

City of Mason, Ohio

Independent Auditors' Report on
Internal Controls and Compliance

Year ended December 31, 2010



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the City of Mason, Warren County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2010 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 15, 2011

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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**

To City Council
City of Mason, Ohio:

We have audited the 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, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 23, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting described in the accompanying schedule of findings and responses as item 2010-1 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City in a separate letter dated June 23, 2011.

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

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

Clark, Schaefer, Hachett & Co.

Cincinnati, Ohio
June 23, 2011

CITY OF MASON, OHIO
Schedule of Findings and Responses
Year Ended December 31, 2010

Finding 2010-1 – Prior Period Adjustment

A prior period adjustment was needed to record a prepaid item related to a joint operating agreement with Mason City School District for the City's Community Center. The City restated net assets/fund balance by \$1,259,766 to account for this change. Throughout the year, the City maintains its books and records on the cash-basis of accounting and converts its financial statements at year-end to generally accepted accounting principles. The adjustment was necessary to correct the City's conversion process and financial reporting of the transaction. Under our professional auditing standards, prior period adjustments are considered to an indicator that internal controls over financial reporting did not function as designed.

Management Response: *The Mason Community Center Joint Use and Operation Agreement between the City of Mason and Mason City Schools was not clear on how the remaining balance would be utilized or how much may be refunded back to each organization. Even though the prepaid occurred in a prior period, it was not known that it was a prepaid and how much the prepaid was until it was resolved between the City of Mason and Mason City Schools in 2010.*

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Comprehensive Annual Financial Report



City of Mason
Mason, Ohio 45040
Year Ended December 31, 2010

City of Mason, Ohio

Comprehensive Annual Financial Report

Year Ended December 31, 2010

Prepared by:
Finance Department

Joseph Reigelsperger
Finance Director

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INTRODUCTORY SECTION



June 30, 2011

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, 2010. While there are no legal requirements for the preparation of this report, it represents a commitment by the City of Mason to conform to nationally recognized standards of excellence in financial reporting.

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

The management of the City of Mason, particularly the Director of Finance's Office, assumes full responsibility for both the completeness and reliability of the information contained in this report. The accuracy of the presented data and the completeness and fairness of presentation is assured through a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Clark, Schaefer, Hackett & Co., Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Mason's financial statements for the year ended December 31, 2010. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction,

overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY

Mason has earned a reputation as a progressive, innovative community. The city is located in the southwest portion of Ohio, 22 miles northeast of Cincinnati and 28 miles south of Dayton. It is the largest city in Warren County.



Mason's seven parks provide a variety of activities for children and adults

Originally settled as the village of Palmyra in 1815 by Major William Mason, the community was renamed in his honor 20 years later. Incorporated as a city in 1971, Mason is governed by a charter that establishes guidelines for its operations. Mason is a home-rule city with a council/manager form of government. The legislative body of Mason consists of a mayor and six council members who are responsible for the legislative affairs of the city. Council also makes appointments to various statutory and advisory boards and appoints the City Manager, Law Director, and Clerk of Council.



As chief executive officer, the City Manager is responsible for enforcement of all laws and ordinances and the efficient delivery of all city services. The city provides many of the municipal services normally associated with a municipality, including emergency services; street construction and maintenance; full engineering, building, and planning services; recreation space and activities; and business recruitment and retention.

Sanitary sewer, stormwater, and solid waste collection and disposal services are provided under an Enterprise Fund concept, with user charges set by City Council to ensure adequate coverage of operating expenses and payments on outstanding debt. The city also operates a Community Center and Golf Course through Enterprise Funds.

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

LOCAL ECONOMY

Mason's industrial facilities employ an estimated 22,000 persons, equivalent to about three quarters of the city's nighttime population of 30,712. Three of the ten largest employers in Warren County are located in Mason. The city's ten largest employers provide work for more than 6,000 persons and generated more than \$6.4 million in income tax revenue in 2010. Overall, it is estimated that there are more than 700 businesses that operate within Mason's 18 square miles.

Mason continues to attract quality companies that are relocating or expanding. In choosing Mason, companies cite prime location along the interstates,

availability of land for development within established business parks, rising property values, the established core of high-tech businesses, available workforce, and an exceptional level of support and services with a favorable business environment widely promoted in the region. Tax incentives targeting high-tech businesses and light industry are strong inducements as well. Additionally, interest in the marriage between tourism, Warren County's top industry, and business development continues to be a focus for Mason.



National and international events bring positive exposure to Mason and strengthen the relationship between tourism and business development

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. The Greater Cincinnati, Ohio, region ranks twentieth in total exports among U.S. cities. Mason contributes to the region's worldwide impact, being home to a number of the region's more than 1,000 firms engaged in international trade that generate annual export sales of over \$6 billion. More than 300 firms from Japan, Western Europe, and Canada have established facilities in the Greater Cincinnati, Ohio, region.

In an effort to further enhance Mason's foreign investment strategy, the city joined CincinnatiUSA Partnership's Regional Economic Development Council (REDC) 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 2009, with a 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.

The CincinnatiUSA organization strengthens a methodology of continued relationship maintenance with valuable contacts in Europe and Asia, giving Mason the opportunity to tell the unique stories of our corporate investors to companies outside the U.S. that are looking to start new U.S. operations. The REDC Partnership in years 2004-2006 is estimated to have shown a value of well over \$350,000 of marketing and recruitment outreach value during the three-year term. With Mason's annual participation of \$25,000, the return on investment for marketing leverage, exposure, and opportunity continues to be substantial.

In 2007, the city negotiated a contribution renewal through 2009 that combined two organizations: CincinnatiUSA Partnership for Economic Development and CincyTechUSA. This new agreement provided Mason with membership on the Board of Governors and partnership with the CincyTech management team. The target business sectors that the CincinnatiUSA and CincyTech partnerships helped the city reach included emerging markets, entrepreneurs, information technology, biosciences, and advanced manufacturing. These partnerships have helped give Mason a high profile among investment prospects and have set the city apart from the efforts of competing communities. A renewal of the agreement in 2010 provides the city with leverage for continuing to reach these markets important to the city's overall economic development goals.

The year 2010 marked the city's sixth year of operating with the Mason Port Authority. This economic development tool has already provided advantageous flexibility with financial recruitment options. Since its inception, the Port has helped retain over 208 jobs and allowed the city to attract more than \$7 million in new capital investment, with over 130 new jobs to be created. The Mason Port Authority makes regular proposals to major prospects, often in combination with the marketing of the city's industrial property on S.R. 741. The Port has facilitated these opportunities for Mason that would not have been possible without this important economic development tool.

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 reported in 2010 were over \$12 million as 169,807 square feet of new corporate and industrial space were added, bringing over 190 announced new jobs to the community. The slow economic conditions did have an impact in Mason, reducing the new investment numbers and job creation to low levels. However, even in a down national economy, Mason's 2010 new investment numbers for industrial and corporate sectors trended in the black, ending the year with projects in the pipeline that are expected to be realized in 2011.

The diversified tax base in Mason allows the continued reporting of annual growth in 2010 with 15 projects that were a combination of new jobs, new square footage, and new investments. The combined new investment revenues for 2008 through 2010 were over \$101.7 million, with over 479,000 new square feet and over 1,500 new jobs. 2010 kicked off several large developments now underway or complete: the \$3.1 million new City of Mason Fire Station 51 and administrative offices, Sinclair Community College's \$2 million land purchase intended for expansion, a \$1.8 million investment for the Top Gun Sales Performance expansion, the \$2.143 million investment by L-3 Communications, and a \$950,000 investment made by Tide Dry Cleaners for their new location.



The new Fire Station 51 also houses the fire administration offices.

In 2010, industrial and office absorption continued the trend, with the private sector focusing heavily on existing real estate for expansion opportunities and mergers and acquisitions. Since Mason is

traditionally strong within the build-to-suit sector, the city does not have a large supply of vacant buildings, making some major regional opportunities not available to the city, such as Tata Consultancy and GE Corporate Headquarters. Like so many other cities, Mason was impacted by the downturn in job creation within companies located within its borders. Companies that currently receive tax incentives, however, show a combined overall net of 470 jobs above those expected in their growth plans.

As each new investment is announced, job creation and payroll are projected for the next three years. Many of the jobs announced have already been realized by the city and many others will be realized in the next two years. The following projects were the largest new developments announced in the City of Mason for 2010:

Corporate investment (new capital)

	<u>New Capital</u>
City of Mason Fire Station and Administrative Offices	\$3.1 M
L-3 Communications	\$3.1 M
Sinclair Community College	\$2.0 M
Top Gun Sales Performance	\$1.8 M
Tide Dry Cleaners	\$950 K

Growth and development in the City of Mason are expected to continue. Efforts to focus on growth sectors and emerging markets that bring high rates of return to the city are the key focus of the city’s economic strategy. In 2010, Mason saw continued interest in land sales and new construction in the industrial, manufacturing, and specialty healthcare and pharmaceutical sectors. Recognizing that the regional market outlook predicts flat activity into the next several years, Mason still expects to see positive commercial activity. The city’s physical location, municipal facilities, developable terrain, services and utilities, and the progressive attitude and actions of city council, administration, and citizens are strong assets.

Focal areas for future growth are city-owned land that continues to offer competitive options for new investors and the I-71 corridor, which has over 600 acres of undeveloped land that has attracted the attention of the development community. Mason is

also well attuned to the benefit of destination construction such as Great Wolf Lodge, new investments by Kings Island amusement park, and the expansion of high-profile events such as the Tennis Masters Series and related sports events, which are expected to drive more interest in tourism development. The city’s economic development efforts fully recognize a positive relationship between destination tourism and the development of conference, technology, and office development.



The Lindner Family Tennis Center, Master Plan Expansion
In 2010, Tennis for Charity invested in an expansion of the Lindner Family Tennis Center facility in Mason for the second consecutive year. The additions will facilitate the newly combined men’s and women’s event to be held in 2011.

LONG-TERM FINANCIAL PLANNING

As part of the annual budgeting process, the city administration prepares a capital improvement plan for the next five years. City Council then reviews and prioritizes the projects. In addition to the capital improvement plan, the City of Mason uses a financial forecast of both operating and capital expenditures. Using these tools, Council makes policy decisions and allocates financial resources for long-term financial planning.

RELEVANT FINANCIAL POLICIES

In 2007, Mason’s voters approved a ballot issue to phase in a full income tax credit for residents who pay a municipal income tax to other cities. In prior years, Mason residents received a credit of 50% of taxes paid to other municipalities. The charter amendment increased the credit to 65% in 2007,

80% in 2008, 90% in 2009, and 100% (full credit) in 2010 and later years. Most of the loss in revenue from residents is expected to be offset by the consistent increase in collections from businesses and by non-resident withholding.

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

MAJOR INITIATIVES For the Year 2010

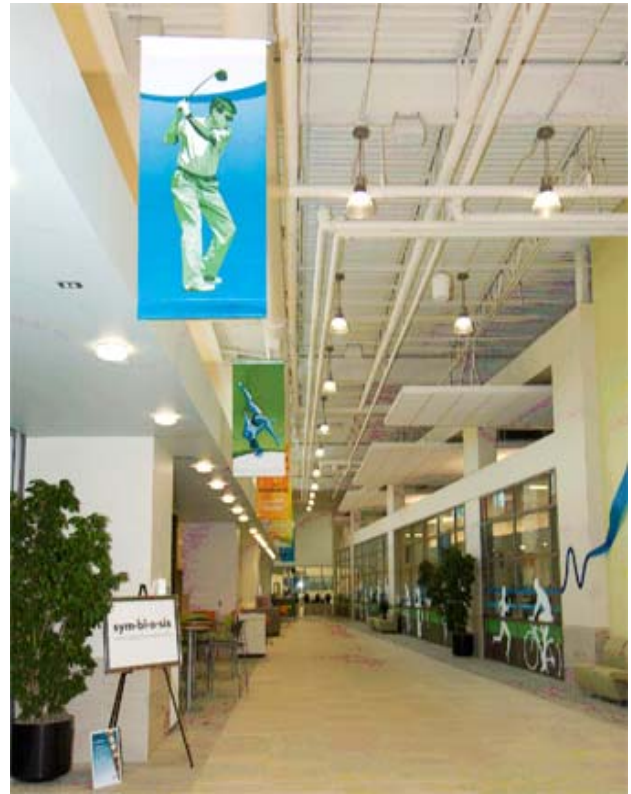
Mason’s citizens are the city’s greatest asset. Therefore, in preparing each year’s budget, our customers’ needs for services and the safeguarding of their environment in conformity with applicable federal and state standards are the government’s greatest concern. Mason’s success has been its ability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

Major events that occurred in 2010 that position the city for future economic growth and improvement include:

Community Center Expansion

In 2009, construction began on the Mason Community Center expansion and an attached office facility to be leased by TriHealth for medical offices. The partnership with TriHealth extends the city’s track record of success in developing mutually beneficial relationships that deliver enormous and cost-effective benefits to the residents of Mason. The partnership with TriHealth is anticipated to increase market exposure to the Mason Community Center and thereby help the center regain and increase its market share while continuing its focus on serving area families. This, in turn, will strengthen the

financial position of the center into the future. The expanded center opened in the fall of 2010.



The expansion to the Mason Community Center opened in October 2010

Mason Road Widening

The City of Mason has continued its investment into infrastructure. In 2010, construction was completed on the \$4.0 million widening of Mason Road from an existing two-lane roadway to a three-lane roadway with curb and gutter. The roadway was widened from West Main Street to the western corporation limits. Also included were curb and gutter, sidewalk, bike path, storm sewers, landscaping, and street trees.

Fire Station 51 Relocation

During 2010, work was completed on relocating Station 51 and fire administrative offices from downtown Mason to the north, to the southwest corner of Alliance Drive and Mason-Montgomery Road.

Infrastructure Improvements

Besides the Community Center Expansion, Mason Road improvement, and the Fire Station relocation, other infrastructure improvements in 2010 included the construction of the first roundabout in Mason (on Mason Road at the Hickory Woods Drive intersection), First Avenue/S Forest Street Storm Sewer improvement, the Mason Sports Park Effluent Irrigation Project, the U.S. 42 Trunk Sewer North (Phase 3) Improvement, US 42/ Tylersville intersection improvements, elimination of the Bethany Road/Parkside lift station..

Looking Ahead to the Future

Accomplishments to look forward to in 2011 include:

- Completing the design and beginning right-of-way acquisition for the Bethany Road roundabout.
- Beginning construction of the U.S. 42 improvements.
- Additional engineering work on the I-71/Western Row Road Interchange Project, including assessment and recommendation of the feasible alternative, environmental studies, and refined cost estimates.
- Updating the Wastewater and Stormwater Master Plans.
- Relocating the Bethany Road Force Main.
- Storm sewer project on Church Street & Forest

Sincerely,



Eric Hansen
City Manager

Avenue.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mason for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2009. Mason has been awarded the Certificate of Achievement each year beginning in 1997. In order to be awarded a Certificate of Achievement, the city had to publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

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

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



Joseph J. Reigelsperger
Finance Director

COUNCIL MEMBERS

Mayor	Don Prince
Vice Mayor	David Nichols
Council Member	Tony Bradburn
Council Member	Richard Cox
Council Member	Michael Gilb
Council Member	Charlene Pelfrey
Council Member	Christine Shimrock

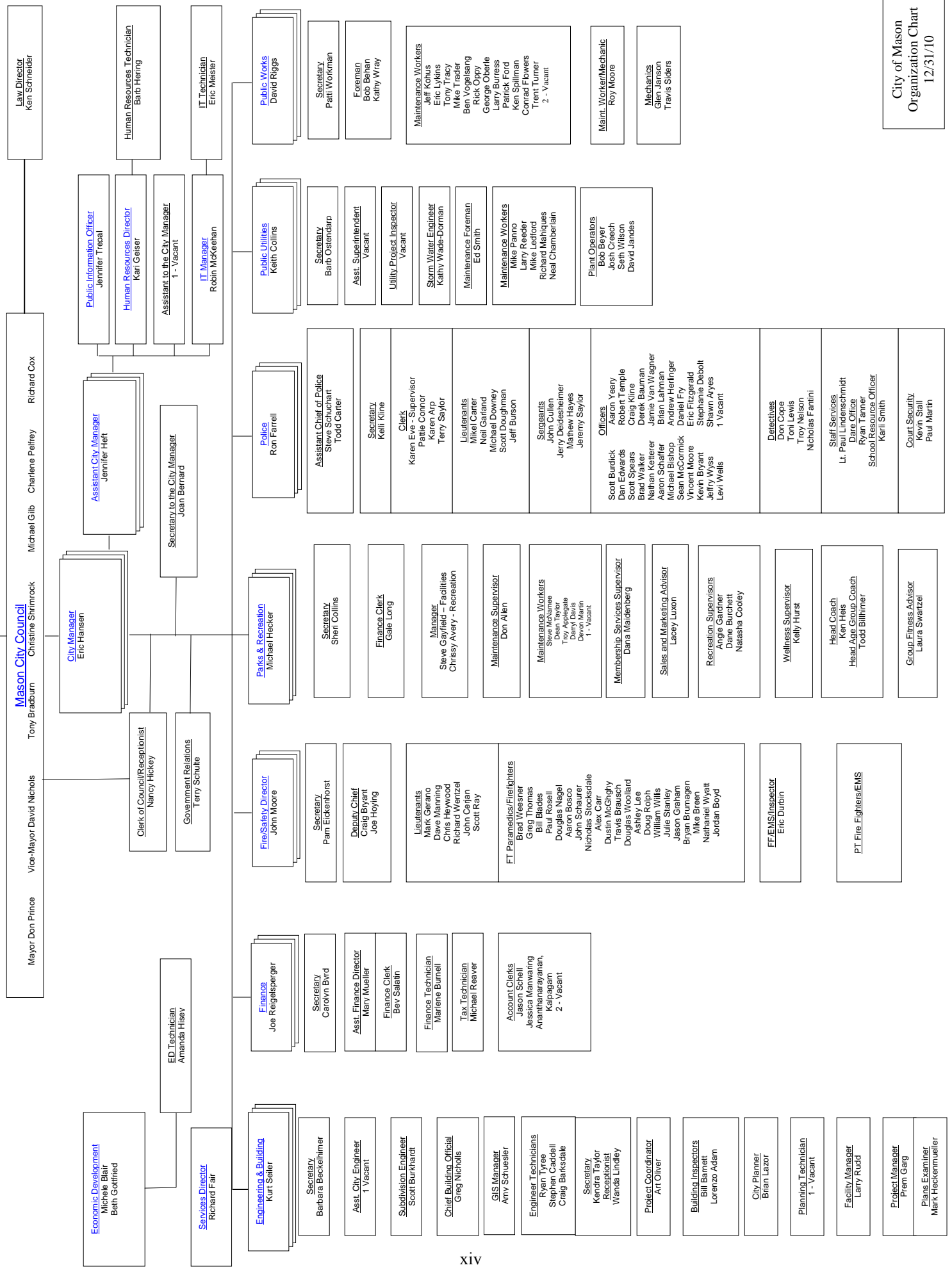
COUNCIL APPOINTED OFFICIALS

City Manager	Eric Hansen
Law Director	Ken Schneider
Clerk of Council	Nancy Hickey

DEPARTMENT HEADS

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

Residents of Mason



City of Mason
Organization Chart
12/31/10

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, 2009

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



President

Executive Director

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To City Council
City of Mason, Ohio:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mason, Ohio (the City) as of and for the year ended December 31, 2010, 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mason, Ohio as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2011, 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 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 the budgetary comparison information on pages 3 through 13 and 63 through 71, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Clark, Schaefer, Hachett & Co.

Cincinnati, Ohio
June 23, 2011

City of Mason, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
(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, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

The assets of the City of Mason exceeded its liabilities at the close of 2010 by \$263,514,107 (net assets). Of this amount, \$41,125,282 is considered unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted balance is 88 percent of the 2010 expenses of \$46,950,698.

- The city's total net assets increased by \$4,957,776. Net assets of the governmental activities (defined below) increased \$4,849,803, which represents an 82 percent increase from the 2009 increase in net assets. Net assets of the business-type activities (also defined below) increased \$107,973. The increase in governmental activities was primarily the result of the completion of construction projects.
- The total cost of the city's programs decreased \$155,492, which is 0.03 percent less than in 2009. The cost of governmental activities decreased \$800,384 or 2.5 percent, while the cost of business-type activities increased \$644,892 or 4.0 percent.
- As of the close of the 2010 fiscal year, the city's governmental funds reported combined ending fund balances of \$36,207,942, an increase of \$1,651,769 in comparison with the prior year. The General Fund unreserved balance of \$13,044,258 as of December 31, 2010, is 55.2 percent of the 2010 expenditures and transfers of \$23,643,945. The City of Mason strives to maintain a minimum unreserved fund balance equal to three months of expenditures (25 percent).

Overview of the Financial Statements

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

1) Government-wide financial statements.

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

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

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

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

2) Fund financial statements.

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

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

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

The city maintains 27 individual governmental funds. Information is presented separately in the *governmental fund balance sheet* and in the *governmental fund statement of revenues, expenditures, and changes in fund balances* for the three major funds: the general fund; street construction, maintenance, and repair; and the fire and emergency medical services fund. Data for the other 24 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government, such as fines collected by Mason Municipal Court. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not*

City of Mason, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
(Unaudited)

available to support the city's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

3) Notes to the financial statements.

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

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

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

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The city's assets exceeded liabilities by \$263,514,107 at the close of the most recent fiscal year.

The largest portion of the city's net assets (76.6 percent) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment, and infrastructure) less any related outstanding debt used to acquire those assets. The city used these capital assets to provide services to citizens; therefore these assets are not available for future spending. Although the city's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the city's net assets (7.7 percent) represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted net assets (\$41,125,282) 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 (\$10,898,229) may not be used to fund governmental activities.

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

Overall net assets of the city increased \$4,957,776 in 2010. Net assets for governmental activities increased \$4,849,803, while net assets for business-type activities increased \$107,973. The increase in net assets for 2010 (\$4,957,776) was \$2,100,587 less than the increase in net assets for 2009 (\$7,058,363). This decrease is primarily the result of decreased income tax and investment earnings due to the recession and implementing full income tax credit in 2010.

City of Mason, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
(Unaudited)

City of Mason
Net Assets
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	<u>2010</u>	Restated <u>2009</u>	<u>2010</u>	Restated <u>2009</u>	<u>2010</u>	Restated <u>2009</u>
Assets						
Current and other assets	\$57,098	\$56,286	\$17,427	\$28,943	\$74,525	\$85,229
Capital assets	167,768	163,511	132,947	123,306	300,715	286,817
Total assets	<u>\$224,866</u>	<u>\$219,797</u>	<u>\$150,374</u>	<u>\$152,249</u>	<u>\$375,240</u>	<u>\$372,046</u>
Liabilities						
Long-term liabilities outstanding	42,110	42,269	51,322	43,048	93,432	85,317
Other liabilities	16,069	15,504	2,225	13,742	18,294	29,246
Total liabilities	<u>\$58,179</u>	<u>\$57,773</u>	<u>\$53,547</u>	<u>\$56,790</u>	<u>\$111,726</u>	<u>\$114,563</u>
Net Assets						
Invested in capital assets, net of related debt	120,098	117,869	81,821	77,389	201,919	195,258
Restricted	16,362	18,246	4,107	4,070	20,469	22,316
Unrestricted	30,227	25,722	10,899	15,260	41,126	40,982
Total Net Assets	<u>\$166,687</u>	<u>\$161,837</u>	<u>\$96,827</u>	<u>\$96,719</u>	<u>\$263,514</u>	<u>\$258,556</u>

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City of Mason, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
(Unaudited)

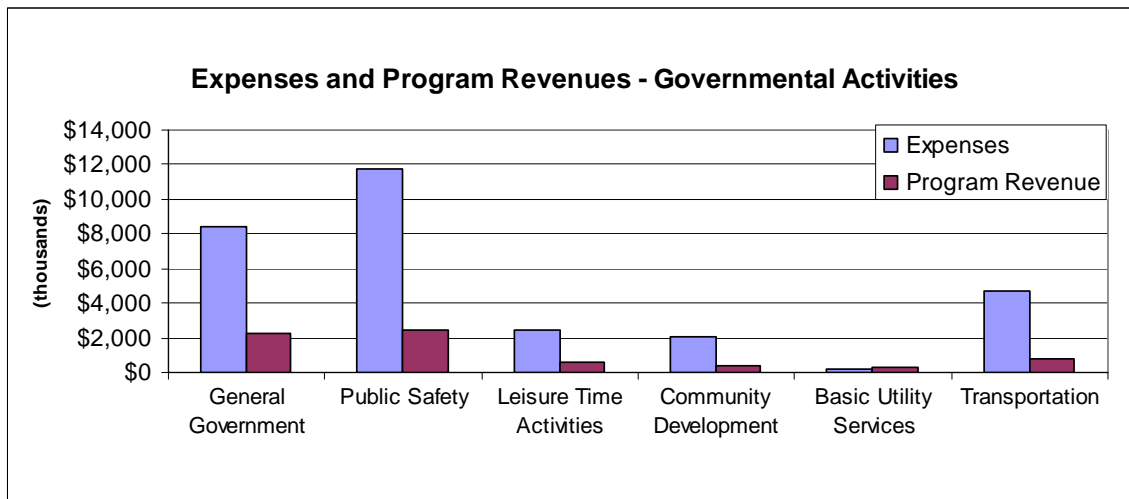
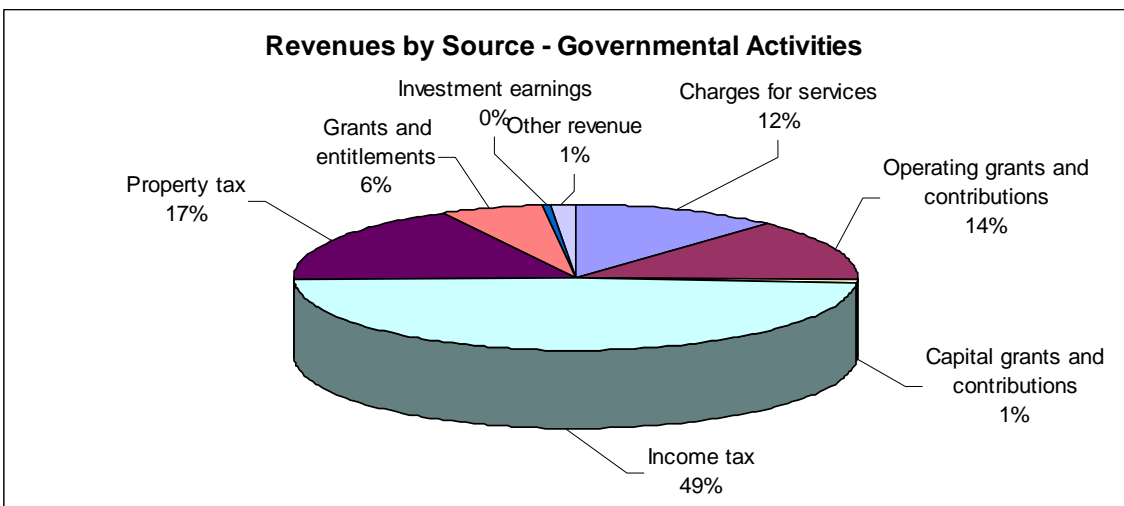
City of Mason
Changes in Net Assets
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	<u>2010</u>	Restated <u>2009</u>	<u>2010</u>	Restated <u>2009</u>	<u>2010</u>	Restated <u>2009</u>
Revenues						
Program revenues:						
Charges for services	\$4,693	\$4,551	\$12,234	\$11,739	\$16,927	\$16,290
Operating grants and contributions	3,081	3,469			3,081	3,469
Capital grants and contributions	2,568	2,061	520	643	3,088	2,704
General revenues:						
Income tax	18,823	20,750			18,823	20,750
Property tax	6,814	6,951			6,814	6,951
Grants and entitlements	2,367	2,787			2,367	2,787
Investment earnings	151	209	62	84	213	293
Other revenue	567	921	30	-	597	921
Total Revenues	39,064	41,699	12,846	12,466	51,910	54,165
Expenses:						
General Government	8,419	8,971			8,419	8,971
Public Safety	11,754	11,758			11,754	11,758
Leisure Time Activities	2,426	2,861			2,426	2,861
Community Development	2,016	1,831			2,016	1,831
Basic Utility Services	225	234			225	234
Transportation	4,691	4,156			4,691	4,156
Interest and fiscal charges	1,460	1,981			1,460	1,981
Sewer utility			6,335	6,287	6,335	6,287
Waste Collection			1,499	1,437	1,499	1,437
Stormwater utility			1,062	1,012	1,062	1,012
Community Center			3,905	3,333	3,905	3,333
Golf Course			3,159	3,246	3,159	3,246
Total Expenses	30,991	31,792	15,960	15,315	46,951	47,107
Increase (decrease) in net assets before transfers	8,073	9,907	(3,114)	(2,849)	4,959	7,058
Transfers - internal activities	(3,222)	(9,038)	3,222	9,038		
Increase (decrease) in net assets	4,851	869	108	6,189	4,959	7,058
Net Assets beginning of year	161,837	160,968	96,719	90,530	258,556	251,498
Net Assets end of year	\$166,687	\$161,837	\$96,827	\$96,719	\$263,514	\$258,556

City of Mason, Ohio
 Management's Discussion and Analysis
 For the Year Ended December 31, 2010
 (Unaudited)

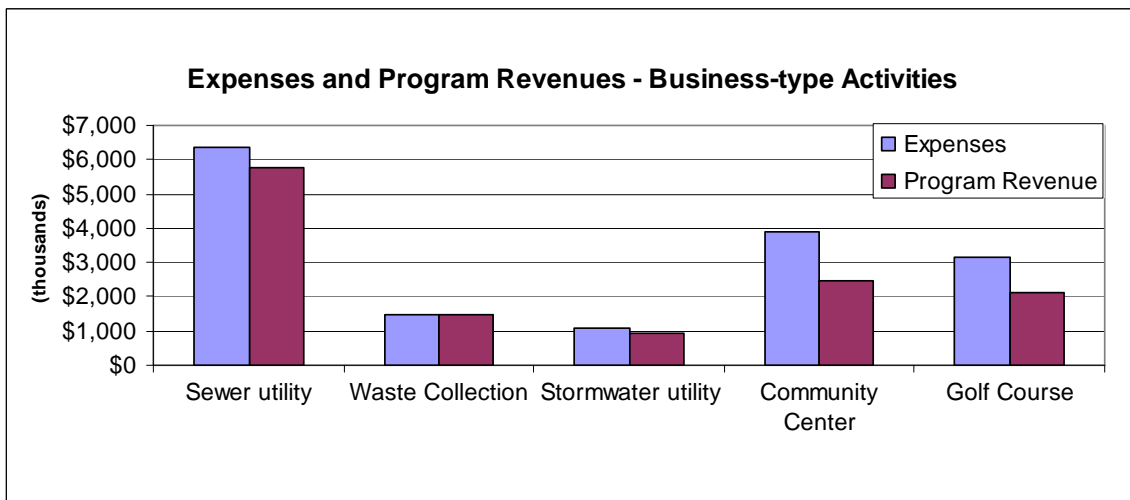
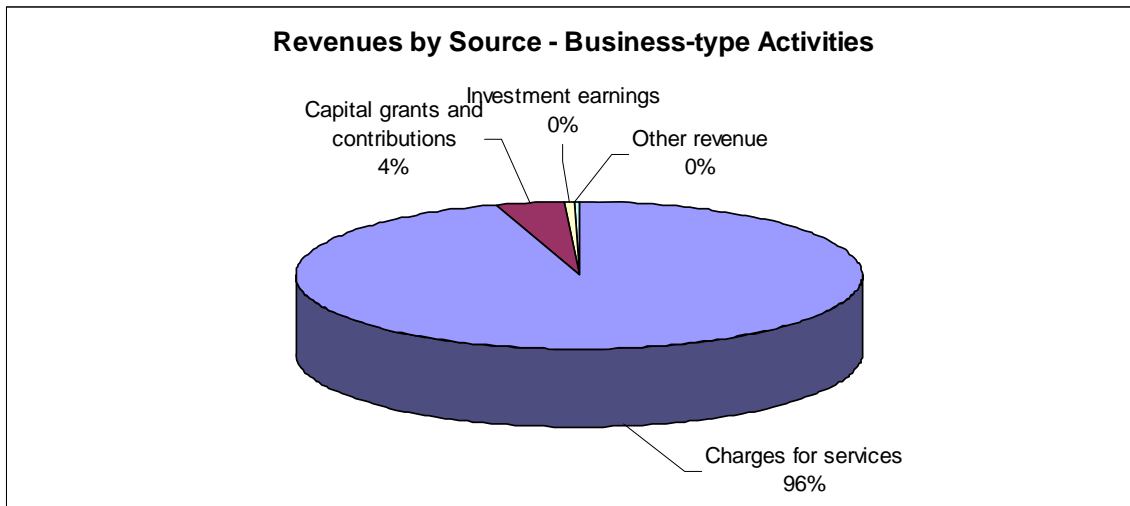
Governmental activities. Governmental activities increased the city's net assets by \$4,849,803. This was a \$3,980,199 (82 percent) increase from the previous year change in net assets. Key elements of the changes in net assets are as follows:

- Capital Grants and Contributions increased \$507,943 (19.7 percent) over the previous year due to the completion of road projects in 2010.
- Charges for service increased \$141,301 (3.0 percent) over the previous year.
- Income tax decreased \$1,926,556 (9.2 percent) over the previous year due to economic conditions and the phase-in of full credit for taxes paid to other cities.
- Property tax revenue decreased by \$139,902 (2.0 percent).



Business-type activities. Business-type activities increased the city's net assets by \$107,973. Key elements of the changes in net assets are as follows:

- Although the net assets increased, Capital Grants and Contributions decreased from the previous year by \$122,773 due to the decrease in developments completed this year that were accepted by the city. This amount varies from year to year.
- Operational costs increased by \$644,892 (4.0 percent) due to the completion of the expanded community center.
- Investment earnings decreased \$21,473 (25.6 percent) over the previous year as a result of the decrease in the market.
- Community Center revenue increased by \$609,722 (24.8 percent) over the previous year due to the expansion.



Financial Analysis of the Government's Funds

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

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

As of the end of the fiscal year, the City of Mason's governmental funds reported combined ending fund balances of \$36,207,942 an increase of \$1,651,769 in comparison with the prior year. \$22,828,373 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, 2010, the unreserved fund balance of the general fund was \$13,044,258, while the total fund balance was \$21,769,240. 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* (excluding transfers out). *Unreserved fund balance* represents 42.1 percent of the *total general fund expenditures* (excluding transfers out), while *total fund balance* represents 70.3 percent of that same amount. The *unreserved fund balance* is roughly equal to five months of *total fund expenditures*, which is higher than the City's target minimum for an *unreserved fund balance* of three months.

The fund balance of the city's general fund increased by \$3,006,883 during the current fiscal year.

Key factors in this change are as follows:

- Although revenue decreased from the previous year by \$1,654,709 (due primarily to the income tax full credit) which is a 5.8% decrease; expenses decreased by \$4,882,989 (due primarily to because of property purchase in 2009 and to cost saving measures) which is a 19.4% decrease.
- The amount of transfers out decreased by \$7,388,521 or 31.3%. In 2009, transfers out were higher because of a one-time transfer for the community center expansion construction.

The street construction, maintenance and repair fund pays for all major street construction and improvements. The fund balance decreased by \$184,855. Revenue increased by \$879,557 (30.9 percent). Expenditures increased by \$2,695,422 (47.9 percent) due to capital outlay for road construction projects.

The fire and emergency medical service fund provides public safety services to the City of Mason using a five-mill property tax levy as its major source of revenue. The fund balance decreased by \$1,539,833. Revenue decreased by \$121,701 (2.1 percent). Expenditures increased by \$1,110,745 (15.4 percent) due to capital outlay for the new fire station.

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

City of Mason, Ohio
Management's Discussion and Analysis
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Unrestricted net assets for the sewer fund at the end of the year amounted to \$10,949,081, with a total increase in net assets of \$360,114. Unrestricted net assets for the waste collection fund at the end of the year amounted to \$212,410. Unrestricted net assets for the stormwater utility fund at the end of the year amounted to \$1,148,097, with a total growth in net assets of \$611,680. Unrestricted net assets for the community center fund at the end of the year amounted to (\$1,705,223). Unrestricted net assets for the golf course fund at the end of the year amounted to \$293,864, with a total growth in net assets of \$160,608. 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 2010, there was a \$1,540,000 decrease in appropriations between the original and final amended budget. The total original appropriations, including those for transfers out, were \$44,693,930, while the final appropriations were \$43,153,930. During the year, City Council will re-appropriate funds or provide supplemental appropriations based on the changes that occurred since the adoption of the original budget. \$2,350,000 was reduced from the General Fund for the Mason Road Note that was paid from the Street Construction, Maintenance and Repair Fund. Transfers out increased by \$610,000 for advances to the Federal Grant Fund and the Community Center Fund. Employee medical insurance cost increased by \$200,000. Other operational corrections were made during the re-appropriation process. The original revenue budgets are very conservative estimates and are adjusted near the end of the year based on actual revenue.

Capital Asset and Debt Administration

Capital assets. The city's investment in capital assets for its governmental and business-type activities as of December 31, 2010, amounted to \$300,714,283 (net of accumulated depreciation). This investment in capital assets includes land, 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 2010 over 2009 was 4.6 percent (a 2.5 percent increase for governmental activities and a 7.3 percent decrease for business type activities.)

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

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$64,048	\$62,485	\$10,578	\$10,578	\$74,626	\$73,063
Construction in Progress	1,926	4,251	26	10,162	1,952	14,413
Buildings and Improvements	45,391	43,077	53,950	35,298	99,341	78,375
Machinery and Equipment	14,900	14,614	8,094	7,193	22,994	21,807
Infrastructure	72,770	67,449	83,821	80,237	156,591	147,686
Accumulated Depreciation	(31,268)	(28,365)	(23,523)	(20,162)	(54,791)	(48,527)
Total	<u>\$167,767</u>	<u>\$163,511</u>	<u>\$132,946</u>	<u>\$123,306</u>	<u>\$300,713</u>	<u>\$286,817</u>

City of Mason, Ohio
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Major capital events during the current fiscal year included the following:

- The conclusion of several projects: Mason Road Widening (\$3.9 million of additions), New Fire Station 51 Construction (\$3.5 million), and Community Center Expansion (\$19.5 million).

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

Long-term debt. At December 31, 2010, the city had \$92,684,000 of long-term debt outstanding (bonds and capital leases). Of this amount, \$23,025,000 comprises debt backed by the full faith and credit of the government and \$94,000 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. Capital leases outstanding (\$29,385,000) at December 31, 2010, are certificates of participation for the municipal center and the community center. \$2,495,000 of the general obligation debt is funded through tax increment financing. The remainder of the city's debt represents bonds secured solely by specified revenue sources.

The city has bond anticipation notes outstanding of \$6,825,000 for governmental activities.

The city received a rating upgrade from "Aa1" to "Aaa" from Moody's Investors Service for its general obligation bonds.

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

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$23,025	\$22,030	9,640		\$32,665	\$22,030
Special assessment debt with governmental commitment	70	165	24	29	94	194
Capital Leases	18,325	18,915	11,060	11,335	29,385	30,250
Revenue Bonds			30,540	31,640	30,540	31,640
Total	\$41,420	\$41,110	\$51,264	\$43,004	\$92,684	\$84,114

The city is within all of its legal debt limitations. The Ohio Revised code provides that the net debt (as defined in the Ohio Revised code) of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total assessed value for taxation. The statutory limitations on debt are measured by the ratio of debt to tax valuation and expressed in terms of a percentage. At December 31, 2010, the city's total net debt of 3.5% of the total assessed value of all property within the city is within the 10.5% and 5.5% debt limitation for voted and unvoted debt, respectively. The aggregate amount of the city's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions of ten mills. This millage is

City of Mason, Ohio
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measured against the property values in each overlapping district. At December 31, 2010, the millage amount was 5.8698 mills, of which 5.2687 mills were restricted by the City of Mason for unvoted debt.

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

Economic Factors and Next Year's Budgets

The City of Mason is located in Warren County, which currently has an unemployment rate of 8.4 percent. This is lower than the current Ohio rate of 9.3 percent and the national rate of 9.1 percent. The City of Mason continues to promote economic growth in Mason while many neighboring municipalities suffer steeper declines. The city continues to attract desirable commercial enterprises. Intense competition continues to force the city to be aggressive in its economic development objectives of increasing investment, creating employment opportunities, and retaining businesses that have already been established in Mason.

The 2011 budget was prepared in a manner similar to prior years by conservatively estimating revenue while seeking opportunities for cost savings. Based on concerns about the current recession, every effort is made to reduce expenditures with minimal impact to the current level of services. As part of the budget process, a capital improvement plan was completed and evaluated for 2011 and future years. The total appropriations budgeted for 2011 including transfers and capital outlay (\$93,492,850) is 5.6 percent more than the 2010 original appropriations (\$88,202,241).

Request for Information

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

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City of Mason, Ohio
Statement of Net Assets
December 31, 2010

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$35,755,339	\$12,650,953	\$48,406,292
Restricted Cash and Investments	1,603,181	5,598,812	7,201,993
Receivables:			
Taxes	10,604,899	0	10,604,899
Accounts	486,658	1,448,050	1,934,708
Interest	89,930	32,723	122,653
Intergovernmental	3,783,386	0	3,783,386
Special Assessments	65,683	0	65,683
Internal Balances	3,950,000	(3,950,000)	0
Prepays	9,116	1,259,766	1,268,882
Inventory	269,680	204,877	474,557
Deferred Issuance Costs	480,549	182,718	663,267
Nondepreciable Capital Assets	65,974,755	10,604,830	76,579,585
Depreciable Capital Assets, Net	101,793,151	122,341,547	224,134,698
Total Assets	224,866,327	150,374,276	375,240,603
Liabilities:			
Accounts Payable	618,909	213,541	832,450
Accrued Wages and Benefits	858,794	166,630	1,025,424
Retainage Payable	139,994	740,529	880,523
Accrued Interest Payable	272,149	263,380	535,529
Contracts Payable	140,942	841,456	982,398
Unearned Revenue	6,921,430	0	6,921,430
Claims Payable	292,736	0	292,736
General Obligation Notes Payable	6,825,000	0	6,825,000
Long-Term Liabilities:			
Due Within One Year	2,692,621	2,102,106	4,794,727
Due In More Than One Year	39,416,512	49,219,767	88,636,279
Total Liabilities	58,179,087	53,547,409	111,726,496
Net Assets:			
Invested in Capital Assets, Net of Related Debt	120,098,234	81,821,259	201,919,493
Restricted for:			
Debt Service	3,183,992	4,107,379	7,291,371
Fire and Emergency Medical Services	5,750,727	0	5,750,727
Street Improvements	6,124,089	0	6,124,089
Other Purposes	1,303,145	0	1,303,145
Unrestricted (Deficit)	30,227,053	10,898,229	41,125,282
Total Net Assets	\$166,687,240	\$96,826,867	\$263,514,107

See accompanying notes to the basic financial statements.

City of Mason, Ohio
Statement of Activities
For the Fiscal Year Ended December 31, 2010

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$8,418,723	\$2,258,954	\$0	\$0
Public Safety	11,753,670	1,251,431	1,176,945	0
Leisure Time Activities	2,426,474	555,017	0	0
Community Development	2,016,271	354,236	0	0
Basic Utility Service	224,627	255,781	0	15,240
Transportation and Street Repair	4,691,128	17,248	1,904,282	2,553,213
Interest and Fiscal Charges	1,459,621	0	0	0
Total Governmental Activities	30,990,514	4,692,667	3,081,227	2,568,453
Business-Type Activities:				
Sewer	6,335,376	5,370,169	0	394,437
Waste Collection	1,498,606	1,501,222	0	0
Stormwater Utility	1,062,423	838,534	0	86,867
Community Center	3,905,317	2,416,729	0	38,606
Golf Course	3,158,462	2,107,523	0	0
Total Business-Type Activities	15,960,184	12,234,177	0	519,910
Totals	\$46,950,698	\$16,926,844	\$3,081,227	\$3,088,363

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

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year, Restated

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$6,159,769)	\$0	(\$6,159,769)
(9,325,294)	0	(9,325,294)
(1,871,457)	0	(1,871,457)
(1,662,035)	0	(1,662,035)
46,394	0	46,394
(216,385)	0	(216,385)
(1,459,621)	0	(1,459,621)
(20,648,167)	0	(20,648,167)
0	(570,770)	(570,770)
0	2,616	2,616
0	(137,022)	(137,022)
0	(1,449,982)	(1,449,982)
0	(1,050,939)	(1,050,939)
0	(3,206,097)	(3,206,097)
(20,648,167)	(3,206,097)	(23,854,264)
18,823,241	0	18,823,241
498,141	0	498,141
3,868,790	0	3,868,790
1,625,282	0	1,625,282
2,367,375	0	2,367,375
818,970	0	818,970
151,128	62,180	213,308
567,068	29,865	596,933
(3,222,025)	3,222,025	0
25,497,970	3,314,070	28,812,040
4,849,803	107,973	4,957,776
161,837,437	96,718,894	258,556,331
\$166,687,240	\$96,826,867	\$263,514,107

City of Mason, Ohio
Balance Sheet
Governmental Funds
December 31, 2010

	General	Street Construction, Maintenance and Repair	Fire and Emergency Medical Service	Other Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$22,127,341	\$4,066,422	\$5,602,435	\$3,959,141
Restricted Cash and Investments	0	0	0	1,603,181
Receivables:				
Taxes	4,715,869	0	4,199,307	1,689,723
Accounts	216,454	0	218,137	52,067
Interest	59,859	11,537	15,895	2,639
Intergovernmental	1,141,580	1,197,369	348,268	1,096,169
Special Assessments	0	0	0	65,683
Interfund	4,950,000	0	0	0
Prepays	9,116	0	0	0
Inventory	232,262	0	37,418	0
Total Assets	33,452,481	5,275,328	10,421,460	8,468,603
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	520,138	0	54,873	43,898
Accrued Wages and Benefits	609,105	0	228,730	20,959
Retainage Payable	0	10,000	129,994	0
Accrued Interest Payable	98,617	0	0	0
Contracts Payable	53,666	27,593	44,443	15,240
Interfund Payable	0	0	0	1,000,000
Deferred Revenue	3,283,979	962,923	4,635,022	2,553,014
Claims Payable	292,736	0	0	0
General Obligation Notes Payable	6,825,000	0	0	0
Total Liabilities	11,683,241	1,000,516	5,093,062	3,633,111
Fund Balances:				
Reserved for Encumbrances	8,483,604	2,482,983	447,248	83,757
Reserved for Inventory	232,262	0	37,418	0
Reserved for Debt Service	0	0	0	1,603,181
Reserved for Prepays	9,116	0	0	0
Unreserved, Undesignated, Reported in:				
General Fund	13,044,258	0	0	0
Special Revenue Funds	0	1,791,829	4,843,732	2,126,450
Debt Service Funds	0	0	0	1,022,104
Total Fund Balances	21,769,240	4,274,812	5,328,398	4,835,492
Total Liabilities and Fund Balances	\$33,452,481	5,275,328	\$10,421,460	\$8,468,603

See accompanying notes to the basic financial statements.

<u>Total Governmental Funds</u>
\$35,755,339
1,603,181
10,604,899
486,658
89,930
3,783,386
65,683
4,950,000
9,116
269,680
<u>57,617,872</u>
618,909
858,794
139,994
98,617
140,942
1,000,000
11,434,938
292,736
6,825,000
<u>21,409,930</u>
11,497,592
269,680
1,603,181
9,116
13,044,258
8,762,011
1,022,104
<u>36,207,942</u>
<u>\$57,617,872</u>

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City of Mason, Ohio
 Reconciliation of Total Governmental Fund Balance to
 Net Assets of Governmental Activities
 December 31, 2010

Total Governmental Fund Balance		\$36,207,942
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.		167,767,906
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Income Taxes	\$1,980,391	
Delinquent Property Taxes	152,780	
Interest	24,262	
Intergovernmental	2,206,009	
Other	<u>150,066</u>	
		4,513,508
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.		(173,532)
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		(1,264,461)
Deferred bond issuance cost associated with long-term liabilities are not reported in the funds.		480,549
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		<u>(40,844,672)</u>
Net Assets of Governmental Activities		<u>\$166,687,240</u>

See accompanying notes to the basic financial statements.

City of Mason, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended December 31, 2010

	General	Street Construction, Maintenance and Repair	Fire and Emergency Medical Service	Other Governmental Funds
Revenues:				
Taxes	\$20,449,001	\$0	\$3,884,059	\$1,558,726
Fines, Licenses and Permits	1,501,649	0	0	660,223
Charges for Services	1,359,252	0	638,630	0
Investment Earnings	102,778	9,725	13,563	27,275
Intergovernmental	2,249,038	2,836,110	1,127,987	1,626,848
Special Assessments	0	0	0	86,162
Revenue in Lieu of Taxes	0	0	0	891,904
Other Revenues	989,110	0	7,856	38,005
Total Revenues	26,650,828	2,845,835	5,672,095	4,889,143
Expenditures:				
Current:				
General Government	7,237,987	0	0	480,865
Public Safety	6,362,802	0	4,677,429	14,235
Leisure Time Activities	1,787,595	0	0	0
Community Development	1,525,517	0	0	484,619
Basic Utility Service	224,627	0	0	0
Transportation and Street Repair	2,745,964	0	0	7,138
Capital Outlay	335,203	5,157,165	2,534,499	1,254,030
Debt Service:				
Principal Retirement	0	0	0	1,240,000
Interest and Fiscal Charges	56,883	13,525	0	1,364,247
Bond Issuance Cost	0	0	0	122,165
Total Expenditures	20,276,578	5,170,690	7,211,928	4,967,299
Excess of Revenues Over (Under) Expenditures	6,374,250	(2,324,855)	(1,539,833)	(78,156)
Other Financing Sources (Uses):				
Payments to Refunding Tax Increment Financing Bonds Escrow Agent	0	0	0	(1,550,000)
Issuance of Refunding Tax Increment Financing Bonds	0	0	0	1,550,000
Issuance of Long Term Capital Debt	0	2,140,000	0	0
Payments to Refunding Certificate of Participation Escrow Agent	0	0	0	(20,217,446)
Issuance of Refunding Certificate of Participation	0	0	0	18,325,000
Premium on Issuance of Refunding Certificate of Participation	0	0	0	727,118
Transfers In	0	0	0	1,765,820
Transfers (Out)	(3,367,367)	0	0	(5,000)
Total Other Financing Sources (Uses)	(3,367,367)	2,140,000	0	595,492
Net Change in Fund Balance	3,006,883	(184,855)	(1,539,833)	517,336
Fund Balance Beginning of Year, Restated	18,893,285	4,459,667	6,885,065	4,318,156
Change in Reserve for Inventory	(130,928)	0	(16,834)	0
Fund Balance End of Year	\$21,769,240	\$4,274,812	\$5,328,398	\$4,835,492

See accompanying notes to the basic financial statements.

<hr/> <hr/>	
Total Governmental Funds	
	<hr/>
\$25,891,786	
2,161,872	
1,997,882	
153,341	
7,839,983	
86,162	
891,904	
1,034,971	<hr/>
40,057,901	<hr/>
7,718,852	
11,054,466	
1,787,595	
2,010,136	
224,627	
2,753,102	
9,280,897	
1,240,000	
1,434,655	
122,165	<hr/>
37,626,495	<hr/>
2,431,406	<hr/>
(1,550,000)	
1,550,000	
2,140,000	
(20,217,446)	
18,325,000	
727,118	
1,765,820	
(3,372,367)	<hr/>
(631,875)	<hr/>
1,799,531	
34,556,173	
(147,762)	<hr/>
\$36,207,942	<hr/> <hr/>

City of Mason, Ohio
 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, 2010

Net Change in Fund Balance - Total Governmental Funds \$1,799,531

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	\$7,346,076	
Depreciation Expense	<u>(3,069,649)</u>	
		4,276,427

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. (19,891)

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

Income Taxes	(\$446,731)	
Delinquent Property Taxes	(23,490)	
Interest	(2,213)	
Intergovernmental	(817,201)	
Other	<u>(2,563)</u>	
		(1,292,198)

In the statement of activities, certain costs and proceeds associated with
 long-term obligations issued or refunded, including certificates of
 participation and tax increment financing bonds, during the year are
 accrued and amortized over the life of the debt obligation. In
 governmental funds these costs and proceeds are recognized as
 financing sources and uses.

Bond Issuance Costs	\$122,165	
Premium on Bonds Issued	(727,118)	
Deferred Amount on Refunding	<u>1,302,446</u>	
		697,493

Repayment of bond principal is an expenditure in the
 governmental funds, but the repayment reduces long-term
 liabilities in the statement of net assets. 1,240,000

In the statement of activities interest expense is accrued when incurred,
 whereas in governmental funds an interest expenditure is reported
 when due. (24,966)

City of Mason, Ohio
 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, 2010

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	(\$105,710)	
Amortization of Bond Issuance Cost	(23,121)	
Change in Inventory	<u>(147,762)</u>	
		(276,593)

The issuance of long-term debt provides current financial resources to governmental funds, but a debt issue increases long-term liabilities in the statement of net assets.

General Obligation Bonds	(2,140,000)	
Refunding Certificate of Participation	(18,325,000)	
Certificate of Participation Refunded	18,915,000	
Refunding Tax Increment Financing Bonds	(1,550,000)	
Tax Increment Financing Bonds Refunded	<u>1,550,000</u>	
		<u>(1,550,000)</u>

Change in Net Assets of Governmental Activities \$4,849,803

See accompanying notes to the basic financial statements.

City of Mason, Ohio
Statement of Net Assets
Proprietary Funds
December 31, 2010

	Sewer	Waste Collection	Stormwater Utility	Community Center
Current Assets:				
Equity in Pooled Cash and Investments	\$10,383,160	\$56,134	\$1,094,808	\$789,992
Restricted Cash and Investments	3,332,326	0	0	2,266,486
Receivables:				
Accounts	954,135	282,384	140,165	56,277
Interest	29,458	159	3,106	0
Prepays	0	0	0	1,259,766
Inventory	46,156	0	0	10,692
Total Current Assets	14,745,235	338,677	1,238,079	4,383,213
Noncurrent Assets:				
Nondepreciable Capital Assets	4,669,178	0	271,210	0
Depreciable Capital Assets, Net	65,991,859	0	34,068,427	19,273,638
Deferred Issuance Costs	0	0	0	182,718
Total Noncurrent Assets	70,661,037	0	34,339,637	19,456,356
Total Assets	85,406,272	338,677	35,577,716	23,839,569
Liabilities:				
Accounts Payable	38,488	0	0	60,036
Accrued Wages and Benefits	60,902	602	5,643	99,483
Compensated Absences	82,311	0	3,361	25,434
Retainage Payable	53,911	0	43,602	643,016
Accrued Interest Payable	118,199	0	24,600	39,485
Contracts Payable	36,155	125,385	10,071	669,845
Interfund Payable	0	0	0	3,950,000
Long-Term Liabilities Due Within One Year	1,151,000	0	45,000	295,000
Total Current Liabilities	1,540,966	125,987	132,277	5,782,299
Long-Term Liabilities:				
Compensated Absences	73,862	280	2,705	8,802
Bonds, Notes & Loans Payable	29,413,000	0	1,595,000	0
Capital Lease	0	0	0	10,626,118
Total Noncurrent Liabilities	29,486,862	280	1,597,705	10,634,920
Total Liabilities	31,027,828	126,267	1,729,982	16,417,219
Net Assets:				
Invested in Capital Assets, Net of Related Debt	40,097,037	0	32,699,637	8,352,520
Restricted for:				
Debt Service	3,332,326	0	0	775,053
Unrestricted (Deficit)	10,949,081	212,410	1,148,097	(1,705,223)
Total Net Assets	\$54,378,444	\$212,410	\$33,847,734	\$7,422,350

See accompanying notes to the basic financial statements.

Golf Course	Total Business-Type Activities
\$326,859	\$12,650,953
0	5,598,812
15,089	1,448,050
0	32,723
0	1,259,766
148,029	204,877
<u>489,977</u>	<u>21,195,181</u>
5,664,442	10,604,830
3,007,623	122,341,547
0	182,718
<u>8,672,065</u>	<u>133,129,095</u>
<u>9,162,042</u>	<u>154,324,276</u>
115,017	213,541
0	166,630
0	111,106
0	740,529
81,096	263,380
0	841,456
0	3,950,000
500,000	1,991,000
<u>696,113</u>	<u>8,277,642</u>
0	85,649
7,500,000	38,508,000
0	10,626,118
<u>7,500,000</u>	<u>49,219,767</u>
<u>8,196,113</u>	<u>57,497,409</u>
672,065	81,821,259
0	4,107,379
293,864	10,898,229
<u>\$965,929</u>	<u>\$96,826,867</u>

City of Mason, Ohio
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended December 31, 2010

	Sewer	Waste Collection	Stormwater Utility	Community Center
Operating Revenues:				
Charges for Services	\$5,370,169	\$1,501,222	\$838,534	\$2,416,729
Other Revenues	1,179	0	60	28,626
Total Operating Revenues	<u>5,371,348</u>	<u>1,501,222</u>	<u>838,594</u>	<u>2,445,355</u>
Operating Expenses:				
Personal Services	1,191,140	11,280	158,497	1,767,205
Contractual Services	1,056,824	1,487,326	127,007	1,594,775
Materials and Supplies	365,577	0	82,215	169,805
Depreciation	2,264,577	0	687,162	253,181
Total Operating Expenses	<u>4,878,118</u>	<u>1,498,606</u>	<u>1,054,881</u>	<u>3,784,966</u>
Operating Income (Loss)	<u>493,230</u>	<u>2,616</u>	<u>(216,287)</u>	<u>(1,339,611)</u>
Non-Operating Revenues (Expenses):				
Investment Earnings	54,447	159	3,422	4,152
Interest (Expense)	(1,457,258)	0	(7,542)	(120,351)
Total Non-Operating Revenues (Expenses)	<u>(1,402,811)</u>	<u>159</u>	<u>(4,120)</u>	<u>(116,199)</u>
Income (Loss) Before Contributions and Transfers	(909,581)	2,775	(220,407)	(1,455,810)
Capital Grants and Contributions	1,264,695	0	832,087	38,606
Transfers In	5,000	0	0	390,000
Change in Net Assets	360,114	2,775	611,680	(1,027,204)
Net Assets Beginning of Year, Restated	<u>54,018,330</u>	<u>209,635</u>	<u>33,236,054</u>	<u>8,449,554</u>
Net Assets End of Year	<u>\$54,378,444</u>	<u>\$212,410</u>	<u>\$33,847,734</u>	<u>\$7,422,350</u>

See accompanying notes to the basic financial statements.

Golf Course	Total Business-Type Activities
\$2,107,523	\$12,234,177
<u>0</u>	<u>29,865</u>
<u>2,107,523</u>	<u>12,264,042</u>
1,851,633	4,979,755
484,312	4,750,244
564,065	1,181,662
<u>176,491</u>	<u>3,381,411</u>
<u>3,076,501</u>	<u>14,293,072</u>
<u>(968,978)</u>	<u>(2,029,030)</u>
0	62,180
<u>(81,961)</u>	<u>(1,667,112)</u>
<u>(81,961)</u>	<u>(1,604,932)</u>
(1,050,939)	(3,633,962)
0	2,135,388
<u>1,211,547</u>	<u>1,606,547</u>
160,608	107,973
<u>805,321</u>	<u>96,718,894</u>
<u>\$965,929</u>	<u>\$96,826,867</u>

City of Mason, Ohio
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended December 31, 2010

	Sewer	Waste Collection	Stormwater Utility	Community Center
Cash Flows from Operating Activities:				
Cash Received from Customers	\$5,364,386	\$1,463,926	\$837,868	\$2,394,603
Cash Payments to Employees	(1,170,357)	(10,398)	(159,759)	(1,752,344)
Cash Payments to Suppliers	(1,454,333)	(1,483,350)	(383,260)	(2,878,631)
Net Cash Provided (Used) by Operating Activities	2,739,696	(29,822)	294,849	(2,236,372)
Cash Flows from Noncapital Financing Activities:				
Payments from Other Funds	0	0	0	1,790,000
Net Cash Provided (Used) by Noncapital Financing Activities	0	0	0	1,790,000
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	(783,238)	0	(436,493)	(9,898,333)
Debt Proceeds	0	0	1,640,000	0
Debt Principal Payments	(1,100,000)	0	(1,775,000)	(275,000)
Debt Interest Payments	(1,460,950)	0	(18,636)	(124,111)
Capital Grants Received	251,757	0	0	38,606
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,092,431)	0	(590,129)	(10,258,838)
Cash Flows from Investing Activities:				
Earnings on Investments	48,387	46	1,052	4,152
Net Increase (Decrease) in Cash and Cash Equivalents	(304,348)	(29,776)	(294,228)	(10,701,058)
Cash and Cash Equivalents Beginning of Year	14,019,834	85,910	1,389,036	13,757,536
Cash and Cash Equivalents End of Year	13,715,486	56,134	1,094,808	3,056,478
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	493,230	2,616	(216,287)	(1,339,611)
Adjustments:				
Depreciation	2,264,577	0	687,162	253,181
Changes in Assets & Liabilities:				
(Increase) Decrease in Receivables	(6,962)	(37,296)	(726)	(53,002)
(Increase) Decrease in Inventory	3,694	0	0	(8,934)
Increase (Decrease) in Payables	(35,626)	3,976	(174,038)	(1,102,867)
Increase (Decrease) in Accrued Liabilities	20,783	882	(1,262)	14,861
Net Cash Provided (Used) by Operating Activities	\$2,739,696	(\$29,822)	\$294,849	(\$2,236,372)
Schedule of Noncash Capital Activities:				
During the fiscal year, these amounts were received representing noncash contributions of:				
Capital Assets	\$1,012,938	\$0	\$832,087	\$0

See accompanying notes to the basic financial statements.

Golf Course	Total Business-Type Activities
\$2,174,005	\$12,234,788
(1,803,608)	(4,896,466)
(1,125,909)	(7,325,483)
<u>(755,512)</u>	<u>12,839</u>
<u>1,211,547</u>	<u>3,001,547</u>
<u>1,211,547</u>	<u>3,001,547</u>
(24,258)	(11,142,322)
8,000,000	9,640,000
(8,420,000)	(11,570,000)
(102,597)	(1,706,294)
<u>0</u>	<u>290,363</u>
<u>(546,855)</u>	<u>(14,488,253)</u>
<u>0</u>	<u>53,637</u>
(90,820)	(11,420,230)
<u>417,679</u>	<u>29,669,995</u>
<u>326,859</u>	<u>\$18,249,765</u>
(968,978)	(\$2,029,030)
176,491	3,381,411
65,376	(32,610)
(6,205)	(11,445)
(22,196)	(1,330,751)
<u>0</u>	<u>35,264</u>
<u>(\$755,512)</u>	<u>\$12,839</u>
<u>\$0</u>	<u>\$1,845,025</u>

City of Mason, Ohio
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
December 31, 2010

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	\$247,600
Restricted Cash and Investments	<u>62,598</u>
Total Assets	<u>310,198</u>
Liabilities:	
Due to Others	<u>310,198</u>
Total Liabilities	<u>\$310,198</u>

See accompanying notes to the basic financial statements.

Note 1 – Description of the City and Reporting Entity

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

Reporting Entity

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

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

The Miami Valley Risk Management Association, Inc. (MVRMA) is a risk sharing insurance pool established for the purpose of enabling the subscribing political subdivisions to obtain liability insurance and providing a formalized, jointly administered self-insurance fund for its members. The members formed a not-for-profit corporation known as Miami Valley Risk Management Association, Inc. for the purpose of administering the pool. The subscribing members of the self-insurance pool include the Cities of Beavercreek, Bellbrook, Blue Ash, Centerville, Englewood, Kettering, Madeira, Mason, Miamisburg, Montgomery, Piqua, Sidney, Springdale, Tipp City, Troy, Vandalia, West Carrollton, Wilmington and Wyoming and the Village of Indian Hill. The City has no explicit and measurable equity interest in MVRMA and no ongoing financial responsibility for MVRMA. More information on MVRMA is presented in Note 5.

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

Note 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) guidance 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 revenues, expenses and 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.

Street Construction, Maintenance and Repair Special Revenue Fund – This special revenue fund accounts 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.

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.

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

Proprietary Funds

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

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

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

Waste Collection Fund – This fund accounts for the waste collection provided to the residents of 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 and the expansion of the Center.

Golf Course Fund – This fund accounts for the golf course provided to residents within and outside of the City.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: agency funds, pension trust funds, investment trust funds and private-purpose trust funds. The City has three Agency funds. The City has a Municipal Court Agency Fund (to account for amounts held on behalf of other governments and bonds deposited with the court pending final disposition of various causes), a Mason Port Authority Agency Fund (to enhance future development opportunities in the City, to support the economic development strategies of the City and to promote participation in activities that will have a positive impact on the general economic wealth of Mason), and a Community Improvement Corporation Agency Fund (to account for custodial transactions related to community improvement). Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City’s own programs. The City currently has no trust funds.

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

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

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

Deferred Revenue

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

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

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

Unearned Revenue

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

Expenses/Expenditures

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

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

Equity in Pooled Cash and Investments

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

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

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

Following the Ohio Revised Code, the City has specified certain funds to receive an allocation of interest earnings. Interest revenues during 2010 amounted to \$215,521 (on the fund financial statements). The general fund interest revenue was \$102,778.

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.

Prepaid Items

Payments made for services that will benefit periods beyond December 31, 2010, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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.

All reported capital assets are depreciated except for land and construction in progress. The Land classification includes the City's right-of-way easements (intangible assets, per GASB 51). Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

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

Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, a liability is recorded only for the portion of unpaid compensated absences that have matured, for example, as a result of employee resignations and retirements. In

proprietary funds, the entire amount of compensated absences is reported as a fund liability.

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance Reserves

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

Restricted Assets

Restricted assets consist of resources whose use is restricted by bond covenant agreements.

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 Governmental Activities, Sewer fund and Community Center fund have restricted net assets relative to those resources necessary to comply with various covenants of bond financing agreements. Of the City's \$20,469,332 in restricted net assets, none were restricted by enabling legislation.

Operating Revenues and Expenses

The City, in its proprietary funds, distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund includes the cost of sales and services,

administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Contributions of Capital

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

Interfund Activity

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

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

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

Estimates

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

Note 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 financial statements 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

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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.

City of Mason, Ohio
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For the Year Ended December 31, 2010

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, 2010, \$1,539,932 of the City's bank balance of \$1,789,932 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, 2010, the City had the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Federal Home Loan Bank	\$14,968,526	0.99
Federal Home Loan Mortgage Corporation	6,001,465	1.45
Federal Home Loan Mortgage Corporation - Discount Notes	3,189,431	0.11
Federal Farm Credit Bank	1,845,764	0.65
Federal National Mortgage Association	13,334,709	1.38
Federal National Mortgage Association - Discount Notes	10,476,527	0.54
US Treasury Bill	3,565,302	1.10
Money Market Funds	1,841,865	0.00
	<u>\$55,223,589</u>	
Portfolio Weighted Average Maturity		0.96

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 Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal Home Loan Mortgage Corporation –

Discount Notes, Federal Farm Credit Bank, Federal National Mortgage Association, Federal National Mortgage Association – Discount Notes and Money Market Funds in were rated AAA by Standard and Poor’s and Fitch ratings and Aaa by Moody’s Investors Service.

Concentration of Credit Risk – The City’s investment policy allows investments in Federal Government Securities or Instrumentalities. The City has invested 27% of the City’s investments in Federal Home Loan Bank, 11% in Federal Home Loan Mortgage Corporation, 6% in Federal Home Loan Mortgage Corporation – Discount Notes, 3% in Federal Farm Credit Bank, 24% in Federal National Mortgage Association, 19% in Federal National Mortgage Association – Discount Notes, 4% in Money Market Funds and 6% in US Treasury Bills,.

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.

Note 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, interfund 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 \$12,936 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 2010 for real and public utility property taxes represents collections of 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility property) are for 2010 taxes.

2010 real property taxes are levied after October 1, 2010, on the assessed value as of January 1, 2010, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011 operations.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 100 percent of true value. 2010 public utility property taxes became a lien December 31, 2009, are levied after October 1, 2009, and are collected in 2011 with real property taxes.

2010 tangible personal property taxes are levied after October 1, 2010, on the value as of

City of Mason, Ohio
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For the Year Ended December 31, 2010

December 31, 2009. Collections are made in 2010. Tangible personal property assessments are 25 percent of true value.

Tangible personal property tax revenue received during calendar year 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and interexchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after April 1, 2009, on the value as of December 31, 2009. Payments 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. Tangible personal property taxes paid by April 30 are usually received by the City prior to June 30.

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

	Amount
Real Property	\$1,006,303,280
Public Utility	15,153,830
Total Valuation	<u>\$1,021,457,110</u>

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

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

Income Taxes

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

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

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

Note 5 - Risk Management

The City is one of twenty members of a joint insurance pool, Miami Valley Risk Management Association, Inc. (MVRMA), with the cities of Englewood, Bellbrook and Centerville added in 2004. The pool has been operational since December 1, 1988, and was formed according to Section 2744.081 of the Ohio Revised Code. This joint venture covers all property, crime, liability, boiler and machinery, and public official liability up to the limits stated below. It is intended to provide broad-based coverage up to the various limits with increased emphasis on safety and loss prevention.

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

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

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

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

MVRMA self-insured \$500,000/occurrence. MVRMA obtained reinsurance from Government Entities Mutual Inc. (GEM) for \$1.5 million excess \$500,000, and from General Reinsurance Corporation for \$8 million excess \$2 million.

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

MVRMA self-insured \$500,000/occurrence. MVRMA obtained reinsurance from Government Entities Mutual Inc. (GEM) for \$1.5 million excess \$500,000, and from General Reinsurance Corporation for \$8 million excess \$2 million.

Employment Practices Liability and Public Officials Liability Including Employee Benefits Liability

MVRMA self-insured \$500,000/occurrence. MVRMA obtained reinsurance from Government Entities Mutual Inc. (GEM) for \$1.5 million excess \$500,000, and from General Reinsurance Corporation for \$8 million excess \$2 million - Annual aggregate \$10 million per member

Property (effective 7/1/10-7/1/11):

\$1,000,000,000/occurrence

MVRMA SIR: \$250,000/occurrence

Coverage excess SIR provided by PEPPIP USA as follows:

Lexington Insurance Company (Primary \$25 million)

List of carriers for layers excess of \$25 million provided upon request.

Flood (effective 7/1/10-7/1/11) - included in Property Policy

\$25 million/occurrence and annual aggregate

Sublimit: Flood Zone A & V - \$5 million/occurrence and annual aggregate

City of Mason, Ohio
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For the Year Ended December 31, 2010

MVRMA SIR: \$100,000/occurrence excluding Flood Zones A & V
MVRMA SIR: \$250,000/occurrence Flood Zones A & V

Earthquake (effective 7/1/10-7/1/11) - included in Property Policy
\$25 million/occurrence and annual aggregate
MVRMA SIR: \$100,000/occurrence

Boiler & Machinery (effective 7/1/10-7/1/11)
\$100,000,000/occurrence
MVRMA SIR: \$5,000/occurrence (except as shown for specific objects or perils)
Coverage excess SIR provided by PEPPIP USA as follows:
Lexington Insurance Company (Primary \$25 million)
List of carriers for layers excess of \$25 million provided upon request.

Cyber Coverage (effective 7/1/10-7/1/11)
MVRMA SIR: \$100,000/occurrence
Coverage excess SIR provided by Lloyd's of London - Beazley Syndicate

Third Party Liability:
\$2 million/occurrence and annual aggregate, but sublimited to:
\$500,000/occurrence and annual aggregate for Privacy Notification Costs

First Party Computer Liability:
\$2 million/occurrence and annual aggregate subject to policy sublimits

Member Deductible/occurrence - \$2,500

Financial Audit for 2010 has not been completed yet. Figures from audited 2009 Financial Audit are as follows:

Current Assets	\$7,631,283
Total Assets	\$18,448,229
Current Liabilities	\$6,663,664
Long-Term Liabilities	\$0
Net Assets	\$11,784,565

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 \$292,736 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

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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:

Fiscal Year	Beginning of Fiscal Year Liability	Current Claims and Changes in Estimates	Claims Payments	End of Fiscal Year Liability
2010	\$413,064	\$2,850,132	(\$2,970,460)	\$292,736
2009	382,751	3,264,896	(3,234,583)	413,064

The City estimates all claims outstanding at the end of the year will be paid off within one year.

Note 6 – Contingent Liabilities

Litigation

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

Federal and State Grants

For the period January 1, 2010 to December 31, 2010, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

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City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 7 – Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$62,484,819	\$1,563,807	\$0	\$64,048,626
Construction in Progress	4,251,567	7,072,190	9,397,628	1,926,129
Total Capital Assets, not being depreciated	<u>66,736,386</u>	<u>8,635,997</u>	<u>9,397,628</u>	<u>65,974,755</u>
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	43,076,887	2,332,657	18,900	45,390,644
Equipment	14,613,952	454,775	168,372	14,900,355
Infrastructure	67,449,550	5,320,275	0	72,769,825
Totals at Historical Cost	<u>191,876,775</u>	<u>16,743,704</u>	<u>9,584,900</u>	<u>199,035,579</u>
Less Accumulated Depreciation:				
Buildings and Improvements	8,579,576	901,020	18,900	9,461,696
Equipment	9,331,635	954,086	148,481	10,137,240
Infrastructure	10,454,194	1,214,543	0	11,668,737
Total Accumulated Depreciation	<u>\$28,365,405</u>	<u>\$3,069,649</u>	<u>\$167,381</u>	<u>\$31,267,673</u>
Governmental Activities Capital Assets, Net	<u>\$163,511,370</u>	<u>\$13,674,055</u>	<u>\$9,417,519</u>	<u>\$167,767,906</u>
	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$10,578,475	\$0	\$0	\$10,578,475
Construction in Progress	10,161,593	12,025,477	22,160,715	26,355
Total Capital Assets, not being depreciated	<u>20,740,068</u>	<u>12,025,477</u>	<u>22,160,715</u>	<u>10,604,830</u>
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	35,297,827	18,651,844	0	53,949,671
Equipment	7,192,949	921,044	20,110	8,093,883
Infrastructure	80,236,594	3,584,370	0	83,820,964
Totals at Historical Cost	<u>143,467,438</u>	<u>35,182,735</u>	<u>22,180,825</u>	<u>156,469,348</u>
Less Accumulated Depreciation:				
Buildings and Improvements	3,903,138	1,341,759	0	5,244,897
Equipment	2,128,339	642,637	20,110	2,750,866
Infrastructure	14,130,193	1,397,015	0	15,527,208
Total Accumulated Depreciation	<u>\$20,161,670</u>	<u>\$3,381,411</u>	<u>\$20,110</u>	<u>\$23,522,971</u>
Business-Type Activities Capital Assets, Net	<u>\$123,305,768</u>	<u>\$31,801,324</u>	<u>\$22,160,715</u>	<u>\$132,946,377</u>

Depreciation expense was charged to governmental functions as follows:

	Depreciation Expense
General Government	\$528,891
Public Safety	339,942
Leisure Time Activities	474,065
Transportation and Street Repair	1,724,566
Community Development	2,185
Total Depreciation Expense	<u>\$3,069,649</u>

Note 8 – Compensated Absences

Accumulated Unpaid Vacation

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

Accumulated Unpaid Sick Leave

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

Sick Leave Conversion at Retirement

- a. Upon retirement, a full-time, regular employee who meets the age and length of service requirements of the Public Employees Retirement System or the Police and Fireman's Disability and Pension Fund, whichever is applicable, and who was also in the service of the City of Mason for a period of ten (10) continuous years prior to retirement from the service of the City of Mason may redeem his or her accumulated sick leave providing all other criteria are met in order to receive the benefits (i.e. age for retirement).
- b. Redemption shall be at a rate of three (3) accumulated sick leave days exchanged for one (1) day of pay with a maximum redemption limited to one hundred twenty (120) days.
- c. Redemption for police officers shall be at a rate of three (3) accumulated sick days exchanged for (1) day of pay for the first two hundred (200) sick days. For the next thirty seven and a half (37 ½) sick days the redemption shall be two (2) accumulated sick days exchanged for one (1) day of pay. All remaining sick days the redemption shall be one (1) accumulated sick days exchanged for (1) day of pay. The maximum redemption is limited to two hundred seventy-five (275) sick days. A police officer must have at least fifty (50) sick days to be eligible for converting sick leave at retirement.
- d. Payment will be based on the employee's base rate of pay at the time of retirement.
- e. The conversion of sick leave to cash will be made as a lump sum payment and will eliminate all sick leave credit accrued by the employee.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 9 – Notes Payable

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

	Rate	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities					
General Fund:					
Real Estate Acquisition Note	1.50%	\$4,000,000	\$0	(\$4,000,000)	\$0
Real Estate Acquisition Note	3.00%	0	3,800,000	0	3,800,000
Tax Revenue Note	1.50%	0	3,025,000	0	3,025,000
Street Construction, Maintenance and Repair Fund:					
Road Improvement Note	1.50%	2,300,000	0	(2,300,000)	0
Total Governmental Activities		<u>\$6,300,000</u>	<u>\$6,825,000</u>	<u>(\$6,300,000)</u>	<u>\$6,825,000</u>
Business-Type Activities					
Stormwater Fund:					
Stormwater Utility Improvement Note	1.50%	\$1,775,000	\$0	(\$1,775,000)	\$0
Golf Course Fund:					
Golf Course Acquisition Note	1.50%	8,420,000	0	(8,420,000)	0
Total Business-Type Activities		<u>\$10,195,000</u>	<u>\$0</u>	<u>(\$10,195,000)</u>	<u>\$0</u>

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

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City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 10 – Long-Term Debt

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

	Rate	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities						
<u>General Obligation Bonds</u>						
Road Improvement	4.47%	\$2,720,000	\$0	(\$255,000)	\$2,465,000	\$265,000
Tax Increment Financing	5.30%	600,000	0	(55,000)	545,000	55,000
Central Parke TIF	5.25%	700,000	0	(700,000)	0	0
Enterprise Parke TIF	6.00%	560,000	0	(55,000)	505,000	55,000
Tylersville TIF	1.25%	850,000	0	(850,000)	0	0
2008 Series - Various Purpose		16,600,000	0	(675,000)	15,925,000	700,000
Refunding Tax Increment Financing Bonds	4.50%	0	700,000	(60,000)	640,000	60,000
Refunding Tylersville Tax Increment Financing Bonds	4.50%	0	850,000	(45,000)	805,000	45,000
2010 Series - Road Improvement	1.50%	0	2,140,000	0	2,140,000	0
Total General Obligation Bonds		22,030,000	3,690,000	(2,695,000)	23,025,000	1,180,000
<u>Special Assessment Bonds</u>						
Northeast	6.75%	110,000	0	(55,000)	55,000	55,000
Snider Road	6.76%	30,000	0	(15,000)	15,000	15,000
Route 741	7.38%	25,000	0	(25,000)	0	0
Total Special Assessment Bonds		165,000	0	(95,000)	70,000	70,000
Capital Leases		18,915,000	0	(18,915,000)	0	0
Refunding Certificate of Participation		0	18,325,000	0	18,325,000	855,000
Premium on Refunding Certificate of Participation		0	727,118	0	727,118	0
Deferred Charge on Refunding Certificate of Participation		0	(1,302,446)	0	(1,302,446)	0
Total Refunding Certificate of Participation		18,915,000	17,749,672	(18,915,000)	17,749,672	855,000
Total Long-Term Liabilities Bonds		41,110,000	21,439,672	(21,705,000)	40,844,672	2,105,000
Compensated Absences		1,158,751	859,020	(753,310)	1,264,461	587,621
Total Governmental Activities		\$42,268,751	\$22,298,692	(\$22,458,310)	\$42,109,133	\$2,692,621
Business-Type Activities						
<u>General Obligation Bonds</u>						
Stormwater Improvement	3.00%	\$0	\$1,640,000	\$0	\$1,640,000	\$45,000
Golf Course Acquisition	1.25%	0	8,000,000	0	8,000,000	500,000
Total General Obligation Bonds		0	9,640,000	0	9,640,000	545,000
<u>Special Assessment Bonds</u>						
Diley Utility	6.00%	29,000	0	(5,000)	24,000	6,000
<u>Mortgage Revenue Bonds</u>						
Sewer Mortgage Revenue	4.47%	31,640,000	0	(1,100,000)	30,540,000	1,145,000
Capital Lease		11,335,000	0	(275,000)	11,060,000	295,000
Discount on Capital Lease		(144,669)	0	5,787	(138,882)	0
Compensated Absences - Enterprise		188,657	104,756	(96,658)	196,755	111,106
Total Business-Type Activities		\$43,047,988	\$9,744,756	(\$1,470,871)	\$51,321,873	\$2,102,106

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Compensated Absences will be paid from the fund from which the person is paid. Historically, this is the General Fund or a Special Revenue Fund. General obligation bonds will be paid from the General Obligation Bond Retirement Fund, Central Parke TIF Fund, Mason Enterprise Parke TIF Fund, Tylersville Road TIF Fund, Stormwater Utility Fund and the Golf Course Fund. The Special Assessment Bonds are backed by the full faith and credit of the City and are repaid from the resources of the Special Assessment Bond Retirement Fund. The City levies an assessment against the effected property owners. The Sewer Mortgage Revenue Bond will be paid from the Sewer Fund. The City was in violation of the debt coverage ratio on the Sewer Mortgage Revenue Bonds.

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

Year	General Obligation Bonds		Special Assessment Bonds		Mortgage Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$1,730,000	\$1,101,787	\$76,000	\$6,203	\$1,145,000	\$1,416,950
2012	1,875,000	1,267,411	5,000	1,080	1,195,000	1,371,150
2013	1,930,000	1,207,369	6,000	780	1,230,000	1,329,325
2014	2,010,000	1,138,462	7,000	420	1,280,000	1,282,585
2015	2,090,000	1,066,317	0	0	1,335,000	1,232,025
2016-2020	12,950,000	3,963,634	0	0	7,675,000	5,147,663
2021-2025	6,930,000	1,604,359	0	0	9,685,000	3,155,182
2026-2029	3,150,000	240,211	0	0	6,995,000	710,750
	<u>\$32,665,000</u>	<u>\$11,589,550</u>	<u>\$94,000</u>	<u>\$8,483</u>	<u>\$30,540,000</u>	<u>\$15,645,630</u>

Note 11 – Leases

The City leases the municipal building under a capital lease that extends into future years. The City also has a capital lease for the community center addition.

In November 2010, the City issued \$18,325,000 in Certificates of Participation (COPS) with an average interest rate of 4.21%, which was used to refund \$18,915,000 of outstanding 2001 COPS with an average interest rate of 4.96%. The City purchased \$19,004,108 in State & Local Government Securities (SLGs) and the escrow investment of \$1,213,338 in cash and earnings, which were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2001 COPS. As a result, \$18,915,000 of the 2001 COPS are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Assets.

The City refunded the 2001 COPS to reduce its total debt service payments by \$1,161,607 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$809,685.

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.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

The following is a schedule of the future long-term minimum lease payments required under the capital lease, and the present value of the minimum lease payments is as follows:

<u>Year</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2011	\$1,598,013	\$768,826
2012	1,597,375	767,926
2013	1,599,475	771,926
2014	1,597,025	769,640
2015	1,599,425	770,978
2016-2020	7,985,725	3,849,630
2021-2025	7,984,815	3,849,662
2026-2030	1,595,025	3,854,084
2031-2034	0	3,083,660
Total minimum lease payments	<u>25,556,878</u>	<u>18,486,332</u>
Less: Amount representing interest	(7,231,878)	(7,426,332)
Present value of minimum lease payments	<u>\$18,325,000</u>	<u>\$11,060,000</u>

Capital lease payments are made from the Government Center Reserve Fund and the Community Center 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 \$35,735,000

Note 12 – Pension Plans

Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers 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 the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings. The CO Plan is a cost sharing, multiple-employer defined benefit pension plan. Under the CO Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the TP Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the TP and CO Plans. Members of the MD Plan do not qualify for the ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to the OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377, or by visiting the OPERS website at www.opers.org.

The Ohio Revised Code provides statutory authority for member and employer contributions. Plan members and employer contributions rates were consistent across all three plans. Plan members are required to contribute 10% of their annual covered salary to fund pension obligations. The employer pension contribution rate for the City is 14% of covered payroll. The contribution rates are determined actuarially. The City's required contributions to OPERS for the years ended December 31, 2010, 2009 and 2008 were \$702,783, \$639,689 and \$537,950, respectively. The full amount has been contributed for 2008 and 2009 and 92% has been contributed for 2010.

Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164, or by visiting the OP&F website at www.op-f.org.

Plan members are required to contribute 10.0% of their annual covered salary, while employers (the City) are required to contribute 19.5% for police officers and 24.0% for firefighters. The City's contributions to OP&F for the years ending December 31, 2010, 2009 and 2008 were \$801,170, \$764,347, and \$735,414, respectively. The full amount has been contributed for 2008 and 2009 and 89% has been contributed for 2010.

Note 13 – Post Employment Benefits

Ohio Public Employees Retirement System

Plan Description

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

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

In order to qualify for post-employment health card coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit

recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377, or by visiting the OPERS website at www.opers.org.

Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, the City contributed at 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determined the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to the health care for members in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Information from City's Records

The City's required contributions for the current year, which were used to fund postemployment benefits, were \$52,112 for the period January 1 through February 28, 2010, and \$203,601 for the period March 1 through December 31, 2010, \$82,753 for the period of January 1 through March 31, 2009 and \$186,307 for the period of April 1 through December 31, 2009, \$268,975 for 2008. The full amount (actual) has been contributed for 2008 and 2009 and 92% has been contributed for 2010.

OPERS Retirement Board Implements its Health Care Preservation Plan

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on

September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year 2006 to 2008, which allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

Plan Description

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

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

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

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

Funding Policy

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of the covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and Section 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of

City of Mason, Ohio
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For the Year Ended December 31, 2010

employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

Information from City's Records

The City's required contributions to OP&F were \$141,135 for police and \$110,508 for fire for the year ending December 31, 2010; \$134,324 for police and \$105,691 for fire for the year ending December 31, 2009; and \$141,894 for police and \$91,546 for fire for the year ending December 31, 2008, respectively, was allocated to the healthcare plan. The actual contributions for 2008 and 2009 were 100% and 89% has been contributed for 2010.

Note 14 – Conduit Debt Obligations

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

The following is the conduit debt outstanding at December 31, 2010:

<u>Issuance</u>	<u>Year Issued</u>	<u>Original Amount</u>	<u>Outstanding December 31, 2010</u>	<u>Year Mature</u>
Cedar Village	2010	\$16,250,000	\$16,235,000	2035
Mt. Healthy Christian Home:				
Healthcare 1997A	1997	4,600,000	3,840,000	2032
Housing 1997B	1997	2,150,000	1,795,000	2032
Mason Christian Village:				
Healthcare Refunding	1998	7,650,000	6,165,000	2032
Healthcare Facilities	2000	4,400,000	3,915,000	2035
Crane Plastics Company	2007	8,000,000	<u>6,840,000</u>	2033
Total Conduit Debt Outstanding			<u><u>\$38,790,000</u></u>	

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 15 – Construction Commitments

The City had the following outstanding commitments at year end:

Projects	Amount
New Fire Station 51 - Construction	\$7,403
Bethany Road Improvements	59,026
US 42 and Tylersville Road Intersection	39,100
Western Row Road I-75 and State Route 741 Interchange Study	600,000
US 42 Widening - Tylerville Road to Butler-Warren Road	922,970
Split Phase Signal Timing Elimination	17,945
Mason-Montgomery Road and Bethany Road Roundabout	122,759
Mason Road and Hickory Woods Drive Roundabout	98,680
Bethany Road - Parkside Lift Station Elimination	34,575
US 42 Trunk Sewer Phase 3	24,500
Mason-Montgomery Road Sewer Crossing (Bethany Road Sewer Improvement)	3,900
Beach Lift Station Rehabilitation	3,440
Mason Sports Park Effluent Irrigation	15,000
Bethany Road Force Main Relocation	19,500
First Ave/S Forest Ave Storm Sewer	81,554
St. Susanna and Four Seasons Storm Sewer	70,200
Church Street and Forest Ave Storm Sewer	1,490
Community Center Expansion	399,431
Total	\$2,521,473

NOTE 16 – Interfund Transactions

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

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$4,950,000	\$0	\$0	\$3,367,367
Sewer Fund	0	0	5,000	0
Community Center Fund	0	3,950,000	390,000	0
Golf Course Fund	0	0	1,211,547	0
Other Governmental Funds	0	1,000,000	1,765,820	5,000
Total All Funds	\$4,950,000	\$4,950,000	\$3,372,367	\$3,372,367

Interfund balance/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed.

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

Note 17 – Joint Venture

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

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

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

Distribution of Gross Tax:

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

Net Distribution:

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

Note 18 – Change in Accounting Principles

For 2010, the City has implemented GASB No. 51 “Accounting and Financial Reporting for Intangible Assets.” Any intangible assets acquired by the City prior to January 1, 2010 have already been included in the capital assets system (right-of-way easements).

Note 19 – Prior Period Adjustment

The City made the following restatements as of December 31, 2009:

The City’s Community Center Fund was restated to include a prepaid item for the City and Mason City Schools’ joint operating agreement.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

	Community Center Fund	Business-Type Activities
Net Assets - December 31, 2009	\$7,189,788	\$95,459,128
Restatement of Fund to include Prepaid Item	1,259,766	1,259,766
Net Assets - December 31, 2009, Restated	<u>\$8,449,554</u>	<u>\$96,718,894</u>

The City's JW Harris TIF and Government Center Funds were restated from Capital Project Funds to Debt Service Funds. The City's Central Parke TIF, Mason Enterprise Parke, Tylersville Road TIF and I-71 Corridor TIF Funds were restated from Capital Projects Funds to Special Revenue Funds. The City's CIC/Veterans Memorial Fund was restated from a Special Revenue Fund to an Agency Fund.

	Nonmajor Capital Projects Funds	Nonmajor Debt Service Funds	Nonmajor Special Revenue Funds	Agency Fund Community Improvement Corporation
Fund Balance - December 31, 2009	\$2,729,050	\$180,712	\$6,055,061	\$40,000 *
Restatement of Fund	(2,729,050)	2,302,620	239,430	187,000
Fund Balance - December 31, 2009, Restated	<u>\$0</u>	<u>\$2,483,332</u>	<u>\$6,294,491</u>	<u>\$227,000 *</u>
	Governmental Activities			
Net Assets - December 31, 2009	\$162,024,437			
Restatement of Funds	(187,000)			
Net Assets - December 31, 2009, Restated	<u>\$161,837,437</u>			

* - It is a restatement of assets and liabilities for the Community Improvement Corporation - Agency Fund

Note 20 – Subsequent Event

In February 2011, the City issued \$3,070,000 in economic development revenue notes to refinance a revenue note for real estate acquisition. The note is due February 2012.

In March 2011, the City issued \$7,500,000 in bond anticipation note to refinance a bond anticipation note for real estate acquisition of the Golf Center at Kings Island. In June 2011, the \$7,500,000 note was converted to bonds.

In June 2011, the City issued \$7,220,000 in bonds to refinance \$2,440,000 1998 general obligation bonds, convert \$3,780,000 of Bond anticipation notes, and funding for the U.S. 42 widening.

In June 2011, the city issued \$3,500,000 in bond anticipation note to refinance a bond anticipation note for real estate acquisition of property located on 741. The note is due June 2012.

REQUIRED SUPPLEMENTARY INFORMATION

City of Mason, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$20,649,000	\$20,649,000	\$20,464,460	(\$184,540)
Fines, Licenses and Permits	1,299,600	1,299,600	1,495,986	196,386
Intergovernmental	1,495,500	1,495,500	2,196,248	700,748
Charges for Services	1,363,834	1,363,834	1,357,831	(6,003)
Investment Earnings	150,000	150,000	124,287	(25,713)
Other Revenues	575,150	575,150	1,086,886	511,736
Total Revenues	25,533,084	25,533,084	26,725,698	1,192,614
Expenditures:				
Current:				
General Government				
City Manager				
Personal Services	297,560	297,560	287,847	9,713
Operating	146,523	146,523	78,794	67,729
Total City Manager	444,083	444,083	366,641	77,442
Assistant City Manager				
Personal Services	822,894	822,894	698,180	124,714
Operating	197,683	197,683	152,917	44,766
Total Assistant City Manager	1,020,577	1,020,577	851,097	169,480
Finance				
Personal Services	397,728	397,728	384,685	13,043
Operating	132,636	132,636	81,112	51,524
Total Finance	530,364	530,364	465,797	64,567
Earnings Tax				
Personal Services	400,713	400,713	374,751	25,962
Operating	211,003	211,003	95,690	115,313
Refunds and Reimbursements	850,000	850,000	849,751	249
Total Earnings Tax	1,461,716	1,461,716	1,320,192	141,524
Law Director				
Personal Services	121,562	121,562	105,258	16,304
Operating	474,453	474,453	326,075	148,378
Total Law Director	596,015	596,015	431,333	164,682

(Continued)

City of Mason, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Council				
Personal Services	199,990	199,990	173,467	26,523
Operating	920,152	920,152	723,447	196,705
Total Council	1,120,142	1,120,142	896,914	223,228
Municipal Court				
Personal Services	706,251	706,251	640,391	65,860
Operating	467,188	467,188	442,556	24,632
Total Municipal Court	1,173,439	1,173,439	1,082,947	90,492
Land, Buildings and Grounds				
Personal Services	98,543	98,543	96,336	2,207
Operating	771,567	771,567	532,924	238,643
Total Land, Buildings and Grounds	870,110	870,110	629,260	240,850
Engineering				
Personal Services	757,318	757,318	740,153	17,165
Operating	182,396	182,396	70,641	111,755
Total Engineering	939,714	939,714	810,794	128,920
Auditor's Deductions				
Personal Services	69,596	69,596	35,767	33,829
Operating	1,188,701	1,188,701	1,010,552	178,149
Total Auditor's Deductions	1,258,297	1,258,297	1,046,319	211,978
Employee Medical Insurance				
Personal Services	400,281	600,281	390,520	209,761
Total Employee Medical Insurance	400,281	600,281	390,520	209,761
City Contribution				
Other Expenses	120,000	120,000	0	120,000
Total City Contribution	120,000	120,000	0	120,000
Unclaimed Funds				
Other Expenses	31,000	31,000	1,838	29,162
Total City Contribution	31,000	31,000	1,838	29,162
Total General Government	9,965,738	10,165,738	8,293,652	1,872,086

(Continued)

City of Mason, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Public Safety				
Police Department				
Personal Services	5,054,461	5,104,461	5,066,607	37,854
Operating	640,860	640,860	509,961	130,899
Total Police Department	5,695,321	5,745,321	5,576,568	168,753
Street Lighting				
Operating	393,575	443,575	409,041	34,534
Total Street Lighting	393,575	443,575	409,041	34,534
Disaster Services				
Operating	30,640	30,640	27,520	3,120
Total Disaster Services	30,640	30,640	27,520	3,120
Employee Medical Insurance				
Personal Services	469,000	469,000	469,000	0
Total Employee Medical Insurance	469,000	469,000	469,000	0
Total Public Safety	6,588,536	6,688,536	6,482,129	206,407
Leisure Time Activities				
Recreation Programs				
Personal Services	302,928	302,928	238,904	64,024
Operating	577,302	417,302	277,971	139,331
Total Recreation Programs	880,230	720,230	516,875	203,355
Parks				
Personal Services	795,493	795,493	704,337	91,156
Operating	675,360	675,360	319,496	355,864
Total Parks	1,470,853	1,470,853	1,023,833	447,020
Swimming Pool				
Personal Services	186,222	186,222	136,315	49,907
Operating	88,315	88,315	58,167	30,148
Total Swimming Pool	274,537	274,537	194,482	80,055
Senior Center				
Operating	0	60,000	0	60,000
Total Senior Center	0	60,000	0	60,000

(Continued)

City of Mason, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Employee Medical Insurance				
Personal Services	154,000	154,000	154,000	0
Total Employee Medical Insurance	154,000	154,000	154,000	0
Total Leisure Time Activities	2,779,620	2,679,620	1,889,190	790,430
Community Development				
Community Planning - Zoning				
Personal Services	85,767	85,767	83,324	2,443
Operating	68,283	68,283	7,963	60,320
Total Community Planning - Zoning	154,050	154,050	91,287	62,763
Building Inspections				
Personal Services	549,272	549,272	519,025	30,247
Operating	46,194	46,194	31,011	15,183
Total Building Inspections	595,466	595,466	550,036	45,430
Economic Development				
Personal Services	290,257	290,257	281,306	8,951
Operating	234,916	234,916	183,652	51,264
Total Economic Development	525,173	525,173	464,958	60,215
Community Development				
Operating	2,855,808	2,855,808	2,758,996	96,812
Total Community Development	2,855,808	2,855,808	2,758,996	96,812
Employee Medical Insurance				
Personal Services	28,000	28,000	28,000	0
Total Employee Medical Insurance	28,000	28,000	28,000	0
Total Community Development	4,158,497	4,158,497	3,893,277	265,220
Basic Utility Service				
Employee Medical Insurance				
Personal Services	233,336	233,336	233,336	0
Total Employee Medical Insurance	233,336	233,336	233,336	0
Total Basic Utility Service	233,336	233,336	233,336	0

(Continued)

City of Mason, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Transportation and Street Repair				
Traffic Signals				
Operating	253,942	253,942	181,860	72,082
Total Traffic Signals	253,942	253,942	181,860	72,082
Street Maintenance and Repair				
Personal Services	1,410,805	1,410,805	1,313,508	97,297
Operating	1,487,268	1,487,268	1,119,439	367,829
Total Street Maintenance and Repair	2,898,073	2,898,073	2,432,947	465,126
Garage				
Personal Services	259,057	259,057	252,046	7,011
Operating	123,536	123,536	72,995	50,541
Total Garage	382,593	382,593	325,041	57,552
Total Transportation and Street Repair	3,534,608	3,534,608	2,939,848	594,760
Capital Outlay	2,643,120	2,643,120	2,563,964	79,156
Debt Service:				
Principal Retirement	6,300,000	4,000,000	4,000,000	0
Interest and Fiscal Charges	120,000	70,000	67,688	2,312
Total Debt Service	6,420,000	4,070,000	4,067,688	2,312
Total Expenditures	36,323,455	34,173,455	30,363,084	3,810,371
Excess of Revenues Over (Under) Expenditures	(10,790,371)	(8,640,371)	(3,637,386)	5,002,985
Other Financing Sources (Uses):				
Issuance of Debt	9,050,000	8,900,000	6,904,340	(1,995,660)
Advances (Out)	(2,400,000)	(2,400,000)	(2,400,000)	0
Transfers (Out)	(5,970,475)	(6,580,475)	(6,367,367)	213,108
Total Other Financing Sources (Uses)	679,525	(80,475)	(1,863,027)	(1,782,552)
Net Change in Fund Balance	(10,110,846)	(8,720,846)	(5,500,413)	3,220,433
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	18,473,126	18,473,126	18,473,126	0
Fund Balance End of Year	\$8,362,280	\$9,752,280	\$12,972,713	\$3,220,433

See accompanying notes to the required supplementary information.

City of Mason, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

	Street Construction, Maintenance and Repair Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$1,621,000	\$3,321,000	\$2,831,900	(\$489,100)
Investment Earnings	25,000	25,000	25,296	296
Other Revenues	0	0	583,387	583,387
Total Revenues	<u>1,646,000</u>	<u>3,346,000</u>	<u>3,440,583</u>	<u>94,583</u>
Expenditures:				
Current:				
Capital Outlay	7,666,971	9,486,971	8,775,705	711,266
Debt Service:				
Principal Retirement	0	2,300,000	2,300,000	0
Interest and Fiscal Charges	0	40,000	39,596	404
Total Expenditures	<u>7,666,971</u>	<u>11,826,971</u>	<u>11,115,301</u>	<u>711,670</u>
Excess of Revenues Over (Under) Expenditures	<u>(6,020,971)</u>	<u>(8,480,971)</u>	<u>(7,674,718)</u>	<u>806,253</u>
Other Financing Sources (Uses):				
Issuance of Debt	0	2,200,000	2,151,420	(48,580)
Total Other Financing Sources (Uses)	<u>0</u>	<u>2,200,000</u>	<u>2,151,420</u>	<u>(48,580)</u>
Net Change in Fund Balance	(6,020,971)	(6,280,971)	(5,523,298)	757,673
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>7,081,470</u>	<u>7,081,470</u>	<u>7,081,470</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$1,060,499</u></u>	<u><u>\$800,499</u></u>	<u><u>\$1,558,172</u></u>	<u><u>\$757,673</u></u>

See accompanying notes to the required supplementary information.

City of Mason, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

	Fire and Emergency Medical Service Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$3,690,500	\$3,690,500	\$3,884,059	\$193,559
Intergovernmental	1,129,500	1,129,500	1,127,987	(1,513)
Charges for Services	550,000	550,000	609,500	59,500
Investment Earnings	15,000	15,000	27,498	12,498
Other Revenues	0	0	6,530	6,530
Total Revenues	<u>5,385,000</u>	<u>5,385,000</u>	<u>5,655,574</u>	<u>270,574</u>
Expenditures:				
Current:				
Public Safety				
Fire and Emergency Services				
Personal Services	4,696,635	4,696,635	4,158,304	538,331
Operating	<u>1,101,560</u>	<u>1,101,560</u>	<u>871,341</u>	<u>230,219</u>
Total Public Safety	5,798,195	5,798,195	5,029,645	768,550
Capital Outlay	<u>2,690,978</u>	<u>2,890,978</u>	<u>2,880,575</u>	<u>10,403</u>
Total Expenditures	<u>8,489,173</u>	<u>8,689,173</u>	<u>7,910,220</u>	<u>778,953</u>
Net Change in Fund Balance	(3,104,173)	(3,304,173)	(2,254,646)	1,049,527
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>7,313,723</u>	<u>7,313,723</u>	<u>7,313,723</u>	<u>0</u>
Fund Balance End of Year	<u>\$4,209,550</u>	<u>\$4,009,550</u>	<u>\$5,059,077</u>	<u>\$1,049,527</u>

See accompanying notes to the required supplementary information.

City of Mason, Ohio
Notes to the Required Supplementary Information
For The Year Ended December 31, 2010

Note 1 – Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council so that appropriation measures shall be classified so as to set forth separately the amounts appropriated for each department and within each department, the amount appropriated for each object for the General Fund. All other funds are maintained at the fund level.

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

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

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) presented for the General Fund, Street Construction, Maintenance and Repair 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).

City of Mason, Ohio
Notes to the Required Supplementary Information
For The Year Ended December 31, 2010

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, Street Construction, Maintenance and Repair Fund, and the Fire and Emergency Medical Service Fund.

Net Change in Fund Balance

	General	Street Construction, Maintenance and Repair	Fire and Emergency Medical Service
GAAP Basis	\$3,006,883	(\$184,855)	(\$1,539,833)
Revenue Accruals	74,870	11,361	(16,521)
Expenditure Accruals	(1,029,099)	(3,434,035)	(151,728)
Issuance of Debt	6,904,340	11,420	0
Transfers Out	967,367	0	0
Advances Out	(6,367,367)	0	0
Encumbrances	(9,057,407)	(2,510,576)	(546,564)
Budget Basis	<u>(\$5,500,413)</u>	<u>(\$6,106,685)</u>	<u>(\$2,254,646)</u>

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES



NONMAJOR GOVERNMENTAL FUNDS

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

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.

City of Mason, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$2,936,949	\$1,022,192	\$3,959,141
Restricted Cash and Investments	0	1,603,181	1,603,181
Receivables:			
Taxes	0	1,689,723	1,689,723
Accounts	52,067	0	52,067
Interest	1,308	1,331	2,639
Intergovernmental	758,360	337,809	1,096,169
Special Assessments	0	65,683	65,683
Total Assets	3,748,684	4,719,919	8,468,603
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	43,810	88	43,898
Accrued Wages and Benefits	20,959	0	20,959
Contracts Payable	15,240	0	15,240
Interfund Payable	1,000,000	0	1,000,000
Deferred Revenue	458,468	2,094,546	2,553,014
Total Liabilities	1,538,477	2,094,634	3,633,111
Fund Balances:			
Reserved for Encumbrances	83,757	0	83,757
Reserved for Debt Service	0	1,603,181	1,603,181
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	2,126,450	0	2,126,450
Debt Service Funds	0	1,022,104	1,022,104
Total Fund Balances	2,210,207	2,625,285	4,835,492
Total Liabilities and Fund Balances	\$3,748,684	\$4,719,919	\$8,468,603

City of Mason, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended December 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$0	\$1,558,726	\$1,558,726
Fines, Licenses and Permits	660,223	0	660,223
Investment Earnings	1,527	25,748	27,275
Intergovernmental	1,252,325	374,523	1,626,848
Special Assessments	0	86,162	86,162
Revenue in Lieu of Taxes	818,970	72,934	891,904
Other Revenues	38,005	0	38,005
Total Revenues	2,771,050	2,118,093	4,889,143
Expenditures:			
Current:			
General Government	480,865	0	480,865
Public Safety	14,235	0	14,235
Community Development	484,619	0	484,619
Transportation and Street Repair	0	7,138	7,138
Capital Outlay	1,254,030	0	1,254,030
Debt Service:			
Principal Retirement	160,000	1,080,000	1,240,000
Interest and Fiscal Charges	51,918	1,312,329	1,364,247
Bond Issuance Cost	0	122,165	122,165
Total Expenditures	2,445,667	2,521,632	4,967,299
Excess of Revenues Over (Under) Expenditures	325,383	(403,539)	(78,156)
Other Financing Sources (Uses):			
Payments to Refunding Tax Increment Financing Bonds Escrow Agent	(1,550,000)	0	(1,550,000)
Issuance of Refunding Tax Increment Financing Bonds	1,550,000	0	1,550,000
Payments to Refunding Certificate of Participation Escrow Agent	0	(20,217,446)	(20,217,446)
Issuance of Refunding Certificate of Participation	0	18,325,000	18,325,000
Premium on Issuance of Refunding Certificate of Participation	0	727,118	727,118
Transfers In	50,000	1,715,820	1,765,820
Transfers (Out)	0	(5,000)	(5,000)
Total Other Financing Sources (Uses)	50,000	545,492	595,492
Net Change in Fund Balance	375,383	141,953	517,336
Fund Balance Beginning of Year, Restated	1,834,824	2,483,332	4,318,156
Fund Balance End of Year	\$2,210,207	\$2,625,285	\$4,835,492

NONMAJOR SPECIAL REVENUE FUNDS

Fund Descriptions

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

Federal Grant: To account for monies designated to be used for federal grant purposes.

Police Officer Training: To account for monies designated to be used for police officer training.

Parks and Recreation: This fund accounts for monies received from residential building permits and other sources collected for the purpose of providing funds for recreational capital improvements.

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.

Municipal Court Indigent Driver IDAM: 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.

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

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.

I-71 Corridor TIF: This fund is used to account for the financial resources and expenditures related to the development and improvements to the I-71 Corridor.
enter.

City of Mason, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2010

	State Highway Improvement	Street Subdivision	Federal Grant	Police Officer Training
Assets:				
Equity in Pooled Cash and Investments	\$280,939	\$457,828	\$1,000,000	\$10,248
Receivables:				
Accounts	0	0	0	0
Interest	797	0	0	0
Intergovernmental	53,460	0	15,240	0
Total Assets	<u>335,196</u>	<u>457,828</u>	<u>1,015,240</u>	<u>10,248</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	0	0	0	0
Accrued Wages and Benefits	0	0	0	0
Contracts Payable	0	0	15,240	0
Interfund Payable	0	0	1,000,000	0
Deferred Revenue	35,841	0	15,240	0
Total Liabilities	<u>35,841</u>	<u>0</u>	<u>1,030,480</u>	<u>0</u>
Fund Balances:				
Reserved for Encumbrances	39,100	0	32,287	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	<u>260,255</u>	<u>457,828</u>	<u>(47,527)</u>	<u>10,248</u>
Total Fund Balances	<u>299,355</u>	<u>457,828</u>	<u>(15,240)</u>	<u>10,248</u>
Total Liabilities and Fund Balances	<u>\$335,196</u>	<u>\$457,828</u>	<u>\$1,015,240</u>	<u>\$10,248</u>

Parks and Recreation	Police Crime Prevention	Drug Law Enforcement	Law Enforcement and Education	Indigent Driver	Municipal Court Computer Costs	Municipal Court Computer Education
\$180,249	\$686	\$21,048	\$4,020	\$133,839	\$87,519	\$38,976
0	0	178	221	538	7,377	2,208
511	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>180,760</u>	<u>686</u>	<u>21,226</u>	<u>4,241</u>	<u>134,377</u>	<u>94,896</u>	<u>41,184</u>
0	0	0	0	8,007	32,821	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
132	0	0	0	0	0	0
<u>132</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,007</u>	<u>32,821</u>	<u>0</u>
0	0	0	0	0	10,410	0
<u>180,628</u>	<u>686</u>	<u>21,226</u>	<u>4,241</u>	<u>126,370</u>	<u>51,665</u>	<u>41,184</u>
<u>180,628</u>	<u>686</u>	<u>21,226</u>	<u>4,241</u>	<u>126,370</u>	<u>62,075</u>	<u>41,184</u>
<u>\$180,760</u>	<u>\$686</u>	<u>\$21,226</u>	<u>\$4,241</u>	<u>\$134,377</u>	<u>\$94,896</u>	<u>\$41,184</u>

Continued

City of Mason, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2010

	Municipal Court Improvement	Vehicle Immobilization Fee	Municipal Court Probation Services	Municipal Court Indigent Driver IDAM
Assets:				
Equity in Pooled Cash and Investments	\$170,813	\$16,588	\$98,608	\$10,432
Receivables:				
Accounts	18,841	335	16,040	6,329
Interest	0	0	0	0
Intergovernmental	0	0	0	0
Total Assets	189,654	16,923	114,648	16,761
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	1,603	0	1,328	0
Accrued Wages and Benefits	8,308	0	8,035	0
Contracts Payable	0	0	0	0
Interfund Payable	0	0	0	0
Deferred Revenue	0	0	0	0
Total Liabilities	9,911	0	9,363	0
Fund Balances:				
Reserved for Encumbrances	1,163	0	648	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	178,580	16,923	104,637	16,761
Total Fund Balances	179,743	16,923	105,285	16,761
Total Liabilities and Fund Balances	\$189,654	\$16,923	\$114,648	\$16,761

Subdivision Inspection	Central Parke TIF	Mason Enterprise Parke TIF	Tylersville Road TIF	I-71 Corridor TIF	Total Nonmajor Special Revenue Funds
\$6,501	\$229,785	\$1	\$95,539	\$93,330	\$2,936,949
0	0	0	0	0	52,067
0	0	0	0	0	1,308
0	247,161	105,562	302,961	33,976	758,360
<u>6,501</u>	<u>476,946</u>	<u>105,563</u>	<u>398,500</u>	<u>127,306</u>	<u>3,748,684</u>
51	0	0	0	0	43,810
4,616	0	0	0	0	20,959
0	0	0	0	0	15,240
0	0	0	0	0	1,000,000
0	139,773	85,562	147,944	33,976	458,468
<u>4,667</u>	<u>139,773</u>	<u>85,562</u>	<u>147,944</u>	<u>33,976</u>	<u>1,538,477</u>
149	0	0	0	0	83,757
<u>1,685</u>	<u>337,173</u>	<u>20,001</u>	<u>250,556</u>	<u>93,330</u>	<u>2,126,450</u>
<u>1,834</u>	<u>337,173</u>	<u>20,001</u>	<u>250,556</u>	<u>93,330</u>	<u>2,210,207</u>
<u>\$6,501</u>	<u>\$476,946</u>	<u>\$105,563</u>	<u>\$398,500</u>	<u>\$127,306</u>	<u>\$3,748,684</u>

City of Mason, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2010

	State Highway Improvement	Street Subdivision	Federal Grant	Police Officer Training
Revenues:				
Fines, Licenses and Permits	\$0	\$17,248	\$0	\$0
Investment Earnings	980	0	0	0
Intergovernmental	109,312	0	1,143,013	0
Revenue in Lieu of Taxes	0	0	0	0
Other Revenues	0	0	0	0
Total Revenues	110,292	17,248	1,143,013	0
Expenditures:				
Current:				
General Government	0	0	0	0
Public Safety	0	0	0	0
Community Development	0	0	0	0
Capital Outlay	0	0	1,156,396	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	0	0	1,156,396	0
Excess of Revenues Over (Under) Expenditures	110,292	17,248	(13,383)	0
Other Financing Sources (Uses):				
Payments to Refunding Tax Increment Financing Bonds Escrow Agent	0	0	0	0
Issuance of Refunding Tax Increment Financing Bonds	0	0	0	0
Transfers In	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	110,292	17,248	(13,383)	0
Fund Balance Beginning of Year, Restated	189,063	440,580	(1,857)	10,248
Fund Balance End of Year	\$299,355	\$457,828	(\$15,240)	\$10,248

Parks and Recreation	Police Crime Prevention	Drug Law Enforcement	Law Enforcement and Education	Indigent Driver	Municipal Court Computer Costs	Municipal Court Computer Education
\$25,125	\$0	\$78	\$2,478	\$16,360	\$93,651	\$28,281
547	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
<u>25,672</u>	<u>0</u>	<u>78</u>	<u>2,478</u>	<u>16,360</u>	<u>93,651</u>	<u>28,281</u>
0	0	0	0	37,242	79,512	11,712
0	0	12,161	2,074	0	0	0
0	0	0	0	0	0	0
70,941	0	0	0	0	7,552	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>70,941</u>	<u>0</u>	<u>12,161</u>	<u>2,074</u>	<u>37,242</u>	<u>87,064</u>	<u>11,712</u>
<u>(45,269)</u>	<u>0</u>	<u>(12,083)</u>	<u>404</u>	<u>(20,882)</u>	<u>6,587</u>	<u>16,569</u>
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(45,269)</u>	<u>0</u>	<u>(12,083)</u>	<u>404</u>	<u>(20,882)</u>	<u>6,587</u>	<u>16,569</u>
<u>225,897</u>	<u>686</u>	<u>33,309</u>	<u>3,837</u>	<u>147,252</u>	<u>55,488</u>	<u>24,615</u>
<u>\$180,628</u>	<u>\$686</u>	<u>\$21,226</u>	<u>\$4,241</u>	<u>\$126,370</u>	<u>\$62,075</u>	<u>\$41,184</u>

Continued

City of Mason, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2010

	Municipal Court Improvement	Vehicle Immobilization Fee	Municipal Court Probation Services	Municipal Court Indigent Driver IDAM
Revenues:				
Fines, Licenses and Permits	\$239,105	\$2,098	\$213,355	\$13,796
Investment Earnings	0	0	0	0
Intergovernmental	0	0	0	0
Revenue in Lieu of Taxes	0	0	0	0
Other Revenues	58	0	65	0
Total Revenues	239,163	2,098	213,420	13,796
Expenditures:				
Current:				
General Government	179,029	0	173,370	0
Public Safety	0	0	0	0
Community Development	0	0	0	0
Capital Outlay	19,141	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	198,170	0	173,370	0
Excess of Revenues Over (Under) Expenditures	40,993	2,098	40,050	13,796
Other Financing Sources (Uses):				
Payments to Refunding Tax Increment Financing Bonds Escrow Agent	0	0	0	0
Issuance of Refunding Tax Increment Financing Bonds	0	0	0	0
Transfers In	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	40,993	2,098	40,050	13,796
Fund Balance Beginning of Year, Restated	138,750	14,825	65,235	2,965
Fund Balance End of Year	\$179,743	\$16,923	\$105,285	\$16,761

Subdivision Inspection	Central Parke TIF	Mason Enterprise Parke TIF	Tylersville Road TIF	I-71 Corridor TIF	Total Nonmajor Special Revenue Funds
\$8,648	0	0	0	0	\$660,223
0	0	0	0	0	1,527
0	0	0	0	0	1,252,325
0	299,490	100,756	242,542	176,182	818,970
0	6,858	31,024	0	0	38,005
<u>8,648</u>	<u>306,348</u>	<u>131,780</u>	<u>242,542</u>	<u>176,182</u>	<u>2,771,050</u>
0	0	0	0	0	480,865
0	0	0	0	0	14,235
114,315	92,699	101,827	92,926	82,852	484,619
0	0	0	0	0	1,254,030
0	60,000	55,000	45,000	0	160,000
0	8,504	33,600	9,814	0	51,918
<u>114,315</u>	<u>161,203</u>	<u>190,427</u>	<u>147,740</u>	<u>82,852</u>	<u>2,445,667</u>
<u>(105,667)</u>	<u>145,145</u>	<u>(58,647)</u>	<u>94,802</u>	<u>93,330</u>	<u>325,383</u>
0	(700,000)	0	(850,000)	0	(1,550,000)
0	700,000	0	850,000	0	1,550,000
50,000	0	0	0	0	50,000
<u>50,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,000</u>
(55,667)	145,145	(58,647)	94,802	93,330	375,383
57,501	192,028	78,648	155,754	0	1,834,824
<u>\$1,834</u>	<u>\$337,173</u>	<u>\$20,001</u>	<u>\$250,556</u>	<u>\$93,330</u>	<u>\$2,210,207</u>

City of Mason, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	State Highway Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$100,000	\$109,077	\$9,077
Investment Earnings	0	1,077	1,077
Total Revenues	100,000	110,154	10,154
Expenditures:			
Current:			
Capital Outlay	54,100	39,100	15,000
Total Expenditures	54,100	39,100	15,000
Net Change in Fund Balance	45,900	71,054	25,154
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	170,946	170,946	0
Fund Balance End of Year	\$216,846	\$242,000	\$25,154

City of Mason, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

	Street Subdivision Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$10,000	\$18,600	\$8,600
Total Revenues	10,000	18,600	8,600
Expenditures:			
Current:			
Transportation and Street Repair	0	0	0
Total Expenditures	0	0	0
Excess of Revenues Over (Under) Expenditures	10,000	18,600	8,600
Other Financing Sources (Uses):			
Transfers (Out)	(438,000)	0	438,000
Total Other Financing Sources (Uses)	(438,000)	0	438,000
Net Change in Fund Balance	(428,000)	18,600	446,600
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	439,228	439,228	0
Fund Balance End of Year	\$11,228	\$457,828	\$446,600

City of Mason, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

	Federal Grant Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$1,307,880	\$1,143,013	(\$164,867)
Total Revenues	1,307,880	1,143,013	(164,867)
Expenditures:			
Current:			
Capital Outlay	1,192,880	1,190,540	2,340
Total Expenditures	1,192,880	1,190,540	2,340
Excess of Revenues Over (Under) Expenditures	115,000	(47,527)	(162,527)
Other Financing Sources (Uses):			
Transfers In	1,000,000	1,000,000	0
Total Other Financing Sources (Uses)	1,000,000	1,000,000	0
Net Change in Fund Balance	1,115,000	952,473	(162,527)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	<u>\$1,115,000</u>	<u>\$952,473</u>	<u>(\$162,527)</u>

City of Mason, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	Police Officer Training Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Public Safety	9,428	0	9,428
Total Expenditures	9,428	0	9,428
Net Change in Fund Balance	(9,428)	0	9,428
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	10,248	10,248	0
Fund Balance End of Year	<u>\$820</u>	<u>\$10,248</u>	<u>\$9,428</u>

City of Mason, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	Parks and Recreation Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$15,000	\$25,125	\$10,125
Investment Earnings	0	965	965
Total Revenues	15,000	26,090	11,090
Expenditures:			
Current:			
Capital Outlay	236,557	70,941	165,616
Total Expenditures	236,557	70,941	165,616
Net Change in Fund Balance	(221,557)	(44,851)	176,706
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	225,203	225,203	0
Fund Balance End of Year	\$3,646	\$180,352	\$176,706

City of Mason, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	Police Crime Prevention Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Public Safety	500	0	500
Total Expenditures	500	0	500
Net Change in Fund Balance	(500)	0	500
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	686	686	0
Fund Balance End of Year	<u>\$186</u>	<u>\$686</u>	<u>\$500</u>

City of Mason, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	Drug Law Enforcement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Public Safety	12,000	12,161	(161)
Total Expenditures	12,000	12,161	(161)
Net Change in Fund Balance	(12,000)	(12,161)	(161)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	33,209	33,209	0
Fund Balance End of Year	\$21,209	\$21,048	(\$161)

City of Mason, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	Law Enforcement and Education Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$500	\$2,382	\$1,882
Total Revenues	500	2,382	1,882
Expenditures:			
Current:			
Public Safety	3,500	2,074	1,426
Total Expenditures	3,500	2,074	1,426
Net Change in Fund Balance	(3,000)	308	3,308
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,712	3,712	0
Fund Balance End of Year	\$712	\$4,020	\$3,308

City of Mason, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	Indigent Driver Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$10,000	\$16,306	\$6,306
Total Revenues	10,000	16,306	6,306
Expenditures:			
Current:			
General Government	135,870	36,710	99,160
Total Expenditures	135,870	36,710	99,160
Net Change in Fund Balance	(125,870)	(20,404)	105,466
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	149,259	149,259	0
Fund Balance End of Year	\$23,389	\$128,855	\$105,466

City of Mason, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	Municipal Court Computer Costs Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$80,000	\$90,881	\$10,881
Total Revenues	80,000	90,881	10,881
Expenditures:			
Current:			
General Government	75,552	69,901	5,651
Capital Outlay	28,350	27,600	750
Total Expenditures	103,902	97,501	6,401
Net Change in Fund Balance	(23,902)	(6,620)	17,282
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	50,908	50,908	0
Fund Balance End of Year	\$27,006	\$44,288	\$17,282

City of Mason, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	Municipal Court Computer Education Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$15,000	\$27,467	\$12,467
Total Revenues	15,000	27,467	12,467
Expenditures:			
Current:			
General Government	15,000	11,712	3,288
Total Expenditures	15,000	11,712	3,288
Excess of Revenues Over (Under) Expenditures	0	15,755	15,755
Net Change in Fund Balance	0	15,755	15,755
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	23,221	23,221	0
Fund Balance End of Year	\$23,221	\$38,976	\$15,755

City of Mason, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	Municipal Court Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$180,000	\$239,874	\$59,874
Total Revenues	180,000	239,874	59,874
Expenditures:			
Current:			
General Government	192,886	180,928	11,958
Capital Outlay	19,141	19,141	0
Total Expenditures	212,027	200,069	11,958
Net Change in Fund Balance	(32,027)	39,805	71,832
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	128,243	128,243	0
Fund Balance End of Year	\$96,216	\$168,048	\$71,832

City of Mason, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	Vehicle Immobilization Fee Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$500	\$2,923	\$2,423
Total Revenues	500	2,923	2,423
Expenditures:			
Current:			
General Government	1,000	0	1,000
Total Expenditures	1,000	0	1,000
Net Change in Fund Balance	(500)	2,923	3,423
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	13,665	13,665	0
Fund Balance End of Year	\$13,165	\$16,588	\$3,423

City of Mason, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	Municipal Court Probation Services Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$220,000	\$214,073	(\$5,927)
Total Revenues	220,000	214,073	(5,927)
Expenditures:			
Current:			
General Government	236,338	175,632	60,706
Total Expenditures	236,338	175,632	60,706
Net Change in Fund Balance	(16,338)	38,441	54,779
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	58,190	58,190	0
Fund Balance End of Year	\$41,852	\$96,631	\$54,779

City of Mason, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	Municipal Court Indigent Driver IDAM Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$1,000	\$7,767	\$6,767
Total Revenues	1,000	7,767	6,767
Expenditures:			
Current:			
General Government	2,000	0	2,000
Total Expenditures	2,000	0	2,000
Net Change in Fund Balance	(1,000)	7,767	8,767
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,665	2,665	0
Fund Balance End of Year	<u>\$1,665</u>	<u>\$10,432</u>	<u>\$8,767</u>

City of Mason, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

	Subdivision Inspection Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$20,000	\$8,854	(\$11,146)
Total Revenues	20,000	8,854	(11,146)
Expenditures:			
Current:			
Community Development	126,614	119,419	7,195
Total Expenditures	126,614	119,419	7,195
Excess of Revenues Over (Under) Expenditures	(106,614)	(110,565)	(3,951)
Other Financing Sources (Uses):			
Transfers In	132,000	50,000	(82,000)
Total Other Financing Sources (Uses)	132,000	50,000	(82,000)
Net Change in Fund Balance	25,386	(60,565)	(85,951)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	66,866	66,866	0
Fund Balance End of Year	\$92,252	\$6,301	(\$85,951)

City of Mason, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

	Central Parke TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$190,000	\$192,102	\$2,102
Other Revenues	0	6,858	6,858
Total Revenues	<u>190,000</u>	<u>198,960</u>	<u>8,960</u>
Expenditures:			
Current:			
Community Development	103,350	103,199	151
Debt Service:			
Principal Retirement	760,000	760,000	0
Interest and Fiscal Charges	27,150	8,504	18,646
Total Expenditures	<u>890,500</u>	<u>871,703</u>	<u>18,797</u>
Excess of Revenues Over (Under) Expenditures	<u>(700,500)</u>	<u>(672,743)</u>	<u>27,757</u>
Other Financing Sources (Uses):			
Issuance of Debt	700,000	700,000	0
Total Other Financing Sources (Uses)	<u>700,000</u>	<u>700,000</u>	<u>0</u>
Net Change in Fund Balance	(500)	27,257	27,757
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>202,528</u>	<u>202,528</u>	<u>0</u>
Fund Balance End of Year	<u>\$202,028</u>	<u>\$229,785</u>	<u>\$27,757</u>

City of Mason, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

	Mason Enterprise Parke TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$111,800	\$80,756	(\$31,044)
Other Revenues	0	31,024	31,024
Total Revenues	<u>111,800</u>	<u>111,780</u>	<u>(20)</u>
Expenditures:			
Current:			
Community Development	28,827	28,827	0
Debt Service:			
Principal Retirement	55,000	55,000	0
Interest and Fiscal Charges	33,600	33,600	0
Total Expenditures	<u>117,427</u>	<u>117,427</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(5,627)</u>	<u>(5,647)</u>	<u>(20)</u>
Other Financing Sources (Uses):			
Transfers (Out)	(73,000)	(73,000)	0
Total Other Financing Sources (Uses)	<u>(73,000)</u>	<u>(73,000)</u>	<u>0</u>
Net Change in Fund Balance	(78,627)	(78,647)	(20)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>78,648</u>	<u>78,648</u>	<u>0</u>
Fund Balance End of Year	<u>\$21</u>	<u>\$1</u>	<u>(\$20)</u>

City of Mason, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

	Tylersville Road TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$75,000	\$87,525	\$12,525
Total Revenues	<u>75,000</u>	<u>87,525</u>	<u>12,525</u>
Expenditures:			
Current:			
Community Development	121,850	103,426	18,424
Debt Service:			
Principal Retirement	895,000	895,000	0
Interest and Fiscal Charges	34,500	9,814	24,686
Total Expenditures	<u>1,051,350</u>	<u>1,008,240</u>	<u>43,110</u>
Excess of Revenues Over (Under) Expenditures	<u>(976,350)</u>	<u>(920,715)</u>	<u>55,635</u>
Other Financing Sources (Uses):			
Issuance of Debt	850,000	850,000	0
Total Other Financing Sources (Uses)	<u>850,000</u>	<u>850,000</u>	<u>0</u>
Net Change in Fund Balance	(126,350)	(70,715)	55,635
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>166,254</u>	<u>166,254</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$39,904</u></u>	<u><u>\$95,539</u></u>	<u><u>\$55,635</u></u>

City of Mason, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	I-71 Corridor TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$176,000	\$176,182	\$182
Total Revenues	176,000	176,182	182
Expenditures:			
Current:			
Community Development	83,000	82,852	148
Total Expenditures	83,000	82,852	148
Net Change in Fund Balance	93,000	93,330	330
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$93,000	\$93,330	\$330

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NONMAJOR DEBT SERVICE FUNDS

Fund Descriptions

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.

Tax Increment Financing Bond Retirement: This fund is used to account for the financial resources and expenditures (debt principal and interest payments) related to the development of 42 North Commerce Parke.

Government Center Bond Retirement: This fund is used to account for the financial resources and expenditures (debt principal and interest payments) related to the construction of the Mason Municipal Center.

City of Mason, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2010

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Tax Increment Financing Bond Retirement	Government Center Bond Retirement
Assets:				
Equity in Pooled Cash and Investments	\$407,511	\$2,900	\$272,822	\$338,959
Restricted Cash and Investments	0	0	116	1,603,065
Receivables:				
Taxes	1,689,723	0	0	0
Interest	0	0	0	1,331
Intergovernmental	123,634	0	214,175	0
Special Assessments	0	65,683	0	0
Total Assets	<u>2,220,868</u>	<u>68,583</u>	<u>487,113</u>	<u>1,943,355</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	0	88	0	0
Deferred Revenue	1,813,357	65,683	214,175	1,331
Total Liabilities	<u>1,813,357</u>	<u>65,771</u>	<u>214,175</u>	<u>1,331</u>
Fund Balances:				
Reserved for Debt Service	0	0	116	1,603,065
Unreserved, Undesignated, Reported in: Debt Service Funds	407,511	2,812	272,822	338,959
Total Fund Balances	<u>407,511</u>	<u>2,812</u>	<u>272,938</u>	<u>1,942,024</u>
Total Liabilities and Fund Balances	<u>\$2,220,868</u>	<u>\$68,583</u>	<u>\$487,113</u>	<u>\$1,943,355</u>

<u>Total</u>
Nonmajor
Debt Service
Funds
<u>\$1,022,192</u>
1,603,181
1,689,723
1,331
337,809
<u>65,683</u>
<u>4,719,919</u>
88
<u>2,094,546</u>
<u>2,094,634</u>
1,603,181
<u>1,022,104</u>
<u>2,625,285</u>
<u>\$4,719,919</u>

City of Mason, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Fiscal Year Ended December 31, 2010

	General Obligation <u>Bond Retirement</u>	Special Assessment <u>Bond Retirement</u>	Tax Increment Financing <u>Bond Retirement</u>	Government Center <u>Bond Retirement</u>
Revenues:				
Taxes	\$1,558,726	\$0	\$0	\$0
Investment Earnings	0	0	0	25,748
Intergovernmental	374,523	0	0	0
Special Assessments	0	86,162	0	0
Revenue in Lieu of Taxes	0	0	72,934	0
Total Revenues	1,933,249	86,162	72,934	25,748
Expenditures:				
Current:				
Transportation and Street Repair	0	0	7,138	0
Debt Service:				
Principal Retirement	930,000	95,000	55,000	0
Interest and Fiscal Charges	775,041	14,759	31,800	490,729
Bond Issuance Cost	0	0	0	122,165
Total Expenditures	1,705,041	109,759	93,938	612,894
Excess of Revenues Over (Under) Expenditures	228,208	(23,597)	(21,004)	(587,146)
Other Financing Sources (Uses):				
Payments to Refunding Certificate of Participation Escrow Agent	0	0	0	(20,217,446)
Issuance of Refunding Certificate of Participation	0	0	0	18,325,000
Premium on Issuance of Refunding Certificate of Participation	0	0	0	727,118
Transfers In	0	30,000	0	1,685,820
Transfers (Out)	0	(5,000)	0	0
Total Other Financing Sources (Uses)	0	25,000	0	520,492
Net Change in Fund Balance	228,208	1,403	(21,004)	(66,654)
Fund Balance Beginning of Year, Restated	179,303	1,409	293,942	2,008,678
Fund Balance End of Year	\$407,511	\$2,812	\$272,938	\$1,942,024

<u> <u> Total Nonmajor Debt Service Funds </u> </u>
\$1,558,726 25,748 374,523 86,162 <u>72,934</u>
<u>2,118,093</u>
7,138 1,080,000 1,312,329 <u>122,165</u>
<u>2,521,632</u>
<u>(403,539)</u>
(20,217,446) 18,325,000 727,118 1,715,820 <u>(5,000)</u>
<u>545,492</u>
141,953 2,483,332
<u> <u> \$2,625,285 </u> </u>

City of Mason, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	General Obligation Bond Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$1,485,000	\$1,558,726	\$73,726
Intergovernmental	360,000	374,523	14,523
Total Revenues	<u>1,845,000</u>	<u>1,933,249</u>	<u>88,249</u>
Expenditures:			
Current:			
Debt Service:			
Principal Retirement	930,000	930,000	0
Interest and Fiscal Charges	<u>777,042</u>	<u>775,041</u>	<u>2,001</u>
Total Expenditures	<u>1,707,042</u>	<u>1,705,041</u>	<u>2,001</u>
Net Change in Fund Balance	137,958	228,208	90,250
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>179,303</u>	<u>179,303</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$317,261</u></u>	<u><u>\$407,511</u></u>	<u><u>\$90,250</u></u>

City of Mason, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	Special Assessment Bond Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Special Assessments	\$65,000	\$86,162	\$21,162
Total Revenues	65,000	86,162	21,162
Expenditures:			
Current:			
Debt Service:			
Principal Retirement	100,000	100,000	0
Interest and Fiscal Charges	15,298	14,846	452
Total Expenditures	115,298	114,846	452
Excess of Revenues Over (Under) Expenditures	(50,298)	(28,684)	21,614
Other Financing Sources (Uses):			
Transfers In	50,000	30,000	(20,000)
Total Other Financing Sources (Uses)	50,000	30,000	(20,000)
Net Change in Fund Balance	(298)	1,316	1,614
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,497	1,497	0
Fund Balance End of Year	\$1,199	\$2,813	\$1,614

City of Mason, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

	Tax Increment Financing Bond Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$70,000	\$72,934	\$2,934
Total Revenues	<u>70,000</u>	<u>72,934</u>	<u>2,934</u>
Expenditures:			
Current:			
Transportation and Street Repair	11,000	7,138	3,862
Debt Service:			
Principal Retirement	55,000	55,000	0
Interest and Fiscal Charges	31,800	31,800	0
Total Expenditures	<u>97,800</u>	<u>93,938</u>	<u>3,862</u>
Net Change in Fund Balance	(27,800)	(21,004)	6,796
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>293,942</u>	<u>293,942</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$266,142</u></u>	<u><u>\$272,938</u></u>	<u><u>\$6,796</u></u>

City of Mason, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

	Government Center Bond Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Debt Service:			
Principal Retirement	18,915,000	18,915,000	0
Interest and Fiscal Charges	1,926,675	1,915,340	11,335
Total Expenditures	20,841,675	20,830,340	11,335
Excess of Revenues Over (Under) Expenditures	(20,841,675)	(20,830,340)	11,335
Other Financing Sources (Uses):			
Issuance of Debt	19,055,193	19,052,118	(3,075)
Transfers In	1,671,675	1,685,820	14,145
Transfers (Out)	(10,000)	0	10,000
Total Other Financing Sources (Uses)	20,716,868	20,737,938	21,070
Net Change in Fund Balance	(124,807)	(92,402)	32,405
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,036,578	2,036,578	0
Fund Balance End of Year	\$1,911,771	\$1,944,176	\$32,405

NONMAJOR FUNDS

Agency Funds: The Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Fund Descriptions

Municipal Court Fund: To account for amounts held on behalf of other governments and bonds deposited with the court pending final disposition of various causes.

Mason Port Authority Fund: To enhance future development opportunities in the City, to support the economic development strategies of the City and to promote participation in activities that will have a positive impact on the general economic wealth of Mason.

Community Improvement Corporation Fund: To account for custodial transactions related to community improvement.

City of Mason, Ohio
Statement of Changes In Assets and Liabilities
Agency Funds
For the Fiscal Year Ended December 31, 2010

	Municipal Court			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Restricted Cash and Investments	\$59,326	\$2,663,507	\$2,660,235	\$62,598
Total Assets	<u>59,326</u>	<u>2,663,507</u>	<u>2,660,235</u>	<u>62,598</u>
Liabilities:				
Due to Others	59,326	2,663,507	2,660,235	62,598
Total Liabilities	<u>\$59,326</u>	<u>\$2,663,507</u>	<u>\$2,660,235</u>	<u>\$62,598</u>
	Mason Port Authority			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$12,250	\$0	\$3,650	\$8,600
Total Assets	<u>12,250</u>	<u>0</u>	<u>3,650</u>	<u>8,600</u>
Liabilities:				
Due to Others	12,250	0	3,650	8,600
Total Liabilities	<u>\$12,250</u>	<u>\$0</u>	<u>\$3,650</u>	<u>\$8,600</u>
	Community Improvement Corporation			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$227,000	\$12,000	\$0	\$239,000
Total Assets	<u>227,000</u>	<u>12,000</u>	<u>0</u>	<u>239,000</u>
Liabilities:				
Due to Others	227,000	12,000	0	239,000
Total Liabilities	<u>\$227,000</u>	<u>\$12,000</u>	<u>\$0</u>	<u>\$239,000</u>

(Continued)

City of Mason, Ohio
Statement of Changes In Assets and Liabilities
Agency Funds
For the Fiscal Year Ended December 31, 2010

	Total All Agency Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$239,250	\$12,000	\$3,650	\$247,600
Restricted Cash and Investments	59,326	2,663,507	2,660,235	62,598
Total Assets	<u>298,576</u>	<u>2,675,507</u>	<u>2,663,885</u>	<u>310,198</u>
Liabilities:				
Due to Others	298,576	2,675,507	2,663,885	310,198
Total Liabilities	<u>\$298,576</u>	<u>\$2,675,507</u>	<u>\$2,663,885</u>	<u>\$310,198</u>

STATISTICAL SECTION



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

Contents

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

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

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

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

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in fiscal year 2001; schedules presenting government-wide information include information beginning in that fiscal year.

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City of Mason, Ohio
Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Table 1

	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$19,155,677	\$36,025,545	\$82,482,220	\$83,295,651	\$89,318,991	\$96,275,726	\$104,293,216	\$110,110,444	\$117,869,403	\$120,098,234
Restricted	12,774,373	17,235,858	15,052,307	13,470,109	14,336,740	14,692,178	16,202,333	20,076,208	18,245,889	16,361,953
Unrestricted	15,853,479	6,649,481	8,843,433	24,522,571	28,401,484	34,803,772	34,036,236	30,968,181	25,722,145	30,227,053
Total Governmental Activities Net Assets	\$47,783,529	\$59,910,884	\$106,377,960	\$121,288,331	\$132,057,215	\$145,771,676	\$154,531,785	\$161,154,833	\$161,837,437	\$166,687,240
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$69,687,504	\$44,347,689	\$74,722,678	\$64,318,163	\$73,165,544	\$66,801,441	\$69,332,672	\$72,445,005	\$77,388,687	\$81,821,259
Restricted	0	0	0	23,251,862	11,290,444	10,055,068	10,283,063	8,331,342	4,069,854	4,107,379
Unrestricted	16,824,466	13,521,952	3,110,125	(3,139,725)	6,610,919	7,280,452	8,109,114	8,494,022	15,260,353	10,898,229
Total Business-Type Activities Net Assets	\$86,511,970	\$57,869,641	\$77,832,803	\$84,430,300	\$91,066,907	\$84,136,961	\$87,724,849	\$89,270,369	\$96,718,894	\$96,826,867
Primary Government										
Invested in Capital Assets, Net of Related Debt	\$88,843,181	\$80,373,234	\$157,204,898	\$147,613,814	\$162,484,535	\$163,077,167	\$173,625,888	\$182,555,449	\$195,258,090	\$201,919,493
Restricted	12,774,373	17,235,858	15,052,307	36,721,971	25,627,184	24,747,246	26,485,396	28,407,550	22,315,743	20,469,332
Unrestricted	32,677,945	20,171,433	11,953,558	21,382,846	35,012,403	42,084,224	42,145,350	39,462,203	40,982,498	41,125,282
Total Governmental Activities Net Assets	\$134,295,499	\$117,780,525	\$184,210,763	\$205,718,631	\$223,124,122	\$229,908,637	\$242,256,634	\$250,425,202	\$258,556,331	\$263,514,107

Source: City of Mason, Ohio, Department of Finance

City of Mason, Ohio
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)
Table 2

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses										
Governmental Activities:										
General Government	\$4,651,491	\$6,529,294	\$7,489,906	\$9,585,638	\$10,055,191	\$8,304,944	\$8,820,685	\$8,797,340	\$8,969,554	\$8,418,723
Public Safety	4,033,646	5,881,818	6,357,600	7,677,404	7,647,086	10,239,722	12,057,909	12,041,878	11,758,497	11,753,670
Leisure Time Activities	1,533,017	1,817,847	2,229,243	2,025,140	1,927,193	2,345,289	2,643,993	2,884,015	2,860,505	2,426,474
Community Development	471,327	863,009	1,666,254	1,055,133	1,219,316	1,682,201	1,669,502	1,453,739	1,831,149	2,016,271
Basic Utility Service	231,186	50,941	1,124	0	0	513,694	252,588	251,649	233,714	224,627
Transportation and Street Repair	1,668,159	1,926,062	2,456,994	2,763,009	3,433,612	4,163,181	6,495,013	5,928,246	4,156,093	4,691,128
Interest and Fiscal Charges	1,277,293	1,780,444	1,564,957	1,516,711	1,685,015	1,821,938	2,259,101	2,214,589	1,981,386	1,459,621
Total Governmental Activities Expenses	13,866,119	18,849,415	21,766,078	24,623,035	25,967,413	29,070,969	34,198,791	33,571,456	31,790,898	30,990,514
Business-type activities										
Water	4,215,342	1,290,013	117,370	320,815	0	0	0	0	0	0
Sewer	2,838,752	2,856,787	2,884,956	3,588,785	3,838,763	5,511,880	6,308,598	6,467,230	6,287,295	6,335,376
Waste Collection	864,591	882,229	926,630	995,282	1,067,929	1,129,056	1,269,478	1,390,404	1,437,256	1,498,606
Stormwater Utility	418,590	744,887	1,251,621	1,256,452	1,051,464	1,067,755	1,073,116	1,097,373	1,011,631	1,062,423
Community Center	0	0	1,453,474	1,973,163	3,112,769	2,439,545	3,039,852	3,041,733	3,332,634	3,905,317
Golf Course	0	0	0	0	0	0	3,145,633	3,864,928	3,246,476	3,158,462
Total business-type activities expenses	8,337,275	5,773,916	6,634,051	8,134,497	9,070,925	10,148,236	14,836,677	15,861,668	15,315,292	15,960,184
Total primary government expenses	\$22,203,394	\$24,623,331	\$28,400,129	\$32,757,532	\$35,038,338	\$39,219,205	\$49,035,468	\$49,433,124	\$47,106,190	\$46,950,698
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$1,053,973	\$879,532	\$1,343,668	\$1,515,220	\$1,211,763	\$1,491,615	\$1,319,112	\$2,047,656	\$2,088,882	\$2,258,954
Public Safety	266,973	358,177	297,445	887,039	1,551,532	1,747,817	1,704,048	1,048,709	1,321,832	1,251,431
Leisure Time Activities	373,155	434,532	223,460	320,394	407,548	514,992	585,664	561,063	564,185	555,017
Community Development	592,164	491,491	435,081	398,360	489,196	391,088	442,307	513,136	306,726	354,236
Basic Utility Service	236,108	199,229	256,831	285,781	0	228,738	276,203	286,189	263,341	255,781
Transportation and Street Repair	78,577	113,154	104,038	0	0	13,969	9,865	7,600	6,400	17,248
Interest and Fiscal Charges	3,022	0	0	0	6,022	963	0	0	0	0
Operating Grants and Contributions	1,507,655	551,231	1,286,339	1,469,711	1,847,807	2,352,269	2,567,109	2,935,939	3,469,094	3,081,227
Capital Grants and Contributions	4,758,764	6,458,499	3,001,393	7,720,265	3,175,748	2,914,592	3,080,139	2,243,632	2,060,510	2,568,453
Total Governmental Activities Program Revenues	8,870,391	9,485,845	6,948,255	12,596,770	8,689,616	9,656,043	9,984,447	9,643,924	10,080,970	10,342,347
Business-Type Activities										
Charges for Services:										
Water	5,033,091	477,771	0	0	0	0	0	0	0	0
Sewer	5,490,698	5,532,399	5,858,754	5,381,425	5,288,919	5,342,578	5,529,145	5,486,608	5,413,042	5,370,169

City of Mason, Ohio
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)
Table 2 (Continued)

	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Charges for Services: (continued)										
Waste Collection	877,648	786,572	880,859	982,973	1,028,451	1,075,574	1,257,739	1,392,019	1,427,989	1,501,222
Stormwater Utility	309,138	678,199	749,570	784,892	788,602	793,059	808,253	836,751	832,872	838,534
Community Center	0	0	1,955,985	2,301,675	2,537,560	2,749,431	2,518,080	2,074,846	1,839,654	2,416,729
Golf Course	0	0	0	0	0	0	2,385,062	2,408,790	2,225,669	2,107,523
Operating Grants and Contributions	0	0	0	0	0	0	0	0	0	0
Capital Grants and Contributions	3,066,340	5,863,365	6,539,646	4,505,577	3,807,321	3,167,731	3,516,835	762,214	642,683	519,910
Total Business-Type Activities Program Revenues	14,776,915	13,338,306	15,984,814	13,956,542	13,450,853	13,128,373	16,015,114	12,961,228	12,381,909	12,754,087
Total Primary Government Program Revenues	\$23,647,306	\$22,824,151	\$22,933,069	\$26,553,312	\$22,140,469	\$22,784,416	\$25,999,561	\$22,605,152	\$22,462,879	\$23,096,434
Net (Expense)/Revenue										
Governmental Activities	(\$4,995,728)	(\$9,363,570)	(\$14,817,823)	(\$12,026,265)	(\$17,277,797)	(\$19,414,926)	(\$24,214,344)	(\$23,927,532)	(\$21,709,928)	(\$20,648,167)
Business-Type Activities	6,439,640	7,564,390	9,350,763	5,822,045	4,379,928	2,980,137	1,178,437	(2,900,440)	(2,933,383)	(3,206,097)
Total Primary Government Net Expense	\$1,443,912	(\$1,799,180)	(\$5,467,060)	(\$6,204,220)	(\$12,897,869)	(\$16,434,789)	(\$23,035,907)	(\$26,827,972)	(\$24,643,311)	(\$23,854,264)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Income Taxes	\$13,244,640	\$14,236,939	\$14,750,306	\$17,629,586	\$19,803,888	\$21,324,631	\$20,514,861	\$22,265,663	\$20,749,797	\$18,823,241
Property Taxes Levied for:										
General Purposes	1,244,776	1,209,868	1,344,408	1,727,974	1,861,088	2,068,561	2,116,689	1,294,885	1,196,087	498,141
Special Revenue Purposes	3,250,009	3,265,998	3,619,235	4,318,008	4,125,581	4,121,987	4,161,619	3,966,207	3,859,491	3,868,790
Debt Service Purposes	487,903	471,560	555,903	401,942	181,859	85,178	378,098	380,224	1,385,822	1,625,282
Capital Project Purposes	69,931	171,456	188,314	220,283	217,918	275,675	440,642	546,268	509,685	0
Unrestricted Grants and Entitlements	2,686,346	1,482,935	1,930,644	2,075,585	1,915,791	3,208,505	3,103,589	3,149,438	2,787,157	2,367,375
Unrestricted Contributions	0	0	0	25,000	0	0	0	0	0	0
Payment in Lieu of Taxes	0	0	0	0	0	0	0	0	0	818,970
Investment Earnings	1,554,128	683,584	273,376	178,414	910,574	1,928,561	2,725,268	1,997,266	208,558	151,128
Other Revenues	299,756	532,121	473,513	639,483	375,644	558,488	820,723	665,897	921,424	567,068
Transfers-Internal Activities	(328,000)	(563,536)	(574,596)	(279,639)	(1,345,662)	326,510	(1,287,036)	(3,715,268)	(9,038,489)	(3,222,025)
Total Governmental Activities	22,509,489	21,490,925	22,561,103	26,936,636	28,046,681	33,898,096	32,974,453	30,550,580	22,579,532	25,497,970
Business-Type Activities										
Investment Earnings	1,032,080	424,833	187,552	435,371	898,940	980,492	1,121,249	720,066	83,653	62,180
Other Revenues	0	0	0	60,442	12,077	16,542	1,166	10,626	0	29,865
Transfers-Internal Activities	328,000	563,536	574,596	279,639	1,345,662	(326,510)	1,287,036	3,715,268	9,038,489	3,222,025
Special Item	0	(37,195,088)	0	0	0	(10,580,607)	0	0	0	0
Total Business-Type Activities	1,360,080	(36,206,719)	762,148	775,452	2,256,679	(9,910,083)	2,409,451	4,445,960	9,122,142	3,314,070
Total Primary Government	\$23,869,569	(\$14,715,794)	\$23,323,251	\$27,712,088	\$30,303,360	\$23,988,013	\$35,383,904	\$34,996,540	\$31,701,674	\$28,812,040

City of Mason, Ohio
 Changes in Net Assets
 Last Ten Fiscal Years
 (accrual basis of accounting)
 Table 2 (Continued)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in Net Assets										
Governmental Activities	\$17,513,761	\$12,127,355	\$7,743,280	\$14,910,371	\$10,768,884	\$14,483,170	\$8,760,109	\$6,623,048	\$869,604	\$4,849,803
Business-Type Activities	7,799,720	(28,642,329)	10,112,911	6,597,497	6,636,607	(6,929,946)	3,587,888	1,545,520	6,188,759	107,973
Total Primary Government	\$25,313,481	(\$16,514,974)	\$17,856,191	\$21,507,868	\$17,405,491	\$7,553,224	\$12,347,997	\$8,168,568	\$7,058,363	\$4,957,776

Source: City of Mason, Ohio, Department of Finance

City of Mason, Ohio
 Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
 (accrual basis of accounting)
 Table 3

Fiscal Year	Income Tax	Property taxes levied for:					Total
		General	Special Revenue	Debt Service	Total Property Taxes		
2002	\$14,236,939	\$1,209,868	\$3,265,998	\$643,016	\$5,118,882	\$19,355,821	
2003	14,750,306	1,344,408	3,619,235	744,217	5,707,860	20,458,166	
2004	17,629,586	1,727,974	4,318,008	622,225	6,668,207	24,297,793	
2005	19,803,888	1,861,088	4,125,581	399,777	6,386,446	26,190,334	
2006	21,324,631	2,068,561	4,121,987	360,853	6,551,401	27,876,032	
2007	20,514,861	2,116,689	4,161,619	818,740	7,097,048	27,611,909	
2008	22,265,663	1,294,885	3,966,207	926,492	6,187,584	28,453,247	
2009	20,749,797	1,196,087	3,859,491	1,895,507	6,951,085	27,700,882	
2010	18,823,241	498,141	3,868,790	1,625,282	5,992,213	24,815,454	

Source: City of Mason, Ohio, Department of Finance

City of Mason, Ohio
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Table 4

	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund										
Reserved	\$3,921,914	\$7,174,085	\$6,148,247	\$5,855,656	\$10,729,834	\$12,032,677	\$7,511,771	\$11,959,422	\$8,243,141	\$8,724,982
Unreserved	3,734,644	(1,952,977)	1,380,089	7,039,758	5,580,027	6,524,041	15,222,929	12,693,451	10,650,144	13,044,258
Total General Fund	\$7,656,558	\$5,221,108	\$7,528,336	\$12,895,414	\$16,309,861	\$18,556,718	\$22,734,700	\$24,652,873	\$18,893,285	\$21,769,240
All Other Governmental Funds										
Reserved	5,260,028	2,546,516	905,514	3,675,638	1,633,574	7,375,036	4,593,699	2,948,109	7,468,085	4,654,587
Unreserved, Reported in:										
Special Revenue Funds	5,466,047	5,763,841	6,498,710	7,772,452	8,460,746	4,582,009	9,674,826	9,860,224	5,711,471	8,762,011
Debt Service Funds	279,290	305,471	432,170	486,201	335,878	54,128	90,938	145,176	2,483,332	1,022,104
Capital Projects Funds	15,508,028	6,538,042	5,263,108	(466,641)	2,132,108	999,083	4,233,983	5,402,670	0	0
Total All Other Governmental Funds	\$26,513,393	\$15,153,870	\$13,099,502	\$11,467,650	\$12,562,306	\$13,010,256	\$18,593,446	\$18,356,179	\$15,662,888	\$14,438,702

Source: City of Mason, Ohio, Department of Finance

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City of Mason, Ohio
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Table 5

	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues										
Taxes	\$18,548,398	\$18,740,840	\$21,497,719	\$23,356,100	\$25,337,338	\$28,120,047	\$29,086,348	\$28,224,092	\$28,023,892	\$25,891,786
Fines, Licensed & Permits	1,405,849	1,426,086	1,360,999	2,051,550	2,285,087	2,208,160	2,102,920	2,210,168	1,993,982	2,161,872
Charges for Services	948,446	826,334	748,435	872,720	978,335	1,842,446	1,965,830	1,926,084	2,158,383	1,997,882
Investment Earning	1,596,253	644,010	326,847	180,449	950,697	1,758,873	2,625,347	2,204,775	244,519	153,341
Intergovernmental	3,237,732	2,699,661	5,390,672	3,598,728	3,628,520	5,230,246	5,419,535	5,914,718	5,698,095	7,839,983
Special Assessments	227,899	201,511		156,177	137,175	93,272	99,374	93,501	69,847	86,162
Other Revenue	538,532	699,051	965,749	1,022,872	706,464	944,165	1,148,050	996,019	1,311,066	1,926,875
Total Revenues	26,503,109	25,237,493	30,290,421	31,238,596	34,023,616	40,197,209	42,447,404	41,569,357	39,499,784	40,057,901
Expenditures										
General Government	4,553,052	6,465,327	9,825,426	8,813,705	8,186,487	8,101,110	8,179,399	8,068,369	8,507,087	7,718,852
Public Safety	3,680,855	5,519,019	6,548,683	7,200,461	7,107,465	10,084,749	11,442,311	11,343,794	11,312,988	11,054,466
Leisure Time Activities	1,324,854	2,129,899	2,122,965	1,803,066	1,736,255	2,117,159	2,391,309	2,488,160	2,362,857	1,787,595
Community Development	467,328	860,047	1,666,254	1,014,147	977,332	1,670,017	1,493,853	1,452,353	1,813,014	2,010,136
Basic Utility Service	236,812	47,392	400	0	0	513,694	252,588	251,649	233,714	224,627
Transportation and Street Repair	1,316,126	2,845,564	3,928,251	2,656,910	2,251,292	3,153,016	4,043,848	3,543,548	3,202,238	2,753,102
Capital Outlay	16,602,012	18,326,483	2,571,833	4,757,098	6,767,208	8,892,757	13,392,267	10,552,105	7,241,907	9,280,897
Debt Service										
Principal Retirement	1,108,228	1,252,488	1,237,162	1,165,741	1,163,420	1,011,000	1,077,000	13,921,000	2,147,000	1,240,000
Interest and Fiscal Changes	1,752,493	1,776,594	1,564,957	1,530,848	1,471,650	2,038,266	2,013,111	2,412,382	1,992,095	1,556,820
Total Expenditures	31,041,760	39,222,813	29,465,931	28,941,976	29,661,109	37,581,768	44,285,686	54,033,360	38,812,900	37,626,495
Excess of Revenues Over (Under) Expenditures	(4,538,651)	(13,985,320)	824,490	2,296,620	4,362,507	2,615,441	(1,838,282)	(12,464,003)	686,884	2,431,406

City of Mason, Ohio
 Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 Table 5 (Continued)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Other Financing Sources (Uses)										
Transfer In	2,867,923	12,619,642	2,707,796	684,506	5,372,100	3,441,338	7,107,110	2,369,200	5,549,055	1,765,820
Transfer Out	(3,195,923)	(13,180,859)	(3,282,392)	(964,145)	(5,375,100)	(3,445,338)	(7,978,110)	(5,786,700)	(14,587,544)	(3,372,367)
Issuance of Long-Term Capital-Related Debt	24,440,000	680,000	0	1,030,000	0	0	12,450,000	17,570,000	0	974,672
Capital Leases	0	0	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	24,112,000	118,783	(574,596)	750,361	(3,000)	(4,000)	11,579,000	14,152,500	(9,038,489)	(631,875)
Net Change in Fund Balances	\$19,573,349	(\$13,866,537)	\$249,894	\$3,046,981	\$4,359,507	\$2,611,441	\$9,740,718	\$1,688,497	(\$8,351,605)	\$1,799,531
Debt Service as a Percentage of Noncapital Expenditures	26.8%	21.7%	13.6%	16.9%	12.5%	12.5%	10.4%	38.4%	14.0%	9.2%

Source: City of Mason, Ohio, Department of Finance

City of Mason, Ohio
Income Tax Revenue by Payer Type
Last Ten Fiscal Years
(budget (cash) basis of accounting)
Table 6

<u>Fiscal Year</u>	<u>Withholding</u>	<u>Business</u>	<u>Individual</u>	<u>Total</u>	<u>Percentage of Total</u>			
					<u>Withholding</u>	<u>Business</u>	<u>Individual</u>	<u>Total</u>
2001	\$8,031,833	\$1,580,798	\$3,034,811	\$12,647,441	63.5%	12.5%	24.0%	100.0%
2002	8,431,402	2,015,247	3,357,722	13,804,371	61.1%	14.6%	24.3%	100.0%
2003	9,350,057	2,045,319	3,777,725	15,173,101	61.6%	13.5%	24.9%	100.0%
2004	9,914,215	2,098,410	4,401,360	16,413,985	60.4%	12.8%	26.8%	100.0%
2005	11,164,670	2,961,019	4,868,994	18,994,683	58.8%	15.6%	25.6%	100.0%
2006	13,513,267	4,232,817	4,925,272	22,671,356	59.6%	18.7%	21.7%	100.0%
2007	13,167,588	2,779,420	5,280,262	21,227,270	62.0%	13.1%	24.9%	100.0%
2008	13,264,394	4,093,299	4,338,073	21,695,766	61.1%	18.9%	20.0%	100.0%
2009	12,384,345	3,817,042	4,137,703	20,339,090	61.1%	18.8%	20.3%	100.0%
2010	12,894,530	2,630,463	3,708,784	19,233,777	67.0%	13.7%	19.3%	100.0%

General Governmental Income Tax Revenue by Tax Year
Last Seven Fiscal Years
(budget (cash) basis of accounting)

<u>Fiscal Year</u>	<u>Delinquent</u>	<u>Penalties</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>
2004	\$481,221	\$233,928	\$5,017,927	\$10,680,909	\$16,413,985
2005	473,596	211,910	6,251,436	12,057,741	18,994,683
2006	294,034	135,615	6,512,430	15,729,277	22,671,356
2007	778,880	211,143	4,396,944	15,840,303	21,227,270
2008	284,367	158,728	4,977,407	16,248,783	21,669,285
2009	379,196	226,848	4,669,926	15,063,120	20,339,090
2010	202,083	215,264	4,074,582	14,741,847	19,233,776

Source: City of Mason, Ohio, Department of Finance

City of Mason, Ohio
 Assessed and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years
 Table 7

Tax Year	Real Property		Public Utility		Tangible Personal Property (1)		Total		Total Direct Tax Rate	Assessed Value as a Percentage of Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2001	\$633,752,330	\$1,810,720,940	\$12,944,150	\$14,709,260	\$146,826,249	\$587,304,990	\$793,522,729	\$2,412,735,190	7.32	32.89%
2002	683,142,740	1,951,836,400	14,667,310	16,667,390	149,946,460	599,785,848	847,756,510	2,568,289,638	7.32	33.01%
2003	771,214,670	2,203,470,485	15,312,680	17,400,772	147,357,520	589,430,080	933,884,870	2,810,301,337	7.32	33.23%
2004	825,905,960	2,359,731,314	15,736,660	17,882,568	137,059,790	548,239,160	978,702,410	2,925,853,042	7.32	33.45%
2005	861,180,630	2,460,516,085	16,252,830	18,469,125	110,500,187	442,000,748	987,933,647	2,920,985,958	7.32	33.82%
2006	1,004,936,080	2,871,245,942	16,147,840	18,349,818	77,362,457	412,599,770	1,098,446,377	3,302,195,530	7.32	33.26%
2007	1,035,101,280	2,957,432,230	13,021,700	14,797,390	36,731,160	587,698,560	1,084,854,140	3,559,928,180	7.32	30.47%
2008	1,063,362,220	3,038,177,771	13,457,340	15,292,431	4,651,040	74,416,640	1,081,470,600	3,127,886,842	7.32	34.58%
2009	1,001,908,990	2,862,597,114	14,371,800	16,331,590	3,048,210	48,771,360	1,019,329,000	2,927,700,064	7.32	34.82%
2010	1,006,303,280	2,875,152,229	15,153,830	17,220,261	0	0	1,021,457,110	2,892,372,490	7.32	35.32%

Source: Warren County Auditor's Office

(1) Tangible Personal Property Tax was phased out

City of Mason, Ohio
 Property Tax Rates -
 Direct and Overlapping Governments
 Last Ten Fiscal Years
 Table 8

Tax Year	City of Mason				Overlapping Rates				
	General Fund	Fire Operating	Debt Service	Total	Mason City School District	Warren County	Joint Voc. School	Special District	Total
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%
2006	1.96%	5.00%	0.36%	7.32%	81.76%	6.71%	2.70%	1.50%	99.99%
2007	1.96%	5.00%	0.36%	7.32%	83.45%	6.71%	2.70%	1.50%	101.68%
2008	0.88%	5.00%	1.44%	7.32%	83.45%	5.21%	2.70%	1.50%	100.18%
2009	0.58%	5.00%	1.74%	7.32%	83.45%	5.78%	2.70%	1.50%	100.75%
2010	0.58%	5.00%	1.74%	7.32%	83.45%	5.78%	2.70%	2.25%	101.50%

Source: Warren County Auditor's Office

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

City of Mason, Ohio
Principal Property Taxpayers
December 31, 2010
Table 9

Taxpayer	Fiscal Year 2010			Fiscal Year 2000		
	Assessed Valuation (1)	Rank	Percentage Of Total Assessed Valuation	Assessed Valuation	Rank	Percentage Of Total Assessed Valuation
Kings Island Company	\$20,078,954	1	1.97%	\$31,506,980	1	4.44%
Duke Energy Ohio Inc	14,711,750	2	1.44%	13,627,560	4	1.92%
Linder Center of Hope	12,686,429	3	1.24%			0.00%
Twin Fountains of Mason	8,695,050	4	0.85%			0.00%
Cintas Corporation #2	7,489,412	5	0.73%	5,802,540	7	0.82%
Mason Christian Village	6,969,967	6	0.68%	6,210,290	6	0.87%
Makino	5,992,039	7	0.59%	12,515,680	5	1.76%
Mitsubishi Electric Auto	4,153,135	8	0.41%	18,751,610	2	2.64%
Health Alliance	4,134,445	9	0.40%			0.00%
H.J. Heinz/Portion Pac	2,767,610	10	0.27%			0.00%
Procter & Gamble Company	-		-	16,586,700	3	2.34%
Heritage Club Ltd.	-		-	4,682,280	8	0.66%
Drees Company	-		-	4,440,700	9	0.63%
Cincinnati Electronics	-		-	3,243,840	10	0.46%
All Others	933,778,319		91.42%	592,718,230		83.47%
Total Assessed Valuation	\$1,021,457,110		100%	\$710,086,410		100%

(1) Assessed valuation declined since tangible personal property tax was phased out in 2010 for inventory, machinery and equipment.

Source: Warren County Auditor's Office

City of Mason, Ohio
Property Tax Levies and Collections -
Real, Public Utility and Tangible Personal Property
Table 10

Tax Year:	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
Fiscal Year:	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Current Tax Levy	\$4,865,120	\$5,241,254	\$5,508,483	\$6,682,436	\$6,932,404	\$6,803,940	\$7,010,538	\$7,194,535	\$6,829,232	\$6,710,366
Current Tax Collections	4,789,569	5,000,981	5,401,874	6,330,702	6,657,907	6,580,586	6,813,112	6,932,137	6,605,764	6,365,555
Percent of Levy Collected	98.45%	95.42%	98.06%	94.74%	96.04%	96.72%	97.18%	96.35%	96.73%	94.86%
Delinquent Tax Collections (1)	130,292	47,448	294,933	123,183	167,596	125,232	221,301	176,537	176,271	152,780
Total Tax Collections	4,919,861	5,048,429	5,696,807	6,453,885	6,825,503	6,705,818	7,034,413	7,108,674	6,782,035	6,518,335
Ratio of Total Tax Collections to Current Taxes Levied	101.13%	96.32%	103.42%	96.58%	98.46%	98.56%	100.34%	98.81%	99.31%	97.14%

Source: Warren County Auditor's Office

(1) Delinquent Tax Collections by levy year are not available. Only Delinquent Tax Collections by collection year are available and presented.

City of Mason, Ohio
Special Assessment Billings and Collections
Last Ten Fiscal Years
Table 11

<u>Tax Year</u>	<u>Current Assessments Billings</u>	<u>Current Assessments Collected</u>	<u>Ratio of Collection To Amount Billed</u>
2000	213,739	201,300	94.18%
2001	188,571	170,041	90.17%
2002	200,231	185,006	92.40%
2003	162,255	148,675	91.63%
2004	135,244	124,578	92.11%
2005	109,086	93,272	85.50%
2006	89,047	81,902	91.98%
2007	85,635	54,338	63.45%
2008	78,433	66,741	85.09%
2009	75,692	74,226	98.06%

Source: Warren County Auditor's Office

Note: Tax Year 2009 is billed and due in 2010

City of Mason, Ohio
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Table 12

Fiscal Year	Governmental Activities										Total Governmental Activities
	General Obligation Bonds	Bond Anticipation Notes	Tax Increment Financing	Certificates of Participation	Special Assessments Bonds	Taxable Revenue Note	Capital Leases				
2001	\$4,505,000	\$9,650,000	\$1,435,000	\$24,020,000	\$1,121,000	\$0	\$958,811				\$41,689,811
2002	4,275,000	8,400,000	2,415,000	23,455,000	963,000	0	659,323				40,167,323
2003	4,045,000	5,700,000	2,430,000	22,875,000	816,000	0	379,161				36,245,161
2004	3,845,000	9,700,000	3,450,000	22,275,000	684,000	0	155,420				40,109,420
2005	3,640,000	9,400,000	3,405,000	21,650,000	551,000	0	0				38,646,000
2006	3,425,000	19,700,000	3,350,000	21,005,000	455,000	0	0				47,935,000
2007	3,200,000	20,350,000	3,265,000	20,335,000	358,000	0	0				47,508,000
2008	20,215,000	4,200,000	3,140,000	19,640,000	262,000	0	0				47,457,000
2009	19,320,000	6,300,000	2,710,000	18,915,000	165,000	0	0				47,410,000
2010	20,530,000	3,800,000	2,495,000	18,325,000	70,000	3,025,000	0				48,245,000

Fiscal Year	Business-Type Activities					Total Business-Type Activities	Percentage of Personal Income(1)	Per Capita(1)
	Mortgage Revenue Bonds	Bond Anticipation Notes	Certificates of Participation	Special Assessments Bonds	Taxable Revenue Note			
2001	\$14,090,000	\$0	\$0	\$58,000	\$14,148,000	\$55,837,811	7.29%	\$2,323
2002	6,690,000	0	0	55,000	6,745,000	46,912,323	5.60%	1,824
2003	6,445,000	0	0	52,000	6,497,000	42,742,161	4.75%	1,584
2004	36,745,000	0	0	49,000	36,794,000	76,903,420	7.97%	2,774
2005	35,765,000	3,165,000	0	46,000	38,976,000	77,622,000	7.63%	2,728
2006	34,973,698	2,115,000	0	42,000	37,130,698	85,065,698	7.83%	2,929
2007	33,745,000	11,010,000	0	38,000	44,793,000	92,301,000	8.16%	3,135
2008	32,710,000	10,720,000	0	33,000	43,463,000	90,920,000	7.83%	3,059
2009	31,640,000	10,195,000	11,335,000	29,000	53,199,000	100,609,000	8.79%	3,354
2010	30,540,000	0	11,060,000	24,000	41,624,000	89,869,000	7.67%	2,926

Source: City of Mason, Ohio, Department of Finance

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

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

City of Mason, Ohio
Ratios of Net General Bonded Debt Outstanding
To Assessed Value and Net Bonded Debt Per Capita
Table 13

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
2001	24,034	\$793,522,729	\$4,505,000	\$230,472	\$4,274,528	0.54%	\$178
2002	25,718	847,756,510	4,275,000	302,523	3,972,477	0.47%	154
2003	26,987	933,884,870	4,045,000	428,899	3,616,101	0.39%	134
2004	27,720	978,702,410	3,845,000	484,775	3,360,225	0.34%	121
2005	28,455	987,933,647	3,640,000	335,757	3,304,243	0.33%	116
2006	29,041	1,098,446,377	3,425,000	52,975	3,372,025	0.31%	116
2007	29,446	1,084,854,140	3,200,000	89,826	3,110,174	0.29%	106
2008	29,723	1,081,470,600	20,215,000	140,707	20,074,293	1.86%	675
2009	29,995	1,019,329,000	19,320,000	179,304	19,140,696	1.88%	638
2010	30,712	1,021,457,110	20,530,000	407,512	20,122,488	1.97%	655

Source: City of Mason, Ohio, Department of Finance

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

(1) U.S. Census Bureau 2010

(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.

City of Mason, Ohio
Ratio of Annual Debt Service Expenditures
For General Obligation Bonded Debt (1)
To Total General Government Expenditures
Table 14

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest (2)</u>	<u>Total Debt Service</u>	<u>Total General Government Expenditures</u>	<u>Ratio of Debt Service To General Government Expenditures</u>
2001	\$220,000	\$238,355	\$458,355	\$4,286,353	10.69%
2002	230,000	324,463	554,463	6,055,452	9.16%
2003	230,000	318,555	548,555	9,056,710	6.06%
2004	200,000	188,973	388,973	8,813,705	4.41%
2005	205,000	153,317	358,317	8,186,487	4.38%
2006	215,000	159,260	374,260	8,101,110	4.62%
2007	225,000	150,768	375,768	8,179,399	4.59%
2008	555,000	482,856	1,037,856	8,068,369	12.86%
2009	895,000	804,709	1,699,709	8,507,087	19.98%
2010	930,000	775,041	1,705,041	7,718,852	22.09%

Source: City of Mason, Ohio, Department of Finance

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

(2) Excludes bond issuance and other costs.

City of Mason, Ohio
Direct and Overlapping Governmental Activities Debt
As of December 31, 2010
Table 15

	Net General Obligations Bonded Debt Outstanding	Percentage Applicable (1) to City	Amount Applicable to City
Mason City School District	\$134,325,000	61.11%	\$82,086,008
Kings Local School District	51,880,000	12.13%	6,293,044
Great Oaks Careec Center Joint Vocational School	18,450,000	4.83%	891,135
Lebanon City School District	36,699,951	0.24%	88,080
Deerfield Township	17,690,000	0.46%	81,374
Warren County Career Center Jr. Voc. School	881,000	2.31%	20,351
Warren County	609,510	18.06%	110,078
Subtotal Overlapping Debt	<u>260,535,461</u>		<u>89,570,069</u>
City of Mason - Direct Debt	\$33,970,000	100.00%	\$33,970,000
Total Direct and Overlapping Debt	<u><u>\$294,505,461</u></u>		<u><u>\$123,540,069</u></u>

Source: Ohio Municipal Advisory Council

(1) - Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the City by the total assessed valuation of the government.

City of Mason, Ohio
 Legal Debt Margin Information
 Last Ten Fiscal Years
 Table 16

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Debt Limit (1)										
Total Debt Limit (10.5%)	\$83,319,887	\$89,014,434	\$98,057,911	\$102,763,753	\$103,733,033	\$115,336,870	\$113,909,685	\$113,066,054	\$107,029,545	\$107,252,997
Total Net Debt Applicable to Limits	6,009,528	6,387,477	9,301,101	13,060,225	12,704,243	25,187,025	34,470,174	34,994,293	35,635,696	33,562,488
Legal Debt Limit Margin	\$77,310,359	\$82,626,957	\$88,756,810	\$89,703,528	\$91,028,790	\$90,149,845	\$79,439,511	\$78,071,761	\$71,393,849	\$73,690,509
Total Net Debt Applicable to the Limit as a Percentage of Total Debt Limit	7.21%	7.18%	9.49%	12.71%	12.25%	21.84%	30.26%	30.95%	33.30%	31.29%
Total Unvoted Debt Limit (1)										
Total Unvoted Debt Limit (5.5%)	43,643,750	46,626,608	51,363,668	53,828,633	54,336,351	60,414,551	59,666,978	59,225,076	56,063,095	56,180,141
Total Net Debt Applicable to Limits	6,009,528	6,387,477	9,301,101	13,060,225	12,704,243	25,187,025	34,470,174	34,994,293	35,635,696	33,562,488
Legal Unvoted Debt Limit Margin	\$37,634,222	\$40,239,131	\$42,062,567	\$40,768,408	\$41,632,108	\$35,227,526	\$25,196,804	\$24,230,783	\$20,427,399	\$22,617,653
Total Net Debt Applicable to the Limit as a Percentage of Total Unvoted Debt Limit	13.77%	13.70%	18.11%	24.26%	23.38%	41.69%	57.77%	59.09%	63.56%	59.74%

Legal Debt Margin Calculation for Fiscal Year 2010

	Total Debt Limit	Total Unvoted Debt Limit
Net assessed valuation	\$1,021,457,110	\$1,021,457,110
Statutory legal debt limitation (1)	10.5%	5.5%
Total debt limitation	\$107,252,997	\$56,180,141
Debt applicable to limit:		
Debt applicable to limit(2)	33,970,000	33,970,000
Less: applicable debt service fund amounts(3)	(407,512)	(407,512)
Total net debt applicable to limit	33,562,488	33,562,488
Legal debt margin	\$73,690,509	\$22,617,653

Source: City of Mason, Ohio, Department of Finance

- (1) Direct debt limitation based upon Section 133, the Uniform Bond Act of the Ohio Revised Code. 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.

City of Mason, Ohio
Pledged-Revenue Coverage
Last Ten Fiscal Years
Table 17

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Sewer Fund Bond Coverage:										
Operating Revenue	\$5,490,698	\$5,532,399	\$5,858,754	\$5,385,198	\$5,297,841	\$5,351,189	\$5,529,145	\$5,486,608	\$5,413,042	\$5,371,348
Operating Expenses	1,659,929	1,586,898	1,688,635	1,166,731	2,195,817	2,431,976	2,620,680	2,776,307	2,585,333	2,613,541
Net Available for Debt Service	3,830,769	3,945,501	4,170,119	4,218,467	3,102,024	2,919,213	2,908,465	2,710,301	2,827,709	2,757,807
Debt Service Requirements:										
Revenue Bonds:										
Principal	220,000	230,000	245,000	1,360,000	980,000	1,000,000	1,020,000	1,035,000	1,070,000	1,100,000
Interest	415,388	404,140	391,212	1,209,372	1,585,295	1,565,695	1,545,695	1,524,275	1,498,400	1,460,950
Total Debt Service Requirement	\$635,388	\$634,140	\$636,212	\$2,569,372	\$2,565,295	\$2,565,695	\$2,565,695	\$2,559,275	\$2,568,400	\$2,560,950
Coverage	6.03	6.22	6.55	1.64	1.21	1.14	1.13	1.06	1.10	1.08

Source: City of Mason, Ohio, Department of Finance

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.

City of Mason, Ohio
Demographic and Economic Statistics
December 31, 2010
Table 18

Year	Area (Square Miles)	Population (1)	Estimated Personal Income(2)	Per Capita Personal Income(3)	Median Age(4)	School Enrollment(5)	Unemployment Rates (6)		
							Warren County	Ohio	United States
2001	17.5	24,034	\$766,059,716	\$31,874	34.5	7,411	3.3%	4.8%	5.8%
2002	17.5	25,718	837,995,312	32,584	34.5	7,363	4.0%	5.3%	6.0%
2003	17.5	26,987	899,044,918	33,314	34.5	8,003	3.1%	5.5%	5.7%
2004	17.9	27,720	964,545,120	34,796	34.5	8,635	4.0%	5.9%	5.4%
2005	18.0	28,455	1,017,095,520	35,744	34.5	9,731	4.4%	5.9%	4.9%
2006	18.0	29,041	1,087,033,671	37,431	34.5	10,269	4.2%	5.4%	4.3%
2007	18.4	29,446	1,131,727,564	38,434	34.5	10,681	4.7%	5.8%	4.8%
2008	18.6	29,723	1,161,158,718	39,066	34.5	10,752	6.2%	7.6%	7.1%
2009	18.6	29,995	1,144,849,160	38,168	34.5	11,038	8.8%	10.2%	9.3%
2010	18.6	30,712	1,172,215,616	38,168	38.4	10,747	8.4%	9.3%	9.1%

Sources:

- (1) U.S. Census Bureau 2010 Census
- (2) Population estimate times per capita person income
- (3) U.S. Department of Commerce, Bureau of Economic Analysis for the Cincinnati Metropolitan Statistical Area. 2010 not available.
- (4) U.S. Census Bureau 2010 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

City of Mason, Ohio
Principal Employers
Current Year and One Year Ago (1)
Table 19

Fiscal Year 2010				Fiscal Year 2009				
<u>Employer</u>	<u>Business Activity</u>	<u>Full-time Employees (2)</u>	<u>Employer</u>	<u>Business Activity</u>	<u>Full-time Employees (2)</u>	<u>Income Tax Withholding Raking (3)</u>	<u>Business Activity</u>	<u>Income Tax Withholding Raking (3)</u>
Procter & Gamble Company	Healthcare research	1,895	Procter & Gamble Company	Healthcare research	1,943		Healthcare research	1
Luxottica (Lenscrafters)	Eyewear and lens	1,858	Luxottica (Lenscrafters)	Eyewear and lens	1,533		Eyewear and lens	2
Mason City Schools	Local school district	1,400	Cintas Corporation	Professional uniforms	1,322		Professional uniforms	3
Cintas Corporation	Professional uniforms	1,052	Mason City Schools	Local school district	1,200		Local school district	4
L3 Cincinnati Electronics	Aerospace and defense industry electronics	615	L3 Cincinnati Electronics	Aerospace and defense industry electronics	609		Aerospace and defense industry electronics	5
H.J. Heinz/Portion Pac	Portion-controlled condiments	410	H.J. Heinz/Portion Pac	Portion-controlled condiments	455		Portion-controlled condiments	6
Mitsubishi Electric	Automotive electrical components	361	Mitsubishi Electric	Automotive electrical components	395		Automotive electrical components	7
Lindner Center of Hope	Mental health treatment center	300	Lindner Center of Hope	Mental health treatment center	300		Mental health treatment center	8
Intelligent Systems LLC	Material handling solutions	268	Cedar Village	Not for profit retirement community	243		Not for profit retirement community	9
Cedar Village	Not for profit retirement community	222	Great Wolf Lodge	Outdoor waterpark resort	212		Outdoor waterpark resort	10
<u>Employer</u>	<u>Business Activity</u>	<u>Full-time Employees (2)</u>	<u>Employer</u>	<u>Business Activity</u>	<u>Full-time Employees (2)</u>	<u>Income Tax Withholding Raking (3)</u>	<u>Business Activity</u>	<u>Income Tax Withholding Raking (3)</u>
Procter & Gamble Company	Healthcare research	1	Procter & Gamble Company	Healthcare research			Healthcare research	1
Luxottica (Lenscrafters)	Eyewear and lens	2	Luxottica (Lenscrafters)	Eyewear and lens			Eyewear and lens	2
Cintas Corporation	Professional uniforms	3	Cintas Corporation	Professional uniforms			Professional uniforms	3
Mason City Schools	Local school district	4	Mason City Schools	Local school district			Local school district	4
L3 Cincinnati Electronics	Aerospace and defense industry electronics	5	L3 Cincinnati Electronics	Aerospace and defense industry electronics			Aerospace and defense industry electronics	5
Mitsubishi Electric	Automotive electrical components	6	Kings Island	Amusement park			Amusement park	6
Kings Island	Amusement park	7	Mitsubishi Electric	Automotive electrical components			Automotive electrical components	7
Intelligent Systems LLC	Material handling solutions	8	H.J. Heinz/Portion Pac	Portion-controlled condiments			Portion-controlled condiments	8
H.J. Heinz/Portion Pac	Portion-controlled condiments	9	Makino Inc	Machining manufacturer			Machining manufacturer	9
S T International	Machining manufacturer	10	City of Mason	Local government			Local government	10

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

- (1) Only current year and one year ago information available. Information for nine years ago not available.
- (2) The employer's percentage of total employment for each principal employer was not available.
- (3) State law and city income tax ordinance prohibits the release of income tax information. The withholding amount could not be provided.

City of Mason, Ohio
 Full-time City of Mason Employee by Function
 Last Ten Fiscal Years
 Table 20

Full-time position at December 31	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
City Administration	9	9	9	9	10	10	10	10	10	10
Council							1	1	1	1
Engineering	9	10	10	10	10	11	11	11	11	11
Facility		1	1	1	1	1	1	1	1	1
Finance	7	8	9	10	10	10	10	10	10	10
Municipal Court	10	15	18	24	22	22	22	22	22	20
Public Safety										
Police										
Officers	35	36	36	36	38	38	40	42	42	42
Non-sworn	3	4	4	4	6	6	7	7	7	7
Fire (1)	9	15	15	15	23	32	32	33	33	33
Leisure Time Activities	9	17	18	18	19	20	21	22	22	22
Community Development										
Planning	1	1	1	1	1	1	1	2	2	2
Building Inspection	4	4	4	4	5	5	5	5	5	5
Economic Development	2	2	2	3	3	3	4	3	3	3
Basic Utility Service	20	15	15	15	15	15	15	15	15	15
Billing	3	1	1	1	1	1	1	1	1	1
Stormwater	1	1	1	1	1	1	1	1	1	1
Transportation and Street Repair	19	19	20	20	20	21	21	21	21	21
Total Full-Time Positions	141	158	164	172	185	197	203	207	207	205
Total Part-Time Positions	146	146	123	314	240	287	265	209	217	188

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

City of Mason, Ohio
 Operating Indicators and Capital Asset Statistics
 Last Ten Fiscal Years
 Table 21

	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Police Protection:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Marked Patrol Vehicles	23	21	19	19	19	19	21	17	20	20
Calls for Service	13,248	11,756	11,229	10,065	12,564	14,804	19,878	26,087	24,810	33,735
Moving Violation Citations	2,986	3,067	3,237	3,718	2,628	2,779	3,742	3,426	3,175	3,797
Arrests	287	613	560	711	611	739	851	822	785	899
Fire & Emergency Medical(1):										
Fire Responses	1,225	1,021	846	915	1,087	992	1,003	1,206	1,184	1,013
Emergency Medical Responses	1,939	2,114	2,268	2,077	2,287	2,257	2,704	2,611	2,431	2,570
Number of Stations	2	2	2	2	2	2	2	2	2	2
Number of Emergency Vehicles	18	19	19	17	17	17	19	19	20	19
Leisure Time Activities										
Parks	6	6	6	6	6	6	6	7	7	7
Park acreage (developed)	242	242	242	242	242	279	279	296	296	296
Swimming Pool	1	1	1	1	1	1	1	1	1	1
Community Center (opened in 2002)		1	1	1	1	1	1	1	1	1
Community Development										
Permits Issued	445	367	298	211	179	97	77	52	35	54
Utility Services										
Sanitary sewers (miles)	97	102	116	118	123	129	132	133	134	135
Storm sewers (miles)	67	72	78	80	84	87	91	92	92	93
Sewage Treatment capacity per day (million gallons)	5.00	5.00	5.00	5.00	5.00	8.67	8.67	8.67	8.67	8.67
Transportation & Street Repair										
Number of Streets (dedicated)	325	348	381	387	408	420	433	440	445	446
Lane Miles	329	329	339	341	341	343	351	354	355	355
Traffic Signals	32	34	34	36	39	40	40	40	40	40
Bike Paths (miles)	7	10	10	10	11	12	14	17	17	19

Source: City of Mason, Ohio, Department of Finance

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Dave Yost • Auditor of State

CITY OF MASON

WARREN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 25, 2011**