5.00%		2.70%	5.45%	77.42%
1998	7.32%	61.95%	4.75%		2.70%	1.50%	78.22%
1999	7.32%	61.95%	4.00%		2.70%	1.50%	77.47%
2000	7.32%	64.57%	4.00%		2.70%	1.50%	80.09%
2001	7.32%	71.11%	4.00%		2.70%	1.50%	86.63%

Source: Warren County Auditor's Office

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

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

Table 6
 Special Assessment Billings and Collections
 Last Ten Fiscal Years

<u>Tax Year</u>	<u>Current Assessments Billings</u>	<u>Current Assessments Collected</u>	<u>Ratio of Collection To Amount Billed</u>
1991	\$278,726	\$236,301	84.78%
1992	329,359	321,874	97.73%
1993	317,925	303,815	95.56%
1994	278,647	275,380	98.83%
1995	274,487	256,455	93.43%
1996	272,394	260,503	95.63%
1997	234,472	195,326	83.30%
1998	258,506	218,038	84.35%
1999	228,615	199,333	87.19%
2000	213,739	201,300	94.18%

Source: Warren County Auditor's Office

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

Fiscal Year	Population	Assessed Value (1)	General Bonded Debt (2)	Less Debt Service Fund (3)	Net General Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1992	12,079	\$200,694,252	\$505,000	\$47,404	\$457,596	0.25%	\$42
1993	12,287	214,434,037	460,000	17,990	442,010	0.21%	37
1994	12,495	256,524,186	420,000	19,193	400,807	0.16%	34
1995	13,244	280,143,989	380,000	27,158	352,842	0.14%	29
1996	14,366	314,707,275	335,000	20,207	314,793	0.11%	23
1997	15,863	403,149,139	255,000	30,406	224,594	0.06%	16
1998	17,500	480,537,743	205,000	25,966	179,034	0.04%	12
1999	19,500	562,626,397	215,000	8,566	206,434	0.04%	11
2000	22,016	710,086,410	215,000	0	215,000	0.03%	10
2001	22,016	793,522,729	220,000	0	220,000	0.03%	10

(1) Assessed Value from Table 4

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

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

Table 8
 Computation Of Legal Debt Margin
 For The Fiscal Year Ended December 31, 2001

	<u>Total Debt</u>	<u>Unvoted Debt</u>
Net Assessed Valuation	\$793,522,729	\$793,522,729
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	83,319,887	43,643,750
Applicable City Debt Outstanding (2)	6,240,000	6,240,000
Less: Applicable Debt Service Fund Amounts (3)	<u>230,472</u>	<u>230,472</u>
Net Indebtedness Subject to Limitation	<u>\$6,009,528</u>	<u>\$6,009,528</u>

Source: City of Mason, Ohio, Department of Finance

- (1) Direct Debt Limitation Based Upon Section 133, The Uniform Bond Act of the Ohio Revised Code.
- (2) City Debt Outstanding Includes Non Self-Supporting General Obligation Notes and Bonds Only. Enterprise Debt is Not Considered in the Computation of the Legal Debt Margin.
- (3) Does not include debt service fund balances for Special Assessment debt with governmental commitment.

Table 9
 Computation of Direct and Overlapping Debt
 For The Fiscal Year Ended December 31, 2001

	<u>Net General Obligations Bonded Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Amount Applicable to City</u>
City of Mason	\$15,235,000	100.00%	\$15,235,000
Warren County	6,793,170	0	1,314,478
Lebanon City School District	40,771,000	0	118,236
Mason City School District	123,455,000	1	81,677,828
Kings Local School District	38,278,182	0	6,361,834
Great Oaks Career Center School District	7,975,000	4.40%	350,900
		Total:	<u><u>\$105,058,276</u></u>

Source: Warren County Auditor's Office.

Table 10
Schedule of Revenue Bond Coverage
Last Ten Fiscal Years

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Water Fund Bond Coverage:										
Operating Revenue	\$1,392,164	\$1,854,392	\$2,541,594	\$3,251,371	\$3,500,136	\$4,136,011	\$4,854,934	\$5,943,825	\$5,314,168	\$5,033,091
Operating Expenses	695,234	1,281,233	953,195	2,169,386	1,685,451	1,703,233	2,148,108	3,241,099	2,703,033	3,509,131
Net Available for Debt Service	696,930	573,159	1,588,399	1,081,985	1,814,685	2,432,778	2,706,826	2,702,726	2,611,135	1,523,960
Debt Service Requirements:										
Revenue Bonds:										
Principal	55,000	190,000	200,000	210,000	215,000	225,000	235,000	250,000	0	535,000
Interest	196,788	510,560	532,930	524,950	515,793	505,895	494,938	472,143	0	688,783
Total	251,788	700,560	732,930	734,950	730,793	730,895	729,938	722,143	0	1,223,783
Coverage	2.77%	0.82%	2.17%	1.47%	2.48%	3.33%	3.71%	3.74%	0.00%	1.25%
Sewer Fund Bond Coverage:										
Operating Revenue	\$1,013,109	\$1,756,957	\$3,096,646	\$3,627,214	\$3,857,651	\$4,438,971	\$5,324,578	\$6,108,606	\$5,775,367	\$5,490,698
Operating Expenses	1,056,494	1,128,228	1,730,152	1,295,536	1,243,237	1,566,903	1,742,470	729,460	2,201,298	2,415,301
Net Available for Debt Service	(43,385)	628,729	1,366,494	2,331,678	2,614,414	2,872,068	3,582,108	5,379,146	3,574,069	3,075,397
Debt Service Requirements:										
Revenue Bonds:										
Principal	0	0	0	170,000	175,000	185,000	190,000	200,000	210,000	220,000
Interest	0	0	0	582,450	459,160	451,810	443,670	423,399	425,430	415,388
Total	0	0	0	752,450	634,160	636,810	633,670	623,399	635,430	635,388
Coverage	0.00%	0.00%	0.00%	3.10%	4.12%	4.51%	5.65%	8.63%	5.62%	4.84%

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

Fiscal Year	Total Permits Issued (1)	Building Permits Total Estimated Value of Buildings (1)	Real Property Assessed Value (2)	Banking Activity Bank Debits (3)
1992	206	\$24,861,185	\$144,596,530	\$367,097
1993	356	57,635,020	155,440,520	401,519
1994	301	49,015,494	193,789,870	410,298
1995	294	62,415,454	217,285,530	447,918
1996	447	74,115,054	246,729,100	465,584
1997	525	89,685,240	324,890,600	523,595
1998	513	111,291,583	387,938,790	521,795
1999	537	108,371,590	448,944,160	533,873
2000	413	95,176,832	576,089,580	548,623
2001	444	172,221,950	633,752,330	618,781

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

(2) Assessed Value from Table 4

(3) Federal Reserve Bank Of Cleveland

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

Fiscal Year	Principal	Interest(2)	Total Debt Service	Total General Government Expenditures	Ratio of Debt Service To General Government Expenditures
1992	\$45,000	\$45,450	\$90,450	\$1,420,943	6.37%
1993	40,000	41,400	81,400	1,520,014	5.36%
1994	40,000	37,800	77,800	1,607,551	4.84%
1995	45,000	34,200	79,200	2,078,906	3.81%
1996	40,000	30,150	70,150	2,420,667	2.90%
1997	40,000	26,550	66,550	2,455,116	2.71%
1998	45,000	22,950	67,950	2,712,168	2.51%
1999	210,000	225,513	435,513	4,506,728	9.66%
2000	215,000	223,943	438,943	3,495,706	12.56%
2001	220,000	238,355	458,355	4,286,353	10.69%

Source: City of Mason, Ohio, Department of Finance

- (1) General obligation bonds reported in the enterprise funds and special assessment debt with governmental commitment have been excluded.
- (2) Excludes bond issuance and other costs.

Table 13
Principal Taxpayers
December 31, 2001

<u>Taxpayer</u>	<u>Assessed Valuation For Fiscal Year 2001</u>	<u>Percentage Of Total Assessed Valuation</u>
Kings Island Company	\$35,267,590	4.44%
Procter & Gamble	31,062,500	3.91%
Mitsubishi Electric	17,371,970	2.19%
A-Mold Corporation	16,916,750	2.13%
Cintas Corporation	14,487,750	1.83%
Cincinnati Gas & Electric	13,497,009	1.70%
Makino Incorporated	9,427,360	1.19%
Heritage Club	6,768,840	0.85%
Mason Christian Village	6,210,290	0.78%
Cintas Sales Corporation	5,802,540	0.73%
All Others	636,710,130	80.24%
Total Assessed Valuation	\$793,522,729	100%

Source: Warren County Auditor's Office

Table 14
Synopsis Of Insurance
December 31, 2001

Coverage	Carrier	Policy Number	Policy Period	Liability Limits Aggregate	Deductible
General Liability	USF & G	30025412001	12/31/99-12/31/02	\$500,000 excess of \$500,000 per occurrence	\$2,500
	American Protection Ins. Co.	3QX12075300	12/31/00-12/31/01	\$10,000,000 excess of \$1,000,000 (\$10 million aggregate per member)	
Property Liability	Chubb	3534-33-17	12/31/00-12/31/01	Excess of \$150,000 to \$477,066,399	\$2,500
Liability:					
Public Officials Liability	USF & G	30025412001	12/31/99-12/31/02	\$500,000 excess of \$500,000 \$500,000 aggregate per member	\$2,500
Excess Public Officials Liability	American Protection Ins. Co.	3QX12075300	12/31/00-12/31/01	\$10,000,000 excess of \$1,000,000 \$10 million aggregate per member	
Total Premium					\$208,482

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

Table 15
Demographic Statistics
December 31, 2001

Population for the Last Ten Years		
	1992	12,079
	1993	12,287
	1994	12,495
	1995	13,244
	1996	14,366
	1997	15,863
	1998	17,501
	1999	19,500
	2000	22,016
	2001	22,016

School Enrollment for the Last Ten Years		
	1992	2,731
	1993	2,866
	1994	3,091
	1995	3,420
	1996	3,845
	1997	4,371
	1998	5,364
	1999	6,100
	2000	6,711
	2001	7,411

Unemployment Rate for the Last Ten Years*		
	1992	6.10%
	1993	6.00%
	1994	4.90%
	1995	3.80%
	1996	3.70%
	1997	3.20%
	1998	2.60%
	1999	3.00%
	2000	3.80%
	2001	3.30%

Source: City of Mason, Ohio, Community Development Department

* Information is only available for Warren County

Table 16
Miscellaneous Statistics
December 31, 2001

Date of Incorporation		1971
Form of Government		Council/Manager
Number of Employees		
Full Time		115
Part Time		146
Area in Square Miles		17.5
Number of Streets		400
Number of Lane Miles		225
Cultural & Recreation:		
	Parks	6
	Park acreage	239
	Swimming Pool	1
Police Protection:		
	Number of Stations	1
	Number of Police Personnel	
	Full time	32.5
	Number of Patrol Units	23
Fire & Emergency Medical:		
	Number of Stations	2
	Number of Fire Personnel	
	Full time	8
	Part time	82
	Number of Emergency Vehicles	18
Education:		
	Number of Elementary Schools	4
	Number of Elementary School Instructors	235
	Number of Secondary Schools	2
	Number of Secondary School Instructors	172

Source: City of Mason, Ohio, Economic Development Department

CITY OF MASON, OHIO

Yellow Book Report

December 31, 2001

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

June 14, 2002

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

We have audited the basic financial statements of the City of Mason, Ohio (the City), as of and for the year ended December 31, 2001, and have issued our report thereon dated June 14, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance required to be reported under *Government Auditing Standards*.

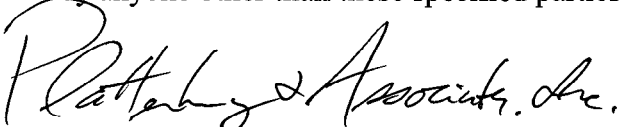
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be

material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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


Plattenburg & Associates, Inc.
Certified Public Accountants



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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P.O. Box 1140
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CITY OF MASON

WARREN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 3, 2002**