



Dave Yost • Auditor of State

**CITY OF MASON
WARREN COUNTY**

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**CITY OF MASON
WARREN COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2011**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Bulletproof Vest Partnership Program	N/A	16.607	1,013
COPS Secure Our Schools	2010CKWX0710	16.710	22,295
<i>Passed Through Ohio Office of Criminal Justice Services:</i> In Car Video Cameras System	2010-JG-LLEE-5293	16.738	<u>9,402</u>
Total U.S. Department of Justice			<u>32,710</u>
<u>U.S. DEPARTMENT OF FEDERAL HIGHWAY ADMINISTRATION</u>			
<i>Passed Through The Ohio Department of Transportation:</i> Highway Planning and Construction: U.S. Route 42	PID 79850	20.205	<u>1,041,373</u>
Total U.S. Department of Federal Highway Administration			<u>1,041,373</u>
Total			<u><u>\$1,074,083</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

**CITY OF MASON
WARREN COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the City of Mason's (the City's) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE b - MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

City of Mason
Warren County
6000 Mason-Montgomery Road
Mason, Ohio 45040

To the City Council:

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, Warren County, Ohio (the City), as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 22, 2012, wherein we noted the City adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined 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, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Government's financial statements will not be prevented, or detected and timely corrected.

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 material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated June 22, 2012.

We intend this report solely for the information and use of management, the audit committee, City Council, and federal awarding agencies and pass-through entities, and others within the City. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

June 22, 2012



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

City of Mason
Warren County
6000 Mason-Montgomery Road
Mason, Ohio 45040

To the City Council:

Compliance

We have audited the compliance of the City of Mason, Warren County, Ohio (the City), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the City of Mason's major federal program for the year ended December 31, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the City's major federal program. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the City's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with these requirements.

In our opinion, the City of Mason complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2011.

Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Federal Awards Expenditures Schedule

We have also 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 (the City) as of and for the year ended December 31, 2011, and have issued our report thereon dated June 22, 2012. Our opinion also explained that the City adopted *Governmental Accounting Standard No. 54* during the year. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The accompanying federal awards expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of the audit committee, management, City Council, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

June 22, 2012

**CITY OF MASON
WARREN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #20.205 – Highway Planning & Construction: U.S. Route 42
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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CITY OF MASON
WARREN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2011

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-1	Failure to properly report prepaid asset.	Yes	

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Comprehensive Annual Financial Report



City of Mason
Mason, Ohio 45040
Year Ended December 31, 2011

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City of Mason, Ohio

Comprehensive Annual Financial Report

Year Ended December 31, 2011

Prepared by:
Finance Department

Joseph Reigelsperger
Finance Director

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INTRODUCTORY SECTION



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June 22, 2012

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, 2011. 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 principles (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.

The State of Ohio Auditor's Office has issued an unqualified ("clean") opinion on the City of Mason's financial statements for the year ended December 31, 2011. Their report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the state 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 achieved national recognition in 2011 as Money magazine's 24th Best Place to Live

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.



Mason received a Gardener Recognition Award from the Cincinnati Horticultural Society for its attractive public landscaping.

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 businesses employ an estimated 23,800 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 8,200 persons and generated more than \$6.9 million in income tax revenue in 2011. 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.

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 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 2007 and 2010, 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. With Mason's annual participation, the return on investment for marketing leverage, exposure, and opportunity continues to be substantial.

In 2007 and 2010, the city negotiated a contribution renewal now effective through 2012 that combines 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 that are so important to the city's overall economic development goals.

The year 2011 marked the city's seventh year of operating with the Mason Port Authority, the first in Warren County. This economic development tool has already provided advantageous flexibility with financial recruitment options. Since its inception, the Port has helped retain over 540 jobs and allowed the city to attract more than \$18.5 million in new capital investment, with over 490 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 State Route 741 and the I-71 corridor. 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 2011 were over \$54 million as 405,000 square feet of new corporate and industrial space were added, bringing over 578 announced new jobs to the community. The growth in 2011 continued Mason's trend, even through the slower previous years, keeping new investment numbers for industrial and corporate sectors in the black. The pipeline of new investment began to take shape at the close of 2010, with 2011 figures reaching significant levels. In 2011, Mason saw a 345% increase in investment over 2010, 138% increase in square footage, and 205% increase in announced jobs. Announced new activity continues to be strong into early 2012.

The diversified tax base in Mason allows the continued reporting of annual growth in 2011 with 15 projects that were a combination of new jobs, new square footage, and new investments. The combined new investment revenues for 2008 through 2011 were over \$156 million, with over 884,000 new square feet and over 2,000 new jobs. The year 2011 kicked off several large developments, most with expected completion in the fall of 2012. More than 90% of the new investment growth for 2011 was a result of growth from existing Mason businesses. Activity ranged from large-scale expansion and new added locations via acquisition and renovation of buildings

within the city to full company relocation. 2011 also marked a notable recovery of build-to-suit activity for Mason, which has always been a stronghold for the city.

Projects underway or complete include the \$1.5 million build-out of AssureRx Health's corporate headquarters within the Mason Community Center, the \$10 million investment in new development at Kings Island Amusement Park's Soak City, a \$7.5 million investment at the Lindner Family Tennis Center that completes the second phase of a 3-year plan, the \$10 million new R&D and engineering expansion at Intelligrated North American corporate



Governor John Kasich joined Intelligrated and Mason officials to announce the expansion of their Mason facility

headquarters that nearly doubles the campus office space, a \$2.5 million new building acquisition for Rhinestahl corporate headquarters that doubles its operations in Mason, the \$4.1 million relocated regional headquarters of Stress Engineering, and a \$12 million expansion at Cedar Village.

As each new investment is announced, job creation and payroll are projected for the next three to five 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 2011:

2011 Corporate Investment Announcements

	New Capital	New Payroll
Intelligrated	\$14.0 M	\$28.0M
Cedar Village	\$12.2 M	\$ 1.4M
Kings Island – Soak City	\$10.0 M	
Lindner Family Tennis Center	\$ 7.5 M	
Stress Engineering	\$ 4.2 M	\$ 3.4 M
Rhinestahl	\$ 2.5 M	\$13.0 M
Procter & Gamble	\$ 2.3 M	
AssureRx	\$ 1.5 M	\$ 6.0 M

Growth and development in the city are expected to continue to be strong in 2012. 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 2011, 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 is seeing signs of recovering activity into the next several years, Mason will position itself to be at the forefront of positive commercial activity. The city has put significant effort into partnerships and creativity in economic package development that has resulted in successful attention within the business community and the creation of investment and jobs. In addition, its physical location, municipal facilities, developable terrain, services and utilities, and the progressive attitude and actions of city council, administration, and citizens are strong assets and support company decisions to build and grow in the city.

Focal areas for future growth are city-owned land,

which 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.



2011 was the inaugural year for the Western & Southern Open, a newly combined men’s and women’s tennis tournament that brings national and international exposure to the City of Mason. Tennis for Charity invested \$7.5 million in the second year of a 3-year expansion plan.

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. The loss in revenue from residents is beginning 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. In consideration, the City of Mason continues to decrease its reliance upon decreasing revenue sources for operating expenses.

MAJOR INITIATIVES For the Year 2011

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 2011 that position the city for future economic growth and improvement include:

Community Center Expansion

The Mason Community Center expansion and attached office facility leased by TriHealth for medical offices opened in October 2010. 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. Programs were developed in 2011 to help the center regain and increase its market share while continuing its focus on serving area families. The shortfall in revenues versus expenses at the center began a downward trend in 2011 through increased memberships and program participation, as well as the partnership with TriHealth and other businesses.

Community Center Tenant Space

In 2011, the city completed build out of the unfinished 10,130 square feet of leasable office space at Mason Community Center for company headquarters and dry lab spaces for AssureRx. This life science and personalized medicine technology company enhances the economic and wellness strategies of Mason Community Center. The city owns the finished space for future use/revenue generation. AssureRx will retain approximately 30 jobs and employ over 90 within five years, with an average salary of over \$80,000 and an average payroll of \$6 million. The project will contribute over \$381,000 in tax revenues into the community during the first five years.



Mason and AssureRx announced an innovative agreement to lease tenant space at Mason Community Center. Mason residents, the business community, AssureRx, and the community center will benefit. AssureRx moved in at the beginning of 2012.

Mason Road Roundabout

The City of Mason has continued its investment into infrastructure. In 2011, construction was completed on the city's first roundabout. The existing intersection of a 4-way stop with multiple lane approaches was replaced with a one-lane roundabout. Also included were curb and gutter, sidewalk, bike path, storm sewers, landscaping, and street trees.

Infrastructure Improvements

Improvements to US 42 from Tylersville Road to Butler-Warren Road also began in 2011. This \$7 million improvement will widen two miles of roadway and includes curb and gutter, bike path, storm sewer, and street trees.



Improvements on U.S. 42 from Tylersville Road to Butler-Warren Road began in 2011 and will be complete in 2012

Looking Ahead to the Future

While Mason remains in stable financial condition and achieved some significant savings on long-term debt during 2011, the on-going national economic conditions and changes at the state level will place pressure on the city budget in 2012 and subsequent years. The early termination of the state's revenue reimbursement program for the phase-out of tangible personal property tax on business inventory, machines, and equipment lowered the anticipated revenue from the state beginning in 2011. In 2012, careful consideration for the future funding of fire and emergency services will occur as the city prepares for the 2013 expiration of the current property tax levy and strives to minimize the tax burden upon its residents. The state's elimination of the estate tax starting in 2013 will further reduce anticipated revenue but is not considered a significant source of income during the budget process due to its unpredictability.

Accomplishments to look forward to in 2012 include:

- Completing right-of-way acquisition for the Bethany Road roundabout.
- Completing construction of the U.S. 42 improvements.
- Additional engineering work on the I-71/Western Row Road Interchange Project, including assessment and recommendation of

Sincerely,

Eric Hansen
City Manager

- the feasible alternative, environmental studies, and refined cost estimates.
- Updating the Wastewater and Stormwater Master Plans.
- Completing relocation of the Bethany Road Force Main.
- Installation of new pumps, motors and a PVC liner at Lou Eves Municipal Pool.
- Construction of the Everybody's Farm TIF Improvements.
- Construction of the Common Ground Access Road.
- Beginning of design of the improvements to Kings Island Drive.

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, 2010. 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, the staff of Plattenburg & Associates, Inc., and the staff of the State Auditor's Office for their dedicated service in the preparation of this comprehensive annual financial report.

Joseph J. Reigelsperger
Finance Director

THE CITY OF MASON, OHIO

LIST OF PRINCIPAL OFFICIALS

December 31, 2011

COUNCIL MEMBERS

Mayor	David Nichols
Vice Mayor	Victor Kidd
Council Member	Barbara Berry-Spaeth
Council Member	Richard Cox
Council Member	Tom Grossmann
Council Member	Charlene Pelfrey
Council Member	Don Prince

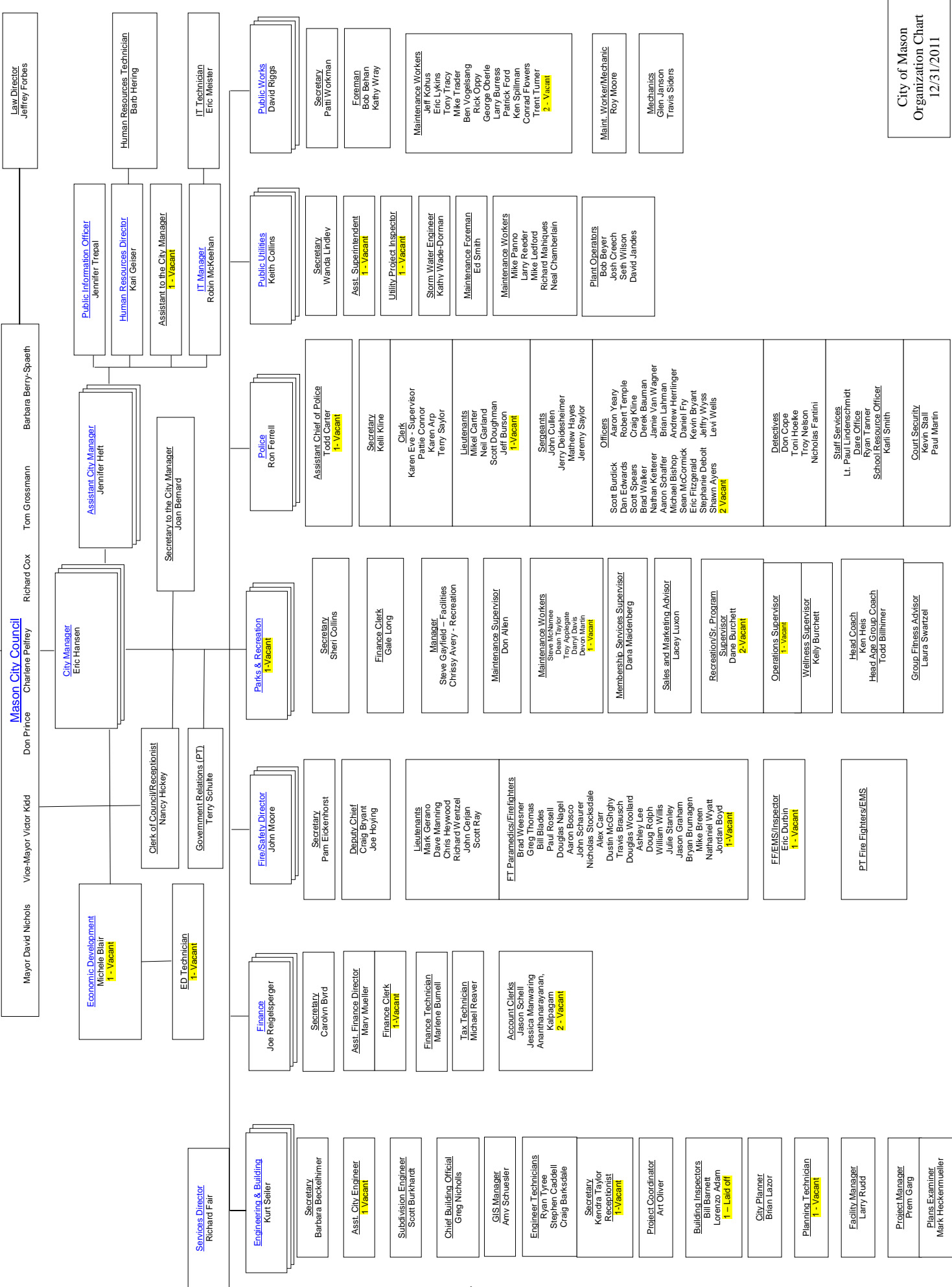
COUNCIL APPOINTED OFFICIALS

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	Vacant
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
12/31/2011

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, 2010

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.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

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FINANCIAL SECTION



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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

City of Mason
Warren County
6000 Mason-Montgomery Road
Mason, Ohio 45040

To the City Council:

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, Warren County, Ohio (the City), as of and for the year ended December 31, 2011, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 City of Mason, Warren County, Ohio, as of December 31, 2011, and the respective changes in financial position and where applicable, cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 20, during the year ended December 31, 2011, the City adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2012, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and *Required budgetary comparison schedules* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information provide additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.



Dave Yost
Auditor of State

June 22, 2012

City of Mason

Management's Discussion and Analysis For the Year Ended December 31, 2011 (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, 2011. 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 2011 by \$269,728,770 (net assets). Of this amount, \$44,085,073 is considered unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted balance is 87 percent of the 2011 expenses of \$50,458,546.

- The city's total net assets increased by \$6,214,663.
- Net assets of the governmental activities (defined below) increased \$6,075,732. Net assets of the business-type activities (also defined below) increased \$138,931.
- The total cost of the city's programs increased \$3,507,848, which is 7.5 percent more than in 2010. The cost of governmental activities increased \$2,523,550 or 8.1 percent, while the cost of business-type activities increased \$984,298 or 6.2 percent.
- As of the close of the 2011 fiscal year, the city's governmental funds reported combined ending fund balances of \$41,856,687, an increase of \$5,607,210 in comparison with the prior year.

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 City'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 28 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 25 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* 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 \$269,728,770 at the close of the most recent fiscal year.

The largest portion of the city's net assets (75.9 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 (7.8 percent) represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted net assets (\$44,085,073) 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 (\$10,851,775) 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 \$6,214,663 in 2011. Net assets for governmental activities increased \$6,075,732, while net assets for business-type activities increased \$138,931. The increase in net assets for 2011 (\$6,214,663) was \$1,256,887 more than the increase in net assets for 2010 (\$4,957,776). This increase is primarily the result of increased income tax.

City of Mason
Net Assets
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Assets						
Current and other assets	\$63,995	\$57,098	\$16,341	\$17,427	\$80,336	\$74,525
Capital assets	<u>168,615</u>	<u>167,768</u>	<u>131,156</u>	<u>132,947</u>	<u>299,771</u>	<u>300,715</u>
Total assets	\$232,610	\$224,866	\$147,497	\$150,374	\$380,107	\$375,240
Liabilities						
Long-term liabilities outstanding	42,729	42,110	49,415	51,322	92,144	93,432
Other liabilities	<u>17,118</u>	<u>16,069</u>	<u>1,116</u>	<u>2,225</u>	<u>18,234</u>	<u>18,294</u>
Total liabilities	\$59,847	\$58,179	\$50,531	\$53,547	\$110,378	\$111,726
Net Assets						
Invested in capital assets, net of related debt	122,687	120,098	81,979	81,821	204,666	201,919
Restricted	16,843	16,362	4,135	4,107	20,978	20,469
Unrestricted	<u>33,233</u>	<u>30,227</u>	<u>10,852</u>	<u>10,899</u>	<u>44,085</u>	<u>41,126</u>
Total Net Assets	<u>\$172,763</u>	<u>\$166,687</u>	<u>\$96,966</u>	<u>\$96,827</u>	<u>\$269,729</u>	<u>\$263,514</u>

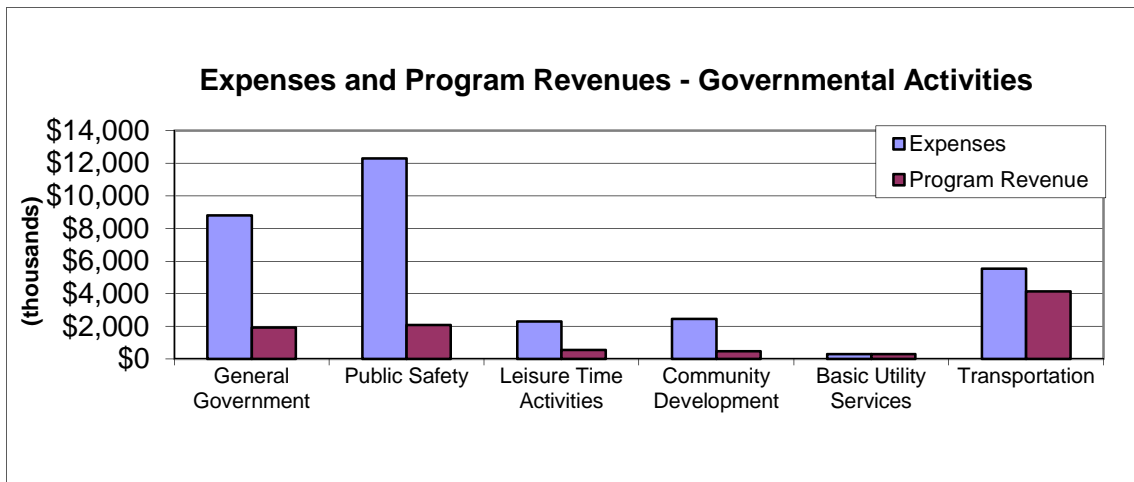
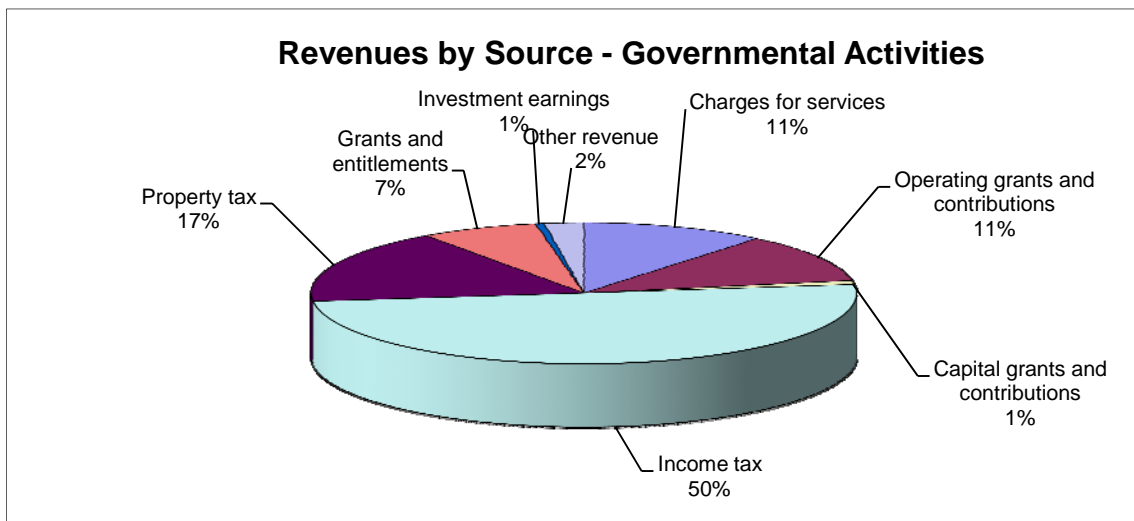
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City of Mason
Changes in Net Assets
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues						
Program revenues:						
Charges for services	\$4,495	\$4,693	\$14,415	\$12,234	\$18,910	\$16,927
Operating grants and contributions	864	3,081			864	3,081
Capital grants and contributions	4,136	2,568	963	520	5,099	3,088
General revenues:						
Income tax	20,615	18,823			20,615	18,823
Property tax	7,020	6,814			7,020	6,814
Grants and entitlements	2,871	2,367			2,871	2,367
Investment earnings	212	151	98	62	310	213
Other revenue	964	567	21	30	985	597
Total Revenues	41,177	39,064	15,497	12,846	56,674	51,910
Expenses:						
General Government	8,793	8,419			8,793	8,419
Public Safety	12,287	11,754			12,287	11,754
Leisure Time Activities	2,302	2,426			2,302	2,426
Community Development	2,463	2,016			2,463	2,016
Basic Utility Services	296	225			296	225
Transportation	5,543	4,691			5,543	4,691
Interest and fiscal charges	1,830	1,460			1,830	1,460
Sewer utility			6,401	6,335	6,401	6,335
Waste Collection			1,558	1,499	1,558	1,499
Stormwater utility			1,135	1,062	1,135	1,062
Community Center			4,611	3,905	4,611	3,905
Golf Course			3,239	3,159	3,239	3,159
Total Expenses	33,514	30,991	16,944	15,960	50,458	46,951
Increase (decrease) in net assets before transfers	7,663	8,073	(1,447)	(3,114)	6,216	4,959
Transfers - internal activities	(1,586)	(3,222)	1,586	3,222		
Increase (decrease) in net assets	6,077	4,851	139	108	6,216	4,959
Net Assets beginning of year	166,687	161,837	96,827	96,719	263,514	258,556
Net Assets end of year	\$172,763	\$166,687	\$96,966	\$96,827	\$269,729	\$263,514

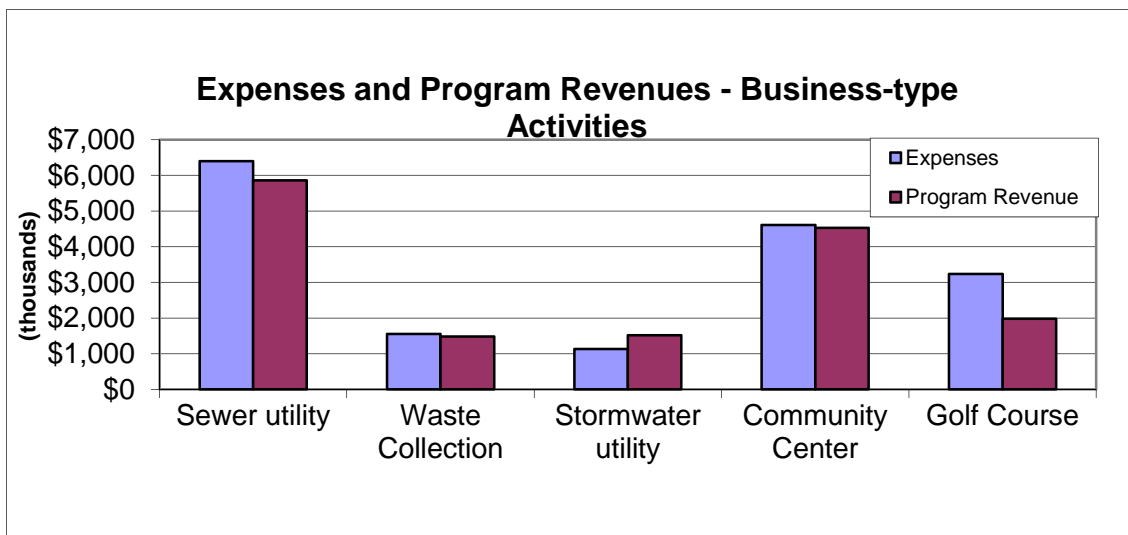
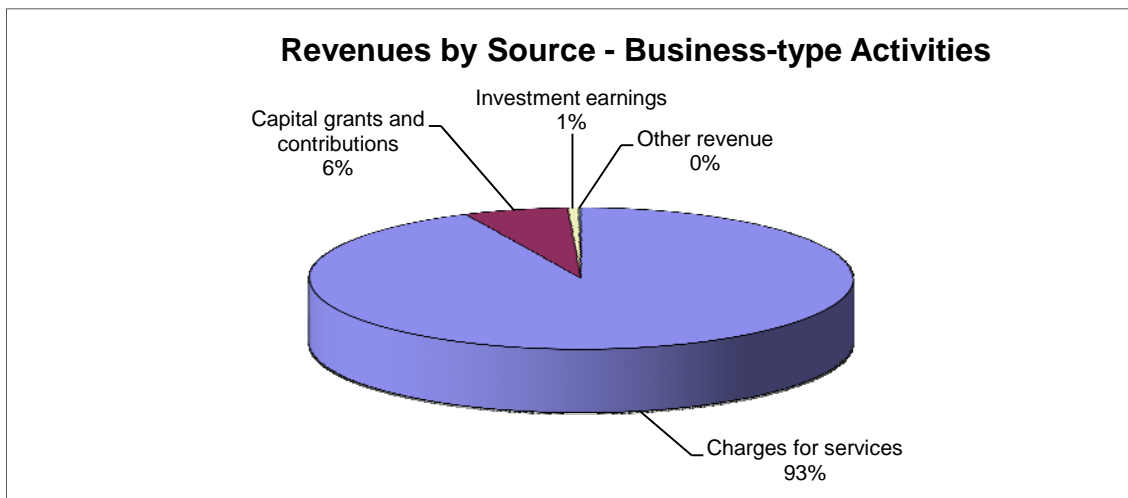
Governmental activities. Governmental activities increased the city’s net assets by \$6,075,732. This was a \$1,225,929 (25 percent) increase from the previous year change in net assets. Key elements of the changes in net assets are as follows:

- Taxes increased \$1,791,675 (7.2 percent) over the previous year due to increased income tax collection from the improved local economy.
- Governmental activity expenses increased \$2,523,550 (8.1%) over the previous year. Increased operating cost, economic development activity, and maintenance of transportation infrastructure were areas of increased expenses.
- Fewer utility infrastructure improvements completed during 2011 resulted in transfers to business-type activities to decline \$1,636,025 (50.8%).



Business-type activities. Business-type activities increased the city’s net assets by \$138,931. Key elements of the changes in net assets are as follows:

- Charges for services increased \$2,181,495 (17.8 percent). Most of the increase was from the community center expansion that was completed at the end of 2010. 2011 saw increases in community center membership and activity.
- Along with increased revenue, expenses for business-type activities increased \$984,298. Most of the increase was from the community center 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 \$41,856,687 an increase of \$5,607,210 in comparison with the prior year. The general fund is the chief operating fund of the city. At December 31, 2011, the unassigned fund balance of the general fund was \$5,460,148, while the total fund balance was \$24,866,591. The fund balance of the city's general fund increased by \$3,050,665 during the current fiscal year. This is about the same increase that occurred in 2010 of \$3,006,883.

Key factors in this change are as follows:

- Tax revenue increased \$1,070,357 which is a 4.1% increase. This is primarily an increase in income tax revenue.
- Community development expenditures increased \$504,093 which is a 25.1% increase. Increased expenditures for economic development activity accounts for the largest increase including payments to the Mason Port Authority.

The street construction, maintenance and repair fund pays for all major street construction and improvements. The fund balance increased by \$333,927. Revenue decreased by \$379,037 (13.3 percent). Expenditures decreased by \$953,139 (18.4 percent). Both decreased with the completion of a major road construction project, Mason Road Improvement.

The fire and emergency medical service fund provides public safety services to the City of Mason using a five-mill property tax levy as its major source of revenue. The fund balance increased by \$10,499. Revenue decreased by \$395,736 (7.0 percent) as the State of Ohio reduces support to local government.

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

Unrestricted net assets for the sewer fund at the end of the year amounted to \$11,037,603, with a total decrease in net assets of \$451,974. Unrestricted net assets for the waste collection fund at the end of the year amounted to \$138,841. Unrestricted net assets for the stormwater utility fund at the end of the year amounted to \$1,375,510, with a total growth in net assets of \$397,046. Unrestricted net assets for the community center fund at the end of the year amounted to (2,017,231). Unrestricted net assets for the golf course fund at the end of the year amounted to \$317,052. Other factors concerning the finances of these funds have already been addressed in the discussion of the city's business-type activities.

Budgetary Highlights

The schedule comparing the City’s original and final budgets and actual results are included in the required supplementary information. The original revenue budgets are very conservative estimates and are adjusted if needed for additional appropriation near the end of the year based on actual revenue. 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. Significant differences between the original and final budgets are as follows:

General fund. During the year 2011, there was a \$4,043,000 increase in appropriations between the original and final amended budget. The total original appropriations, including those for transfers out, were \$29,701,220, while the final appropriations were \$33,744,220. An additional \$3,100,000 was transferred to the General Capital Improvement Fund for future capital projects and debt reductions. \$950,000 was appropriated for community development incentives and activities. Other operational corrections were made during the re-appropriation process. The increase in appropriations was possible because of additional revenues collected which exceeded the conservative estimated revenues. The estimated revenue was \$24,546,100. The actual revenue received was \$26,035,306. This increase was mainly due to increased income tax collections and charges for services.

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, 2011, amounted to \$299,771,113 (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 slight decrease in the city’s investment in capital assets for 2011 over 2010 was 0.3 percent (a 0.5 percent increase for governmental activities and a 1.3 percent decrease for business type activities.)

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

	Governmental Activities		Business-type Activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$64,373	\$64,048	\$10,579	\$10,578	\$74,952	\$74,626
Construction in Progress	4,653	1,926	323	26	4,976	1,952
Buildings and Improvements	45,097	45,391	54,281	53,950	99,378	99,341
Machinery and Equipment	15,178	14,900	8,269	8,094	23,447	22,994
Infrastructure	73,564	72,770	84,829	83,821	158,393	156,591
Accumulated Depreciation	(34,250)	(31,268)	(27,125)	(23,523)	(61,375)	(54,791)
Total	<u>\$168,615</u>	<u>\$167,767</u>	<u>\$131,156</u>	<u>\$132,946</u>	<u>\$299,771</u>	<u>\$300,713</u>

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

- Construction for U.S. 42 began in 2011. The \$7 million project is expected to be completed at the end of 2012.

- Construction for the Everybody’s Farm TIF started in 2011. The \$1.5 million project is expected to be completed at the end of 2012.
- Several projects continue the design and planning stage for future capital improvements.
- The final areal of the Community Center Expansion was finished with the \$229,000 tenant finishes.

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, 2011, the city had \$90,643,000 of long-term debt outstanding (bonds and capital leases). Of this amount, \$29,130,000 comprises debt backed by the full faith and credit of the government and \$18,000 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 (\$28,235,000) at December 31, 2011, are certificates of participation for the municipal center and the community center. Revenue bonds in the governmental activity of \$3,865,000 are funded through tax increment financing. The remainder of the city’s debt, 29,395,000 represents bonds secured by sewer revenue sources.

The city has notes outstanding of \$6,570,000 for governmental activities with a maturity of less than one year. The notes are expected to be re-issued as the City of Mason plans to reduce the outstanding principal.

The city continues to maintain the highest rating, “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	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General obligation bonds	\$20,315	\$20,530	8,815	9,640	\$29,130	\$30,170
Special assessment debt with governmental commitment	-	70	18	24	18	94
Capital Leases	17,470	18,325	10,765	11,060	28,235	29,385
Revenue Bonds	3,865	2,495	29,395	30,540	33,260	33,035
Total	<u>\$41,650</u>	<u>\$41,420</u>	<u>\$48,993</u>	<u>\$51,264</u>	<u>\$90,643</u>	<u>\$92,684</u>

The city is within all of its legal debt limitations. The Ohio Revised code provides that the net debt (as defined in the Ohio Revised code) of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total assessed value for taxation. The statutory limitations on debt are measured by the ratio of debt to tax valuation and expressed in terms of a percentage. At December 31, 2011, the city’s total net debt of 3.0% of the total assessed value of all property within the city is within the

10.5% and 5.5% debt limitation for voted and unvoted debt, respectively. The aggregate amount of the city's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions of ten mills. This millage is measured against the property values in each overlapping district. At December 31, 2011, the millage amount was 4.0734 mills, of which 3.4257 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 6.2 percent. This is lower than the current Ohio rate of 7.3 percent and the national rate of 7.7 percent. The City of Mason continues to promote economic growth in Mason while many neighboring municipalities suffer stagnant economic development. 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 2012 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 loss of state support, 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 2012 and future years. The total appropriations budgeted for 2012 including transfers and capital outlay (\$71,985,261) is 23 percent less than the 2011 original appropriations (\$93,492,850). Significant changes include bond anticipation notes that were renewed each year were converted to bonds plus \$7.5 million for the U.S. 42 improvements were appropriated in 2011.

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, 2011

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$40,844,826	\$14,492,735	\$55,337,561
Restricted Cash and Investments	1,607,139	4,135,486	5,742,625
Receivables:			
Taxes	11,374,818	0	11,374,818
Accounts	388,840	1,231,874	1,620,714
Interest	60,657	21,275	81,932
Intergovernmental	3,631,364	0	3,631,364
Special Assessments	12,936	0	12,936
Internal Balances	5,250,000	(5,250,000)	0
Prepays	0	1,259,797	1,259,797
Inventory	311,215	216,290	527,505
Deferred Issuance Costs	513,239	233,703	746,942
Nondepreciable Capital Assets	69,026,188	10,901,361	79,927,549
Depreciable Capital Assets, Net	99,588,838	120,254,726	219,843,564
Total Assets	232,610,060	147,497,247	380,107,307
Liabilities:			
Accounts Payable	481,895	319,315	801,210
Accrued Wages and Benefits	1,049,851	224,232	1,274,083
Retainage Payable	240,143	8,112	248,255
Accrued Interest Payable	219,319	178,273	397,592
Contracts Payable	1,120,355	386,103	1,506,458
Unearned Revenue	6,996,780	0	6,996,780
Claims Payable	439,809	0	439,809
General Obligation Notes Payable	6,570,000	0	6,570,000
Long-Term Liabilities:			
Due Within One Year	2,798,365	2,025,338	4,823,703
Due In More Than One Year	39,930,571	47,390,076	87,320,647
Total Liabilities	59,847,088	50,531,449	110,378,537
Net Assets:			
Invested in Capital Assets, Net of Related Debt	122,687,025	81,978,537	204,665,562
Restricted for:			
Debt Service	3,464,678	4,128,325	7,593,003
Capital Projects	0	7,161	7,161
Fire and Emergency Medical Services	5,622,724	0	5,622,724
Street Improvements	6,534,294	0	6,534,294
Other Purposes	1,220,953	0	1,220,953
Unrestricted (Deficit)	33,233,298	10,851,775	44,085,073
Total Net Assets	\$172,762,972	\$96,965,798	\$269,728,770

See accompanying notes to the basic financial statements.

City of Mason, Ohio
Statement of Activities
For the Fiscal Year Ended December 31, 2011

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$8,793,043	\$1,931,606	\$0	\$0
Public Safety	12,287,188	1,321,705	764,594	0
Leisure Time Activities	2,301,816	452,927	99,000	0
Community Development	2,463,108	472,771	0	0
Basic Utility Service	295,972	303,507	0	0
Transportation and Street Repair	5,542,878	12,245	0	4,136,353
Interest and Fiscal Charges	1,830,059	0	0	0
Total Governmental Activities	33,514,064	4,494,761	863,594	4,136,353
Business-Type Activities:				
Sewer	6,400,635	5,457,968	0	403,740
Waste Collection	1,558,320	1,484,311	0	0
Stormwater Utility	1,134,861	964,294	0	559,642
Community Center	4,611,276	4,530,466	0	0
Golf Course	3,239,390	1,978,633	0	0
Total Business-Type Activities	16,944,482	14,415,672	0	963,382
Totals	\$50,458,546	\$18,910,433	\$863,594	\$5,099,735

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

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
(\$6,861,437)	\$0	(\$6,861,437)
(10,200,889)	0	(10,200,889)
(1,749,889)	0	(1,749,889)
(1,990,337)	0	(1,990,337)
7,535	0	7,535
(1,394,280)	0	(1,394,280)
(1,830,059)	0	(1,830,059)
(24,019,356)	0	(24,019,356)
0	(538,927)	(538,927)
0	(74,009)	(74,009)
0	389,075	389,075
0	(80,810)	(80,810)
0	(1,260,757)	(1,260,757)
0	(1,565,428)	(1,565,428)
(24,019,356)	(1,565,428)	(25,584,784)
20,615,343	0	20,615,343
583,084	0	583,084
3,860,898	0	3,860,898
1,547,804	0	1,547,804
2,870,852	0	2,870,852
1,026,869	0	1,026,869
211,821	97,787	309,608
964,417	20,572	984,989
(1,586,000)	1,586,000	0
30,095,088	1,704,359	31,799,447
6,075,732	138,931	6,214,663
166,687,240	96,826,867	263,514,107
<u>\$172,762,972</u>	<u>\$96,965,798</u>	<u>\$269,728,770</u>

City of Mason, Ohio
Balance Sheet
Governmental Funds
December 31, 2011

	General	Street Construction, Maintenance and Repair	Fire and Emergency Medical Service	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$24,552,760	\$4,763,958	\$5,542,428	\$5,985,680	\$40,844,826
Restricted Cash and Investments	0	0	0	1,607,139	1,607,139
Receivables:					
Taxes	5,295,182	0	4,342,597	1,737,039	11,374,818
Accounts	168,468	0	181,921	38,451	388,840
Interest	39,640	7,997	9,303	3,717	60,657
Intergovernmental	1,093,957	679,994	257,094	1,600,319	3,631,364
Special Assessments	0	0	0	12,936	12,936
Interfund	5,300,000	0	0	0	5,300,000
Inventory	278,948	0	32,267	0	311,215
Total Assets	36,728,955	5,451,949	10,365,610	10,985,281	63,531,795
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	430,411	0	37,723	13,761	481,895
Accrued Wages and Benefits	722,402	0	289,727	37,722	1,049,851
Retainage Payable	0	0	14,925	225,218	240,143
Accrued Interest Payable	75,477	0	0	0	75,477
Contracts Payable	53,666	387,957	18,150	660,582	1,120,355
Interfund Payable	0	0	0	50,000	50,000
Deferred Revenue	3,570,599	455,253	4,671,339	2,950,387	11,647,578
Claims Payable	439,809	0	0	0	439,809
General Obligation Notes Payable	6,570,000	0	0	0	6,570,000
Total Liabilities	11,862,364	843,210	5,031,864	3,937,670	21,675,108
Fund Balances:					
Nonspendable	324,731	0	32,267	0	356,998
Restricted	0	4,608,739	5,301,479	5,046,518	14,956,736
Committed	0	0	0	686	686
Assigned	19,081,712	0	0	2,000,407	21,082,119
Unassigned	5,460,148	0	0	0	5,460,148
Total Fund Balances	24,866,591	4,608,739	5,333,746	7,047,611	41,856,687
Total Liabilities and Fund Balances	\$36,728,955	5,451,949	\$10,365,610	\$10,985,281	\$63,531,795

See accompanying notes to the basic financial statements.

City of Mason, Ohio
 Reconciliation of Total Governmental Fund Balance to
 Net Assets of Governmental Activities
 December 31, 2011

Total Governmental Fund Balance \$41,856,687

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. 168,615,026

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

Income Taxes	\$2,389,863	
Delinquent Property Taxes	142,457	
Delinquent TIF Payments	136,383	
Interest	15,220	
Intergovernmental	1,874,883	
Other	91,992	
	<u>4,650,798</u>	4,650,798

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. (143,842)

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 (1,374,557)

Deferred bond issuance cost associated with long-term liabilities
 are not reported in the funds. 513,239

Long-term liabilities, are not due and payable in the current
 period and therefore are not reported in the funds. (41,354,379)

Net Assets of Governmental Activities \$172,762,972

See accompanying notes to the basic financial statements.

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City of Mason, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended December 31, 2011

	General	Street Construction, Maintenance and Repair	Fire and Emergency Medical Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$21,543,880	\$0	\$3,867,608	\$1,550,649	\$26,962,137
Fines, Licenses and Permits	1,371,810	0	0	640,031	2,011,841
Charges for Services	1,448,489	0	644,219	0	2,092,708
Investment Earnings	142,198	29,518	32,840	16,307	220,863
Intergovernmental	2,102,897	2,280,551	729,014	1,420,965	6,533,427
Special Assessments	0	0	0	62,767	62,767
Revenue in Lieu of Taxes	0	0	0	890,486	890,486
Other Revenues	1,144,012	156,729	2,678	73,673	1,377,092
Total Revenues	27,753,286	2,466,798	5,276,359	4,654,878	40,151,321
Expenditures:					
Current:					
General Government	7,446,590	0	0	492,123	7,938,713
Public Safety	6,608,729	0	5,154,495	3,610	11,766,834
Leisure Time Activities	1,835,718	0	0	0	1,835,718
Community Development	2,080,270	0	0	371,192	2,451,462
Basic Utility Service	295,972	0	0	0	295,972
Transportation and Street Repair	2,515,864	387,957	0	632,274	3,536,095
Capital Outlay	551,334	1,643,954	111,365	1,443,932	3,750,585
Debt Service:					
Principal Retirement	0	2,140,000	0	2,315,000	4,455,000
Interest and Fiscal Charges	120,499	29,514	0	1,645,482	1,795,495
Bond Issuance Cost	0	16,126	0	52,120	68,246
Total Expenditures	21,454,976	4,217,551	5,265,860	6,955,733	37,894,120
Excess of Revenues Over (Under) Expenditures	6,298,310	(1,750,753)	10,499	(2,300,855)	2,257,201
Other Financing Sources (Uses):					
Issuance of Long Term Capital Debt	0	2,080,000	0	2,730,000	4,810,000
Payments to Refunding Bond Escrow Agent	0	0	0	(2,483,830)	(2,483,830)
Issuance of Refunding Bonds	0	0	0	2,340,000	2,340,000
Premium (Discount) on Issuances	0	79,148	0	190,691	269,839
Transfers In	0	0	0	1,773,664	1,773,664
Transfers (Out)	(3,247,645)	(74,468)	0	(37,551)	(3,359,664)
Total Other Financing Sources (Uses)	(3,247,645)	2,084,680	0	4,512,974	3,350,009
Net Change in Fund Balance	3,050,665	333,927	10,499	2,212,119	5,607,210
Fund Balance Beginning of Year	21,769,240	4,274,812	5,328,398	4,835,492	36,207,942
Change in Reserve for Inventory	46,686	0	(5,151)	0	41,535
Fund Balance End of Year	\$24,866,591	\$4,608,739	\$5,333,746	\$7,047,611	\$41,856,687

See accompanying notes to the basic financial statements.

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, 2011

Net Change in Fund Balance - Total Governmental Funds \$5,607,210

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	\$4,421,792	
Depreciation Expense	<u>(3,327,882)</u>	
		1,093,910

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.

(246,790)

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

Income Taxes	\$409,472	
Delinquent Property Taxes	(10,323)	
Delinquent TIF Payments	136,383	
Interest	(9,042)	
Intergovernmental	(331,126)	
Other	<u>(58,074)</u>	
		137,290

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	\$68,246	
Premium on Bonds Issued	<u>(269,839)</u>	
		(201,593)

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

4,455,000

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

29,690

Continued

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, 2011

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	(\$110,096)	
Amortization of Bond Issuance Cost	(35,556)	
Amortization of Bond Premium	71,535	
Amortization of Deferred Amount	(81,403)	
Change in Inventory	<u>41,535</u>	
		(113,985)

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	(4,810,000)	
Refunding Bonds	(2,340,000)	
Bonds Refunded	<u>2,465,000</u>	
		<u>(4,685,000)</u>

Change in Net Assets of Governmental Activities	<u><u>\$6,075,732</u></u>
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See accompanying notes to the basic financial statements.

City of Mason, Ohio
Statement of Net Assets
Proprietary Funds
December 31, 2011

	Sewer	Waste Collection	Stormwater Utility	Community Center	Golf Course	Total Business-Type Activities
Current Assets:						
Equity in Pooled Cash and Investments	\$10,782,368	\$45,185	\$1,323,554	\$2,109,876	\$231,752	\$14,492,735
Restricted Cash and Investments	3,353,272	0	0	782,214	0	4,135,486
Receivables:						
Accounts	833,499	230,725	150,952	5,261	11,437	1,231,874
Interest	18,327	76	2,222	650	0	21,275
Prepays	0	0	0	1,259,797	0	1,259,797
Inventory	17,409	0	0	43,862	155,019	216,290
Total Current Assets	15,004,875	275,986	1,476,728	4,201,660	398,208	21,357,457
Noncurrent Assets:						
Nondepreciable Capital Assets	4,898,867	0	338,052	0	5,664,442	10,901,361
Depreciable Capital Assets, Net	64,049,728	0	34,132,111	19,223,260	2,849,627	120,254,726
Deferred Issuance Costs	0	0	11,231	175,105	47,367	233,703
Total Noncurrent Assets	68,948,595	0	34,481,394	19,398,365	8,561,436	131,389,790
Total Assets	83,953,470	275,986	35,958,122	23,600,025	8,959,644	152,747,247
Liabilities:						
Accounts Payable	211,210	0	0	0	108,105	319,315
Accrued Wages and Benefits	74,618	815	9,401	139,398	0	224,232
Compensated Absences	83,691	0	9,103	27,544	0	120,338
Retainage Payable	0	0	5,437	2,675	0	8,112
Accrued Interest Payable	114,353	0	4,508	38,994	20,418	178,273
Contracts Payable	36,155	136,153	71,598	142,197	0	386,103
Interfund Payable	0	0	0	5,250,000	0	5,250,000
Long-Term Liabilities Due Within One Year	1,200,000	0	95,000	300,000	310,000	1,905,000
Total Current Liabilities	1,720,027	136,968	195,047	5,900,808	438,523	8,391,373
Long-Term Liabilities:						
Compensated Absences	93,973	177	12,402	10,974	0	117,526
Bonds, Notes & Loans Payable	28,213,000	0	1,505,893	0	7,221,752	36,940,645
Capital Lease	0	0	0	10,331,905	0	10,331,905
Total Noncurrent Liabilities	28,306,973	177	1,518,295	10,342,879	7,221,752	47,390,076
Total Liabilities	30,027,000	137,145	1,713,342	16,243,687	7,660,275	55,781,449
Net Assets:						
Invested in Capital Assets, Net of Related Debt	39,535,595	0	32,869,270	8,591,355	982,317	81,978,537
Restricted for:						
Debt Service	3,353,272	0	0	775,053	0	4,128,325
Capital Projects	0	0	0	7,161	0	7,161
Unrestricted (Deficit)	11,037,603	138,841	1,375,510	(2,017,231)	317,052	10,851,775
Total Net Assets	\$53,926,470	\$138,841	\$34,244,780	\$7,356,338	\$1,299,369	\$96,965,798

See accompanying notes to the basic financial statements.

City of Mason, Ohio
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended December 31, 2011

	Sewer	Waste Collection	Stormwater Utility	Community Center	Golf Course	Total Business-Type Activities
Operating Revenues:						
Charges for Services	\$5,457,968	\$1,484,311	\$964,294	\$4,530,466	\$1,978,633	\$14,415,672
Other Revenues	0	0	0	6,375	14,197	20,572
Total Operating Revenues	5,457,968	1,484,311	964,294	4,536,841	1,992,830	14,436,244
Operating Expenses:						
Personal Services	1,319,277	18,098	185,359	2,133,959	1,683,381	5,340,074
Contractual Services	1,017,397	1,540,222	122,329	1,253,909	596,940	4,530,797
Materials and Supplies	409,951	0	78,910	175,047	558,992	1,222,900
Depreciation	2,240,906	0	699,884	524,809	179,258	3,644,857
Other Expenses	0	0	0	36,818	54,710	91,528
Total Operating Expenses	4,987,531	1,558,320	1,086,482	4,124,542	3,073,281	14,830,156
Operating Income (Loss)	470,437	(74,009)	(122,188)	412,299	(1,080,451)	(393,912)
Non-Operating Revenues (Expenses):						
Investment Earnings	80,953	440	7,971	8,423	0	97,787
Interest (Expense)	(1,413,104)	0	(48,379)	(486,734)	(166,109)	(2,114,326)
Total Non-Operating Revenues (Expenses)	(1,332,151)	440	(40,408)	(478,311)	(166,109)	(2,016,539)
Income (Loss) Before Contributions and Transfers	(861,714)	(73,569)	(162,596)	(66,012)	(1,246,560)	(2,410,451)
Capital Grants and Contributions	403,740	0	559,642	0	0	963,382
Transfers In	6,000	0	0	0	1,580,000	1,586,000
Change in Net Assets	(451,974)	(73,569)	397,046	(66,012)	333,440	138,931
Net Assets Beginning of Year	54,378,444	212,410	33,847,734	7,422,350	965,929	96,826,867
Net Assets End of Year	\$53,926,470	\$138,841	\$34,244,780	\$7,356,338	\$1,299,369	\$96,965,798

See accompanying notes to the basic financial statements.

City of Mason, Ohio
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended December 31, 2011

	Sewer	Waste Collection	Stormwater Utility	Community Center	Golf Course	Total Business-Type Activities
Cash Flows from Operating Activities:						
Cash Received from Customers	\$5,578,604	\$1,535,970	\$953,507	\$4,615,641	\$1,996,427	\$14,680,149
Cash Payments to Employees	(1,284,070)	(17,988)	(166,162)	(2,089,159)	(1,713,311)	(5,270,690)
Cash Payments to Suppliers	(1,279,790)	(1,529,454)	(177,877)	(2,755,387)	(1,194,559)	(6,937,067)
Net Cash Provided (Used) by Operating Activities	3,014,744	(11,472)	609,468	(228,905)	(911,443)	2,472,392
Cash Flows from Noncapital Financing Activities:						
Payments from Other Funds	2,567,186	0	0	1,300,000	1,580,000	5,447,186
Payments to Other Funds	(2,567,186)	0	0	0	0	(2,567,186)
Net Cash Provided (Used) by Noncapital Financing Activities	0	0	0	1,300,000	1,580,000	2,880,000
Cash Flows from Capital and Related Financing Activities:						
Payments for Capital Acquisitions	(392,208)	0	(270,768)	(474,431)	(21,262)	(1,158,669)
Debt Proceeds	0	0	1,640,405	0	15,054,421	16,694,826
Debt Principal Payments	(1,145,000)	0	(1,685,000)	(295,000)	(15,500,000)	(18,625,000)
Debt Interest Payments	(1,416,950)	0	(74,214)	(473,825)	(296,823)	(2,261,812)
Capital Grants Received	267,484	0	0	0	0	267,484
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,686,674)	0	(389,577)	(1,243,256)	(763,664)	(5,083,171)
Cash Flows from Investing Activities:						
Earnings on Investments	92,084	523	8,855	7,773	0	109,235
Net Cash Provided (Used) by Cash Flows from Investing Activities	92,084	523	8,855	7,773	0	109,235
Net Increase (Decrease) in Cash and Cash Equivalents	420,154	(10,949)	228,746	(164,388)	(95,107)	378,456
Cash and Cash Equivalents Beginning of Year	13,715,486	56,134	1,094,808	3,056,478	326,859	18,249,765
Cash and Cash Equivalents End of Year	14,135,640	45,185	1,323,554	2,892,090	231,752	\$18,628,221
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating Income (Loss)	470,437	(74,009)	(122,188)	412,299	(1,080,451)	(\$393,912)
Adjustments:						
Depreciation	2,240,906	0	699,884	524,809	179,258	3,644,857
Changes in Assets & Liabilities:						
(Increase) Decrease in Receivables	120,636	51,659	(10,787)	51,016	3,652	216,176
(Increase) Decrease in Inventory	28,747	0	0	(33,170)	(6,990)	(11,413)
(Increase) Decrease in Prepays	0	0	0	(31)	0	(31)
Increase (Decrease) in Payables	118,811	10,768	23,362	(1,228,025)	(6,912)	(1,081,996)
Increase (Decrease) in Accrued Liabilities	35,207	110	19,197	44,197	0	98,711
Net Cash Provided (Used) by Operating Activities	\$3,014,744	(\$11,472)	\$609,468	(\$228,905)	(\$911,443)	\$2,472,392
Schedule of Noncash Capital Activities:						
During the fiscal year, these amounts were received representing noncash contributions of:						
Capital Assets	\$156,256	\$0	\$559,642	\$0	\$0	\$715,898

See accompanying notes to the basic financial statements.

City of Mason, Ohio
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
December 31, 2011

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	\$560,000
Restricted Cash and Investments	<u>70,174</u>
Total Assets	<u><u>630,174</u></u>
Liabilities:	
Due to Others	<u>630,174</u>
Total Liabilities	<u><u>\$630,174</u></u>

See accompanying notes to the basic financial statements.

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City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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 18.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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, contracts 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:

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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 2011 amounted to \$318,650 (on the fund financial statements). The general fund interest revenue was \$142,198.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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, 2011, 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

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, City Council.

Assigned – resources that are intended to be used for specific purposes as approved through the City's formal purchasing procedure by the City Manager and Finance Director.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

The City applies restricted resources first when an expense is incurred for purposes which both restricted and unrestricted net assets are available. The City considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

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 \$20,978,135 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.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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 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.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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

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

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

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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, 2011, \$6,445,076 of the City's bank balance of \$6,695,076 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, 2011, the City had the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Federal Home Loan Bank	\$5,358,862	0.19
Federal Home Loan Mortgage Corporation	8,701,295	0.90
Federal National Mortgage Association	22,610,180	1.45
US Treasury Bill	6,413,119	0.46
Money Market Funds	<u>12,994,186</u>	0.00
	<u><u>\$56,077,642</u></u>	
Portfolio Weighted Average Maturity		0.79

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 National Mortgage Association, and Money Market Funds in were rated AAA by Standard and Poor's and Fitch ratings and Aaa by Moody's Investors Service. US Treasury Bills were not rated.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Concentration of Credit Risk – The City’s investment policy allows investments in Federal Government Securities or Instrumentalities. The City has invested 10% of the City’s investments in Federal Home Loan Bank, 16% in Federal Home Loan Mortgage Corporation, 40% in Federal National Mortgage Association, 23% in Money Market Funds and 11% 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 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 \$7,421 in the Special Assessments Bond Retirement Fund.

Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2011 were levied after October 1, 2010 on assessed values as of January 1, 2010, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 31; if paid semiannually, the first payment is due February and the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

Tangible personal property tax revenues received in 2011 (other than public utility property) represent the collection of 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010 on values as of December 31, 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

The tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. House Bill No. 66 was to hold governments harmless by replacing a portion of the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2012, the City will be fully reimbursed for the lost revenue. In calendar years 2013-2017, the reimbursements will be phased out.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100% of its true value. Public utility property taxes are payable on the same dates as real property described previously.

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

	<u>Amount</u>
Real Property	\$1,016,440,490
Public Utility	<u>12,955,190</u>
Total Valuation	<u><u>\$1,029,395,680</u></u>

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

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%.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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 7/1/11-7/1/12):

\$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.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Flood (effective 7/1/11-7/1/12) - included in Property Policy

\$25 million/occurrence and annual aggregate

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

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

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

Earthquake (effective 7/1/11-7/1/12) - included in Property Policy

\$25 million/occurrence and annual aggregate

MVRMA SIR: \$100,000/occurrence

Boiler & Machinery (effective 7/1/11-7/1/12)

\$100,000,000/occurrence

MVRMA SIR: \$5,000/occurrence (except as shown for specific objects or perils)

Coverage excess SIR provided by PEPiP USA as follows:

Lexington Insurance Company (Primary \$25 million)

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

Cyber Coverage (effective 7/1/11-7/1/12)

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

Pollution Liability (effective 7/1/11-7/1/12) – Claims Made and Reported Policy

Retroactive Date: Policy Inception

\$1 million/pollution condition and aggregate with a \$200,000 sublimit for Fungi & Legionella

MVRMA SIR: \$100,000/pollution condition; \$750,000 underground storage tanks specific

Member Deductible/Occurrence - \$2,500

The Financial Audit for 2011 has not been completed yet. Figures from the audited 2010 Financial Audit are as follows:

Current Assets	\$ 9,621,938
Total Assets	\$18,829,056
Current Liabilities	\$ 7,314,101
Long-Term Liabilities	\$ 0
Net Assets	\$11,514,955

MVRMA estimates that member cities are paying approximately 35% less for coverage through MVRMA than would be paid under a commercial insurance program.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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 \$439,809 reported in the General Fund at year end is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the claims liability amounts were as follows:

Fiscal Year	Beginning of Fiscal Year Liability	Current Claims and Changes in Estimates	Claims Payments	End of Fiscal Year Liability
2011	\$292,736	\$3,937,911	(\$3,790,838)	\$439,809
2010	413,064	2,850,132	(2,970,460)	292,736

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

Note 6 – Contingent Liabilities

Litigation

In July 2010, Deerfield Township filed a breach of contract claim against the City of Mason with regard to a 1995 annexation agreement. Deerfield Township claimed that under the terms of the contract, the City of Mason owed additional monetary payments in reparation of the annexation of certain property. In November 2011, the Warren County Court of Common Pleas ruled in favor of Deerfield Township and entered a judgment against the City of Mason for approximately \$1.5 million. In December 2011, City of Mason filed an Appeal with the 12th District Court of Appeals and will continue to vigorously defend the claim. The City of Mason is confident in the basis of the appeal. Furthermore, the City of Mason and Deerfield Township representatives have engaged in meaningful settlement discussions as part of a court-monitored mediation program. Given the City of Mason’s confidence in the basis of the appeal, coupled with the positive settlement discussions through the mediation program, the City of Mason does not believe it is probable that they will have to pay the judgment.

Federal and State Grants

For the period January 1, 2011 to December 31, 2011, 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.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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	\$64,048,626	\$324,340	\$0	\$64,372,966
Construction in Progress	1,926,129	2,844,990	117,897	4,653,222
Total Capital Assets, not being depreciated	<u>65,974,755</u>	<u>3,169,330</u>	<u>117,897</u>	<u>69,026,188</u>
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	45,390,644	14,898	308,900	45,096,642
Equipment	14,900,355	560,826	283,505	15,177,676
Infrastructure	<u>72,769,825</u>	<u>794,635</u>	<u>0</u>	<u>73,564,460</u>
Totals at Historical Cost	<u>199,035,579</u>	<u>4,539,689</u>	<u>710,302</u>	<u>202,864,966</u>
Less Accumulated Depreciation:				
Buildings and Improvements	9,461,696	1,163,907	80,314	10,545,289
Equipment	10,137,240	937,891	265,301	10,809,830
Infrastructure	<u>11,668,737</u>	<u>1,226,084</u>	<u>0</u>	<u>12,894,821</u>
Total Accumulated Depreciation	<u>\$31,267,673</u>	<u>\$3,327,882</u>	<u>\$345,615</u>	<u>\$34,249,940</u>
Governmental Activities Capital Assets, Net	<u>\$167,767,906</u>	<u>\$1,211,807</u>	<u>\$364,687</u>	<u>\$168,615,026</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	26,355	920,250	623,719	322,886
Total Capital Assets, not being depreciated	<u>10,604,830</u>	<u>920,250</u>	<u>623,719</u>	<u>10,901,361</u>
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	53,949,671	331,783	0	54,281,454
Equipment	8,093,883	218,418	42,995	8,269,306
Infrastructure	<u>83,820,964</u>	<u>1,007,835</u>	<u>0</u>	<u>84,828,799</u>
Totals at Historical Cost	<u>156,469,348</u>	<u>2,478,286</u>	<u>666,714</u>	<u>158,280,920</u>
Less Accumulated Depreciation:				
Buildings and Improvements	5,244,897	1,552,508	0	6,797,405
Equipment	2,750,866	678,535	42,995	3,386,406
Infrastructure	<u>15,527,208</u>	<u>1,413,814</u>	<u>0</u>	<u>16,941,022</u>
Total Accumulated Depreciation	<u>\$23,522,971</u>	<u>\$3,644,857</u>	<u>\$42,995</u>	<u>\$27,124,833</u>
Business-Type Activities Capital Assets, Net	<u>\$132,946,377</u>	<u>(\$1,166,571)</u>	<u>\$623,719</u>	<u>\$131,156,087</u>

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Depreciation expense was charged to governmental functions as follows:

	Depreciation Expense
General Government	\$579,451
Public Safety	389,542
Leisure Time Activities	488,886
Transportation and Street Repair	1,869,630
Community Development	373
Total Depreciation Expense	<u>\$3,327,882</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, 2011

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	3.00%	\$3,800,000	\$0	(\$3,800,000)	\$0
Real Estate Acquisition Note	1.50%	0	3,500,000	0	3,500,000
Tax Revenue Note	1.50%	3,025,000	0	(3,025,000)	0
Tax Revenue Note	1.50%	0	3,070,000	0	3,070,000
Total Governmental Activities		<u>\$6,825,000</u>	<u>\$6,570,000</u>	<u>(\$6,825,000)</u>	<u>\$6,570,000</u>
Business-Type Activities					
Golf Course Fund:					
Golf Course Acquisition Note	1.50%	\$0	\$7,500,000	(\$7,500,000)	\$0
Total Business-Type Activities		<u>\$0</u>	<u>\$7,500,000</u>	<u>(\$7,500,000)</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, 2011

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>						
1998 Road Improvement	4.47%	\$2,465,000	\$0	(\$2,465,000)	\$0	\$0
2008 Various Purpose		15,925,000	0	(700,000)	15,225,000	700,000
Mason Road Widening	1.50%	2,140,000	0	(2,140,000)	0	0
Mason Road Widening	3.73%	0	2,080,000	(40,000)	2,040,000	90,000
US 42 Road Improvements	3.80%	0	980,000	(15,000)	965,000	35,000
Refunding 1998 Road Improvement	3.52%	0	2,340,000	(255,000)	2,085,000	275,000
Premium on Bonds		0	269,839	(26,090)	243,749	0
Total General Obligation Bonds		<u>20,530,000</u>	<u>5,669,839</u>	<u>(5,641,090)</u>	<u>20,558,749</u>	<u>1,100,000</u>
<u>Revenue Bonds</u>						
JW Harris Tax Increment Financing (TIF)	5.30%	545,000	0	(55,000)	490,000	60,000
Mason Enterprise TIF	6.00%	505,000	0	(55,000)	450,000	65,000
Refunding Central Park TIF	4.50%	640,000	0	(225,000)	415,000	60,000
Refunding Tylersville Crossing TIF	4.50%	805,000	0	(45,000)	760,000	50,000
Everybody's Farm TIF	5.75%	0	1,750,000	0	1,750,000	0
Total Revenue Bonds		<u>2,495,000</u>	<u>1,750,000</u>	<u>(380,000)</u>	<u>3,865,000</u>	<u>235,000</u>
<u>Special Assessment Bonds</u>						
Northeast	6.75%	55,000	0	(55,000)	0	0
Snider Road	6.76%	15,000	0	(15,000)	0	0
Total Special Assessment Bonds		<u>70,000</u>	<u>0</u>	<u>(70,000)</u>	<u>0</u>	<u>0</u>
<u>Certificate of Participation Bonds</u>						
Refunding Certificate of Participation		18,325,000	0	(855,000)	17,470,000	895,000
Premium on Refunding Certificate of Participation		727,118	0	(45,445)	681,673	0
Deferred Charge on Refunding Certificate of Participation		(1,302,446)	0	81,403	(1,221,043)	0
Total Refunding Certificate of Participation Bonds		<u>17,749,672</u>	<u>0</u>	<u>(819,042)</u>	<u>16,930,630</u>	<u>895,000</u>
Total Long-Term Liabilities Bonds		<u>40,844,672</u>	<u>7,419,839</u>	<u>(6,910,132)</u>	<u>41,354,379</u>	<u>2,230,000</u>
Compensated Absences		<u>1,264,461</u>	<u>942,666</u>	<u>(832,570)</u>	<u>1,374,557</u>	<u>568,365</u>
Total Governmental Activities		<u>\$42,109,133</u>	<u>\$8,362,505</u>	<u>(\$7,742,702)</u>	<u>\$42,728,936</u>	<u>\$2,798,365</u>

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

	Rate	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business-Type Activities						
<u>General Obligation Bonds</u>						
Stormwater Improvement	3.00%	\$1,640,000	\$0	(\$1,640,000)	\$0	\$0
Stormwater Improvement	3.65%	0	1,560,000	(45,000)	1,515,000	95,000
Golf Course Acquisition	1.25%	8,000,000	0	(8,000,000)	0	0
Golf Course Acquisition	3.69%	0	7,300,000	0	7,300,000	310,000
Premium on Bonds		0	345,321	(27,676)	317,645	0
Total General Obligation Bonds		<u>9,640,000</u>	<u>9,205,321</u>	<u>(9,712,676)</u>	<u>9,132,645</u>	<u>405,000</u>
<u>Special Assessment Bonds</u>						
Diley Utility	6.00%	24,000	0	(6,000)	18,000	5,000
<u>Mortgage Revenue Bonds</u>						
Sewer Mortgage Revenue	4.47%	30,540,000	0	(1,145,000)	29,395,000	1,195,000
<u>Lease</u>						
Capital Lease		11,060,000	0	(295,000)	10,765,000	300,000
Discount on Capital Lease		(138,882)	5,787	0	(133,095)	0
Total Capital Lease		<u>10,921,118</u>	<u>5,787</u>	<u>(295,000)</u>	<u>10,631,905</u>	<u>300,000</u>
Compensated Absences - Enterprise		196,755	144,600	(103,491)	237,864	120,338
Total Business-Type Activities		<u>\$51,321,873</u>	<u>\$9,355,708</u>	<u>(\$11,262,167)</u>	<u>\$49,415,414</u>	<u>\$2,025,338</u>

Compensated Absences will be paid from the fund from which the person is paid. Historically, this is the General Fund or a Special Revenue Fund. General obligation bonds will be paid from the General Obligation Bond Retirement Fund, Central Parke TIF Fund, Mason Enterprise Parke TIF Fund, 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.

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

Year	General Obligation Bonds		Revenue Bonds		Special Assessment Bonds		Mortgage Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$1,505,000	\$1,089,526	\$235,000	\$216,131	\$5,000	\$1,080	\$1,195,000	\$1,371,150
2013	1,535,000	1,053,776	245,000	201,866	6,000	780	1,230,000	1,329,325
2014	1,590,000	1,012,214	290,000	189,309	7,000	420	1,280,000	1,282,585
2015	1,635,000	967,364	360,000	174,304	0	0	1,335,000	1,232,025
2016	1,705,000	912,238	385,000	155,269	0	0	1,400,000	1,168,613
2017-2021	11,170,000	3,423,232	1,290,000	486,595	0	0	8,045,000	4,778,887
2022-2026	8,150,000	1,298,286	665,000	194,863	0	0	10,135,000	2,705,095
2027-2031	1,840,000	100,749	395,000	70,724	0	0	4,775,000	361,000
	<u>\$29,130,000</u>	<u>\$9,857,385</u>	<u>\$3,865,000</u>	<u>\$1,689,061</u>	<u>\$18,000</u>	<u>\$2,280</u>	<u>\$29,395,000</u>	<u>\$14,228,680</u>

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 11 - Advanced Refunding

On June 1, 2011 the City issued \$2,483,830 in General Obligation bonds with an average interest rate of 3.52% of which \$2,340,000 was used to advance refund \$2,465,000 of outstanding Road Improvement Bonds with average interest rates of 4.47%. The net proceeds of \$2,502,123 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the three bond issues. As a result, none of the Road Improvement Bonds are considered to be defeased and the related liability for those bonds has been removed from the Statement of Net Assets.

The City advance refunded all of their Road Improvement Bonds to reduce its total debt service payments by \$262,824 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$236,608.

Note 12 – 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.

The City’s lease obligations meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 “Accounting for Leases”, and have been recorded on the government-wide statements. The leased assets have been capitalized for the amount of the present value of the minimum lease payments at the inception of the lease.

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

<u>Year</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
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	1,600,225	770,740
2017-2021	7,982,325	3,849,602
2022-2026	7,983,015	3,848,938
2027-2031	0	3,854,256
2032-2034	0	2,313,500
Total minimum lease payments	23,958,865	17,717,506
Less: Amount representing interest	(6,488,865)	(6,952,506)
Present value of minimum lease payments	\$17,470,000	\$10,765,000

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

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 13 – 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 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, 2011, 2010 and 2009 were \$832,743, \$702,783, and \$639,689 respectively. The full amount has been contributed for 2010 and 2009, and 89% has actually been contributed for 2011. The City's unpaid contractually required OPERS contributions (including post employment benefits) at year end (the liability) were recorded in the accrued wages and benefits line item of the government-wide and fund financial statements along with various corresponding expenses/expenditures.

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 of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

City's contributions to OP&F for the years ending December 31, 2011, 2010 and 2009 were \$853,744, \$801,170, and \$764,347, respectively. 87% has actually been contributed for 2011 and the full amount has been contributed for 2010 and 2009. The City's unpaid contractually required OP&F contributions (including post employment benefits) at year end (the liability) were recorded in the accrued wages and benefits line item of the government-wide and fund financial statements along with various corresponding expenses/expenditures.

Note 14 – 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.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, 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 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. 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 rates stated in Funding Policy, above, are the contractually required contribution rates for OPERS. The City's actual contributions for the current year, which were used to fund postemployment benefits, were \$237,915 for 2011; \$52,112 for the period January 1 through February 28, 2010, and \$203,601 for the period of March 1 through December 31, 2010; and \$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. The full amount has been contributed for 2010 and 2009, and 89% has actually been contributed for 2011.

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

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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 is 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, 2011, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and 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 contributions to OP&F for the year ending December 31, 2011 were \$145,704 (police) and \$121,570 (fire); for the year ending December 31, 2010 were \$141,135 (police) and \$110,508 (fire); and for the year ending December 31, 2009 were \$134,324 (police) and \$105,691 (fire); respectively, and were allocated to the healthcare plan. The actual contributions for 2009 and 2010 were 100% and 87% has actually been contributed for 2011.

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 15 – 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, 2011:

<u>Issuance</u>	<u>Year Issued</u>	<u>Original Amount</u>	<u>Outstanding December 31, 2011</u>	<u>Year Mature</u>
Cedar Village	2010	\$16,250,000	\$15,875,000	2035
Mason Christian Village:				
Healthcare Refunding	1998	7,650,000	6,085,000	2032 *
Healthcare Facilities	2000	4,400,000	<u>3,830,000</u>	2035 *
Total Conduit Debt Outstanding			<u><u>\$25,790,000</u></u>	

* Called February 2012

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City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 16 – Construction Commitments

The City had the following outstanding commitments at year end:

<u>Projects</u>	<u>Amount</u>
New Fire Station 51 - Construction	\$169,238
W.R.&I75 & ST Rt.741 Interchange study	600,000
US 42 Widening - Tylersville to But-Warren	5,136,509
MM Rd. & Bethany Rd. Roundabout	66,950
Mason Rd. & Hickory Woods Roundabout	1,800
Everybody's Farm Improvement	1,326,176
Outdoor Pool Improvements	164,400
Common Ground Access Road	3,850
Sewer/Stormwater Master Planning	92,450
Southwest Mason Sewer	24,000
Bethany Road Sewer Improvement	413
Beach Lift Station Rehabilitation	1,160
Bethany Rd Force Main Relocation	32,640
First Ave/S Forest Storm Sewer	12,053
Sewer/Stormwater Master Planning	92,450
Floodplain Improvement (Southwind & Windsong)	900
St. Susanna & Four Seasons	209,618
Church St. & Forest Ave. Storm Sewer	2,972
Mason Heights Drainage System	1,476
Community Center Expansion	9,675
Community Center Tenant Finish	46,030
Total	<u><u>\$7,994,760</u></u>

Note 17 – 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	\$5,300,000	\$0	\$0	\$3,247,645
Street Construction, Maintenance and Repair	0	0	0	74,468
Sewer Fund	0	0	6,000	0
Community Center Fund	0	5,250,000	0	0
Golf Course Fund	0	0	1,580,000	0
Other Governmental Funds	0	50,000	1,773,664	37,551
Total All Funds	<u><u>\$5,300,000</u></u>	<u><u>\$5,300,000</u></u>	<u><u>\$3,359,664</u></u>	<u><u>\$3,359,664</u></u>

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

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

The transfer out of the Street Construction, Maintenance and Repair Fund to the General Bond Retirement Fund (Other Governmental Funds) of \$74,468 was to make the debt service payment for the Mason Road Widening debt that is included in the 2011 Various Purpose General Obligation Bonds.

The transfer out of the State Highway Fund (Other Governmental Funds) to the General Bond Retirement Fund (Other Governmental Funds) of \$31,551 was to make the debt service payment for the US 42 Road Improvements debt that is included in the 2011 Various Purpose General Obligation Bonds.

The transfer out of \$6,000 from the Special Assessment Bond Retirement Fund (Other Governmental Funds) to the Sewer Fund was to make the debt service payment for the Diley Utility Special Assessment debt.

Note 18 – 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 19 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Fund Balances	General	Street Construction, Maintenance and Repair	Fire and Emergency Medical Service	Other Governmental Funds	Total
Nonspendable:					
Inventory	\$278,948	\$0	\$32,267	\$0	\$311,215
Unclaimed Monies	45,783	0	0	0	45,783
Total Nonspendable	324,731	0	32,267	0	356,998
Restricted for:					
Street Improvements	0	4,608,739	0	609,963	5,218,702
Fire and Emergency Medical Service	0	0	5,301,479	0	5,301,479
Street Subdivision	0	0	0	470,073	470,073
Parks and Recreation	0	0	0	194,053	194,053
Public Safety	0	0	0	30,496	30,496
Municipal Court	0	0	0	437,523	437,523
TIF Monies	0	0	0	2,203,584	2,203,584
Debt Service	0	0	0	975,577	975,577
Other Purposes	0	0	0	125,249	125,249
Total Restricted	0	4,608,739	5,301,479	5,046,518	14,956,736
Committed to:					
Police Crime Prevention	0	0	0	686	686
Total Committed	0	0	0	686	686
Assigned to:					
General Capital Improvement	8,655,587	0	0	0	8,655,587
Debt Service	0	0	0	1,949,632	1,949,632
Subdivision Inspection	0	0	0	50,775	50,775
Encumbrances:					
General Government	1,831,219	0	0	0	1,831,219
Public Safety	53,364	0	0	0	53,364
Leisure Time Activities	56,699	0	0	0	56,699
Community Development	2,224,506	0	0	0	2,224,506
Transportation and Street Repair	237,751	0	0	0	237,751
Capital Outlay	2,022,586	0	0	0	2,022,586
Debt Service	4,000,000	0	0	0	4,000,000
Total Assigned	19,081,712	0	0	2,000,407	21,082,119
Unassigned (Deficit)	5,460,148	0	0	0	5,460,148
Total Fund Balance	24,866,591	4,608,739	5,333,746	7,047,611	41,856,687

City of Mason, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 20 – Change in Accounting Principles

For fiscal year 2011, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” GASB 54 does not affect the calculation of the City’s fund balance but shifts the focus of fund balance reporting from the availability of fund resources for budgeting to the extent to which the City is bound to honor constraints on the specific purposes for which amounts in funds can be spent.

Note 21 – Subsequent Event

In February 2012, the City issued \$22,740,000 in sewer system refunding general obligation bonds to refund the 2004 sewer revenue bonds. The bond proceeds along with \$6,884,459 from the Sewer Fund was deposited into an escrow account to purchase State & Local government Securities (SLGs). The escrow account is an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the outstanding 2004 sewer revenue bonds of \$29,395,000 are considered to be defeased.

In February 2012, the City issued \$3,120,000 in economic development revenue notes to refinance a revenue note for real estate acquisition. The note is due January 2013.

In June 2012, the City has started the process to issue \$3,200,000 in bond anticipation note to refinance a bond anticipation note for real estate acquisition of property located on State Route 741. The note would be due June 2013.

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, 2011

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$20,608,500	\$20,608,500	\$21,472,900	\$864,400
Fines, Licenses and Permits	1,367,600	1,367,600	1,413,755	46,155
Intergovernmental	1,523,000	1,523,000	2,020,117	497,117
Charges for Services	427,000	427,000	276,603	(150,397)
Investment Earnings	125,000	125,000	149,468	24,468
Other Revenues	495,000	495,000	702,463	207,463
Total Revenues	24,546,100	24,546,100	26,035,306	1,489,206
Expenditures:				
Current:				
General Government				
City Manager				
Personal Services	292,346	292,346	289,309	3,037
Operating	79,520	79,520	54,432	25,088
Total City Manager	371,866	371,866	343,741	28,125
Assistant City Manager				
Personal Services	729,042	729,042	720,895	8,147
Operating	80,596	80,596	53,320	27,276
Total Assistant City Manager	809,638	809,638	774,215	35,423
Finance				
Personal Services	421,171	421,171	391,894	29,277
Operating	92,950	92,950	79,335	13,615
Total Finance	514,121	514,121	471,229	42,892
Earnings Tax				
Personal Services	455,221	455,221	405,171	50,050
Operating	159,761	159,761	84,507	75,254
Refunds and Reimbursements	850,000	850,000	802,381	47,619
Total Earnings Tax	1,464,982	1,464,982	1,292,059	172,923
Law Director				
Personal Services	107,719	107,719	105,198	2,521
Operating	511,041	511,041	389,251	121,790
Total Law Director	618,760	618,760	494,449	124,311

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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, 2011

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Council				
Personal Services	166,494	166,494	146,641	19,853
Operating	882,352	882,352	1,818,281	(935,929)
Total Council	1,048,846	1,048,846	1,964,922	(916,076)
Municipal Court				
Personal Services	741,230	741,230	675,828	65,402
Operating	502,132	502,132	437,803	64,329
Total Municipal Court	1,243,362	1,243,362	1,113,631	129,731
Land, Buildings and Grounds				
Personal Services	102,085	102,085	99,826	2,259
Operating	642,465	642,465	531,939	110,526
Total Land, Buildings and Grounds	744,550	744,550	631,765	112,785
Engineering				
Personal Services	784,969	784,969	749,451	35,518
Operating	61,676	61,676	51,986	9,690
Total Engineering	846,645	846,645	801,437	45,208
Auditor's Deductions				
Personal Services	62,710	62,710	36,241	26,469
Operating	1,162,919	1,132,919	1,015,612	117,307
Contingency	250,000	250,000	0	250,000
Total Auditor's Deductions	1,475,629	1,445,629	1,051,853	393,776
Total General Government	9,138,399	9,108,399	8,939,301	169,098

(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, 2011

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Public Safety				
Police Department				
Personal Services	5,044,949	5,169,949	5,143,915	26,034
Operating	539,736	569,736	456,617	113,119
Total Police Department	5,584,685	5,739,685	5,600,532	139,153
Street Lighting				
Operating	440,970	433,970	365,590	68,380
Total Street Lighting	440,970	433,970	365,590	68,380
Disaster Services				
Operating	32,392	32,392	35,426	(3,034)
Total Disaster Services	32,392	32,392	35,426	(3,034)
Total Public Safety	6,058,047	6,206,047	6,001,548	204,499
Leisure Time Activities				
Recreation Programs				
Personal Services	273,125	273,125	253,948	19,177
Operating	130,101	130,101	98,693	31,408
Total Recreation Programs	403,226	403,226	352,641	50,585
Parks				
Personal Services	783,398	783,398	694,975	88,423
Operating	532,476	407,476	285,141	122,335
Total Parks	1,315,874	1,190,874	980,116	210,758
Swimming Pool				
Personal Services	168,587	168,587	144,093	24,494
Operating	99,158	99,158	79,672	19,486
Total Swimming Pool	267,745	267,745	223,765	43,980
Senior Center				
Personal Services	135,253	135,253	94,529	40,724
Operating	74,600	74,600	70,546	4,054
Total Senior Center	209,853	209,853	165,075	44,778
Total Leisure Time Activities	2,196,698	2,071,698	1,721,597	350,101

(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, 2011

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Community Development				
Community Planning - Zoning				
Personal Services	89,273	89,273	86,387	2,886
Operating	26,283	26,283	18,727	7,556
Total Community Planning - Zoning	115,556	115,556	105,114	10,442
Building Inspections				
Personal Services	478,502	478,502	470,187	8,315
Operating	31,076	31,076	28,133	2,943
Total Building Inspections	509,578	509,578	498,320	11,258
Economic Development				
Personal Services	300,773	250,773	230,561	20,212
Operating	201,654	251,654	238,711	12,943
Total Economic Development	502,427	502,427	469,272	33,155
Community Development				
Operating	2,486,334	3,436,334	3,214,855	221,479
Total Community Development	2,486,334	3,436,334	3,214,855	221,479
Total Community Development	3,613,895	4,563,895	4,287,561	276,334

(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, 2011

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Transportation and Street Repair				
Traffic Signals				
Operating	190,789	190,789	129,207	61,582
Total Traffic Signals	190,789	190,789	129,207	61,582
Street Maintenance and Repair				
Personal Services	1,469,343	1,369,343	1,284,505	84,838
Operating	1,277,432	1,377,432	1,177,261	200,171
Total Street Maintenance and Repair	2,746,775	2,746,775	2,461,766	285,009
Garage				
Personal Services	283,868	283,868	264,483	19,385
Operating	84,855	84,855	52,974	31,881
Total Garage	368,723	368,723	317,457	51,266
Total Transportation and Street Repair	3,306,287	3,306,287	2,908,430	397,857
Capital Outlay	1,717,894	1,717,894	1,700,000	17,894
Total Expenditures	26,031,220	26,974,220	25,558,437	1,415,783
Excess of Revenues Over (Under) Expenditures	(1,485,120)	(2,428,120)	476,869	2,904,989
Other Financing Sources (Uses):				
Transfers (Out)	(3,670,000)	(6,770,000)	(6,767,645)	2,355
Total Other Financing Sources (Uses)	(3,670,000)	(6,770,000)	(6,767,645)	2,355
Net Change in Fund Balance	(5,155,120)	(9,198,120)	(6,290,776)	2,907,344
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	14,734,471	14,734,471	14,734,471	0
Fund Balance End of Year	\$9,579,351	\$5,536,351	\$8,443,695	\$2,907,344

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, 2011

	Street Construction, Maintenance and Repair Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$1,400,000	\$2,150,000	\$2,291,381	\$141,381
Investment Earnings	10,000	10,000	30,695	20,695
Other Revenues	0	1,000,000	1,028,352	28,352
Total Revenues	1,410,000	3,160,000	3,350,428	190,428
Expenditures:				
Current:				
Capital Outlay	5,220,576	5,923,076	5,484,105	438,971
Debt Service:				
Principal Retirement	2,140,000	2,140,000	2,140,000	0
Interest and Fiscal Charges	207,100	29,600	29,514	86
Total Expenditures	7,567,676	8,092,676	7,653,619	439,057
Excess of Revenues Over (Under) Expenditures	(6,157,676)	(4,932,676)	(4,303,191)	629,485
Other Financing Sources (Uses):				
Issuance of Debt	2,140,000	2,140,000	2,143,022	3,022
Transfers (Out)	0	(75,000)	(74,468)	532
Total Other Financing Sources (Uses)	2,140,000	2,065,000	2,068,554	3,554
Net Change in Fund Balance	(4,017,676)	(2,867,676)	(2,234,637)	633,039
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,068,749	4,068,749	4,068,749	0
Fund Balance End of Year	\$51,073	\$1,201,073	\$1,834,112	\$633,039

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, 2011

	Fire and Emergency Medical Service Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$3,825,500	\$3,825,500	\$3,867,608	\$42,108
Intergovernmental	1,074,500	424,500	729,014	304,514
Charges for Services	550,000	760,000	665,029	(94,971)
Investment Earnings	10,000	35,000	35,543	543
Other Revenues	0	5,000	4,234	(766)
Total Revenues	5,460,000	5,050,000	5,301,428	251,428
Expenditures:				
Current:				
Public Safety				
Fire and Emergency Services				
Personal Services	4,684,893	4,684,893	4,496,288	188,605
Operating	872,096	902,096	791,784	110,312
Total Public Safety	5,556,989	5,586,989	5,288,072	298,917
Capital Outlay	659,519	659,519	637,672	21,847
Total Expenditures	6,216,508	6,246,508	5,925,744	320,764
Net Change in Fund Balance	(756,508)	(1,196,508)	(624,316)	572,192
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,605,645	5,605,645	5,605,645	0
Fund Balance End of Year	\$4,849,137	\$4,409,137	\$4,981,329	\$572,192

See accompanying notes to the required supplementary information.

City of Mason, Ohio
Notes to the Required Supplementary Information
For The Year Ended December 31, 2011

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. As authorized by the City Charter, the appropriations ordinance 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 all funds that appropriate personal services including 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 an assignment of fund balance (GAAP).

City of Mason, Ohio
Notes to the Required Supplementary Information
For The Year Ended December 31, 2011

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.
5. Some funds are reported as part of the general fund (GAAP basis as opposed to the general fund being reported alone (budget basis)).

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

	<u>General</u>	<u>Street Construction, Maintenance and Repair</u>	<u>Fire and Emergency Medical Service</u>
GAAP Basis	\$3,050,665	\$333,927	\$10,499
Revenue Accruals	(75,216)	883,630	25,069
Expenditure Accruals	(7,172,091)	(505,133)	(97,515)
Issuance of Debt	6,600,129	(16,126)	0
Transfer In	950,000	0	0
Transfers Out	(5,300,000)	0	0
Encumbrances	(6,521,411)	(2,930,935)	(562,369)
Funds Budgeted Elsewhere	2,177,148	0	0
Budget Basis	<u>(\$6,290,776)</u>	<u>(\$2,234,637)</u>	<u>(\$624,316)</u>

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES



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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The term *proceeds of specific revenue sources* establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

Debt Service Funds

The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated (i.e. debt payable from property taxes). Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

City of Mason, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$4,666,922	\$1,318,758	\$5,985,680
Restricted Cash and Investments	0	1,607,139	1,607,139
Receivables:			
Taxes	0	1,737,039	1,737,039
Accounts	38,451	0	38,451
Interest	2,275	1,442	3,717
Intergovernmental	1,274,553	325,766	1,600,319
Special Assessments	0	12,936	12,936
Total Assets	5,982,201	5,003,080	10,985,281
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	13,073	688	13,761
Accrued Wages and Benefits	37,722	0	37,722
Retainage Payable	225,218	0	225,218
Contracts Payable	660,582	0	660,582
Interfund Payable	50,000	0	50,000
Deferred Revenue	873,204	2,077,183	2,950,387
Total Liabilities	1,859,799	2,077,871	3,937,670
Fund Balances:			
Restricted	4,070,941	975,577	5,046,518
Committed	686	0	686
Assigned	50,775	1,949,632	2,000,407
Total Fund Balances	4,122,402	2,925,209	7,047,611
Total Liabilities and Fund Balances	\$5,982,201	\$5,003,080	\$10,985,281

City of Mason, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$0	\$1,550,649	\$1,550,649
Fines, Licenses and Permits	640,031	0	640,031
Investment Earnings	6,864	9,443	16,307
Intergovernmental	1,136,956	284,009	1,420,965
Special Assessments	0	62,767	62,767
Revenue in Lieu of Taxes	676,312	214,174	890,486
Other Revenues	69,540	4,133	73,673
Total Revenues	2,529,703	2,125,175	4,654,878
Expenditures:			
Current:			
General Government	492,123	0	492,123
Public Safety	3,610	0	3,610
Community Development	371,192	0	371,192
Transportation and Street Repair	629,365	2,909	632,274
Capital Outlay	1,443,932	0	1,443,932
Debt Service:			
Principal Retirement	325,000	1,990,000	2,315,000
Interest and Fiscal Charges	95,325	1,550,157	1,645,482
Bond Issuance Cost	33,978	18,142	52,120
Total Expenditures	3,394,525	3,561,208	6,955,733
Excess of Revenues Over (Under) Expenditures	(864,822)	(1,436,033)	(2,300,855)
Other Financing Sources (Uses):			
Issuance of Long Term Capital Debt	2,730,000	0	2,730,000
Payments to Refunding Bond Escrow Agent	0	(2,483,830)	(2,483,830)
Issuance of Refunding Bonds	0	2,340,000	2,340,000
Premium (Discount) on Issuances	28,568	162,123	190,691
Transfers In	50,000	1,723,664	1,773,664
Transfers (Out)	(31,551)	(6,000)	(37,551)
Total Other Financing Sources (Uses)	2,777,017	1,735,957	4,512,974
Net Change in Fund Balance	1,912,195	299,924	2,212,119
Fund Balance Beginning of Year	2,210,207	2,625,285	4,835,492
Fund Balance End of Year	\$4,122,402	\$2,925,209	\$7,047,611

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.

Everybody's Farm TIF - This fund is used to account for the financial resources and expenditures related to the development and improvements to Everybody's Farm.

City of Mason, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011

	State Highway Improvement	Street Subdivision	Federal Grant	Police Officer Training
Assets:				
Equity in Pooled Cash and Investments	\$1,062,594	\$470,073	\$50,000	\$7,478
Receivables:				
Accounts	0	0	0	0
Interest	1,784	0	0	0
Intergovernmental	784,651	0	0	0
Total Assets	<u>1,849,029</u>	<u>470,073</u>	<u>50,000</u>	<u>7,478</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	0	0	0	0
Accrued Wages and Benefits	0	0	0	0
Retainage Payable	219,435	0	0	0
Contracts Payable	629,365	0	0	0
Interfund Payable	0	0	50,000	0
Deferred Revenue	390,266	0	0	0
Total Liabilities	<u>1,239,066</u>	<u>0</u>	<u>50,000</u>	<u>0</u>
Fund Balances:				
Restricted	609,963	470,073	0	7,478
Committed	0	0	0	0
Assigned	0	0	0	0
Total Fund Balances	<u>609,963</u>	<u>470,073</u>	<u>0</u>	<u>7,478</u>
Total Liabilities and Fund Balances	<u>\$1,849,029</u>	<u>\$470,073</u>	<u>\$50,000</u>	<u>\$7,478</u>

Parks and Recreation	Police Crime Prevention	Drug Law Enforcement	Law Enforcement and Education	Indigent Driver	Municipal Court Computer Costs	Municipal Court Computer Education
\$292,581	\$686	\$24,608	\$5,488	\$106,580	\$88,217	\$59,056
0	0	250	150	630	5,604	1,668
491	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>293,072</u>	<u>686</u>	<u>24,858</u>	<u>5,638</u>	<u>107,210</u>	<u>93,821</u>	<u>60,724</u>
0	0	0	0	6,697	1,378	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
9,855	0	0	0	0	0	0
0	0	0	0	0	0	0
89,164	0	0	0	0	0	0
<u>99,019</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,697</u>	<u>1,378</u>	<u>0</u>
194,053	0	24,858	5,638	100,513	92,443	60,724
0	686	0	0	0	0	0
0	0	0	0	0	0	0
<u>194,053</u>	<u>686</u>	<u>24,858</u>	<u>5,638</u>	<u>100,513</u>	<u>92,443</u>	<u>60,724</u>
<u>\$293,072</u>	<u>\$686</u>	<u>\$24,858</u>	<u>\$5,638</u>	<u>\$107,210</u>	<u>\$93,821</u>	<u>\$60,724</u>

Continued

City of Mason, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011

	Municipal Court Improvement	Vehicle Immobilization Fee	Municipal Court Probation Services	Municipal Court Indigent Driver IDAM
Assets:				
Equity in Pooled Cash and Investments	\$168,870	\$17,258	\$100,686	\$22,407
Receivables:				
Accounts	14,324	0	15,154	671
Interest	0	0	0	0
Intergovernmental	0	0	0	0
Total Assets	<u>183,194</u>	<u>17,258</u>	<u>115,840</u>	<u>23,078</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	1,603	0	2,786	609
Accrued Wages and Benefits	23,241	0	9,517	0
Retainage Payable	0	0	0	0
Contracts Payable	0	0	0	0
Interfund Payable	0	0	0	0
Deferred Revenue	0	0	0	0
Total Liabilities	<u>24,844</u>	<u>0</u>	<u>12,303</u>	<u>609</u>
Fund Balances:				
Restricted	158,350	17,258	103,537	22,469
Committed	0	0	0	0
Assigned	0	0	0	0
Total Fund Balances	<u>158,350</u>	<u>17,258</u>	<u>103,537</u>	<u>22,469</u>
Total Liabilities and Fund Balances	<u>\$183,194</u>	<u>\$17,258</u>	<u>\$115,840</u>	<u>\$23,078</u>

Subdivision Inspection	Central Parke TIF	Mason Enterprise Parke TIF	Tylersville Road TIF	I-71 Corridor TIF	Everybody's Farm TIF	Total Nonmajor Special Revenue Funds
\$55,739	\$236,295	\$0	\$228,403	\$126,964	\$1,542,939	\$4,666,922
0	0	0	0	0	0	38,451
0	0	0	0	0	0	2,275
0	123,314	83,375	247,710	35,503	0	1,274,553
<u>55,739</u>	<u>359,609</u>	<u>83,375</u>	<u>476,113</u>	<u>162,467</u>	<u>1,542,939</u>	<u>5,982,201</u>
0	0	0	0	0	0	13,073
4,964	0	0	0	0	0	37,722
0	0	0	0	0	5,783	225,218
0	0	0	0	0	21,362	660,582
0	0	0	0	0	0	50,000
0	123,314	83,375	151,582	35,503	0	873,204
<u>4,964</u>	<u>123,314</u>	<u>83,375</u>	<u>151,582</u>	<u>35,503</u>	<u>27,145</u>	<u>1,859,799</u>
0	236,295	0	324,531	126,964	1,515,794	4,070,941
0	0	0	0	0	0	686
<u>50,775</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,775</u>
<u>50,775</u>	<u>236,295</u>	<u>0</u>	<u>324,531</u>	<u>126,964</u>	<u>1,515,794</u>	<u>4,122,402</u>
<u>\$55,739</u>	<u>\$359,609</u>	<u>\$83,375</u>	<u>\$476,113</u>	<u>\$162,467</u>	<u>\$1,542,939</u>	<u>\$5,982,201</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, 2011

	State Highway Improvement	Street Subdivision	Federal Grant	Police Officer Training
Revenues:				
Fines, Licenses and Permits	\$0	\$12,245	\$0	\$0
Investment Earnings	5,179	0	0	0
Intergovernmental	1,066,246	0	59,920	840
Revenue in Lieu of Taxes	0	0	0	0
Other Revenues	53,991	0	0	0
Total Revenues	1,125,416	12,245	59,920	840
Expenditures:				
Current:				
General Government	0	0	0	0
Public Safety	0	0	0	3,610
Community Development	0	0	0	0
Transportation and Street Repair	629,365	0	0	0
Capital Outlay	1,154,862	0	44,680	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Bond Issuance Cost	7,598	0	0	0
Total Expenditures	1,791,825	0	44,680	3,610
Excess of Revenues Over (Under) Expenditures	(666,409)	12,245	15,240	(2,770)
Other Financing Sources (Uses):				
Issuance of Long Term Capital Debt	980,000	0	0	0
Premium (Discount) on Issuances	28,568	0	0	0
Transfers In	0	0	0	0
Transfers (Out)	(31,551)	0	0	0
Total Other Financing Sources (Uses)	977,017	0	0	0
Net Change in Fund Balance	310,608	12,245	15,240	(2,770)
Fund Balance Beginning of Year	299,355	457,828	(15,240)	10,248
Fund Balance End of Year	\$609,963	\$470,073	\$0	\$7,478

Parks and Recreation	Police Crime Prevention	Drug Law Enforcement	Law Enforcement and Education	Indigent Driver	Municipal Court Computer Costs	Municipal Court Computer Education
\$22,125	\$0	\$3,571	\$1,397	\$10,935	\$75,495	\$22,617
1,685	0	0	0	0	0	0
9,950	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	61	0	0	0	0
33,760	0	3,632	1,397	10,935	75,495	22,617
0	0	0	0	36,792	28,898	3,077
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
20,335	0	0	0	0	16,229	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
20,335	0	0	0	36,792	45,127	3,077
13,425	0	3,632	1,397	(25,857)	30,368	19,540
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
13,425	0	3,632	1,397	(25,857)	30,368	19,540
180,628	686	21,226	4,241	126,370	62,075	41,184
\$194,053	\$686	\$24,858	\$5,638	\$100,513	\$92,443	\$60,724

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, 2011

	Municipal Court Improvement	Vehicle Immobilization Fee	Municipal Court Probation Services	Municipal Court Indigent Driver IDAM
Revenues:				
Fines, Licenses and Permits	\$188,281	\$335	\$207,186	\$9,726
Investment Earnings	0	0	0	0
Intergovernmental	0	0	0	0
Revenue in Lieu of Taxes	0	0	0	0
Other Revenues	0	0	0	730
Total Revenues	188,281	335	207,186	10,456
Expenditures:				
Current:				
General Government	209,674	0	208,934	4,748
Public Safety	0	0	0	0
Community Development	0	0	0	0
Transportation and Street Repair	0	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Bond Issuance Cost	0	0	0	0
Total Expenditures	209,674	0	208,934	4,748
Excess of Revenues Over (Under) Expenditures	(21,393)	335	(1,748)	5,708
Other Financing Sources (Uses):				
Issuance of Long Term Capital Debt	0	0	0	0
Premium (Discount) on Issuances	0	0	0	0
Transfers In	0	0	0	0
Transfers (Out)	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	(21,393)	335	(1,748)	5,708
Fund Balance Beginning of Year	179,743	16,923	105,285	16,761
Fund Balance End of Year	\$158,350	\$17,258	\$103,537	\$22,469

Subdivision Inspection	Central Parke TIF	Mason Enterprise Parke TIF	Tylersville Road TIF	I-71 Corridor TIF	Everybody's Farm TIF	Total Nonmajor Special Revenue Funds
\$86,118	0	0	0	0	0	\$640,031
0	0	0	0	0	0	6,864
0	0	0	0	0	0	1,136,956
0	304,547	92,535	245,254	33,976	0	676,312
0	8,949	5,809	0	0	0	69,540
86,118	313,496	98,344	245,254	33,976	0	2,529,703
0	0	0	0	0	0	492,123
0	0	0	0	0	0	3,610
87,177	160,574	33,045	90,054	342	0	371,192
0	0	0	0	0	0	629,365
0	0	0	0	0	207,826	1,443,932
0	225,000	55,000	45,000	0	0	325,000
0	28,800	30,300	36,225	0	0	95,325
0	0	0	0	0	26,380	33,978
87,177	414,374	118,345	171,279	342	234,206	3,394,525
(1,059)	(100,878)	(20,001)	73,975	33,634	(234,206)	(864,822)
0	0	0	0	0	1,750,000	2,730,000
0	0	0	0	0	0	28,568
50,000	0	0	0	0	0	50,000
0	0	0	0	0	0	(31,551)
50,000	0	0	0	0	1,750,000	2,777,017
48,941	(100,878)	(20,001)	73,975	33,634	1,515,794	1,912,195
1,834	337,173	20,001	250,556	93,330	0	2,210,207
\$50,775	\$236,295	\$0	\$324,531	\$126,964	\$1,515,794	\$4,122,402

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, 2011

	State Highway Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$1,128,000	\$689,271	(\$438,729)
Investment Earnings	0	4,483	4,483
Other Revenues	0	469,316	469,316
Total Revenues	<u>1,128,000</u>	<u>1,163,070</u>	<u>35,070</u>
Expenditures:			
Current:			
Capital Outlay	6,875,389	6,790,166	85,223
Debt Service:			
Interest and Fiscal Charges	58,000	0	58,000
Total Expenditures	<u>6,933,389</u>	<u>6,790,166</u>	<u>143,223</u>
Excess of Revenues Over (Under) Expenditures	<u>(5,805,389)</u>	<u>(5,627,096)</u>	<u>178,293</u>
Other Financing Sources (Uses):			
Issuance of Debt	1,000,000	1,000,970	970
Transfers (Out)	(32,000)	(31,551)	449
Total Other Financing Sources (Uses)	<u>968,000</u>	<u>969,419</u>	<u>1,419</u>
Net Change in Fund Balance	(4,837,389)	(4,657,677)	179,712
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>281,102</u>	<u>281,102</u>	<u>0</u>
Fund Balance End of Year	<u>(\$4,556,287)</u>	<u>(\$4,376,575)</u>	<u>\$179,712</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, 2011

	Street Subdivision Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$0	\$12,245	\$12,245
Total Revenues	0	12,245	12,245
Expenditures:			
Current:			
Capital Outlay	0	0	0
Total Expenditures	0	0	0
Excess of Revenues Over (Under) Expenditures	0	12,245	12,245
Other Financing Sources (Uses):			
Transfers (Out)	(456,000)	0	456,000
Total Other Financing Sources (Uses)	(456,000)	0	456,000
Net Change in Fund Balance	(456,000)	12,245	468,245
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	457,828	457,828	0
Fund Balance End of Year	\$1,828	\$470,073	\$468,245

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, 2011

	Federal Grant Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$47,528	\$59,920	\$12,392
Total Revenues	47,528	59,920	12,392
Expenditures:			
Current:			
Capital Outlay	69,822	59,920	9,902
Total Expenditures	69,822	59,920	9,902
Excess of Revenues Over (Under) Expenditures	(22,294)	0	22,294
Other Financing Sources (Uses):			
Transfers (Out)	(950,000)	(950,000)	0
Total Other Financing Sources (Uses)	(950,000)	(950,000)	0
Net Change in Fund Balance	(972,294)	(950,000)	22,294
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,000,000	1,000,000	0
Fund Balance End of Year	\$27,706	\$50,000	\$22,294

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, 2011

	Police Officer Training Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$0	\$840	\$840
Total Revenues	0	840	840
Expenditures:			
Current:			
Public Safety	10,000	3,900	6,100
Total Expenditures	10,000	3,900	6,100
Net Change in Fund Balance	(10,000)	(3,060)	6,940
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	10,248	10,248	0
Fund Balance End of Year	\$248	\$7,188	\$6,940

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, 2011

	Parks and Recreation Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$14,400	\$22,125	\$7,725
Intergovernmental	99,000	99,000	0
Investment Earnings	1,600	1,651	51
Total Revenues	<u>115,000</u>	<u>122,776</u>	<u>7,776</u>
Expenditures:			
Current:			
Capital Outlay	<u>190,000</u>	<u>188,585</u>	<u>1,415</u>
Total Expenditures	<u>190,000</u>	<u>188,585</u>	<u>1,415</u>
Net Change in Fund Balance	(75,000)	(65,809)	9,191
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>180,351</u>	<u>180,351</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$105,351</u></u>	<u><u>\$114,542</u></u>	<u><u>\$9,191</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, 2011

	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)	687	687	0
Fund Balance End of Year	<u>\$187</u>	<u>\$687</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, 2011

	Drug Law Enforcement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$1,500	\$3,499	\$1,999
Other Revenues	0	61	61
Total Revenues	1,500	3,560	2,060
Expenditures:			
Current:			
Public Safety	20,000	0	20,000
Total Expenditures	20,000	0	20,000
Net Change in Fund Balance	(18,500)	3,560	22,060
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	21,047	21,047	0
Fund Balance End of Year	\$2,547	\$24,607	\$22,060

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, 2011

	Law Enforcement and Education Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$500	\$1,468	\$968
Total Revenues	500	1,468	968
Expenditures:			
Current:			
Public Safety	3,700	0	3,700
Total Expenditures	3,700	0	3,700
Net Change in Fund Balance	(3,200)	1,468	4,668
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,020	4,020	0
Fund Balance End of Year	\$820	\$5,488	\$4,668

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, 2011

	Indigent Driver Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$1,000	\$10,843	\$9,843
Total Revenues	1,000	10,843	9,843
Expenditures:			
Current:			
General Government	59,984	51,354	8,630
Total Expenditures	59,984	51,354	8,630
Net Change in Fund Balance	(58,984)	(40,511)	18,473
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	133,839	133,839	0
Fund Balance End of Year	\$74,855	\$93,328	\$18,473

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, 2011

	Municipal Court Computer Costs Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$50,000	\$77,268	\$27,268
Total Revenues	50,000	77,268	27,268
Expenditures:			
Current:			
General Government	76,683	64,928	11,755
Capital Outlay	20,048	16,229	3,819
Total Expenditures	96,731	81,157	15,574
Net Change in Fund Balance	(46,731)	(3,889)	42,842
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	87,517	87,517	0
Fund Balance End of Year	\$40,786	\$83,628	\$42,842

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, 2011

	Municipal Court Computer Education Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$15,000	\$23,157	\$8,157
Total Revenues	15,000	23,157	8,157
Expenditures:			
Current:			
General Government	15,000	3,077	11,923
Total Expenditures	15,000	3,077	11,923
Excess of Revenues Over (Under) Expenditures	0	20,080	20,080
Net Change in Fund Balance	0	20,080	20,080
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	38,976	38,976	0
Fund Balance End of Year	\$38,976	\$59,056	\$20,080

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, 2011

	Municipal Court Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$180,000	\$192,740	\$12,740
Other Revenues	0	58	58
Total Revenues	<u>180,000</u>	<u>192,798</u>	<u>12,798</u>
Expenditures:			
Current:			
General Government	<u>229,293</u>	<u>199,346</u>	<u>29,947</u>
Total Expenditures	<u>229,293</u>	<u>199,346</u>	<u>29,947</u>
Net Change in Fund Balance	(49,293)	(6,548)	42,745
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>170,816</u>	<u>170,816</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$121,523</u></u>	<u><u>\$164,268</u></u>	<u><u>\$42,745</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, 2011

	Vehicle Immobilization Fee Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$670	\$670	\$0
Total Revenues	670	670	0
Expenditures:			
Current:			
General Government	1,000	0	1,000
Total Expenditures	1,000	0	1,000
Net Change in Fund Balance	(330)	670	1,000
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	16,588	16,588	0
Fund Balance End of Year	\$16,258	\$17,258	\$1,000

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, 2011

	Municipal Court Probation Services Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$190,000	\$208,007	\$18,007
Other Revenues	0	65	65
Total Revenues	<u>190,000</u>	<u>208,072</u>	<u>18,072</u>
Expenditures:			
Current:			
General Government	<u>226,995</u>	<u>209,756</u>	<u>17,239</u>
Total Expenditures	<u>226,995</u>	<u>209,756</u>	<u>17,239</u>
Net Change in Fund Balance	(36,995)	(1,684)	35,311
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>98,608</u>	<u>98,608</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$61,613</u></u>	<u><u>\$96,924</u></u>	<u><u>\$35,311</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, 2011

	Municipal Court Indigent Driver IDAM Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$1,000	\$15,384	\$14,384
Other Revenues	0	730	730
Total Revenues	1,000	16,114	15,114
Expenditures:			
Current:			
General Government	7,000	5,300	1,700
Total Expenditures	7,000	5,300	1,700
Net Change in Fund Balance	(6,000)	10,814	16,814
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	10,432	10,432	0
Fund Balance End of Year	\$4,432	\$21,246	\$16,814

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, 2011

	Subdivision Inspection Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses and Permits	\$86,000	\$86,118	\$118
Total Revenues	86,000	86,118	118
Expenditures:			
Current:			
Community Development	112,594	99,129	13,465
Total Expenditures	112,594	99,129	13,465
Excess of Revenues Over (Under) Expenditures	(26,594)	(13,011)	13,583
Other Financing Sources (Uses):			
Transfers In	50,000	50,000	0
Total Other Financing Sources (Uses)	50,000	50,000	0
Net Change in Fund Balance	23,406	36,989	13,583
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	6,503	6,503	0
Fund Balance End of Year	\$29,909	\$43,492	\$13,583

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, 2011

	Central Parke TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Revenue in Lieu of Taxes	\$411,100	\$411,935	\$835
Other Revenues	8,900	8,949	49
Total Revenues	420,000	420,884	884
Expenditures:			
Current:			
Community Development	163,000	160,574	2,426
Debt Service:			
Principal Retirement	225,000	225,000	0
Interest and Fiscal Charges	29,000	28,800	200
Total Expenditures	417,000	414,374	2,626
Net Change in Fund Balance	3,000	6,510	3,510
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	229,785	229,785	0
Fund Balance End of Year	\$232,785	\$236,295	\$3,510

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, 2011

	Mason Enterprise Parke TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Revenue in Lieu of Taxes	\$112,543	\$112,535	(\$8)
Other Revenues	5,800	5,809	9
Total Revenues	118,343	118,344	1
Expenditures:			
Current:			
Community Development	33,044	33,044	0
Debt Service:			
Principal Retirement	55,000	55,000	0
Interest and Fiscal Charges	30,300	30,300	0
Total Expenditures	118,344	118,344	0
Net Change in Fund Balance	(1)	0	1
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1	1	0
Fund Balance End of Year	\$0	\$1	\$1

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, 2011

	Tylersville Road TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Revenue in Lieu of Taxes	\$250,000	\$304,143	\$54,143
Total Revenues	250,000	304,143	54,143
Expenditures:			
Current:			
Community Development	96,000	90,054	5,946
Debt Service:			
Principal Retirement	45,000	45,000	0
Interest and Fiscal Charges	37,000	36,225	775
Total Expenditures	178,000	171,279	6,721
Net Change in Fund Balance	72,000	132,864	60,864
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	95,539	95,539	0
Fund Balance End of Year	\$167,539	\$228,403	\$60,864

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, 2011

	I-71 Corridor TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Revenue in Lieu of Taxes	\$33,000	\$33,976	\$976
Total Revenues	33,000	33,976	976
Expenditures:			
Current:			
Community Development	35,000	342	34,658
Total Expenditures	35,000	342	34,658
Net Change in Fund Balance	(2,000)	33,634	35,634
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	93,330	93,330	0
Fund Balance End of Year	\$91,330	\$126,964	\$35,634

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, 2011

	Everybody's Farm TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Revenue in Lieu of Taxes	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Capital Outlay	1,750,000	1,548,380	201,620
Total Expenditures	1,750,000	1,548,380	201,620
Excess of Revenues Over (Under) Expenditures	(1,750,000)	(1,548,380)	201,620
Other Financing Sources (Uses):			
Issuance of Debt	1,750,000	1,750,000	0
Total Other Financing Sources (Uses)	1,750,000	1,750,000	0
Net Change in Fund Balance	0	201,620	201,620
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$0	\$201,620	\$201,620

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, 2011

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Tax Increment Financing Bond Retirement	Government Center Bond Retirement	Total Nonmajor Debt Service Funds
Assets:					
Equity in Pooled Cash and Investments	\$567,833	\$7,514	\$400,318	\$343,093	\$1,318,758
Restricted Cash and Investments	0	0	0	1,607,139	1,607,139
Receivables:					
Taxes	1,737,039	0	0	0	1,737,039
Interest	0	0	0	1,442	1,442
Intergovernmental	101,377	0	224,389	0	325,766
Special Assessments	0	12,936	0	0	12,936
Total Assets	<u>2,406,249</u>	<u>20,450</u>	<u>624,707</u>	<u>1,951,674</u>	<u>5,003,080</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	0	88	0	600	688
Deferred Revenue	1,838,416	12,936	224,389	1,442	2,077,183
Total Liabilities	<u>1,838,416</u>	<u>13,024</u>	<u>224,389</u>	<u>2,042</u>	<u>2,077,871</u>
Fund Balances:					
Restricted	567,833	7,426	400,318	0	975,577
Assigned	0	0	0	1,949,632	1,949,632
Total Fund Balances	<u>567,833</u>	<u>7,426</u>	<u>400,318</u>	<u>1,949,632</u>	<u>2,925,209</u>
Total Liabilities and Fund Balances	<u>\$2,406,249</u>	<u>\$20,450</u>	<u>\$624,707</u>	<u>\$1,951,674</u>	<u>\$5,003,080</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, 2011

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Tax Increment Financing Bond Retirement	Government Center Bond Retirement	Total Nonmajor Debt Service Funds
Revenues:					
Taxes	\$1,550,649	\$0	\$0	\$0	\$1,550,649
Investment Earnings	0	0	0	9,443	9,443
Intergovernmental	284,009	0	0	0	284,009
Special Assessments	0	62,767	0	0	62,767
Revenue in Lieu of Taxes	0	0	214,174	0	214,174
Other Revenues	0	0	0	4,133	4,133
Total Revenues	1,834,658	62,767	214,174	13,576	2,125,175
Expenditures:					
Current:					
Transportation and Street Repair	0	0	2,909	0	2,909
Debt Service:					
Principal Retirement	1,010,000	70,000	55,000	855,000	1,990,000
Interest and Fiscal Charges	770,506	7,153	28,885	743,613	1,550,157
Bond Issuance Cost	18,142	0	0	0	18,142
Total Expenditures	1,798,648	77,153	86,794	1,598,613	3,561,208
Excess of Revenues Over (Under) Expenditures	36,010	(14,386)	127,380	(1,585,037)	(1,436,033)
Other Financing Sources (Uses):					
Payments to Refunding Bond Escrow Agent	(2,483,830)	0	0	0	(2,483,830)
Issuance of Refunding Bonds	2,340,000	0	0	0	2,340,000
Premium (Discount) on Issuances	162,123	0	0	0	162,123
Transfers In	106,019	25,000	0	1,592,645	1,723,664
Transfers (Out)	0	(6,000)	0	0	(6,000)
Total Other Financing Sources (Uses)	124,312	19,000	0	1,592,645	1,735,957
Net Change in Fund Balance	160,322	4,614	127,380	7,608	299,924
Fund Balance Beginning of Year	407,511	2,812	272,938	1,942,024	2,625,285
Fund Balance End of Year	\$567,833	\$7,426	\$400,318	\$1,949,632	\$2,925,209

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, 2011

	General Obligation Bond Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$1,420,000	\$1,550,649	\$130,649
Intergovernmental	280,000	284,009	4,009
Total Revenues	<u>1,700,000</u>	<u>1,834,658</u>	<u>134,658</u>
Expenditures:			
Current:			
Debt Service:			
Principal Retirement	3,475,000	3,475,000	0
Interest and Fiscal Charges	933,954	843,297	90,657
Total Expenditures	<u>4,408,954</u>	<u>4,318,297</u>	<u>90,657</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,708,954)</u>	<u>(2,483,639)</u>	<u>225,315</u>
Other Financing Sources (Uses):			
Issuance of Debt	2,600,000	2,537,942	(62,058)
Transfers In	110,000	106,019	(3,981)
Total Other Financing Sources (Uses)	<u>2,710,000</u>	<u>2,643,961</u>	<u>(66,039)</u>
Net Change in Fund Balance	1,046	160,322	159,276
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>407,512</u>	<u>407,512</u>	<u>0</u>
Fund Balance End of Year	<u>\$408,558</u>	<u>\$567,834</u>	<u>\$159,276</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, 2011

	Special Assessment Bond Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Special Assessments	\$55,000	\$62,767	\$7,767
Total Revenues	55,000	62,767	7,767
Expenditures:			
Current:			
Debt Service:			
Principal Retirement	76,000	76,000	0
Interest and Fiscal Charges	7,888	7,800	88
Total Expenditures	83,888	83,800	88
Excess of Revenues Over (Under) Expenditures	(28,888)	(21,033)	7,855
Other Financing Sources (Uses):			
Transfers In	30,000	25,000	(5,000)
Total Other Financing Sources (Uses)	30,000	25,000	(5,000)
Net Change in Fund Balance	1,112	3,967	2,855
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,900	2,900	0
Fund Balance End of Year	\$4,012	\$6,867	\$2,855

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, 2011

	Tax Increment Financing Bond Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Revenue in Lieu of Taxes	\$70,000	\$214,174	\$144,174
Total Revenues	70,000	214,174	144,174
Expenditures:			
Current:			
Transportation and Street Repair	10,000	2,909	7,091
Debt Service:			
Principal Retirement	55,000	55,000	0
Interest and Fiscal Charges	29,000	28,885	115
Total Expenditures	94,000	86,794	7,206
Net Change in Fund Balance	(24,000)	127,380	151,380
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	272,938	272,938	0
Fund Balance End of Year	\$248,938	\$400,318	\$151,380

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, 2011

	Government Center Bond Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$0	\$6,105	\$6,105
Other Revenues	0	4,133	4,133
Total Revenues	0	10,238	10,238
Expenditures:			
Current:			
Debt Service:			
Principal Retirement	855,000	855,000	0
Interest and Fiscal Charges	744,000	743,013	987
Total Expenditures	1,599,000	1,598,013	987
Excess of Revenues Over (Under) Expenditures	(1,599,000)	(1,587,775)	11,225
Other Financing Sources (Uses):			
Issuance of Debt	0	0	0
Transfers In	1,600,000	1,592,645	(7,355)
Transfers (Out)	0	0	0
Total Other Financing Sources (Uses)	1,600,000	1,592,645	(7,355)
Net Change in Fund Balance	1,000	4,870	3,870
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,944,176	1,944,176	0
Fund Balance End of Year	\$1,945,176	\$1,949,046	\$3,870

OTHER GENERAL FUNDS

With the implementation of GASB Statement No. 54, certain funds that the City prepares legally adopted budgets for no longer meet the definition to be reported as Special Revenue funds and have been included with the General Fund in the governmental fund financial statements. The City has only presented the budget schedules for these funds.

Fund Descriptions

General Capital Improvement - To account as a separate division of the General Fund to reserve resources for capital improvements identified through the City's capital improvement plan and to reserve funds for payment of short-term debt.

Employee Medical Insurance – To account for resources and expenditures for employee health, life, and disability benefits.

City Contributions – To account for donations and contributions given to the City of Mason for specific and restrictive use.

Unclaimed Monies –To account for funds not claimed by the owner of the funds. Most unclaimed funds is the result of outstanding checks issued by the City of Mason.

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, 2011

	General Capital Improvement Fund (1)		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Other Revenues	\$0	\$60,500	\$60,500
Total Revenues	0	60,500	60,500
Expenditures:			
Current:			
Capital Outlay	967,165	927,586	39,579
Debt Service:			
Principal Retirement	6,825,000	6,825,000	0
Interest and Fiscal Charges	225,500	173,768	51,732
Total Expenditures	8,017,665	7,926,354	91,311
Excess of Revenues Over (Under) Expenditures	(8,017,665)	(7,865,854)	151,811
Other Financing Sources (Uses):			
Issuance of Debt	6,875,000	6,600,129	(274,871)
Transfers In	0	950,000	950,000
Transfers (Out)	(1,780,000)	(1,780,000)	0
Total Other Financing Sources (Uses)	5,095,000	5,770,129	675,129
Net Change in Fund Balance	(2,922,665)	(2,095,725)	826,940
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	6,364,414	6,364,414	0
Fund Balance End of Year	\$3,441,749	\$4,268,689	\$826,940

(1) This fund is combined with the General fund in GAAP Statements.

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, 2011

	Employee Medical Insurance Fund (1)		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Charges for Services	\$1,167,334	\$1,167,336	\$2
Other Revenues	362,000	412,780	50,780
Total Revenues	1,529,334	1,580,116	50,782
Expenditures:			
Current:			
General Government			
Employee Medical			
Personal Services	596,260	588,229	8,031
Total General Government	596,260	588,229	8,031
Public Safety			
Employee Medical			
Personal Services	603,500	603,500	0
Total Public Safety	603,500	603,500	0
Leisure Time Activities			
Employee Medical			
Personal Services	170,000	170,000	0
Total Leisure Time Activities	170,000	170,000	0
Community Development			
Employee Medical			
Personal Services	17,000	17,000	0
Total Community Development	17,000	17,000	0
Basic Utility			
Employee Medical			
Personal Services	283,336	283,336	0
Total Basic Utility	283,336	283,336	0
Total Expenditures	1,670,096	1,662,065	8,031
Net Change in Fund Balance	(140,762)	(81,949)	58,813
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	765,771	765,771	0
Fund Balance End of Year	\$625,009	\$683,822	\$58,813

(1) This fund is combined with the General fund in GAAP Statements.

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, 2011

	City Contribution Fund (1)		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Other Revenues	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
General Government			
City Contribution			
Other	120,000	0	120,000
Total General Government	120,000	0	120,000
Net Change in Fund Balance	(120,000)	0	120,000
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	120,207	120,207	0
Fund Balance End of Year	\$207	\$120,207	\$120,000

(1) This fund is combined with the General fund in GAAP Statements.

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, 2011

	Unclaimed Monies Fund (1)		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Other Revenues	\$0	\$2,148	\$2,148
Total Revenues	0	2,148	2,148
Expenditures:			
Current:			
General Government			
Unclaimed Monies			
Other	35,000	1,622	33,378
Total General Government	35,000	1,622	33,378
Total Expenditures	35,000	1,622	33,378
Net Change in Fund Balance	(35,000)	526	35,526
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	45,257	45,257	0
Fund Balance End of Year	<u>\$10,257</u>	<u>\$45,783</u>	<u>\$35,526</u>

(1) This fund is combined with the General fund in GAAP Statements.

NONMAJOR FUNDS

Fiduciary Funds: Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Fund Descriptions

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

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

Agency Fund - Community Improvement Corporation - 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, 2011

	Municipal Court			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Restricted Cash and Investments	\$62,598	\$2,458,328	\$2,450,752	\$70,174
Total Assets	<u>62,598</u>	<u>2,458,328</u>	<u>2,450,752</u>	<u>70,174</u>
Liabilities:				
Due to Others	62,598	2,458,328	2,450,752	70,174
Total Liabilities	<u>\$62,598</u>	<u>\$2,458,328</u>	<u>\$2,450,752</u>	<u>\$70,174</u>
	Mason Port Authority			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	\$8,600	\$400,400	\$100,000	\$309,000
Total Assets	<u>8,600</u>	<u>400,400</u>	<u>100,000</u>	<u>309,000</u>
Liabilities:				
Due to Others	8,600	400,400	100,000	309,000
Total Liabilities	<u>\$8,600</u>	<u>\$400,400</u>	<u>\$100,000</u>	<u>\$309,000</u>
	Community Improvement Corporation			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	\$239,000	\$12,000	\$0	\$251,000
Total Assets	<u>239,000</u>	<u>12,000</u>	<u>0</u>	<u>251,000</u>
Liabilities:				
Due to Others	239,000	12,000	0	251,000
Total Liabilities	<u>\$239,000</u>	<u>\$12,000</u>	<u>\$0</u>	<u>\$251,000</u>

(Continued)

City of Mason, Ohio
Statement of Changes In Assets and Liabilities
Agency Funds
For the Fiscal Year Ended December 31, 2011

	Total All Agency Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$247,600	\$412,400	\$100,000	\$560,000
Restricted Cash and Investments	62,598	2,458,328	2,450,752	70,174
Total Assets	<u>310,198</u>	<u>2,870,728</u>	<u>2,550,752</u>	<u>630,174</u>
Liabilities:				
Due to Others	310,198	2,870,728	2,550,752	630,174
Total Liabilities	<u>\$310,198</u>	<u>\$2,870,728</u>	<u>\$2,550,752</u>	<u>\$630,174</u>

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STATISTICAL SECTION



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

Contents

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

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

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

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

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

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

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$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	\$122,687,025
Restricted	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	16,842,649
Unrestricted	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	33,233,298
Total Governmental Activities Net Assets	\$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	\$172,762,972
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$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	\$81,978,537
Restricted	0	0	23,251,862	11,290,444	10,055,068	10,283,063	8,331,342	4,069,854	4,107,379	4,135,486
Unrestricted	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	10,851,775
Total Business-Type Activities Net Assets	\$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	\$96,965,798
Primary Government										
Invested in Capital Assets, Net of Related Debt	\$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	\$204,665,562
Restricted	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	20,978,135
Unrestricted	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	44,085,073
Total Governmental Activities Net Assets	\$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	\$269,728,770

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									
	<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>	<u>2011</u>
Expenses										
Governmental Activities:										
General Government	\$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	\$8,793,043
Public Safety	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	12,287,188
Leisure Time Activities	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	2,301,816
Community Development	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	2,463,108
Basic Utility Service	50,941	1,124	0	0	513,694	252,588	251,649	233,714	224,627	295,972
Transportation and Street Repair	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	5,542,878
Interest and Fiscal Charges	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	1,830,059
Total Governmental Activities Expenses	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	33,514,064
Business-type activities										
Water	1,290,013	117,370	320,815	0	0	0	0	0	0	0
Sewer	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	6,400,635
Waste Collection	882,229	926,630	995,282	1,067,929	1,129,056	1,269,478	1,390,404	1,437,256	1,498,606	1,558,320
Stormwater Utility	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	1,134,861
Community Center	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	4,611,276
Golf Course	0	0	0	0	0	3,145,633	3,864,928	3,246,476	3,158,462	3,239,390
Total business-type activities expenses	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	16,944,482
Total primary government expenses	\$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	\$50,458,546
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$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	\$1,931,606
Public Safety	358,177	297,445	887,039	1,551,532	1,747,817	1,704,048	1,048,709	1,321,832	1,251,431	1,321,705
Leisure Time Activities	434,532	223,460	320,394	407,548	514,992	585,664	561,063	564,185	555,017	452,927
Community Development	491,491	435,081	398,360	489,196	391,088	442,307	513,136	306,726	354,236	472,771
Basic Utility Service	199,229	256,831	285,781	0	228,738	276,203	286,189	263,341	255,781	303,507
Transportation and Street Repair	113,154	104,038	0	0	13,969	9,865	7,600	6,400	17,248	12,245
Interest and Fiscal Charges	0	0	0	6,022	963	0	0	0	0	0
Operating Grants and Contributions	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	863,594
Capital Grants and Contributions	6,458,499	3,001,393	7,720,265	3,175,748	2,914,592	3,080,139	2,243,632	2,060,510	2,568,953	4,136,553
Total Governmental Activities Program Revenues	9,485,845	6,948,255	12,596,770	8,689,616	9,656,043	9,984,447	9,643,924	10,080,970	10,342,847	9,494,708
Business-Type Activities										
Charges for Services:										
Water	477,771	0	0	0	0	0	0	0	0	0
Sewer	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	5,457,968

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

	Fiscal Year									
	<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>	<u>2011</u>
Charges for Services: (continued)										
Waste Collection	786,572	880,859	982,973	1,028,451	1,075,574	1,257,739	1,392,019	1,427,989	1,501,222	1,484,311
Stormwater Utility	678,199	749,570	784,892	788,602	793,059	808,253	836,751	832,872	838,534	964,294
Community Center	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	4,530,466
Golf Course	0	0	0	0	0	2,385,062	2,408,790	2,225,669	2,107,523	1,978,633
Operating Grants and Contributions	0	0	0	0	0	0	0	0	0	0
Capital Grants and Contributions	5,863,365	6,539,646	4,505,577	3,807,321	3,167,731	3,516,835	762,214	642,683	519,910	963,382
Total Business-Type Activities Program Revenues	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	15,379,054
Total Primary Government Program Revenues	\$22,824,151	\$22,933,069	\$26,553,312	\$22,140,469	\$22,784,416	\$25,999,561	\$22,605,152	\$22,462,879	\$23,096,934	\$24,873,762
Net (Expense)/Revenue										
Governmental Activities	(\$9,363,570)	(\$14,817,823)	(\$12,026,265)	(\$17,277,797)	(\$19,414,926)	(\$24,214,344)	(\$23,927,532)	(\$21,709,928)	(\$20,647,667)	(\$24,019,356)
Business-Type Activities	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)	(1,565,428)
Total Primary Government Net Expense	(\$1,799,180)	(\$5,467,060)	(\$6,204,220)	(\$12,897,869)	(\$16,434,789)	(\$23,035,907)	(\$26,827,972)	(\$24,643,311)	(\$23,853,764)	(\$25,584,784)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Income Taxes	\$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	\$20,615,343
Property Taxes Levied for:										
General Purposes	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	583,084
Special Revenue Purposes	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	3,860,898
Debt Service Purposes	471,560	555,903	401,942	181,859	85,178	378,098	380,224	1,385,822	1,625,282	1,547,804
Capital Project Purposes	171,456	188,314	220,283	217,918	275,675	440,642	546,268	509,685	0	0
Unrestricted Grants and Entitlements	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	2,870,852
Unrestricted Contributions	0	0	25,000	0	0	0	0	0	0	0
Payment in Lieu of Taxes	0	0	0	0	0	0	0	0	818,970	1,026,869
Investment Earnings	683,584	273,376	178,414	910,574	1,928,561	2,725,268	1,997,266	208,558	151,128	211,821
Other Revenues	532,121	473,513	639,483	375,644	558,488	820,723	665,897	921,424	567,068	964,417
Transfers-Internal Activities	(563,536)	(574,596)	(279,639)	(1,345,662)	326,510	(1,287,036)	(3,715,268)	(9,038,489)	(3,222,025)	(1,586,000)
Total Governmental Activities	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	30,095,088
Business-Type Activities										
Investment Earnings	424,833	187,552	435,371	898,940	980,492	1,121,249	720,066	83,653	62,180	97,787
Other Revenues	0	0	60,442	12,077	16,542	1,166	10,626	0	29,865	20,572
Transfers-Internal Activities	563,536	574,596	279,639	1,345,662	(326,510)	1,287,036	3,715,268	9,038,489	3,222,025	1,586,000
Special Item	(37,195,088)	0	0	0	(10,580,607)	0	0	0	0	0
Total Business-Type Activities	(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	1,704,359
Total Primary Government	(\$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	\$31,799,447

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Changes in Net Assets										
Governmental Activities	\$12,127,355	\$7,743,280	\$14,910,371	\$10,768,884	\$14,483,170	\$8,760,109	\$6,623,048	\$869,604	\$4,850,303	\$6,075,732
Business-Type Activities	(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	138,931
Total Primary Government	(\$16,514,974)	\$17,856,191	\$21,507,868	\$17,405,491	\$7,553,224	\$12,347,997	\$8,168,568	\$7,058,363	\$4,958,276	\$6,214,663

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	
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
2011	20,615,343	583,084	3,860,898	1,547,804	5,991,786	26,607,129

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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 (1)
General Fund										
Nonspendable										\$324,731
Assigned										19,081,712
Reserved	\$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	
Unassigned										5,460,148
Unreserved	(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	\$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	\$24,866,591
All Other Governmental Funds										
Nonspendable										32,267
Restricted										14,956,736
Committed										686
Assigned										2,000,407
Reserved	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	
Unassigned										0
Unreserved, Reported in:										
Special Revenue Funds	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	305,471	432,170	486,201	335,878	54,128	90,938	145,176	2,483,332	1,022,104	
Capital Projects Funds	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	\$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	\$16,990,096

Source: City of Mason, Ohio, Department of Finance

(1) - Prior year amounts have not been restated for the implementation of GASB Statement 54. The change in the classification of fund balance amounts in 2011 are discussed in the Notes to the Financial Statements

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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>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>	<u>2011</u>
Revenues										
Taxes	\$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	\$26,962,137
Fines, Licenses & Permits	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	2,011,841
Charges for Services	826,334	748,435	872,720	978,335	1,842,446	1,965,830	1,926,084	2,158,383	1,997,882	2,092,708
Investment Earning	644,010	326,847	180,449	950,697	1,758,873	2,625,347	2,204,775	244,519	153,341	220,863
Intergovernmental	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	6,533,427
Special Assessments	201,511		156,177	137,175	93,272	99,374	93,501	69,847	86,162	62,767
Other Revenue	699,051	965,749	1,022,872	706,464	944,165	1,148,050	996,019	1,311,066	1,926,875	2,267,578
Total Revenues	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	40,151,321
Expenditures										
General Government	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	7,938,713
Public Safety	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	11,766,834
Leisure Time Activities	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	1,835,718
Community Development	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	2,451,462
Basic Utility Service	47,392	400	0	0	513,694	252,588	251,649	233,714	224,627	295,972
Transportation and Street Repair	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	3,536,095
Capital Outlay	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	3,750,585
Debt Service										
Principal Retirement	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	4,455,000
Interest and Fiscal Changes	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	1,863,741
Total Expenditures	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	37,894,120
Excess of Revenues Over (Under) Expenditures	(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	2,257,201

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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Other Financing Sources (Uses)										
Transfer In	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	1,773,664
Transfer Out	(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)	(3,359,664)
Issuance of Long-Term Capital-Related Debt	680,000	0	1,030,000	0	0	12,450,000	17,570,000	0	974,672	4,936,009
Capital Leases	0	0	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	118,783	(574,596)	750,361	(3,000)	(4,000)	11,579,000	14,152,500	(9,038,489)	(631,875)	3,350,009
Net Change in Fund Balances	(\$13,866,537)	\$249,894	\$3,046,981	\$4,359,507	\$2,611,441	\$9,740,718	\$1,688,497	(\$8,551,605)	\$1,799,531	\$5,607,210
Debt Service as a Percentage of Noncapital Expenditures	7.7%	9.5%	9.3%	8.9%	8.1%	7.0%	30.2%	10.7%	7.4%	16.7%

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>
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	60.9%	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%
2011	13,368,319	2,885,625	4,044,183	20,298,127	65.9%	14.2%	19.9%	100.0%

General Governmental Income Tax Revenue by Tax Year
Last Eight 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
2011	(163,665)	295,257	5,125,946	15,040,589	20,298,127

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		
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%
2011	1,016,440,490	2,904,115,685	12,955,190	14,721,806	0	0	1,029,395,680	2,918,837,491	7.32	35.27%

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
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%
2011	0.58%	5.00%	1.74%	7.32%	83.45%	7.78%	2.70%	2.25%	103.50%

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, 2011
Table 9

Taxpayer	Fiscal Year 2011			Fiscal Year 2010		
	Assessed Valuation (1)	Rank	Percentage Of Total Assessed Valuation	Assessed Valuation	Rank	Percentage Of Total Assessed Valuation
Kings Island Company	\$20,079,340	1	1.95%	\$35,267,590	1	4.44%
Linder Center of Hope	12,686,430	2	1.23%			
Duke Energy Ohio Inc.	12,506,210	3	1.21%	13,497,009	6	1.70%
Twin Fountains of Mason	8,695,050	4	0.84%			
Mason Christian Village	6,973,740	5	0.68%	6,210,290	9	0.78%
Cintas Sales Corporation	5,565,000	6	0.54%	5,802,540	10	0.73%
Tennis for Charity	5,342,700	7	0.52%			
Makino	4,759,160	8	0.46%	9,427,360	7	1.19%
Mitsubishi Electric Auto	4,732,050	9	0.46%	17,371,970	3	2.19%
Health Alliance	4,059,830	10	0.39%			
Procter & Gamble Company				31,062,500	2	3.91%
Cintas Corporation #2				14,487,750	5	1.83%
A-Mold Corporation				16,916,750	4	2.13%
Heritage Club Ltd.	-		-	6,768,840	8	0.85%
All Others	943,996,170		91.70%	636,710,130		80.24%
Total Assessed Valuation	\$1,029,395,680		100%	\$793,522,729		100%

(1) Assessed valuation declined since tangible personal property tax was phased out in 2011 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:	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011
Fiscal Year:	<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>	<u>2011</u>
Current Tax Levy	\$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	\$6,680,693
Current Tax Collections	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	6,431,397
Percent of Levy Collected	95.42%	98.06%	94.74%	96.04%	96.72%	97.18%	96.35%	96.73%	94.86%	96.27%
Delinquent Tax Collections (1)	47,448	294,933	123,183	167,596	125,232	221,301	176,537	176,271	152,780	142,457
Total Tax Collections	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	6,573,854
Ratio of Total Tax Collections to Current Taxes Levied	96.32%	103.42%	96.58%	98.46%	98.56%	100.34%	98.81%	99.31%	97.14%	98.40%

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>
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%
2010	63,322	60,878	96.14%

Source: Warren County Auditor's Office

Note: Tax Year 2010 is billed and due in 2011

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				
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
2011	20,315,000	3,500,000	3,865,000	17,470,000	0	3,070,000	0				48,220,000

Fiscal Year	Business-Type Activities										Total Business-Type Activities	Percentage of Personal Income(1)	Per Capita(1)
	General Obligation Bonds	Mortgage Revenue Bonds	Bond Anticipation Notes	Certificates of Participation	Special Assessments Bonds	Business-Type Activities	Primary Government						
2002	\$0	\$6,690,000	\$0	\$0	\$55,000	\$6,745,000	\$46,912,323				5.60%	\$1,824	
2003	0	6,445,000	0	0	52,000	6,497,000	42,742,161				4.75%	1,584	
2004	0	36,745,000	0	0	49,000	36,794,000	76,903,420				7.97%	2,774	
2005	0	35,765,000	3,165,000	0	46,000	38,976,000	77,622,000				7.63%	2,728	
2006	0	34,973,698	2,115,000	0	42,000	37,130,698	85,065,698				7.83%	2,929	
2007	0	33,745,000	11,010,000	0	38,000	44,793,000	92,301,000				8.16%	3,135	
2008	0	32,710,000	10,720,000	0	33,000	43,463,000	90,920,000				7.83%	3,059	
2009	0	31,640,000	10,195,000	11,335,000	29,000	53,199,000	100,609,000				8.79%	3,354	
2010	0	30,540,000	9,640,000	11,060,000	24,000	51,264,000	99,509,000				8.49%	3,240	
2011	8,815,000	29,395,000	0	10,765,000	18,000	48,993,000	97,213,000				7.98%	3,165	

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

<u>Fiscal Year</u>	<u>Population(1)</u>	<u>Assessed Value (2)</u>	<u>General Bonded Debt (3)</u>	<u>Less Debt Service Fund (4)</u>	<u>Net General Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
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
2011	30,712	1,029,395,680	20,315,000	567,834	19,747,166	1.92%	643

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>
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%
2011	1,010,000	791,001	1,801,001	7,938,713	22.69%

Source: City of Mason, Ohio, Department of Finance

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

City of Mason, Ohio
Direct and Overlapping Governmental Activities Debt
As of December 31, 2011
Table 15

	Net General Obligations Bonded Debt Outstanding	Percentage Applicable (1) to City	Amount Applicable to City
Mason City School District	\$125,280,000	61.76%	\$77,372,928
Kings Local School District	50,725,000	11.94%	6,056,565
Great Oaks Career Center Joint Vocational School	17,500,000	5.28%	924,000
Lebanon City School District	35,139,924	0.21%	73,794
Deerfield Township	13,055,000	0.46%	81,374
Warren County Career Center Jt. Voc. School	810,000	2.18%	17,658
Warren County	17,635,302	17.59%	3,102,050
Subtotal Overlapping Debt	<u>260,145,226</u>		<u>87,628,368</u>
City of Mason - Direct Debt	\$32,648,000	100.00%	\$32,648,000
Total Direct and Overlapping Debt	<u><u>\$292,793,226</u></u>		<u><u>\$120,276,368</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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Debt Limit (1)										
Total Debt Limit (10.5%)	\$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	\$108,086,546
Total Net Debt Applicable to Limits	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	30,547,166
Legal Debt Limit Margin	\$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	\$77,539,380
Total Net Debt Applicable to the Limit as a Percentage of Total Debt Limit	7.18%	9.49%	12.71%	12.25%	21.84%	30.26%	30.95%	33.30%	31.29%	28.26%
Total Unvoted Debt Limit (1)										
Total Unvoted Debt Limit (5.5%)	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	56,616,762
Total Net Debt Applicable to Limits	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	30,547,166
Legal Unvoted Debt Limit Margin	\$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	\$26,069,596
Total Net Debt Applicable to the Limit as a Percentage of Total Unvoted Debt Limit	13.70%	18.11%	24.26%	23.38%	41.69%	57.77%	59.09%	63.56%	59.74%	53.95%

Legal Debt Margin Calculation for Fiscal Year 2011

	Total Debt Limit	Total Unvoted Debt Limit
Net assessed valuation	\$1,029,395,680	\$1,029,395,680
Statutory legal debt limitation (1)	10.5%	5.5%
Total debt limitation	\$108,086,546	\$56,616,762
Debt applicable to limit:		
Debt applicable to limit(2)	31,115,000	31,115,000
Less: applicable debt service fund amounts(3)	(567,834)	(567,834)
Total net debt applicable to limit	30,547,166	30,547,166
Legal debt margin	\$77,539,380	\$26,069,596

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>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>	<u>2011</u>
Sewer Fund Bond Coverage (cash basis):										
Operating Revenue	\$5,682,930	\$5,815,164	\$6,744,773	\$6,979,738	\$6,853,368	\$6,749,789	\$6,451,595	\$5,787,089	\$5,668,971	\$5,924,700
Operating Expenses	1,864,399	2,063,653	2,281,670	2,208,544	2,557,993	2,738,548	2,882,659	2,551,585	2,627,536	2,649,365
Net Available for Debt Service	3,818,531	3,751,510	4,463,103	4,771,194	4,295,375	4,011,241	3,568,936	3,235,504	3,041,435	3,275,335
Debt Service Requirements:										
Revenue Bonds:										
Principal	230,000	245,000	1,360,000	980,000	1,000,000	1,020,000	1,035,000	1,070,000	1,100,000	1,145,000
Interest	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	1,416,950
Total Debt Service Requirement	\$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	\$2,561,950
Coverage	6.02	5.90	1.74	1.86	1.67	1.56	1.39	1.26	1.19	1.28

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. Operating expenses do not include interest or capital expenditures.
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, 2011
 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
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%
2011	18.6	30,712	1,218,437,176	39,673	38.4	11,013	8.5%	8.1%	8.5%

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. 2011 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 2011				Fiscal Year 2010					
<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 Ranking (3)</u>	<u>Business Activity</u>	<u>Full-time Employees (2)</u>	<u>Income Tax Withholding Ranking (3)</u>
Procter & Gamble Company	Healthcare research	1,920	Procter & Gamble Company	Healthcare research	1,895	1	Healthcare research	1,895	1
Luxottica (Lenscrafters)	Eyewear and lens	1,858	Luxottica (Lenscrafters)	Eyewear and lens	1,858	2	Eyewear and lens	1,858	2
Mason City Schools	Local school district	1,819	Mason City Schools	Local school district	1,400	3	Local school district	1,400	3
Cintas Corporation	Professional uniforms	1,217	Cintas Corporation	Professional uniforms	1,052	4	Professional uniforms	1,052	4
L3 Cincinnati Electronics	Aerospace and defense industry electronics	653	L3 Cincinnati Electronics	Aerospace and defense industry electronics	615	5	Aerospace and defense industry electronics	615	5
H.J. Heinz/Portion Pac	Portion-controlled condiments	350	H.J. Heinz/Portion Pac	Portion-controlled condiments	410	6	Portion-controlled condiments	410	6
Mitsubishi Electric	Automotive electrical components	389	Mitsubishi Electric	Automotive electrical components	361	7	Automotive electrical components	361	7
Lindner Center of Hope	Mental health treatment center	370	Lindner Center of Hope	Mental health treatment center	300	8	Mental health treatment center	300	8
Intelligent Systems LLC	Material handling solutions	268	Intelligent Systems LLC	Material handling solutions	268	9	Material handling solutions	268	9
Cedar Village	Not for profit retirement community	222	Cedar Village	Not for profit retirement community	222	10	Not for profit retirement community	222	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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
City Administration	9	9	9	10	10	10	10	10	10	10
Council						1	1	1	1	1
Engineering	10	10	10	10	11	11	11	11	11	11
Facility	1	1	1	1	1	1	1	1	1	1
Finance	8	9	10	10	10	10	10	10	10	10
Municipal Court	15	18	24	22	22	22	22	22	20	20
Public Safety										
Police										
Officers	36	36	36	37	39	41	43	43	43	43
Non-sworn	4	4	4	15	6	7	7	7	7	7
Fire (1)	15	15	15	23	32	32	33	33	33	33
Leisure Time Activities	17	18	18	19	20	21	22	22	22	22
Community Development										
Planning	1	1	1	1	1	1	2	2	2	2
Building Inspection	4	4	4	5	5	5	5	5	5	5
Economic Development	2	2	3	3	3	4	3	3	3	3
Basic Utility Service	15	15	15	15	15	15	15	15	15	15
Billing	1	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	20	20	20	21	21	21	21	21	21
Total Full-Time Positions	158	164	172	193	198	204	208	208	206	206
Total Part-Time Positions	146	123	314	240	287	265	209	217	188	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>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>	<u>2011</u>
Police Protection:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Marked Patrol Vehicles	21	19	19	19	19	21	17	20	20	21
Calls for Service	11,756	11,229	10,065	12,564	14,804	19,878	26,087	24,810	33,735	27,448
Moving Violation Citations	3,067	3,237	3,718	2,628	2,779	3,742	3,426	3,175	3,797	2,460
Arrests	613	560	711	611	739	851	822	785	899	843
Fire & Emergency Medical(1):										
Fire Responses	1,021	846	915	1,087	992	1,003	1,206	1,184	1,013	886
Emergency Medical Responses	2,114	2,268	2,077	2,287	2,257	2,704	2,611	2,431	2,570	2,516
Number of Stations	2	2	2	2	2	2	2	2	2	2
Number of Emergency Vehicles	19	19	17	17	17	19	19	20	19	20
Leisure Time Activities										
Parks	6	6	6	6	6	6	7	7	7	7
Park acreage (developed)	242	242	242	242	279	279	296	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	1
Community Development										
Permits issued	367	298	211	179	97	77	52	35	54	49
Utility Services										
Sanitary sewers (miles)	102	116	118	123	129	132	133	134	135	136
Storm sewers (miles)	72	78	80	84	87	91	92	92	93	94
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)	348	381	387	408	420	433	440	445	446	448
Lane Miles	329	339	341	341	343	351	354	355	355	356
Traffic Signals	34	34	36	39	40	40	40	40	40	40
Bike Paths (miles)	10	10	10	11	12	14	17	17	19	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
JULY 10, 2012