

**CITY OF MASON**

**Yellow Book Reports**

**December 31, 2005**





**Auditor of State  
Betty Montgomery**

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

We have reviewed the *Report of Independent Accountants* of the City of Mason, Warren County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

BETTY MONTGOMERY  
Auditor of State

August 14, 2006

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

May 5, 2006

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mason, Ohio (the City), as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 5, 2006 in which we noted the City adopted Government Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as item 2005-1.

We noted certain matters that we reported to management of the City in a separate letter dated May 5, 2006.

This report is intended solely for the information and use 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.

A handwritten signature in cursive script, appearing to read "Plattenburg & Associates, Inc.", written in black ink.

Plattenburg & Associates, Inc.  
Certified Public Accountants

**Schedule of Findings  
December 31, 2005**

**Finding Number 2005-001**

Non Compliance Citation

Ohio Revised Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated resources. At year-end, the City had appropriations exceeding estimated resources in the following funds:

State Highway	\$53,036
Federal Grant	\$29,866
Downtown Investment	\$1,921,300
Subdivision Inspection	\$51,239
Mason Enterprise TIF	\$20,995
Cost of Issuance Sewer 2004	\$4,900

The following funds had appropriations exceeding estimated resources at the beginning of the year:

General	\$2,653,949
State Highway	\$448,356
Municipal Court Improvement	\$47,824
Municipal Court Probation Services	\$54,176
Subdivision Inspection	\$219,462
Mason Enterprise TIF	\$52,443
Downtown Investment	\$2,070,000
Government Center Reserve	\$1,127,500
2004 Sewer Debt Project	\$2,624,290
2004 Sewer Debt Bond	\$2,351,521

Recommendation

We recommend that the City comply with the Ohio Revised Code by more closely monitoring appropriations versus estimated resources and amending the budget as needed throughout the year.

Management Comments/Response

The City will attempt to prepare modifications to the budget throughout the year.



# **Comprehensive Annual Financial Report**



**City of Mason  
Mason, Ohio  
For the Year Ended December 31, 2005**

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**CITY OF MASON, OHIO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2005**

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

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

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**INTRODUCTORY  
SECTION**

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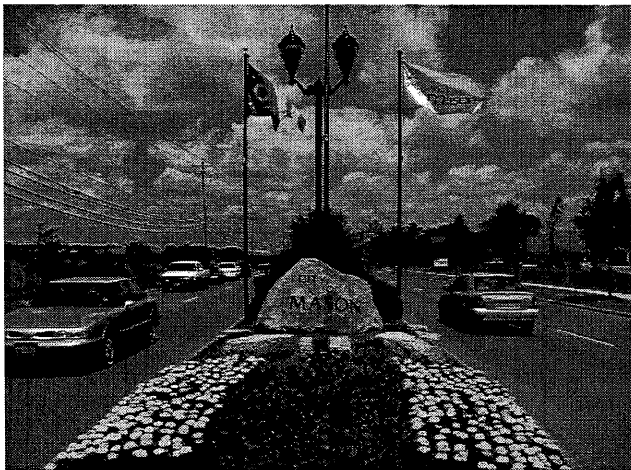
# Finance

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

May 5, 2006

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, 2005. 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.



*Attractive gateways welcome visitors  
and residents to Mason*

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

funds; and that all disclosures necessary to enable the reader to gain a reasonable understanding of the city's financial affairs have been included.

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

The accompanying report consists of the following three parts:

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

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

Statistical Section - multi-year information reflecting 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 28 miles south of Dayton. We are the largest and fastest growing city in Warren County, and Warren County is the second fastest growing county in Ohio.

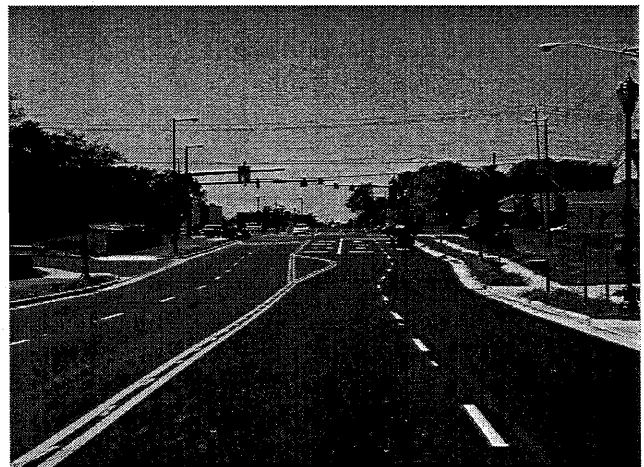
Originally settled as the village of Palmyra in 1815 by Major William Mason, the community was renamed in his honor 20 years later. Incorporated in 1971, Mason is governed by a city charter that establishes guidelines for its operations. We are a home-rule city with a council/manager form of government.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

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

## ECONOMIC CONDITIONS AND OUTLOOK

Mason has earned the reputation of being one of the premier cities in the region. Considered to be part of the Greater Cincinnati Metropolitan Area, it is strategically located between the region's two most vital commerce corridors, Interstates 71 and 75. Nearly 2,600 acres are zoned high tech and industrial, with 1,100 of that still available for additional manufacturing and corporate office development. Within 300 miles of Mason are 59% of the nation's population, 59% of the nation's purchasing power, 58% of the nation's manufacturing establishments, and 65% of the nation's manufacturing industries.

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



*The Snider and Western Row intersection  
Improvement project was completed in 2005*

In the last fifteen years, Mason has become home to numerous national companies and has one of the region's largest complements of international businesses. In an effort to further enhance our foreign investment strategy, the city joined CincinnatiUSA Partnership's Regional Economic Development



Council in 2001. This regional marketing partnership has lent remarkable strength and leverage to Mason's work on both national and international recruitment projects. Mason renewed its commitment to this innovative regional strategy in 2003 with a second three-year commitment as one of thirteen members, and only the third city, to come together to make marketing and recruitment decisions for the Greater Cincinnati region. In 2004, this alliance facilitated extended contact with national and international corporate site selectors and brokers through site location consultant missions in Cincinnati and other major metro areas. In 2005, the group leveraged partnerships with news organizations in major metropolitan areas, including Chicago and New York. As a result, the city and its corporate partners hosted well-regarded pharmaceutical trade publication heads and New York journalists, gaining national exposure and future new investment interests in this industry. The CincinnatiUSA organization also strengthens our methodology of continued relationship maintenance with valuable contacts in Europe and Asia, giving Mason the opportunity to tell the unique stories of our corporate investors to companies outside the U.S. that are looking to start new U.S. operations.

In 2005, the city created its newest economic development advantage, the Mason Port Authority. This tool is expected to lend further creativity, leverage, and power to the already strong economic development position in Mason by allowing greater flexibility and new options to help continue to attract the type of targeted-sector new investments most desired by the city.

Mason's industrial facilities employ an estimated 22,000 persons, about three quarters of the city's nighttime population of approximately 29,400. Five of the 10 largest employers in Warren County are located in Mason. Mason's 10 largest employers provide work for more than 7,000 persons and generated more than \$6.2 million in income tax revenue for 2005.



*Construction on Mason's Great Wolf Lodge Resort, which includes an indoor water park, began in 2005.*

Mason's reputation as a serious business environment is confirmed by corporate decisions to consolidate here and move jobs and investment to the city. New investments in 2005 reported over \$61 million as 327,000 square feet of new corporate and industrial space were added, bringing over 700 announced new jobs to the community. Of particular note were the 130,000 square foot addition to the North American Headquarters for Luxottica Retail, increasing their space by one third, and Great Wolf Lodge Resort, which broke ground on an \$80 million investment announced in 2004. In addition, new employees were added in many of Mason's tech, service, and manufacturing sector businesses. Portion Pac, Hi-Tek Manufacturing, and Blackhawk Automotive all invested in new equipment.

Mason's goals for economic development continue to be met, not only with the attraction of business into the city, but also with continued new investment from existing businesses. The following projects were the largest new developments announced in the City of Mason for 2005:

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

Luxottica Retail expansion	\$14,000,000
Health Alliance Center of HOPE and future office park property	\$40,000,000
Central Light headquarters	\$3,600,000
Aero Fulfillment expansion	\$1,000,000

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

Many of the jobs announced have already been realized by the city and many others will be realized in the next two years.

Growth and development in the City of Mason is expected to continue to meet or exceed the average growth of the economy because of Mason's physical location, developable terrain, municipal facilities, services and utilities, and the progressive attitude and

actions of city council, administration, and citizens. The city's taxable property base and its economic base are strong, due in part to the quality of life that has attracted office development, industry, and citizens to Mason. Mason will maintain its focus on having a balanced tax base with viable commercial and industrial businesses to complement a growing residential base

### **MAJOR INITIATIVES For the Year 2005**

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

Major events that occurred in 2005 that position the city for future economic growth and improvement include:

#### **Downtown Revitalization Efforts**

Three goals were outlined for 2005 to assist in the revitalization efforts of Mason's downtown area:

- Develop a Downtown Streetscape Plan to be implemented using the Community Development Block Grant awarded to the city;
- Create a Downtown Overlay District and accompanying Design Guidelines to guide renovation, additions, and new construction in the historic core of downtown;
- Begin a marketing campaign to attract investors, businesses, consumers and housing into downtown Mason.

These goals were met in 2005 through the following efforts:

- The city contracted with KZF Design to develop a Downtown Streetscape Plan. KZF Design identified a 14-principle strategy to renovate the entire downtown area and applied those strategies to a \$5.2 million, 4-block streetscape improvement plan for the center of town.
- McKenna Associates successfully completed the Downtown Overlay District and Design Guideline Handbook, now used by the Design Review Board to provide direction on renovations to historic properties. The Design

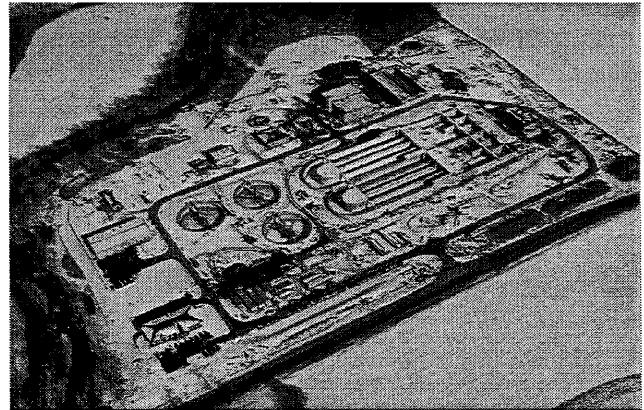
Review Board is also building on the handbook and creating an educational program to assist property owners in the maintenance and renovation of historic locations in downtown Mason.

- The city contracted with The Deciding Factor to develop a marketing program to attract new businesses and investors to downtown Mason.

#### **Mason Sports Park and Memorial Park**

In 2005, City Council authorized the city to begin design for two parks recommended in the park master plan developed in 2004. The Mason Sports Park (listed as the Biehle property in the plan) and the Memorial Park on Mason-Montgomery Road are under design. The design services include the plans, specifications, construction documents, bid review, and construction management of the two parks. Pending City Council approval, the bid reviews and construction could begin on Mason Sports Park in the summer of 2006.

#### **Water Reclamation Plant**



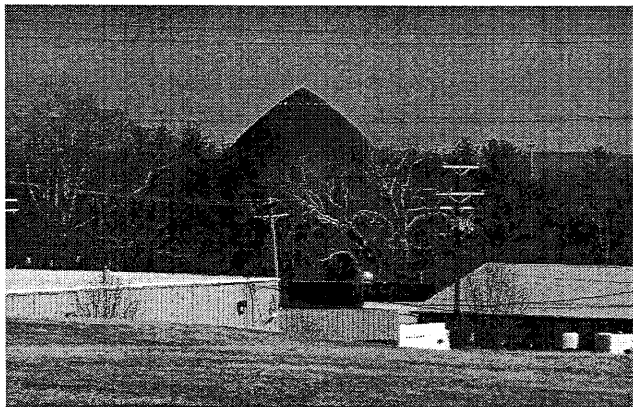
*The various structures of the new Water Reclamation Plant on Mason-Morrow-Millgrove Road stood out well in winter 2005-6's only snowfall.*

Construction of a new Water Reclamation Plant (WRP) began in the spring of 2004 and remained on schedule throughout 2005. The plant is expected to go on-line and begin receiving flow in the spring of 2006. This \$32 million project will increase the city's sewer capacity from 4.95 million gallons per day (MGD) to 8.67 MGD. Most of the plant is being constructed to handle 13 MGD, which is the projected flow for the year 2020. Innovative technologies are incorporated in the design and consideration was given to future regulations. Processed bio-solids will be suitable for use by the

Parks Department to meet their nutrient needs in the parks system. Water for the in-plant water system for housekeeping and maintenance activities will be treated effluent and not purchased potable water. The city will also continue to sell treated effluent to golf courses. Consideration was given to city needs should growth exceed future projections. Space is available to increase treatment capacity to roughly 20 million gallons per day should the need arise.

### **Salt Dome**

The city's first salt dome was constructed in 2005. Located at the north end of the community on Mason-Morrow-Millgrove Road, it will store up to 6,600 tons of salt—over ten times the amount that could previously be kept on hand. The additional supply and the ability to keep the salt dry will increase the efficiency and effectiveness of the city's snow removal operations. The Public Works Department continues to look for a suitable site for a second dome at the south end of the community.



*Mason's new salt dome is near the city's new Water Reclamation Plant and will increase the efficiency of snow removal operations.*

### **U.S. 42/Hanover Intersection Improvements**

New left turn lanes and a new traffic signal at the US 42/Hanover Drive/Heritage Oak Park entrance will ease congestion and improve safety for the increasingly heavy traffic from soccer and baseball players using the park. The signal also provides a safe means for residents entering U.S. 42 from Hanover Drive.

### **Snider Road and U.S. 42 Intersection Realignment**

The coming connection of Snider Road between Tylersville Road and U.S. 42 created the urgency to

realign Snider Road at U.S. 42. Now closer to a 90 degree intersection, the area is much safer for the increased traffic volumes on Snider Road.

### **Muddy Creek Detention Basin**

Using stormwater funds, the city implemented its first regional detention basin system. It represents a major improvement to the 100-year floodplain in several subdivisions that flooded in July 2001. Additionally, the basin will decrease the flood elevation in Muddy Creek from Snider Road to the Water Reclamation Facility east of the city, reducing erosion and flooding.

### **Snider Road Culvert and Roadway Improvement**

Working co-operatively with the property owner/developer, the city constructed a new culvert under the Snider Road connector between Tylersville Road and U.S. 42. This new culvert contributes to stormwater control in Muddy Creek and was the impetus for the Snider Road connector.

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

The improvement project on the main trunk sewer conveying sewage from the southern portions of the city to the WRP began with the U.S. 42 South Sewer Improvement Project, constructed in 2003. The north portion was divided into three phases. Phase 1 was completed in 2004 and is now in service. A portion of Phase 2 will be constructed in 2006 as a joint project with the Stormwater Utility, which is doing stream restoration. Design and construction of the remainder of Phase 2 and Phase 3 will be done at another time.

### **East Trunk Sewer Improvement Project**

The East Trunk Sewer carries wastewater from the east and southeastern portions of the city. It also receives flow from the Western Row Road lift station. As a temporary measure, the 16-inch force main from the lift station was permitted to discharge into a 15-inch gravity sewer until the capacity of the station was utilized. The force main has now been extended along I-71 to Courseview Drive just south of Kings Mills Road, where it discharges into a 21-inch sewer. This allows the full capacity of the lift station to be utilized.

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

Completed in September 2005 before school began, this \$5.5 million project consisted of widening the

intersection, adding a traffic signal and streetlights, replacing a bridge, and constructing medians, sidewalk, and bike paths. It was coordinated with Greater Cincinnati Water Works to include over a mile of waterline. This investment in the city's traffic infrastructure was done on one leg of the intersection at a time in a very congested area. It is a tremendous improvement.

### **Looking Ahead to the Future**

Accomplishments to look forward to in 2006 include:

- Completion of the Snider Road connection through a sharing agreement with the owner of the property through which the road runs.
- Completion of the Socialville-Fosters Road widening project.
- Design for improvements to Bethany Road, Mason Road, Western Row Road east and west of Mason-Montgomery Road, Mason-Montgomery Road north of Church Street, and U.S. 42 from Tylersville Road to Butler-Warren Road.
- Improvements to the Kings Island Drive and Western Row Road intersection and the U.S. 42 and Tylersville Road intersection.
- Continued work on the plans for the Muddy Creek Greenway Corridor and Bike Path Project.
- Adding new street lights, waterline, sidewalk, and landscaping in the downtown to start the first segment of the downtown revitalization project.
- Opening of the new Water Reclamation Plant and the decommissioning of the existing plant.

## **FINANCIAL INFORMATION**

In developing and evaluating the city's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized user disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived, and that the evaluation of cost and benefits requires estimates and judgments by management. As part of this new reporting model, management is responsible for preparing a

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

### **Budgetary Controls**

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

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

### Cash Management

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

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

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

accounted for in the Business Type Activities.

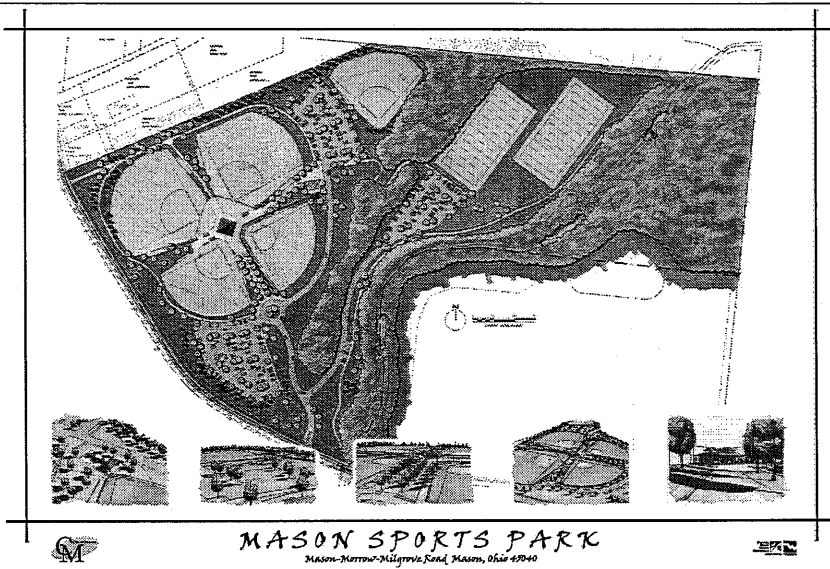
Over the past twelve months, the city's total return on investments (net of fees) was 1.52%. This compares favorably with the most common industry benchmarks: Star Ohio, 1.27% and Treasury Bills, 1.22%. The yields are monitored on a monthly basis and when the point spread is sufficient to justify the loss of immediate liquidity and the absence of specific collateral pledged in the city's name, other types of authorized investments, collateralized as and if required, may be considered for the city's portfolio.

### Risk Management

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

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 favorable loss history. Since then, their marketing committee has sought out cities with similar characteristics. The pool is currently made of twenty municipalities, including the City of Mason. The amount of each member's annual contribution for losses and operating costs is based upon a weighted formula that includes: a four-year average of a member's losses; population; the number of sworn police officers; the number of other full-time staff outside of Police Department; the number of titled

vehicles; net operating expenditures; and the valuation of property requiring property liability and casualty coverage. Since the claim/loss factor is more heavily weighted than the other factors, cities that do well on loss prevention and claims experience represent a smaller portion of the overall risk factor and thus have lower contributions. Member-cities pay premiums proportionately, based on their loss



*Design began on the Mason Sports Park in 2005. This park is adjacent to the new Water Reclamation Plant on Mason-Morrow-Millgrove Road.*

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

Interest earned on investments in 2005 was \$1,809,514 of which \$910,574 is accounted for in the Governmental Activities and \$898,940 is

history. A full-time Executive Director, Claims Manager, Loss Control Manager, and an Administrative Assistant staff MVRMA's Kettering, Ohio office. 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. In the case of a crime loss, the pool shares amounts not exceeding \$12,500. The crime coverage limit and retention is dependent on the specific type of claim, with maximum crime coverage of \$1,000,000 per occurrence. Each casualty/liability claim in excess of \$2,500, and not exceeding \$2,000,000, is shared by the pool, including the cost of settlement and legal defense, with a general liability limit of \$7,000,000 per member. As of September 30, 2005, the Association's assets were \$9,793,371.

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

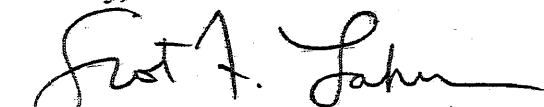
#### **Independent Audit**

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

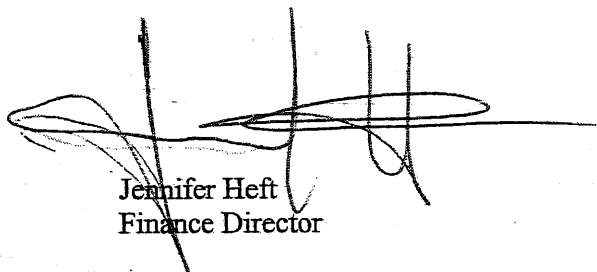
#### **Certificate of Achievement**

The accounting policies of the city conform to generally accepted accounting principles as

Sincerely,



Scot Lahrmer  
City Manager



Jennifer Heft  
Finance Director

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 each consecutive year beginning in 1997. We believe our current report conforms to the Certificate of Achievement Program requirements, and it is being submitted to GFOA to determine its eligibility for an award.

#### **Acknowledgment**

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

# THE CITY OF MASON, OHIO

## LIST OF PRINCIPAL OFFICIALS

December 31, 2005

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### ELECTED OFFICIALS

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Mayor	Charlene Pelfrey
Vice Mayor	Tom Grossmann
Council Member	Tony Bradburn
Council Member	Victor Kidd
Council Member	Matt Kline
Council Member	Steve Osborne
Council Member	Todd Wurzbacher

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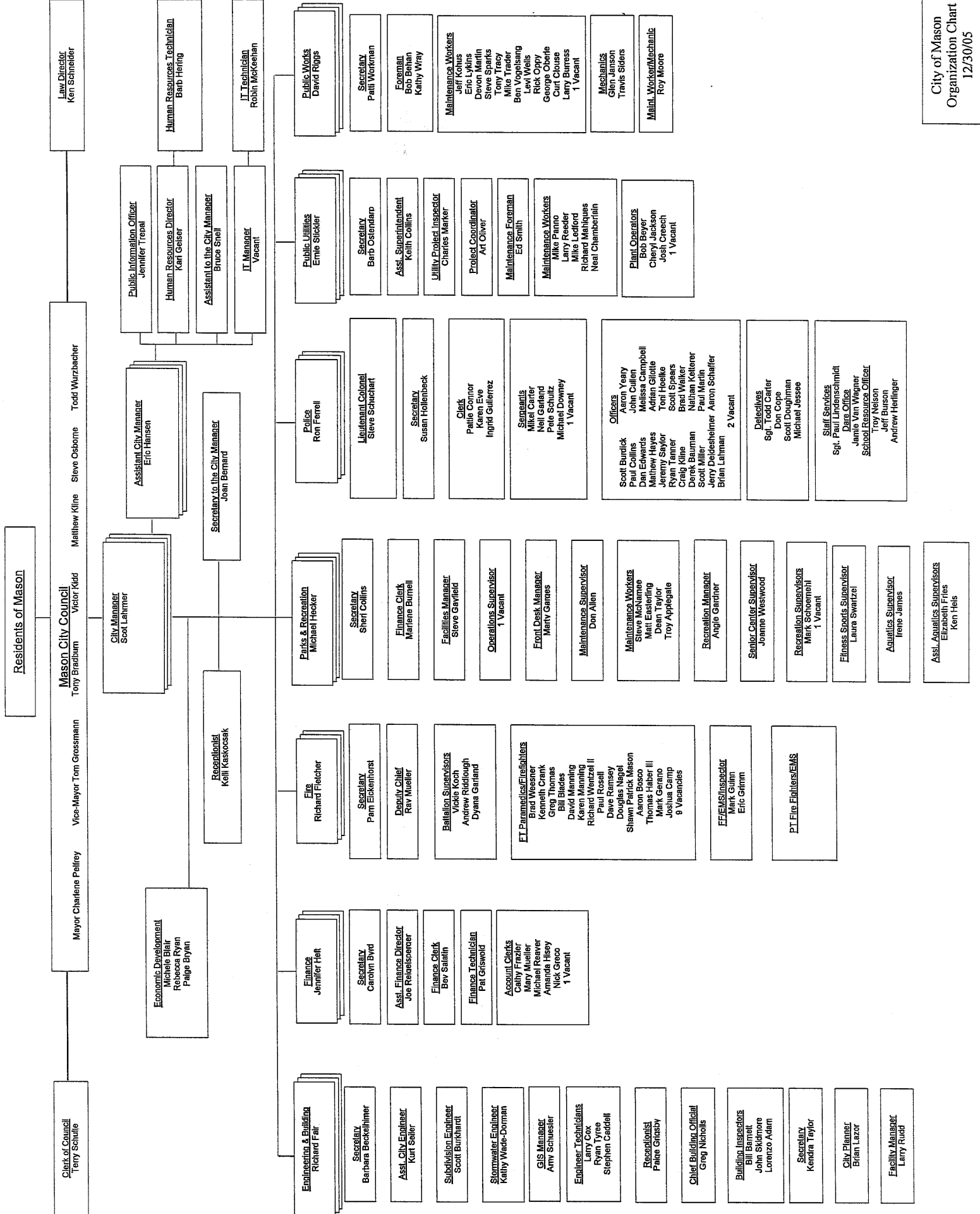
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### ADMINISTRATIVE OFFICIALS

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





# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Mason,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2004

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.



*Carla E. Perry*

President

*Jeffrey R. Emer*

Executive Director

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**FINANCIAL  
SECTION**

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May 5, 2006

## REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mason, Ohio, (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2005, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in the Notes, the City has implemented Government Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures* for the year ended December 31, 2005.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2006, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

  
Plattenburg & Associates, Inc.  
Certified Public Accountants

## City of Mason Management's Discussion and Analysis (Unaudited)

As management of the City of Mason, we offer readers of the City of Mason's financial statement this narrative overview and analysis of the financial activities of the City of Mason for the fiscal year ended December 31, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages vii - xiv of this Comprehensive Annual Financial Report (CAFR). All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### Financial Highlights

- The assets of the City of Mason exceeded its liabilities at the close of 2005 by \$223,124 (net assets). Of this amount, \$35,102 is considered unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$17,406. Net assets of the governmental activities increased \$10,769, which represents an 8.9 percent increase from 2004. Net assets of the business-type activities increased \$6,637 or 7.9 percent from 2004. Approximately forty percent of this increase is attributable to dedicated infrastructure from developers and other one-time capital grants and contributions.
- The total cost of the City's programs increased \$2,280 or 7.0 percent. The cost of governmental activities increased \$1,344 or 5.5 percent, while the cost of business-type activities increased \$936 or 10.3 percent. The higher increase in the business-type activity resulted from a contractual commitment related to the operations of the Mason Community Center.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$28,872, an increase of \$4,360 in comparison with the prior year. \$16,509 of the combined ending fund balances is considered unreserved at December 31, 2005.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components:

1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This annual report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). The governmental activities of the City include general government, public safety, leisure time activities, community development, and transportation/street repair. The business-type activities of the City include four enterprise activities: Sewer, Stormwater, Waste Collection, and Community Center activities.

The government-wide financial statements can be found on pages 15 - 16 of this report.

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

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

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

The City maintains 34 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, the Fire and Emergency Medical Services Fund, and the Western Row/Snyder Road Improvement Fund, all of which are considered to be major funds. Data for the other 31 governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 18 - 21 of this report.

Proprietary Funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. *Enterprise funds* are the only type of proprietary fund that the City maintains. The City uses enterprise funds to account for its Sewer, Stormwater, Waste Collection, and Community Center operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer, Stormwater, Waste Collection and Community Center operations. The Sewer, Stormwater and Community Center funds are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 22 - 24 of this report.



Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 25 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 - 53 of the CAFR.

**Other information.** In addition to the basic financial statements and accompanying notes, the CAFR also presents certain required supplementary information concerning the City's General Fund budget and the Fire and Emergency Medical Services Fund budget. The City adopts an annual appropriation budget for its General Fund and Fire and Emergency Medical Services Fund. A budgetary comparison statement has been provided for each fund to demonstrate compliance with this budget. Required supplementary information can be found on pages 55 - 58 of the CAFR.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplemental information. Combining and individual fund statements and schedules can be found on pages 61 - 114 of the CAFR.

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b>Assets</b>						
Current and other assets	\$53,207	\$48,080	\$25,153	\$39,591	\$78,360	\$87,671
Capital assets	127,491	122,908	108,261	84,950	235,752	207,858
<b>Total Assets</b>	<b>\$180,698</b>	<b>\$170,988</b>	<b>\$133,414</b>	<b>\$124,541</b>	<b>\$314,112</b>	<b>\$295,529</b>
<b>Liabilities</b>						
Long-term liabilities outstanding	\$30,085	\$31,151	\$35,964	\$36,932	\$66,049	\$68,083
Other liabilities	18,556	18,549	6,383	3,178	24,939	21,727
<b>Total Liabilities</b>	<b>\$48,641</b>	<b>\$49,700</b>	<b>\$42,347</b>	<b>\$40,110</b>	<b>\$90,988</b>	<b>\$89,810</b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	\$89,319	\$83,296	\$73,166	\$64,318	\$162,485	\$147,614
Restricted	14,337	13,470	11,290	23,252	25,627	36,722
Unrestricted	28,401	24,522	6,611	(3,139)	35,012	21,383
<b>Total Net Assets</b>	<b>\$132,057</b>	<b>\$121,288</b>	<b>\$91,067</b>	<b>\$84,431</b>	<b>\$223,124</b>	<b>\$205,719</b>

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$223,124 at the close of the most recent fiscal year.

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

An additional portion of the City's net asset (11 percent) represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted net assets (\$35,012) may be used to meet the City's on-going obligations to citizens and creditors. It is important to note that the unrestricted net assets of the City's business-type activities (\$6,611) may not be used to fund governmental activities.

At the end of the 2005, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Overall net assets of the City increased \$17,406 in 2005. Net assets for governmental activities increased \$10,769, while net assets for business-type activities increased \$6,637. The increase in net assets for 2005 (\$17,406) was \$4,101 less than the increase in net assets for 2004 (\$21,507). This decrease is primarily the result of fewer capital contributions from developers for dedicated streets and other infrastructure. Revenue from charges for services and general revenues continue to have increases from the prior year while expenses increased by only 7 percent. The largest increase of expenses, from \$1,973 to \$3,113, can be attributed to a contractual commitment for the operations of the Community Center.

**Governmental activities.** Governmental activities increased the City's net assets by \$10,769, accounting for 62 percent of the total growth in the government's net assets. Key elements of the changes in net assets are as follows:

- Capital contributions from developers for streets and right-of-ways decreased by \$4,544 from the previous year. This amount varies depending on the number of developments completed and accepted by the City within the year.
- Other revenue such as income tax and investment earnings has increased as a result of improved economic conditions and a higher return on investments.
- Expenses increased by 5.4 percent from the previous fiscal year. The largest increase was for street repair and maintenance.

**Business-type activities.** Business-type activities increased the City's net assets by \$6,637, accounting for 38 percent of the total growth in the government's net assets. Key elements of the changes in net assets are as follows:

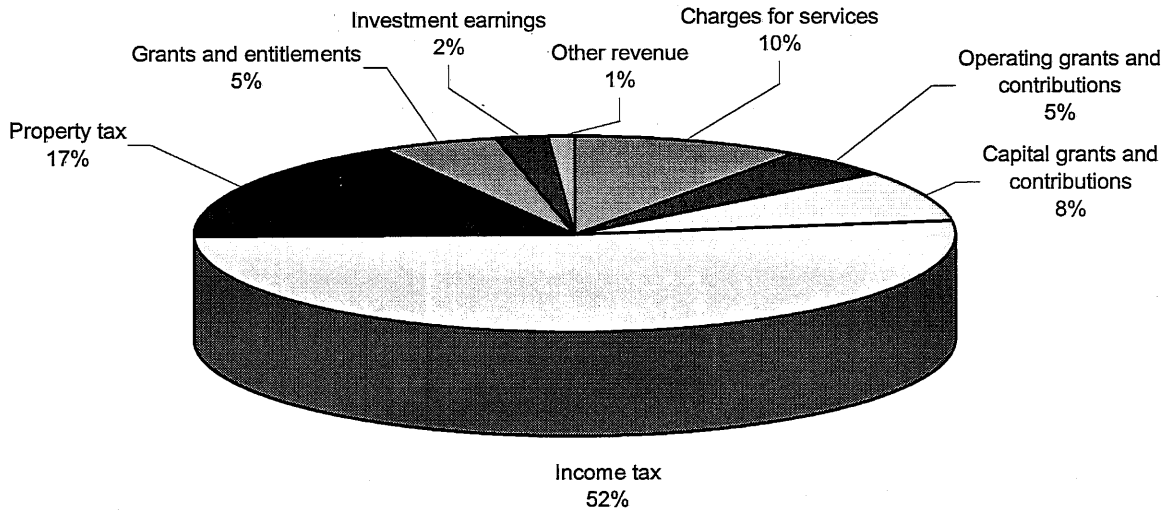
- Capital contributions from developers for sewer and stormwater decreased by \$699 from the previous year. This amount varies depending on the number of developments completed and accepted by the City within the year.
- Charges for services increased by 2 percent as a result of annual rate increases.

- The largest increase of expenses, from \$1,973 to \$3,113, was as the result of a contractual commitment for the operations of the Community Center.
- Waste collection, as in the previous year, had a loss in net assets resulting from an unanticipated increase in state surcharge fees and solid waste district generation fees. Rates will be evaluated in 2006 along with a new contract for waste collection services, with the intent for revenue to cover the expenses for the service.

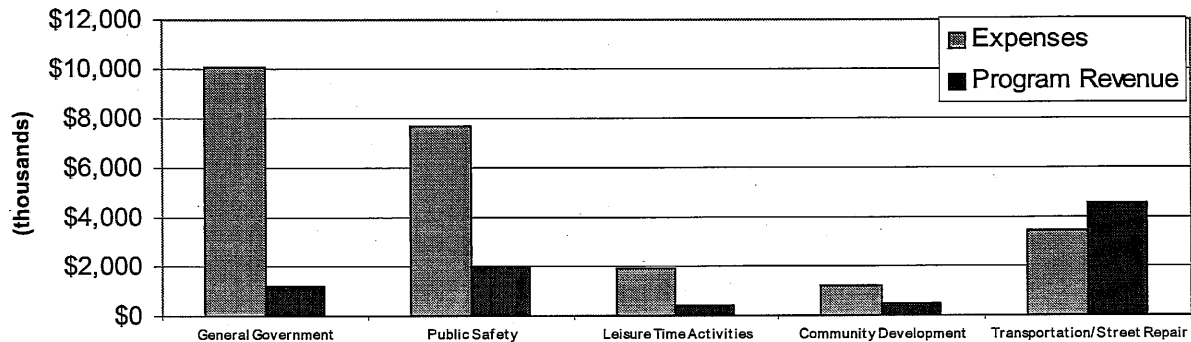
**City of Mason**  
**Changes in Net Assets**  
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b>Revenues</b>						
Program revenues:						
Charges for Services	\$3,666	\$3,407	\$9,644	\$9,451	\$13,310	\$12,858
Operating Grants and Contributions	1,848	1,470			1,848	1,470
Capital Grants and Contributions	3,176	7,720	3,807	4,506	6,983	12,226
General Revenues:						
Income Tax	19,804	17,630			19,804	17,630
Property Tax	6,385	6,668			6,385	6,668
Grants and Entitlements	1,916	2,101			1,916	2,101
Investment Earnings	911	178	899	435	1,810	613
Other Revenue	376	639	12	60	388	699
<b>Total Revenues</b>	<b>38,082</b>	<b>39,813</b>	<b>14,362</b>	<b>14,452</b>	<b>52,444</b>	<b>54,265</b>
<b>Expenses:</b>						
General Government	10,055	9,586			10,055	9,586
Public Safety	7,647	7,677			7,647	7,677
Leisure Time Activities	1,927	2,025			1,927	2,025
Community Development	1,219	1,055			1,219	1,055
Transportation and Street Repair	3,434	2,763			3,434	2,763
Interest and Fiscal Charges	1,685	1,517			1,685	1,517
Water				321		321
Sewer			3,839	3,589	3,839	3,589
Waste Collection			1,068	995	1,068	995
Stormwater Utility			1,051	1,257	1,051	1,257
Community Center			3,113	1,973	3,113	1,973
<b>Total Expenses</b>	<b>25,967</b>	<b>24,623</b>	<b>9,071</b>	<b>8,135</b>	<b>35,038</b>	<b>32,758</b>
Increase (decrease) in net assets before transfers	12,115	15,190	5,291	6,317	17,406	21,507
Transfers - internal activities	(1,346)	(280)	1,346	280		
Increase (decrease) in net assets	10,769	14,910	6,637	6,597	17,406	21,507
<b>Net Assets beginning of year</b>	<b>121,288</b>	<b>106,378</b>	<b>84,430</b>	<b>77,833</b>	<b>205,718</b>	<b>184,211</b>
<b>Net Assets end of year</b>	<b>\$132,057</b>	<b>\$121,288</b>	<b>\$91,067</b>	<b>\$84,430</b>	<b>\$223,124</b>	<b>\$205,718</b>

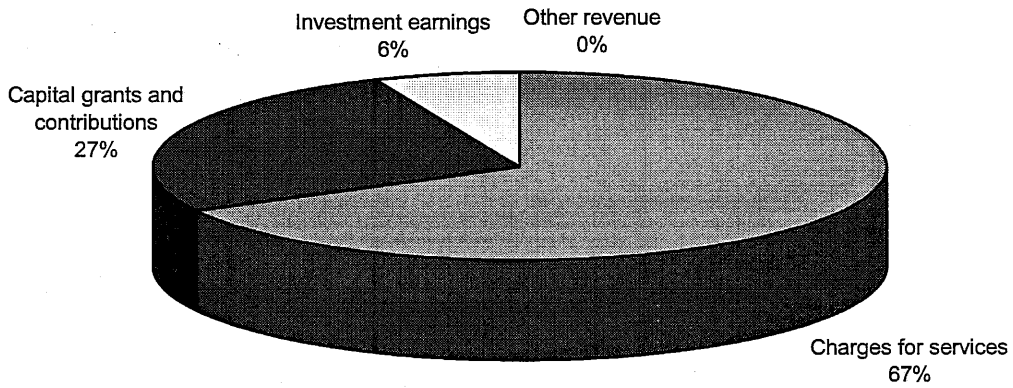
### Revenues by Source - Governmental Activities



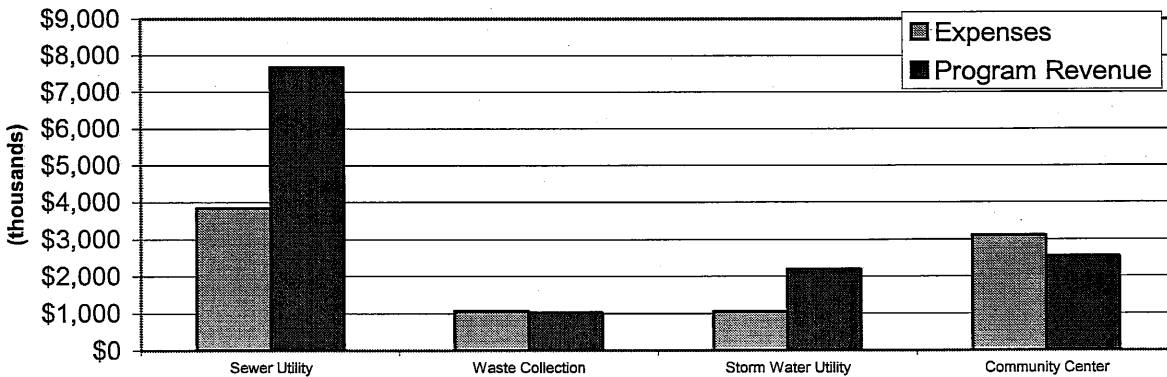
### Expenses and Program Revenues - Governmental Activities



### Revenues by Source - Business-Type Activities



### Expenses and Program Revenues - Business-Type Activities



## Financial Analysis of the Government's Funds

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

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

As of the end of the 2005, the City of Mason's governmental funds reported combined ending fund balances of \$28,872, an increase of \$4,509 in comparison with the prior year. Approximately \$16,509 of this amount constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period.

The General Fund is the chief operating fund of the City. At December 31, 2005, the unreserved fund balance of the General Fund was \$5,580, while total fund balance was \$16,310. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures (including transfers out). Unreserved fund balance represents 24.8 percent of the total General Fund expenditures (including transfers out), while total fund balance represents 59.1 percent of that same amount.

The fund balance of the City's General Fund increased by \$3,259 during the current fiscal year.

Key factors in this growth are as follows:

- Continued economic growth that increased income tax revenue by \$2,549, an approximate 16 percent increase over 2004 tax revenues.
- Increase of investment earnings (\$511) as a result of an improved short-term investment market.
- Decrease in expenditures by \$60 from the City's conservative budgeting practices and continued commitment to cost containment while continuing to fund capital projects and maintain services.
- Transfers of \$5 million to the Western Row/Snider Road capital project fund in order to transfer the capital project fund's outstanding debt to the General Fund.

The Fire and Emergency Medical Services Fund provides public safety services to the City of Mason using a five-mill property tax levy as its major source of revenue. The fund balance increased by \$1,444, which is a 5.7 percent increase from the previous fiscal year. Revenues increased by \$318 (6.4 percent) while expenditures increased by \$237 (6.5 percent).

The Western Row/Snider Road Improvement, which is a capital project fund, was completed in 2005. The fund had a negative balance of \$90 at December 31, 2005. A reimbursement in the amount of \$117 from Greater Cincinnati Water Works for the water line improvements will restore a positive balance to the fund before the fund is closed. This receivable is considered to be deferred revenue since it is not considered to be *spendable resources* available at the end of 2005.

**Proprietary Fund.** The City's proprietary funds financial statements provide the same information found in the government-wide financial statements, but in more detail.

Unrestricted net assets for the Sewer Fund at the end of the year amounted to \$4,800, with a total growth in net assets of \$4,656. Unrestricted net assets for the Stormwater Fund at the end of the year were \$1,154, with a total growth in net assets of \$2,550. Unrestricted net assets for the Community Center Fund at the end of the year were \$407, with a total loss in net assets of \$539. Unrestricted net assets for the Waste Collection Fund at the end of the year were \$249, with a total loss in net assets of \$31. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

### **Budgetary Highlights**

**General Fund.** During the year, there was an \$4 increase in appropriations between the original and final amended budget including transfers out. The total original appropriations, including those for transfers out, were \$46,964, while the final appropriations were \$46,969. The budget represents a guide to each year's expenditures, City Council will re-appropriate funds or provide supplemental appropriations based on changes in priorities that may occur after the adoption of the original budget. During the year, \$3,859 was re-appropriated from capital outlay to encumber a 20-year contract with Tennis for Charity (\$2,500) and to encumber funds for future debt payments (\$1,150). Original budgeted revenues are conservatively estimated and are redefined near year-end based on actual revenue. At the end of the fiscal year, the actual expenditures including transfers out were \$38,964. This was \$8,800 less than the final amended budget. The largest difference is a result of capital projects that were delayed until 2006.

**Fire and Emergency Medical Services Fund.** The total original appropriations were \$8,426 and no changes occurred during the year. Since a new fire station was not constructed in 2005, the final amended budget (\$8,426) was \$3,777 higher than the actual expenditures (\$4,649).

### **Capital Asset and Debt Administration**

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2005, amounts to \$235,752 (net of accumulated depreciation). This investment in capital assets includes land and easements, buildings, system improvements, machinery and equipment, park facilities, roads, streets, and traffic signals. The total increase in the City's investment in capital assets for 2005 was 13.4 percent (a 3.7 percent increase for governmental activities and a 18.0 percent increase for business type activities.)

Major capital events during 2005 included the following:

- Construction continued on the City's new water reclamation plant that will increase sewage treatment capacity from 5 million gallons per day to 8.67 million gallons per day. At the close of the fiscal year, construction in progress for the new treatment facility had reached \$34,224. Other construction in progress included \$1,097 for street and park improvements, \$622 for Stormwater improvements, and \$1,226 for other sewer improvements.
- Street improvements completed in 2005 included: Western Row and Snider Road improvements (\$3,575), Tylersville Crossing (\$347), and Snider Road extension/widening (\$339).
- Other projects completed included sewer improvements (\$1,036), stormwater improvements (\$2,570), traffic signal improvements (\$1,043), street lights (\$449) and a new salt storage facility (\$262).
- Dedicated infrastructure (streets, sewer, and stormwater) plus right-of-ways contributed by developers increased capital assets by \$5,021. As discussed previously, this was a decrease from the prior fiscal year.

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

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$49,931	\$48,272	\$4,184	\$3,929	\$54,115	\$52,201
Construction in progress	1,097	3,538	36,072	17,511	37,169	21,049
Buildings and improvements	33,044	32,334	18,220	18,220	51,264	50,554
Machinery and equipment	11,462	10,205	778	744	12,240	10,949
Infrastructure	47,646	41,890	63,108	57,148	110,754	99,038
Accumulated depreciation	(15,689)	(13,331)	(14,101)	(12,602)	(29,790)	(25,933)
<b>Total</b>	<b>\$127,491</b>	<b>\$122,908</b>	<b>\$108,261</b>	<b>\$84,950</b>	<b>\$235,752</b>	<b>\$207,858</b>

Additional information on the City's capital assets can be found in note 6 on page 42 - 43 of this report.

**Long-term debt.** At December 31, 2005, the City had \$67,057 of long-term debt outstanding (bonds and capital leases). Of this amount, \$7,045 comprises debt backed by the full faith and credit of the government and \$597 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. \$3,405 of the general obligation debt is funded through tax increment financing. Capital leases outstanding (\$21,650) at December 31, 2005 are certificates of participation for the Municipal Center. The remainder of the City's debt represents bonds secured solely by specified revenue sources.

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

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$7,045	\$7,295			\$7,045	\$7,295
Special assessment debt with governmental commitment	551	684	46	49	597	733
Capital leases	21,650	22,430			21,650	22,430
Revenue bonds			35,765	36,745	35,765	36,745
<b>Total</b>	<b>\$29,246</b>	<b>\$30,409</b>	<b>\$35,811</b>	<b>\$36,794</b>	<b>\$65,057</b>	<b>\$67,203</b>

The City did not issue any bonded debt in 2005. However, the City issued bond anticipation notes of \$12,565 (\$9,400 for governmental and \$3,165 for business-type activities respectively).

The City maintains the following ratings from Moody's Investors Service for its outstanding debt:

General Obligation Bonds Series, 1998	Aa3
Certificates of Participation	Aaa
Sewer System Revenue Refunding and Improvement Bonds, Series 2004	Aaa



The City is within all of its legal debt limitations. The Ohio Revised code provides that the net debt (as defined in the Ohio Revised code) of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5 percent of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5 percent of the total assessed value for taxation. The statutory limitations on debt are measured by the ratio of debt to tax valuation and expressed in terms of a percentage. At December 31, 2005, the City's total net debt of 1.29 percent of the total assessed value of all property within the City is within the 10.5 percent and 5.5 percent debt limitation for voted and unvoted debt respectively. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions of ten mills. This millage is measured against the property values in each overlapping district. At December 31, 2005, the millage amount was 2.6223 mills, of which 0.1894 mills were restricted by the City of Mason for unvoted debt.

Additional information regarding the City's long-term debt can be found in note 9 on pages 45 – 46 of this report.

### **Economic Factors and Next Year's Budgets**

The City of Mason is the largest and fastest growing city in Warren County, and Warren County is the second fastest growing county in Ohio. The City understands the benefits of remaining a strong economic competitor. As such, a major focus of the City's economic development activities is on innovative strategies combined with strong recruitment and retainment efforts. In the last fifteen years, Mason has become home to numerous national companies and has one of the region's largest complements of international businesses. Warren County currently has an unemployment rate of 4.4 percent compared to a state average of 5.9 percent and the national average of 4.9 percent.

The 2006 budget was prepared similar to prior years by conservatively estimating revenue while seeking opportunities for cost savings. During the 2005 budget process, in order to position the City for its future, a 20-year capital improvement plan was developed. The total appropriations for 2006 (\$99,847), including transfers and capital outlay, are 13.3 percent less than 2005 original appropriations (\$115,194).

### **Request for Information**

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

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City of Mason  
Statement of Net Assets  
December 31, 2005

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$33,899,539	\$17,695,737	\$51,595,276
Restricted Cash and Investments	1,886,461	6,368,630	8,255,091
<b>Receivables:</b>			
Taxes	13,071,022	0	13,071,022
Accounts	554,454	1,041,199	1,595,653
Interest	16,223	23,666	39,889
Intergovernmental	1,878,923	0	1,878,923
Special Assessments	1,190,748	0	1,190,748
Deferred Bond Issuance Costs	473,989	0	473,989
Inventory	235,487	24,467	259,954
Nondepreciable Capital Assets	51,028,428	40,255,894	91,284,322
Depreciable Capital Assets, Net	76,462,574	68,004,631	144,467,205
<b>Total Assets</b>	<b>180,697,848</b>	<b>133,414,224</b>	<b>314,112,072</b>
<b>Liabilities:</b>			
Accounts Payable	779,021	1,551,922	2,330,943
Accrued Wages and Benefits	602,357	127,715	730,072
Retainage Payable	461,896	1,327,786	1,789,682
Accrued Interest Payable	327,406	153,821	481,227
Contracts Payable	673,944	57,938	731,882
Unearned Revenue	6,116,733	0	6,116,733
Claims Payable	194,295	0	194,295
General Obligation Notes Payable	9,400,000	3,165,000	12,565,000
<b>Long-Term Liabilities:</b>			
Due Within One Year	1,012,592	1,082,565	2,095,157
Due In More Than One Year	29,072,389	34,880,570	63,952,959
<b>Total Liabilities</b>	<b>48,640,633</b>	<b>42,347,317</b>	<b>90,987,950</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	89,318,991	73,165,544	162,484,535
<b>Restricted for:</b>			
Special Revenue	10,233,057	0	10,233,057
Debt Service	1,515,255	3,630,992	5,146,247
Capital Projects	2,588,428	0	2,588,428
Replacement and Improvement	0	7,659,452	7,659,452
Unrestricted	28,401,484	6,610,919	35,012,403
<b>Total Net Assets</b>	<b>\$132,057,215</b>	<b>\$91,066,907</b>	<b>\$223,124,122</b>

See accompanying notes to the basic financial statements.

City of Mason  
Statement of Activities  
For the Fiscal Year Ended December 31, 2005

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$10,055,191	\$1,211,763	\$0	\$0
Public Safety	7,647,086	1,551,532	438,994	0
Leisure Time Activities	1,927,193	407,548	0	0
Community Development	1,219,316	489,196	2,600	0
Transportation and Street Repair	3,433,612	0	1,405,226	3,175,748
Interest and Fiscal Charges	1,685,015	6,022	987	0
<b>Total Governmental Activities</b>	<b>25,967,413</b>	<b>3,666,061</b>	<b>1,847,807</b>	<b>3,175,748</b>
<b>Business-Type Activities:</b>				
Sewer	3,838,763	5,288,919	0	2,393,282
Waste Collection	1,067,929	1,028,451	0	0
Stormwater Utility	1,051,464	788,602	0	1,405,449
Community Center	3,112,769	2,537,560	0	8,590
<b>Total Business-Type Activities</b>	<b>9,070,925</b>	<b>9,643,532</b>	<b>0</b>	<b>3,807,321</b>
<b>Totals</b>	<b>\$35,038,338</b>	<b>\$13,309,593</b>	<b>\$1,847,807</b>	<b>\$6,983,069</b>

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

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$8,843,428)	\$0	(\$8,843,428)
(5,656,560)	0	(5,656,560)
(1,519,645)	0	(1,519,645)
(727,520)	0	(727,520)
1,147,362	0	1,147,362
(1,678,006)	0	(1,678,006)
<u>(17,277,797)</u>	<u>0</u>	<u>(17,277,797)</u>
0	3,843,438	3,843,438
0	(39,478)	(39,478)
0	1,142,587	1,142,587
0	(566,619)	(566,619)
<u>0</u>	<u>4,379,928</u>	<u>4,379,928</u>
<u>(\$17,277,797)</u>	<u>\$4,379,928</u>	<u>(\$12,897,869)</u>
19,803,888	0	19,803,888
1,861,088	0	1,861,088
4,125,581	0	4,125,581
181,859	0	181,859
217,918	0	217,918
1,915,791	0	1,915,791
910,574	898,940	1,809,514
375,644	12,077	387,721
(1,345,662)	1,345,662	0
<u>28,046,681</u>	<u>2,256,679</u>	<u>30,303,360</u>
10,768,884	6,636,607	17,405,491
<u>121,288,331</u>	<u>84,430,300</u>	<u>205,718,631</u>
<u>\$132,057,215</u>	<u>\$91,066,907</u>	<u>\$223,124,122</u>

City of Mason  
Balance Sheet  
Governmental Funds  
December 31, 2005

	General	Fire and Emergency Medical Service	Western Row / Snider Road Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$22,687,507	\$5,747,287	\$200,923	\$5,263,822	\$33,899,539
Restricted Cash and Investments	0	0	0	1,886,461	1,886,461
<b>Receivables:</b>					
Taxes	8,894,432	4,106,664	0	69,926	13,071,022
Accounts	164,931	236,468	116,687	36,368	554,454
Interest	5,998	1,550	0	8,675	16,223
Intergovernmental	894,640	192,291	0	791,992	1,878,923
Special Assessments	0	0	0	1,190,748	1,190,748
Inventory	194,810	40,677	0	0	235,487
<b>Total Assets</b>	<b>32,842,318</b>	<b>10,324,937</b>	<b>317,610</b>	<b>9,247,992</b>	<b>52,732,857</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts Payable	519,416	76,501	14,550	168,554	779,021
Accrued Wages and Benefits	370,427	206,379	0	25,551	602,357
Compensated Absences	48,194	4,162	0	5,854	58,210
Retainage Payable	21,761	0	276,844	163,291	461,896
Contracts Payable	621,401	0	0	52,543	673,944
Deferred Revenue	5,356,963	4,405,862	116,687	1,811,455	11,690,967
Claims Payable	194,295	0	0	0	194,295
General Obligation Notes Payable	9,400,000	0	0	0	9,400,000
<b>Total Liabilities</b>	<b>16,532,457</b>	<b>4,692,904</b>	<b>408,081</b>	<b>2,227,248</b>	<b>23,860,690</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	10,535,024	747,997	182,211	662,689	12,127,921
Reserved for Inventory	194,810	40,677	0	0	235,487
<b>Unreserved, Undesignated, Reported in:</b>					
General Fund	5,580,027	0	0	0	5,580,027
Special Revenue Funds	0	4,843,359	0	3,617,387	8,460,746
Debt Service Funds	0	0	0	335,878	335,878
Capital Projects Funds	0	0	(272,682)	2,404,790	2,132,108
<b>Total Fund Balances</b>	<b>16,309,861</b>	<b>5,632,033</b>	<b>(90,471)</b>	<b>7,020,744</b>	<b>28,872,167</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$32,842,318</b>	<b>\$10,324,937</b>	<b>\$317,610</b>	<b>\$9,247,992</b>	<b>\$52,732,857</b>

See accompanying notes to the basic financial statements.

City of Mason  
 Reconciliation of Total Governmental Fund Balance to  
 Net Assets of Governmental Activities  
 December 31, 2005

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Total Governmental Fund Balance \$28,872,167

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. 127,491,002

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

Income Taxes	2,890,545	
Delinquent Property Taxes	167,596	
Interest	336	
Intergovernmental	1,093,315	
Other	<u>1,422,442</u>	
		5,574,234

In the statement of net assets interest payable is accrued when  
 incurred, whereas in the governmental funds interest is  
 reported as a liability only when it will require the use of  
 current financial resources. (327,406)

Some liabilities reported in the statement of net assets do not  
 require the use of current financial resources and therefore  
 are not reported as liabilities in governmental funds.

Compensated Absences	<u>(780,771)</u>	
		(780,771)

Deferred bond issuance cost associated with long-term liabilities  
 are not reported in the funds. 473,989

Long-term liabilities, are not due and payable in the current  
 period and therefore are not reported in the funds. (29,246,000)

Net Assets of Governmental Activities \$132,057,215

See accompanying notes to the basic financial statements.

City of Mason  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended December 31, 2005

	General	Fire and Emergency Medical Service	Western Row / Snider Road Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$20,862,244	\$4,095,826	\$0	\$379,268	\$25,337,338
Fines, Licenses & Permits	1,395,516	0	0	889,571	2,285,087
Charges for Services	410,499	565,236	0	2,600	978,335
Investment Earnings	605,698	148,961	2,387	193,651	950,697
Intergovernmental	1,832,218	478,858	0	1,317,444	3,628,520
Special Assessments	0	0	0	137,175	137,175
Other Revenues	669,355	33,711	0	3,398	706,464
<b>Total Revenues</b>	<b>25,775,530</b>	<b>5,322,592</b>	<b>2,387</b>	<b>2,923,107</b>	<b>34,023,616</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General Government	7,494,716	0	0	691,771	8,186,487
Public Safety	3,231,579	3,684,050	0	191,836	7,107,465
Leisure Time Activities	1,736,255	0	0	0	1,736,255
Community Development	917,132	0	0	60,200	977,332
Transportation and Street Repair	1,590,225	0	0	661,067	2,251,292
Capital Outlay	2,070,281	36,356	2,924,785	1,735,786	6,767,208
<b>Debt Service:</b>					
Principal Retirement	0	155,420	0	1,008,000	1,163,420
Interest and Fiscal Charges	104,057	2,899	0	1,364,694	1,471,650
<b>Total Expenditures</b>	<b>17,144,245</b>	<b>3,878,725</b>	<b>2,924,785</b>	<b>5,713,354</b>	<b>29,661,109</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>8,631,285</b>	<b>1,443,867</b>	<b>(2,922,398)</b>	<b>(2,790,247)</b>	<b>4,362,507</b>
<b>Other Financing Sources (Uses):</b>					
Transfers In	0	0	5,000,000	372,100	5,372,100
Transfers (Out)	(5,372,100)	0	0	(3,000)	(5,375,100)
<b>Total Other Financing Sources (Uses)</b>	<b>(5,372,100)</b>	<b>0</b>	<b>5,000,000</b>	<b>369,100</b>	<b>(3,000)</b>
<b>Net Change in Fund Balance</b>	<b>3,259,185</b>	<b>1,443,867</b>	<b>2,077,602</b>	<b>(2,421,147)</b>	<b>4,359,507</b>
<b>Fund Balance Beginning of Year</b>	<b>12,895,414</b>	<b>4,193,832</b>	<b>(2,168,073)</b>	<b>9,441,891</b>	<b>24,363,064</b>
<b>Change in Reserve for Inventory</b>	<b>155,262</b>	<b>(5,666)</b>	<b>0</b>	<b>0</b>	<b>149,596</b>
<b>Fund Balance End of Year</b>	<b>\$16,309,861</b>	<b>\$5,632,033</b>	<b>(\$90,471)</b>	<b>\$7,020,744</b>	<b>\$28,872,167</b>

See accompanying notes to the basic financial statements.



City of Mason  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended December 31, 2005

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Net Change in Fund Balance - Total Governmental Funds \$4,359,507

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

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

Capital assets used in governmental activities	8,525,196	
Depreciation Expense	<u>(2,510,118)</u>	6,015,078

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. The amount of the proceeds must be removed and the gain or loss on the disposal of capital assets must be recognized. This is the amount of the difference between the proceeds and the gain or loss.

(89,375)

Capital assets transfers reported for governmental activities in the statement of activities are not reported in the governmental funds.

(1,342,662)

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

Income Taxes	928,460	
Delinquent Property Taxes	44,413	
Interest	(39,251)	
Intergovernmental	30,350	
Other	<u>(115,673)</u>	848,299

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

1,163,420

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

(213,365)

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

Compensated Absences	(98,493)	
Deferred Bond Issuance Cost Amortization	(23,121)	
Change in Inventory	<u>149,596</u>	27,982

Change in Net Assets of Governmental Activities \$10,768,884

See accompanying notes to the basic financial statements.

City of Mason  
Statement of Net Assets  
Proprietary Funds  
December 31, 2005

	Business-Type Activities -Enterprise Funds				
	Sewer	Stormwater Utility	Community Center	Waste Collection	Total Business-Type Activities
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$13,313,343	\$3,667,603	\$522,896	\$191,895	\$17,695,737
Restricted Cash and Investments	6,368,630	0	0	0	6,368,630
<b>Receivables:</b>					
Accounts	752,475	115,468	20,971	152,285	1,041,199
Interest	22,484	989	141	52	23,666
Inventory	22,737	0	1,730	0	24,467
<b>Total Current Assets</b>	<b>20,479,669</b>	<b>3,784,060</b>	<b>545,738</b>	<b>344,232</b>	<b>25,153,699</b>
<b>Noncurrent Assets:</b>					
Nondepreciable Capital Assets	39,418,474	837,420	0	0	40,255,894
Depreciable Capital Assets, Net	39,579,237	28,425,394	0	0	68,004,631
<b>Total Noncurrent Assets</b>	<b>78,997,711</b>	<b>29,262,814</b>	<b>0</b>	<b>0</b>	<b>108,260,525</b>
<b>Total Assets</b>	<b>99,477,380</b>	<b>33,046,874</b>	<b>545,738</b>	<b>344,232</b>	<b>133,414,224</b>
<b>Liabilities:</b>					
<b>Current Liabilities:</b>					
Accounts Payable	1,161,421	239,077	56,829	94,595	1,551,922
Accrued Wages and Benefits	63,166	4,580	59,647	322	127,715
Compensated Absences	64,701	1,309	12,396	159	78,565
Retainage Payable	1,247,851	79,935	0	0	1,327,786
Accrued Interest Payable	130,705	23,116	0	0	153,821
Contracts Payable	43,623	14,315	0	0	57,938
General Obligation Notes Payable	0	3,165,000	0	0	3,165,000
Long-Term Liabilities Due Within One Year	1,004,000	0	0	0	1,004,000
<b>Total Current Liabilities</b>	<b>3,715,467</b>	<b>3,527,332</b>	<b>128,872</b>	<b>95,076</b>	<b>7,466,747</b>
<b>Noncurrent Liabilities:</b>					
Compensated Absences	61,450	2,450	9,624	46	73,570
Bonds, Notes & Loans Payable	34,807,000	0	0	0	34,807,000
<b>Total Noncurrent Liabilities</b>	<b>34,868,450</b>	<b>2,450</b>	<b>9,624</b>	<b>46</b>	<b>34,880,570</b>
<b>Total Liabilities</b>	<b>38,583,917</b>	<b>3,529,782</b>	<b>138,496</b>	<b>95,122</b>	<b>42,347,317</b>
<b>Net Assets:</b>					
Invested in Capital Assets, Net of Related Debt	47,067,730	26,097,814	0	0	73,165,544
<b>Restricted for:</b>					
Debt Service	2,730,992	900,000	0	0	3,630,992
Replacement and Improvement	6,294,452	1,365,000	0	0	7,659,452
Unrestricted	4,800,289	1,154,278	407,242	249,110	6,610,919
<b>Total Net Assets</b>	<b>\$60,893,463</b>	<b>\$29,517,092</b>	<b>\$407,242</b>	<b>\$249,110</b>	<b>\$91,066,907</b>

See accompanying notes to the basic financial statements.

City of Mason  
Statement of Revenues, Expenses  
and Changes in Fund Net Assets  
Proprietary Funds  
For the Fiscal Year Ended December 31, 2005

	Business-Type Activities -Enterprise Funds				
	Sewer	Stormwater Utility	Community Center	Waste Collection	Total Business-Type Activities
Operating Revenues:					
Charges for Services	\$5,288,919	\$788,602	\$2,537,560	\$1,028,451	\$9,643,532
Other Revenues	8,922	0	0	3,155	12,077
<b>Total Operating Revenues</b>	<b>5,297,841</b>	<b>788,602</b>	<b>2,537,560</b>	<b>1,031,606</b>	<b>9,655,609</b>
Operating Expenses:					
Personal Services	1,108,323	139,539	1,439,899	14,630	2,702,391
Contractual Services	836,735	261,760	1,391,550	1,050,742	3,540,787
Materials and Supplies	246,844	86,065	235,200	2,557	570,666
Depreciation	932,594	540,984	0	0	1,473,578
Other Expenses	3,915	0	46,120	0	50,035
<b>Total Operating Expenses</b>	<b>3,128,411</b>	<b>1,028,348</b>	<b>3,112,769</b>	<b>1,067,929</b>	<b>8,337,457</b>
Operating Income (Loss)	2,169,430	(239,746)	(575,209)	(36,323)	1,318,152
Non-Operating Revenues (Expenses):					
Investment Earnings	800,788	65,244	27,964	4,944	898,940
Interest (Expense)	(710,352)	(23,116)	0	0	(733,468)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>90,436</b>	<b>42,128</b>	<b>27,964</b>	<b>4,944</b>	<b>165,472</b>
Income (Loss) Before Contributions and Transfers	2,259,866	(197,618)	(547,245)	(31,379)	1,483,624
Capital Grants and Contributions	2,393,282	2,748,111	8,590	0	5,149,983
Transfers In	3,000	0	0	0	3,000
Change in Net Assets	4,656,148	2,550,493	(538,655)	(31,379)	6,636,607
Net Assets Beginning of Year	56,237,315	26,966,599	945,897	280,489	84,430,300
Net Assets End of Year	\$60,893,463	\$29,517,092	\$407,242	\$249,110	\$91,066,907

See accompanying notes to the basic financial statements.

City of Mason  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended December 31, 2005

	Business-Type Activities -Enterprise Funds				Total Business-Type Activities
	Sewer	Stormwater Utility	Community Center	Waste Collection	
<b>Cash Flows from Operating Activities:</b>					
Cash Received from Customers	\$5,175,817	\$767,537	\$2,542,279	\$991,039	\$9,476,672
Cash Payments to Employees	(1,072,243)	(141,677)	(1,486,149)	(14,956)	(2,715,025)
Cash Payments to Suppliers	(1,366,302)	(45,508)	(1,635,336)	(1,042,334)	(4,089,480)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>2,737,272</b>	<b>580,352</b>	<b>(579,206)</b>	<b>(66,251)</b>	<b>2,672,167</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Payments for Capital Acquisitions	(18,849,474)	(1,309,987)	0	0	(20,159,461)
Debt Issuance	0	3,165,000	0	0	3,165,000
Debt Principal Payments	(980,000)	0	0	0	(980,000)
Debt Interest Payments	(1,585,295)	0	0	0	(1,585,295)
Capital Grants Received	1,379,295	10,750	8,590	0	1,398,635
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(20,035,474)</b>	<b>1,865,763</b>	<b>8,590</b>	<b>0</b>	<b>(18,161,121)</b>
<b>Cash Flows from Investing Activities:</b>					
Earnings on Investments	792,806	65,551	29,017	5,176	892,550
<b>Net Cash Provided (Used) by Cash Flows from Investing Activities</b>	<b>792,806</b>	<b>65,551</b>	<b>29,017</b>	<b>5,176</b>	<b>892,550</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(16,505,396)</b>	<b>2,511,666</b>	<b>(541,599)</b>	<b>(61,075)</b>	<b>(14,596,404)</b>
<b>Cash and Cash Equivalents Beginning of Year</b>	<b>36,187,369</b>	<b>1,155,937</b>	<b>1,064,495</b>	<b>252,970</b>	<b>38,660,771</b>
<b>Cash and Cash Equivalents End of Year</b>	<b>19,681,973</b>	<b>3,667,603</b>	<b>522,896</b>	<b>191,895</b>	<b>24,064,367</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>					
Operating Income (Loss)	2,169,430	(239,746)	(575,209)	(36,323)	1,318,152
Adjustments:					
Depreciation	932,594	540,984	0	0	1,473,578
Changes in Assets & Liabilities:					
(Increase) Decrease in Receivables	(122,024)	(21,065)	4,719	(40,567)	(178,937)
(Increase) Decrease in Inventory	(3,355)	0	1,388	0	(1,967)
Increase (Decrease) in Payables	(275,426)	301,374	(6,263)	10,965	30,650
Increase (Decrease) in Accrued Liabilities	36,053	(1,195)	(3,841)	(326)	30,691
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$2,737,272</b>	<b>\$580,352</b>	<b>(\$579,206)</b>	<b>(\$66,251)</b>	<b>\$2,672,167</b>
<b>Schedule of Noncash Capital Activities:</b>					
During the fiscal year, these amounts were received representing noncash contributions of:					
Capital Assets acquired with payables	\$1,090,421	\$201,494	\$0	\$0	\$1,291,915
Noncash Contributions of Capital Assets	1,013,987	2,737,361	0	0	3,751,348

See accompanying notes to the basic financial statements.

City of Mason  
Statement of Fiduciary Net Assets  
Fiduciary Fund  
December 31, 2005

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	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	\$73,512
Receivables:	
Total Assets	<u>73,512</u>
Liabilities:	
Due to Others	<u>73,512</u>
Total Liabilities	<u>\$73,512</u>

See accompanying notes to the basic financial statements.

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## **City of Mason**

### **Notes to the Basic Financial Statements For The Year Ended December 31, 2005**

#### **1. DESCRIPTION OF THE CITY AND REPORTING ENTITY**

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

#### **Reporting Entity**

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

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

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

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

### **Measurement Focus**

#### Government-Wide Financial Statements

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

#### Fund Financial Statements

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

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

### **Basis of Presentation**

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



## Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

## Fund Financial Statements

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

## **Fund Accounting**

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

## Governmental Funds

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

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

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

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

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

## Proprietary Funds

Proprietary fund reporting focuses on changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The City does not have an internal service fund.

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

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

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

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

Waste Collection Fund – This fund accounts for the provision of waste collection services to residents and commercial users located within the City.

The City has no other enterprise funds at year end.

## Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: agency funds, pension trust funds, investment trust funds and private-purpose trust funds. The City has two Agency funds. On September 30, 1998 the Mason Deerfield Joint Fire District was dissolved. By court order the City established an Agency fund to hold the assets and liabilities on behalf of the Court as the court appointed agent. This fund was closed during fiscal year 2005. The City also has a Municipal Court Agency fund (to account for amounts held on behalf of other governments and bonds deposited with the court pending final disposition of various causes). Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City currently has no trust funds.

## **Basis of Accounting**

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

## Revenues - Exchange and Non-exchange Transactions

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

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

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

#### Deferred Revenue

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

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

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

#### Unearned Revenue

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

#### Expenses/Expenditures

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

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

#### **Equity in Pooled Cash and Investments**

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

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

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

Following the Ohio Revised Code, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenues during 2005 amounted to \$1,809,514. The general fund interest revenue was \$605,698, which includes \$2,694 assigned from other City funds.

### **Inventory**

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

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

### **Capital Assets**

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

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Buildings and Improvements	15-50 years	15-50 years
Machinery and Equipment	5-20 years	5-20 years
Infrastructure	25-60 years	25-60 years

## **Compensated Absences**

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

Sick leave benefits are accrued as a liability using the vesting method. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental 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. Compensated absences are reported in governmental funds only if they have matured. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

## **Accrued Liabilities and Long-Term Obligations**

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

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

## **Fund Balance Reserves**

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

## **Net Assets**

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

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

The City's sewer and stormwater enterprise funds have restricted net assets relative to those resources necessary to comply with various covenants of bond financing agreements and replacement and improvement of capital assets.

### **Operating Revenues and Expenses**

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

### **Contributions of Capital**

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

### **Interfund Activity**

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

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

As a general rule, the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities.

### **Estimates**

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

### 3. EQUITY IN POOLED CASH AND INVESTMENTS

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

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

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

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

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

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



- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

### **Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of December 31, 2005, \$2,049,307 of the City's bank balance of \$2,170,846 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

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

## Investments

As of December 31, 2005, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighed Average Maturity (Years)</u>
U.S. Treasury Notes	\$2,633,332	0.25
U.S. Treasury Bills	340,401	0.42
Money Market Fund	4,709,745	0.00
Agency Notes	2,994,375	0.39
Agency Discount Notes	<u>47,456,040</u>	0.62
Total Fair Value	<u>\$58,133,893</u>	
Portfolio Weighted Average Maturity		0.55

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

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

Concentration of credit risk – The City’s investment policy allows investments in Federal Government Securities or Instrumentalities. The City has invested 5% of the City’s investments in U.S. Treasury Notes, 1% in U.S. Treasury bills, 8% in money market funds, 5% in Agency Notes and 81% in Agency Discount Notes.

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

## 4. RECEIVABLES

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

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

Special assessments expected to be collected in more than one year amounts to approximately \$1,190,748 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 2005 for real and public utility property taxes represents collections of the 2004 taxes. Property tax payments received during 2005 for tangible personal property (other than public utility property) is for 2005 taxes.

2005 real property taxes are levied after October 1, 2005, on the assessed value as of January 1, 2005, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2005 real property taxes are collected in and intended to finance 2006 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. 2005 public utility property taxes became a lien December 31, 2004, are levied after October 1, 2005, and are collected in 2006 with real property taxes.

2005 tangible personal property taxes are levied after October 1, 2004, on the value as of December 31, 2004. Collections are made in 2005. 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	\$861,180,630
Public Utility	16,252,830
Tangible Personal Property	<u>110,500,187</u>
Total Valuation	<u>\$987,933,647</u>

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

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

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

## Income Taxes

The City levies a one percent income tax on wages, salaries, commissions and other compensation in addition to net profits of business activity. The tax applies to all income earned within the City plus income earned by residents who earned income outside the City. A credit up to one-half percent is allowed if an individual pays income taxes to another municipality.

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

## 5. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. In 1988, the City joined the Miami Valley Risk Management Association, Inc. (MVRMA) a risk sharing insurance pool. The pool consists of twenty municipalities who pool risk for property, crime, liability, boiler and machinery and public official liability. The City pays an annual premium to MVRMA for this coverage. The agreement provides that the MVRMA will be self-sustaining through member premiums and excess insurance. The deductible per occurrence for all types of claims is \$2,500.

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

General Liability:	\$7,000,000/occurrence
Automobile Liability:	\$7,000,000/occurrence
MVRMA coverage:	\$2 million/occurrence with \$1 million excess \$1 million reinsured by Government Entities Mutual, Inc. (GEM)
Excess Insurance:	\$5 million/occurrence excess \$2 million insured by Illinois Union Insurance Co. (ACE) – Annual Aggregate \$15 million per member

### Police Professional Liability

MVRMA coverage:	\$2 million/occurrence with \$1 million excess \$1 million reinsured by GEM
Excess Insurance:	\$5 million/occurrence excess \$2 million insured by Illinois Union Insurance Co. (ACE) – Annual Aggregate \$10 million per member*

### Employment Practices Liability and Public Officials Liability

MVRMA coverage:	\$2 million/occurrence and aggregate per member with \$1 million excess \$1 million reinsured by GEM
Excess Insurance:	\$5 million/occurrence excess \$2 million insured by Illinois Union Insurance Co. (ACE) – Annual Aggregate \$10 million per member*

Property:

\$1 billion/occurrence

MVRMA SIR: \$200,000/occurrence

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

Lexington Insurance Company (Primary \$10 million)

Excess carriers (\$990 million excess \$10 million):

AXIS Specialty Insurance Corp.

Lloyds of London

Great Lakes

Commonwealth Ins. Co.

Essex Insurance Corp.

Arch Insurance

Insurance Company of the West

Flood (included in property policy):

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

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

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

Earthquake (included in property policy):

\$25 million/occurrence and annual aggregate

MVRMA SIR: \$100,000/occurrence

Boiler & Machinery (included in PEPiP Program):

\$100,000,000/occurrence

MVRMA SIR: \$5,000/occurrence

Coverage excess SIR provided by Continental Casualty

\*Note: Police Professional, Employment Practices & Public Officials Liability are combined in a single aggregate limit of \$10 million per member by Illinois Union Insurance Co. (ACE).

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

The City has a group health insurance program for employees and their eligible dependents. Premiums are paid into the general fund by all funds having compensated employees based on an analysis of historical claims experience, the desired fund balances and the number of active participating employees. The monies paid into the general fund are available to pay claims and administrative costs. The plan is administered by a third party administrator, Custom Design Benefits, which monitors all claim payments.

The claims liability of \$194,295 reported in the general fund at year end is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the claims liability amounts were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year-End</u>
2005	\$129,247	\$2,135,645	(\$2,070,597)	\$194,295
2004	\$51,896	\$1,887,492	(\$1,810,141)	\$129,247

## 6. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$48,272,557	\$1,730,255	\$71,646	\$49,931,166
Construction in Progress	3,537,658	5,317,173	7,757,569	1,097,262
Total Capital Assets, not being depreciated	51,810,215	7,047,428	7,829,215	51,028,428
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	32,334,188	732,543	22,700	33,044,031
Equipment	10,205,353	1,403,873	147,841	11,461,385
Infrastructure	41,889,623	5,756,259	0	47,645,882
Totals at Historical Cost	136,239,379	14,940,103	7,999,756	143,179,726
Less Accumulated Depreciation:				
Buildings and Improvements	2,722,313	752,634	28,248	3,446,699
Equipment	4,763,225	963,385	124,564	5,602,046
Infrastructure	5,845,880	794,099	0	6,639,979
Total Accumulated Depreciation	13,331,418	2,510,118	152,812	15,688,724
Governmental Activities Capital Assets, Net	122,907,961	12,429,985	7,846,944	127,491,002

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-Type Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$3,928,870	\$255,300	\$0	\$4,184,170
Construction in Progress	17,510,625	21,024,828	2,463,729	36,071,724
Total Capital Assets, not being depreciated	<u>21,439,495</u>	<u>21,280,128</u>	<u>2,463,729</u>	<u>40,255,894</u>
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	18,220,196	0	0	18,220,196
Equipment	743,873	48,455	14,200	778,128
Infrastructure	<u>57,147,974</u>	<u>5,959,777</u>	<u>0</u>	<u>63,107,751</u>
Totals at Historical Cost	<u>97,551,538</u>	<u>27,288,360</u>	<u>2,477,929</u>	<u>122,361,969</u>
Less Accumulated Depreciation:				
Buildings and Improvements	4,548,476	379,521	0	4,927,997
Equipment	476,356	68,583	0	544,939
Infrastructure	<u>7,576,707</u>	<u>1,051,801</u>	<u>0</u>	<u>8,628,508</u>
Total Accumulated Depreciation	<u>\$12,601,539</u>	<u>\$1,499,905</u>	<u>\$0</u>	<u>\$14,101,444</u>
Business-Type Activities Capital Assets, Net	<u>\$84,949,999</u>	<u>\$25,788,455</u>	<u>\$2,477,929</u>	<u>\$108,260,525</u>

During the year, the City capitalized \$873,295 of interest for Business-Type Activities.

Depreciation expense was charged to governmental functions as follows:

General Government	\$579,826
Public Safety	476,999
Leisure Time	189,433
Transporation	1,261,701
Basic Utility	2,159
Total Depreciation Expense	<u>\$2,510,118</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. Redemption for police officers shall be at a rate of three (3) accumulated sick days exchanged for (1) day of pay for the first 200 sick days. For the next 37 ½ sick days the redemption shall be two (2) accumulated sick days exchanged for one (1) day of pay. All remaining sick days the redemption shall be one (1) accumulated sick days exchanged for (1) day of pay. The maximum redemption is limited to two hundred seventy-five (275) sick days. A police officer must have at least fifty (50) sick days to be eligible for converting sick leave at retirement.
- d. Payment will be based on the employee's base rate of pay at the time of retirement.
- e. The conversion of sick leave to cash will be made as a lump sum payment and will eliminate all sick leave credit accrued by the employee.

**8. NOTES PAYABLE**

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>
General Fund:				
2.75% Road Improvement Note	\$4,700,000	\$0	(\$4,700,000)	\$0
4.25% Road Improvement Note	0	4,550,000	0	4,550,000
4.85% Road Improvement Note	0	4,850,000	0	4,850,000
Western Row/Snider Road Improvement Fund:				
3.00% Road Improvement Note	5,000,000	0	(5,000,000)	0
Stormwater Fund:				
2.55% Stormwater Utility Improvement Note	0	900,000	0	900,000
4.25% Stormwater Utility Improvement Note	<u>0</u>	<u>2,265,000</u>	<u>0</u>	<u>2,265,000</u>
Total	<u>\$9,700,000</u>	<u>\$12,565,000</u>	<u>(\$9,700,000)</u>	<u>\$12,565,000</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>
<b>Governmental Activities</b>						
<u>General Obligation Bonds</u>						
Road Improvement	4.47%	\$3,845,000	\$0	(\$205,000)	\$3,640,000	\$215,000
Tax Increment Financing	5.30%	600,000	0	0	600,000	0
Central Parke TIF	5.25%	1,140,000	0	(45,000)	1,095,000	50,000
Enterprise Parke TIF	6.00%	680,000	0	0	680,000	5,000
Tylersville TIF	1.25%	1,030,000	0	0	1,030,000	0
Total General Obligation Bonds		<u>7,295,000</u>	<u>0</u>	<u>(250,000)</u>	<u>7,045,000</u>	<u>270,000</u>
<u>Special Assessment Bonds</u>						
Northeast	6.75%	385,000	0	(55,000)	330,000	55,000
Snider Road	6.76%	105,000	0	(15,000)	90,000	15,000
Mason-Montgomery Road	10.75%	1,000	0	(1,000)	0	0
Waterpark Drive - Beach	8.75%	35,000	0	(35,000)	0	0
Lindemann C.G	7.78%	8,000	0	(2,000)	6,000	1,000
Route 741	7.38%	150,000	0	(25,000)	125,000	25,000
Total Special Assessment Bonds		<u>684,000</u>	<u>0</u>	<u>(133,000)</u>	<u>551,000</u>	<u>96,000</u>
Capital Leases		<u>22,430,420</u>	<u>0</u>	<u>(780,420)</u>	<u>21,650,000</u>	<u>645,000</u>
Total Long-Term Liabilities Bonds		<u>30,409,420</u>	<u>0</u>	<u>(1,163,420)</u>	<u>29,246,000</u>	<u>1,011,000</u>
Compensated Absences		<u>741,634</u>	<u>663,229</u>	<u>(565,882)</u>	<u>838,981</u>	<u>1,592</u>
Total Governmental Activities		<u>\$31,151,054</u>	<u>\$663,229</u>	<u>(\$1,729,302)</u>	<u>\$30,084,981</u>	<u>\$1,012,592</u>
<b>Business Type Activities</b>						
<u>Special Assessment Bonds</u>						
Refunding Waterplant Expansion II	6.00%	\$49,000	\$0	(\$3,000)	\$46,000	\$4,000
<u>Mortgage Revenue Bonds</u>						
Sewer Mortgage Revenue	4.47%	36,745,000	0	(980,000)	35,765,000	1,000,000
Compensated Absences - Enterprise		<u>137,572</u>	<u>91,118</u>	<u>(76,555)</u>	<u>152,135</u>	<u>78,565</u>
Total Business-Type Activities		<u>\$36,931,572</u>	<u>\$91,118</u>	<u>(\$1,059,555)</u>	<u>\$35,963,135</u>	<u>\$1,082,565</u>

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

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

	General Obligation Bonds		Special Assessment Bonds		Mortgage Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$270,000	\$300,123	\$100,000	\$40,971	\$1,000,000	\$1,565,695
2007	310,000	288,443	101,000	34,064	1,020,000	1,545,695
2008	360,000	274,931	101,000	27,079	1,035,000	1,524,275
2009	385,000	259,371	101,000	20,114	1,070,000	1,498,400
2010	465,000	242,678	100,000	13,109	1,100,000	1,460,950
2011-2015	2,720,000	877,281	94,000	8,483	6,185,000	6,632,035
2016-2020	2,230,000	220,421	0	0	7,675,000	5,147,663
2021-2025	305,000	7,812	0	0	9,685,000	3,155,182
2026-2028	0	0	0	0	6,995,000	710,750
	<u>\$7,045,000</u>	<u>\$2,471,060</u>	<u>\$597,000</u>	<u>\$143,820</u>	<u>\$35,765,000</u>	<u>\$23,240,645</u>

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

## 10. LEASES

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

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

Year Ending December 31	
2006	\$1,668,848
2007	1,669,660
2008	1,669,200
2009	1,671,400
2010	1,671,676
2010-2015	8,353,445
2016-2020	8,346,790
2021-2025	8,348,750
2026-2028	1,669,500
Total minimum lease payments	<u>35,069,269</u>
Less: Amount representing interest	(13,419,269)
Present value of minimum lease payments	<u>\$21,650,000</u>

Capital lease payments are made from the Fire and Emergency Medical Service Fund and Government Reserve Fund. The costs of capital assets acquired under capital leases in accordance with Statement of Financial Accounting Standards Board No. 13 are as follows:

Buildings and Improvements    \$24,400,000

## 11. PENSION PLANS

### **Public Employees Retirement System**

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

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

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

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the City is 13.55 percent of covered payroll. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2005, 2004 and 2003 were \$662,838, \$630,852, and \$566,598, respectively. The full amount has been contributed for 2004 and 2003 and 100 percent has been contributed for 2005.

## **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, 2005, 2004 and 2003 were \$461,336, \$403,313 and \$338,597, respectively. The full amount has been contributed for 2004 and 2003 and 91 percent has been contributed for 2005.

## **12. POST EMPLOYMENT BENEFITS**

### **Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) 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 OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The current year employer contribution rate was 13.55 percent of covered payroll; 4.00 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rates plus an additional factor ranging from 1 percent to 6 percent for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4 percent (the projected wage inflation rate).

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

At year end 2005, the number of active contributing participants in the Traditional and Combined Plans totaled 376,109. The City's actual contributions for the current year, which were used to fund postemployment benefits were \$277,629. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, will be effective January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

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

### **Ohio Police and Fire Pension Fund**

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during the current year. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for the current year that were used to fund postemployment benefits were \$179,450 for police and \$90,266 for fire. The OP&F's total health care expenses for the year ended December 31, 2004, (the latest information available) were \$102,173,796, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2004, was 13,812 for police and 10,528 for firefighters.

### 13. CONDUIT DEBT OBLIGATIONS

From time to time, Industrial Revenue Bonds have been issued to provide financial assistance to private-sector entities for the acquisition and construction of commercial, healthcare, and housing facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City, the State, or any political subdivision thereof is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

The following is the conduit debt outstanding at December 31, 2005:

Issuance	Year Issued	Original Amount	Outstanding December 31, 2005	Year Mature
Spears, Inc. Series A	1989	\$3,300,000	\$700,000	2007
Cedar Village	1997	20,300,000	13,470,000	2017
Mt. Healthy Christian Home				
Healthcare 1997A	1997	4,600,000	4,190,000	2032
Housing 1997B	1997	2,150,000	1,960,000	2032
Mason Christian Village				
Healthcare Refunding	1998	7,650,000	6,945,000	2032
Healthcare Facilities	2000	4,400,000	4,205,000	2035
Total Conduit Debt Outstanding at December 31, 2005			\$31,470,000	

## 14. CONSTRUCTION COMMITMENTS

The City had the following outstanding commitments at year end:

<u>Projects</u>	<u>Amount</u>
Muddy Creek Bike Path	\$3,823
Downtown Streetscape	76,500
Western Row & Kings Island	50,000
Socialville-Fosters Road Widening	288,133
Western Row Road Widening	78,821
Bethany Road Improvements	201,018
US 42 & Tylersville Intersection	55,204
Mason Road Widening	290,320
Mason Montgomery Road Widening - Church to I&O	181,382
US 42 & Hanover Intersection	78,213
42 Widening - Tylerville to Butler-Warren	341,318
Sports Park & Memorial Park	358,923
Skate Park	92,308
Water Reclamation Plant Improvement	2,991,349
Western Row & E. Trunk Sewer	139,570
Villas Creek - Concord Crossing	323,675
Fairway Drive Flood Study	597,252
First Ave./S. Forest Storm Sewer	9,796
Heritage Oak Culvert Repair	583,086
Hoff Run Flood Plain Study	2,965
Monte Drive Stormwater	2,368
Total	<u><u>\$6,746,024</u></u>

## 15. COMPLIANCE AND ACCOUNTABILITY

### Accountability

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

### Compliance

Ohio Revised Code Section 5705.41B states that no subdivision or taxing unit is to expend money unless it has been appropriated. At year end, the Tylersville TIF fund had disbursements exceeding appropriations of \$9,076.

Ohio Revised Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated revenue. At year end, the City had appropriations exceeding estimated resources in the following funds:

State Highway Fund	\$53,036
Federal Grant Fund	\$29,866
Downtown Investment Fund	\$1,921,300
Subdivision Inspection Fund	\$51,329
Mason Enterprise TIF Fund	\$20,995
Cost of Issuance Sewer 2004 Fund	\$4,900

At the beginning of the year, the City had appropriations exceeding estimated resources in the following funds:

General Fund	\$2,653,949
State Highway Fund	\$448,356
Municipal Court Improvement Fund	\$47,824
Municipal Court Probation Services Fund	\$54,176
Subdivision Inspection Fund	\$219,462
Special Assessment Bond Retirement Fund	\$2,069
Mason Enterprise TIF	\$52,443
Downtown Investment Fund	\$2,070,000
Government Center Reserve Fund	\$1,127,500
2004 Sewer Debt Project Fund	\$2,624,290
2004 Sewer Debt Bond Fund	\$2,351,521

**16. INTERFUND TRANSACTIONS**

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

	Transfers	
	<u>In</u>	<u>Out</u>
General Fund	\$0	\$5,372,100
Sewer	3,000	0
Other Governmental Funds	<u>5,372,100</u>	<u>3,000</u>
Total All Funds	<u>\$5,375,100</u>	<u>\$5,375,100</u>

Interfund balance/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed. The \$3,000 transfer out of the Special Assessment Bond Retirement fund was made for financial reporting purposes due to debt payments made that apply to a liability recorded in another fund. The \$5,000,000 transfer out of the General Fund was made for financial reporting purposes due to debt payments made that apply to a liability recorded in another fund.



## **17. CHANGE IN ACCOUNTING PRINCIPLE**

For fiscal year 2005, the City has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures". GASB 40 establishes and modifies disclosure requirements related to investment risk: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modifies disclosure requirements for custodial credit risk on deposits. This statement applies to all state and local governments.

## **18. SUBSEQUENT EVENT**

In May 2006, the City issued \$2,000,000 in bond anticipation notes for road improvements on Socialville-Fosters Road.

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**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

City of Mason  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2005

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Taxes	\$16,482,699	\$20,806,163	\$20,569,537	(\$236,626)
Fines, Licenses & Permits	915,000	1,323,886	1,400,094	76,208
Intergovernmental	1,444,850	1,872,716	1,961,233	88,517
Charges for Services	417,237	439,742	408,362	(31,380)
Investment Earnings	200,000	424,404	489,744	65,340
Other Revenues	430,500	637,471	646,624	9,153
<b>Total Revenues</b>	<b>19,890,286</b>	<b>25,504,382</b>	<b>25,475,594</b>	<b>(28,788)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	10,489,446	13,353,115	11,897,523	1,455,592
Public Safety	4,046,852	4,023,985	3,664,144	359,841
Leisure Time Activities	2,448,631	2,344,364	1,949,400	394,964
Community Development	1,372,661	1,312,928	507,921	805,007
Transportation & Street Repair	2,139,731	1,885,935	1,885,935	0
Capital Outlay	15,418,607	11,581,107	5,815,509	5,765,598
<b>Debt Service:</b>				
Principal Retirement	10,550,000	11,700,000	11,700,000	0
Interest and Fiscal Charges	298,000	395,221	375,695	19,526
<b>Total Expenditures</b>	<b>46,763,928</b>	<b>46,596,655</b>	<b>37,796,127</b>	<b>8,800,528</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(26,873,642)</b>	<b>(21,092,273)</b>	<b>(12,320,533)</b>	<b>8,771,740</b>
<b>Other financing sources (uses):</b>				
Issuance of Debt	9,400,000	9,400,000	9,400,000	0
Transfers In	200,000	0	0	0
Transfers (Out)	(200,000)	(372,100)	(372,100)	0
<b>Total Other Financing Sources (Uses)</b>	<b>9,400,000</b>	<b>9,027,900</b>	<b>9,027,900</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(17,473,642)</b>	<b>(12,064,373)</b>	<b>(3,292,633)</b>	<b>8,771,740</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>14,819,693</b>	<b>14,819,693</b>	<b>14,819,693</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>(\$2,653,949)</b>	<b>\$2,755,320</b>	<b>\$11,527,060</b>	<b>\$8,771,740</b>

See accompanying notes to the required supplementary information.

City of Mason  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2005

	Fire and Emergency Medical Service Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Taxes	\$4,350,000	\$4,095,825	\$4,095,826	\$1
Intergovernmental	150,000	478,858	478,858	0
Charges for Services	0	399,730	499,056	99,326
Investment Earnings	0	101,947	118,828	16,881
Other Revenues	0	33,710	33,711	1
<b>Total Revenues</b>	<b>4,500,000</b>	<b>5,110,070</b>	<b>5,226,279</b>	<b>116,209</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Public Safety	3,500,952	3,500,952	3,629,745	(128,793)
Capital Outlay	4,766,281	4,766,281	860,854	3,905,427
<b>Debt Service:</b>				
Principal Retirement	155,420	155,420	155,420	0
Interest and Fiscal Charges	2,899	2,899	2,899	0
<b>Total Expenditures</b>	<b>8,425,552</b>	<b>8,425,552</b>	<b>4,648,918</b>	<b>3,776,634</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(3,925,552)</b>	<b>(3,315,482)</b>	<b>577,361</b>	<b>3,892,843</b>
<b>Net Change in Fund Balance</b>	<b>(3,925,552)</b>	<b>(3,315,482)</b>	<b>577,361</b>	<b>3,892,843</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>4,318,044</b>	<b>4,318,044</b>	<b>4,318,044</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$392,492</b>	<b>\$1,002,562</b>	<b>\$4,895,405</b>	<b>\$3,892,843</b>

See accompanying notes to the required supplementary information.

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## 1. BUDGETARY PROCESS

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

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

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

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

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General fund and Fire and Emergency Medical Services fund.

Net Change in Fund Balance

	<u>General</u>	<u>Fire and Emergency Medical Service</u>
GAAP Basis	\$3,259,185	\$1,443,867
Net Adjustment for Revenue Accruals	9,895,594	(96,313)
Net Adjustment for Expenditure Accruals	(5,392,972)	54,305
Encumbrances	<u>(11,054,440)</u>	<u>(824,498)</u>
Budget Basis	<u>(\$3,292,633)</u>	<u>\$577,361</u>



**COMBINING STATEMENTS  
AND INDIVIDUAL  
FUND SCHEDULES**

## ***NONMAJOR FUNDS***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Downtown Investment - This fund is used to account for the financial resources and expenditures related to the improvements of Mason's downtown.

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

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

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

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

City of Mason  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$3,937,237	\$336,266	\$990,319	\$5,263,822
Restricted Cash and Investments	0	0	1,886,461	1,886,461
<b>Receivables:</b>				
Taxes	0	69,926	0	69,926
Accounts	36,368	0	0	36,368
Interest	851	0	7,824	8,675
Intergovernmental	777,518	3,412	11,062	791,992
Special Assessments	0	1,190,748	0	1,190,748
<b>Total Assets</b>	<b>4,751,974</b>	<b>1,600,352</b>	<b>2,895,666</b>	<b>9,247,992</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts Payable	135,801	388	32,365	168,554
Accrued Wages and Benefits	25,551	0	0	25,551
Compensated Absences	5,854	0	0	5,854
Retainage Payable	128,557	0	34,734	163,291
Contracts Payable	0	0	52,543	52,543
Deferred Revenue	547,033	1,264,086	336	1,811,455
<b>Total Liabilities</b>	<b>842,796</b>	<b>1,264,474</b>	<b>119,978</b>	<b>2,227,248</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	291,791	0	370,898	662,689
<b>Unreserved, Undesignated, Reported in:</b>				
Special Revenue Funds	3,617,387	0	0	3,617,387
Debt Service Funds	0	335,878	0	335,878
Capital Projects Funds	0	0	2,404,790	2,404,790
<b>Total Fund Balances</b>	<b>3,909,178</b>	<b>335,878</b>	<b>2,775,688</b>	<b>7,020,744</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$4,751,974</b>	<b>\$1,600,352</b>	<b>\$2,895,666</b>	<b>\$9,247,992</b>

City of Mason  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Fiscal Year Ended December 31, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes	\$0	\$183,928	\$195,340	\$379,268
Fines, Licenses & Permits	889,571	0	0	889,571
Charges for Services	0	0	2,600	2,600
Investment Earnings	94,959	0	98,692	193,651
Intergovernmental	1,259,306	25,371	32,767	1,317,444
Special Assessments	0	137,175	0	137,175
Other Revenues	3,398	0	0	3,398
<b>Total Revenues</b>	<b>2,247,234</b>	<b>346,474</b>	<b>329,399</b>	<b>2,923,107</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	691,771	0	0	691,771
Public Safety	191,836	0	0	191,836
Community Development	51,091	0	9,109	60,200
Transportation and Street Repair	310,832	0	350,235	661,067
Capital Outlay	1,313,234	0	422,552	1,735,786
<b>Debt Service:</b>				
Principal Retirement	0	338,000	670,000	1,008,000
Interest and Fiscal Charges	0	202,797	1,161,897	1,364,694
<b>Total Expenditures</b>	<b>2,558,764</b>	<b>540,797</b>	<b>2,613,793</b>	<b>5,713,354</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(311,530)</b>	<b>(194,323)</b>	<b>(2,284,394)</b>	<b>(2,790,247)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	106,000	47,000	219,100	372,100
Transfers (Out)	0	(3,000)	0	(3,000)
<b>Total Other Financing Sources (Uses)</b>	<b>106,000</b>	<b>44,000</b>	<b>219,100</b>	<b>369,100</b>
<b>Net Change in Fund Balance</b>	<b>(205,530)</b>	<b>(150,323)</b>	<b>(2,065,294)</b>	<b>(2,421,147)</b>
<b>Fund Balance Beginning of Year</b>	<b>4,114,708</b>	<b>486,201</b>	<b>4,840,982</b>	<b>9,441,891</b>
<b>Fund Balance End of Year</b>	<b>\$3,909,178</b>	<b>\$335,878</b>	<b>\$2,775,688</b>	<b>\$7,020,744</b>

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City of Mason  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 December 31, 2005

	Street Construction, Maintenance and Repair	State Highway Improvement	Street Improvement	Federal Grant	D.A.R.E. Grant	Downtown Development/Loan
<b>Assets:</b>						
Equity in Pooled Cash and Investments	\$1,223,470	\$169,804	\$822,194	\$10,134	\$95,626	\$86,491
<b>Receivables:</b>						
Accounts	0	0	0	0	0	0
Interest	330	46	222	0	0	0
Intergovernmental	590,067	187,451	0	0	0	0
<b>Total Assets</b>	<b>1,813,867</b>	<b>357,301</b>	<b>822,416</b>	<b>10,134</b>	<b>95,626</b>	<b>86,491</b>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts Payable	124,360	0	0	0	0	0
Accrued Wages and Benefits	1,606	0	0	0	0	0
Compensated Absences	821	0	0	0	0	0
Retainage Payable	111,172	17,385	0	0	0	0
Deferred Revenue	376,869	170,164	0	0	0	0
<b>Total Liabilities</b>	<b>614,828</b>	<b>187,549</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances:</b>						
Reserved for Encumbrances	70,831	150,231	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	1,128,208	19,521	822,416	10,134	95,626	86,491
<b>Total Fund Balances</b>	<b>1,199,039</b>	<b>169,752</b>	<b>822,416</b>	<b>10,134</b>	<b>95,626</b>	<b>86,491</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$1,813,867</b>	<b>\$357,301</b>	<b>\$822,416</b>	<b>\$10,134</b>	<b>\$95,626</b>	<b>\$86,491</b>



Indiana and Ohio Railroad	Parks and Recreation	Bicycle and Pedestrian Way	Police K-9	Police Crime Prevention	Drug Law Enforcement	Law Enforcement and Education	Indigent Driver	Municipal Court Computer Costs
\$256,206	\$411,911	\$9,970	\$0	\$1,113	\$14,491	\$20,014	\$130,707	\$77,339
0	0	0	0	0	1,418	150	478	3,961
69	111	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
<u>256,275</u>	<u>412,022</u>	<u>9,970</u>	<u>0</u>	<u>1,113</u>	<u>15,909</u>	<u>20,164</u>	<u>131,185</u>	<u>81,300</u>
0	0	0	0	0	0	0	606	495
0	0	0	0	0	0	0	0	784
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	606	1,279
0	0	0	0	0	701	0	0	136
<u>256,275</u>	<u>412,022</u>	<u>9,970</u>	<u>0</u>	<u>1,113</u>	<u>15,208</u>	<u>20,164</u>	<u>130,579</u>	<u>79,885</u>
<u>256,275</u>	<u>412,022</u>	<u>9,970</u>	<u>0</u>	<u>1,113</u>	<u>15,909</u>	<u>20,164</u>	<u>130,579</u>	<u>80,021</u>
<u>\$256,275</u>	<u>\$412,022</u>	<u>\$9,970</u>	<u>\$0</u>	<u>\$1,113</u>	<u>\$15,909</u>	<u>\$20,164</u>	<u>\$131,185</u>	<u>\$81,300</u>

Continued

City of Mason  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 December 31, 2005

	Municipal Court Computer Education	Municipal Court Improvement	Vehicle Immobilization Fee	Municipal Court Probation Services	Subdivision Inspection	Total Nonmajor Special Revenue Funds
<b>Assets:</b>						
Equity in Pooled Cash and Investments	\$49,420	\$115,185	\$9,230	\$163,951	\$269,981	\$3,937,237
<b>Receivables:</b>						
Accounts	1,228	16,446	0	12,687	0	36,368
Interest	0	0	0	0	73	851
Intergovernmental	0	0	0	0	0	777,518
<b>Total Assets</b>	<b>50,648</b>	<b>131,631</b>	<b>9,230</b>	<b>176,638</b>	<b>270,054</b>	<b>4,751,974</b>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts Payable	0	1,976	0	2,146	6,218	135,801
Accrued Wages and Benefits	0	11,005	0	8,032	4,124	25,551
Compensated Absences	0	4,858	0	0	175	5,854
Retainage Payable	0	0	0	0	0	128,557
Deferred Revenue	0	0	0	0	0	547,033
<b>Total Liabilities</b>	<b>0</b>	<b>17,839</b>	<b>0</b>	<b>10,178</b>	<b>10,517</b>	<b>842,796</b>
<b>Fund Balances:</b>						
Reserved for Encumbrances	0	6,357	0	7,075	56,460	291,791
Unreserved, Undesignated, Reported in: Special Revenue Funds	50,648	107,435	9,230	159,385	203,077	3,617,387
<b>Total Fund Balances</b>	<b>50,648</b>	<b>113,792</b>	<b>9,230</b>	<b>166,460</b>	<b>259,537</b>	<b>3,909,178</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$50,648</b>	<b>\$131,631</b>	<b>\$9,230</b>	<b>\$176,638</b>	<b>\$270,054</b>	<b>\$4,751,974</b>

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City of Mason  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balance  
 Nonmajor Special Revenue Funds  
 For the Fiscal Year Ended December 31, 2005

	Street Construction, Maintenance and Repair	State Highway Improvement	Street Improvement	Federal Grant	D.A.R.E. Grant	Downtown Development/Loan
<b>Revenues:</b>						
Fines, Licenses & Permits	\$0	\$0	\$55,400	\$0	\$0	\$0
Investment Earnings	36,246	8,137	23,650	0	0	1,141
Intergovernmental	1,083,245	87,832	0	68,530	19,699	0
Other Revenues	0	0	0	0	0	0
<b>Total Revenues</b>	<b>1,119,491</b>	<b>95,969</b>	<b>79,050</b>	<b>68,530</b>	<b>19,699</b>	<b>1,141</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General Government	0	0	0	0	0	0
Public Safety	0	0	0	177,647	7,665	0
Community Development	0	0	0	0	0	0
Transportation and Street Repair	182,895	127,937	0	0	0	0
Capital Outlay	1,001,871	300,963	0	0	0	0
<b>Total Expenditures</b>	<b>1,184,766</b>	<b>428,900</b>	<b>0</b>	<b>177,647</b>	<b>7,665</b>	<b>0</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(65,275)</b>	<b>(332,931)</b>	<b>79,050</b>	<b>(109,117)</b>	<b>12,034</b>	<b>1,141</b>
<b>Other Financing Sources (Uses):</b>						
Transfers In	0	106,000	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>106,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(65,275)</b>	<b>(226,931)</b>	<b>79,050</b>	<b>(109,117)</b>	<b>12,034</b>	<b>1,141</b>
<b>Fund Balance Beginning of Year</b>	<b>1,264,314</b>	<b>396,683</b>	<b>743,366</b>	<b>119,251</b>	<b>83,592</b>	<b>85,350</b>
<b>Fund Balance End of Year</b>	<b>\$1,199,039</b>	<b>\$169,752</b>	<b>\$822,416</b>	<b>\$10,134</b>	<b>\$95,626</b>	<b>\$86,491</b>

Indiana and Ohio Railroad	Parks and Recreation	Bicycle and Pedestrian Way	Police K-9	Police Crime Prevention	Drug Law Enforcement	Law Enforcement and Education	Indigent Driver	Municipal Court Computer Costs
\$0	\$91,600	\$0	\$0	\$600	\$3,753	\$2,139	\$13,104	\$54,823
7,523	11,301	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	3,398	0	0	0
7,523	102,901	0	0	600	7,151	2,139	13,104	54,823
0	0	0	0	0	0	0	17,311	76,291
0	0	0	6,397	0	127	0	0	0
0	0	45,474	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	400	10,000	0	0	0	0	0	0
0	400	55,474	6,397	0	127	0	17,311	76,291
7,523	102,501	(55,474)	(6,397)	600	7,024	2,139	(4,207)	(21,468)
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
7,523	102,501	(55,474)	(6,397)	600	7,024	2,139	(4,207)	(21,468)
248,752	309,521	65,444	6,397	513	8,885	18,025	134,786	101,489
<u>\$256,275</u>	<u>\$412,022</u>	<u>\$9,970</u>	<u>\$0</u>	<u>\$1,113</u>	<u>\$15,909</u>	<u>\$20,164</u>	<u>\$130,579</u>	<u>\$80,021</u>

Continued

City of Mason  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended December 31, 2005

	Municipal Court Computer Education	Municipal Court Improvement	Vehicle Immobilization Fee	Municipal Court Probation Services	Subdivision Inspection	Total Nonmajor Special Revenue Funds
<b>Revenues:</b>						
Fines, Licenses & Permits	\$17,104	\$230,780	\$500	\$205,805	\$213,963	\$889,571
Investment Earnings	0	0	0	0	6,961	94,959
Intergovernmental	0	0	0	0	0	1,259,306
Other Revenues	0	0	0	0	0	3,398
<b>Total Revenues</b>	<b>17,104</b>	<b>230,780</b>	<b>500</b>	<b>205,805</b>	<b>220,924</b>	<b>2,247,234</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General Government	305	277,070	0	185,928	134,866	691,771
Public Safety	0	0	0	0	0	191,836
Community Development	0	0	0	0	5,617	51,091
Transportation and Street Repair	0	0	0	0	0	310,832
Capital Outlay	0	0	0	0	0	1,313,234
<b>Total Expenditures</b>	<b>305</b>	<b>277,070</b>	<b>0</b>	<b>185,928</b>	<b>140,483</b>	<b>2,558,764</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>16,799</b>	<b>(46,290)</b>	<b>500</b>	<b>19,877</b>	<b>80,441</b>	<b>(311,530)</b>
<b>Other Financing Sources (Uses):</b>						
Transfers In	0	0	0	0	0	106,000
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>106,000</b>
<b>Net Change in Fund Balance</b>	<b>16,799</b>	<b>(46,290)</b>	<b>500</b>	<b>19,877</b>	<b>80,441</b>	<b>(205,530)</b>
<b>Fund Balance Beginning of Year</b>	<b>33,849</b>	<b>160,082</b>	<b>8,730</b>	<b>146,583</b>	<b>179,096</b>	<b>4,114,708</b>
<b>Fund Balance End of Year</b>	<b>\$50,648</b>	<b>\$113,792</b>	<b>\$9,230</b>	<b>\$166,460</b>	<b>\$259,537</b>	<b>\$3,909,178</b>

City of Mason  
 Combining Balance Sheet  
 Nonmajor Debt Service Funds  
 December 31, 2005

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Assets:			
Equity in Pooled Cash and Investments	\$335,757	\$509	\$336,266
Receivables:			
Taxes	69,926	0	69,926
Intergovernmental	3,412	0	3,412
Special Assessments	0	1,190,748	1,190,748
<b>Total Assets</b>	<b>409,095</b>	<b>1,191,257</b>	<b>1,600,352</b>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	0	388	388
Deferred Revenue	73,338	1,190,748	1,264,086
<b>Total Liabilities</b>	<b>73,338</b>	<b>1,191,136</b>	<b>1,264,474</b>
Fund Balances:			
Unreserved, Undesignated, Reported in: Debt Service Funds	335,757	121	335,878
<b>Total Fund Balances</b>	<b>335,757</b>	<b>121</b>	<b>335,878</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$409,095</b>	<b>\$1,191,257</b>	<b>\$1,600,352</b>

City of Mason  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Debt Service Funds  
For the Fiscal Year Ended December 31, 2005

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
<b>Revenues:</b>			
Taxes	\$183,928	\$0	\$183,928
Intergovernmental	25,371	0	25,371
Special Assessments	0	137,175	137,175
<b>Total Revenues</b>	<b>209,299</b>	<b>137,175</b>	<b>346,474</b>
<b>Expenditures:</b>			
<b>Debt Service:</b>			
Principal Retirement	205,000	133,000	338,000
Interest and Fiscal Charges	153,317	49,480	202,797
<b>Total Expenditures</b>	<b>358,317</b>	<b>182,480</b>	<b>540,797</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(149,018)</b>	<b>(45,305)</b>	<b>(194,323)</b>
<b>Other Financing Sources (Uses):</b>			
Transfers In	0	47,000	47,000
Transfers (Out)	0	(3,000)	(3,000)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>44,000</b>	<b>44,000</b>
<b>Net Change in Fund Balance</b>	<b>(149,018)</b>	<b>(1,305)</b>	<b>(150,323)</b>
<b>Fund Balance Beginning of Year</b>	<b>484,775</b>	<b>1,426</b>	<b>486,201</b>
<b>Fund Balance End of Year</b>	<b>\$335,757</b>	<b>\$121</b>	<b>\$335,878</b>



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City of Mason  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2005

	Tax Increment Financing	Central Parke TIF	Mason Enterprise Parke TIF	Tylersville Road TIF	Downtown Investment	Tylersville Road Project
<b>Assets:</b>						
Equity in Pooled Cash and Investments	\$143,774	\$0	\$0	\$1	\$113,988	\$503,970
Restricted Cash and Investments	0	347,293	20,680	117,954	0	0
<b>Receivables:</b>						
Interest	0	385	0	2,669	0	0
Intergovernmental	0	0	0	0	11,062	0
<b>Total Assets</b>	<b>143,774</b>	<b>347,678</b>	<b>20,680</b>	<b>120,624</b>	<b>125,050</b>	<b>503,970</b>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts Payable	0	356	0	0	32,009	0
Retainage Payable	0	0	0	0	0	0
Contracts Payable	0	0	0	0	0	0
Deferred Revenue	0	0	0	336	0	0
<b>Total Liabilities</b>	<b>0</b>	<b>356</b>	<b>0</b>	<b>336</b>	<b>32,009</b>	<b>0</b>
<b>Fund Balances:</b>						
Reserved for Encumbrances	0	108,013	36,695	29,199	81,928	45,063
Unreserved, Undesignated, Reported in: Capital Projects Funds	143,774	239,309	(16,015)	91,089	11,113	458,907
<b>Total Fund Balances</b>	<b>143,774</b>	<b>347,322</b>	<b>20,680</b>	<b>120,288</b>	<b>93,041</b>	<b>503,970</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$143,774</b>	<b>\$347,678</b>	<b>\$20,680</b>	<b>\$120,624</b>	<b>\$125,050</b>	<b>\$503,970</b>

Kings Mills Road Project	Mason-Montgomery Road Improvement	Government Center Reserve	Total Nonmajor Capital Projects Funds
\$228,586	\$0	\$0	\$990,319
0	0	1,400,534	1,886,461
62	0	4,708	7,824
0	0	0	11,062
<u>228,648</u>	<u>0</u>	<u>1,405,242</u>	<u>2,895,666</u>
0	0	0	32,365
0	34,734	0	34,734
52,543	0	0	52,543
0	0	0	336
<u>52,543</u>	<u>34,734</u>	<u>0</u>	<u>119,978</u>
70,000	0	0	370,898
<u>106,105</u>	<u>(34,734)</u>	<u>1,405,242</u>	<u>2,404,790</u>
<u>176,105</u>	<u>(34,734)</u>	<u>1,405,242</u>	<u>2,775,688</u>
<u>\$228,648</u>	<u>\$0</u>	<u>\$1,405,242</u>	<u>\$2,895,666</u>

City of Mason  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Capital Projects Funds  
For the Fiscal Year Ended December 31, 2005

	Tax Increment Financing	Central Parke TIF	Mason Enterprise Parke TIF	Tylersville Road TIF	Downtown Investment
<b>Revenues:</b>					
Taxes	\$58,004	\$137,336	\$0	\$0	\$0
Charges for Services	0	0	0	0	2,600
Investment Earnings	32	5,131	873	22,550	0
Intergovernmental	8,031	13,674	0	0	11,062
<b>Total Revenues</b>	<b>66,067</b>	<b>156,141</b>	<b>873</b>	<b>22,550</b>	<b>13,662</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Community Development	0	0	0	0	9,109
Transportation and Street Repair	755	348,730	750	0	0
Capital Outlay	0	0	0	146,465	57,612
<b>Debt Service:</b>					
Principal Retirement	0	45,000	0	0	0
Interest and Fiscal Charges	29,150	25,715	37,400	23,909	0
<b>Total Expenditures</b>	<b>29,905</b>	<b>419,445</b>	<b>38,150</b>	<b>170,374</b>	<b>66,721</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>36,162</b>	<b>(263,304)</b>	<b>(37,277)</b>	<b>(147,824)</b>	<b>(53,059)</b>
<b>Other Financing Sources (Uses):</b>					
Transfers In	0	0	73,000	0	146,100
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>73,000</b>	<b>0</b>	<b>146,100</b>
<b>Net Change in Fund Balance</b>	<b>36,162</b>	<b>(263,304)</b>	<b>35,723</b>	<b>(147,824)</b>	<b>93,041</b>
<b>Fund Balance Beginning of Year</b>	<b>107,612</b>	<b>610,626</b>	<b>(15,043)</b>	<b>268,112</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$143,774</b>	<b>\$347,322</b>	<b>\$20,680</b>	<b>\$120,288</b>	<b>\$93,041</b>

Tylersville Road Project	Kings Mills Road Project	Mason-Montgomery Road Improvement	Government Center Reserve	Total Nonmajor Capital Projects Funds
\$0	\$0	\$0	\$0	\$195,340
0	0	0	0	2,600
0	10,018	0	60,088	98,692
0	0	0	0	32,767
0	10,018	0	60,088	329,399
0	0	0	0	9,109
0	0	0	0	350,235
0	218,475	0	0	422,552
0	0	0	625,000	670,000
0	0	0	1,045,723	1,161,897
0	218,475	0	1,670,723	2,613,793
0	(208,457)	0	(1,610,635)	(2,284,394)
0	0	0	0	219,100
0	0	0	0	219,100
0	(208,457)	0	(1,610,635)	(2,065,294)
503,970	384,562	(34,734)	3,015,877	4,840,982
\$503,970	\$176,105	(\$34,734)	\$1,405,242	\$2,775,688

City of Mason  
Statement of Changes In Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended December 31, 2005

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

	Municipal Court			Ending Balance
	Beginning Balance	Additions	Deductions	
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$68,040	\$2,183,748	\$2,178,276	\$73,512
<b>Total Assets</b>	<b>68,040</b>	<b>2,183,748</b>	<b>2,178,276</b>	<b>73,512</b>
<b>Liabilities:</b>				
Due to Others	68,040	2,183,748	2,178,276	73,512
<b>Total Liabilities</b>	<b>\$68,040</b>	<b>\$2,183,748</b>	<b>\$2,178,276</b>	<b>\$73,512</b>

	Total All Agency Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$115,546	\$2,183,748	\$2,225,782	\$73,512
<b>Receivables:</b>				
Accounts	0	0	0	0
Interest	0	0	0	0
<b>Total Assets</b>	<b>115,546</b>	<b>2,183,748</b>	<b>2,225,782</b>	<b>73,512</b>
<b>Liabilities:</b>				
Accounts Payable	0	0	0	0
Other Liabilities	47,506	0	47,506	0
Due to Others	68,040	2,183,748	2,178,276	73,512
<b>Total Liabilities</b>	<b>\$115,546</b>	<b>\$2,183,748</b>	<b>\$2,225,782</b>	<b>\$73,512</b>

City of Mason  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2005

	Street Construction, Maintenance and Repair Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$640,000	\$920,613	\$1,037,433	\$116,820
Investment Earnings	10,000	26,184	29,778	3,594
Total Revenues	<u>650,000</u>	<u>946,797</u>	<u>1,067,211</u>	<u>120,414</u>
Expenditures:				
Current:				
Transportation & Street Repair	284,634	285,820	199,651	86,169
Capital Outlay	747,028	967,028	958,523	8,505
Total Expenditures	<u>1,031,662</u>	<u>1,252,848</u>	<u>1,158,174</u>	<u>94,674</u>
Net Change in Fund Balance	(381,662)	(306,051)	(90,963)	215,088
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>1,111,041</u>	<u>1,111,041</u>	<u>1,111,041</u>	<u>0</u>
Fund Balance End of Year	<u>\$729,379</u>	<u>\$804,990</u>	<u>\$1,020,078</u>	<u>\$215,088</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, 2005

	State Highway Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$63,000	\$74,644	\$84,117	\$9,473
Investment Earnings	2,000	6,676	7,175	499
Total Revenues	<u>65,000</u>	<u>81,320</u>	<u>91,292</u>	<u>9,972</u>
Expenditures:				
Current:				
Transportation & Street Repair	361,025	184,025	130,937	53,088
Capital Outlay	<u>538,552</u>	<u>442,552</u>	<u>433,809</u>	<u>8,743</u>
Total Expenditures	<u>899,577</u>	<u>626,577</u>	<u>564,746</u>	<u>61,831</u>
Excess of Revenues Over (Under) Expenditures	<u>(834,577)</u>	<u>(545,257)</u>	<u>(473,454)</u>	<u>71,803</u>
Other financing sources (uses):				
Transfers In	<u>0</u>	<u>106,000</u>	<u>106,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>106,000</u>	<u>106,000</u>	<u>0</u>
Net Change in Fund Balance	<u>(834,577)</u>	<u>(439,257)</u>	<u>(367,454)</u>	<u>71,803</u>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>386,221</u>	<u>386,221</u>	<u>386,221</u>	<u>0</u>
Fund Balance End of Year	<u>(\$448,356)</u>	<u>(\$53,036)</u>	<u>\$18,767</u>	<u>\$71,803</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, 2005

	Street Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$55,000	\$55,600	\$56,200	\$600
Investment Earnings	5,000	16,890	19,305	2,415
Total Revenues	60,000	72,490	75,505	3,015
Total Expenditures	0	0	0	0
Excess of Revenues Over (Under) Expenditures	60,000	72,490	75,505	3,015
Other financing sources (uses):				
Transfers (Out)	(738,715)	(738,715)	0	738,715
Total Other Financing Sources (Uses)	(738,715)	(738,715)	0	738,715
Net Change in Fund Balance	(678,715)	(666,225)	75,505	741,730
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	742,770	742,770	742,770	0
Fund Balance End of Year	<u>\$64,055</u>	<u>\$76,545</u>	<u>\$818,275</u>	<u>\$741,730</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, 2005

	Federal Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$35,000	\$138,288	\$138,288	\$0
Total Revenues	35,000	138,288	138,288	0
Expenditures:				
Current:				
Public Safety	40,000	217,647	177,647	40,000
Total Expenditures	40,000	217,647	177,647	40,000
Net Change in Fund Balance	(5,000)	(79,359)	(39,359)	40,000
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	49,493	49,493	49,493	0
Fund Balance End of Year	\$44,493	(\$29,866)	\$10,134	\$40,000

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, 2005

	D.A.R.E. Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$12,000	\$19,699	\$19,699	\$0
Total Revenues	12,000	19,699	19,699	0
Expenditures:				
Current:				
Public Safety	83,591	83,591	7,665	75,926
Total Expenditures	83,591	83,591	7,665	75,926
Excess of Revenues Over (Under) Expenditures	(71,591)	(63,892)	12,034	75,926
Net Change in Fund Balance	(71,591)	(63,892)	12,034	75,926
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	83,591	83,591	83,591	0
Fund Balance End of Year	\$12,000	\$19,699	\$95,625	\$75,926

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, 2005

	Downtown Development/Loan Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$1,088	\$1,034	\$1,141	\$107
Total Revenues	1,088	1,034	1,141	107
Expenditures:				
Current:				
Community Development	85,285	85,285	0	85,285
Total Expenditures	85,285	85,285	0	85,285
Excess of Revenues Over (Under) Expenditures	(84,197)	(84,251)	1,141	85,392
Net Change in Fund Balance	(84,197)	(84,251)	1,141	85,392
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	85,349	85,349	85,349	0
Fund Balance End of Year	\$1,152	\$1,098	\$86,490	\$85,392

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, 2005

	Indiana and Ohio Railroad Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Investment Earnings	\$0	\$5,412	\$6,165	\$753
<b>Total Revenues</b>	<b>0</b>	<b>5,412</b>	<b>6,165</b>	<b>753</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Transportation & Street Repair	8,106	8,106	0	8,106
<b>Total Expenditures</b>	<b>8,106</b>	<b>8,106</b>	<b>0</b>	<b>8,106</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(8,106)</b>	<b>(2,694)</b>	<b>6,165</b>	<b>8,859</b>
<b>Other financing sources (uses):</b>				
Transfers (Out)	(240,429)	(240,429)	0	240,429
<b>Total Other Financing Sources (Uses)</b>	<b>(240,429)</b>	<b>(240,429)</b>	<b>0</b>	<b>240,429</b>
<b>Net Change in Fund Balance</b>	<b>(248,535)</b>	<b>(243,123)</b>	<b>6,165</b>	<b>249,288</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>248,822</b>	<b>248,822</b>	<b>248,822</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$287</b>	<b>\$5,699</b>	<b>\$254,987</b>	<b>\$249,288</b>

City of Mason  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2005

	Parks and Recreation Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Charges for Services	\$198,500	\$91,800	\$93,300	\$1,500
Investment Earnings	1,500	7,931	9,142	1,211
Total Revenues	<u>200,000</u>	<u>99,731</u>	<u>102,442</u>	<u>2,711</u>
Expenditures:				
Capital Outlay	301,551	301,551	400	301,151
Total Expenditures	<u>301,551</u>	<u>301,551</u>	<u>400</u>	<u>301,151</u>
Excess of Revenues Over (Under) Expenditures	<u>(101,551)</u>	<u>(201,820)</u>	<u>102,042</u>	<u>303,862</u>
Net Change in Fund Balance	(101,551)	(201,820)	102,042	303,862
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>307,906</u>	<u>307,906</u>	<u>307,906</u>	<u>0</u>
Fund Balance End of Year	<u>\$206,355</u>	<u>\$106,086</u>	<u>\$409,948</u>	<u>\$303,862</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, 2005

	Bicycle and Pedestrian Way Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Total Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Current:				
Community Development	68,167	68,167	58,262	9,905
Capital Outlay	10,000	10,000	10,000	0
Total Expenditures	78,167	78,167	68,262	9,905
Excess of Revenues Over (Under) Expenditures	(78,167)	(78,167)	(68,262)	9,905
Net Change in Fund Balance	(78,167)	(78,167)	(68,262)	9,905
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	78,232	78,232	78,232	0
Fund Balance End of Year	\$65	\$65	\$9,970	\$9,905

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, 2005

	Police K-9 Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Other Revenues	\$10,000	\$0	\$0	\$0
Total Revenues	10,000	0	0	0
Expenditures:				
Current:				
Public Safety	6,306	6,407	6,407	0
Total Expenditures	6,306	6,407	6,407	0
Net Change in Fund Balance	3,694	(6,407)	(6,407)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	6,407	6,407	6,407	0
Fund Balance End of Year	<u>\$10,101</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>



City of Mason  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2005

	Police Crime Prevention Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$100	\$600	\$600	\$0
Total Revenues	100	600	600	0
Expenditures:				
Current:				
Public Safety	300	300	0	300
Total Expenditures	300	300	0	300
Excess of Revenues Over (Under) Expenditures	(200)	300	600	300
Net Change in Fund Balance	(200)	300	600	300
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	513	513	513	0
Fund Balance End of Year	\$313	\$813	\$1,113	\$300

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, 2005

	Drug Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$7,500	\$2,321	\$2,510	\$189
Other Revenues	0	3,398	3,398	0
Total Revenues	7,500	5,719	5,908	189
Expenditures:				
Current:				
Public Safety	9,738	9,738	1,903	7,835
Total Expenditures	9,738	9,738	1,903	7,835
Net Change in Fund Balance	(2,238)	(4,019)	4,005	8,024
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	9,784	9,784	9,784	0
Fund Balance End of Year	\$7,546	\$5,765	\$13,789	\$8,024

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, 2005

	Law Enforcement and Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$500	\$1,918	\$2,039	\$121
Total Revenues	500	1,918	2,039	121
Expenditures:				
Current:				
Public Safety	17,846	17,846	0	17,846
Total Expenditures	17,846	17,846	0	17,846
Excess of Revenues Over (Under) Expenditures	(17,346)	(15,928)	2,039	17,967
Net Change in Fund Balance	(17,346)	(15,928)	2,039	17,967
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	17,975	17,975	17,975	0
Fund Balance End of Year	\$629	\$2,047	\$20,014	\$17,967

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, 2005

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$10,000	\$16,262	\$16,618	\$356
Total Revenues	10,000	16,262	16,618	356
Expenditures:				
Current:				
General Government	136,238	136,238	17,475	118,763
Total Expenditures	136,238	136,238	17,475	118,763
Excess of Revenues Over (Under) Expenditures	(126,238)	(119,976)	(857)	-119,119
Net Change in Fund Balance	(126,238)	(119,976)	(857)	119,119
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	131,564	131,564	131,564	0
Fund Balance End of Year	\$5,326	\$11,588	\$130,707	\$119,119

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, 2005

	Municipal Court Computer Costs Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$50,000	\$50,582	\$54,479	\$3,897
Total Revenues	50,000	50,582	54,479	3,897
Expenditures:				
Current:				
General Government	127,512	127,512	76,945	50,567
Total Expenditures	127,512	127,512	76,945	50,567
Excess of Revenues Over (Under) Expenditures	(77,512)	(76,930)	(22,466)	54,464
Net Change in Fund Balance	(77,512)	(76,930)	(22,466)	54,464
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	99,173	99,173	99,173	0
Fund Balance End of Year	\$21,661	\$22,243	\$76,707	\$54,464

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, 2005

	Municipal Court Computer Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$15,000	\$15,767	\$16,973	\$1,206
Total Revenues	15,000	15,767	16,973	1,206
Expenditures:				
Current:				
General Government	41,322	41,322	305	41,017
Total Expenditures	41,322	41,322	305	41,017
Excess of Revenues Over (Under) Expenditures	(26,322)	(25,555)	16,668	42,223
Net Change in Fund Balance	(26,322)	(25,555)	16,668	42,223
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	32,752	32,752	32,752	0
Fund Balance End of Year	\$6,430	\$7,197	\$49,420	\$42,223

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, 2005

	Municipal Court Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$100,000	\$214,017	\$230,093	\$16,076
Total Revenues	100,000	214,017	230,093	16,076
Expenditures:				
Current:				
General Government	302,620	302,620	278,035	24,585
Total Expenditures	302,620	302,620	278,035	24,585
Excess of Revenues Over (Under) Expenditures	(202,620)	(88,603)	(47,942)	40,661
Net Change in Fund Balance	(202,620)	(88,603)	(47,942)	40,661
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	154,796	154,796	154,796	0
Fund Balance End of Year	(\$47,824)	\$66,193	\$106,854	\$40,661

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, 2005

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



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, 2005

	Municipal Court Probation Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$100,000	\$189,629	\$206,721	\$17,092
Total Revenues	100,000	189,629	206,721	17,092
Expenditures:				
Current:				
General Government	302,045	302,045	199,860	102,185
Total Expenditures	302,045	302,045	199,860	102,185
Excess of Revenues Over (Under) Expenditures	(202,045)	(112,416)	6,861	119,277
Net Change in Fund Balance	(202,045)	(112,416)	6,861	119,277
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	147,869	147,869	147,869	0
Fund Balance End of Year	(\$54,176)	\$35,453	\$154,730	\$119,277

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, 2005

	Subdivision Inspection Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Fines, Licenses & Permits	\$49,000	\$213,963	\$213,963	\$0
Investment Earnings	1,000	4,260	5,549	1,289
<b>Total Revenues</b>	<b>50,000</b>	<b>218,223</b>	<b>219,512</b>	<b>1,289</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	455,780	455,780	199,814	255,966
<b>Total Expenditures</b>	<b>455,780</b>	<b>455,780</b>	<b>199,814</b>	<b>255,966</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(405,780)</b>	<b>(237,557)</b>	<b>19,698</b>	<b>257,255</b>
<b>Net Change in Fund Balance</b>	<b>(405,780)</b>	<b>(237,557)</b>	<b>19,698</b>	<b>257,255</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>186,318</b>	<b>186,318</b>	<b>186,318</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>(\$219,462)</b>	<b>(\$51,239)</b>	<b>\$206,016</b>	<b>\$257,255</b>

City of Mason  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2005

	General Obligation Bond Retirement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$175,000	\$183,926	\$183,928	\$2
Intergovernmental	25,000	25,372	25,371	(1)
Total Revenues	200,000	209,298	209,299	1
Expenditures:				
Debt Service:				
Principal Retirement	205,000	205,000	205,000	0
Interest and Fiscal Charges	169,255	169,255	167,255	2,000
Total Expenditures	374,255	374,255	372,255	2,000
Excess of Revenues Over (Under) Expenditures	(174,255)	(164,957)	(162,956)	2,001
Net Change in Fund Balance	(174,255)	(164,957)	(162,956)	2,001
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	498,713	498,713	498,713	0
Fund Balance End of Year	\$324,458	\$333,756	\$335,757	\$2,001

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, 2005

	Special Assessment Bond Retirement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	\$140,065	\$142,201	\$142,201	\$0
Total Revenues	140,065	142,201	142,201	0
Expenditures:				
Debt Service:				
Principal Retirement	133,000	133,000	133,000	0
Interest and Fiscal Charges	54,065	54,065	53,625	440
Total Expenditures	187,065	187,065	186,625	440
Excess of Revenues Over (Under) Expenditures	(47,000)	(44,864)	(44,424)	440
Other financing sources (uses):				
Transfers In	47,000	47,000	47,000	0
Transfers (Out)	(3,000)	(3,000)	(3,000)	0
Total Other Financing Sources (Uses)	44,000	44,000	44,000	0
Net Change in Fund Balance	(3,000)	(864)	(424)	440
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	931	931	931	0
Fund Balance End of Year	(\$2,069)	\$67	\$507	\$440

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, 2005

	Tax Increment Financing Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Taxes	\$31,800	\$58,004	\$58,004	\$0
Intergovernmental	0	8,031	8,031	0
Investment Earnings	0	0	32	32
<b>Total Revenues</b>	<b>31,800</b>	<b>66,035</b>	<b>66,067</b>	<b>32</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Transportation & Street Repair	5,000	5,000	755	4,245
<b>Debt Service:</b>				
Interest and Fiscal Charges	31,800	31,800	31,800	0
<b>Total Expenditures</b>	<b>36,800</b>	<b>36,800</b>	<b>32,555</b>	<b>4,245</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(5,000)</b>	<b>29,235</b>	<b>33,512</b>	<b>4,277</b>
<b>Other financing sources (uses):</b>				
Transfers (Out)	0	(15,900)	0	15,900
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>(15,900)</b>	<b>0</b>	<b>15,900</b>
<b>Net Change in Fund Balance</b>	<b>(5,000)</b>	<b>13,335</b>	<b>33,512</b>	<b>20,177</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>110,260</b>	<b>110,260</b>	<b>110,260</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$105,260</b>	<b>\$123,595</b>	<b>\$143,772</b>	<b>\$20,177</b>

City of Mason  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2005

	Central Parke TIF Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$100,013	\$137,336	\$137,336	\$0
Intergovernmental	7,000	13,674	13,674	0
Investment Earnings	1,000	3,824	4,746	922
<b>Total Revenues</b>	<b>108,013</b>	<b>154,834</b>	<b>155,756</b>	<b>922</b>
Expenditures:				
Current:				
Transportation & Street Repair	108,013	453,665	348,730	104,935
Debt Service:				
Principal Retirement	50,000	50,000	45,000	5,000
Interest and Fiscal Charges	58,012	58,012	27,541	30,471
<b>Total Expenditures</b>	<b>216,025</b>	<b>561,677</b>	<b>421,271</b>	<b>140,406</b>
<b>Net Change in Fund Balance</b>	<b>(108,012)</b>	<b>(406,843)</b>	<b>(265,515)</b>	<b>141,328</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	612,451	612,451	612,451	0
<b>Fund Balance End of Year</b>	<b>\$504,439</b>	<b>\$205,608</b>	<b>\$346,936</b>	<b>\$141,328</b>

City of Mason  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2005

	Mason Enterprise Parke TIF Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$785	\$873	\$88
Total Revenues	0	785	873	88
Expenditures:				
Current:				
Transportation & Street Repair	1,500	1,500	750	750
Debt Service:				
Interest and Fiscal Charges	39,300	40,800	40,800	0
Total Expenditures	40,800	42,300	41,550	750
Excess of Revenues Over (Under) Expenditures	(40,800)	(41,515)	(40,677)	838
Other financing sources (uses):				
Transfers In	0	32,163	73,000	40,837
Total Other Financing Sources (Uses)	0	32,163	73,000	40,837
Net Change in Fund Balance	(40,800)	(9,352)	32,323	41,675
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(11,643)	(11,643)	(11,643)	0
Fund Balance End of Year	(\$52,443)	(\$20,995)	\$20,680	\$41,675

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, 2005

	Tylersville Road TIF Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$14,571	\$20,217	\$5,646
Total Revenues	0	14,571	20,217	5,646
Expenditures:				
Capital Outlay	222,212	222,212	222,106	106
Debt Service:				
Interest and Fiscal Charges	12,875	12,875	24,982	(12,107)
Total Expenditures	235,087	235,087	247,088	(12,001)
Excess of Revenues Over (Under) Expenditures	(235,087)	(220,516)	(226,871)	(6,355)
Other financing sources (uses):				
Transfers (Out)	(2,925)	(2,925)	0	2,925
Total Other Financing Sources (Uses)	(2,925)	(2,925)	0	2,925
Net Change in Fund Balance	(238,012)	(223,441)	(226,871)	(3,430)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	315,626	315,626	315,626	0
Fund Balance End of Year	<u>\$77,614</u>	<u>\$92,185</u>	<u>\$88,755</u>	<u>(\$3,430)</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, 2005

	Downtown Investment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Charges for Services	\$0	\$2,600	\$2,600	\$0
Total Revenues	0	2,600	2,600	0
Expenditures:				
Current:				
Community Development	0	0	2,600	(2,600)
Capital Outlay	2,070,000	2,070,000	146,050	1,923,950
Total Expenditures	2,070,000	2,070,000	148,650	1,921,350
Excess of Revenues Over (Under) Expenditures	(2,070,000)	(2,067,400)	(146,050)	1,921,350
Other financing sources (uses):				
Transfers In	0	146,100	146,100	0
Total Other Financing Sources (Uses)	0	146,100	146,100	0
Net Change in Fund Balance	(2,070,000)	(1,921,300)	50	1,921,350
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	(\$2,070,000)	(\$1,921,300)	\$50	\$1,921,350

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, 2005

	Tylersville Road Project Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Total Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Capital Outlay	242,960	242,960	45,063	197,897
Total Expenditures	242,960	242,960	45,063	197,897
Excess of Revenues Over (Under) Expenditures	(242,960)	(242,960)	(45,063)	197,897
Net Change in Fund Balance	(242,960)	(242,960)	(45,063)	197,897
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	503,970	503,970	503,970	0
Fund Balance End of Year	<u>\$261,010</u>	<u>\$261,010</u>	<u>\$458,907</u>	<u>\$197,897</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, 2005

	Kings Mills Road Project Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$8,066	\$8,738	\$672
Total Revenues	0	8,066	8,738	672
Expenditures:				
Current:				
Transportation & Street Repair	465,859	465,859	317,638	148,221
Total Expenditures	465,859	465,859	317,638	148,221
Excess of Revenues Over (Under) Expenditures	(465,859)	(457,793)	(308,900)	148,893
Net Change in Fund Balance	(465,859)	(457,793)	(308,900)	148,893
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	466,396	466,396	466,396	0
Fund Balance End of Year	\$537	\$8,603	\$157,496	\$148,893

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, 2005

	Mason-Montgomery Road Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
General Government	0	0	0	0
Total Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

City of Mason  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2005

	Government Center Reserve Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$42,429	\$55,380	\$12,951
Total Revenues	0	42,429	55,380	12,951
Expenditures:				
Capital Outlay	1,872,156	432,156	0	432,156
Debt Service:				
Principal Retirement	625,000	625,000	625,000	0
Interest and Fiscal Charges	1,645,723	1,645,723	1,045,723	600,000
Total Expenditures	4,142,879	2,702,879	1,670,723	1,032,156
Excess of Revenues Over (Under) Expenditures	(4,142,879)	(2,660,450)	(1,615,343)	1,045,107
Other financing sources (uses):				
Transfers In	0	158	0	(158)
Transfers (Out)	(500)	(340,342)	0	340,342
Total Other Financing Sources (Uses)	(500)	(340,184)	0	340,184
Net Change in Fund Balance	(4,143,379)	(3,000,634)	(1,615,343)	1,385,291
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,015,879	3,015,879	3,015,879	0
Fund Balance End of Year	(\$1,127,500)	\$15,245	\$1,400,536	\$1,385,291

City of Mason  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2005

	Western Row / Snider Road Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$2,164	\$2,387	\$223
Total Revenues	0	2,164	2,387	223
Expenditures:				
Capital Outlay	3,286,764	3,286,764	3,285,150	1,614
Total Expenditures	3,286,764	3,286,764	3,285,150	1,614
Excess of Revenues Over (Under) Expenditures	(3,286,764)	(3,284,600)	(3,282,763)	1,837
Net Change in Fund Balance	(3,286,764)	(3,284,600)	(3,282,763)	1,837
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,286,925	3,286,925	3,286,925	0
Fund Balance End of Year	\$161	\$2,325	\$4,162	\$1,837

**STATISTICAL  
SECTION**

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**Table 1**

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

	Fiscal Year				
	2001	2002	2003	2004	2005
<b>Governmental activities</b>					
Invested in Capital Assets, Net of Related Debt	\$19,155,677	\$36,025,545	\$82,482,220	\$83,295,651	\$89,318,991
Restricted	12,774,373	17,235,858	15,052,307	13,470,109	14,336,740
Unrestricted	15,853,479	6,649,481	8,843,433	24,522,571	28,401,484
<b>Total Governmental Activities Net Assets</b>	<b>\$47,783,529</b>	<b>\$59,910,884</b>	<b>\$106,377,960</b>	<b>\$121,288,331</b>	<b>\$132,057,215</b>
<b>Business-Type Activities</b>					
Invested in Capital Assets, Net of Related Debt	\$69,687,504	\$44,347,689	\$74,722,678	\$64,318,163	\$73,165,544
Restricted	0	0	0	23,251,862	11,290,444
Unrestricted	16,824,466	13,321,952	3,110,125	(3,139,725)	6,610,919
<b>Total Business-Type Activities Net Assets</b>	<b>\$86,511,970</b>	<b>\$57,669,641</b>	<b>\$77,832,803</b>	<b>\$84,430,300</b>	<b>\$91,066,907</b>
<b>Primary Government</b>					
Invested in Capital Assets, Net of Related Debt	\$88,843,181	\$80,373,234	\$157,204,898	\$147,613,814	\$162,484,535
Restricted	12,774,373	17,235,858	15,052,307	36,721,971	25,627,184
Unrestricted	32,677,945	20,171,433	11,953,558	21,382,846	35,012,403
<b>Total Governmental Activities Net Assets</b>	<b>\$134,295,499</b>	<b>\$117,780,525</b>	<b>\$184,210,763</b>	<b>\$205,718,631</b>	<b>\$223,124,122</b>

Source: City of Mason, Ohio, Department of Finance

**Table 2**

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

	Fiscal Year				
	2001	2002	2003	2004	2005
<b>Expenses</b>					
<b>Governmental Activities:</b>					
General Government	\$4,651,491	\$6,529,294	\$7,489,906	\$9,585,638	\$10,055,191
Public Safety	4,033,646	5,881,818	6,357,600	7,677,404	7,647,086
Leisure Time Activities	1,533,017	1,817,847	2,229,243	2,025,140	1,927,193
Community Development	471,327	863,009	1,666,254	1,055,133	1,219,316
Basic Utility Service	231,186	50,941	1,124	0	0
Transportation and Street Repair	1,668,159	1,926,062	2,456,994	2,763,009	3,433,612
Interest and Fiscal Charges	1,277,293	1,780,444	1,564,957	1,516,711	1,685,015
<b>Total Governmental Activities Expenses</b>	<b>13,866,119</b>	<b>18,849,415</b>	<b>21,766,078</b>	<b>24,623,035</b>	<b>25,967,413</b>
<b>Business-type activities</b>					
Water	4,215,342	1,290,013	117,370	320,815	0
Sewer	2,838,752	2,856,787	2,884,956	3,588,785	3,838,763
Waste Collection	864,591	882,229	926,630	995,282	1,067,929
Stormwater Utility	418,590	744,887	1,251,621	1,256,452	1,051,464
Community Center	0	0	1,453,474	1,973,163	3,112,769
<b>Total business-type activities expenses</b>	<b>8,337,275</b>	<b>5,773,916</b>	<b>6,634,051</b>	<b>8,134,497</b>	<b>9,070,925</b>
<b>Total primary government expenses</b>	<b>\$22,203,394</b>	<b>\$24,623,331</b>	<b>\$28,400,129</b>	<b>\$32,757,532</b>	<b>\$35,038,338</b>
<b>Program Revenues</b>					
<b>Governmental Activities:</b>					
<b>Charges for Services:</b>					
General Government	\$1,053,973	\$879,532	\$1,343,668	\$1,515,220	\$1,211,763
Public Safety	266,973	358,177	297,445	887,039	1,551,532
Leisure Time Activities	373,155	434,532	223,460	320,394	407,548
Community Development	592,164	491,491	435,081	398,360	489,196
Basic Utility Service	236,108	199,229	256,831	285,781	0
Transportation and Street Repair	78,577	113,154	104,038	0	0
Interest and Fiscal Charges	3,022	0	0	0	6,022
Operating Grants and Contributions	1,507,655	551,231	1,286,339	1,469,711	1,847,807
Capital Grants and Contributions	4,758,764	6,458,499	3,001,393	7,720,265	3,175,748
<b>Total Governmental Activities Program Revenues</b>	<b>8,870,391</b>	<b>9,485,845</b>	<b>6,948,255</b>	<b>12,596,770</b>	<b>8,689,616</b>
<b>Business-Type Activities</b>					
<b>Charges for Services:</b>					
Water	5,033,091	477,771	0	0	0
Sewer	5,490,698	5,532,399	5,858,754	5,381,425	5,288,919
Waste Collection	877,648	786,572	880,859	982,973	1,028,451

(Continued)

	Fiscal Year				
	2001	2002	2003	2004	2005
Stormwater Utility	309,138	678,199	749,570	784,892	788,602
Community Center	0	0	1,955,985	2,301,675	2,537,560
Operating Grants and Contributions	0	0	0	0	0
Capital Grants and Contributions	3,066,340	5,863,365	6,539,646	4,505,577	3,807,321
Total Business-Type Activities Program Revenues	14,776,915	13,338,306	15,984,814	13,956,542	13,450,853
Total Primary Government Program Revenues	\$23,647,306	\$22,824,151	\$22,933,069	\$26,553,312	\$22,140,469

Net (Expense)/Revenue					
Governmental Activities	(\$4,995,728)	(\$9,363,570)	(\$14,817,823)	(\$12,026,265)	(\$17,277,797)
Business-Type Activities	6,439,640	7,564,390	9,350,763	5,822,045	4,379,928
Total Primary Government Net Expense	\$1,443,912	(\$1,799,180)	(\$5,467,060)	(\$6,204,220)	(\$12,897,869)

#### General Revenues and Other Changes in Net Assets

Governmental Activities:					
Income Taxes	\$13,244,640	\$14,236,939	\$14,750,306	\$17,629,586	\$19,803,888
Property Taxes Levied for:					
General Purposes	1,244,776	1,209,868	1,344,408	1,727,974	1,861,088
Special Revenue Purposes	3,250,009	3,265,998	3,619,235	4,318,008	4,125,581
Debt Service Purposes	487,903	471,560	555,903	401,942	181,859
Capital Project Purposes	69,931	171,456	188,314	220,283	217,918
Unrestricted Grants and Entitlements	2,686,346	1,482,935	1,930,644	2,075,585	1,915,791
Unrestricted Contributions	0	0	0	25,000	0
Investment Earnings	1,554,128	683,584	273,376	178,414	910,574
Other Revenues	299,756	532,121	473,513	639,483	375,644
Transfers-Internal Activities	(328,000)	(563,536)	(574,596)	(279,639)	(1,345,662)
Total Governmental Activities	22,509,489	21,490,925	22,561,103	26,936,636	28,046,681
Business-Type Activities					
Investment Earnings	1,032,080	424,833	187,552	435,371	898,940
Other Revenues	0	0	0	60,442	12,077
Transfers-Internal Activities	328,000	563,536	574,596	279,639	1,345,662
Special Item		(37,195,088)			
Total Business-Type Activities	1,360,080	(36,206,719)	762,148	775,452	2,256,679
Total Primary Government	\$23,869,569	(\$14,715,794)	\$23,323,251	\$27,712,088	\$30,303,360

#### Changes in Net Assets

Governmental Activities	\$17,513,761	\$12,127,355	\$7,743,280	\$14,910,371	\$10,768,884
Business-Type Activities	7,799,720	(28,642,329)	10,112,911	6,597,497	6,636,607
Total Primary Government	\$25,313,481	(\$16,514,974)	\$17,856,191	\$21,507,868	\$17,405,491

**Table 3**

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

Fiscal Year	Income Tax	Property taxes levied for:					Total Property Taxes	Total
		General	Special Revenue	Debt Service	Capital Project			
2001	\$13,244,640	\$1,244,776	\$3,250,009	\$487,903	\$69,931	\$5,052,619	\$18,297,259	
2002	14,236,939	1,209,868	3,265,998	471,560	171,456	5,118,882	19,355,821	
2003	14,750,306	1,344,408	3,619,235	555,903	188,314	5,707,860	20,458,166	
2004	17,629,586	1,727,974	4,318,008	401,942	220,283	6,668,207	24,297,793	
2005	\$19,803,888	\$1,861,088	\$4,125,581	\$181,859	\$217,918	\$6,386,446	\$26,190,334	

Table 4

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

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General Fund										
Reserved	\$514,053	\$469,167	\$1,136,893	\$2,308,169	\$2,113,695	\$3,921,914	\$7,174,085	\$6,148,247	\$5,855,656	\$10,729,834
Unreserved	2,570,279	2,885,962	3,259,025	(796,098)	1,671,731	3,734,644	(1,952,977)	1,380,089	7,039,758	5,580,027
Total General Fund	\$3,084,332	\$3,355,129	\$4,395,918	\$1,512,071	\$3,785,426	\$7,656,558	\$5,221,108	\$7,528,336	\$12,895,414	\$16,309,861
All Other Governmental Funds										
Reserved	2,224,703	1,285,561	3,516,042	3,959,002	3,614,281	5,260,028	2,546,516	905,514	3,675,638	1,633,574
Unreserved, Reported in:										
Special Revenue Funds	826,710	1,614,055	1,427,020	1,494,660	2,890,985	5,466,047	5,763,841	6,498,710	7,772,452	8,460,746
Debt Service Funds	39,123	30,406	242,749	154,243	217,934	279,290	305,471	432,170	486,201	335,878
Capital Projects Funds	(4,042,763)	(2,339,372)	1,704,185	3,331,632	3,577,599	15,508,028	6,538,042	5,263,108	(466,641)	2,132,108
Total All Other Governmental Funds	(\$952,227)	\$590,650	\$6,889,996	\$8,939,537	\$10,300,799	\$26,513,393	\$15,153,870	\$13,099,502	\$11,467,650	\$12,562,306

**Table 5**

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

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>Revenues</b>										
Taxes	\$6,458,924	\$9,026,592	\$11,285,156	\$13,659,376	\$18,631,015	\$18,548,398	\$18,740,840	\$21,497,719	\$23,356,100	\$25,337,338
Fines, Licensed & Permits	851,716	1,106,781	1,007,029	1,515,812	1,528,868	1,405,849	1,426,086	1,360,999	2,051,550	2,285,087
Charges for Services	98,422	101,296	113,396	479,512	570,489	948,446	826,334	748,435	872,720	978,335
Investment Earning	342,866	305,578	365,681	632,878	1,191,891	1,596,253	644,010	326,847	180,449	950,697
Intergovernmental	2,817,308	1,892,164	1,410,940	2,912,297	2,188,404	3,237,732	2,699,661	5,390,672	3,598,728	3,628,520
Special Assessments	259,725	282,464	237,093	214,265	126,344	227,899	201,511	965,749	156,177	137,175
Other Revenue	285,121	503,170	632,957	362,094	1,097,951	538,532	699,051	965,749	1,022,872	706,464
<b>Total Revenues</b>	11,114,082	12,218,045	15,052,252	19,776,234	25,334,962	26,503,109	25,237,493	30,290,421	31,238,596	34,023,616
<b>Expenditures</b>										
General Government	2,436,455	2,467,675	2,764,506	4,521,868	3,534,139	4,553,052	6,465,327	9,825,426	8,813,705	8,186,487
Public Safety	1,649,388	1,871,057	5,744,068	5,643,558	6,349,783	3,680,855	5,519,019	6,548,683	7,200,461	7,107,465
Leisure Time Activities	883,075	997,274	947,894	1,975,052	1,602,077	1,324,854	2,129,899	2,122,965	1,803,066	1,736,255
Community Development	494,548	431,390	494,394	621,413	790,131	467,328	860,047	1,666,254	1,014,147	977,332
Basic Utility Service	105,189	348,506	103,774	179,370	98,122	236,812	47,392	400	0	0
Transportation and Street Repair	1,746,930	2,497,783	2,545,323	3,442,523	3,004,975	1,316,126	2,845,564	3,928,251	2,656,910	2,251,292
Capital Outlay	3,037,534	1,814,758	1,200,196	3,912,061	6,425,700	16,602,012	18,326,483	2,571,833	4,757,098	6,767,208
Debt Service										
Principal Retirement	211,000	202,000	211,000	391,438	387,000	1,108,228	1,252,488	1,237,162	1,165,741	1,163,420
Interest and Fiscal Charges	397,327	324,744	334,514	377,283	665,463	1,752,493	1,776,594	1,564,957	1,530,848	1,471,650
<b>Total Expenditures</b>	10,961,446	10,955,187	14,345,669	21,064,766	22,857,390	31,041,760	39,222,813	29,465,931	28,941,976	29,661,109
<b>Excess of Revenues Over (Under) Expenditures</b>	152,636	1,262,858	706,583	(1,288,532)	2,477,572	(4,538,651)	(13,985,320)	824,490	2,296,620	4,362,507

(Continued)

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>Other Financing Sources (Uses)</b>										
Transfer In	1,045,948	2,466,135	5,219,982	4,117,409	8,869,877	2,867,923	12,619,642	2,707,796	684,506	5,372,100
Transfer Out	(282,267)	(2,433,501)	(4,888,021)	(4,267,239)	(8,835,425)	(3,195,923)	(13,180,859)	(3,282,392)	(964,145)	(5,375,100)
Issuance of Long-Term Capital-Related Debt			4,945,000	600,000	1,135,000	24,440,000	680,000		1,030,000	
Capital Leases			1,861,896							
Total Other Financing Sources (Uses)	763,681	32,634	7,138,857	450,170	1,169,452	24,112,000	118,783	(574,596)	750,361	(3,000)
Net Change in Fund Balances	\$916,317	\$1,295,492	\$7,845,440	(\$838,362)	\$3,647,024	\$19,573,349	(\$13,866,537)	\$249,894	\$3,046,981	\$4,359,507
Debt Service as a Percentage of Noncapital Expenditures	7.7%	5.8%	4.1%	4.5%	6.4%	19.8%	14.5%	10.4%	11.1%	11.5%

**Table 6**

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

Fiscal Year	Total				Percentage of Total			
	Withholding	Business	Individual	Total	Withholding	Business	Individual	Total
1996	\$3,408,829	\$695,889	\$1,461,924	\$5,566,642	61.2%	12.5%	26.3%	100.0%
1997	4,338,750	875,098	1,673,244	6,887,092	63.0%	12.7%	24.3%	100.0%
1998	5,392,390	2,073,572	1,972,448	9,438,410	57.1%	22.0%	20.9%	100.0%
1999	6,553,361	1,906,145	2,301,391	10,760,897	60.9%	17.7%	21.4%	100.0%
2000	7,458,765	2,004,888	2,505,456	11,969,109	62.3%	16.8%	20.9%	100.0%
2001	8,031,833	1,580,798	3,034,811	12,647,441	63.5%	12.5%	24.0%	100.0%
2002	8,431,402	2,015,247	3,357,722	13,804,371	61.1%	14.6%	24.3%	100.0%
2003	9,350,057	2,045,319	3,777,725	15,173,101	61.6%	13.5%	24.9%	100.0%
2004	9,914,215	2,098,410	4,401,360	16,413,985	60.4%	12.8%	26.8%	100.0%
2005	11,164,670	2,961,019	4,868,994	18,994,683	58.8%	15.6%	25.6%	100.0%

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

Fiscal Year	Delinquent	Penalties	Prior Year	Current Year	Total
2004	481,221	233,928	5,017,927	10,680,909	16,413,985
2005	473,596	211,910	6,251,436	12,057,741	18,994,683



Table 7

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

Tax Year	Real Property		Public Utility		Tangible Personal Property		Total		Assessed Value as a Percentage of Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1996	\$246,729,100	\$704,940,280	\$13,691,170	\$15,558,150	\$54,287,005	\$217,148,020	\$314,707,275	\$937,646,450	33.56%
1997	324,890,600	928,258,857	14,210,190	16,147,943	64,048,349	256,189,396	403,149,139	1,200,596,196	33.58%
1998	387,938,790	1,108,396,542	15,757,910	18,538,717	76,841,043	307,364,172	480,537,743	1,434,299,431	33.50%
1999	448,944,160	1,282,697,600	17,969,920	20,420,363	95,712,317	382,849,268	562,626,397	1,685,967,231	33.37%
2000	576,089,580	1,645,970,230	18,882,620	21,457,520	115,114,210	460,456,840	710,086,410	2,127,884,590	33.37%
2001	633,752,330	1,810,720,940	12,944,150	14,709,260	146,826,249	587,304,990	793,522,729	2,412,735,190	32.89%
2002	683,142,740	1,951,836,400	14,667,310	16,667,390	149,946,460	599,785,848	847,756,510	2,568,289,638	33.01%
2003	771,214,670	2,203,470,485	15,312,680	17,400,772	147,357,520	589,430,080	933,884,870	2,810,301,337	33.23%
2004	825,905,960	2,359,731,314	15,736,660	17,882,568	137,059,790	548,239,160	978,702,410	2,925,853,042	33.45%
2005	861,180,630	2,460,516,085	16,252,830	18,469,125	110,500,187	442,000,748	987,933,647	2,920,985,958	33.82%

Source: Warren County Auditor's Office

Table 8

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

Tax Year	City of Mason				Overlapping Rates					Total
	General Fund	Fire Operating	Debt Service	Total	Mason City School District	Warren County	Deerfield Township*	Joint Voc. School	Special District	
1996	1.61%		0.28%	1.89%	62.36%	5.00%	0.86%	2.70%	5.45%	78.26%
1997	2.12%		0.20%	2.32%	61.95%	5.00%		2.70%	5.45%	77.42%
1998	2.15%	5.00%	0.17%	7.32%	61.95%	4.75%		2.70%	1.50%	78.22%
1999	2.15%	5.00%	0.17%	7.32%	61.95%	4.00%		2.70%	1.50%	77.47%
2000	1.47%	5.00%	0.85%	7.32%	64.57%	4.00%		2.70%	1.50%	80.09%
2001	1.67%	5.00%	0.65%	7.32%	71.11%	4.00%		2.70%	1.50%	86.63%
2002	1.67%	5.00%	0.65%	7.32%	72.61%	4.96%		2.70%	1.50%	89.09%
2003	1.67%	5.00%	0.65%	7.32%	74.11%	6.53%		2.70%	1.50%	92.16%
2004	1.87%	5.00%	0.45%	7.32%	74.11%	6.46%		2.70%	1.50%	92.09%
2005	2.11%	5.00%	0.21%	7.32%	80.65%	6.46%		2.70%	1.50%	98.63%

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 9

**City of Mason  
Principal Property Taxpayers  
December 31, 2005**

Taxpayer	Fiscal Year 2005			Fiscal Year 1997		
	Assessed Valuation	Rank	Percentage Of Total Assessed Valuation	Assessed Valuation	Rank	Percentage Of Total Assessed Valuation
Kings Island Company	\$37,350,918	1	3.78%			-
Mitsubishi Electric Auto	20,380,674	2	2.08%	13,118,650	1	3.25%
Procter & Gamble Company	17,284,044	3	1.75%	7,577,330	3	1.88%
Chitas Corporation #2	12,953,227	4	1.31%			-
Cincinnati Gas & Electric	11,081,640	5	1.12%	9,180,630	2	2.28%
UBE Automotive	11,023,290	6	1.12%			-
Mason Christian Village	6,094,350	7	0.62%	4,022,870	5	1.00%
Lenscrafters	5,072,900	8	0.51%			-
Twin Fountains of Mason	4,549,300	9	0.46%			-
A. Mold Corporation	3,882,854	10	0.39%			-
United Telephone Company	-		-	3,056,590	8	0.76%
Deerfield Manufacturing	-		-	4,486,300	4	1.11%
Buckeye Steel Castings	-		-	3,269,650	6	0.81%
Zaring Homes	-		-	3,259,740	7	0.81%
Leggett Partners	-		-	2,585,980	9	0.64%
All Others	858,060,450		86.85%	2,571,460	10	0.64%
<b>Total Assessed Valuation</b>	<b>\$987,933,647</b>		<b>100%</b>	<b>\$403,149,139</b>		<b>100%</b>

Source: Warren County Auditor's Office

**Table 10**

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

Tax Year:	1995/1996	1996/1997	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005
Fiscal Year:	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Current Tax Levy	\$527,719	\$604,903	\$949,077	\$3,569,426	\$4,007,289	\$4,865,120	\$5,241,254	\$5,508,483	\$6,682,436	\$6,932,404
Current Tax Collections	521,435	598,675	933,999	3,495,198	3,914,640	4,789,569	5,000,981	5,401,874	6,330,702	6,657,907
Percent of Levy Collected	98.81%	98.97%	98.41%	97.92%	97.69%	98.45%	95.42%	98.06%	94.74%	96.04%
Delinquent Tax Collections	7,658	9,974	11,261	57,416	64,478	130,292	47,448	294,933	123,183	167,596
Total Tax Collections	529,093	608,649	945,260	3,552,614	3,979,118	4,919,861	5,048,429	5,696,807	6,453,885	6,825,503
Ratio of Total Tax Collections to Current Taxes Levied	100.26%	100.62%	99.60%	99.53%	99.30%	101.13%	96.32%	103.42%	96.58%	98.46%

Source: Warren County Auditor's Office

**Table 11**

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

<b>Tax Year</b>	<b>Current Assessments Billings</b>	<b>Current Assessments Collected</b>	<b>Ratio of Collection To Amount Billed</b>
1995	\$274,487	\$256,455	93.43%
1996	272,394	260,503	95.63%
1997	234,472	195,326	83.30%
1998	258,506	218,038	84.35%
1999	228,615	199,333	87.19%
2000	213,739	201,300	94.18%
2001	188,571	170,041	90.17%
2002	200,231	185,006	92.40%
2003	162,255	148,675	91.63%
2004	135,244	124,578	92.11%

Tax Year 2005 is billed and due in 2006

Source: Warren County Auditor's Office

Table 12

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

Fiscal Year	Governmental Activities										Total Governmental Activities
	General Obligation Bonds	Bond Anticipation Notes	Tax Increment Financing	Certificates of Participation	Special Assessments Bonds	Installment Loan	Capital Leases				
1996	\$295,000	\$5,250,000	\$0	\$0	\$1,929,000	\$520,313	\$0	\$0			\$7,994,313
1997	255,000	3,500,000	0	0	1,767,000	346,876	0	0			5,868,876
1998	5,155,000	450,000	0	0	1,601,000	173,438	1,861,896	0			9,241,334
1999	4,920,000	4,530,000	600,000	0	1,445,000	0	1,571,763	0			13,066,763
2000	4,725,000	5,280,000	1,735,000	0	1,281,000	0	1,267,039	0			14,288,039
2001	4,505,000	9,650,000	1,435,000	24,020,000	1,121,000	0	958,811	0			41,689,811
2002	4,275,000	8,400,000	2,415,000	23,455,000	965,000	0	659,323	0			40,167,323
2003	4,045,000	5,700,000	2,430,000	22,875,000	816,000	0	379,161	0			36,245,161
2004	3,845,000	9,700,000	3,450,000	22,275,000	684,000	0	155,420	0			40,109,420
2005	3,640,000	9,400,000	3,405,000	21,650,000	551,000	0	0	0			38,646,000

Fiscal Year	Business-Type Activities				Total Primary Government	Percentage of Personal Income(1)	Per Capita(1)
	Mortgage Revenue Bonds	Bond Anticipation Notes	Special Assessments Bonds	Business-Type Activities			
1996	\$16,340,000	\$300,000	\$70,000	\$16,710,000	\$24,704,313	6.51%	\$1,534
1997	15,930,000	525,000	68,000	16,523,000	22,391,876	5.11%	1,266
1998	15,505,000	250,000	66,000	15,821,000	25,062,334	4.97%	1,307
1999	15,055,000	0	64,000	15,119,000	28,185,763	4.76%	1,336
2000	14,845,000	0	61,000	14,906,000	29,194,039	4.56%	1,326
2001	14,090,000	0	58,000	14,148,000	55,837,811	7.60%	2,316
2002	6,690,000	0	55,000	6,745,000	46,912,323	5.82%	1,814
2003	6,445,000	0	52,000	6,497,000	42,742,161	4.91%	1,572
2004	36,745,000	0	49,000	36,794,000	76,903,420	8.40%	2,751
2005	35,765,000	3,165,000	46,000	38,976,000	77,622,000	7.88%	2,708

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

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

**Table 13**

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

Fiscal Year	Population(1)	Assessed Value (2)	General Bonded Debt (3)	Less Debt Service Fund (4)	Net General Bonded Debt	Ratio of Net Bonded Debt to Assessed Value		Net Bonded Debt Per Capita
						Value	Value	
1996	16,100	\$314,707,275	\$335,000	\$20,207	\$314,793	0.10%	\$20	
1997	17,691	403,149,139	255,000	30,406	224,594	0.06%	13	
1998	19,182	480,537,743	5,155,000	25,966	5,129,034	1.07%	267	
1999	21,097	562,626,397	4,945,000	8,566	4,936,434	0.88%	234	
2000	22,016	710,086,410	4,725,000	138,702	4,586,298	0.65%	208	
2001	24,106	793,522,729	4,505,000	230,472	4,274,528	0.54%	177	
2002	25,864	847,756,510	4,275,000	302,523	3,972,477	0.47%	154	
2003	27,186	933,884,870	4,045,000	428,899	3,616,101	0.39%	133	
2004	27,958	978,702,410	3,845,000	484,775	3,360,225	0.34%	120	
2005	28,667	987,933,647	3,640,000	335,757	3,304,243	0.33%	115	

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

- (1) U.S. Census Bureau Estimate for 2005; City of Mason Planning and Economic Development
- (2) Assessed Value from Warren County Auditor's Office
- (3) Does not include Bond Anticipation Notes or Special Assessment debt with governmental commitment.
- (4) Does not include debt service fund balances for Special Assessment debt with governmental commitment.

Table 14

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

Fiscal Year	Principal	Interest(2)	Total Debt Service	Total General Government Expenditures	Ratio of Debt Service To General Government Expenditures
1996	\$40,000	\$30,150	\$70,150	\$2,420,667	2.90%
1997	40,000	26,550	66,550	2,455,116	2.71%
1998	45,000	22,950	67,950	2,712,168	2.51%
1999	210,000	225,513	435,513	4,506,728	9.66%
2000	215,000	223,943	438,943	3,495,706	12.56%
2001	220,000	238,355	458,355	4,286,353	10.69%
2002	230,000	324,463	554,463	6,055,452	9.16%
2003	230,000	318,555	548,555	9,056,710	6.06%
2004	200,000	188,973	388,973	8,813,705	4.41%
2005	205,000	153,317	358,317	8,186,487	4.38%

Source: City of Mason, Ohio, Department of Finance

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

(2) Excludes bond issuance and other costs.



**Table 15**

**City of Mason  
Direct and Overlapping Governmental Activities Debt  
As of December 31, 2005**

	<b>Net General Obligations Bonded Debt Outstanding</b>	<b>Percentage Applicable to City</b>	<b>Amount Applicable to City</b>
City of Mason	\$16,205,000	100.00%	\$16,205,000
Warren County	421,790	19.91%	83,978
Lebanon City School District	47,664,985	0.35%	166,827
Mason City School District	141,010,000	64.51%	90,965,551
Kings Local School District	33,328,182	14.12%	4,705,939
Great Oaks Career Center Joint Vocational School	4,340,000	5.10%	221,340
Deerfield Township	6,197,000	0.18%	11,155
		<b>Total:</b>	<b>\$112,359,791</b>

Source: Ohio Municipal Advisory Council

**Table 16**

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

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>Total Debt Limit (1)</b>										
Total Debt Limit (10.5%)	\$33,044,264	\$42,330,660	\$50,456,463	\$59,075,772	\$74,559,073	\$83,319,887	\$89,014,434	\$98,057,911	\$102,763,753	\$103,733,033
Total Net Debt Applicable to Limits	5,524,793	3,724,594	5,880,966	5,663,566	9,843,997	6,009,528	6,387,477	9,301,101	13,060,225	12,704,243
Legal Debt Limit Margin	\$27,519,471	\$38,606,066	\$44,575,497	\$53,412,206	\$64,715,076	\$77,310,359	\$82,626,957	\$88,756,810	\$89,703,528	\$91,028,790

Total Net Debt Applicable to the Limit as a Percentage of Total Debt Limit

	16.72%	8.80%	11.66%	9.59%	13.20%	7.21%	7.18%	9.49%	12.71%	12.25%
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**Total Unvoted Debt Limit (1)**

Total Unvoted Debt Limit (5.5%)

	17,308,900	22,173,203	26,429,576	30,944,452	39,054,753	43,643,750	46,626,608	51,363,668	53,828,633	54,336,351
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Total Net Debt Applicable to Limits

	5,524,793	3,724,594	5,880,966	5,663,566	9,843,997	6,009,528	6,387,477	9,301,101	13,060,225	12,704,243
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Legal Unvoted Debt Limit Margin

	\$11,784,107	\$18,448,609	\$20,548,610	\$25,280,886	\$29,210,756	\$37,634,222	\$40,239,131	\$42,062,567	\$40,768,408	\$41,632,108
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Total Net Debt Applicable to the Limit as a Percentage of Total Unvoted Debt Limit

	31.92%	16.80%	22.25%	18.30%	25.21%	13.77%	13.70%	18.11%	24.26%	23.38%
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**Legal Debt Margin Calculation for Fiscal Year 2005**

Net assessed valuation		<b>Total Debt Limit</b>	
Statutory legal debt limitation (1)	10.5%	<b>Debt Limit</b>	
Total debt limitation		\$987,933,647	<b>Total Unvoted Debt Limit</b>
		\$103,733,033	\$987,933,647
			5.5%
			\$54,336,351
Debt applicable to limit:			
Debt applicable to limit(2)		13,040,000	13,040,000
Less: applicable debt service fund amounts(3)		(335,757)	(335,757)
Total net debt applicable to limit		12,704,243	12,704,243
Legal debt margin		\$91,028,790	\$41,632,108

- (1) Direct debt limitation based upon Section 133, the Uniform Bond Act of the Ohio Revised Code. Total debt limit should not exceed 10.5% of net assessed property value. Total unvoted debt limit should not exceed 5.5% of net assessed property value.
- (2) City debt outstanding includes non self-supporting general obligation notes and bonds only. Enterprise debt is not considered in the computation of the legal debt margin.
- (3) Does not include debt service fund balances for Special Assessment debt with governmental commitment.

Table 17

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

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>Sewer Fund Bond Coverage:</b>										
Operating Revenue	\$3,857,651	\$4,438,971	\$5,324,578	\$6,082,820	\$5,775,367	\$5,490,698	\$5,532,399	\$5,858,754	\$5,385,198	\$5,297,841
Operating Expenses	1,243,237	1,194,196	1,230,354	1,417,723	1,647,272	1,659,929	1,586,898	1,688,635	1,166,731	1,654,833
Net Available for Debt Service	2,614,414	3,244,775	4,094,224	4,665,097	4,128,095	3,830,769	3,945,501	4,170,119	4,218,467	3,643,008
<b>Debt Service Requirements:</b>										
Revenue Bonds:										
Principal	175,000	185,000	190,000	200,000	210,000	220,000	230,000	245,000	1,360,000	980,000
Interest	459,160	451,810	443,670	423,399	425,430	415,388	404,140	391,212	1,209,372	1,585,295
Total Debt Service Requirement	\$634,160	\$636,810	\$633,670	\$623,399	\$635,430	\$635,388	\$634,140	\$636,212	\$2,569,372	\$2,565,295
Coverage	4.12	5.10	6.46	7.48	6.50	6.03	6.22	6.55	1.64	1.42

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Sewer operating revenue does not include investment earnings or capital grants and contributions. Operating expenses do not include interest or depreciation expense. The 2004 Sewer System Revenue Refunding and Improvement Bonds require a coverage of 1.20.

**Table 18**

**City of Mason  
Demographic and Economic Statistics  
December 31, 2005**

Year	Area (Square Miles)	Population (1)	Estimated		Median Age(4)	School Enrollment(5)	Unemployment Rates(6)		
			Personal Income(2)	Personal Income(3)			Warren County	Ohio	United States
1996	15.7	16,100	\$379,428,700	\$23,567		3,845	3.7%	4.9%	5.4%
1997	17.0	17,691	438,506,817	24,787		4,371	3.1%	4.6%	4.9%
1998	17.5	19,182	504,467,418	26,299		5,364	2.9%	4.3%	4.5%
1999	17.5	21,097	591,939,626	28,058		6,100	3.0%	4.0%	4.1%
2000	17.5	22,016	639,718,912	29,057	34.5	6,711	2.9%	3.9%	4.0%
2001	17.5	24,106	734,654,456	30,476	34.5	7,411	3.3%	4.8%	5.8%
2002	17.5	25,864	805,611,872	31,148	34.5	7,363	4.0%	5.3%	6.0%
2003	17.5	27,186	869,924,814	31,999	34.5	8,003	3.1%	5.5%	5.7%
2004	17.9	27,958	915,289,004	32,738	34.5	8,635	4.0%	5.9%	5.4%
2005	18.0	28,667	985,227,456	34,368	34.5	9,731	4.4%	5.9%	4.9%

(1) U.S. Census Bureau Estimate for 2005: City of Mason Planning and Economic Development

(2) Population estimate times per capita person income

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

(4) U.S. Census Bureau 2000 census

(5) Mason City Schools

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

Table 19

**City of Mason  
Principal Employers  
December 31, 2005**

Employer	Business Activity	Full-time Employees
Procter & Gamble Company	Healthcare research	2,590
Cintas Corporation	Professional uniforms	1,397
Luxottica (Lenscrafters)	Eyewear and lens	1,166
Mason City Schools	Local school district	919
Blackhawk Automotive	Plastic molding	584
H.J. Heinz/Portion Pac	Portion-controlled condiments	519
Mitsubishi Electric	Automotive electrical components	403
L3 Cincinnati Electronics	Aerospace and defense industry electronics	371
J.W. Harris	Brazing, soldering and welding alloys	252
W/S Packaging-Superior Label	Print pressured sensitive labels	215

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

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

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

Table 20

City of Mason  
Synopsis Of Insurance  
December 31, 2005

Coverage	Carrier	Policy Number	Policy Period	Liability Limits Aggregate	Deductible
General Liability	Government Entities Mutual, Inc. (GEM)	GEM - 0012-A05001	1/1/05-12/31/06	\$1,000,000 excess of \$1,000,000 per occurrence	\$2,500
Excess General Liability	Ace Illinois Union Insurance Co. (Reinsurer)	XLXG22908248001	12/31/04-12/31/06	\$5,000,000 excess of \$2,000,000 per occurrence	
Commercial Property	Program: PEPPI USA Lexington Insurance Co. (primary) Various insurers (excess commercial property)	PEPPI0506	7/1/05-7/1/06	Excess of \$200,000 to \$1,000,000,000 per occurrence	\$2,500
<b>Liability:</b>					
Public Officials Liability	Government Entities Mutual, Inc. (GEM)	GEM - 0012-A05001	1/1/05-12/31/06	\$1,000,000 excess of \$1,000,000 per occurrence	\$2,500
Excess Public Officials Liability	Ace Illinois Union Insurance Company	XLXG22908248001	12/31/04-1/1/06	\$5,000,000 excess of \$2,000,000 per occurrence \$7 million aggregate per member	
<b>Total Premium</b>					<b>\$230</b>

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

Table 21

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

Full-time position at December 31	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>General Government</b>										
City Administration	5	6	6	6	6	9	9	9	9	10
Council		1	1	1	1	1	1	1	1	1
Engineering	7	8	8	8	9	9	10	10	10	10
Facility							1	1	1	1
Finance	5	5	5	5	7	7	8	9	10	10
Municipal Court	8	8	8	9	9	10	15	18	24	22
<b>Public Safety</b>										
Police										
Officers	20	22	25	28	28	35	36	36	37	39
Non-sworn	2	2	2	2	2	3	4	4	4	6
Fire (1)			8	8	9	9	15	15	15	23
<b>Leisure Time Activities</b>	5	6	6	6	8	9	17	18	18	19
<b>Community Development</b>										
Planning	0	1	1	1	1	1	1	1	1	1
Building Inspection	3	3	4	4	4	4	4	4	4	4
Economic Development	1	1	1	2	2	2	2	2	3	3
<b>Basic Utility Service</b>	20	22	22	22	22	20	15	15	15	15
Billing	1	3	3	3	3	3	1	1	1	1
Stormwater						1	1	1	1	1
<b>Transportation and Street Repair</b>	16	17	18	18	18	19	19	20	20	20
<b>Total Full-Time Positions</b>	93	105	118	123	129	142	159	165	174	186
<b>Total Part-Time Positions</b>	N/A	N/A	122	146	146	146	123	314	240	287

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

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

N/A: Not available. Information not published in 1996 and 1997.

Table 22

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

	Fiscal Years									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>Police Protection:</b>										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Marked Patrol Vehicles	N/A	10	14	21	23	23	21	19	19	19
Calls for Service	N/A	10,838	11,370	11,239	13,287	13,248	11,756	11,229	10,065	12,564
Moving Violation Citations	1,688	2,761	2,568	2,496	2,858	2,986	3,067	3,237	3,718	2,628
Arrests	553	512	711	471	637	287	613	560	711	611
<b>Fire &amp; Emergency Medical(1):</b>										
Fire Responses			N/A	1,324	1,657	1,225	1,021	846	915	1,087
Emergency Medical Responses			N/A	1,948	2,156	1,939	2,114	2,268	2,077	2,287
Number of Stations			2	2	2	2	2	2	2	2
Number of Emergency Vehicles			17	18	18	18	19	19	17	17
<b>Leisure Time Activities</b>										
Parks	5	5	6	6	6	6	6	6	6	6
Park acreage (developed)	225	225	237	239	242	242	242	242	242	242
Swimming Pool	1	1	1	1	1	1	1	1	1	1
Community Center (opened in 2002)										
Community Development										
Permits Issued	447	525	513	537	413	445	367	298	211	179
<b>Utility Services</b>										
Sanitary sewers (miles)	86	88	95	106	110	119	123	134	137	141
Storm sewers (miles)	108	110	112	122	127	133	139	148	150	155
Sewage Treatment capacity per day (million gallons)	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
<b>Transportation &amp; Street Repair</b>										
Number of Streets	284	304	342	377	395	399	417	426	429	432
Lane Miles	183	258	281	320	327	329	329	339	341	341
Traffic Signals	11	13	18	23	28	32	34	34	36	39
Bike Paths (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7	7

(1) The Fire Department became part of the City in 1998.

N/A Information not available.





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Betty Montgomery**

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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  
AUGUST 24, 2006**